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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, AUGUST 13, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NEWS CONFERENCE

Reagan Rejects Harder Line On South Africa -- President Reagan, rejecting economic sanctions as useful only to "the most radical" forces in South Africa, has served notice to congressional critics that his policy of quiet diplomacy to end apartheid will not change.

(Chicago-Sun Times, Chicago Tribune, Miami Herald, Washington Post, AP, UPI, Copley News Service)

TRIP NEWS

Reagan Announces New Farm Assistance In Illinois Political Swing -- In announcing the new farm assistance, President Reagan openly acknowledged that he was going against the grain of his long-voiced belief that government should reduce its control over the agricultural economy.

(Chicago Sun-Times, Journal-Register, Springfield Journal-Register, AP, Copley News Service)

NETWORK NEWS (Tuesday Evening)

PRESIDENT REAGAN/ACRICULTURE --President Reagan promised farmers in the Midwest more assistance.

TAX REFORM -- House and Senate negotiators are still billions of dollars apart in their differences.

ARMS CONTROL -- U.S. and Soviet arms negotiators wrapped up two days of talks outside Moscow and both sides aren't saying very much.

The Berlin Wall

Erected: Aug. 13, 1961.
Length of wall: 104 miles.
Construction of wall: 69 miles of 13-foot high concrete wall, 35 miles of steel wire fence between 10 and 15

Guards: 14,000 soldiers and border guards on patrol or in 295 watchtowers.

Number of people who... Have successfully escaped across the wall: 38,657. Have escaped since Jan. 1, 1962: 13,229

Are known to have died trying to escape: 74

Were captured alive trying to escape: 3,139

Have tried to escape in recent

years: 10-20 a year.

"Ich bin ein Berliner"

"Freedom has many difficulties and democracy is not perfect, but we have never had to put up a wall to keep our people in."

(John F. Kennedy, 1963)

Reagan Hints At New Negotiations In S. Africa

CHICAGO -- President Reagan suggested Tuesday night that the U.S. and its European allies may be moving towards sponsoring new negotiations between the South African government and black opposition leaders in the racially divided nation. In a nationally televised news conference from the O'Hare Hyatt Regency Hotel in suburban Rosemont, Reagan defended his controversial policy toward South Africa and reaffirmed his adamant opposition to "punitive" sanctions against the Pretoria regime.

(George de Lama, Chicago Tribune, A8)

Reagan Offers To Join In Talks In South Africa

CHICAGO -- President Reagan said last night the United States is willing to take part in a meeting of Western nations and South Africa to discuss how "to bring along an end to apartheid earlier." In a nationally broadcast news conference in Rosemont, that was dominated by questions on South Africa, Reagan took note of a proposal by South African President Pieter Botha for such a conference.

(Jerome R. Watson, Chicago Sun-Times, A1)

Reagan Backs Talks With S. Africa

CHICAGO -- President Reagan Tuesday night endorsed a South African proposal for talks with the United States and other Western nations on political reforms the white minority government in Pretoria might undertake. "If we could be of help in bringing together various black groupings there to discuss with the government how something could be planned to bring an end to apartheid earlier, this we would be pleased to do," the President said at a nationally televised news conference.

(Miami Herald, A1)

U.S.-SOVIET SUMMIT

SOVIET DOMESTIC PROBLEMS BODE WELL FOR SUMMIT PROGRESS, REAGAN SAYS

CHICAGO -- President Reagan says problems gripping the Soviet Union bolster chances that Soviet leader Mikhail Gorbachev will be interested in making progress at the next superpower summit.

While saying he had not received any report from his negotiators,

Reagan said he was hopeful about a summit.

"Yes, I am optimistic," Reagan said. "And I'm optimistic that we're going to make more progress than probably has been made in a number of years because of some of the problems that are concerning the general secretary at this time."

(Terence Hunt, AP)

GRAIN SUBSIDY

CHICAGO -- President Reagan said his decision to sell grain to the Soviet Union at subsidized prices was made to help U.S. farmers and not to subsidize the Soviet Union. (AP)

SOUTH AFRICA/SANCTIONS

CHICAGO -- President Reagan said virtually all black leaders in South Africa are opposed to U.S. economic sanctions against the government in Pretoria because they believe they would be disruptive to the region. (AP)

REAGAN PLEDGES TO FIGHT SANCTIONS 'Radicals' Seeking To Control South Africa, President Says

CHICAGO -- President Reagan vowed repeatedly tonight to resist "punitive" economic and political sanctions against South Africa and contended that sanctions are being supported there by a "radical" group backed by communists that is seeking to "seize control" of the nation.

The President said he favors a positive response to a suggestion by South African President Pieter Botha for a meeting with leaders from the United States, France, West Germany and Britain to discuss South Africa's problems. Reagan said Botha's goal, like his own, was to dismantle apartheid in South Africa.

(David Hoffman & Lou Cannon, Washington Post, A1)

Reagan Rejects Harder Line On South Africa

CHICAGO -- President Reagan, rejecting economic sanctions as useful only to "the most radical" forces in South Africa, has served notice to congressional critics that his policy of quiet diplomacy to end apartheid will not change.

"I just think that up on the Hill there, well-intentioned though they may be, they're asking for something that would not be helpful," Reagan said of Congress.

(Norman Sandler, UPI)

Reagan Holds Chicago News Conference

CHICAGO -- President Reagan said Tuesday night that most South African blacks are "deathly opposed" to the United States imposing economic sanctions against the apartheid government there and he warned again that sanctions would be "very punitive to the people that we want to help."

Mr. Reagan, in a news conference televised nationally from the Hyatt Regency Hotel here, said the mood of South African blacks against sanctions has been transmitted to him personally by black leaders there.

(William Osborne, Copley News Service)

SUBSIDY OK'D FOR GRAIN TO BE STORED ON GROUND

CHICAGO -- President Reagan, pledging an "unshakable" commitment to the nation's farmers, offered Tuesday what the White House portrayed as new aid to farmers: they will be able to get price support loans for grain stored on the ground this year, as well as for that in approved storage facilities such as silos or grain elevators. In a nationally televised news conference here, and in an earlier appearance at the Illinois State Fair in Springfield, the President moved to allay concern over huge grain surpluses. (Des Moines Register, A1)

FARM AID

CHICAGO -- President Reagan said an increase in farm program spending this year will help ease farmers back to self-sufficiency. In the past, farm policy has been "conflicting and haphazard," the President said.

(AP)

CONTRA AID

CHICAGO -- President Reagan stressed the importance of Senate passage of a \$100 million aid package for the contra rebels fighting the Nicaragua government. The vote is scheduled for Wednesday. (AP)

DRUG TESTING

CHICAGO -- In defending his voluntary drug testing program for federal employes, President Reagan said there should be no threat of job loss or punishment for employes who test positive. (AP)

HOSTAGES

REAGAN: EFFORTS TO FREE HOSTAGES 'DISAPPEAR INTO THE SAND'

CHICAGO -- President Reagan, making clear his frustration, says there have been times when he thought the release of American hostages in Lebanon was imminent, only to find their liberation "would disappear into the sand."

He vowed not to quit trying until the men are freed.

During his Chicago news conference Tuesday night, the President described his frustration over the inability to win the captives' freedom.

(Harry Rosenthal, AP)

LAROUCHE

ADVICE ON LAROUCHE: VOTE FOR GOP

CHICAGO -- President Reagan last night advised Illinois voters who are wary of Lyndon H. LaRouche to play it safe and vote Republican in November. As for his own opinion of LaRouche, "I'm not here to do battle with him, but I don't believe I could find myself in agreement with him on just about everything he stands for."

(Basil Talbott and Mark Brown, Chicago Sun-Times, A1)

PRESIDENT OFFERS GRAIN FARMERS NEW LOAN ASSISTANCE

SPRINGFIELD, Ill. -- The White House press office said such help was being offered "for the first time ever" and the announcement was made by President Reagan in his speech.

However, there was some question about what was new about the

announcement.

In an Agriculture Department press release issued July 17, the department outlined a number of measures being taken to help farmers, including this fourth item on a six-item list: "Farmers, under certain limited conditions, may store grain on the ground or in emergency on-farm facilities while remaining eligible for price support program benefits."

(Terence Hunt, AP)

Reagan Announces New Farm Assistance In Illinois Political Swing

SPRINGFIELD, Ill. -- In announcing the new farm assistance, President Reagan openly acknowledged that he was going against the grain of his long-voiced belief that government should reduce its control over the agricultural economy.

However, he told 10,000 people at the Illinois State Fair, the country has "too much at stake in her farms -- too much history, too much pride

-- not to help in hard times."

"Ultimately, we want to get government out of farming so that our farmers can achieve complete economic independence," he said.

(William Osborne, Copley News Service)

Reagan Widens Grain Loan Plan

SPRINGFIELD, Ill. -- Even as he praised the independence of American farmers, President Reagan said at the Illinois State Fair Tuesday that government can and will take steps to help them. Speaking to an overflow crowd of 13,000 at the grandstand Reagan said hard times in the agricultural economy make government action necessary.

(Springfield Journal-Register, A1)

President Tells State Farmers Of Aid Plan

SPRINGFIELD, Ill. -- President Reagan yesterday offered sympathy and subsidies to flag waving farmers who packed the Illinois State Fair grandstand. He pledged to help farmers store bin-busting corn crops, told corny jokes and planted a smooth on State Fair Queen Sara Stevenson who presented him with a blue ribbon pie. "The peach was delivered by a peach," he beamed. (Michael Briggs, Chicago Sun-Times, A7)

Farm Leaders Endorse Reagan Plan But Wanted It Earlier

CHAMPAIGN, Ill. -- Farm leaders on Tuesday endorsed President Reagan's plans to help farmers hurt by drought and the shortage of grain storage space but suggested he could have done more and done it earlier. "I think the President's announcement is an important step but I think other initiatives that will help farmers will follow," said U.S. Rep. Ed Madigan, Rep. from Lincoln, a member of the House Agricultural Committee.

Durbin Applauds Reagan's Rhetoric But Calls For Action To Back It Up

SPRINGFIELD, Ill. -- U.S. Rep. Dick Durbin, D-Illinois, said Tuesday he appreciates the rhetorical support President Reagan gave midwestern farmers at the Illinois State Fair. But he said he wishes the rhetoric were backed up by more substance. (Journal-Register, A4)

REAGAN JUMPS ON GOP STUMP President Lashes Liberals As Governor Assails Stevenson

SPRINGFIELD, Ill. -- Sandwiched between his major farm policy announcements and a rare on-the-road news conference, President Reagan took time out Tuesday to boost the campaigns of top Illinois Republican candidates. Appearing at a \$250 a plate luncheon for Governor James Thompson, Reagan made individual pitches on behalf of the three-term governor, U.S. Senate hopeful Judy Koehler, and James O'Grady, a former Democrat who is now the Republican candidate for Cook County Sheriff.

(Robert Enstad, Chicago Tribune, A9)

REAGAN BOLSTERS GOP TICKET Visit Raises 1.5 Million For Thompson, Koehler

CHICAGO -- President Reagan hailed Governor Thompson as, "my kind of governor" and advised fellow "underdog" Judy Koehler to just, "hang in there" as he raised \$1.5 million for them yesterday. Reagan also heaped praise but no cash, on Cook County Sheriff nominee Jim O'Grady as the three Republican contenders competed for Presidential largess on his one day swing through Illinois. (Chicago Sun-Times, A5)

REAGAN AWARDS RIBBONS TO YOUTH EXHIBITORS

SPRINGFIELD, Ill. -- President Reagan cut a grandfatherly image Tuesday at the Illinois State Fair as he lectured young people. "You need only be true to the values that made our nation great -- faith, family, hard work, and freedom -- and you too my friends will know greatness," Reagan said in an eight minute speech to 700 4-H and Future Farmers of America members and their families. (Journal-Register, B1)

HOUSE PANEL VOTES 17-0 FOR DEAVER PERJURY PROBE

A House subcommittee voted unanimously yesterday to urge the independent counsel investigating former White House aide Michael Deaver to examine allegations of "perjury, false statements and obstruction of a congressional investigation" stemming from Deaver's sworn testimony before the panel in May.

A memorandum from subcommittee Chairman John Dingell charges that Deaver "knowingly and willfully testified falsely" in failing to tell the panel of his contacts as a lobbyist with former White House national security affairs adviser Robert McFarlane, U.S. Ambassador to West Germany Richard Burt and U.S. Ambassador to Japan Mike Mansfield.

(Howard Kurtz, Washington Post, A1)

House Panel: Deaver Lied Three Times

A report adopted 17-0 by a House subcommittee says former White House aide Michael Deaver lied three times under oath to the panel, which will give its findings to a special prosecutor probing his possible ethics violations.

"Mr. Deaver knowingly and willfully testified falsely," about contacts he had with White House officials and U.S. ambassadors since leaving the White House in May 1985 to open a public relations and lobbying firm, the report concluded. (Timothy Bannon, UPI)

TAX CONFERENCE REACHES IMPASSE Rostenkowski, Packwood Huddle In Effort To Settle Conflicts

The congressional conference committee trying to revise the tax code broke up abruptly yesterday, and members vowed not to resume meeting until their two leaders reconcile basic differences over how much to limit corporate and individual tax breaks.

"We have not resolved anything except that we are hopeful our two chairmen can work it out," said Rep. Charles Rangel.

Chances of meeting the Friday deadline are "gone," said Sen. Malcolm Wallop. "I just don't see how we can get there."

(Anne Swardson & Dale Russakoff, Washington Post, A1)

SENATORS PUSH NEW MECHANISM FOR AUTOMATIC BUDGET CUTS

Senate backers of the Gramm-Rudman-Hollings deficit-reduction law said yesterday they will push this week to restore automatic enforcement provisions to the law despite reluctance of House Democratic leaders to bring up the contentious issue.

"We want to send a strong message to the people that we intend to comply" with the Gramm-Rudman-Hollings deficit targets, said Sen. Pete Domenici, who plans to join Sens. Phil Gramm, Warren Rudman and Ernest Hollings in pushing for the enforcement "fix."

(Helen Dewar, Washington Post, A6)

MEESE ASKS LAWYERS TO JOIN ANTI-DRUG CAMPAIGN

NEW YORK -- Attorney General Edwin Meese, calling drug abuse a "social problem of epidemic proportions," has urged lawyers to join President Reagan's anti-drug crusade.

Meese, speaking at the American Bar Association convention, said international efforts to eradicate drug trafficking have had some success, but it also is necessary to eliminate the desire for marijuana, cocaine and other drugs.

(Andrea Neal, UPI)

REHNQUIST CALLED 'DEPENDENT' ON DRUG FROM 1977 TO 1981

A medical report on Supreme Court Justice William Rehnquist shows that he was seriously "dependent" on a powerful hypnotic drug from 1977 to 1981, frequently using up a three-month prescription in a single month and going back for another supply, according to informed sources.

Dr. Freeman Cary, the Capitol physician who prescribed the drug, Placidyl, for the chief justice-designate, told the FBI that he occasionally warned Rehnquist against exceeding the recommended dosage, but to no avail, the sources added. (George Lardner, Washington Post, A1)

POWELL SEES NO MAJOR COURT SHIFT

NEW YORK -- Supreme Court Justice Louis Powell, reviewing the performance of the high court under Chief Justice Warren Burger, said today that, despite the hopes of Republican presidents who appointed a majority of the justices, "there has been no conservative counterrevolution by the Burger court."

Powell also confirmed that he switched his vote to create a majority in the court's recent decision upholding the constitutionality of antisodomy laws. But he said he believes the significance of the case has been exaggerated. (Ruth Marcus, Washington Post, A4)

JUSTICE DEPARTMENT DROPS CHALLENGES TO SOME AFFIRMATIVE ACTION PLANS

The Justice Department, struggling to reconcile its long campaign against minority hiring and promotion goals with two Supreme Court rulings upholding the practice, is quietly dropping some of its lawsuits against local governments' affirmative action plans.

Civil rights lawyers say they are confused by the mixed signals. "The pattern is inexplicable," said Barry Goldstein of the NAACP Legal Defense Fund. (Howard Kurtz & Ruth Marcus, Washington Post, A4)

SENATE SUBCOMMITTEE HALVES RIGHTS COMMISSION FUNDING

A key Senate Appropriations subcommittee voted yesterday to cut in half the funding for the embattled Civil Rights Commission, while curtailing its use of consultants, restricting its number of political appointees and limiting the number of days for which the chairman can be paid.

Senators who approved the funding cut and the restrictions criticized the commission for having lost its traditional independence under its Reagan-appointed majority and its outspoken chairman, Clarence Pendleton.

(Keith Richburg, Washington Post, A7)

SENATE VOTES LIMITS ON PAC SPENDING

The Senate voted overwhelmingly Tuesday to sharply limit the amounts of money which political action committees may legally contribute to candidates running for Congress.

Sponsors conceded they face an uphill fight in carrying the legislation to final congressional approval in an election year. The Democratic-led House has yet to vote on any PAC proposal.

Nonetheless, the Senate vote marked the first time in a decade that either the Senate or House has acted to limit the rapidly spiraling amounts of money contributed to politicians by corporations, labor unions and other organizations with specific goals on Capitol Hill.

(Michael Shanahan, McClatchy News Service)

TALKS ON ARMS TO BE RESUMED IN WASHINGTON

MOSCOW -- The U.S.-Soviet arms talks that ended here today are expected to continue in Washington within a month, as part of further preparations for the Sept. 19 and 20 meeting between Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze, according to sources close to the negotiations.

The American team, headed by veteran negotiator Paul Nitze, left Moscow this afternoon after more than 11 hours of talks with their Soviet counterparts on strategic and space weapons. Both sides stuck to a strict rule of not commenting on the substance of the talks, other than to call them "serious" and "businesslike."

(Celestine Bohlen, Washington Post, A1)

TAKING AIM AT REAGAN'S ARMS POLIICIES, HOUSE VOTES MORE CUTS IN 'STAR WARS'

The Democratic-controlled House, taking aim at several key elements of President Reagan's defense and arms control policies, voted strongly last night to make additional cuts in the Strategic Defense Initiative program.

With the backing of 33 Republicans, the House voted, 239 to 176, to authorize \$3.1 billion for research and development of the proposed space-based missile defense system in the fiscal year that begins Oct. 1.

(Edward Walsh, Washington Post, A3)

House Votes To Trim 'Star Wars' Funding

The House Tuesday night voted to hold funding for President Reagan's "Star Wars" missile defense system at current levels after easily defeating rival efforts to kill the research program or to increase spending 70 percent.

By a vote of 239-176 the House cut the funding for SDI provided by the House Armed Services Committee to \$3.1 billion, enough to continue the current level of spending adjusted for inflation.

(Otto Kreisher, Copley News Service)

AUSTRALIAN RENEWS ATTACK ON U.S. WHEAT POLICY

SAN FRANCISCO -- Australian Foreign Minister William Hayden, continuing his attack on U.S. farm policy for the second day in a row, Tuesday said President Reagan's decision to sell subsidized wheat to the Soviet Union will undermine Australia's ability to promote security in the Pacific Basin.

Hayden, in a major foreign policy address to the Commonwealth Club and the World Affairs Council here, said the U.S. farm subsidies will hurt Australia's trouble-plagued economy by causing its wheat farmers, who receive no government subsidies, to lose \$1 billion in sales to the Soviet Union.

(Jon Funabiki, Copley News Service)

SENATE DEFEATS EFFORT TO SCRAP CONTRA AID Plan For Nicaraguan Rebels Backed, 54-46

The Republican-controlled Senate yesterday rejected a Democratic-led move to scuttle President Reagan's plan to provide \$100 million in military and other aid to the antigovernment contra rebels in Nicaragua.

The controversial, long-delayed contra aid plan cleared one of its last congressional hurdles by a vote of 54 to 46, which was one vote more than it got when the Senate first approved the package, 53 to 47, last March. Sen. Daniel Evans, who voted against the aid plan in March, voted for it yesterday.

(Helen Dewar, Washington Post, A18)

PANAMANIAN LEADER CHARGES 'DIRTY WAR' Noriega Hits Back At Charges Against Him

PANAMA CITY -- Gen. Manuel Noriega, the Panamanian military commander, suggested today that U.S. reports linking him to drug trafficking were part of a "dirty war" designed to prevent this country from taking over the Panama Canal as scheduled.

Against that background, the U.S. Embassy here published a communique today reaffirming that Washington plans to carry out "faithfully" the 1977 U.S.-Panamanian canal treaties.

(Edward Cody, Washington Post, A17)

(Tuesday Evening, August 12, 1986)

THE PRESIDENT/AGRICULTURE

CBS's Charles Kuralt: President Reagan went to the troubled farmland of the middle west today to promise farmers more help, partly in the hope that the farmers will help elect Republican candidates in November.

CBS's Bill Plante: Ronald Reagan was giving out more than blue ribbons at the Illinois State Fair. In this election year the President came with a couple of programs designed to blunt criticism that he's ignored the plight of farmers.

(The President: "America has too much at stake in her farms, too much history, too much pride, not to help in hard times. I give you my promise: The nation will see the farmers through.")

In the southeast that means federal programs for farmers hard hit by drought. Mr. Reagan announced a special drought assistance task force to mobilize federal help. But here in the midwest farmers suffer from the problems of plenty -- bumper crops, not enough storage, depressed prices. For them the President liberalized the rules so that virtually all grain is now eligible for government price supports. And to this audience, which needed no convincing, Mr. Reagan defended his decision to sell the Soviets four million metric tons of subsidized U.S. grain, undercutting U.S. allies in the bargain.

(The President: "For some this has been difficult to understand. After all, the Soviets are our adversaries, and I've never been accused of being naive about that. The truth is, I didn't make this decision for them -- I made it for the American farmer.")

The total cost for farm programs may hit \$30 billion this year, almost triple the President's original estimate, at a time when Congress is struggling with huge deficits. But the main priority in the White House is keeping Republican control of the Senate. So at this point, with a half dozen or more vulnerable Senate seats in the farmbelt, the Administration is not about to try balancing the budget at the expense of farmers. (CBS-Lead)

ABC's Sam Donaldson: President Reagan, arriving in Illinois on a farm belt campaign swing for the fall elections, said he still has confidence in former aide Michael Deaver.

(TV Coverage: President leaves plane, waves.)

"I believe in his integrity," Mr. Reagan told reporters before driving off to the Illinois State Fair, a place where farmers certainly got their share of thrilling moments today. There was the master acrobat, twirling beneath the helicopter. And there was the master politician -- the President -- working the exhibition halls on behalf of Republican candidates -- there there, nice cow -- working so hard that he put aside his usual message about cutting the budget, and the magic of the free marketplace, to positively brag about how much of the taxpayers' money he's spent on the farmers.

(TV Coverage: President shaking hands, touches cow. Takes off jacket in preparation for speech.)

Donaldson continues:

(The President: "'Cause this year alone, we'll spend more on farm support programs -- some \$26 billion or more -- than the total amount the last Administration provided in all of its four years.")

And to prove he's willing to spend even more, the President announced that from now on, even grain simply stored on the ground will be eligible for federal price support loans. Later, in Chicago at a fundraising luncheon for Gov. James Thompson, who's running for an unprecedented fourth term, the President lashed out at the Democrats.

(The President: "The Democratic leadership would chart the most dangerous course for a nation since the Egyptians tried a short cut through the Red Sea.")

As for congressional races, the President said it is vital that Republicans retain control of the Senate.

(The President: "Imagine having to deal with two Tip O'Neills and you'll know what what I'm talking about.")

Speaker O'Neill's bashing may not be over for the day. Here's what the President said when asked about one of O'Neill's recent comments. (The President: "There'll be a press conference tonight....")

The questions in that press conference tonight will come ultimately from local and national reporters, with the answers being provided by the President of the United States and the leader of the Republican Party.

(ABC-2)

NBC's Tom Brokaw: President Reagan courted the farm-vote in the farmers front yard today at the Illinois State Fair in Springfield, and in an effort to harvest their support this election year, the President told the farmers what they wanted to hear.

NBC's Chris Wallace: Worried that anger over his farm policy could cost Republicans control of the Senate, the President came here today to hand out more than blue ribbons.

(TV coverage of the President presenting a blue ribbon at the state fair.)

He announced a measure allowing farmers to store their growing surpluses on the ground, while still qualifying for federal loans. And the man who ran against Jimmy Carter promising to get government out of farming was now bragging about how much the government is spending.

(The President: "Our Administration has provided more support to our nation's farmers this year than did the administrations of the last five presidents all put together.")

From \$4 billion in 1981, federal farm programs have grown rapidly under Mr. Reagan to an estimated \$26 billion this year. The problem is farm prices are still down because of big surpluses and falling exports, down from \$44 billion to an estimated \$27 billion this year. The President said he is expanding foreign markets by selling subsidized wheat to the Soviets over the objections of his Secretary of State.

(The President: "For some this has been difficult to understand, after all, the Soviets are our adversaries. Truth is, I didn't make this decision for them, I made it for the American farmer.")

But Democrats are unimpressed, saying a campaign conversion on farm issues won't be a enough after years of Republican neglect.

Wallace continues:

(Sen. James Exon, D-Neb.: "President Reagan is an unmitigated disaster as far as agriculture is concerned.")

Tonight the President holds an unusual news conference here in Illinois where aides hope questions from local reporters will focus on farm issues, but some of those aides question how much a dose of Presidential attention can accomplish during these hard times on the farm.

(NBC-5)

THE PRESIDENT'S NEWS CONFERENCE

Kuralt: President Reagan will hold a news conference tonight at eight o'clock Eastern time and CBS News will provide live coverage.

(CBS-3)

TAX REFORM

Kuralt: House and Senate negotiators trying to agree on a final version of a bill to overhaul the tax system met again today to work out their differences. The two sides are still billions of dollars apart.

CBS's Phil Jones: Senate and House conferees got together today for the first time in a week with mounting questions about the future of tax reform.

(Reporter: Is there a chance that this bill will not be completed by the fifteenth now? You're gonna lay it over 'til the fall?

Rep. Rostenkowski: "Oh, I don't want to say that.")

Within an hour after starting, they had deadlocked over the Senate's insistence that \$17 billion can be found by an Internal Revenue clampdown on cheaters. This money would be used to help pay for the new low individual tax rates of 15 and 27%.

(Rep. Rangel: "I guess that's what we call smoke and mirrors."

Sen. Packwood: "We can now pick up that money from people who are now cheating the government and not paying. If, instead, the House's position is we have to pick it up from people who are legally paying, I think we're dead-ended.")

...What the lobbyists had telephoned to their clients at midday had changed this afternoon. There was at least cautious optimism.

(Sen. Bentsen: "I think there's still a serious chance of bringing about a workable compromise by the end of the week. The hangup is that we're about \$34 billion apart.")

Tonight the future of tax reform is uncertain. The two conference leaders, Rostenkowski and Packwood, will get together to see if they can work out a compromise that other conferees will accept. (CBS-4)

ABC's Charles Gibson reports the Senators and House members trying to write the tax bill have squabbled on just about everything. Take the Senate plan to give the IRS an extra \$3 billion, figuring the IRS can use that to go out and collect \$20 billion in unpaid taxes, netting the government \$17 billion.

(Rep. Rangel: "...I guess that's what we call smoke and mirrors.")
(Sen. Packwood: "We can now pick up that money from people who are now cheating the government and not paying. If, instead, the House's position is we have to pick it up from people who are legally paying, I think we're dead-ended.")

Gibson continues: On that and many other issues the two sides are so far apart that this evening the 22 House and Senate conferees broke, empowering just their chairmen to try to work out a deal between themselves. The major items left: depreciation schedules for business, sales tax deductibility, oil and gas tax provisions, that IRS debate, and the question of just how much in new taxes will be placed on business. All major problems, and there are plenty of others. But Packwood and Rostenkowski want a deal so presumably will be willing to deal. (ABC-10)

ARMS CONTROL

Jarriel: The U.S. and Soviet arms negotiators wrapped up two days of talks outside Moscow. Neither side is saying very much....

(ABC-6)

SENATE/CONTRA AID

Kuralt: President Reagan's request for aid for the Nicaraguan Contra rebels survived its first key vote in the Senate today. The Senate rejected a move to kill the \$100 million proposal. Final vote is set for Friday. (ABC-8, CBS-6)

DEAVER

Kuralt: A House panel voted unanimously today to ask a special prosecutor to investigate new charges against Michael Deaver, the lobbyist who is President Reagan's close friend and former White House aide. The new charges include lying to Congress.

CBS's Rita Braver: The subcommittee voted 17-0 that Michael Deaver may have committed perjury, made false statements, and obstructed a congressional investigation. The subcommittee was probing charges that Deaver broke conflict of interest laws after leaving the White

(Rep. Lent: "Mr. Deaver, for whatever reason, failed to provide full and accurate information on matters which were material to the subcommittee's investigation.")

Subcommittee conclusions: Deaver knowingly and willfully failed to disclose his contact on behalf of Puerto Rico with former National Security Advisor Robert McFarlane on a tax break issue. knowingly and willfully failed to disclose his business contacts with Ambassador to Japan Mike Mansfield, and Ambassador to West Germany Richard Burt. False testimony was knowingly and willfully given by Deaver about whether his client, Rockwell International Corporation, knew of his lobbying activities in support of the B-1 Bomber with Office of Management and Budget Director James Miller. The subcommittee also released other documents, including an internal memo written last summer by then White House Counsel Fred Fielding. Fielding wrote that "Even after informing Deaver he could not contact White House people with regard to business, I have received reports today from several anxious people about approaches." At least one Deaver loyalist was unconcerned.

(TV coverage: The President outside his limousine today.) Deaver's attorney's called the charges specious and said there's evidence to refute all of them. (CBS-7) ABC's Tom Jarriel: The vote was 17-0; the target: Michael Deaver. The accusation: he knowingly and willfully lied to a House subcommittee looking into Deaver's activities as a lobbyist. The former top White House aide and close personal friend of President and Mrs. Reagan will now be further investigated by a special prosecutor to decide if perjury charges should be brought against him. Deaver contends he's done nothing wrong, and President Reagan says he still has confidence in him.

ABC's John Martin reports the inconsistencies cited are in Deaver's closed testimony. Asked about contacts for clients after he left the White House on May 10, 1985, Deaver admitted only two for Question: have you ever met or discussed with any information. individual within the Office of the President any issue on behalf of any of your clients. Deaver: "No sir." But the subcommittee staff said former NSC Advisor McFarlane told investigators Deaver called him to discuss retaining tax credits for Japanese investors in Puerto Rico, a concession sought by Puerto Rico and the brokerage house of Smith Barney, which hired Deaver to help retain such tax breaks. Ethics laws forbid such contact so soon after leaving government service. The subcommittee said Deaver also failed to disclose contacts with counsel Fred Fielding and two U.S. ambassadors -- Mike Mansfield and Richard Burt -- to seek assistance for clients. Deaver's attorneys issued a statement denying he concealed meetings with Ambassadors Burt or Mansfield. They said the subcommittee and staff was "trying desperately to find a possible perjury charge because they could find no substantive violation of criminal law."

(ABC-Lead)

Brokaw: Before he quit the White House 15 months ago to become a powerful Washington lobbyist, Michael Deaver was a top aide to President Reagan and a close friend. There have been charges, however, that Deaver misused his presidential connection, and a House subcommittee has been investigating. Today that subcommittee said that Deaver may have perjured himself three times and obstructed the investigation when he testified in May. The subcommittee's action today did cut across party lines.

NBC's Bob Kur: The vote was unanimous, seventeen House Democrats and Republicans agreed.

(Rep. Norman Lent, R-N.Y.: "Mr. Deaver, for whatever reason, failed to provide full and accurate information on matters which were material to the subcommittee's investigation.")

The 47 page subcommittee report says Deaver knowingly and willfully testified falsely about his lobbying activities, his contacts with U.S. ambassadors and top Reagan Administration officials. Example: The report says Deaver's failure to disclose a contact with then National Security Adviser Robert McFarlane was done with an intent to deceive.

(Deaver: "I didn't ever talk to anybody in the West Wing of the White House."

Question: "How about the National Security Council?"

Deaver: "No, I don't recall any contacts with the NSC.")

<u>Kur</u> continues: But today's report says McFarlane told investigators Deaver did telephone him last summer at his White House West Wing office to discuss a tax break for Puerto Rican businesses, Deaver clients.

(TV coverage: McFarlane and Poindexter walking outside the White House.)

(Rep. John Dingell, D-Mich.: "I said that one of the questions that would be laid before the committee was a question of possible perjury by Mr. Deaver. I believe that the report supports that.")

Attorney Herbert Miller issued a statement for Deaver, who is vacationing in Africa. "They are trying desperately to find a possible perjury charge because they could find no substantive violation of criminal law." And in Illinois today President Reagan defended his former aide, saying: "I'm confident and believe in his integrity."

(TV coverage: The President talking as he gets into a limo.)
The subcommittee now hands its finding to independent counsel
Whitney North Seymour whose criminal investigation of Deaver
continues. (NBC-6)

SOUTH AFRICA/BOTHA SPEECH

Brokaw: In South Africa today, President P.W. Botha again strongly denounced economic sanctions against his country and he urged South Africans to unite in resisting what he called interference and threats from abroad. Botha also offered to meet with Western leaders to discuss a variety of topics but he said social and political reforms in South Africa would not be on the agenda. (NBC-3, CBS-9, ABC-5)

DRUG ABUSE

Kuralt: There is new anti-drug abuse sentiment being expressed around the country. Politicians from President Reagan down are now talking about it almost daily. There are almost daily reports of the latest drug busts.

CBS's Bob Faw: ...Drug bashing has become the latest rage -- a kind of national pastime.... Everyone is getting into the act. From the First Lady --

(The First Lady: "Just say no, today.")

-- to a manufacturer who today used drug abuse to market clothes.

...Being against drugs is the "in" thing, the fashionable thing to do. It is not hard to understand all the commotion. Recent polls show Americans are fed up with drugs and politicians are scrambling to capitalize on the sentiment.

(Peter Hart, pollster: "The fact that every politician's climbing all over this issue -- they're just waking up to where the people are.") So while the federal government has had to tighten its belt, Congress has increased funds for drug law enforcement 100% over the last six years.

(Rep. O'Neill: "And this is a bipartisan effort.")

... Even the urinalysis George Bush agreed to take is wrong about 10% of the time.

(Rep. Schumer: "Vice President Bush, with your luck, even though you've never used drugs your test is gonna come out positive.") And some ballyhooed crackdowns aren't working very well.

Faw continues:

(Dr. Carlton Turner: "Until you design a program to hold the user responsible and where the person financing the suicide of this nation is held accountable you're not gonna solve drug abuse. History tells us that.") (CBS-17)

PAC LIMITS

Kuralt: The Senate voted today to impose new limits on the huge amounts of special interest money poured into political campaigns by PACs. The vote wasn't final. (ABC-9, CBS-5, NBC-7)

NASA/SHUTTLE

Jarriel reports NASA revealed its new booster rocket design. It uses a third rubberized O-ring and a metal brace to prevent the escape of hot gasses. The new design will be tested later this year and, if successful, NASA said the shuttle could be flying in less than two years.

(ABC-7, CBS-14)

EMBASSY SECURITY

Kuralt: In 1983 car bombs killed 258 Americans in Lebanon at a marine barracks and at a U.S. Embassy. There followed a major review of security at United States embassy buildings and today Congress approved spending more than a billion dollars to better protect embassies and to build new ones in danger zones such as the Middle East. (CBS-11)

NUCLEAR POLLUTION

Brokaw: Critics say that the Department of Energy, which manufactures nuclear weapons, is contaminating parts of America. Tomorrow a House subcommittee will hold a hearing on a controversy over nuclear pollution...in Ohio. A lot of workers there are very worried.

NBC's John Hart reports it's a nuclear defense plant and the feed it processes is radio active material for America's nuclear weapons program. It's own records show that over the years it has released 105 tons of uranium into the air, 82 tons of uranium into the water. It is the third largest nuclear waste dumb in the country. It is 20 miles from Cincinnati. It is owned by the Department of Energy.

LEBANON

Kuralt: The worst fighting in more than a year broke out between French peace-keeping forces and Moslem militias in southern Lebanon. It's said to have started when some Shiite Moslems refused to be searched and then one of them pulled a gun on French troops at a U.N. checkpoint. A French soldier opened fire. He killed two of the Shiites. That set off 13 hours of heavy gun battles. In all, three Shiites were killed, 17 French troops were wounded. (CBS-10)

AGRICULTURE SURPLUSES

Kuralt: American farmers are so good that in spite of the drought in the south, in spite of stringent limits on planting last spring, they have grown the second largest corn crop on record. The agriculture department said today the corn harvest will be eight and a third billion bushels. And there will also be bumper crops of wheat and soybeans and cotton. And that is not good news -- not for farmers hoping for better prices this fall.

CBS's Karen Boros: The harvest is due in three weeks and there is no place to put the grain....

(Carl Brush, Grain Elevator Manager: "We're probably facing the worst storage situation this year in the history of this country.")

As the corn ripens toward harvest the farmer is left with no choice. He can't sell, so he must find a place for his grain and meet head-on the worst storage shortage in history.

(CBS-2)

Jarriel: While the President was out touring the farm belt, the Agriculture Department reported this year's corn crop will the the second-largest ever, nearly 8 1/2 billion bushels.

ABC's Jerry King reports Midwestern grain farmers are not happy with their bumper crop because of the storage problem. In Washington, officials claim that nationwide there is enough room to store everything, but -- (Agriculture spokesman: "It's a matter of moving grain from areas where space is tight to areas where space is available.") (ABC-3)

CHILE

Brokaw: In Chile a military court ruled today that an army officer must stand trial on charges of using necessary violence that resulted in the death of a Chilean-born U.S. resident last month. (NBC-4)

SRI LANKA/REFUGEES

Jarriel reports 152 Sri Lankan refugees who paid thousands of dollars for safe passage to Canada were rescued from two small lifeboats in the North Atlantic. Canadian authorities are still trying to figure out how they got there and what to do with them.

ABC's Mark Litke reports on the civil war in Sri Lanka.

(ABC-4, CBS-8)

MEXICO

Mexico: Policy Priority -- "The only serious threat to the Mexican government -- which is itself theoretically revolutionary -- comes from the eventual effects of its own suppressive mentality. The U.S. can, and must, help. By rejecting our inhibition to 'linkage' in aid to Mexico, we could nudge that country toward opening up the economy and the electoral process. Very carefully, very subtly. Capital flight and reluctance to invest might then begin to diminish. Growth would reduce the economic pressure on many Mexicans to move 'norte.' ... Mexico and its 80 million people -- 130 million by century's end -- are not going away. Ever. Neither are their problems, which, as Ronald Reagan has said, automatically become ours. Our futures are indissolubly linked."

(Washington Times, 8/12)

Mexico's Choice -- "Raising Mexican standards of living is the essential thing. There are other subjects on Mr. Reagan's agenda this week. The drug traffic is one, immigration another. But controlling both would get harder if the disparity between American and Mexican incomes widened. Both will get more manageable if the disparity narrows. By supporting his visitor's choice, President Reagan has an unusual opporunity this week to advance his foreign policy and silmultaneously defend this country's financial stability. To do that convincingly, he will have to go beyond the conventional pleasantries when he meets Mr. de la Madrid."

(Washington Post, 8/12)

DRUGS

Get Serious About Drugs -- "Apparently spurred by the increasing toll drugs are taking in this country, President Reagan Monday called on Americans to make "Nancy's crusade...America's crusade." Cynics may scoff, but they shouldn't. When Ronald Reagan attacks national problems, things happen. The President called for mandatory drug testing for federal workers entrusted with the health and safety of others. He further urged that voluntary drug-testing be considered for other federal employees and for workers in the private sector. But why not test all federal employees? That would be fairer and would provide and excellent guide as to how successful such testing would be outside of government."

(St. Louis Globe-Democrat, 8/7)

Where's The Money? -- "Any real solution to the misery drugs inflict on millions of Americans requires more than a White House pep talk.... What's missing from the President's battle plan is money. The dollars necessary to wage a serious war on illegal drugs aren't being talked about. The feds currently spend \$140 million a year on drug and alcohol treatment and education, down about \$100 million from when Reagan took office. That won't fund a real war. Nor will the additional \$500 million Reagan is suggesting.... The President shouldn't shut up about drugs. Putting up some money, though, might have an effect beyond the popularity polls."

(Philadelphia Daily News, 8/5)

EDITORIALS/COLUMNISTS (continued)

PROTECTIONISM/TRADE

Let's Drop Trade Protection, Start Seeking Real Solutions -- "Companies that want to compete in a world market must become aware of the rules of the game -- both in terms of competing overseas and in terms of fighting against real unfair trade practices.... We need carefully targeted government action against specific, proven unfair trade practices, to be sure. But far more we need stronger, smarter competition by our own industries, not sweeping trade barriers against nations whose own industries have learned lessons our business and workers seem to have forgotten."

Trade Reality -- "Blatant protectionist efforts are not wanted by most Americans and ultimately will do great economic damage. They are contrary to the dynamics of the international marketplace. Congress can wheel and deal, but it can't alter the truth: Protectionism won't work. For all his tough talk on imports and American jobs, the President has convinced no one that he really cares about U.S. workers who are being squeezed into the unemployment lines by the sheer weight of foreign imports.... The people of the United States would benefit from a serious attempt to find alternatives for willing capable workers, who are clinging to the hands of dying domestic industries. Congress, frustrated by an uncaring Administration, wants to put these industries on a respirator. These attitudes must change if anything is to be done for America's workers."

SOVIET WHEAT DEAL

Against The Soviets' Grain -- "Ask any supporting politician why the United States should subsidize the sale of wheat to the Soviet Union and you'll hear two answers: It will help American farmers; and less frequently, it will help the balance of trade. If you listen very carefully, however, you'll hear the real reason: Because it is an election year, and of the 32 Senate seats up for grabs, 22 of them are in farm states.... There are a number of good reasons why the wheat sale should have been rejected. It threatens the income of fair-trading allies, some of whom, like desperately need the monev. also Argentina, It betravs Administration's commitment to free trade and encourages European nations to seek new commercial arrangements with the Soviet, activity which the Reagan Administraton has sought to dispel. The sale isn't good business, it isn't good diplomacy. Is it good politics? Only if you think gratuitous vote-pandering should override the pressing concerns of foreign policy and domestic management." (Cleveland Plain Dealer, 8/6)

REAGAN PRESIDENCY

Reagan Hits The Government He Runs -- "It infuriates Democrats to hear Reagan blame an abstract government for the nation's problems, as if he were still a powerless outsider tossing brickbats from the campaign trail. The irony is that Reagan has done more to improve government's image than any president in the past quarter-century. Polls show that after a quarter century free-fall, the public's confidence in government's ability to handle problems has rebounded under Reagan."

(Ronald Brownstein, Newsday, 8/8)

U.S.-USSR RELATIONS

"Congress has inflicted a new embarrassment on the Reagan Administration's Star Wars program by raising another hurdle to the participation of its NATO allies in lucrative research contracts.... Even though the Pentagon will probably be able to certify in good faith the necessity of European help, the Glenn amendment, coming from a pro-defense Democrat, is likely to increase nagging strains on both sides of the NATO pond..."

(Guardian, Britain)

"As far as East-West negotiations are concerned, the change in plans for the space shield and the prospect of cuts in the Pentagon's budget risk weakening Washington's negotiating position."

(Corriere della Sera, Italy)

"Having clearly overdone it in connection with the 'strong-arm game'... the Administration is seeking to display its peacemaking face, to soothe the allies and to demonstrate to Americans its concern to improve relations between the United States and the USSR... Just where is the consideration of 'Soviet concern' here in Mr. Reagan's offer? Where is the movement toward compromise? What we are essentially being offered is the expression with our own signature of our assent to the U.S. Star Wars program. And nothing else..." (Izvestia, Soviet Union)

"The cuts in the defense budget show that the advocates of arms control have strong support... If the latest defense bill does concentrate the Administration's mind a little more sharply on the arms control issue... that can only be a good thing." (South China Morning Post, Hong Kong)

TRADE

"President Reagan's decision to sell cut-price wheat to the Russians has been justly criticized.... The one glimmer of hope to emerge as a result of President Reagan's decision is the strength of the opposition expressed from within the U.S. establishment.... Such loyal Presidential supporters as Secretary of State George Shultz and Commerce Secretary Malcolm Baldrige have publicly voiced their misgivings." (Times, Britain)

"The GATT ministerial meeting to be held in September at Punta del Este... will be one of the most important international conferences since the war....The new round of trade talks is really a rescue operation for the liberal world trade system set up after World War II and now undermined by increasing protectionism.... Protectionism in all its forms is hindering the growth of trade which should be the prime mover of economic recovery. It's a vicious circle. The leading powers will need a great deal of political will to break out of it, but break out of it they must."

(Journal de Geneve, Switzerland)

NEWS CONFERENCE

NETWORK COMMENTARY -- ABC

Tom Jarriel: So a different White House format leads to a little protocol problem for Mr. Reagan as he wraps up his news conference.

A little banter over Mr. Reagan's weekend visit to the hospital. He had his urinary tract inspection. Everything checked out fine. Seems perfectly healthy and in good form tonight, taking questions from a hotel near O'Hare airport just outside Chicago. He's saying what we've already learned from the hospital; everything is fine. He has no recurring problems.

Mr. Reagan taking questions tonight from local and regional reporters and also the traveling White House press in an interesting format. To America's farmers, who are having many problems these days, he said the Administration's commitment is unshakable. He announced a drought-relief task force which is going to go to work. On the prospects of a summit meeting with the Soviets this year, he says he's very optimistic -- probably more optimistic than he has been for some time.

Many of the questions were on the subject of South Africa and the Administration's refusal to really take tough sanctions against South Africa, Mr. Reagan claiming that punitive sanctions would hurt those that we most want to help. He said a disruption of unemployment and hunger could result from very stiff economic sanctions. He also said that he does favor dialogue between many nations on the problems of South Africa, something President Botha of South Africa advocated today.

He defended his voluntary drug testing among his top White House staff members. He says it's to help those on drugs, not to incriminate them.

On subsidized grain sales to the Soviet Union, another very controversial subject, he said we did that for our farmers in the United States. It was a subsidy for them and not for the Soviet Union....

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CBS's Charles Kuralt: The President observing the tradition that the words "Thank you Mr. President" end the news conference, but then as he often does, lingering anyway to chat with the reporters in the room. This news conference was held in a ballroom of the Hyatt Regency O'Hare.

The President said he expects a meeting with Mikhail Gorbachev of the Soviet Union, and he said he expects considerable progress on arms control because of some problems Gorbachev is having right now. He didn't say what those problems might be and none of the reporters in the room asked him about it any further.

The President spoke of the possibility that Western governments and African countries might get together and mediate the troubles in South Africa. President Botha of South Africa raised that idea in a speech today and President Reagan said Western government leaders had already been thinking along those lines.

NETWORK COMMENTARY (continued)

Kuralt continues: The President said the United States has been trying relentlessly to free American hostages in Lebanon but has suffered, while it's had some encouragements, has suffered, he said, many disappointments.

He said the United States should have gone in 25 years ago when construction of the Berlin wall started and knocked that wall down then. He said the Soviet Union would not have gone to war to keep the Berlin Wall.

More about the President's news conference tonight on your late local news.

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NBC's Tom Brokaw: The President trying to leave the press conference in Chicago tonight where he took questions from both the established White House press corps and from local reporters on a wide variety of subjects, as you heard. He is now having a short exchange as he leaves this room off mike. The traditions are that the reporters have 30 minutes to question the President and then they say thank you and the news conference is concluded. That is 30 minutes of their own. He has an opening statement of 2 or 3 minutes and then the reporters have 30 minutes to engage in the Q and A and they had more than that this evening.

I suppose the headline tonight is that the President said that he is optimistic that there will be something fruitful in the summit that he expects to have this year with Soviet leader Mikhail Gorbachev. He did not specify why that might be possible, but he in fact said that he thought that maybe the Kremlin leader had enough problems and would want to arrive at some kind of a conclusive arrangement at a summit meeting.

He also said, once again, that he opposed to the idea of economic sanctions against South Africa, and at the outset of his news conference the President said that only radical groups are in favor of that idea. He later backed up from that.

-end of News Summary-