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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, DECEMBER 20, 1985 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Hill Passes Omnibus Money Bill -- The Senate passed the measure 78 to 1, sending it to an uncertain fate in the House. The lone opponent was Sen. Goldwater. (Washington Post, New York Times, Washington Times, UPI, AP)

Kennedy Announces He Will Not Run For President In '88 -- "I know this decision means I may never be president, but the pursuit of the presidency is not my life...", Kennedy said.

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

INTERNATIONAL NEWS

Soviets Offering On-Site Checks If U.S. Joins In Test Halt -- But U.S. officials said it does not deal with the main White House objection -- the need to keep testing until there are deep cuts in offensive nuclear stockpiles. (Washington Post, New York Times, Washington Times, AP)

Shultz Says He Would Quit Rather Than Take Lie Test -- Secretary George Shultz's decision to go public with his objections and personal refusal to accept polygraph tests added a serious new element to the controversy about President Reagan's directive.

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

NETWORK NEWS (Thursday Evening)

KENNEDY -- After weeks of slimming down and shaping up for another run at the presidency, Teddy Kennedy took himself out of the '88 race and maybe forever.

SHULTZ -- The Secretary of State says he's ready to quit if he's ever asked to submit to a lie detector test.

GORBACHEV -- A new arms control offer from Gorbachev - an offer U.S. officials said they can, and will, refuse.

SUPER REAGAN

"One of Reagan's greatest fortunes ... is to be continuously underestimated. American and foreign 'sages' make the same mistake again and again, forgetting one thing: that this President is the most popular in the political history of the United States."

Il Giornale, Milan, Italy, 12/19

NATIONAL NEWS

HILL PASSES OMNIBUS MONEY BILL

Congress yesterday scrambled to complete work for the year as both houses approved a \$368 billion catchall spending bill for fiscal 1986 and considered a three-year deficit-reduction measure totaling about \$74 billion. The compromise deficit-cutting bill was hammered out in a House-Senate conference, but it was not assured of enactment because of a dispute over financing of the Superfund toxic-waste cleanup program and threats of a presidential veto.

(Helen Dewar/Edward Walsh, Washington Post, A1)

Senate Approves Plan For Deficit, Session Nears End

The Senate action set the stage for a final showdown with the House on deficit reduction. The House started debate on the measure amid resistance to a tax provision for financing the Government's toxic waste cleanup program.

(Jonathan Fuerbringer, New York Times, A1)

Funding, Minor Bills Pass As Congress Faces Holidays

A weary Congress inched toward the end of the first session of the 99th Congress last night, sending a number of minor bills to the President as well as major legislation to fund about one-third of the federal government. Legislative activity on the floor of the two chambers was uncommonly quiet, although there were attempts to press for last-minute measures. Congress quickly cleared a bill that would give the families of the 248 U.S. military personnel killed in a charter plane crash last week an extra three months housing allowance and upped life insurance \$15,000 to \$50,000 for each victim.

(Myron Struck/Thomas Brandt, Washington Times, A2)

Congress -- Money Bill

Like a guest who lingered too late, Congress whisked through a catchall \$368 billion spending bill Thursday and pushed toward passage of \$74 billion in deficit cuts in a final rush to adjournment. Before leaving for the holidays, lawmakers gift-wrapped a pair of presents for themselves, permitting senators to earn an additional \$7,510 a year in speaking fees and opening the door to a congressional pay raise in 1987.

(AP)

Senate Passes Cigarette Tax, Adjournment Stalled

Congress sputtered toward adjournment for the year Thursday, passing and sending to the White House a \$368 billion 1986 spending bill but stalling over a \$74 billion package of tax increases and spending cuts.

However, the rush to leave Washington for the holidays was slowed by consideration of the tax package, which includes a permanent extension of the 16 cents-a-pack cigarette tax -- which was scheduled to expire at midnight.

(UPI)

KENNEDY ANNOUNCES HE WILL NOT RUN FOR PRESIDENT IN '88
Senator Says He Will Seek Another Term

Sen. Edward Kennedy announced Thursday that he will not run for president in 1988, and conceded that he may never attain the office his family has been identified with for the past quarter-century.

Kennedy said he will seek reelection in 1988.

(Paul Taylor, Washington Post, A1)

Decision Turns Hart Into Front-Runner

The Massachusetts senator's surprise announcement -- which many took as an end to his hopes of ever being president -- immediately catapulted Senator Gary Hart to the front of the Democratic pack. Hart had already set Jan. 4 as the date for announcing whether he will seek a third term as senator next November or step down to concentrate on another presidential bid. Kennedy's announcement solidified the already-heavy betting among Hart's close associates that he will leave the Senate.

(David Broder, Washington Post, A1)

Kennedy, Citing Senate Goals, Rules Out '88 Presidential Bid

Kennedy, who is 53 years old, said in a taped announcement broadcast over two Boston television stations that a presidential candidacy would merely cloud his political agenda.

(New York Times, A1 & A22)

Kennedy Rules Out Another Race In '88

Though a sentimental favorite of the party's liberal wing and accorded the automatic frontrunner status that seems to be a Kennedy perk, not everyone in his party was pleased by the prospect of another Kennedy campaign.

(Stephanie Nall, Washington Times, A1)

Kennedy Announces He's Not A Candidate For President

It was a repeat of the renunciation of the candidacy that startled Democrats three years ago, despite his desire to be president. This time there was no such explanation. New York Gov. Mario Cuomo, who has been mentioned as a possible candidate for the presidency in 1988, expressed regret that Kennedy would not run.

(AP)

REAGAN WILL SIGN FARM BILL WITH
RESERVATIONS, BLOCK SAYS

President Reagan has decided to sign the five-year farm bill into law, although the Administration is not pleased with some of its provisions, Agriculture Secretary Block said yesterday. Block said that while top Administration officials differed on whether Reagan should be counseled to sign the farm bill, he argued "very strongly" that the measure could bring important benefits to farmers.

(Ward Sinclair, Washington Post, A5)

Farm Bill Won't End Debate On Government Role In Agriculture

President Reagan's signature on the 1985 farm bill will enable a lot of Republican lawmakers to breathe easier, but it apparently won't end the debate over what the federal role should be in supporting financially strained farmers. When Reagan signs the bill in a ceremony expected to take place at the White House on Monday, it will be a Christmas present for farm state Republicans facing re-election next year who had worried about the effects of a possible veto.

(Jim Drinkard, AP)

RUSSELL, FORD, RESIGN FROM AGRICULTURE

WASHINGTON -- Two key Agriculture Department officials who were important players in nearly a year of farm bill negotiations have resigned. Randy Russell, who coordinated the Administration's role in guiding farm legislation through Congress, resigned Thursday as executive assistant to Secretary Block. In a letter to Block, Russell said his resignation would be effective Jan. 17.

John Ford, Deputy Assistant Secretary for Governmental and Public Affairs, gave Block his official resignation letter Wednesday. In a brief interview, Ford fired a parting salvo by charging that the farm bill was "absurd" for increasing subsidies to wealthy farmers like himself. He said he would leave the Agriculture Department on Jan. 31.

(Sonja Hillgren, UPI)

CONGRESS BRAKES REAGAN ON HIGHER DEFENSE SPENDING

For the first time, Congress has put the brakes on President Reagan's plans to bolster U.S. defense spending by adopting a scaled-back catchall spending bill to fund the Pentagon, and several other major government agencies, through the remainder of fiscal 1986.

(Christopher Simpson, Washington Times, A3)

WHITE HOUSE FLUB COSTS MILITARY \$1.3 BILLION

While the White House was busy reviving tax reform on Capitol Hill, inattention to the federal budget bill cost the Administration \$1.3 billion in defense funds. "They ought to be kicking their fannies," Rep. Trent Lott, Mississippi Republican and minority whip, said yesterday in an interview. "The Administration was certainly part of the problem because they didn't give us a definite word" whether they supported the omnibus spending bill. The indecision, Lott said, fueled Republican disgruntlement and the \$370 billion spending bill was defeated Monday night -- a surprise action that thrust the government into financial default for 25 hours.

(Christopher Simpson/Bill Gertz, Washington Times, A3)

WHITE HOUSE, CONGRESS SPLIT OVER BAN
ON SYNFUELS AID

Amid howls of protest on Capitol Hill, the White House sought yesterday to jimmy a window for the Synthetic Fuels Corp. to approve more than \$500 million in federal subsidies to two oil-shale projects before Congress abolished the agency. Congress had forbade the action in the stopgap spending bill signed by President Reagan Tuesday night.

(Cass Peterson, Washington Post, A6)

BUCHANAN DENIES A CHAVEZ PURGE

Linda Chavez, director of the White House public liaison office "is doing a great job for us here," and has not purged Reaganite conservatives from her staff and replaced them with Democrats, her boss said Thursday. Patrick J. Buchanan, White House communications director and former syndicated conservative columnist, said Mrs. Chavez was following his directive in recently trimming her staff from 36 to 24 employees to cut costs.

An item in Thursday's "Inside the Beltway" column in the Washington Times reported that Mrs. Chavez, who is being urged to run for the Senate in Maryland, "is swinging the personnel axe, chopping off the heads of loyal Reaganites in the White House office of Public Liaison, and packing the place with Democrats..." (Bill Kling, Washington Times, A1)

SPACE SHUTTLE LIFTOFF RESCHEDULED AFTER MALFUNCTION
IN FINAL SECONDS

The first launch in two years of the flagship space shuttle Columbia was scrubbed yesterday when a hydraulic pump driving one of Columbia's main steering mechanisms went out of control 15 seconds before liftoff. If Columbia had left Earth yesterday, it would have been the 24th space shuttle flight this year, a doubling of the previous record.

(Washington Post, A2)

CIGARETTES MAY BE MAIN HEALTH PERIL IN WORKPLACE,
SURGEON GENERAL SAYS

In his annual report to Congress, Surgeon General Dr. C. Everett Koop urged stronger efforts to reduce smoking by all workers, saying that "for the majority of American workers, cigarette smoking represents a greater cause of death and disability than their workplace environment."

(Washington Post, A9)

Smoking Often More Hazardous Than Workplace, Koop Reports

When the workplace is itself hazardous, there is an even greater chance of contracting lung disease or cancer, according to the study.

The 500-page report came under immediate attack from the AFL-CIO, which said the findings would be used by industries to avoid their responsibility to maintain safe work environments.

(UPI story, Washington Times, A2)

HOUSE OKs BILL, SENATE APPROVAL ON COMPROMISE EXPECTED

Congress moved in the last hours before adjourning for the year to end a threat by three states to begin shutting down the nation's only dumps for radioactive garbage. The House, without dissent, agreed shortly after 7 p.m. to force the other 47 states to come up with new regional disposal facilities of their own by 1993.

(AP)

H-BOMB BLAST PLANNED TO TEST 'STAR WARS' IDEA

Within the next few days, government scientists plan to detonate a hydrogen bomb 1,800 feet below the Nevada desert to test the secret X-ray laser, one of the most controversial components of President Reagan's "Star Wars" antimissile program.

(Boyce Rensberger, Washington Post, A3)

EDITOR'S NOTES: Page A21 of the Washington Post contains the following articles: "When They Start Slicing The Budget Pie, A New Season Is Upon Us," "Senate Nudges The States On Nuclear Waste Disposal," and "Presidential Fleet To Get New Planes."

Page 54 of the Wall Street Journal has a feature article entitled "White House Missteps On House Tax Bill Stir Doubt On Skill Of Top Regan Aide."

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INTERNATIONAL NEWS

SOVIETS OFFERING ON-SITE CHECKS IF U.S. JOINS IN TEST HALT

MOSCOW -- The Soviet Union made public today an offer to open up its nuclear test sites for some kind of inspection if the United States joined in a four-month-old Soviet moratorium on nuclear testing. Sources in Washington said that the Soviet proposal was first made in a private letter on Dec. 5 from Soviet leader Mikhail Gorbachev to President Reagan, Washington Post staff writer Walter Pincus reported. (Celestine Bohlen, Washington Post, A49)

New Arms Offer Made By Moscow

In Washington, the White House spokesman, Larry Speakes, said the United States would not join the moratorium. He said that weapons testing was needed to insure the reliability of weapons, and that the Soviet Union could not be trusted to adhere to a ban.

(Philip Taubman, New York Times, A13)

Soviets Push N-Blast Ban; Reagan Firm On Verification

The Soviet Union is continuing to press its proposal for a moratorium on all nuclear explosions, but President Reagan still wants improved verification procedures before any testing limitations, the White House said Thursday.

"It was the President who extended an unconditional invitation to Soviet experts to visit the U.S. nuclear test site to measure the yield of a U.S. nuclear test with any instrumentation devices they deemed necessary," said Principal Deputy White House Press Secretary Larry Speakes. (Jeremiah O'Leary, Washington Times, A10)

U.S. Turns Down Soviet Offer To Halt Nuclear Tests, Officials Say

The Reagan Administration, citing national security concerns, has rejected a proposal by Soviet leader Gorbachev to stop testing nuclear weapons. Gorbachev coupled the proposal in a letter to President Reagan with an offer to permit American observers to visit Soviet test sites, a U.S. official said Thursday.

But the White House, while not referring to the letter, rejected such a link -- at least for now. The rejection could prompt the Soviets to end the freeze they imposed on their own tests last July. It is due to expire Jan. 1. (Barry Schweid, AP)

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SHULTZ SAYS HE WOULD QUIT RATHER THAN TAKE LIE TEST

Secretary Shultz, in a highly unusual and emotional dissent from Administration policy, said yesterday that he would resign if required to submit to a polygraph examination as thousands of government officials must under a directive signed recently by President Reagan.

"The minute in this government I am told that I'm not trusted is the day that I leave," Shultz declared in discussing what he called his "grave reservations about so-called lie-detector tests.

(Don Oberdorfer, Washington Post, A1)

Shultz Deplores Forcing Officials To Take Lie Tests

A senior White House official said that despite Mr. Shultz's strong words it was highly unlikely that the Secretary of State would resign.

"Shultz has strong feelings," the official said. "This is one thing that sends him through the roof. It touches a nerve."

(Bernard Gwertzman, New York Times, A1)

Shultz Threatens To Resign If Pushed On Lie Detector Test

Secretary Shultz Thursday threatened to resign if he is forced to take a lie-detector test. In a candid exchange with reporters, Mr. Shultz revealed a deep rift within the Administration over the issue and underscored his past opposition to lie-detector tests, calling them unscientific and unreliable.

(James Morrison, Washington Times, A1)

Shultz Says He'll Resign Before Taking A Lie Detector Test

Hours after Shultz spoke, the CIA issued a statement strongly defending the use of polygraphs, calling them the "best deterrent to the misuse of sensitive information." So far as is known, Thursday's statement was the first time during his 3½ years in office that Shultz had publicly mentioned the possibility of resigning.

(George Gedda, AP)

SHULTZ'S NEW SOUTH AFRICA PANEL CALLED TOO LIBERAL

Secretary Shultz yesterday announced the formation of a new advisory committee on South Africa. The panel was immediately criticized by conservatives as too liberal and too biased in favor of the outlawed African National Congress.

(James Morrison, Washington Times, A8)

U.S. PROBES IN SPY CASE LEAVE ISRAEL

JERUSALEM -- The team of U.S. Justice Department officials investigating Israel's connections with accused spy Jonathan Pollard left here Thursday night after a week of intensive interviews with principals in the case. (William Claiborne/Joe Pichirallo, Washington Post, A33)

REBELS REPORT CUBAN-BACKED OFFENSIVE BY ANGOLA

Angola's Marxist government has launched a surprise rainy-season offensive involving Cuban troops trying to capture rebel headquarters in southern Angola, rebel spokesmen said here Thursday.

U.S. officials said they could not confirm the report, broadcast by South Africa's state-run radio Tuesday, and expressed doubt that the government would begin a full-scale offensive at this time because of weather conditions. (David Ottaway, Washington Post, A34)

U.S.-CHINA JOINT VENTURE FIRST UNDER U.S. LAW

PEKING -- An American corporation plans to sign an agreement to form what is described as the first U.S.-China joint-venture company to be registered under American laws.

Demond Wong, chief operating officer of the New York-based World Trading and Shipping, Ltd. (WTS), said the new company's plans include producing and marketing a new stretch silk fiber, and opening fast-food hamburger outlets in sites near the Ming Tombs and the Great Wall of China. (Washington Post, D9)

CHINA WELCOMES REAGAN TEXTILE BILL VETO

PEKING -- China praised President Reagan Friday for vetoing a bill which would have slashed its textile imports to the United States. A foreign ministry spokesman told Reuters: "We welcome this act by President Reagan." He made no further comment. (Reuter)

LAST-MINUTE PUSH FOR TRADE ACTION DIES IN SENATE

A push for major trade legislation to aid the U.S. telecommunications industry died swiftly in the Senate amid bickering over textile imports as lawmakers raced toward adjournment.

In refusing to consider the telecommunications measure Thursday, lawmakers ensured that legislation to cut back textile imports would go down as the major trade bill approved by Congress this year. (AP)

NEWS FROM THE STATES

SENATORS CRITICIZE TEXTILE BILL VETO

WASHINGTON (UPI) -- President Reagan can usually count on the support of Virginia's Republican senators, John Warner and Paul Trible, but both are upset with his veto of a bill designed to protect jobs in the state's textile and footwear industries. Trible urged his colleagues Wednesday to "override the president's veto and implement this important legislation. Regrettably the president has failed to appreciate the impact of his veto on the lives of working people and the long-term prosperity of our country," Trible said. "While I supported this legislation and continue to believe that we must preserve some percentage of America's textile industry, the Congress has sent President Reagan a strong message that we expect him to strictly enforce existing trade agreements with foreign textile producing countries," Warner said.

SIMON CRITICIZES FARM BILL

(UPI) -- Sen. Paul Simon, D-Ill., Thursday criticized the five-year farm bill approved by the Senate and House, saying it will not help Illinois corn and soybean farmers who are struggling. Simon and Sen. Alan Dixon, D-Ill., both voted against the bill that President Reagan is expected to sign next week. "We need a farm bill, but this is one that will not help many struggling Illinois corn and soybean growers who are trying to get back on their feet," Simon said in a statement released by his office. "The bottom line is simple," Simon said. "It will further depress farm income that already is too low."

ADMINISTRATION MAY SELL TEAPOT DOME

CASPER, Wyo. (UPI) -- The Reagan administration is considering selling the Teapot Dome federal oil reserve in Natrona County to cut the federal debt. The 9,481-acre field in the northeastern corner of the county is operated to maintain petroleum reserves for the U.S. Navy and officials said it produced 2,937 barrels of oil a day in fiscal year 1984. Navy Capt. Clark Turner said Teapot Dome's production is the smallest of the three naval petroleum reserves managed by the Department of Energy, but its operation is cost effective and he doubts it will be sold. DOE officials said they are under orders from the White House not to discuss any of the options the administration is considering to cut the federal deficit.

TEENAGER TO RECEIVE MEDAL FROM PRESIDENT

PIXLEY, CA (UPI) -- A Pixley teenager goes to Washington D.C. next month to receive a hero's medal from President Reagan. Richard Makinson, 18, will fly to the nation's capital with his parents, brother and sisters for the White House ceremony Jan. 16. He is one of four teenagers from around the nation who will be presented the Young Americans Medal for heroism by the president at the ceremony. Makinson is being honored for his rescue of a 12-year-old girl who was drowning in the Feather River in Marysville in June 1984. He tried to save a second girl, but was unable to reach her.

NETWORK NEWS SUMMARY

KENNEDY

CBS's Dan Rather: Teddy Kennedy is out. After weeks of slimming-down and apparently shaping-up for a run at the presidency, Senator Edward Kennedy tonight suddenly and dramatically took himself out of the race for 1988 and maybe forever....

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

SPENDING BILLS

Rather: In the rush to get out of town and home for the holidays, Congress churned out bills affecting millions and spending billions. Bills that would do this: A catch-all \$368 billion measure to keep many federal programs going through next September, including a multi-billion dollar spending increase for the Defense Department, freezes and cuts in many domestic programs.

(ABC-2, CBS-7)

SHULTZ

Rather: Secretary Shultz today went public with what he has been saying in private. Not only does he oppose the directive President Reagan secretly signed last month allowing lie detector tests for thousands of government employees with top security clearances from members of the Cabinet on down -- not only is Shultz against it, he says he is ready to quit if he's ever asked to submit to such a lie detector test. (TV coverage of Shultz: "The minute in this government I am told that I am not trusted is the day that I leave.")

President Reagan says he sees the lie detector tests as a means to stop spying and stop news leaks to reporters. Critics, including Shultz, call the lie detectors unreliable and an unconstitutional invasion of privacy to boot.

(CBS-8)

ABC's Peter Jennings: Secretary Shultz, as most reporters have come to know, usually keeps his own emotions pretty much in check. Well today was an exception. Reporters were trying to find out what the Secretary really thinks about the White House directive on government employees having to take lie detector tests. Mr. Shultz was asked what he would do if he were asked to take one.

(TV coverage of Shultz: "The minute in this government I am told that I'm not trusted is the day that I leave.")

Not too many hours after the Secretary walked off that stage, the White House said that Cabinet members will not be asked to take the tests.

(ABC-10)

NBC's Tom Brokaw: Secretary Shultz threatened to resign today over that White House order that officials with access to secrets take lie detector tests. Marvin Kalb reports tonight that Shultz is at odds with a number of senior officials.

(Thursday Evening)

NBC's Marvin Kalb: The Secretary's public threat followed a number of private threats, the latest yesterday to the President himself that Shultz would quit if lie detector tests become common fair at the State Department. Normally a quiet man, Shultz, at a news conference, was asked if he would take such a test. Once he answered and that would be all.

(TV coverage of Shultz: "The minute in this government I am told that I'm not trusted is the day that I leave.")

Shultz is very cautious, exhausted after another long foreign trip. He's taking the Christmas week off to talk with his family before making any decision. But on this issue in this Administration, Shultz knows he is a lonely figure, opposed by Casey at the CIA, Regan at the White House and Weinberger at the Pentagon. The Defense Secretary was asked if he would submit to a test.

(TV coverage of Weinberger: "Well that wouldn't bother me a bit.") But because it bothers Shultz enough so that he has now publically threatened to quit, the President is suddenly faced with another embarrassment and a choice: To stop the polygraph program or lose his top diplomat. (NBC-8)

GORBACHEV

Rather: A new arms control offer from Soviet leader Gorbachev -- an offer U.S. officials said quickly they can, and will refuse.

CBS's Lesley Stahl: As a follow up to the summit in Geneva, Soviet leader Gorbachev sent President Reagan a letter offering to let American inspectors visit Soviet sites for underground nuclear tests. But since Gorbachev made the offer conditional on the U.S. agreeing to a comprehensive ban on nuclear testing, U.S. officials say it will be rejected. Larry Speakes explained U.S. testing is required to insure the continued credibility and effectiveness of our deterrent.

(TV coverage: Photo of Speakes and graphics.)

The Soviet offer and U.S. rejection come amid a series of important experiments on President Reagan's so-called Star Wars project, an experiment with a nuclear device creating a laser weapon scheduled for today in Nevada, was postponed, officials say, because of adverse wind conditions. The Soviets spread Gorbachev's offer across the pages of Pravda, distributed a handout called "News and Views from the U.S.S.R.", and made officials available for interviews.

(TV coverage of Vitaliy Churkin: "It is not a propaganda, it is a step forward. I think that it emphasises the point that there can be no obstacle whatsoever to stopping nuclear weapons tests if there is that real political willingness.")

U.S. officials declined requests for television interviews on the Gorbachev offer. Pravda made it clear that the Soviet Union's five month old unilateral moratorium on testing would end on January 1st unless the U.S. follows suit. White House officials are considering making a counter proposal. (CBS-9)

(Thursday Evening)

Jennings: There was an arms control offer from Mikhail Gorbachev. In a letter to President Reagan, the Soviet leader offered to permit American inspectors to visit Soviet underground nuclear test sites, something the United States has long demanded. Mr. Gorbachev links the offer to American acceptance of a moratorium on further nuclear tests. The White House said today the U.S. will not agree to a moratorium now. (ABC-9)

Brokaw: For the first time, Soviet leader Gorbachev has proposed to President Reagan that American inspectors visit Soviet underground nuclear test sites. This move was seen as a potential boost to getting an arms control agreement, but in a letter to Mr. Reagan, Gorbachev also made it clear that the United States would first have to join the Soviets in a freeze on nuclear testing before those inspections could take place. The White House said today it would not agree to such a freeze at this time. (NBC-8)

NICARAGUA/EL SALVADOR

Jennings: The State Department said today it has evidence to back up what is certainly an old charge. The charge is that Nicaragua provides guns and other war materials to the anti-government guerrillas in El Salvador. This is evidence the Reagan Administration says it got literally by accident.

ABC's John McWethy reports armed with pictures and video tapes, Assistant Secretary of State Elliot Abrams described the journey of a small, Russian-built car that he said was smuggling war supplies from Nicaragua to Salvadoran guerrillas. The communist government in Nicaragua denies that it is helping insurgents in El Salvador. (TV coverage of Abrams: "No doubt they will deny all of this too but it is a lie. We've had plenty of intelligence information about it for a long time and we are glad that this happy accident occurred.") With this kind of evidence, the Administration hopes to convince the public and Congress that aid to those fighting the Nicaraguan regime should now be changed from blankets and bandages to bullets.

(ABC-11)

WALL STREET

Jennings: Stocks gained about a point and a half and trading continues to be active. (ABC-3)

EDITORIALS/COLUMNISTS

TAX REFORM

After the tax triumph -- "Tax reform can't be perfect; it can't be easy, and it can't be quick. But it can still be worth the wait and the work. Something like the Reagan initiative and the House bill can yield substantial improvements in fairness and simplicity. If that's to occur, the President will have to pay attention. With last week's stunning Republican revolt in the House still fresh in memory, it's none too early to start working on reluctant senators." (New York Times, 12/19)

Euthanasia for tax reform -- "Thanks to President Reagan's influence, the dream of tax reform is still alive, but the Rostenkowski-ized tax package is a sick shadow of the initial glory. It doesn't deserve the name tax reform.... In the Senate, Republicans have a chance to slash at the state and local deductions, the capitol gains rates, the federal pensions tax, and the personal rates -- all things Democrats cherish. If the Democrats vote against an aggressively conservative package, then it'll be the GOP's turn to scream bloody murder about who's killing tax reform." (Washington Times, 12/19)

The House Tax Vote -- "The chairman of the Ways and Means Committee, Dan Rostenkowski, then alternately shoved and shrewdly steered the reform idea to the point of passage in the House; in the process he made converts of a lot of doubters, including on occasion us. The President then put down a rebellion among the House Republicans and produced the votes to pass the bill. Not bad for a lame-duck President and a Democratic pol.... Some in the Senate have talked of a value-added or national sales tax as a way of taking the pain out of both income tax reform and deficit reduction next year. But sales taxes are regressive." (Washington Post, 12/19)

Tax reform takes the floor -- "Mr. Reagan was able to swing the necessary votes, but the mutiny that nearly derailed tax reform last week is still a huge embarrassment, an act of intra-party defiance that will be felt throughout the remainder of the Reagan Presidency.... Others may decide that as the deficit grows, tax increases will be an essential part of tax reform. Thus, although the President has gotten tax reform out of the House, he faces the possibility of equal challenges to his authority in the Senate. Weakness there truly would be the sign of a duck gone lame." (Cleveland Plain Dealer, 12/18)

Tax Reform Survives! -- "Tax reform, the imperiled Pauline of Capitol Hill, has now escaped the haunted House only to find itself in the clutches of the Senate. Whether it will escape again, reasonably intact, is something that requires a leap of faith on the part of well-wishers. The Senate Finance Committee has a reputation as a fearsome place for reformers and a playground for special-interest lobbyists. Its chairman, Senator Bob Packwood, predicts there will be a Senate bill by next summer. But as for what it will contain...well, that's another matter." (Baltimore Sun, 12/19)

TAX REFORM (continued)

On to the Senate -- "In short, the prospects for tax reform, which looked bleak a few days ago, now look rather bright. After a threatened derailment in the House -- by Republicans, no less -- Reaganomics is back on the track.... But as of now, it still is the President's tax reform and his chances for guiding it to completion look good."

(Wall Street Journal, 12/19)

Big-picture politics -- "Still some broad assumptions can be made. Tax reform will be moderate, not radical. The President has committed himself to restraints on defense spending, not just on nondefense spending. The business community and consumers have taken the measure of all this and, untidy as it may appear, they can see a rough outline for the major decisions ahead. They see no immediate wrenching change in the economy, but do see a shift toward confronting major spending imbalances."

(Christian Science Monitor, 12/19)

Reform the Reform -- "The House has passed a defective tax-reform bill -- one that retains too many deductions and raises business taxes without lowering the individual rates enough.... The Senate's duty is plain -- take Rosty's handiwork, clean it up and, at long last, give us a tax code that makes sense."

(Dallas Morning News, 12/19)

Tax reform back on track -- "As the President recognized, and as some of his fellow Republicans came to recognize, it was better to approve a less-than-perfect bill -- and keep the reform process going -- than to oppose the measure and lose all hope for meaningful reform anytime soon. In their minds, something was better than nothing, and we agree."

(Dallas Times Herald, 12/19)

The tax bill that soared -- "The bill now goes to the Senate where Finance Committee chairman Bob Packwood predicts passage 'by June or July.' Why so long for a bill already thoroughly discussed? The Senate works slowly, and when it comes to changing the tax laws, the Senate contains many opponents of change. The Finance Committee is an aviary of special interests whose representatives have been as patient as vultures."

(Boston Globe, 12/19)

1. Tax reform: real battle has now only just begun -- "It would be bad politics for Senator Dole to find himself billed in the primaries as the man who killed it. Or, to see the competition between himself and Rep. Jack Kemp billed as a struggle between 'Mr. 50 Percent and Mr. 35 Percent.' Those are points which the White House will not fail to make in the coming struggle. We are still only at the halfway stage -- of a battle that must be won."

(New York Post, 12/19)

2. Time's come for some creative disagreement in the White House -- "Errors of judgment can never be entirely banished from politics. But they can be minimized by the simple process of making sure that several views are heard and discussed on major issues. At present that doesn't happen in the White House. Advice to the President on every important decision is funneled through one man -- the chief of staff. He exercises a dominance all the more powerful because of the President's habit of delegating authority."

(New York Post, 12/19)

FOREIGN MEDIA REACTION

TRADE/TEXTILE VETO

"Despite agonizing over the decision, President Reagan could hardly have acted otherwise. He had put his name, along with other world leaders, to calls for the liberalization of world trade via tariff cutting through a new round of talks on the General Agreement on Tariffs and Trade."
(Financial Times, Britain)

"It is fortunate that 35,000 South Koreans have avoided unemployment, thanks to President Reagan's veto.... However, a series of textile import restrictions announced by the President will cast a burden on South Korea for a long time though they are not a direct blow right now."
(Hankook Ilbo, South Korea)

"It is easy to assume that the U.S. government will further demand wider market-opening by South Korea and other nations in return for the veto."
(Chosun Ilbo, South Korea)

"It can be interpreted as bold, pragmatic and magnanimous -- at least in the eyes of exporting countries.... The growing threat of protectionism, rather than the free trade flow of trade among nations, must be curbed in time."
(New Straits Times, Malaysia)

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TAX REFORM BILL

"The President's achievement in getting the bill through the House on borrowed time, after it was all but written off, is considerable and helps him to regain the initiative and refute charges that he has become a lame duck. The victory was soured, however, by the refusal of his own party's leadership to back him."
(Times, Britain)

"Mr. Reagan has succeeded by his usual mixture of persuasion and political horse-trading in cajoling many rebels to return to the fold, thereby proving that he was not yet a 'lame duck' lacking in political clout."
(Daily Telegraph, Britain)

"Opposition by Republican representatives clearly showed they are already thinking of the post-Reagan era and of their own political interests before sacrificing themselves for the sake of the President."
(Le Monde, France)

"The American President achieved a great political coup.... Psychologically, it's also a great success for Reagan." (Quotidien, France)

"The change (of Republican votes) is a victory for President Reagan who did not hesitate to throw the weight of his prestige in the balance by going personally to Congress to convince the rebels." (Le Matin, France)

"It was the umpteenth political miracle performed by Reagan.... Almost 75-years-old, Reagan defeated those who accused him of being the 'lame duck' of U.S. politics."
(La Stampa, Turin, Italy)

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