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FRIDAY, JULY 18, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Reagan Planning Apartheid Speech -- President Reagan has tentatively decided to make a major speech on South Africa policy in which he will announce the appointment of a black North Carolina businessman as the American ambassador to Pretoria, White House officials said today.  
(New York Times, Washington Times, UPI)

U.S. Soldiers Assist Bolivia In Fight Against 'Narco-Terrorism' -- U.S. soldiers in assault helicopters assisted a Bolivian strike force for a second day Thursday in raids on cocaine processing facilities, police sources said, and one official said American troops may remain in Bolivia for more than two months.  
(Washington Post, UPI)

### NATIONAL NEWS

Lawmakers Finishing Preliminaries In Tax-Overhaul Bill Bargaining -- Congressional negotiators are clearing away preliminaries before the tough bargaining begins over "who benefits and who pays" in the landmark tax-overhaul legislation they hope to complete by summer's end.  
(Washington Post, AP)

### NETWORK NEWS (Thursday Evening)

**TAX REFORM** -- President Reagan met with leading members of the conference committee and urged them to complete the bill by Labor Day.

**BOLIVIA/DRUGS** -- Final preparations are under way for operation "Blast Furnace."

**U.S./SOUTH AFRICA** -- Administration critics are calling Donald Regan's remark a "gem."



*"I didn't read your History of Liberalism in the United States, but I understand it is patronizing in all the right places."*



## **INTERNATIONAL NEWS**

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### **REAGAN EXPECTED TO SPEAK ON SOUTH AFRICA**

President Reagan may make a final decision today about his expected speech next week on South African policy -- a speech not likely to embrace any major changes in the Administration's much-criticized approach.

Aides said Reagan discussed the pros and cons of such a speech with his top advisers Thursday and was leaning toward a delivery before some forum Tuesday without making it a nationally televised address.

(Helen Thomas, UPI)

### **Reagan's Advisers Split Over S. Africa**

There is an "enormous gulf" between State Department and White House officials over the tone of a major South African policy address President Reagan is expected to deliver early next week.

"It's mainly tone now," said one State Department official of the differences in two drafts circulating within the White House. "It's 'How do we go about coming down [on the South African government] in a very, very strong way?'"

(Rita McWilliams, Washington Times, A1)

### **Reagan Planning Apartheid Speech**

President Reagan has tentatively decided to make a major speech on South Africa policy in which he will announce the appointment of a black North Carolina businessman as the American ambassador to Pretoria, White House officials said today.

In his speech, Mr. Reagan is expected to ask for a delay in any vote in the Senate on proposals for economic sanctions against Pretoria to allow time for a coordinated effort by the United States, Britain and other nations to bring about negotiations in South Africa between blacks and whites on ways of ending the apartheid system.

(Bernard Gwertzman, New York Times, A1)

### **CALIFORNIA GOVERNOR URGES STATE TO DIVEST FROM SOUTH AFRICA**

LOS ANGELES -- In an unexpected move hailed as having "tremendous significance" for national antiapartheid movements, California Gov. George Deukmejian reversed his policy and proposed total divestment of state funds from companies doing business in South Africa.

Leaders of antiapartheid groups said today that the sudden support for divestment from Deukmejian, a conservative Republican, who last year vetoed a major divestiture bill, signals a major turn in a political tide toward efforts to put economic pressure on the South African government.

(Jay Mathews, Washington Post, A1)

## REGAN REMARK ASSAILED AS SEXIST

White House Chief of Staff Donald Regan ignited a fresh controversy yesterday over his views about women and Administration policy toward South Africa, saying sanctions would hurt the diamond trade and asking, "Are the women of America prepared to give up all their jewelry?"

Rep. William Gray said, "A statement that American women prefer diamonds over freedom and human dignity is an appallingly sexist and insensitive statement, and another attempt to justify a bankrupt foreign policy of see no evil, hear no evil, speak no evil about apartheid."

Privately, White House officials acknowledged they were embarrassed by the remark, coming on the eve of a major showdown in Congress over sanctions against South Africa and a planned speech by the President on the issue next week. One White House official said it was "hard to believe he said that."

(David Hoffman, Washington Post, A27)

## Official Suggests Sanctions Would Cost Women Their Jewels

Lawmakers and others are hurling criticism at White House Chief of Staff Donald Regan, identified by a White House official as questioning whether American women would be willing to give up their jewelry if the U.S. imposes sanctions against South Africa.

"This sounds like 'Diamond Don' Regan," House Speaker Thomas O'Neill said in a statement delivered by his press secretary, Chris Matthews. "According to him, women know nothing about throw weights, only about carats. How many people must die to keep this crowd in diamonds?"

(AP)

## BOLIVIAN OFFICIAL VOWS TO END DRUG TRAFFIC

LA PAZ, Bolivia -- Declaring a war to the finish, a senior Bolivian official said today that his government would pursue its newly launched attack on narcotics traffickers until all cocaine processors and dealers in the country have been eliminated.

But the official, Interior Minister Fernando Barthelemy, stressed that the success of the antidrug operation, which begins this week with support from the U.S. military, would continue to depend on international assistance.

(Bradley Graham, Washington Post, A22)

## U.S. Soldiers Assist Bolivia In Fight Against 'Narco-Terrorism'

TRINIDAD, Bolivia -- U.S. soldiers in assault helicopters assisted a Bolivian strike force for a second day Thursday in raids on cocaine processing facilities, police sources said, and one official said American troops may remain in Bolivia for more than two months.

U.S. and Bolivian officials refused Thursday to say where the U.S. soldiers and the Bolivian narcotics strike force were operating or what, if any, raids have taken place.

(Alberto Zuazo, UPI)

## U.S. COMMITTED TO HELP FIGHT DRUG TRAFFICKING IN COSTA RICA

SAN JOSE -- The United States has offered to train Costa Rican personnel and provide logistical support for efforts to combat drug trafficking, the Interior Minister said today.

Interior Minister Guido Fernandez said Costa Rica welcomed the U.S. offer to help curb the growing use of the Central American nation as a trans-shipment point for drugs, mostly cocaine being smuggled from South America to the United States. (Reuter)

## FILIBUSTER MIGHT DELAY SENATE RECESS

Sen. Robert Dole said yesterday he is prepared to delay the Labor Day recess if necessary to break a planned filibuster against President Reagan's \$100 million aid package for the Nicaraguan rebels.

A group of 14 Democrats, joined by Republican Sen. Lowell Weicker, is organizing the last-ditch effort to block the proposal, which passed the House last month. (UPI story, Washington Post, A24)

## Dole Threatens To Postpone Recess For Contra Aid Vote

Sen. Robert Dole warned yesterday that the Senate's Labor Day recess may be delayed if the bill to provide aid to the Nicaraguan resistance is mired in political posturing.

"If we can't get some kind of agreement, we'll have to delay our recess" scheduled to begin Aug. 15, said Mr. Dole, miffed by Democratic threats to filibuster the bill.

(Christopher Simpson, Washington Times, A1)

## SANDINISTAS SAY U.S. INTELLIGENCE OVERFLIGHTS ARE FREQUENT

MANAGUA -- The top Sandinista military intelligence officer charged today that the United States has flown 121 spy flights this year over Nicaragua to glean information "like a vacuum cleaner" for the counterrevolutionary rebels known as contras.

In Washington, a Pentagon spokesman declined to comment on the statements. (Julia Preston, Washington Post, A24)

## REAGAN BLASTS 'DESTRUCTIONIST' TRADE BILLS

President Reagan, resuming his attack on "protectionist, really destructionist" trade measures, is telling business groups the economy must be brought "into still wider contact with the rest of the world."

"We're determined to press on with the right trade policy, and -- most important -- to do all we can to shift the political focus away from negative, protectionist legislation to positive, pro-growth policies," Reagan told trade association representatives Thursday. (Mike Robinson, AP)

### NEW FRONT IN WAR ON TERRORISM: CULTIVATING FOREIGN OPINION

The Reagan Administration, concerned by adverse European reaction to the U.S. air strikes against Libya in April, is considering establishing a special new State Department "public diplomacy" office that would seek to make foreign public opinion more sympathetic to U.S. antiterrorist activities.

U.S. officials said in recent interviews that the proposed new office would be modeled on the department's highly active Office of Public Diplomacy for Latin America and the Caribbean. Since its creation in 1983, the Latin America operation has been a major force in the Administration's efforts to build popular support for President Reagan's controversial Central America policies.

(John Goshko, Washington Post, A17)

### U.S.-BRITISH EXTRADITION PACT RATIFIED

The Senate, ending a long and divisive struggle, yesterday ratified an extradition treaty with Britain that will make it easier for British authorities to gain custody of members of the outlawed Irish Republican Army who take refuge in the United States.

The Senate ratified the treaty 87 to 10, then quickly approved by voice vote a two-year, \$20 million package of economic aid for Northern Ireland.

(Edward Walsh, Washington Post, A4)

### Pact With Britain On Extraditions Backed By Senate

The Senate approved a landmark treaty with Britain today that would make it easier to extradite suspects accused of terrorist crimes from the United States.

President Reagan strongly endorsed the new treaty, partly as a gesture of friendship toward Mrs. Thatcher, one of his most loyal international allies, and is expected to ratify it with his signature.

(Steven Roberts, New York Times, A1)

### SOVIET 'RAIDS' SEEN ROBBING U.S. OF TECHNOLOGICAL EDGE

Technology "raids" by the Soviet Union have cut the West's technology lead in half over the last decade, Defense Secretary Caspar Weinberger said yesterday.

The Soviet plunder has been so great that the West is in effect subsidizing the Soviet military buildup, Mr. Weinberger said.

(Walter Andrews, Washington Times, A1)

### U.S. PROTESTS AIDS CHARGES FROM SOVIETS

MOSCOW -- U.S. Ambassador Arthur Hartman has protested to the editors of two Soviet newspapers over articles alleging that the fatal disease AIDS was engineered as part of a U.S. biological warfare program.

In letters dated June 25, released by the embassy today, Hartman said assertions in Literaturnaya Gazeta and Sovyetskaya Rossiya that the AIDS virus was genetically engineered by the CIA and the Pentagon were "as reprehensible as they are false."

(Reuter story, Washington Post, A24)

### MOROCCAN KING CANCELS VISIT TO U.S.

King Hassan of Morocco has surprised U.S. officials by canceling an official visit to Washington scheduled for next week "because of fatigue stemming from his recent heavy workload," the State Department announced yesterday.

Department spokesman Bernard Kalb said Moroccan officials had explained that Hassan's doctors have advised him not to travel. However, the king's unexpected action caused speculation in diplomatic circles about whether he might have had some other reason for not wanting to visit here at this time.

(John Goshko, Washington Post, A29)

EDITOR'S NOTES: "5 Americans Caught By KGB Since CIA Ex-Agent Sold Data," by Walter Pincus, appears in The Washington Post, A1.

"The Diamond Dilemma," Donald Regan's controversial comment and response, by Lois Romano & Ann Trebbe, appears in The Washington Post, D1.



## NATIONAL NEWS

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### REAGAN URGED NOT TO COMMENT DURING TAX TALKS

Amid mutual statements of good will and a congressional request to President Reagan to steer clear of day-to-day negotiations, a House-Senate conference committee today began the task of reconciling the two houses' versions of tax revision.

The President did not respond specifically to their request, but White House officials said the Administration's positions will be conveyed by Reagan's chief tax writer, Treasury Secretary James Baker and his representatives.

Baker, appearing at the meeting of the 22-member conference committee, told Sen. Bob Packwood and Rep. Dan Rostenkowski he is "confident this conference can meld the best of both bills into a truly historic piece of legislation." (Anne Swardson, Washington Post, A4)

### Lawmakers Finishing Preliminaries In Tax-Overhaul Bill Bargaining

Congressional negotiators are clearing away preliminaries before the tough bargaining begins over "who benefits and who pays" in the landmark tax-overhaul legislation they hope to complete by summer's end.

"For families who earn a modest income and pay more than their fair share of taxes, this tax reform bill is long overdue compensation," Rep. Dan Rostenkowski said in opening the meeting of 22 House and Senate tax writers. "For those who have sought out lucrative shelters to avoid taxes, this tax reform bill is long overdue retribution."

(Cliff Haas, AP)

### CONGRESS VOTES TO REINSTATE CUTS

Congress yesterday overwhelmingly affirmed \$11.7 billion in spending cuts for this year that were invalidated by the Supreme Court when it threw out a key enforcement provision of the Gramm-Rudman-Hollings budget-control law earlier this month.

By a House vote of 339 to 72 and a Senate voice vote with no dissent, Congress thus passed what had been described as a first test of its resolve to live up to stringent deficit requirements of the new budget law.

"We're here today to renew our vows," said Sen. Lawton Chiles, ranking Democrat on the Senate Budget Committee.

(Helen Dewar, Washington Post, A4)

### Congress Enforces Cuts Court Nullified

Congress yesterday swiftly reaffirmed \$11.7 billion in budget cuts that took effect under the Gramm-Rudman deficit reduction law but were invalidated when the Supreme Court declared the law unconstitutional last week.

"Obviously we're pleased," said Sen. Phil Gramm. "It's vitally important as an indication, after the Supreme Court decision, that we intend to live up to the commitment we made to the American people."

(Jennifer Spevacek, Washington Times, A1)

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#### NASA SAYS TAPE INDICATES CREW DIED UNAWARE

The National Aeronautics and Space Administration announced yesterday that intercom voice recordings from the Challenger crew cabin, restored by IBM engineers, indicate the seven crew members never knew anything was wrong before the space shuttle was engulfed in a ball of fire and broke apart.

"Preliminary analysis of the tape shows the crew was unaware of the events associated with the tragedy, and the internal communications were being maintained as would be expected during a normal ascent," the space agency statement said.

(Kathy Sawyer, Washington Post, A1)

#### UNDER CONSERVATIVE PRESSURE, ABA DROPS JUDICIAL PANELIST

The American Bar Association, under conservative assault for rejecting Reagan Administration judicial nominees, has dropped from its judicial selection panel a Washington lawyer said to be responsible for blocking several Administration choices.

ABA critics of the decision, who asked not to be named, said they felt the President-elect Eugene Thomas, a Boise, Idaho lawyer, may have bowed to conservative pressure by not reappointing Washington attorney John Lane to a second three-year term on the committee. Such reappointments, while not automatic, are generally made if current members want to stay on. Lane reportedly wanted a second term.

(Al Kamen, Washington Post, A2)

#### WHITE HOUSE CENSORED KOOP, REP. WAXMAN SAYS

Rep. Henry Waxman, chairman of the House subcommittee on health and the environment, criticized the White House yesterday for refusing to allow Surgeon General C. Everett Koop to testify in favor of legislation to ban all advertising for tobacco products.

"As we review the record of this Administration on smoking, we are troubled by a pattern of behavior of which censoring Dr. Koop is the latest example," Waxman said in a letter to White House Chief of Staff Donald Regan, inviting him to testify on why Koop would not be allowed to appear.

(David Hoffman, Washington Post, A3)

#### HUD ASSAILS D.C. LOAN PROGRAM

Federal officials have sharply criticized the District's chief program for providing home improvement loans to low-income residents and warned that sanctions could be imposed if the city fails to reduce excessive administrative costs and increase the program's project completion rate.

The U.S. Department of Housing and Urban Development, which provides about half the loan program's annual budget, found that 51 cents of every federal dollar in the program in 1985 was spent for administrative costs. HUD guidelines recommend limiting administrative costs to 15 cents of each federal dollar.

(Marcia Slacum Greene, Washington Post, A1)

### 'DEFUNDING' OMB'S RULE REVIEWERS

A House Appropriations subcommittee voted yesterday to cut off the \$5.4 million budget of the President's regulatory review staff in the Office of Management and Budget.

OMB Director James Miller said in an interview that he had told Rep. John Dingell that the effort to "defund" the Office of Information and Regulatory Affairs will not succeed.

"This is a matter of the President's constitutional power and authority," Miller said, adding that the President has the power to conduct regulatory reviews, and "indeed, he has the responsibility."

(Judith Havemann, Washington Post, A17)

### BYRD CALLS FOR AIR SAFETY COMMISSION

Citing "a dramatic decline in the margin of aviation safety" since Congress deregulated the airline industry in 1978, Sen. Robert Byrd urged yesterday that Congress create a special commission to determine whether the Federal Aviation Administration is shirking its responsibility.

FAA Administrator Donald Engen opposed Byrd's proposal as unnecessary. "Today, we are handling greater levels of air traffic than ever before, and we are doing it safely and efficiently," Engen said. "Overall, the FAA's and the industry's record has been nothing less than outstanding."

(AP story, Washington Post, A17)

EDITOR'S NOTE: "Robertson Sets Up In Michigan," by Thomas Edsall, appears in The Washington Post, A5.

## NETWORK NEWS SUMMARY

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(Thursday Evening, July 17, 1986)

### TAX REFORM

CBS's Dan Rather: Twenty-two men sat down today for a historic conference -- a showdown on the most sweeping changes ever in the federal income tax system. When they're done, American's lives and finances will never be the same. The twenty-two men are 11 Senators and 11 House members. They are now meeting as a conference committee to hammer out a final, radically new, federal tax bill. This is an extraordinary bipartisan effort that started with a push from President Reagan and headed for a climax today on Capitol Hill.

CBS's Phil Jones:

(Rep. Rostenkowski: "It's the biggest thing we've done in the history of the country.")

Senate and House conferees met today to hammer out what is expected to be the most sweeping tax reform in half a century.

(Rep. Rostenkowski: "We tried to respond to the questions, why the teller pays higher taxes than the bank? Why the gas station attendant pays a greater percentage than the oil company?")

As the conferees came to the bargaining table today, all wanted to keep the individual tax rate close to the Senate-passed 27% while doing more for the middle class. The political pressure is on to let more Americans keep deductions for IRAs. But it takes money to help the middle class. Where does it come from? Business is probably going to have to pay more than had been anticipated. Big-time corporation lobbyists say a big hit on business could bring a recession.

(Charls Walker, lobbyist: "It's dubious economics because in this weak economy it can destroy jobs. And if jobs are destroyed -- including middle class jobs -- they're not going to think that's fair.") Fairness will be in the eyes of the beholder.... The traditional long lines of high-priced lobbyists didn't exist today because most of them think tax overhaul has too much momentum to be stopped. But many are predicting the sluggish economy will help them get some of their tax breaks back perhaps as early as next year. By this time next month the conferees should be finished and a tax reform bill will probably be on the President's desk in September.

Rather: Everyone seems to agree that ideally the new tax code should help the middle economic class. The tough questions are, who is the middle class? And, how much real help or hurt will the middle class get?

CBS's Bob Faw: ...Experts say the term [middle class] applies to...anyone making from 20 to \$40,000 a year.... The problem is that a lot of people who make more than that think they're middle class too....

(Sen. Packwood: "If the middle income class goes from 10 to \$200,000 it makes it a little bit more difficult to give it relief than if it goes from 20 to \$50,000 or something like that.")

Faw continues: No matter what the politicians say, for middle class taxpayers the difference between the two bills is not that great. For the average family earning 30 to \$40,000 a year the Senate bill lowers tax rates 6%, the House 9%. In the first year that difference amounts to little more than \$3 a week.

(Sen. Mitchell: "The reality of the tax bill is that it doesn't do much for people in that area. And no matter how you define it they're not doing very well.")

Rather: There seems to be general agreement that American business should pay more tax. The tough questions here are: Which business? How much more tax? And, to what overall effect on the economy?

CBS's Ray Brady: Tax reform really got rolling because of exhibits like this one today showing giant corporations paying no federal income tax. Big names.

(David Wilhelm, Citizens for Fair Taxation: "Household names, corporate giants like AT&T and DuPont pay nothing at all year after year.")

One company that pays high taxes has been leading the charge for reform. Employees were so pleased the President got reform moving again they gave him a giant cake.

(TV coverage: The President presented with a cake from Sara Lee.")  
(CBS-Lead)

Rather interviews Rep. Rostenkowski and Sen. Packwood.

Rather: The American people believe that anytime Congress is in session and starts talking about taxes they put their hand on their wallet. Can you sit here tonight, look 'em in the eye, and say this time is really going to be different?

Packwood: "Yeah, I bet we can. If there's any single focal point in this bill -- House bill and Senate bill -- it's that the privileged who have escaped taxation, the wealthy who have escaped taxation, the General Dynamics who have escaped taxation are gonna pay and they cannot get out from under. And that money is going to be use to lower almost everybody else's taxes."

Rostenkowski: "In the beginning, Dan, your description might have held true. People were very, very skeptical about whether we had the guts to do it. I think now...the bills are big enough so that it's gonna carry us through."

Rather: One businessman after another -- their fear is that you're gonna wreck the economy.

Rostenkowski: "Not at all. I think if you give more money they'll spend more money. You make people that aren't paying taxes pay taxes, I think that's a step forward with respect to nurturing the economy along."

Packwood: "The present tax law lets the corporation keep the money. These tax bills give it to the consumer and the corporation's gonna have to get it out of them. They're gonna have to sell them. The buck is gonna be in the purchaser's pocket, and that's world of difference."

Rather: What's your greatest fear about this?

Rostenkowski: "That we aren't fair to the middle income group.... The 20 to \$50,000 wage earner."

Packwood: "Either bill gives a fair tax cut, I mean a good tax cut to the middle income tax payer."

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Rather: People say, "They aren't going to take the IRA away from very many people because it's an election year."

Rostenkowski: "We don't do that in the House bill.... That was a hot button for me. I couldn't pass that in the House, and I think that what we try to do is negotiate something so that there is a fair incentive for people who invest in their own future."

Packwood: "It's the hottest button in the bill. That single issue probably has caused more questions than all of the other issues in the bill put together, and we're going to try to do something on the IRA's. How much we will do, how much we can afford to do, who we are going to tax to do it, is another matter."

Rather: Can you get this done by September 1st?

Rostenkowski: "I'd like to do that. I'm encouraged to think we can probably get the conference concluded by August 15th." (CBS-12)

Rather reports on the history of tax reform: Clearly America did not want more in the way of taxes and seemed indifferent to the idea of reform. But in recent months Ronald Reagan began thinking about history and the limited time left to him in his second term to make a mark with real action.

(TV coverage: The President at several speeches and rallies.)

He turned up the heat on the tax overhaul issue trading on his popularity and his powers of office and persuasion.

(The President: "If we stand together, America is going to get tax reform.")

And that combined with an election year realization, that for everyone -- you, me, the fellow behind the tree -- tax reform is an idea whose time has come, again. (CBS-13)

NBC's Tom Brokaw: Eleven Senators and eleven representatives met today to begin final negotiations on a bill that in one way or another will affect everyone in America: the tax reform bill. An attempt to do something about the current system of taxation which everyone agrees is too complicated, too unfair, too irrational. President Reagan met with leading members of the conference committee this morning and urged them to complete a bill by Labor Day. It's not just a matter of reconciling the House and Senate bills, but there are big political pressures at work.

NBC's Bob Kur: ...Lobbyists poured in today, prompting a bit of sarcasm from Senator Dole.

(Sen. Dole: "I'm always impressed when I come to a conference and see so many public spirited citizens in attendance. It's an indication of good government at work.")

...Most conference members seem agreed that business will have a tough time holding on to other tax breaks.

(Sen. Danforth: "I think what we're more likely to see is an effort to tighten specific taxes, and that means specific business taxes.")

NBC's Irving Levine reported on the future risks of the new tax bill. The biggest gamble is imposing as much as \$140 billion in new taxes on U.S. industry.... What does it all add up to?

(Norman Ornstein, AEI: "Frankly it's a crap shoot. We're throwing everything up in the air and we're making a lot of assumptions that when it all comes down it's going to be a bigger, better, more vibrant economy. But in the end we don't really know for sure.")

Brokaw interviews Rep. Rostenkowski and Sen Packwood.

Brokaw: If there is more relief for the middle class the money will have to come from somewhere. Will you go after business generally or will you go after the special interests?

Packwood: "If it's between the two I'd rather go after, initially, the special interests rather than raise the corporate rate one, two, or three percent. The House has a lot of good provisions in it in closing some business loopholes that the Senate didn't close and I think we can look at those and find some money to help on the middle income tax relief. (NBC-Lead)

ABC's Peter Jennings: A new tax bill for the country looms a little larger tonight. In Washington, the Senate and the House have begun to reconcile their differences.

Jennings interviews Rep. Rostenkowski and Sen. Packwood.

Jennings: ...If you want more of a break for the middle income family you take it from business. We're on the edge, some would say, of a recession. Doesn't that increase the risk if you tax business more?

Packwood: "I don't think so, actually. If we did nothing but go to the business tax that the President had in his bill that would be \$20 billion more than in the Senate bill and I don't think anyone would accuse the President of trying to tax business so heavily as to bring on a recession." (ABC-Lead)

#### BOLIVIA/DRUGS

Jennings: In Bolivia this evening final preparations are under way for operation Blast Furnace. It is supposed to be an all out attack on Bolivia's busy cocaine laboratories. American troops and helicopters are in Bolivia as part of the operation. It could start tomorrow, however, it is not clear how much of an overall effect this will have on a highly profitable drug trade.... The murder of an American drug agent in Mexico last year...has never officially been solved. On Capitol Hill today officials of the Drug Enforcement Administration told a congressional panel they were increasingly frustrated by the way Mexican authorities have handled the investigation. (ABC-3)

Brokaw: Three more U.S. Air Force transports arrived in Bolivia today with American technicians and medical staff -- part of operation Blast Furnace. The much publicized drug raids begin tomorrow. (CBS-2, NBC-2,)

#### SOUTH AFRICA/U.S.

Brokaw: White House Chief of Staff Donald Regan is no stranger to controversy, and he's at it again. This time he got in to trouble over a remark published today. It concerns U.S. policy towards South Africa, and Administration critics are calling this one a "gem."

NBC's Chris Wallace: Regan made the remark speaking as an unnamed White House official in a newspaper interview. Arguing against the U.S. breaking economic ties with South Africa Regan noted that country is a major source of diamonds and asked, "Are the women of America prepared to give up all their jewelry." On Capitol Hill, Democrats jumped on the comment.

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Wallace continues:

(Rep. Bill Gray: "It's a most unfortunate statement to say that American women need diamonds and that they're not concerned about the suffering of 28 million human beings.")

And a spokesman for House Speaker O'Neill said, "According to 'Diamond Don' Regan, women know nothing about throw weights only about carats." That was a reference to remarks Regan made before last year's summit, saying women don't understand arms control issues such as throw weights and would be more interested in what the wives were wearing.

(TV coverage: The President and Mr. Gorbachev standing outside.)

The President had to defend his Chief of Staff.

(The President: "I don't think he meant it to be interpreted in that way at all.")

And weeks later, Regan was still trying to backtrack on throw weights.

(Mr. Regan: "Now, I said that some women would understand that, and some do. Quite a few do.")

But today's comment is more than an embarrassment. It does real damage to the President who planned to defend his policy on South Africa by noting its strategic importance to the U.S. After Regan's remark about diamonds, that may no longer be so persuasive.

Brokaw: Meanwhile, the South African government reportedly has detained 57 more labor union officials under the state of emergency crackdown which continues.... The number of all people detained in South Africa without trial now has been put at 4,000. (NBC-3)

Rather: Lesley Stahl reports tonight that President Reagan plans to deliver an address on South Africa next week -- probably Monday afternoon. Stahl says Mr. Reagan will call for new negotiations involving the U.S., Britain, West Germany and the white minority government of South Africa. Still to be decided is whether President Reagan will ask for recognition of the outlawed African National Congress. In remarks last night, White House Chief of Staff Donald Regan reportedly said, "American women might not be willing to give up their diamonds for economic sanctions against South Africa." Democrats then accused the Reagan Administration of sinking to, "A new level of sexism." (CBS-3)

#### SOUTH AFRICA/BRITAIN

Brokaw: Two of the most vocal opponents of any economic sanctions against South Africa are the governments of the United States and Great Britain. And at the State Department today, Secretary Shultz met for an hour with British Foreign Secretary Howe. Shultz is under increasing congressional pressure to add sanctions to U.S. policy. Howe is under similar pressure from the British Commonwealth group. The two men will meet again tomorrow. (NBC-4)

Rather: The Queen of England and Prime Minister Thatcher are in a dispute over South Africa.



CBS's Tom Fenton: The threat of a constitutional crisis is hanging over Buckingham Palace. At the heart of the problem are reports of disagreement between the Queen and Prime Minister Thatcher over how to handle South Africa. Mrs. Thatcher has been firmly opposed to economic sanctions. The Queen...sees things differently. The Queen is head of the Commonwealth.... She's believed to be deeply disturbed that Mrs. Thatcher's refusal to join the rest in imposing sanctions on South Africa could break up the Commonwealth. (CBS-4)

Jennings: The British government has run into some serious problems with the Commonwealth because Prime Minister Thatcher's government refuses to take a tougher line against South Africa. Most of the Commonwealth...is now independent nations who very strongly identify with the struggle of black South Africans. A growing number of nations are threatening to boycott the Commonwealth Games just about to begin in Scotland. (ABC-8)

#### GRAMM-RUDMAN

Jennings: Nearly \$12 billion in budget cuts made under the Gramm-Rudman law will take effect after all. The Supreme Court...last week said that Congress not the Comptroller General should make the cuts, and so the House and the Senate both debated those cuts today and passed them easily. (ABC-2, CBS-9)

#### BRITISH EXTRADITION TREATY

Jennings: The Senate today ratified a controversial extradition treaty with Britain. It is designed to deny political asylum in this country to members of the Irish Republican Army who are accused by Britain of murder and other violent crimes and who seek to stay here by claiming their actions were political. (ABC-7)

#### ECONOMY POLL

Brokaw: Despite indications that American business may be headed for some hard times, the latest NBC News-Wall Street Journal Poll shows most Americans are extremely optimistic about the future of the U.S. economy. 73% of the public is confident the economy will stay healthy over the next year. And 88% are confident their family finances will stay healthy this year. (NBC-7)

#### PHILIPPINES

Rather: Ten nuns who were kidnapped in the Philippines last Friday returned to their convent today. They were freed at dawn today in exchange for money and military equipment. Other Muslims continue to hold American missionary Brian Lawrence but Philippine military authorities say they hope he will be released tomorrow. (CBS-6)

Jennings: Former Philippine President Ferdinand Marcos has reportedly agreed to return \$213 million now held in Swiss bank accounts, to the new government in Manila. A lawyer for the Aquino government says Marcos may have as much as \$1.5 billion in secret Swiss accounts, and negotiations with Marcos are still going on. (ABC-9)

## LEBANON/HOSTAGES

Rather: In Paris, Syrian Vice President Kaddam said the five Americans and seven Frenchmen are not in Lebanon's Bekaa valley. Syria controls that valley. Instead he indicated that the hostages had been moved to Muslim West Beirut. That is controlled by Lebanese forces. Kaddam said Syria would risk great danger if it tried to rescue the hostages. (CBS-5)

## LTV BANKRUPTCY

Rather: LTV Corporation is the parent company of the nation's second largest steel maker. Today it filed for reorganization under federal bankruptcy laws. This move protects the company from creditors while it tries to work out a plan to pay its bills. LTV's steel and energy divisions have been struggling a lot lately. (ABC-5, CBS-7, NBC-6)

## CIGARETTE ADVERTISING

Rather: A congressional hearing is set for tomorrow on a bill to ban all cigarette advertising. Surgeon General C. Everett Koop will not testify as scheduled.

CBS's Susan Spencer: The Surgeon General, under White House orders not to testify tomorrow, already has made his views clear. (Surgeon General Koop: "If I had my way I would certainly ban advertising. And the experience in countries where advertising bans have been enforced has shown a tremendous drop in smoking.") The Administration, which does not support a ban, reportedly felt the issue went beyond health and beyond Koop -- and indeed it does. At stake are constitutional questions...and \$2 billion a year in advertising. (CBS-10)

## CHALLENGER

Brokaw: NASA said today that cabin tape recordings from the Challenger show that its crew had no warning of trouble before their ship blew up. The tapes were recovered from the ocean floor and analyzed by NASA experts. They say those tapes indicate that the astronauts were killed instantly. (ABC-6, NBC-9)

## **EDITORIALS/COLUMNISTS**

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### **SOUTH AFRICA**

Signal To Pretoria -- "If the Reagan Administration is serious about revising its South Africa policy, then there is probably no better way to emphasize that fact than by the proposed appointment of black North Carolina businessman Robert Brown as U.S. ambassador to replace the outgoing Herman Nickel.... If Brown's proposed appointment is merely a public relations ploy by an Administration which remains committed to treating Pretoria with kid gloves while opposing economic sanctions that would force the white minority government toward a political accommodation with the country's black majority, then there is really nothing to be gained by substituting a black face for a white one in the ambassador's residence. As Brown's colleagues at the SCLC have already pointed out to him, changing the man will work only if there is also a basic change in the plan."  
(Baltimore Evening Sun, 7/16)

A Black Ambassador For South Africa -- "For Mr. Brown's appointment to be more than just a gesture, he should make a point of rubbing elbows with more than South Africa's white leadership. He should carry out the Administration's newly professed desire to expand its contacts with representatives of the black majority, particularly Oliver Tambo and other leaders of the banned African National Congress.... Mr Brown is extremely respected for his skills in diplomacy. If appointed, he should use every ounce of those skills to make the United States' opposition to South Africa's hateful apartheid system felt."  
(Chicago Tribune, 7/17)

Who Pushes Pretoria? -- "What is likely is a sanctions bill, followed by a Presidential veto. It should not end there. Mr. Reagan has more to do than veto legislation. Two landslide elections make him the accepted American spokesman, and he should weigh in with wisdom and firmness, encouraging Mr. Botha to understand that South Africa only plays into the hands of the Soviet-backed African National Congress by keeping apartheid alive, even in attenuated form. The rumored appointment of Robert J. Brown as ambassador to South Africa may indicate that Mr. Reagan is moving in this direction. The appointment of a black businessman from a former slave state would not go unnoticed among South African holdouts. Coupled with realistic promptings from Mr. Reagan, the appointment might even convince them that they either must adapt quickly or perish."  
(Washington Times, 7/17)

A Message To Pretoria -- "President Reagan is considering the appointment of a black businessman, Robert J. Brown, as the U.S. ambassador to South Africa. It's a first class idea.... Here, the goal is plain -- to reach the hearts and minds of all the people of South Africa. This gesture may just be a way to accomplish that task. It's surely worth a try."  
(New York Post, 7/17)

EDITORIALS/COLUMNISTS (continued)

LIBYA

Three Months After Libya -- "Could it be that the U.S.'s retaliatory strike against Libyan terrorist targets more than three months ago...achieved its objective -- without creating the serious problems many people feared?... It is risky, of course, to infer too much from the drop in terrorist activity against Americans and from the other events of the past several months. And one might...knock on wood before crowing too loudly, especially in the wake of last week's bombings in Spain and Portugal. But if there is a lesson to be learned in the aftermath of the raid on Libya, it may be retaliatory strikes against terrorists do not invariably raise the level of violence in the world and the use of force actually may deter such fanatics on occasions."  
(Dallas Times Herald, 7/16)

Reagan Won His Bold Gamble: Thatcher Should Get Payoff For Backing Raid On Libya -- "In case nobody much noticed, President Reagan won the bold gamble he took by retaliating with bombers against Moammar Gadhafi, Libya's zany godfather of terrorism.... While terrorism is not going to disappear, and might even get worse in the next few years, it is obvious that U.S. counterforce made a strong point. The terrorist mood has subsided, and the attacks energized European countries to take stronger preventive measures."  
(Dayton Daily News, 7/10)

DRUG TRAFFICKING

No Way To Fight A War -- "Let's face it. A handful of Army choppers is hardly enough to turn the tide in a war against an enormous drug trade that reaches to every nook and cranny in America. Anyone who has read the stats knows the dimensions of the struggle, knows that America is fighting for her life.... The Reagan Administration is going to have to put a lot more muscle where its mouth is. As William Tecumseh Sherman observed, war is hell. It's time for the United States to give drug pushers, at home and abroad, a whole new definition of the term."  
(Washington Times, 7/17)

NICARAGUA/WORLD COURT

Before The World Court Without A Lawyer -- "The Administration could still salvage something from its errors by publishing a full statement of the international law basis for aiding the contras. Other nations have the right to expect this from the world's greatest democracy. The American people, who correctly like to think of themselves as a law abiding nation, have the right to demand no less."  
(Richard Gardner, Oakland Tribune, 7/8)

CUBA

Emptying Cuban Dungeons -- "This week the U.S. and Cuba are meeting in Mexico trying to revive an immigration accord. Whatever the outcome of those negotiations, the U.S. should tell Castro that it will gladly accept the 3,000 asylum-seekers now. These Cubans shouldn't be held hostage to U.S. policy whims that no longer serve any useful purpose, if in fact they ever did."  
(Los Angeles Herald Examiner, 7/11)

## **FOREIGN MEDIA REACTION**

### **ARMS CONTROL**

"Talks between the United States and Soviet Union on banning nuclear tests are to begin in Geneva later this month.... The fact that the two sides have been able to agree on the talks even though their main objectives are so different is clear evidence of the more accommodating attitudes they're taking to smooth the way for a second summit meeting."

(Times, Britain)

"The White HOuse has vehemently denied claims that Russia and America have agreed to talks aimed at a complete ban on nuclear testing. But in a day of some confusion at the White House, Mr. Djerejian later changed his tune. At a second press conference he modified the Administration position on discussions about a comprehensive test ban treaty. 'We are willing to listen to views, including Soviet views on CTB or any other issues related to nuclear testing at the bilateral meeting,' he declared. This directly contradicted his earlier view that 'we believe such a ban must be viewed in the context of a time when we do not need to depend on nuclear deterrents to insure international security and stability.'"

(Daily Telegraph, Britain)

"Is this the end of the dialogue of the deaf between Moscow and Washington on a nuclear test ban?... The fact that the two superpowers have agreed to return to the negotiating table confirms a warming up of East-West relations.... Both sides seem to want a Reagan-Gorbachev summit before the end of the year. Both sides realize that there is not much time. The end of Reagan's term is not too far off and economic problems in the Soviet Union are bigger than ever."

(Le Matin, France)

"A U.S. Government official in London said the talks would probably center first of all around the issue of verifying a test ban.... This is a problem which has doomed the negotiations to failure so far."

(Koelner Stadt-Anzeiger, West Germany)

"The ball is in the U.S. court again. That is what Soviet Foreign Minister Shevardnadze said, but this time Washington political circles agree. Somebody adds, speaking more frankly than did the Department of State with its vague comments, that Gorbachev and his team have scored a point, or at least a small point. The resumption of START negotiations in September in Geneva is a 'neutral' event: not so the coinciding announcement that a nuclear test ban is also going to be discussed at the same time.?"

(Il Giornale, Italy)

"The almost simultaneous announcement of an imminent Soviet-American meeting in Geneva on SALT II and the resumption of talks on nuclear tests is even more significant. It shows Soviets and Americans are now prepared to tackle their disarmament disagreements in real earnest. This spirit could well spread to other areas of East-West relations and cover conventional as well as nuclear arms. President Reagan's attack on SALT II and Gorbachev's tireless propaganda effort seem to have borne fruit. Now both sides have to get down to serious business."

(La Suisse, Switzerland)

FOREIGN MEDIA (continued)

"The announcement made by Shevardnadze in London...is another indication that something is moving in the relations between the two superpowers. However, it is necessary to avoid premature optimism, since the way the news was released by Moscow and Washington respectively reveals a considerable difference on the basic objectives."

(Il Sole-24 Ore, Italy)

"The meeting cannot be viewed with too much optimism since both parties come to it from different standpoints. Moscow asked for this meeting to discuss the U.S. announced intention of abandoning the SALT II agreement; Washington accepted it on condition that the discussion should also deal with the violation by the USSR of some of the terms of the SALT Treaty."

(Politika, Yugoslavia)

"Experts in Washington say that since no change is seen in the Reagan Administration's basic stance of insisting on the necessity of nuclear testing, it will be a long time before a treaty will be concluded between the two nations. Gorbachev has staged a 'peace offensive' by presenting a series of nuclear proposals since last year, eventually capturing world opinion and putting the United States in a defensive position. The U.S. acceptance of the Soviet request for nuclear test talks is believed to be based on the U.S. judgment that the United States would be in a more unfavorable position if the situation should continue as is."

(Yomiuri, Japan)

CHILE

"North Carolina Senator Jesse Helms is obviously a very gullible man.... Helms...demonstrated inconceivable ignorance and arrogance if he was properly quoted in statements to the Chilean press which contradicted State Department policy. Those statements, furthermore, should be a source of extreme embarrassment to the U.S. government."

(Buenos Aires Herald, Argentina)

"Senator Helms expressed the view that the funeral of Rojas...was a communist ceremony and that the U.S. citizens with whom he met in Santiago had accused Barnes of constantly associating with the left. Meanwhile, Abrams said that those who support an indefinite extension of military governments instead of a transition to democracy are plying into the hands of the communists."

(El Universal, Venezuela)

"Pinochet is unlikely to step down without a struggle, and once again the U.S. faces the problem of what to do with a deposed leader who is unlikely to find a country willing to accept him in exile. Although the U.S. is being hailed for its effort to coax Pinochet into liberalizing and preparing the ground for a transition, many warn that American policy is still unrealistic because it has not contemplated what should happen to Pinochet if and when he goes."

(Australian, Australia)