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# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, DECEMBER 11, 1985 -- 6 a.m. EST EDITION

# TODAY'S HEADLINES

#### NATIONAL NEWS

Reagan Endorses Conferees' Balanced-Budget Legislation -- A House-Senate conference committee approved landmark balanced-budget legislation last night, and President Reagan said he would sign it if Congress approves the bill as expected today.

(Washington Post, New York Times, Washington Times, Baltimore Sun)

House GOP May Kill Tax Plan Reagan Backs -- "We have a serious problem with Republicans in the House," said a senior Administration official. (Washington Times, Washington Post)

#### INTERNATIONAL NEWS

Reagan Condemns Human Rights Abuses -- Reagan has given a human rights speech every year, but this was by far the most wide-ranging in the number of countries and abuses singled out for criticism.

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

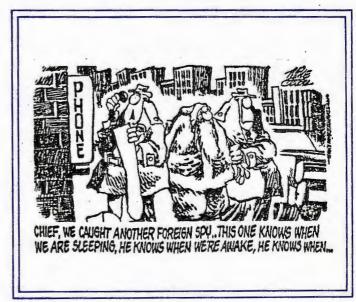
Pravda Says Weinberger Out To Sabotage Geneva -- "Weinberger is trying to discredit the U.S.S.R. as regards the observance of the Salt II Treaty." (Reuter)

# NETWORK NEWS (Tuesday Evening)

TAX REFORM/BUDGET -- Negotiators approved a bill to whittle down the federal deficit to nothing by the end of the decade.

MEESE -- The Attorney General said Nicaragua is offering refuge to terrorists from the PLO, Ireland, Italy, Spain and West Germany.

AMA/SWOKING -- The American Medical Association is going to wage an all-out war on smoking.



#### BALANCED-BUDGET PLAN APPROACHES FINAL VOTE

A House-Senate conference committee approved balanced-budget legislation last night, and President Reagan quickly said he would sign it if Congress approves the bill as expected today.

White House said the President approved of the compromise version of the measure despite provisions that they calculate could lead to cuts in defense budget authority of more than \$10 billion this year alone.

(Edward Walsh and David Hoffman, Washington Post, A1)

# Conferees Adopt Plan To Balance U.S. Budget By '91

The President said he would propose budgets with continued increases for the military. Congressional leaders, however, have said that such increases would be politically impossible without tax increases, which the President opposes, or the elimination of 30 to 50 non-military programs.

(Jonathan Fuerbringer, New York Times, A1)

# Conferees Agree: Reagan Endorses Gramm-Rudman

The Gramm-Rudman balanced budget plan, the most disciplined effort ever attempted by Congress to control deficit spending, was endorsed overwhelmingly last night by a panel of fiscal experts from the House and Senate and was immediately endorsed by President Reagan.

(Thomas Brandt, Washington Times, A1)

# Conferees, Reagan Back Plan To Balance Budget

House and Senate negotiators approved a compromise plan Tuesday that could force up to \$11.7 billion in government spending cuts early next year and would require a balanced federal budget by late 1990.

(Nancy Schwerzler, Baltimore Sun, A1)

# HOUSE GOP MAY KILL TAX PLAN REAGAN BACKS

Mr. Reagan, in a bipartisan White House meeting yesterday with congressional leaders, found little support from his Republican colleagues for a House Ways and Means Committee tax reform measure to be voted on today.

(Mary Belcher, Washington Times, A3)

# Rules Committee Clears Way For Votes On Tax Overhaul

The House Rules Committee cleared the way Tuesday for the House to consider two massive rewrites of the tax code today. In his lobbying yesterday, President Reagan asked the Republicans not to stop the process of tax revision. House Minority Leader Michel, said upon leaving the White House that the President "can be pretty persuasive," adding that the Democratic bill has a "high probability" of passing.

(Anne Swardson, Washington Post, A9)

#### TAX BILL DIVIDING HOUSE ALONG REGIONAL LINES

White House and congressional leaders predicted yesterday that the measure would be approved by the House, but privately they worried about the regional rancor the bill has unleashed.

(Dale Russakoff, Washington Post, A9)

# GOP GOVERNORS SEE REAGAN AS ELECTION PLUS AT MIDTERM

WILMINGTON, Del. -- Economic gains and President Reagan's popularity will help 1986 Republican candidates avert election setbacks suffered by the parties of past White House incumbents midway in their second terms, Vice President Bush predicted Tuesday.

"I can't wait until next year when we have about three times as many Republican governors sitting around this table," Mr. Bush said. "That's going to happen, I can tell you."

(Bill Kling, Washington Times, A2)

# BUSH MOVES EARLY TO CORNER SUPPORT OF CONSERVATIVES

Vice President Bush has made a strategic decision to move early and aggressively for the support of New Right conservative groups, his aides said yesterday, rather than allow Rep. Jack Kemp or any other potential challenger for the 1988 nomination to monopolize that wing of the GOP as a political base.

The strategy -- which those aides concede has risks of alienating some of Bush's moderate supporters or being depicted as political opportunism -- will get its first critical test tonight, when Bush is scheduled to be the featured speaker at a Washington testimonial banquet for the late William Loeb, the staunchly conservative publisher of the Manchester (N.H.) Union Leader.

(David Broder, Washington Post, A1)

# COURT CURBS POLICE USE OF SUSPECT'S STATEMENTS

The Supreme Court ruled 5 to 4 yesterday that the Constitution places strict limits on police powers to obtain incriminating statements made by a suspect once formal charges have been filed against him. The court said that police in Belfast, Maine, acted improperly when they sent an informant, wired with recording equipment, to converse with a defendant awaiting trial for theft and then used the incriminating statements at the man's trial.

(Washington Post, A3)

# Court Bars Confessions Extracted By Police Informants

Police cannot use informants to extract a confession from someone charged with a crime, a divided Supreme Court said in a ruling expected to make law enforcers more careful in undercover operations. The case involved Perley Moulton and Gary Colson, who were indicted for car theft in Belfast, Maine, in 1981.

# COURT HEARS ARGUMENTS ON PLANT SEARCHES

Officials should not have to get a warrant to fly over a backyard in search of a marijuana patch or to conduct an aerial survey of a chemical plant suspected of polluting, attorneys told the Supreme Court. Both federal and state attorneys told the Justices Tuesday that such open areas have no special protection under the Constitution from flyovers because they are not totally enclosed and can be viewed from anyone in a plane.

(UPI)

# PENTAGON HINTS SHIFT ON GENERAL DYNAMICS

Defense Secretary Weinberg, in a policy statement, said Tuesday the Navy might have to forgo competitive bidding on a submarine contract if General Dynamics Corp. can't prove quickly that it is a responsible contractor. The one-page written statement appeared to be prompted by recent criticism that the Defense Department is not is not serious about disciplining errant contractors.

(AP story, Washington Post, A3)

# SENATOR AND CIA GENERAL COUNSEL JOUST OVER NOMINATION TO BENCH

CIA general counsel Stanley Sporkin and Sen. Denton (R-Ala.) sparred in public for the first time yesterday over Sporkin's 17-month-old nomination to U.S. District Court here. Denton peppered Sporkin with critical questions, ranging from his tenure at the Securities and Exchange Commission to his acceptance of free football tickets from Washington Redskins owner Jack Kent Cooke.

(Howard Kurtz, Washington Post, A2)

#### HOUSE APPROVES FARM CREDIT REORGANIZATION

The House voted overwhelmingly Tuesday for a bill designed to reorganize the troubled Farm Credit System and and offer last-resort federal financial support to the country's largest agricultural lender.

The bill swept to passage, 393 to 32, after sponsors made last-minute changes sought by the Reagan Administration. These require that any bailout money for the FCS must go through the regular congressional appropriations process. (Ward Sinclair, Washington Post, A10)

# House Approves Farm Credit System Bill

The bill would let a new entity, the Farm Credit System Capital Corp., shift reserves from financially strong to weak units of the system of 37 banks in 12 districts nationwide. It would permit the corporation to take over loans or property that are sapping resources of individual banks. President Reagan is expected to sign the measure, even though the Administration has refused to endorse a key provision, backup federal financial aid. (UPI)

# HOUSE PASSES \$10 BILLION RENEWAL OF 'SUPERFUND' CLEANUP PROGRAM

The House approved a five-year, \$10 billion renewal of the "Superfund" toxic-waste cleanup program yesterday after agreeing to put the major burden of financing it on the chemical and oil industries.

(Washington Post, A10)

# PENTAGON WARNS ANTIDEFICIT BILL WOULD 'COMFORT' THE SOVIETS

The Pentagon warned yesterday that the version of budget-balancing legislation approved by congressional negotiators Tuesday would produce "the first negative growth in defense in Ronald Reagan's presidency" and would send "a message of comfort to the Soviets."

(George Wilson, Washington Post, A4)

# PENTAGON RECOMMENDS INCREASED WEIGHT FOR MIDGETMAN

A draft Air Force report recommends increasing the weight of the proposed single-warhead midgetman missile by 7,000 pounds so that it can carry decoys to fool Soviet defenses, Pentagon officials say. (UPI)

#### THE MOST INFLUENTIAL WOMEN

The annual survey of 1,700 editors and reporters from newspapers across the country has listed Washington Post Co. Chairman Katherine Graham as the most influential woman in America. .... Astronaut Sally Ride came in second and Supreme Court Justice Sandra Day O'Connor and First Lady Nancy Reagan tied for third.

(Washington Post, C3)

# TAX CREDIT FOR POLITICAL GIFTS SEEMS ASSURED OF HOUSE VOTE

The House Rules Committee decided Tuesday to allow consideration of legislation permitting what amounts to public financing of small political campaign contributions, a proposal that has split Democratic and reform ranks. The measure would grant a full tax credit for as much as \$100 in annual campaign contributions to House and Senate candidates, and \$200 for those filing a joint return.

(Washington Post, A10)

# SENATORS TREAT DOCTOR KINDLY AT HHS CONFIRMATION SESSION

Former Indiana governor Otis Bowen, sounding as benign and reassuring as the country doctor he used to be, easily sailed through a Senate Finance Committee hearing Tuesday on his nomination as secretary of Health and Human Services. (Washington Post, A21)

# NRC CHIEF PALLADINO ASKS TO STEP DOWN AT END OF TERM

Nuclear Regulatory Commission Chairman Nunzio Palladino, 69, said Tuesday he has asked President Reagan not to reappoint him to the five-member commission when his term expires June 30.

(Washington Post, A21)

#### FORTIER TO FOLLOW POINDEXTER

President Reagan announced the promotion of Donald Fortier, a political and military policy expert on the National Security Council, as his deputy National Security Adviser. (Washington Post, A21)

# FCC DECISION AFFECTS LOW-INCOME TELEPHONE CUSTOMERS

The Federal Communications Commission will leave it up to individual states to establish "lifeline" programs aiding needy telephone customers, but has agreed to provide matching funds of up to \$2 a month. The states are under no obligation, however, to file any lifeline funds. (UPI)

# U.S APPEALS COURT UPHOLDS CLOSURE OF CCNV SHELTER

The U.S. Court of Appeals ruled yesterday that the federal government can carry out its plan to close a dilapidated shelter for the homeless operated by the Community for Creative Non-Violence in downtown Washington. But CCNV leader Mitch Snyder threatened last night to resist eviction from the building at 425 Second Street, N.W., saying, "There is almost certain to be a physical confrontation, "between residents and any federal law enforcement authorities who attempt to enforce the court order. (Washington Post, B1)

#### FBI RULES OUT CLOSER WATCH ON AMERICANS

FBI Director William Webster said yesterday that he has no plans to increase FBI surveillance of U.S. citizens, even though four have been arrested for espionage activities in the past three weeks.

Webster said the government should improve its security-clearance processes and reduce the number of classified documents and the employes who have access to them. (Washington Post, A31)

# President OKs Spying Crackdown

President Reagan late last month approved several secret initiatives proposed by the FBI and other government agencies to combat hostile spying networks in the United States, FBI Director Webster said yesterday.

(John McCaslin, Washington Times, A3)

# Webster: Would-Be Spies Thinking Twice

Webster says there are too many classified documents and the millions of people with security clearances must be reminded that passing such material illegally is "betrayal." Addressing the National Press Club Tuesday, Webster also said stepped-up anti-espionage efforts by the FBI and other agencies had made Americans who might be tempted to meet with foreign agents think twice. (Anne Saker, UPI)

# CIVIL RIGHTS COMMISSION TO INVESTIGATE ITS OWN STUDY

The U.S Commission on Civil Rights plans to investigate a problem-riddled and controversial major study of school desegregation it ordered and may scrap the \$475,000 project. But Commission Chairman Clarence Pendleton, Jr. and other conservatives expressed hope the project could be salvaged. (David Anderson, UPI)

# WIFE OF SDI CHIEF DIES IN PLANE CRASH

SOUTH LAKE TAHOE, Calif. -- Sheriff's deputies battled foul weather Tuesday trying to reach the bodies of three plane-crash victims, including the wife of Lt. Gen. James Abrahamson, head of President Reagan's Strategic Defense Initiative. (UPI story, Washington Post, A6)

#### REAGAN CONDEMNS HUMAN-RIGHTS ABUSES

President Reagan yesterday singled out for human rights abuses a dozen nations ranging from the Soviet Union to South Africa, while an Administration spokesman said the Soviets were engaged in an "odious" attempt to present doctored television films falsely depicting Soviet dissident Andrei Sakharov as being in good health.

(Lou Cannon, Washington Post, A27)

# Reagan Tempers His View Of Soviet

President Reagan said Tuesday that Soviet-American relations would continue to feel the impact of human rights issues. But in his annual speech marking International Human Rights Day, he abandoned the harsh tone with which he has previously denounced rights violations by the Soviet Union. (David Shipler, New York Times, A11)

# Reagan Raps Repressive Regimes

President Reagan, declaring that human rights will continue to have a profound effect on U.S.-Soviet relations, yesterday singled out a dozen regimes that frequently violate basic rights. In a White House ceremony designating this week as Human Rights Week, Mr. Reagan lashed out at all regimes -- both friends and foes -- where he said millions suffer gross abuses.

(Jeremiah O'Leary, Washington Times, A2)

#### PRAVDA SAYS WEINBERGER OUT TO SABOTAGE GENEVA

MOSCOW -- The Soviet Communist Party Daily Pravda accused U.S. Defense Secretary Weinberger Wednesday of trying to sabotage the outcome of last month's Geneva summit. It attacked Weinberger over U.S. charges that Moscow was violating the 1979 SALT II Arms Treaty by deploying a new mobile missile and cited a letter he wrote to President Reagan calling on him to take a hard line at Geneva. (Reuter)

# DOCTORS RECEIVE PEACE PRIZE

OSLO -- The American and Soviet co-chairman of International Physicians for the Prevention of Nuclear War accepted the Nobel Peace Prize yesterday amid continuing controversy about their group and protests outside the award ceremony over the Soviet recipient.

Dr. Bernard Lown, professor of cardiology at Harvard School of Public Health, and Dr. Evgini Chazov, Soviet deputy health minister and a leading Moscow heart specialist, received the \$230,000 award at a formal ceremony in the main hall at Oslo University. Both, in accepting the prize, implored their governments to stop all nuclear explosions as the initial step toward ending the arms race.

(William Drozdiak, Washington Post, A1)

# Protesters March As Soviet Gets Nobel Prize

OSLO -- The demonstrators were protesting against Dr. Chazov's presence because he participated in a 1973 political attack on Soviet dissident Andrei Sakharov, who won the Nobel Peace Prize in 1975.

(AP story, Washington Times, A6)

#### SHULTZ SAYS PLO REMAINS AN OUTSIDER

LONDON -- Secretary Shultz said today that the PLO "excludes itself as a player" in the Middle East peace process and cannot expect to gain international acceptance while it refuses to accept Israel's right to exist.

(John Goshko, Washington Post, A35)

# Must Resist Extremists, Shultz Says

Secretary Shultz, saying that "extremists must be resisted, not appeased," Tuesday rejected the idea of dealing with the PLO while it refuses to recognize Israel. Mr. Shultz began an eight-day swing through Western and Eastern Europe and with an acknowledgement of some "tactical differences" between the U.S. and its allies on foreign policy issues, particularly whether to warm up to the PLO.

(UPI story, Washington Times, A1)

# Shultz Backs Aid To Foes Of Soviet

Secretary Shultz said Tuesday that members of the Atlantic alliance should not shrink from using all kinds of aid, including covert assistance, to advance their diplomatic goals. His remarks came as the Reagan Administration was threatening to provide covert aid to rebels in Angola.

Reportedly it would be used as leverage in negotiations to bring about a solution in southern Africa, including the withdrawl of Cuban troops in Angola. (Bernard Gwertzman, New York Times, A1)

#### GORBACHEV DESCRIBES OBSTACLES TO TRADE WITH U.S.

MOSCOW -- Soviet leader Gorbachev, in his first meeting with Americans since last month's summit, tonight told a group of businessmen that any improvement in trade relations depends on Washington's willingness to remove existing "political obstacles."

Speaking at a banquet honoring Secretary Baldrige and other participants at a meeting of the U.S.-U.S.S.R. Trade Council, Gorbachev said that as long as the Soviet Union is singled out for discriminatory treatment, no "large-scale" trade improvement would be possible.

(Celestine Bohlen, Washington Post, A27)

# ARMS REDUCTION SAID KEY TO SDI SHARING

The Soviet Union would have to agree to a substantial reduction in nuclear weapons before the United States would share its "star wars" technology as promised by President Reagan, a senior defense official said yesterday. Richard Perle, assistant defense secretary for international security policy, also said such sharing would depend on a Soviet commitment to improve overall relations with the U.S.

(Walter Andrews, Washington Times, A3)

# REAGAN PUSHES TRADE PACT WITH CANADA

President Reagan formally notified Congress Tuesday that he wants to begin negotiating an agreement with Canada that could erase all barriers to trade between the United States and its northern neighbor. Under U.S. trade law, Congress had 60 legislative days to block the talks, but does not have to take affirmative action to approve them. Reagan telephoned Canadian Prime Minister Brian Mulroney late Tuesday afternoon to report he had started the process of getting legislative approval.

(Stuart Auerbach, Washington Post, D1)

#### HECKLER PLEDGES TO AID INVESTMENTS IN IRELAND

Margaret Heckler, the outgoing HHS Secretary, yesterday was unanimously recommended by the Senate Foreign Relations Committee as the next ambassador to Ireland. "We have to invest in Ireland's growth as a friend," she told Sen. Pell, Rhode Island Democrat.

(Washington Times, A2)

# WHITWORTH CHARGED WITH CODE-PLAN THEFTS

A Federal Grand Jury in San Francisco charged yesterday that Jerry Alfred Whitworth, the sole remaining defendant in the Walker family spy ring, passed the Soviets technical manuals and design plans for the machines used to encode sensitive material — a security breach that, together with other material allegedly supplied by Whitworth, would have enabled the Soviets to read secret Navy communications.

(Washington Post, A31)

# MARCOS SELECTS CRITIC AS RUNNING MATE

MANILA -- President Marcos Wednesday was proclaimed the ruling party's presidential candidate in February elections and he chose a rebellious cabinet minister he sacked nine months ago as his running mate.

(UPI)

# Convention Nominates Marcos, Vows To Crush Communist Revolt

Marcos' nomination by a conference of his New Society Movement was guaranteed, but 74-year-old Assemblyman Arturo Tolentino only recently had surfaced as a frontrunner for the vice presidential nomination. (AP)

# SOUTH AFRICA EXTENDS FREEZE ON PAYMENTS

JOHANNESBURG -- The South African government announced today that it will extend until March 31 its freeze on repaying loans to American banks.

(AP story, Washington Post, A32)

# SOUTH AFRICA RECEPTIVE TO MEDIATION BID

The United States has received a "substantive reply" from the South African government to its proposal to settle the conflict in southern Africa that would allow resumption of U.S. mediation efforts, a senior Administration official said Tuesday.

(David Ottaway, Washington Post, A32)

# U.S.-SPANISH TALKS

MADRID -- Spain and the United States announced that they had scheduled talks on the reduction of American military presence in Spain.

(Washington Post, A33)

#### COPPER INDUSTRY

TUCSON (UPI) -- The nation's copper industry could go the way of dinosaurs unless the Reagan administration takes action to restrict foreign imports, Sen. Dennis DeConcini, D-Ariz., said Monday.

Addressing the American Institute of Mining Engineers, DeConcini said he hopes President Reagan does not veto a textile bill with a copperrelated amendment. It calls for foreign copper producers to voluntarily restrict their exports to the United States.

DeConcini said if the bill is vetoed, he would not rule out a congressional push for tariffs or quotas. More than half the nation's copper mines are closed, 21,000 miners are jobless and copper prices are at their lowest level since the depression of the 1930s, he said.

President Reagan is "misinformed" about the copper situation, DeConcini said. In 1984, the International Trade Commission ruled that imports had seriously injured the U.S. copper industry but Reagan rejected its prescription for restoring economic health, DeConcini said.

Without protection, DeConcini said, U.S. copper will be "going the way of the dinosaur." The Reagan administration needs a better policy, he said. "Someone, sometime, has to tell the emperor he has no clothes and I think that sometime is now," DeConcini said.

#### SAN FRANCISCO/SANCTUARY

SAN FRANCISCO (UPI) -- A resolution to make San Francisco a sanctuary for the city's 60,000 to 80,000 Salvadoran and Guatemalan refugees was introduced Monday by five city supervisors.

Although it is considered a symbolic gesture, it would put San Francisco at odds with the INS over President Reagan's Central American policies. "We want to be clear about this," said Supervisor Nancy Walker, one of the resolution's five co-sponsors. "We're looking at people who cannot go back home because if they do they are killed."

The INS has threatened to lobby for federal funding cut-offs for cities adopting such positions. The Los Angeles City Council recently passed a comparable resolution.

# SENATOR SOUNDS LIKE PREACHER, NOT POLITICIAN

MOBILE, Ala. (UPI) -- Sen. Jeremiah Denton sounded more like a preacher than a politician during the weekend at the annual convention of the Alabama Farm Bureau Federation.

"There is no other audience that realizes with me that our major national problem today isn't the farm problem or the economic problem it is that we are forgetting what we are as human beings as a species," Denton declared.

"When we forget whose image and likeness we are created in, we are forgetting our identity. Our domestic and foreign policy reflect that forgetfulness," he added, in a surprising apparent criticism of the Reagan administration.

# NEWS FROM THE STATES (continued)

#### CORCORAN TO DECIDE ON SENATE BID SOON

SPRINGFIELD, Ill. (UPI) -- Former U.S. Rep. Tom Corcoran says he "probably" will run for the Republican nomination for U.S. Senate, but wants top GOP officials to put their money where their mouths are before he says yes. Among those commitments is a promise that President Reagan visit Illinois on Corcoran's behalf at least three times before the primary, help in retiring a previous campaign debt and a job should he be unsuccessful in his bid.

#### VET'S CONDITION IMPROVING

SEATTLE (UPI) -- Vietnam veteran Gino Casanova continues to improve at Veterans Hospital following the end of his 51-day fast on behalf of missing soldiers in Southeast Asia. A hospital spokesman said Casanova may soon be moved out of intensive care. He was first listed in serious condition last Friday but was described as good and stable Tuesday. Casanova broke his fast after President Reagan called him and agreed to meeting with about his concerns for Americans listed as missing in Southeast Asia.

# COORS WILL NOT RUN FOR GOVERNOR

GOLDEN, Colo. (UPI) -- Holly Coors, wife of brewery magnate Joseph Coors, has formally announced her political intentions for 1986 -- she is not going to run for governor. Coors, who chaired President Reagan's Colorado campaigns in 1980 and 1984, said she hasn't decided which GOP candidate she'll support.

# ROSALYNN CARTER, SOVIETS JOIN TALKS TO FURTHER SUMMIT GOALS

ATLANTA (UPI) -- Rosalynn Carter joins a group of Soviets today at a meeting of the Friendship Force, a group striving to reduce chances of nuclear war by promoting visits between citizens of the two nations.

Friendship Force President Wayne Snow said the Soviet visitors will assist American delegates in charting a plan to step up visits, a goal outlined last month by President Reagan after he met with Soviet leader Mikhail Gorbachev. "President Reagan called for more citizen exchanges between the United States and the Soviet Union in his address to the nation following the summit," Smith said.

#### BYBEE CRITICIZES HAWAII BAR ASSOCIATION

HONOLULU (UPI) -- A candidate for a federal judgeship is criticizing the Hawaii Bar Association for publicly opposing another judicial candidate. Attorney Edward Bybee said this week the body was "misguided" for opposing Albert Moon's nomination to the federal court bench. The association opposed Moon because his nomination did not go through a Judicial Selection Commission. Bybee is also under consideration for a judicial post and also bypassed the commission and applied directly to President Reagan. He said in a letter to bar president Vernon Char that federal judicial appointments are always "political."

TAX REFORM/BUDGET

CBS's Dan Rather: The made rush to judgement and adjournment by Congress for Christmas is producing a tree full of legislation. It could effect the U.S. Treasury and your pocketbook for years to come. Tonight House and Senate negotiators formally approved a bill that's supposed to whittle down the huge federal budget deficit to nothing by the end of the decade. It will mean cuts in government spending, in domestic programs and for defense. A last minute hitch -- President Reagan insisted on more flexibility about where and when to cut Pentagon spending and he got it. Phil Jones reports this is only one of several major life-blood issues flowing through Congress including top-to-bottom, border-to-border tax overhaul effecting every paycheck in America.

CBS's Phil Jones: House Republican leaders remain on a collision course with their President over tax reform. Not even a trip to the White House for some arm twisting by Mr. Reagan would convince GOP leaders to vote for a tax reform package crafted by Democrats if a Republican plan fails on the House floor.

(TV coverage of Representatives speaking to reporters outside the White House. Rep. Trent Lott: "I cannot just take direction from the President when I am convinced in my heart and in my mind that this bill is now not in the best interest of the economic growth." Rep. Robert Michel: "I don't like it a bit, I'm just very uncomfortable even talking to you under these circumstances.")

Up at the Capitol, the Administration was pouring on the pressure. Treasury Secretary Baker came to lobby moderate Republicans.

(TV coverage of Baker on Capitol Hill: Reporter: "What are you going to tell the Republicans?" Baker: "I'm going to tell them they've got a great opportunity here.")

There were indeed some Republicans ready to vote for the Democratic plan if it's the only way to keep tax reform alive.

(Rep. Bill Gradison: "But if a bill fails to pass the House inspite of, let's assume, a majority of Democrats supporting it and a vast majority of Republicans opposing it, I think it is bad politics.")

The House Republicans claim the proposal by the Ways and Means committee would hit corporations harder than individuals. So hard the economy would slow down.... (CBS-Lead)

ABC's Peter Jennings: Congressional negotiators late this afternoon reached final agreement on a controversial proposal to reduce the federal deficit to zero by 1991. Both the House and the Senate are expected to approve the plan tomorrow. President Reagan said although he is concerned with the possibility of extreme cuts in defense, he recommends that Congress adopt the Gramm-Rudman bill as the law of the land. (ABC-9)

NBC's Roger Mudd: House and Senate negotiators late this afternoon finally approved the controversial Gramm-Rudman measure to balance the federal budget by 1991. The bill must now be passed by the House and Senate and must be signed by President Reagan. Despite their strong support for a balanced budget, the President and conservatives in Congress are now worried it would mean dangerous cutbacks in military spending. As Jim Miklaszewski reports, Gramm-Rudman could cause the Administration to re-think its military policy.

NBC's Jim Miklaszewski: Despite a last ditch effort by Secretary Weinberger to save his military budget, the Pentagon will be forced to make major cutbacks under the Gramm-Rudman bill as early as next March. The Pentagon says the bill will force it to cut military spending five to six billion dollars or three to eight percent next year. It isn't sure yet just how or just where, but it knows it will hurt.

(TV coverage of Robert Sims: "We don't know what the impact on defense will be. We do know that it's likely to be severe both in the short and the long term.")

Defense officials say the first cuts are likely to come in major weapons systems like the B-1 bomber, F-16 fighter jet and the nuclear missile equipped Trident submarine. Production would be slowed down or delayed, but the Pentagon claims as production time increases so does the cost, and any money saved now would be lost in future years. The quickest way to cut costs is through manpower and operations. Reduce the number of enlisted and civilian personnel, the number of hours ships and jets spend on maneuvers, and buy less ammunition. Defense experts claim, however, that approach would severely limit our ability to fight a war. (Harlan Ullman: "We are talking about ships and airplanes, soldiers

(Harlan Ullman: "We are talking about ships and airplanes, soldiers and sailors who go out and fight the conventional wars, and here the readiness can become very seriously degraded.")

Despite his endorsement of Gramm-Rudman, President Reagan says he still has concern about its effect on the national security and at the last minute gained the right to choose where to cut the budget to protect what his aides say is his top military priority, Star Wars. Defense officials fear the budget cuts will weaken the U.S. bargaining position with the Soviets, but acknowledged that after five years, Gramm-Rudman marks an end to the Reagan Administration's trillion dollar military build-up. (NBC-3)

#### MEESE

Mudd: Attorney General Edwin Meese said today Nicaragua is offering refuge to terrorists from the PLO, Ireland, Italy, Spain and West Germany. He told the American Chamber of Commerce meeting in Vienna that Nicaragua was becoming a terrorist country club.

(NBC-7)

# THE PRESIDENT ON SOUTH AFRICA/ANGOLA

Jennings reports in Washington President Reagan was less critical than he has been in the past of Soviet human rights violations, but human rights, he said, will always enter into American-Soviet relations. (TV coverage of the President at a signing ceremony.)

The President was tougher than usual on two of his overseas allies, the Philippines and the government of South Africa. He told the South African government it must move to end apartheid, that the South African government was hurting thousands of people. On the subject of American support for forces overseas, the Reagan Administration has still not made up its mind about giving aide to the anti-government forces in Angola. A senior State Department official was making it clear today the aid could be sent if the Cuban troops which are supporting the marxist Angolan government did not show signs of leaving the country fairly soon.

(ABC-5)

#### BOWEN

Mudd reports at his confirmation hearing to be the new HHS Secretary,
Otis Bowen said today he'll propose expanding Medicare to cover the
cost of catastrophe illness for the elderly. Currently full coverage
lasts for only the first 60 days in the hospital. Bowen also proposed
new tax sheltered pay for medical costs after retirement. (NBC-4)

#### U.S. BUSINESSMEN IN RUSSIA

CBS's Mark Phillips reports in the Kremlin Mikhail Gorbachev was giving a dinner for a large group of American businessmen. They had gone to Moscow to try to improve Soviet-American trade because, they said, the climate after the Geneva summit was right and, they added, because relations in other areas including human rights would improve if economic ties were strengthened. Secretary Malcom Baldrige, who met with Gorbachev earlier in the day, was being diplomatic about human rights.

(TV coverage of Baldrige: "Human rights usually comes up in these meetings. It is the President's policy not to discuss that in public.")

(TV coverage of Baldrige: "Human rights usually comes up in these meetings. It's the President's policy not to discuss that in public.") If trade is to be an influence in getting the Soviet Union to change its ways, tonight's scene showed how far in the Western view the Soviet Union has to go. When a CBS camera man tried to film Soviet Agents breaking up the small demonstration, he was manhandled. A camera crew from ABC News recorded the scuffle. Soviet police made about a dozen arrests. The demonstrators, one policeman said, would be charged with disturbing the peace. (ABC-3, CBS-8)

#### BUSH

Mudd: Vice President Bush said today the old Roosevelt New Deal political coalition is dead, gone and buried. But Bush acknowledged his Republican party has not yet replaced it. Bush told the GOP governors today meeting in Wilmington, Delaware, that it will take two more national elections before the Republican party would know whether it had majority status. Two more means 1988 and 1992 when presumablely George Bush himself will be leading the GOP ticket.

(NBC-11)

#### AMA/SMOKING

Jennings reports the AMA is now going to wage an all out war against smoking. It has begun a campaign against all promotion of any tobacco products. When you consider that the AMA represents more than half the country's doctors, that's a potent threat.

(ABC-Lead, NBC-Lead, CBS-10)

# WALL STREET

Jennings reports it was a hectic day on Wall Street. The Dow closed about two points higher than yesterday. That leaves the average just under the 1,500 level. Trading was heavy. (ABC-11, NBC-2)

#### CONGRESS/FEDERAL BUDGET

Government By enter -- "According to Democrats, the real purpose of Gramm-Rudman-Hollings is to force President enter to choose between punishing cuts in his Pentagon budget or a long-resisted boost in tax revenues. According to Republicans, the bill would give the President the leverage needed to crunch federal and domestic programs down to the size he has always intended. What's especially striking is that these views pass each other in the dark, with no one knowing which or either will prevail. That's what happens, we suppose, when you have government by blindfold."

(Baltimore Sun, 12/10)

The Consequences of Inaction -- "If the debt ceiling is not raised by next Thursday, there will be no money to pay federal workers. They could turn out the lights, lock the doors and stay home next Friday. Much of the federal government would drop dead for the day. And that would be better than letting the Congress continue to delay a decision on a plan to balance the budget."

(San Diego Tribune, 12/6)

The Farm Dilemma -- "What is most needed in the long term is consistent fiscal and monetary policy from Washington, so that inflation and interest rates don't leap higher than July corn stalks. What is needed also is a consistent policy on embargos, so farmers do not get whipped by spur-of-the-moment actions generated by shifting political winds. Unfortunately, there is no parallel solution to end the agony in the short-term. In wars there are casualties. And in the war against inflation and government spending, the small farmer is one of them." (Chicago Sun-Times, 12/7)

Congress Should Commit Itself To Deficit Cuts -- "This debate has gone on for two months now. It tells us Congress is so unsure it can trim the budget deficit that it is very reluctant to make a commitment that would force budget cuts.... We're talking about keeping the taxpayers' heads above that flood of red ink. It's time for Congress to quit dallying and commit itself to reducing the budget deficit." (Houston Chronicle, 12/5)

#### TAX REFORM

Tax Reform Ain't Dead Yet -- "If the House-Senate compromise falls short of what's needed, President Reagan can always veto it. Everyone knows that -- and will try to shape a bill that, in the final analysis, is acceptable to him. House Republicans should not kill tax reform yet."

(New York Post, 12/10)

Lobbying Your Friends -- "The President, in short, owes House Republicans and for that matter the nation an explanation of what improvements he would seek in the Ways and Means bill, what changes would make it acceptable to him. Our list: Change the timing problem that actually causes a 1986 tax increase, find a compromise that gives less relief to high-tax states and more to low-tax states, and make sure that marginal tax rates are reduced throughout the thresholds."

(Wall Street Journal, 12/10)

(Editorials/Columnists continued)

Flawed Tax Reform Is Far Better Than None -- "As the President pointed out Thursday in his eloquent speech at the 30th Anniversary Dinner for National Review magazine, the key strategic moment in politics comes when the opposition adopts your own position. As a prime example, he pointed to the Ways and Means tax bill. Congressional Republicans should do themselves a favor by giving the President his historic triumph rather than massing for a goal-line stand against the Gipper."

(George Gilder, Wall Street Journal, 12/10)

Though Flawed, House Tax Plan Is A Step To Reform -- "Jimmy Carter failed to get any movement on tax reform. Ronald Reagan hasn't moved toward reform and simplification so much as toward still lower tax rates. The opportunity, nonetheless, is historic, continuing momentum toward lower taxes and higher federal revenues generated by a stronger economy. Let the House pass the bill and let the Senate fix it."

(Atlanta Journal, 12/6)

# NATIONAL SECURITY STAFF CHARGES

A Caretaker's Choice -- "The appointment of Vice Adm. John Poindexter as President Reagan's national security adviser is interesting chiefly as an indicator of the kind of administration the President prefers during his final years in office.... It is more likely the President will prefer a quiet last few years in office, serving as a caretaker and disinclined to suggest changes or reductions in the government over which he presides.... That's too bad. The Washington establishment could use some disturbing."

(Orange County Register, 12/6)

To 'Czar' Reagan: This Bud's For You -- "Poindexter should know precisely what he's walking into, having observed firsthand the travails of McFarlane for two years. His ultimate boss, the President, should know the score, too. The latter made Don Regan chief of staff, not first deputy czar."

(Atlanta Journal, 12/7)

Management Problem -- "As it is, the President and the nation have lost the services of a very able national security affairs adviser and NSC director. Chief of Staff Regan's pre-eminence at the White House seems established. What is far from established is whether any lessons have been learned by the President or his chief of staff from this latest loss attributable to the administration's ill-disciplined infighting."

(San Diego Union, 12/6)

Reagan's New Advisor May Turn Out To Be The Most Effective To Date -"Vice Adm. John Poindexter's credentials are impeccable. Whatever Robert
McFarlane's reasons for resigning, his successor seems extraordinarily fit."

(Cincinnati Enquirer, 12/6)

A New National Security Adviser -- "Even if it is not always apparent to those who seek the inside story, we must assume that the choice was made by the obvious candidate: President Reagan. In his second term, he is confident that he can trade the strategy of confrontation for the politics of pragmatism, and Mr. Poindexter seems to personify that trend."

(Hartford Courant, 12/7)