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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, OCTOBER 8, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SEOUL -- U.S Unveils Plan To Ease Crisis Of Debtor Nations -- Treasury Secretary Baker today outlined a three-point plan to ease the world's debt crisis, but the proposal was less ambitious than the Reagan Administration originally intended to offer the world's finance ministers.

(Washington Post, Washington Times, New York Times, Wall Street Journal, AP)

Ship Carrying 400 Hijacked By Palestinians Demanding That Israel Free Prisoners -- Heavily armed men identified as Palestinian commandos hijacked an Italian cruise ship in the Mediterranean Monday.

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

NATIONAL NEWS

White House Pressures Hill To Raise The Debt Ceiling -- Threatening that government checks could start bouncing today, the Reagan Administration Monday increased the pressure on Congress to pass an extension of the debt ceiling that includes mandatory balanced-budget provisions.

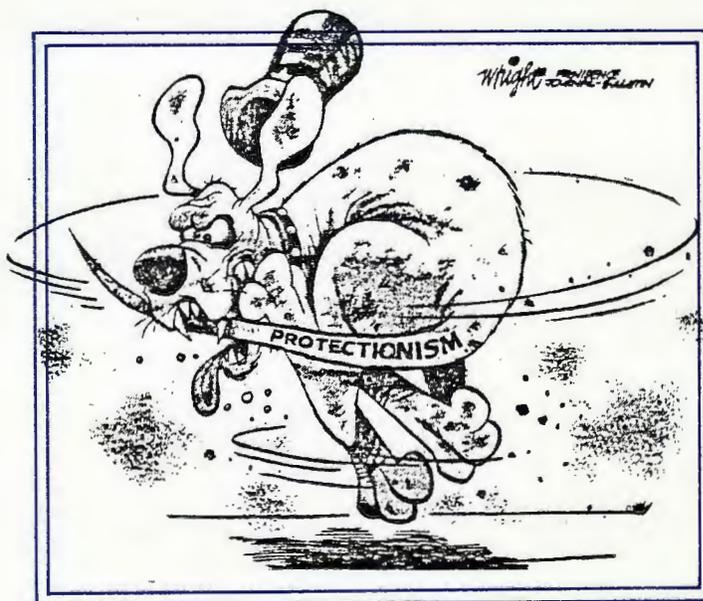
(Washington Post, Washington Times, New York Times)

NETWORK NEWS (Monday Evening)

ARMS CONTROL -- In a major policy shift, the Administration now claims there are no treaty limits on the development of star wars weapons.

DEBT CEILING -- Congress has yet to raise the national above \$2 trillion to keep the government cash flowing.

WORLD COURT -- The Reagan Administration will no longer automatically recognize rulings and jurisdiction of the World Court as compulsory.



INTERNATIONAL NEWS

U.S UNVEILS PLAN TO EASE CRISIS OF DEBTOR NATIONS

SEOUL -- Without increased foreign funding, the Reagan Administration has concluded, the Latin American debtor nations will suffer inadequate economic growth because of their need to pay tens of billions of dollars a year in interest payments.

(John Burgess/Hobart Rowen, Washington Post, A1)

World Debt Plan Offered By Baker

Secretary Baker proposed Monday a three-point plan to deal with the international debt problem, including \$20 billion in increased loans from commercial banks.

"This won't work unless everybody who is involved is sitting at the table," he said. But I don't think the international debt problem is going to be solved unless we get everybody at the table.

(Donald May, Washington Times, A1)

Baker Outlines New Economic Plan

In his speech to 149 finance ministers at the formal opening of their joint annual meeting, Mr. Baker is emphasizing that success of the proposal will depend on each of those three groups doing their share.

"Nobody is going to put up additional money unless there's a reasonable certainty they'll be repaid," Baker said.

(David Schweisberg, AP)

U.S. Proposal On World Debt Faces Hurdles

However, the plan, as broadly outlined by Secretary Baker, is a complex one, and both Reagan Administration officials and finance ministers from other countries said it probably would take quite some time for foreign governments -- and commercial banks -- to decide whether they are even willing to go along.

(Art Pine, Wall Street Journal, 35)

\$2.7 Billion Fund To Aid Poor Lands Agreed To By I.M.F.

Countries whose average per capita income is below \$410 and which have had protracted problems paying off bank loans and generating enough foreign currency to pay for essential imports would be eligible for the loans.

(Clyde Farnsworth, New York Times, A1)

CRUISE VESSEL SEIZED OFF EGYPT WITH 450 ABOARD

CAIRO -- Armed men reported to be Palestinians seized an Italian cruise ship with more than 450 persons aboard off the Egyptian coast today and demanded the release of about 50 Palestinian prisoners they said were being held in Israel.

An Italian Foreign Ministry source in Rome said there were 28 Americans among the 450 passengers and crew on the ship, Washington Post correspondent Loren Jenkins reported.

(Christopher Dickey, Washington Post, A1)

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Cruise Ship Carrying 400 Hijacked By Palestinians Demanding That Israel Free Prisoners -- Authorities in Egypt said the vessel, identified as the 23,629-ton liner Achille Lauro, was seized about 30 miles offshore from Port Said. (Maureen Dowd, New York Times, A1)

Palestinians Seize Italian Luxury Liner

CYPRUS -- Palestinian guerrillas seized an Italian luxury cruise ship Monday shortly after it left the Egyptian port of Alexandria, sharply escalating the war of terror in the Middle East.

The PLO, based in Tunis, said it had no involvement in seizing the ship. (Andrew Borowiec, Washington Times, A1)

Palestinian Guerrillas Threaten To Blow Up Italian Liner

Officials in Egypt, Israel and Italy quickly convened emergency briefings, and Italy put some of its crack military units on alert. At least two Americans were among passengers being held, according to a woman who had left the ship earlier. (Reuter)

Cruise Liner Hijacked By Palestinians

In Washington, State Department spokesman Mike Austrian said the U.S. Embassy in Cairo was trying to locate the cruise organizers to find out how many Americans left the ship to visit Cairo and the nearby pyramids. (AP)

ARAFAT SAYS HE MAY END PEACE ROLE UNLESS HE GETS U.S. GUARANTEES

LOS ANGELES -- Yasser Arafat said Monday he may withdraw from current mideast peace efforts unless the Reagan Administration guarantees it will "stop trying to assassinate me," according to a published report.

In an interview published in Tuesday's editions of the Los Angeles Times, the PLO chairman said the U.S. was to blame for the Israeli raid against his headquarters in Tunis, Tunisia, on Oct. 16.

"It is McFarlane who accepted the whole plan and gave the orders to the American base in the Mediterranean. It was McFarlane who dragged the prestige and credibility of America into the swamp." (AP)

NO U.S. PUNITIVE ACTION FOR ISRAELI RAID

The United States will take no punitive action against Israel for using American-made fighter jets in its air strike last week on PLO headquarters in Tunisia, officials say. The assurance, diplomatic sources say, came in a telephone call Saturday night from Secretary Shultz to Israeli Prime Minister Shamir, who was in New York. (Jim Anderson, UPI)

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U.S. LIMITS RECOGNITION OF WORLD COURT RULINGS

The Reagan Administration, charging that the International Court of Justice is being misused by Nicaragua and the communist bloc for political and propaganda purposes, yesterday ended the 39-year-old policy under which the United States had agreed to abide by the court's decisions automatically. (John Goshko, Washington Post, A1)

World Court's Role Rejected By Reagan

The Presidential order, filed with the U.N. secretary-general, will take effect in six months.

"The Administration found itself in a situation where it could be sued by virtually anybody," said an Administration source who asked not to be identified. (Ed Rogers, Washington Times, A1)

U.S. Will Not Fully Recognize World Court Decisions

The action, announced Monday at the State Department, stems from Nicaragua's charges before the World Court that the United States was illegally supporting the Contra rebels who want to overthrow Nicaragua's Sandinista government. (Barry Schweid, AP)

REAGAN MEETING LEE ON TRADE, COPYRIGHT

President Reagan and Prime Minister Lee Kuan Yew of Singapore today will discuss their concerns over growing international trade protectionism and the 6-year-old Vietnamese occupation of Cambodia. Mr. Lee, who arrived in Washington Monday, also is expected to report on the progress Singapore has made in strengthening its tax-copyright law.

(Mary Belcher, Washington Times, A3)

PRESIDENT LINKED TO SECRET AID

Facing a congressional cutoff in military aid to Nicaraguan rebels early next year, President Reagan approved a secret plan to replace CIA funds with assistance from U.S. citizens and U.S. allies, according to current and former Administration officials.

White House spokesman Edward Djerejian refused to comment on Reagan's reported approval of the plan to go outside U.S. government channels to continue supplying the rebels fighting to overthrow Nicaragua's leftist government. (Robert Parry, Washington Post, A14)

White House Linked To Private Contra Aid Plan

White House officials selected retired Major General John Singlaub as chief fund-raising contact and advised him how to structure the campaign to make sure it conformed to the law.

The White House said it neither encouraged nor discouraged the private fund-raising efforts that sprang up after Congress -- angered by the CIA's mining of Nicaragua's harbors -- refused to continue military aid to the rebels in the spring of 1984. (AP story, Washington Times, A5)

Reagan Reportedly Cleared Secret Contra Aid Plan

Three congressional committees are examining whether National Security Council officials violated a year-old ban against "directly or indirectly" aiding the rebels militarily.

Officials interviewed by the Associated Press maintained that the White House role in establishing the aid network had ended by Oct. 1, 1984, when that ban was enacted. (AP)

CONGRESS FIRES FIRST VOLLEYS OVER JORDANIAN ARMS SALE

The first shots were fired Monday in what is expected to be a bloody battle for congressional approval of an Administration request for \$1.5 billion in weapons for Jordan.

The President is expected to send Congress formal notification of the proposed sale within 20 days. Congress then has 30 days to pass a joint resolution disapproving the sale to block it.

(Walter Andrews, Washington Times, A4)

NAKASONE ASKS GLOBAL REFORMING OF TRADE

TOKYO -- Prime Minister Nakasone called on industrialized nations Monday to reform the structure of world trade to find long-term solutions to current trade controversies.

Mr. Nakasone is scheduled to travel to the United States later this month to address the U.N. General Assembly and to attend an emergency summit of industrialized countries called by President Reagan for Oct. 24.

(Timothy Elder, Washington Times, A6)

CARRINGTON MAINTAINS NATO NOT SPLIT BY GORBACHEV OFFER

Mikhail Gorbachev's nuclear arms proposals are not "acceptable to the United States or the West," Lord Peter Carrington, secretary-general of NATO, said yesterday.

Reagan Administration arms control experts have said Gorbachev's proposals were designed to cut U.S. long-range and medium-range nuclear weapons without cutting the Soviet Union's SS-20 medium-range weapons that are aimed at Europe. (James Morrison, Washington Times, A6)

BRITAIN SET ITS PRICE FOR SIGNATURE ON SDI MEMO -- AND IT'S HIGH

LONDON -- Britain is demanding a guarantee that the U.S. give it massive -- and unfettered -- research and procurement contracts as the price for signing a memorandum backing the Strategic Defense Initiative before President Reagan's summit meeting with Gorbachev.

Sources here say Margaret Thatcher's government is even insisting that a \$4.5 billion contract for a new army field communications system be awarded the British rather than their French rivals as part of its "hard ball" negotiating stance on SDI. (Peter Almond, Washington Times, A7)

SPANISH IDEAS WELL-RECEIVED BY SECRETARY

One would hardly have expected such perfect harmony last month when Education Secretary Bennett traveled to the Smithsonian Institution's Wilson Center to meet with Jose Maria Maravall, Spain's education minister. Bennett, after all, is an outspoken conservative in the cabinet of President Reagan, while Maravall serves in the socialist government of Prime Minister Felipe Gonzales.

But Bennett found plenty to applaud in Maravall's speech on "Education for Democracy in the 1980s." (Washington Post, A17)

DELAY SEEN IN RESPONSE ON MISSILES

GENEVA -- U.S. officials here and in Washington say they doubt that an American counteroffer to the new Soviet proposals on arms reduction will be ready before the current round of negotiations here ends in the first week of November. (Walter Pincus, Washington Post, A21)

U.S. CONSULTS EUROPEANS ON SOVIET ARMS OFFER

BONN -- The United States opened an intensive series of consultations with its allies today on how to respond to the Soviet Union's latest arms control proposals in advance of the November summit President Reagan and Soviet leader Gorbachev.

(William Drozdiak, Washington Post, A24)

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NATIONAL NEWS

WHITE HOUSE PRESSURES HILL TO RAISE THE DEBT CEILING

The threat of an unprecedented government default on its obligations has been raised daily in the current debate. In what has increasingly become a high-stakes game of chicken, Republicans have been insisting on including in the new debt measure a far-reaching new set of budget rules that would require a balanced budget by 1991.

(Helen Dewar, Washington Post, A1)

Senate Deadlocked As Cash Runs Out

The Senate, deadlocked Monday over an increase in the federal debt limit and a related balanced budget amendment, will continue the fight today as Republicans caucus to consider a Democratic plan to bring both issues to a vote Tuesday.

(Thomas Brandt, Washington Times, A1)

Treasury Issues Warning As Budget Fight Goes On

The Treasury Department, trying to put pressure on Congress to raise the government's debt ceiling and pass a companion bill calling for a balanced budget by 1991, said Monday that as early as Tuesday the government would order banks not to honor its own checks.

(Jonathan Fuerbringer, New York Times, A1)

UNCLE SAM'S POCKETS ALMOST EMPTY

The government will run out of money if Congress fails to raise the debt ceiling, but no one can say when. Deputy Treasury Secretary Darman said Monday that he expects the government's cash balance to be negative, possibly today, and certainly by Wednesday.

"In sum, unless a debt limit is passed promptly by the Congress ... the United States would be in the position of defaulting on its obligations for the first time in history," Darman said.

(Jane Seaberry, Washington Post, A17)

Senate Still Talking As Government Bank Accounts Dry Up

The President, in remarks before a group of GOP supporters at the White House on Monday, again called for the Senate to pass the balanced-budget plan and approve the debt increase. Reagan said, "The business of our nation must go forward."

(AP)

EDITOR'S NOTE: Page 64 of the Wall Street Journal contains a story illustrating the intra-Administration conflicts over various elements of the President's tax reform plan. Messrs. Buchanan and Darman are pictured and prominently featured.

REAGAN: SDI NO BARGAINING CHIP

Reiterating that his Strategic Defense Initiative is "not a bargaining chip," President Reagan told 250 Republican leaders Monday that it represented "the essence of science and spirit joining together for mankind's highest ideal -- peace on Earth."

"It must go forward," Reagan said. "It will go forward. It is not a bargaining chip. And we will go forward."

Reagan's statement appeared to be a rebuttal to suggestions made anonymously by some aides and advisers that deployment of SDI could be traded for cuts in Soviet offensive missiles.

(Lou Cannon/Don Oberdorfer, Washington Post, A24)

U.S. CURTAILING ITS SDI RESEARCH DUE TO ABM TREATY, OFFICIALS SAY

President Reagan Monday repeated his promise not to abandon his Strategic Defense Initiative, but some government officials contend the research program already is being limited by past agreements.

Richard Perle, assistant secretary of defense for international security policy, said the United States is curtailing its SDI testing to stay within limits of the 1972 Anti-ballistic Missile treaty.

(Walter Andrews, Washington Times, A2)

HOUSE TAX WRITERS TAKE AIM AT 'THREE-MARTINI' LUNCH

The House Ways and Means Committee, attacking the "three martini lunch" that many Americans view as a symbol of an unfair tax system, is moving to restrict Business' ability to deduct costs of meals and entertainment.

The panel endorsed President Reagan's conclusion that such deductions are abused and unfair. But the committee also went against Reagan's wishes on another matter. It agreed to continue the \$1-per-taxpayer check-off for the federal fund that finances presidential elections.

(Jim Luther, AP)

House Tax Committee Supports New Limits On Business Breaks

The House Ways and Means Committee on Monday refused to eliminate newly proposed limits on tax deductions for business meals and entertainment.

Hotel and restaurant interests lobbied hard to retain the full meal-and-entertainment deduction and vowed after yesterday's loss to try again.

(Anne Swardson, Washington Post, A5)

BROCK AIDE UP FOR LABOR POST

Dennis Whitfield, Labor Secretary Brock's chief of staff, will be nominated to be undersecretary of labor, the White House announced yesterday. Whitfield, 37, is a native of Albany, Georgia, who has worked for Brock for several years, as director of political affairs for the Republican National Committee and in the office of the U.S. Trade Representative.

(Washington Post, A17)

COURT TO REVIEW AFFIRMATIVE ACTION

The Supreme Court, after years of skirting the edges of the bitter controversy over affirmative action, agreed yesterday to decide whether goals and quotas are a permissible means of redressing discrimination in the work place. With the two cases accepted yesterday and a third on the docket, the court has before it the bulk of the legal questions involved in the most common and controversial affirmative action plans.

The Reagan Administration has entered the Cleveland and New York cases on the side of the white workers, maintaining that such affirmative action illegally and unconstitutionally violates the rights of white employees. (Al Kamen, Washington Post, A1)

SHUTTLE ENDS SECRET MISSION FOR PENTAGON

Five military men flew the space shuttle Atlantis back to Earth Monday in a successful end to its maiden flight, the second secret shuttle mission for the Defense Department and the 21st shuttle mission since the program began in April 1981. (Thomas O'Toole, Washington Post, A3)

HOUSE PASSES MILITARY LAWSUIT BILL

The House on Monday overwhelmingly approved legislation that for the first time would allow members of the Armed forces to sue the federal government for medical care received in military hospitals.

The bill, approved by a vote of 317 to 90, was sparked by horror stories about questionable medical care in military facilities and recent government audits revealing serious inadequacies in many military hospitals. (Margaret Shapiro, Washington Post, A4)

FOOD STAMP CUT DEFEATED; FARM BILL DEBATE GOES ON

The House Monday defeated an effort to cut about \$1 billion in food stamp benefit improvements from the 1985 farm bill. The Administration has taken a drubbing on the 1985 farm bill -- winning only one of 12 key votes. Members of both parties say poor and indifferent lobbying by the Administration is to blame. Agriculture Secretary John Block has taken the brunt of the criticism. (Stephanie Nall, Washington Times, A2)

HATCH'S DEFENSE

"The campaign by the White House to denigrate Margaret has been pathetic and disgusting. I am outraged by it." So said Sen. Orrin Hatch (R.-UT). (Washington Times, A3)

GSA'S SPACE-LEASE 'SAVING' MAY COST \$22 MILLION

A 1983 General Services Administration decision intended to save \$6.5 million on office space lease expenses might end up costing the government \$22 million as a result of nearly three years of bureaucratic and congressional maneuvering. (Mark Tapscott, Washington Times, A4)

HILL'S FUNDING OF SUPERFUND CHOKES ON STOPGAP MEASURE

Nearly two weeks after overwhelmingly approving a 5-year reauthorization of the nation's most ambitious toxic waste cleanup program, Senate leaders remain divided over a House bill to temporarily extend Superfund for 45 days.

"My recommendation to the House is they should pass Superfund," said Sen. Dole. "We passed ours; they can pass theirs."

(Christopher Simpson, Washington Times, A2)

COURT URGED TO AVOID REDISTRICTING 'QUAGMIRE'

The Supreme Court was told Monday that courts should keep out of the "political quagmire" of drawing legislative district lines in an Indiana reapportionment case that could have far-reaching implications for the Republican Party's hope to become the nation's majority party.

If the high court upholds a lower court ruling that Indiana legislative districts drawn in 1981 by the Republican-controlled legislature are unconstitutional, it will open a new chapter of judicial activism that national Republicans hope will work to their advantage.

(James Dickenson, Washington Post, A4)

High Court Hears Hoosiers Plead Redistricting Issue

After reviewing nearly 1,000 cases filed during its summer recess, the Supreme Court opened its new term Monday by agreeing to hear cases involving affirmative action, mandatory sentencing and the mentally ill.

(David Sellers, Washington Times, A3)

DEMOCRATS TO VISIT COLLEGES TO WIN BACK STUDENTS' VOTES

House Democrats, saying their party has slipped in relaying its message of opportunity to young voters, will launch a special program on campuses across the nation to sell their party and get new ideas.

The kickoff will be at Georgetown University on Oct. 17. Richard Lucas, chairman of the Young Democrats at Georgetown, said he saw ardent Reagan supporters tear Reagan-Bush stickers off their doors when the Administration proposed cutting off federal subsidies to students from families with more than \$32,500 in annual income.

(Rita McWilliams, Washington Times, A4)

NETWORK NEWS SUMMARY

(Monday Evening, October 7, 1985)

ACHILLE LAURO

CBS's Dan Rather: PLO commandos now are reportedly holding all aboard the Italian ship Achille Lauro hostage. They reportedly are threatening to blow up the vessel unless Israel releases 50 jailed Palestinians. One report from the White House says most of the passengers on the ship got off the vessel before the hijackers got on and that most of the hostages, about 400 people, now are believed to be the ship's crew. (CBS-Lead, 14)

ABC's Bill Blakemore: I've just spoken with ABC's John Donovan in Jordan and he said that this evening he asked the head of military operations for the PLO whether this was his operation. He answered: no information tonight, expect an answer in the morning. We understand that Israeli radio is saying they've received information saying the Palestinians on board say they want the Egyptian radio and TV to broadcast their demands within an hour and if they don't do that the hijackers will start executing the passengers one by one "beginning with the Americans." We don't have confirmation yet that there are indeed Americans on board. (ABC-Lead, 13)

NBC's Tom Brokaw: There are conflicting reports on the nationalities of the passengers. A short while ago, however, the ship's captain radioed that all of his passengers are well. (NBC-Lead, 12)

DEBT CEILING

Rather: Congress has yet to raise the national debt limit above \$2 trillion to keep the government cash flowing. That is because raising the debt ceiling is still tied to President Reagan's move to get one of his favorite constitutional amendments passed -- a move that has some in Congress ready to raise the roof.

CBS's Phil Jones: For federal workers around the nation, the good news tonight is that they won't be laid off tomorrow, even though the government could be out of borrowing power any moment. And from Treasury today came a letter hedging on just when the government will run out of cash. It could be tomorrow, and certainly by Wednesday. Once the money is gone, there could be hardship. For example, those with federal checks would be unable to cash them. There were behind the scenes meetings today to work out a compromise on the balanced budget amendment that is blocking legislation needed to raise the debt ceiling. This balanced budget plan would supposedly bring the deficit down to zero by 1991. If deficit targets are not met, the President would be required to cut spending across the board. Only Social Security and some defense contract commitments would be excluded. President Reagan, who hasn't sent Congress a balanced budget since he took office, turned up the heat today, claiming he isn't responsible for 50 years of deficit spending by opponents of this amendment.

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(Monday Evening, October 7, 1985)

Jones continues: (President in East Room speech: "We've now inherited the bomb that we always said was there with a lighted fuse in all of that deficit spending, and we're going to do something about it on a permanent basis.")

As for Wall Street, those in the financial community remain skeptical. (Economist David Jones: "The financial markets are in a 'show me' mood. They don't want to see some general formula about how to bring the deficit down. They want to see specific programs cut or eliminated before anybody is going to look with a big hoorah to this measure.")

It appears tonight that at least in the Senate a compromise is near and that a government financial crisis will probably be avoided.

(CBS-2)

ABC's Peter Jennings: President Reagan calls it an emergency situation, and any president would. The federal government is very close to running out of available cash. The Reagan Administration wants the national debt limit raised to a staggering \$2 trillion. But Congress hasn't agreed because the Senate is all tied up in a radical plan to balance the federal budget by 1991.

ABC's Brit Hume: In the deadlocked Senate today, the name of the game was "Let's Make a Deal." The bill's co-author, Warren Rudman, thinks it's the only way to force action on the deficit. (Rudman: "If we did it two weeks ago, it wouldn't have happened. If we do it next week it won't happen. It's either going to happen now or it's not going to happen until after the 1986 elections.") The President today again called for passage of the higher debt limit and for the Gramm-Rudman plan, as if he had had no role in running up the deficit.

(President: "We've now inherited the bomb that we always said was there with a lighted fuse in all of that deficit spending, and we're going to do something about it on a permanent basis.")

The Democrats had a different answer: pass a short-term increase in the debt ceiling and delay the deficit plan, which they fear will fall hardest on pet social programs.

(Speaker O'Neill: "I think that the sensible thing to do, to take a straight resolution, pass it through the House for two weeks or three weeks and give us all an opportunity to read the legislation. Scrub it, as they say, and see what effects it'll have.")

Late in the day the two floor leaders sat down to discuss an arrangement that would allow a vote on the Gramm-Rudman plan on Thursday. That reflects the fact that while the Treasury may be technically be out of money tonight, it can keep going for days because pension and payroll checks have gone out and are good. There was no deal and no vote, but both are likely soon because the Democrats can't afford to be seen as blocking action on the deficit -- quite a reversal from a week ago when the Republicans were squirming at having to raise the national debt above \$2 trillion.

ABC's Dan Cordtz: Four years ago, President Reagan had a hard time describing just \$1 trillion.

(Monday Evening, October 7, 1985)

Cordtz continues: (President before Congress: "If you had a stack of thousand-dollar bills in your hand only four inches high, you'd be a millionaire. A trillion dollars would be a stack of thousand-dollar bills 67 miles high.")

Now the debt is \$2 trillion, which means that stack of bills stretches 134 miles, as high as the space shuttle's orbit. And if those bills were laid end to end, they would go around the world more than seven times. As staggering as the total debt is, the real problem is the \$143B in interest that has to be paid on those IOUs next year. In a couple of years, the interest bill will equal the entire 1986 deficit, and interest payments are one budget item that Congress really can't cut. (ABC-5)

Brokaw: Will the federal government run out of money at midnight tonight? Will government checks bounce? The Senate is bogged down in a debate over the national debt limit. The President wants to raise it to \$2 trillion, but some senators want to make a deal: pass the new debt limit only if there is some progress on the budget deficit.

NBC's John Dancy: The Treasury warned any checks issued tomorrow or Wednesday could bounce because there won't be enough cash on hand to pay them. And how much is \$2 trillion? One senator says you could think of each dollar as a second of time.

(Sen. Rudman: "Two trillion seconds is six centuries.")

Social Security would not be touched (with the Gramm-Rudman-Hollings Amendment). Neither would existing government contracts. And neither would payments on the deficit. All in all, about half the budget is exempt. President Reagan is pushing for passage of the amendment.

(President: "We need the Gramm-Rudman-Hollings Amendment passed so we can reach a balanced budget without hurting our senior citizens on Social Security and without raising taxes.")

Under the amendment, the President could veto any new taxes and then all the cuts would have to be made in spending. Democrats worry that could wreck social spending and other essential programs.

(Sen. Moynihan: "Research, technology, urban programs forget about.")

Opponents like Moynihan have been using a filibuster to delay the amendment, but it's uncertain how long they can continue. Supporters of the amendment seem to have enough votes to pass it, but not the two-thirds majority necessary to shut off debate. Meanwhile both sides are trying to work out a compromise that will let the government keep paying its bills. (NBC-2)

FARRAKHAN

CBS's Bob Faw reports on the black Muslim leader, who is speaking at Madison Square Garden in New York tonight. His Nation of Islam membership totals at best 10,000 but as the size of his audience has grown, so has the reluctance of black elected officials to criticize him. In fact, when asked by CBS News to discuss Farrakhan, none of the black mayors in major American cities would.

(ABC-9, NBC-11, CBS-7)

(Monday Evening, October 7, 1985)

ARMS CONTROL

CBS's David Martin: In a major policy shift, the Reagan Administration now claims there are no treaty limits on the development of star wars weapons. Until now, both the U.S. and the Soviet Union maintained that the 1972 ABM treaty prohibits the testing of anti-missile weapons in space. But Administration officials tell CBS News that a new study concludes that the ABM treaty, which places strict limits on radars and rockets to shoot down incoming nuclear missiles, does not limit the testing and development of more exotic weapons such as lasers and particle beams. That means, for instance, that a free-electron laser could be placed aboard the space shuttle and tested in space. Despite the new policy, President Reagan continued to talk publicly only about star wars research.

(President: "I am determined to pursue our research program. It must go forward. It will go forward. It is not a bargaining chip and --" Applause.)

U.S. officials say the determination to proceed with star wars is one of the reasons behind the Administration's refusal to go along with Soviet Leader Gorbachev's call for a moratorium on underground nuclear tests. The U.S. expects the Soviet Union to raise questions about this new policy in a meeting scheduled for Wednesday in Geneva. The answers are likely to leave the two sides further apart than ever on arms control.

Rather: Lord Carrington met in Washington with President Reagan and Secretary Shultz. He said afterward that the new Soviet arms proposals are "very welcome." Carrington also said he doesn't see Gorbachev's offer in Paris to negotiate separately with France and Britain as any attempt to divide NATO and the West. But as Doug Tunnel reports from the Netherlands, one arms claim Gorbachev made is already giving the Soviet leader smiles and having repercussions the Reagan Administration won't find to its liking.

CBS's Doug Tunnel reports on a protest in Amsterdam against bringing American cruise missiles to Holland. The crowd was bigger than expected and more confident that America's missiles can be stopped, thanks in part to Mikhail Gorbachev. Gorbachev's claim to have reduced the number of active SS-20 missiles in the Soviet arsenal is still headline news in Holland. The reason: the Dutch government's promise to deploy cruise missiles if the Soviets have more than 378 SS-20s in service at the end of this month. Gorbachev has bolstered the opposition in Parliament who argue that Holland cannot deploy missiles while the Soviets are reducing stockpiles. And the Soviet leader's remarks are certain to help the peace movement's attempts to force a government retreat on cruise with a nationwide petition. Two out of eight million voters have signed already. The deadline is still two weeks away. As yet unreleased opinion polls show that things had been going well for the Dutch government, that gradually over a period of months the Dutch people were beginning to accept the notion of deploying cruise missiles. And then came Gorbachev's remarks. (CBS-4)

(Monday Evening, October 7, 1985)

Brokaw: As it was coming in for a touchdown at Edwards Air Force Base, Tass was calling the Atlantis mission proof that Washington is subordinating the shuttle program to its plans to militarize outer space. (NBC-8)

WORLD COURT

Rather: The Reagan Administration made it official today. It announced that it no longer automatically will recognize rulings and jurisdiction of the World Court as compulsory. A State Department spokesman accused Nicaragua of using the court as a "political weapon" in charging the U.S. earlier this year with illegally supporting the Contra rebels. (CBS-5)

ABC's John McWethy: The U.S. is withdrawing its pledge to accept judgments by the court in advance saying, in essence, no one else does it, why should we? (Charles Redman: "Fewer than one-third of the world's states have accepted the court's compulsory jurisdiction. And the Soviet Union and its allies have never been among them. Nor in our judgment has Nicaragua.") The U.S. will continue to submit selected cases to the court, but only those where both sides agree in advance to accept the outcome. And no more embarrassing political cases. (ABC-12)

SUPREME COURT

Rather: Justices of the Supreme Court came back from three months vacation. They agreed to a sweeping review of affirmative action policies used for years nationwide, policies President Reagan has agreed often amount to reverse discrimination against whites -- policies that supporters say are still needed to counteract years of job discrimination against women and minorities. (CBS-8)

Jennings: The Reagan Administration plans many challenges to existing laws -- on abortion, prayer in school and even on the right of a criminal suspect to remain silent. (ABC-11)

COCAINE RUNNING

Brokaw: Federal officials say that airplanes flying from Latin America and the Caribbean last year smuggled into this country some 40 tons of cocaine.

NBC's Robert Hager reports on a pilot who testified before a presidential commission today that drug smuggling made him a millionaire. The pilot quit TWA to fly drug runs for big bucks. (Pilot: "My top load paid me \$1.5M for a single trip....I participated in approximately 100 smuggling flights without ever being intercepted...") Now he's doing 10 years in prison. (NBC-6)

(Monday Evening, October 7, 1985)

SOUTH AFRICA

Brokaw: A black boycott of white businesses in the cape section has been largely effective.

NBC's John Cochran reports from the small town of Cape Alfred, where a white man got white and black leaders to sit down together for the first time ever there. Blacks were very practical. They realized that white shopkeepers in this little town could hardly abolish nationwide discrimination. So blacks demanded something else: work. They pressured whites, who then pressured the government, for a half-million dollar jobs program that put blacks working on roads and other projects in black neighborhoods. For some this was the first real job they ever had. The boycott ended. By South African standards, everything seemed to be going smoothly until a few weeks ago when the police, without explanation, arrested the man that blacks had chosen as the leader of their delegation in talks with the whites. He is still in jail. What followed was a surprise to everyone. Nothing happened. No demonstrations, no violence, no boycotts. Blacks decided the police were out of control and that other whites were as powerless as blacks to stop it. There is still tension here and the Port Alfred experiment could collapse at any time. Blacks and whites are walking a very fine line, but so far they are walking together. (NBC-5)

STOCKS

Jennings: On Wall Street stocks fell about four points and trading was fairly active. (ABC-7)

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EDITORIALS/COLUMNISTS

TUNISIA/ISRAELI RAID

Repentance at the White House -- "Once again the Reagan Administration is struggling to extricate itself from the consequences of a too-hasty reaction to an embarrassing situation....Reports indicate that (Secretary) Shultz was upset by the Israeli raid, and that the White House backpedaling was an effort to reconcile his views with the President's. As a result, the White House, while calling the attack 'understandable,' now says the bombing 'cannot be condoned.' Unfortunately, such a posture comes a day late to be taken seriously by those who believe that once again, Reagan has been outflanked in the Middle East by forces that simply do not share his view of how the conflict can be resolved."

(Cleveland Plain Dealer, 10/4)

GENEVA SUMMIT

Reagan Needs a New Focus for the Summit -- "Like a coed shopping anxiously at the last minute for something new to wear to the prom, the Reagan Administration needs a new focus for the November summit. For without a change, the attention...may be centered on Ronald Reagan's insistence on research and development of the U.S. space-based missile defense system. Reagan remains committed to the project, but the adverse reaction -- at home, among allies and from the Soviets -- is making the going unnecessarily tough....Like the co-ed, the Administration needs an eye-catching alternative but must guard against anything unnecessarily dramatic. There seem to be no good surprises at the summit."

(Cragg Hines, Houston Chronicle, 9/29)

ARMS CONTROL

Contrarian View of Arms Control -- "The Reagan Administration is right to insist that the mix of remaining weapons must be considered. Most dangerous of all are the huge land-based rockets with many warheads, because they are vulnerable to attack and are useful mainly in launching a first strike. These, above all, must be reduced and most of them belong to the Soviets. We can only get such a reduction by dealing on Star Wars....'Star Wars' tests should be limited in return for a realistic and fair formula for reducing the nuclear arsenals....But the suspicion remains that the entire arms control gambit has been and is nothing more than an exercise in public relations, to make the people of the world feel better, without changing the underlying reality: The fate of the earth has hung and will continue to hang in the nuclear balance. The threat cannot be eliminated. And the attempt to eliminate it is a will-o'-the-wisp."

(San Diego Tribune, 10/2)

Reagan Should Offer Ban on Anti-Satellite Testing -- "Anti-satellite weapons are not defensive. They are offensive, and they create instability....The Reagan Administration ought to dare to end this arms race while the sides are roughly even, not spur the race until both sides have to invest more in anti-anti-satellite defenses, becoming more frantic and more insecure."

(Dayton Daily News, 10/5)



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, OCTOBER 8, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SEOUL -- U.S Unveils Plan To Ease Crisis Of Debtor Nations -- Treasury Secretary Baker today outlined a three-point plan to ease the world's debt crisis, but the proposal was less ambitious than the Reagan Administration originally intended to offer the world's finance ministers.

(Washington Post, Washington Times, New York Times, Wall Street Journal, AP)

Ship Carrying 400 Hijacked By Palestinians Demanding That Israel Free Prisoners -- Heavily armed men identified as Palestinian commandos hijacked an Italian cruise ship in the Mediterranean Monday.

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

NATIONAL NEWS

White House Pressures Hill To Raise The Debt Ceiling -- Threatening that government checks could start bouncing today, the Reagan Administration Monday increased the pressure on Congress to pass an extension of the debt ceiling that includes mandatory balanced-budget provisions.

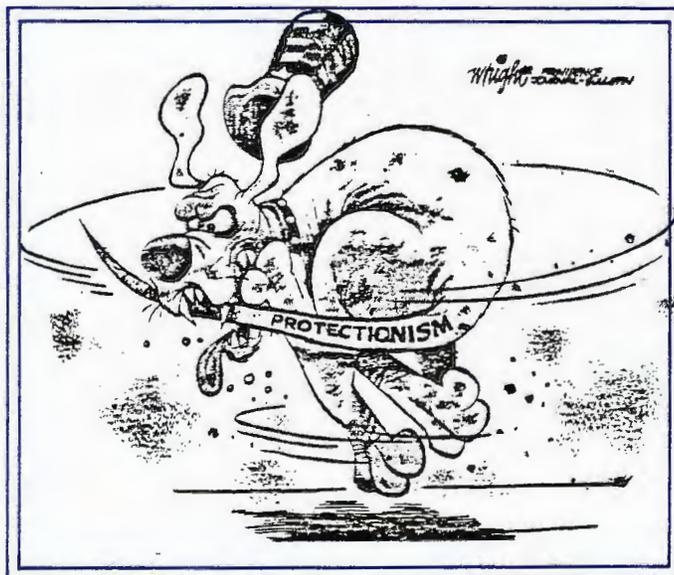
(Washington Post, Washington Times, New York Times)

NETWORK NEWS (Monday Evening)

ARMS CONTROL -- In a major policy shift, the Administration now claims there are no treaty limits on the development of star wars weapons.

DEBT CEILING -- Congress has yet to raise the national above \$2 trillion to keep the government cash flowing.

WORLD COURT -- The Reagan Administration will no longer automatically recognize rulings and jurisdiction of the World Court as compulsory.



INTERNATIONAL NEWS

U.S UNVEILS PLAN TO EASE CRISIS OF DEBTOR NATIONS

SEOUL -- Without increased foreign funding, the Reagan Administration has concluded, the Latin American debtor nations will suffer inadequate economic growth because of their need to pay tens of billions of dollars a year in interest payments.

(John Burgess/Hobart Rowen, Washington Post, A1)

World Debt Plan Offered By Baker

Secretary Baker proposed Monday a three-point plan to deal with the international debt problem, including \$20 billion in increased loans from commercial banks.

"This won't work unless everybody who is involved is sitting at the table," he said. But I don't think the international debt problem is going to be solved unless we get everybody at the table.

(Donald May, Washington Times, A1)

Baker Outlines New Economic Plan

In his speech to 149 finance ministers at the formal opening of their joint annual meeting, Mr. Baker is emphasizing that success of the proposal will depend on each of those three groups doing their share.

"Nobody is going to put up additional money unless there's a reasonable certainty they'll be repaid," Baker said.

(David Schweisberg, AP)

U.S. Proposal On World Debt Faces Hurdles

However, the plan, as broadly outlined by Secretary Baker, is a complex one, and both Reagan Administration officials and finance ministers from other countries said it probably would take quite some time for foreign governments -- and commercial banks -- to decide whether they are even willing to go along.

(Art Pine, Wall Street Journal, 35)

\$2.7 Billion Fund To Aid Poor Lands Agreed To By I.M.F.

Countries whose average per capita income is below \$410 and which have had protracted problems paying off bank loans and generating enough foreign currency to pay for essential imports would be eligible for the loans.

(Clyde Farnsworth, New York Times, A1)

CRUISE VESSEL SEIZED OFF EGYPT WITH 450 ABOARD

CAIRO -- Armed men reported to be Palestinians seized an Italian cruise ship with more than 450 persons aboard off the Egyptian coast today and demanded the release of about 50 Palestinian prisoners they said were being held in Israel.

An Italian Foreign Ministry source in Rome said there were 28 Americans among the 450 passengers and crew on the ship, Washington Post correspondent Loren Jenkins reported.

(Christopher Dickey, Washington Post, A1)

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Cruise Ship Carrying 400 Hijacked By Palestinians Demanding That Israel Free Prisoners -- Authorities in Egypt said the vessel, identified as the 23,629-ton liner Achille Lauro, was seized about 30 miles offshore from Port Said. (Maureen Dowd, New York Times, A1)

Palestinians Seize Italian Luxury Liner

CYPRUS -- Palestinian guerrillas seized an Italian luxury cruise ship Monday shortly after it left the Egyptian port of Alexandria, sharply escalating the war of terror in the Middle East.

The PLO, based in Tunis, said it had no involvement in seizing the ship. (Andrew Borowiec, Washington Times, A1)

Palestinian Guerrillas Threaten To Blow Up Italian Liner

Officials in Egypt, Israel and Italy quickly convened emergency briefings, and Italy put some of its crack military units on alert. At least two Americans were among passengers being held, according to a woman who had left the ship earlier. (Reuter)

Cruise Liner Hijacked By Palestinians

In Washington, State Department spokesman Mike Austrian said the U.S. Embassy in Cairo was trying to locate the cruise organizers to find out how many Americans left the ship to visit Cairo and the nearby pyramids. (AP)

ARAFAT SAYS HE MAY END PEACE ROLE UNLESS HE GETS U.S. GUARANTEES

LOS ANGELES -- Yasser Arafat said Monday he may withdraw from current mideast peace efforts unless the Reagan Administration guarantees it will "stop trying to assassinate me," according to a published report.

In an interview published in Tuesday's editions of the Los Angeles Times, the PLO chairman said the U.S. was to blame for the Israeli raid against his headquarters in Tunis, Tunisia, on Oct. 16.

"It is McFarlane who accepted the whole plan and gave the orders to the American base in the Mediterranean. It was McFarlane who dragged the prestige and credibility of America into the swamp." (AP)

NO U.S. PUNITIVE ACTION FOR ISRAELI RAID

The United States will take no punitive action against Israel for using American-made fighter jets in its air strike last week on PLO headquarters in Tunisia, officials say. The assurance, diplomatic sources say, came in a telephone call Saturday night from Secretary Shultz to Israeli Prime Minister Shamir, who was in New York. (Jim Anderson, UPI)

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U.S. LIMITS RECOGNITION OF WORLD COURT RULINGS

The Reagan Administration, charging that the International Court of Justice is being misused by Nicaragua and the communist bloc for political and propaganda purposes, yesterday ended the 39-year-old policy under which the United States had agreed to abide by the court's decisions automatically. (John Goshko, Washington Post, A1)

World Court's Role Rejected By Reagan

The Presidential order, filed with the U.N. secretary-general, will take effect in six months.

"The Administration found itself in a situation where it could be sued by virtually anybody," said an Administration source who asked not to be identified. (Ed Rogers, Washington Times, A1)

U.S. Will Not Fully Recognize World Court Decisions

The action, announced Monday at the State Department, stems from Nicaragua's charges before the World Court that the United States was illegally supporting the Contra rebels who want to overthrow Nicaragua's Sandinista government. (Barry Schweid, AP)

REAGAN MEETING LEE ON TRADE, COPYRIGHT

President Reagan and Prime Minister Lee Kuan Yew of Singapore today will discuss their concerns over growing international trade protectionism and the 6-year-old Vietnamese occupation of Cambodia. Mr. Lee, who arrived in Washington Monday, also is expected to report on the progress Singapore has made in strengthening its tax-copyright law.

(Mary Belcher, Washington Times, A3)

PRESIDENT LINKED TO SECRET AID

Facing a congressional cutoff in military aid to Nicaraguan rebels early next year, President Reagan approved a secret plan to replace CIA funds with assistance from U.S. citizens and U.S. allies, according to current and former Administration officials.

White House spokesman Edward Djerejian refused to comment on Reagan's reported approval of the plan to go outside U.S. government channels to continue supplying the rebels fighting to overthrow Nicaragua's leftist government. (Robert Parry, Washington Post, A14)

White House Linked To Private Contra Aid Plan

White House officials selected retired Major General John Singlaub as chief fund-raising contact and advised him how to structure the campaign to make sure it conformed to the law.

The White House said it neither encouraged nor discouraged the private fund-raising efforts that sprang up after Congress -- angered by the CIA's mining of Nicaragua's harbors -- refused to continue military aid to the rebels in the spring of 1984. (AP story, Washington Times, A5)

Reagan Reportedly Cleared Secret Contra Aid Plan

Three congressional committees are examining whether National Security Council officials violated a year-old ban against "directly or indirectly" aiding the rebels militarily.

Officials interviewed by the Associated Press maintained that the White House role in establishing the aid network had ended by Oct. 1, 1984, when that ban was enacted. (AP)

CONGRESS FIRES FIRST VOLLEYS OVER JORDANIAN ARMS SALE

The first shots were fired Monday in what is expected to be a bloody battle for congressional approval of an Administration request for \$1.5 billion in weapons for Jordan.

The President is expected to send Congress formal notification of the proposed sale within 20 days. Congress then has 30 days to pass a joint resolution disapproving the sale to block it.

(Walter Andrews, Washington Times, A4)

NAKASONE ASKS GLOBAL REFORMING OF TRADE

TOKYO -- Prime Minister Nakasone called on industrialized nations Monday to reform the structure of world trade to find long-term solutions to current trade controversies.

Mr. Nakasone is scheduled to travel to the United States later this month to address the U.N. General Assembly and to attend an emergency summit of industrialized countries called by President Reagan for Oct. 24.

(Timothy Elder, Washington Times, A6)

CARRINGTON MAINTAINS NATO NOT SPLIT BY GORBACHEV OFFER

Mikhail Gorbachev's nuclear arms proposals are not "acceptable to the United States or the West," Lord Peter Carrington, secretary-general of NATO, said yesterday.

Reagan Administration arms control experts have said Gorbachev's proposals were designed to cut U.S. long-range and medium-range nuclear weapons without cutting the Soviet Union's SS-20 medium-range weapons that are aimed at Europe. (James Morrison, Washington Times, A6)

BRITAIN SET ITS PRICE FOR SIGNATURE ON SDI MEMO -- AND IT'S HIGH

LONDON -- Britain is demanding a guarantee that the U.S. give it massive -- and unfettered -- research and procurement contracts as the price for signing a memorandum backing the Strategic Defense Initiative before President Reagan's summit meeting with Gorbachev.

Sources here say Margaret Thatcher's government is even insisting that a \$4.5 billion contract for a new army field communications system be awarded the British rather than their French rivals as part of its "hard ball" negotiating stance on SDI. (Peter Almond, Washington Times, A7)

SPANISH IDEAS WELL-RECEIVED BY SECRETARY

One would hardly have expected such perfect harmony last month when Education Secretary Bennett traveled to the Smithsonian Institution's Wilson Center to meet with Jose Maria Maravall, Spain's education minister. Bennett, after all, is an outspoken conservative in the cabinet of President Reagan, while Maravall serves in the socialist government of Prime Minister Felipe Gonzales.

But Bennett found plenty to applaud in Maravall's speech on "Education for Democracy in the 1980s." (Washington Post, A17)

DELAY SEEN IN RESPONSE ON MISSILES

GENEVA -- U.S. officials here and in Washington say they doubt that an American counteroffer to the new Soviet proposals on arms reduction will be ready before the current round of negotiations here ends in the first week of November. (Walter Pincus, Washington Post, A21)

U.S. CONSULTS EUROPEANS ON SOVIET ARMS OFFER

BONN -- The United States opened an intensive series of consultations with its allies today on how to respond to the Soviet Union's latest arms control proposals in advance of the November summit President Reagan and Soviet leader Gorbachev. (William Drozdiak, Washington Post, A24)

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NATIONAL NEWS

WHITE HOUSE PRESSURES HILL TO RAISE THE DEBT CEILING

The threat of an unprecedented government default on its obligations has been raised daily in the current debate. In what has increasingly become a high-stakes game of chicken, Republicans have been insisting on including in the new debt measure a far-reaching new set of budget rules that would require a balanced budget by 1991.

(Helen Dewar, Washington Post, A1)

Senate Deadlocked As Cash Runs Out

The Senate, deadlocked Monday over an increase in the federal debt limit and a related balanced budget amendment, will continue the fight today as Republicans caucus to consider a Democratic plan to bring both issues to a vote Tuesday.

(Thomas Brandt, Washington Times, A1)

Treasury Issues Warning As Budget Fight Goes On

The Treasury Department, trying to put pressure on Congress to raise the government's debt ceiling and pass a companion bill calling for a balanced budget by 1991, said Monday that as early as Tuesday the government would order banks not to honor its own checks.

(Jonathan Fuerbringer, New York Times, A1)

UNCLE SAM'S POCKETS ALMOST EMPTY

The government will run out of money if Congress fails to raise the debt ceiling, but no one can say when. Deputy Treasury Secretary Darman said Monday that he expects the government's cash balance to be negative, possibly today, and certainly by Wednesday.

"In sum, unless a debt limit is passed promptly by the Congress ... the United States would be in the position of defaulting on its obligations for the first time in history," Darman said.

(Jane Seaberry, Washington Post, A17)

Senate Still Talking As Government Bank Accounts Dry Up

The President, in remarks before a group of GOP supporters at the White House on Monday, again called for the Senate to pass the balanced-budget plan and approve the debt increase. Reagan said, "The business of our nation must go forward." (AP)

EDITOR'S NOTE: Page 64 of the Wall Street Journal contains a story illustrating the intra-Administration conflicts over various elements of the President's tax reform plan. Messrs. Buchanan and Darman are pictured and prominently featured.

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REAGAN: SDI NO BARGAINING CHIP

Reiterating that his Strategic Defense Initiative is "not a bargaining chip," President Reagan told 250 Republican leaders Monday that it represented "the essence of science and spirit joining together for mankind's highest ideal -- peace on Earth."

"It must go forward," Reagan said. "It will go forward. It is not a bargaining chip. And we will go forward."

Reagan's statement appeared to be a rebuttal to suggestions made anonymously by some aides and advisers that deployment of SDI could be traded for cuts in Soviet offensive missiles.

(Lou Cannon/Don Oberdorfer, Washington Post, A24)

U.S. CURTAILING ITS SDI RESEARCH DUE TO ABM TREATY, OFFICIALS SAY

President Reagan Monday repeated his promise not to abandon his Strategic Defense Initiative, but some government officials contend the research program already is being limited by past agreements.

Richard Perle, assistant secretary of defense for international security policy, said the United States is curtailing its SDI testing to stay within limits of the 1972 Anti-ballistic Missile treaty.

(Walter Andrews, Washington Times, A2)

HOUSE TAX WRITERS TAKE AIM AT 'THREE-MARTINI' LUNCH

The House Ways and Means Committee, attacking the "three martini lunch" that many Americans view as a symbol of an unfair tax system, is moving to restrict Business' ability to deduct costs of meals and entertainment.

The panel endorsed President Reagan's conclusion that such deductions are abused and unfair. But the committee also went against Reagan's wishes on another matter. It agreed to continue the \$1-per-taxpayer check-off for the federal fund that finances presidential elections.

(Jim Luther, AP)

House Tax Committee Supports New Limits On Business Breaks

The House Ways and Means Committee on Monday refused to eliminate newly proposed limits on tax deductions for business meals and entertainment.

Hotel and restaurant interests lobbied hard to retain the full meal-and-entertainment deduction and vowed after yesterday's loss to try again.

(Anne Swardson, Washington Post, A5)

BROCK AIDE UP FOR LABOR POST

Dennis Whitfield, Labor Secretary Brock's chief of staff, will be nominated to be undersecretary of labor, the White House announced yesterday. Whitfield, 37, is a native of Albany, Georgia, who has worked for Brock for several years, as director of political affairs for the Republican National Committee and in the office of the U.S. Trade Representative.

(Washington Post, A17)

COURT TO REVIEW AFFIRMATIVE ACTION

The Supreme Court, after years of skirting the edges of the bitter controversy over affirmative action, agreed yesterday to decide whether goals and quotas are a permissible means of redressing discrimination in the work place. With the two cases accepted yesterday and a third on the docket, the court has before it the bulk of the legal questions involved in the most common and controversial affirmative action plans.

The Reagan Administration has entered the Cleveland and New York cases on the side of the white workers, maintaining that such affirmative action illegally and unconstitutionally violates the rights of white employees. (Al Kamen, Washington Post, A1)

SHUTTLE ENDS SECRET MISSION FOR PENTAGON

Five military men flew the space shuttle Atlantis back to Earth Monday in a successful end to its maiden flight, the second secret shuttle mission for the Defense Department and the 21st shuttle mission since the program began in April 1981. (Thomas O'Toole, Washington Post, A3)

HOUSE PASSES MILITARY LAWSUIT BILL

The House on Monday overwhelmingly approved legislation that for the first time would allow members of the Armed forces to sue the federal government for medical care received in military hospitals.

The bill, approved by a vote of 317 to 90, was sparked by horror stories about questionable medical care in military facilities and recent government audits revealing serious inadequacies in many military hospitals. (Margaret Shapiro, Washington Post, A4)

FOOD STAMP CUT DEFEATED; FARM BILL DEBATE GOES ON

The House Monday defeated an effort to cut about \$1 billion in food stamp benefit improvements from the 1985 farm bill. The Administration has taken a drubbing on the 1985 farm bill -- winning only one of 12 key votes. Members of both parties say poor and indifferent lobbying by the Administration is to blame. Agriculture Secretary John Block has taken the brunt of the criticism. (Stephanie Nall, Washington Times, A2)

HATCH'S DEFENSE

"The campaign by the White House to denigrate Margaret has been pathetic and disgusting. I am outraged by it." So said Sen. Orrin Hatch (R.-UT). (Washington Times, A3)

GSA'S SPACE-LEASE 'SAVING' MAY COST \$22 MILLION

A 1983 General Services Administration decision intended to save \$6.5 million on office space lease expenses might end up costing the government \$22 million as a result of nearly three years of bureaucratic and congressional maneuvering. (Mark Tapscott, Washington Times, A4)

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HILL'S FUNDING OF SUPERFUND CHOKES ON STOPGAP MEASURE

Nearly two weeks after overwhelmingly approving a 5-year reauthorization of the nation's most ambitious toxic waste cleanup program, Senate leaders remain divided over a House bill to temporarily extend Superfund for 45 days.

"My recommendation to the House is they should pass Superfund," said Sen. Dole. "We passed ours; they can pass theirs."

(Christopher Simpson, Washington Times, A2)

COURT URGED TO AVOID REDISTRICTING 'QUAGMIRE'

The Supreme Court was told Monday that courts should keep out of the "political quagmire" of drawing legislative district lines in an Indiana reapportionment case that could have far-reaching implications for the Republican Party's hope to become the nation's majority party.

If the high court upholds a lower court ruling that Indiana legislative districts drawn in 1981 by the Republican-controlled legislature are unconstitutional, it will open a new chapter of judicial activism that national Republicans hope will work to their advantage.

(James Dickenson, Washington Post, A4)

High Court Hears Hoosiers Plead Redistricting Issue

After reviewing nearly 1,000 cases filed during its summer recess, the Supreme Court opened its new term Monday by agreeing to hear cases involving affirmative action, mandatory sentencing and the mentally ill.

(David Sellers, Washington Times, A3)

DEMOCRATS TO VISIT COLLEGES TO WIN BACK STUDENTS' VOTES

House Democrats, saying their party has slipped in relaying its message of opportunity to young voters, will launch a special program on campuses across the nation to sell their party and get new ideas.

The kickoff will be at Georgetown University on Oct. 17. Richard Lucas, chairman of the Young Democrats at Georgetown, said he saw ardent Reagan supporters tear Reagan-Bush stickers off their doors when the Administration proposed cutting off federal subsidies to students from families with more than \$32,500 in annual income.

(Rita McWilliams, Washington Times, A4)

NETWORK NEWS SUMMARY

(Monday Evening, October 7, 1985)

ACHILLE LAURO

CBS's Dan Rather: PLO commandos now are reportedly holding all aboard the Italian ship Achille Lauro hostage. They reportedly are threatening to blow up the vessel unless Israel releases 50 jailed Palestinians. One report from the White House says most of the passengers on the ship got off the vessel before the hijackers got on and that most of the hostages, about 400 people, now are believed to be the ship's crew. (CBS-Lead, 14)

ABC's Bill Blakemore: I've just spoken with ABC's John Donvan in Jordan and he said that this evening he asked the head of military operations for the PLO whether this was his operation. He answered: no information tonight, expect an answer in the morning. We understand that Israeli radio is saying they've received information saying the Palestinians on board say they want the Egyptian radio and TV to broadcast their demands within an hour and if they don't do that the hijackers will start executing the passengers one by one "beginning with the Americans." We don't have confirmation yet that there are indeed Americans on board. (ABC-Lead, 13)

NBC's Tom Brokaw: There are conflicting reports on the nationalities of the passengers. A short while ago, however, the ship's captain radioed that all of his passengers are well. (NBC-Lead, 12)

DEBT CEILING

Rather: Congress has yet to raise the national debt limit above \$2 trillion to keep the government cash flowing. That is because raising the debt ceiling is still tied to President Reagan's move to get one of his favorite constitutional amendments passed -- a move that has some in Congress ready to raise the roof.

CBS's Phil Jones: For federal workers around the nation, the good news tonight is that they won't be laid off tomorrow, even though the government could be out of borrowing power any moment. And from Treasury today came a letter hedging on just when the government will run out of cash. It could be tomorrow, and certainly by Wednesday. Once the money is gone, there could be hardship. For example, those with federal checks would be unable to cash them. There were behind the scenes meetings today to work out a compromise on the balanced budget amendment that is blocking legislation needed to raise the debt ceiling. This balanced budget plan would supposedly bring the deficit down to zero by 1991. If deficit targets are not met, the President would be required to cut spending across the board. Only Social Security and some defense contract commitments would be excluded. President Reagan, who hasn't sent Congress a balanced budget since he took office, turned up the heat today, claiming he isn't responsible for 50 years of deficit spending by opponents of this amendment.

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(Monday Evening, October 7, 1985)

Jones continues: (President in East Room speech: "We've now inherited the bomb that we always said was there with a lighted fuse in all of that deficit spending, and we're going to do something about it on a permanent basis.")

As for Wall Street, those in the financial community remain skeptical. (Economist David Jones: "The financial markets are in a 'show me' mood. They don't want to see some general formula about how to bring the deficit down. They want to see specific programs cut or eliminated before anybody is going to look with a big hoorah to this measure.")

It appears tonight that at least in the Senate a compromise is near and that a government financial crisis will probably be avoided.

(CBS-2)

ABC's Peter Jennings: President Reagan calls it an emergency situation, and any president would. The federal government is very close to running out of available cash. The Reagan Administration wants the national debt limit raised to a staggering \$2 trillion. But Congress hasn't agreed because the Senate is all tied up in a radical plan to balance the federal budget by 1991.

ABC's Brit Hume: In the deadlocked Senate today, the name of the game was "Let's Make a Deal." The bill's co-author, Warren Rudman, thinks it's the only way to force action on the deficit.

(Rudman: "If we did it two weeks ago, it wouldn't have happened. If we do it next week it won't happen. It's either going to happen now or it's not going to happen until after the 1986 elections.")

The President today again called for passage of the higher debt limit and for the Gramm-Rudman plan, as if he had had no role in running up the deficit.

(President: "We've now inherited the bomb that we always said was there with a lighted fuse in all of that deficit spending, and we're going to do something about it on a permanent basis.")

The Democrats had a different answer: pass a short-term increase in the debt ceiling and delay the deficit plan, which they fear will fall hardest on pet social programs.

(Speaker O'Neill: "I think that the sensible thing to do, to take a straight resolution, pass it through the House for two weeks or three weeks and give us all an opportunity to read the legislation. Scrub it, as they say, and see what effects it'll have.")

Late in the day the two floor leaders sat down to discuss an arrangement that would allow a vote on the Gramm-Rudman plan on Thursday. That reflects the fact that while the Treasury may be technically be out of money tonight, it can keep going for days because pension and payroll checks have gone out and are good. There was no deal and no vote, but both are likely soon because the Democrats can't afford to be seen as blocking action on the deficit -- quite a reversal from a week ago when the Republicans were squirming at having to raise the national debt above \$2 trillion.

ABC's Dan Cordtz: Four years ago, President Reagan had a hard time describing just \$1 trillion.

(Monday Evening, October 7, 1985)

Cordtz continues: (President before Congress: "If you had a stack of thousand-dollar bills in your hand only four inches high, you'd be a millionaire. A trillion dollars would be a stack of thousand-dollar bills 67 miles high.")

Now the debt is \$2 trillion, which means that stack of bills stretches 134 miles, as high as the space shuttle's orbit. And if those bills were laid end to end, they would go around the world more than seven times. As staggering as the total debt is, the real problem is the \$143B in interest that has to be paid on those IOUs next year. In a couple of years, the interest bill will equal the entire 1986 deficit, and interest payments are one budget item that Congress really can't cut. (ABC-5)

Brokaw: Will the federal government run out of money at midnight tonight? Will government checks bounce? The Senate is bogged down in a debate over the national debt limit. The President wants to raise it to \$2 trillion, but some senators want to make a deal: pass the new debt limit only if there is some progress on the budget deficit.

NBC's John Dancy: The Treasury warned any checks issued tomorrow or Wednesday could bounce because there won't be enough cash on hand to pay them. And how much is \$2 trillion? One senator says you could think of each dollar as a second of time.

(Sen. Rudman: "Two trillion seconds is six centuries.")

Social Security would not be touched (with the Gramm-Rudman-Hollings Amendment). Neither would existing government contracts. And neither would payments on the deficit. All in all, about half the budget is exempt. President Reagan is pushing for passage of the amendment.

(President: "We need the Gramm-Rudman-Hollings Amendment passed so we can reach a balanced budget without hurting our senior citizens on Social Security and without raising taxes.")

Under the amendment, the President could veto any new taxes and then all the cuts would have to be made in spending. Democrats worry that could wreck social spending and other essential programs.

(Sen. Moynihan: "Research, technology, urban programs forget about.")

Opponents like Moynihan have been using a filibuster to delay the amendment, but it's uncertain how long they can continue. Supporters of the amendment seem to have enough votes to pass it, but not the two-thirds majority necessary to shut off debate. Meanwhile both sides are trying to work out a compromise that will let the government keep paying its bills. (NBC-2)

FARRAKHAN

CBS's Bob Faw reports on the black Muslim leader, who is speaking at Madison Square Garden in New York tonight. His Nation of Islam membership totals at best 10,000 but as the size of his audience has grown, so has the reluctance of black elected officials to criticize him. In fact, when asked by CBS News to discuss Farrakhan, none of the black mayors in major American cities would.

(ABC-9, NBC-11, CBS-7)

(Monday Evening, October 7, 1985)

ARMS CONTROL

CBS's David Martin: In a major policy shift, the Reagan Administration now claims there are no treaty limits on the development of star wars weapons. Until now, both the U.S. and the Soviet Union maintained that the 1972 ABM treaty prohibits the testing of anti-missile weapons in space. But Administration officials tell CBS News that a new study concludes that the ABM treaty, which places strict limits on radars and rockets to shoot down incoming nuclear missiles, does not limit the testing and development of more exotic weapons such as lasers and particle beams. That means, for instance, that a free-electron laser could be placed aboard the space shuttle and tested in space. Despite the new policy, President Reagan continued to talk publicly only about star wars research.

(President: "I am determined to pursue our research program. It must go forward. It will go forward. It is not a bargaining chip and --" Applause.)

U.S. officials say the determination to proceed with star wars is one of the reasons behind the Administration's refusal to go along with Soviet Leader Gorbachev's call for a moratorium on underground nuclear tests. The U.S. expects the Soviet Union to raise questions about this new policy in a meeting scheduled for Wednesday in Geneva. The answers are likely to leave the two sides further apart than ever on arms control.

Rather: Lord Carrington met in Washington with President Reagan and Secretary Shultz. He said afterward that the new Soviet arms proposals are "very welcome." Carrington also said he doesn't see Gorbachev's offer in Paris to negotiate separately with France and Britain as any attempt to divide NATO and the West. But as Doug Tunnel reports from the Netherlands, one arms claim Gorbachev made is already giving the Soviet leader smiles and having repercussions the Reagan Administration won't find to its liking.

CBS's Doug Tunnel reports on a protest in Amsterdam against bringing American cruise missiles to Holland. The crowd was bigger than expected and more confident that America's missiles can be stopped, thanks in part to Mikhail Gorbachev. Gorbachev's claim to have reduced the number of active SS-20 missiles in the Soviet arsenal is still headline news in Holland. The reason: the Dutch government's promise to deploy cruise missiles if the Soviets have more than 378 SS-20s in service at the end of this month. Gorbachev has bolstered the opposition in Parliament who argue that Holland cannot deploy missiles while the Soviets are reducing stockpiles. And the Soviet leader's remarks are certain to help the peace movement's attempts to force a government retreat on cruise with a nationwide petition. Two out of eight million voters have signed already. The deadline is still two weeks away. As yet unreleased opinion polls show that things had been going well for the Dutch government, that gradually over a period of months the Dutch people were beginning to accept the notion of deploying cruise missiles. And then came Gorbachev's remarks. (CBS-4)

(Monday Evening, October 7, 1985)

Brokaw: As it was coming in for a touchdown at Edwards Air Force Base, Tass was calling the Atlantis mission proof that Washington is subordinating the shuttle program to its plans to militarize outer space. (NBC-8)

WORLD COURT

Rather: The Reagan Administration made it official today. It announced that it no longer automatically will recognize rulings and jurisdiction of the World Court as compulsory. A State Department spokesman accused Nicaragua of using the court as a "political weapon" in charging the U.S. earlier this year with illegally supporting the Contra rebels. (CBS-5)

ABC's John McWethy: The U.S. is withdrawing its pledge to accept judgments by the court in advance saying, in essence, no one else does it, why should we?
(Charles Redman: "Fewer than one-third of the world's states have accepted the court's compulsory jurisdiction. And the Soviet Union and its allies have never been among them. Nor in our judgment has Nicaragua.")
The U.S. will continue to submit selected cases to the court, but only those where both sides agree in advance to accept the outcome. And no more embarrassing political cases. (ABC-12)

SUPREME COURT

Rather: Justices of the Supreme Court came back from three months vacation. They agreed to a sweeping review of affirmative action policies used for years nationwide, policies President Reagan has agreed often amount to reverse discrimination against whites -- policies that supporters say are still needed to counteract years of job discrimination against women and minorities. (CBS-8)

Jennings: The Reagan Administration plans many challenges to existing laws -- on abortion, prayer in school and even on the right of a criminal suspect to remain silent. (ABC-11)

COCAINE RUNNING

Brokaw: Federal officials say that airplanes flying from Latin America and the Caribbean last year smuggled into this country some 40 tons of cocaine.

NBC's Robert Hager reports on a pilot who testified before a presidential commission today that drug smuggling made him a millionaire. The pilot quit TWA to fly drug runs for big bucks.
(Pilot: "My top load paid me \$1.5M for a single trip....I participated in approximately 100 smuggling flights without ever being intercepted...")
Now he's doing 10 years in prison. (NBC-6)

(Monday Evening, October 7, 1985)

SOUTH AFRICA

Brokaw: A black boycott of white businesses in the cape section has been largely effective.

NBC's John Cochran reports from the small town of Cape Alfred, where a white man got white and black leaders to sit down together for the first time ever there. Blacks were very practical. They realized that white shopkeepers in this little town could hardly abolish nationwide discrimination. So blacks demanded something else: work. They pressured whites, who then pressured the government, for a half-million dollar jobs program that put blacks working on roads and other projects in black neighborhoods. For some this was the first real job they ever had. The boycott ended. By South African standards, everything seemed to be going smoothly until a few weeks ago when the police, without explanation, arrested the man that blacks had chosen as the leader of their delegation in talks with the whites. He is still in jail. What followed was a surprise to everyone. Nothing happened. No demonstrations, no violence, no boycotts. Blacks decided the police were out of control and that other whites were as powerless as blacks to stop it. There is still tension here and the Port Alfred experiment could collapse at any time. Blacks and whites are walking a very fine line, but so far they are walking together. (NBC-5)

STOCKS

Jennings: On Wall Street stocks fell about four points and trading was fairly active. (ABC-7)

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EDITORIALS/COLUMNISTS

TUNISIA/ISRAELI RAID

Repentance at the White House -- "Once again the Reagan Administration is struggling to extricate itself from the consequences of a too-hasty reaction to an embarrassing situation....Reports indicate that (Secretary) Shultz was upset by the Israeli raid, and that the White House backpedaling was an effort to reconcile his views with the President's. As a result, the White House, while calling the attack 'understandable,' now says the bombing 'cannot be condoned.' Unfortunately, such a posture comes a day late to be taken seriously by those who believe that once again, Reagan has been outflanked in the Middle East by forces that simply do not share his view of how the conflict can be resolved."

(Cleveland Plain Dealer, 10/4)

GENEVA SUMMIT

Reagan Needs a New Focus for the Summit -- "Like a coed shopping anxiously at the last minute for something new to wear to the prom, the Reagan Administration needs a new focus for the November summit. For without a change, the attention...may be centered on Ronald Reagan's insistence on research and development of the U.S. space-based missile defense system. Reagan remains committed to the project, but the adverse reaction -- at home, among allies and from the Soviets -- is making the going unnecessarily tough....Like the co-ed, the Administration needs an eye-catching alternative but must guard against anything unnecessarily dramatic. There seem to be no good surprises at the summit."

(Cragg Hines, Houston Chronicle, 9/29)

ARMS CONTROL

Contrarian View of Arms Control -- "The Reagan Administration is right to insist that the mix of remaining weapons must be considered. Most dangerous of all are the huge land-based rockets with many warheads, because they are vulnerable to attack and are useful mainly in launching a first strike. These, above all, must be reduced and most of them belong to the Soviets. We can only get such a reduction by dealing on Star Wars....'Star Wars' tests should be limited in return for a realistic and fair formula for reducing the nuclear arsenals....But the suspicion remains that the entire arms control gambit has been and is nothing more than an exercise in public relations, to make the people of the world feel better, without changing the underlying reality: The fate of the earth has hung and will continue to hang in the nuclear balance. The threat cannot be eliminated. And the attempt to eliminate it is a will-o'-the-wisp."

(San Diego Tribune, 10/2)

Reagan Should Offer Ban on Anti-Satellite Testing -- "Anti-satellite weapons are not defensive. They are offensive, and they create instability....The Reagan Administration ought to dare to end this arms race while the sides are roughly even, not spur the race until both sides have to invest more in anti-anti-satellite defenses, becoming more frantic and more insecure."

(Dayton Daily News, 10/5)

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