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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, AUGUST 19, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

WHITE HOUSE DISMISSES SOVIET CALL FOR TEST BAN -- An extended Soviet nuclear test ban, dismissed by the White House as "a lot of propaganda," is being read by U.S. officials as Moscow's latest move to influence the climate for a superpower summit later this year.

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

REAGAN PLANS NEW SANCTIONS TO PACIFY HILL -- President Reagan intends to impose additional economic sanctions against South Africa in an effort to head off more sweeping sanctions already approved by Congress, White House officials said today.

(Washington Post)

NATIONAL NEWS

REAGAN MAY SEEK TAX BILL CHANGES AFTER ENACTMENT -- White House officials said today that President Reagan will accept the House-Senate version of the tax bill but could seek to revise the legislation once it is enacted.

(New York Times)

NETWORK NEWS (Monday Evening)

ARMS CONTROL -- The Reagan Administration dismissed the Soviet Union's nuclear test ban extension as propaganda.

TAX REFORM -- Already there are complaints coming from those with the most to lose.

FEDERAL RESERVE -- Many analysts expect the Federal Reserve to cut the discount rate again soon.

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INTERNATIONAL NEWS

GORBACHEV EXTENDS TEST MORATORIUM
Soviet Challenges Reagan To Sign Treaty At Summit

HELSINKI -- Soviet leader Mikhail Gorbachev tonight extended the year-old Soviet moratorium on nuclear testing until Jan. 1 and challenged President Reagan to join him in signing a test ban treaty at the next summit meeting.

Such a treaty, Gorbachev said in a half-hour speech on Soviet national television, would be "the main real outcome of the meeting, a considerable step on the way toward ending the arms race."

In Santa Barbara, Calif., White House spokesman Larry Speakes said that "a nuclear testing moratorium is not in the security interest of the United States, our friends or our allies," and a senior White House official called Gorbachev's extension of the moratorium "propaganda."

(Celestine Bohlen, Washington Post, A1)

Gorbachev Says Soviet Test Halt Is Again Extended
Moscow Leader Voices Hope Total Ban Can Be Signed At A Summit Meeting

MOSCOW -- Mikhail Gorbachev announced today that the Soviet Union was continuing its year-long halt of underground nuclear testing until next Jan. 1.

Today Mr. Gorbachev said that if the United States was willing to suspend testing, a test ban accord could be completed and signed at a summit meeting before the end of the year.

In Washington, the Reagan Administration repeated that it would not join the Soviet suspension of tests. (Philip Taubman, New York Times, A1)

U.S. Says Moratorium Is Not In West's Interests

SANTA BARBARA -- The Reagan Administration today rejected Soviet leader Mikhail Gorbachev's call for a nuclear test moratorium, but expressed restrained optimism that an agreement could be reached on a separate set of discussions aimed at reducing the threat of war in Europe through miscalculation by one of the superpowers or their allies.

White House spokesman Larry Speakes suggested that the impact of the Soviet statement may be enhanced because of the defense bill passed by the House last week and denounced by President Reagan as harmful to national security.

(Lou Cannon, Washington Post, A14)

White House Dismisses Soviet Call For Test Ban

SANTA BARBARA -- An extended Soviet nuclear test ban, dismissed by the White House as "a lot of propaganda," is being read by U.S. officials as Moscow's latest move to influence the climate for a superpower summit later this year.

"Nuclear weapons will remain, at least for the foreseeable future, a key element of our deterrent," White House spokesman Larry Speakes said. "In such a situation where both the U.S. and our allies must rely on nuclear weapons to deter aggression, a moderate level of nuclear testing will continue to be required."

(Norman Sandler, UPI)

U.S. Willing To Consider Limited Test Ban Pact With Soviets

SANTA BARBARA -- U.S. officials have dismissed Mikhail Gorbachev's latest extension of the Soviet freeze on nuclear tests as a propaganda ploy but do not rule out a limited pact on testing at the next U.S.-Soviet summit.

White House spokesman Larry Speakes quickly replied that the main obstacle to an agreement was verification procedures acceptable to the United States. But, clearly trying to keep the summit momentum going, he said President Reagan was willing to listen to what the Soviets had in mind.
(Gene Gibbons, Reuter)

VERIFYING ARMS LIMITS COULD BECOME FUTILE

Future arms control limits agreed to by the Soviet Union will be difficult to verify as strategic weapons systems become increasingly complex and mobile, defense analysts said yesterday.

"We're really getting into a situation where the numbers of missiles and numbers of warheads are just about impossible to verify," said James Hackett, an arms control analyst at the Heritage Foundation.

(Bill Gertz, Washington Times, A4)

WELCH CITES SOVIET LEAD IN NUCLEAR ARMS RACE

The Soviet Union has about twice the number of nuclear warheads needed to attack targets in the United States, and little reason to increase its arsenal if the United States abandons SALT II, the Air Force's new chief of staff said yesterday.

The United States, on the other hand, has about half the warheads it needs to hit the more widely dispersed targets in the Soviet Union, said Gen. Larry Welch, who took over as the Air Force's top uniformed official last month.

(Walter Andrews, Washington Times, A4)

REAGAN PLANS NEW SANCTIONS TO PACIFY HILL

SANTA BARBARA -- President Reagan intends to impose additional economic sanctions against South Africa in an effort to head off more sweeping sanctions already approved by Congress, White House officials said today.

The new sanctions would be contained in an expanded executive order that would also maintain measures against South Africa initiated by the President a year ago under similar congressional pressure. Administration officials said they believe stronger sanctions than those already in place will be necessary to persuade Congress to let stand a Reagan veto of the far more sweeping sanctions approved last week.

(Lou Cannon, Washington Post, A1)

SEN. LUGAR SAYS AQUINO VISIT WILL BOLSTER U.S. SUPPORT

MANILA -- President Corazon Aquino's visit to the United States next month will help sway Congress to increase U.S. aid to the Philippines while generating private American investors' confidence, Sen. Richard Lugar said today.

Lugar also delivered a personal note from President Reagan to Aquino, and told her that "every senator, every congressman, will want to be photographed with her as an outpouring of affection" for her six-month-old government. (Abby Tan, Washington Post, A10)

Lugar Meets With Philippine Officials

MANILA -- Sen. Richard Lugar, hoping to keep the Philippines in the forefront of U.S. foreign policy, met today with Vice President Salvador Laurel and leaders of the revolt that swept President Corazon Aquino to power.

Aquino greeted Lugar at the presidential palace guest house and received a letter from President Reagan endorsing her eight-day visit to the United States beginning Sept. 15.

Reagan's letter was a "generous and warm expression" of support for Aquino's nearly 6-month-old government and indicated "how strongly he supports democracy in the Philippines," the Indiana Republican said.

(Jack Reed, UPI)

U.S. REVIEWING MIDEAST EVENTS TO WIDEN ROLE

SANTA BARBARA -- The Reagan Administration has begun a review of what officials term the "evolving situation" in the Middle East, Administration officials said today.

They said the aim of the discussions was to identify ways in which the United States could play a more active role in the region.

Officials said one step under consideration was a trip to the region by Secretary of State George Shultz this fall.

(Bernard Weinraub, New York Times, A1)

U.S. APPEALS TO JAPAN FOR HELP TO REDUCE PROTECTIONISM

TOKYO -- The Reagan Administration has appealed directly to Japan as the world's number two economic power for help in reducing mounting protectionist pressures in the United States, the Japanese Foreign Ministry said today.

In a message to Foreign Minister Tadashi Kuranari, Treasury Secretary James Baker and Secretary of State George Shultz urged Tokyo to boost domestic economic demand and cut its trade surplus, which totaled more than \$50 billion last year.

(Rich Miller, Reuter)

JAPAN SOARS PAST U.S. INTO SPACE

TOKYO -- Coming on the heels of U.S. and European space failures, the successful Aug. 13 flight of an H-1 rocket has suddenly put Japan in the world's front rank as an independent satellite launcher.

Japan has been shy about trumpeting its space program's accomplishments, seeming hesitant, almost apologetic about entering another field where it might give Western technology fits. The new Japanese independence in satellite launching comes after a long period of development and dependence on American technology under licensing agreements. (Edward Neilan, News Analysis, Washington Times, A1)

U.S. DENIES MAKING DECISION TO PRESSURE CHILE'S PINOCHET

The Reagan Administration reiterated yesterday that it wants political reform and human rights improvements in Chile but denied making decisions about pressuring the military government there by abstaining or voting against pending development loans to Chile.

"We, as always, look at all relevant factors such as human rights reform and economic policy at times when the loans come up," White House spokesman Larry Speakes said in reference to the U.S. position on Chilean loan requests to the World Bank and the Inter-American Development Bank. (Washington Post, A13)

U.S. LODGES STRONG PROTEST OVER AGENT'S KIDNAPING Letter To Mexican Government Details Torture Injuries

The State Department yesterday delivered a strong letter of protest to the government of Mexico against last week's kidnaping and torture of a U.S. drug agent by Mexican police in Guadalajara.

State Department spokesman Charles Redman said the protest, delivered in Mexico City by U.S. Charge d'Affaires Morris Busby and to the Mexican Embassy here, expresses "extreme displeasure and concern over the mistreatment of Victor Cortez."

(Mary Thornton, Washington Post, A2)

AGENT WAS TARGETED TO DERAIL DRUG WAR

TUCSON -- Guadalajara drug dealers secretly ordered the assassination last week of U.S. Drug Enforcement Administration agent Victor Cortez in a bid to embarrass the Mexican government and derail a joint U.S.-Mexico drug interdiction program along the Southwestern border, law enforcement sources said yesterday.

"There's no doubt they wanted to send a message to de la Madrid and to the Americans," said one DEA official. "And they wanted it to be loud and clear." (Jerry Seper, Washington Times, A1)

BORDER AGENTS TRAINED FOR NEW ANTI-DRUG DUTIES

EL CENTRO, Calif. -- "Operation Alliance," the President's \$266 million border-interdiction, anti-drug program, got under way here Monday as the first of 2,000 Border Patrol agents strung along the Mexican border got a crash course in federal narcotics statutes.

Under the new drug effort, which was announced last week, Border Patrol agents have been given full authority to arrest drug traffickers. Previously, Border Patrol agents lacked statutory power to make narcotics arrests.

(J. Stryker Meyer, Copley)

NATIONAL NEWS

REAGAN MAY SEEK TAX BILL CHANGES AFTER ENACTMENT

President To Accept Plan And Ask
Revisions If Treasury Study Finds Problems

SANTA BARBARA -- White House officials said today that President Reagan will accept the House-Senate version of the tax bill but could seek to revise the legislation once it is enacted.

White House officials said that the Treasury Department had been instructed review the economic implications of the bill.

Both the White House and Treasury officials stressed that Mr. Reagan was committed to the broad outline of the historic legislation and was willing to do whatever was necessary to assure its passage.

(Gerald Boyd, New York Times, A1)

INDUSTRY TO LIMIT FIGHT AGAINST TAX-REVISION BILL

Bowing to political momentum, powerful industry groups that would suffer from a sweeping overhaul of the tax system are scaling back plans to lobby against the legislation when it comes before Congress for a final vote.

Spokesmen for the banking, real estate and defense industries -- sectors that would lose valued tax breaks under the plan -- said yesterday they will oppose the bill but likely will not mount the serious lobbying campaigns they were preparing when it was being negotiated in a congressional conference committee.

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

GOP PREDICTS ELECTORAL GAIN

Democrats Doubt It

Republican strategists said yesterday that they think the tax-revision bill nearing passage in Congress will be a feather in President Reagan's cap and boost to most GOP candidates, but Democrats discounted it as a significant factor in the November elections.

"It's a victory in the never-ending struggle against lame-duckism," said Mitchell Daniels, the President's top political aide, "and it burnishes the Republican Party's credentials as the party of change."

Disagreeing with that judgment, Sen. George Mitchell, chairman of the Democratic Senatorial Campaign Committee, said, "I think it will have relatively little impact on the campaign. Certainly, the President personally will achieve some benefits, but there's no evidence...that will rub off on other candidates."

(David Broder, News Analysis, Washington Post, A1)

BUDGET ESTIMATES MAY MEAN MORE TRIMMING

Today's estimates of the budget deficit, required under the Gramm-Rudman balanced budget law, will mean major spending cuts unless Congress can reduce the red ink, says the head of the Senate Budget Committee.

In a letter to colleagues on the Senate budget panel, Sen. Pete Domenici said a joint report due late today from the Administration's Office of Management and Budget and the Congressional Budget Office will show an average deficit of slightly below \$165 billion -- \$20 billion over Gramm-Rudman's \$144 billion maximum deficit for fiscal 1987.

(Elaine Povich, UPI)

AIR FORCE CHIEF RECOUNTS SPACE DISASTER'S LESSONS U.S. Is 'Lucky' Defense Satellites Healthy

Air Force Chief of Staff Larry Welch said yesterday that the United States was "pretty lucky" that its defense satellite system was healthy when the Challenger space shuttle exploded last January, crippling the nation's manned spacecraft program.

"We were pretty lucky," Welch said during a lunch with reporters at the Pentagon. "At the time the space shuttle problem occurred, our surveillance and warning system -- key to defense -- was very healthy and could survive a number of months before we have to put up a new satellite."

(Molly Moore, Washington Post, A4)

NASA BUOYED BY NEW SHUTTLE

President Reagan's decision to build a new space shuttle was a welcome morale booster, but NASA's top official says there are "no guarantees" the project will not be paid for at the expense of other programs.

"There are a lot of uncertainties which are left to be resolved within NASA," Administrator James Fletcher said at a news conference Monday.

(Al Rossiter, UPI)

MRS. DOLE SEES PRIVATE LAUNCHES EARLY AS '89

Private space launches could begin as early as 1989 now that companies that want to join the race to space have gotten the green light from the White House, Transportation Secretary Elizabeth Dole said yesterday.

"The reason industry's not been able to move is that they have not had that clear signal that the government will be off-loading from the [space] shuttle," Mrs. Dole said.

(Warren Strobel, Washington Times, A4)

\$11 BILLION AIR DEFENSE PLAN FOR ARMY IS GIVEN APPROVAL

The Pentagon's civilian leadership has approved an Army plan to develop an \$11 billion system of missiles, guns and sensors to protect tanks and soldiers from aerial attack on the battlefield.

The plan, known as the Forward Area Air Defense System, or FAADS, was approved by Deputy Defense Secretary William Taft last Thursday and revealed yesterday. (Norman Black, Washington Post, A4)

ASSESSING THE REAGAN YEARS
Scholars Already Start Weighing How
Historic The Changes Will Be

The Reagan presidency: What will be its legacy?

Few observers dispute its short-term success, as attested by the President's high approval ratings and immense popularity. But as scholars begin to evaluate the Reagan era in terms of its potential impact on the future and its enduring lessons, they portray a presidency of paradoxes and mixed results. (Charlotte Saikowski, Christian Science Monitor, A1)

EDITOR'S NOTES: "Taxpayers Urged To Make Plans Before '87 -- Individuals Can Minimize Tax Bills This Year, And Next, With New Strategies, Experts Say," by Caroline Mayer & David Vise, appears in The Washington Post, A9.

"Tax Proposal Trims IRA, 401(k) Benefits -- Pensions Improve For Low-Paid Workers," by Spencer Rich, appears in The Washington Post, A9.

"Tax Experts Expect Rise In Business -- Clients Seek Advice On 'Simplification,'" by Lisa Leff, appears in The Washington Post, A9.

"'Windfall' May Ease Defense Industry's Pain," by Fred Hiatt, appears in The Washington Post, A9.

NETWORK NEWS SUMMARY

(Monday Evening, August 18, 1986)

ARMS CONTROL

NBC's ROGER MUDD: For a third time, Soviet leader Gorbachev extended the Soviet Union's self-imposed ban on nuclear testing -- this time until the first of next year. Almost immediately the United States dismissed the action as propaganda and rejected Gorbachev's latest call for the U.S. to join the Soviets in the ban.

NBC's ANDREA MITCHELL: In an unusual televised speech Gorbachev did two things: explained his arms control policy to the Soviet people, and extended his nuclear test ban moratorium until next January, putting the United States on the defensive.

(MR. GORBACHEV: "I ask Ronald Reagan once more to cold-bloodedly assess the whole situation, to correct his mistakes and his suspicions of the Soviet Union and adjust his foreign policy.")

Also, he indicated his willingness to attend a second summit, but suggested that a test ban agreement was essential to such a meeting.

(MR. GORBACHEV: "And we could sign it this very year at an American-Soviet summit meeting.")

Propaganda was the immediate Administration response and a flat no to a test ban.

(CHARLES REDMAN: "We believe that a nuclear testing moratorium is not in our security interests, nor that of our friends and allies.")

Moments after the speech, at the California White House spokesman Larry Speakes said the Soviets were dealing from a position of advantage having already tested new weapons. Speakes said the United States still must test the D-5 sea-launched missile and the midgetman mobile missile. Strategic defense, star wars, is also at stake. The Administration does not like to say it, but a test ban would block research on X-ray lasers, a critical element of star wars. The United States insists that test a ban cannot be monitored without on-site inspection. But critics suggest that the White House simply does not want a test ban, period.

(JACK MENDELSON, Arms Control Association: "I think this is unfortunate. I think it is a low cost arms control move.")

The House and Senate voted recently in favor of joining the Soviet moratorium, and today Senator Kennedy said Gorbachev's extension was welcome. The White House and its supporters say such statements play into Gorbachev's hand.

(SEN. WARNER: "This is a very clever step by an increasingly clever man, and this action by Gorbachev will be a central issue in the conference between the House and the Senate in September.")

Soviet experts call Gorbachev's speech impressive and an artful display of politics because, they said, it plays to doubts about American arms control policy. (NBC-Lead)

ABC's TOM JARRIEL: The major powers went at it again today over the issue of the continued testing of nuclear weapons. The waltz for public opinion began in Moscow when Soviet leader Gorbachev announced his country would unilaterally extend its ban on underground testing until early next year. He also challenged President Reagan to sign a test ban treaty at a summit meeting. In Washington the immediate reaction was to stand pat with more testing, and accuse the Russians of a propaganda ploy.

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ABC's MIKE LEE: Mikhail Gorbachev said that the arms race is gaining speed -- that the United States is to blame. But he stressed the need for good-will gestures and offered this:

(MR. GORBACHEV: "Guided by our responsibility for the fate of the world, the politburo and Soviet government have taken the decision to extend the unilateral moratorium on nuclear explosions until January 1st, 1987.")

For the Soviets, the test ban moratorium has been a rich source of international attention and self-promotion on government-controlled television. Tonight's renewal follows a week of intense Soviet coverage of the 41st anniversary of the first U.S. use of an atomic weapon -- the horrors of Hiroshima. A survivor of the holocaust praises the Soviet moratorium, the continuation of underground testing by the U.S. government, and a reminder of this summer's Soviet initiative which allowed a team of American scientists to set up a monitoring station near a Soviet nuclear testing base. This is the third time that the 1985 moratorium has been renewed with Gorbachev denouncing U.S. nuclear arms policy.

(GORBACHEV: "I call upon Ronald Reagan to push aside his misapprehensions about the Soviet Union.")

As for his approval for a possible summit with President Reagan in Washington later this year, Mr. Gorbachev said, in essence: maybe, but not without more concrete prospects for an arms control agreement.

ABC's SAM DONALDSON: Reagan Administration spokesmen were quick to dispel any idea that the United States might join in the Soviet test ban moratorium -- rejecting it 45 minutes before Gorbachev even delivered his speech.

(CHARLES REDMAN: "As far as the U.S. is concerned, we believe that a nuclear testing moratorium is not in our security interests, nor that of our friends and allies.")

That has been U.S. policy in the Reagan Administration. And in Santa Barbara, where the President is vacationing, White House Press Secretary Larry Speakes reiterated the rationale for rejecting not only a moratorium, but a full-scale test ban treaty at the summit as well. Speakes said the U.S. must depend on its nuclear deterrent, and testing is necessary to insure the continued effectiveness of that deterrent. He said the Soviets have modernized their nuclear force and the U.S. is in the process of catching up. Administration officials agree with Soviet expert Marshall Goldman that Gorbachev is simply making propaganda.

(MARSHALL GOLDMAN, Soviet expert: "Gorbachev recognizes, I think, that if he can continue to maintain this posture of extending the hand, talking about moratoria, talking about arms control, that will put more pressure on Reagan.")

But the pressure is coming from the U.S. Congress also. The Senate has voted to urge the President to negotiate a comprehensive test ban treaty. The House has voted to require the President to agree to a test ban moratorium if satisfactory on-site verification procedures can be worked out. Gorbachev calls his test ban proposal simple logic. U.S. officials call it simple propaganda. In any event, it serves to put the President somewhat on the defensive as both sides maneuver toward a second summit.

(ABC-Lead)

CBS's DAN RATHER: The latest upbeat assessment on chances for a Reagan-Gorbachev summit this year came from Soviet leader Mikhail Gorbachev himself today. But Gorbachev's optimism came as part of his latest high publicity speech on Soviet television. Gorbachev extended the Soviet moratorium on nuclear testing until the end of 1986, and he again challenged the U.S. to join in.

(MR. GORBACHEV: "The Soviet Union is convinced that the agreement to curtail nuclear testing can be reached quickly and can even be signed this year at a Soviet-American summit.")

Gorbachev's latest nuclear moratorium talk drew the same U.S. response this time as last time. The moratorium, President Reagan's aide said, costs the Soviets very little, would hurt Western defenses if the U.S. joined in, and is, mainly, what they called a Soviet propaganda ploy.

(CBS-2)

TAX REFORM

RATHER: The dust is barely settled but the dust up is growing tonight over the massive new tax overhaul bill. It will affect everyone. The question is, exactly how? The compromise worked out by House and Senate negotiators is still subject to change, still subject to final approval by the House and Senate, but already there are complaints about fairness. And some of the loudest complaints are coming from people with the most to lose.

CBS's ERIC ENGBERG: The debate was already shifting to the tax bill's long-term effect on business and the economy.

(SEN. DANFORTH: "It hurts my people but more broadly than that, it hurts people's jobs. I don't understand how we can pile \$120 billion on business in five years without affecting people's jobs.")

And many of those jobs, analysts agreed, will be lost in already hard-pressed heavy industries. At the same time, newer service and high-tech companies will benefit.

(RICHARD RAHN, Economist, Chamber of Commerce: "We had expected very rapid economic growth over the next year and a half. This will slow it down somewhat, but we don't see a recession or anything really bad occurring either.")

The bill takes after real estate tax shelters so aggressively the industry says few people will be investing, commercial property will lose value, and apartment construction will fall so much rents will be forced upward.... The conferees also turned their guns on the defense industry, simply ordering that contractors be hit up for \$3.5 billion in taxes -- details to come later. Danforth of Missouri, home of McDonnell-Douglas and other defense biggies, howled.

(SEN. DANFORTH: "It hurts my constituents. It's hurts the largest employer in my state.")

But calls for a fair shake for arms merchants did not take hold among weary, sometimes testy, lawmakers.

(REP. ROSTENKOWSKI: "Senator, are you shifting from contractors that in the defense field, their share of the burden as opposed to other people.")

And the contractors lost. Restaurants lost the full deduction clients can claim on business meals. It goes to 80%....

The bill has enough winners that organizing an effective opposition will be tough. And businesses that lost are already planning a drive to restore tax breaks next year and start the war again.

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RATHER: Beyond the complicated question of what the tax overhaul bill will do, is the confusion over when. When do the changes take effect? Assuming Congress passes this bill, many of the provisions will take effect January 1, 1987 -- changes such as the end of state and local sales tax deductions and the key changes in deductible IRAs. That is not the case with many other tax changes. Some of the key ones will be gradual. The current 14 tax brackets will become 5 tax brackets in 1987. The transition down to just two tax brackets won't come until 1988. Gradual increases in personal exemptions for you and your family won't be completed until 1989. The transition for standard deductions will be completed in '88. The phasing out of the current deduction on interest you pay for most loans, except mortgages, wouldn't be completed until after 1990. After some years the whole tax system would be one of fewer deductions, lower tax rates. That doesn't necessarily mean lower taxes paid; certainly not always for everyone. For the short run, 1987 definitely could bring increased taxes for millions of middle and high income Americans....

CBS's JERRY BOWEN reports on accountants and businessmen trying to figure out how the new tax bill will affect them.

RATHER: In the first day of trading since House and Senate negotiators agreed on the new tax package, the Dow Jones Industrial Average gained almost 14 points. (CBS-Lead)

JARRIEL: If all the tax relief in the new tax overhaul plan were distributed equally among the country's taxpayers, we'd each get a cut of \$204. That's a simple definition but not quite the way the bill would work.

ABC's ANN COMPTON: ...When tax reform does take full effect in 1988, the tax burden in America will shift dramatically off of individuals and onto American industry. For families the standard deduction will go up from 3 to \$5,000, and the personal exemption nearly doubles to two thousand dollars for each family member.... This is not a tax cut. To pay for the lower rates Congress is eliminating write-offs for the interest on car loans and credit cards.... The impact on business brought to the surface complaints from some tax conferees that the final bill is anti-business and will devastate industry.

(SEN. DANFORTH: "The good news is you get maybe a \$200 tax cut. The bad news is you lose your job. The people that are gonna lose their jobs are people who are in industrial jobs, people who make things.")

But the House and Senate are likely to rubber stamp tax reform and send it on to a President who seems eager to sign it.

ABC's DAN CORDTZ: ...Some economists worry that the bill will seriously hurt investment.

(ALAN GREENSPAN: "Despite the obvious very favorable long-term effects of this tax bill, we are taking a short-term risk. It could conceivably tilt us off into a recession.")

And at a White House conference on small business today, not everyone was happy with the bill.... So from business big and small, the initial reaction to tax reform is decidedly mixed. (ABC-7)

MUDD: The great tax compromise of 1986 is still only a compromise. It has yet to be approved by the full Congress and signed by the President. But most of the principal players in the biggest tax code overhaul in fifty years predict its ultimate passage, and President Reagan himself says he's satisfied.

NBC's IRVING R. LEVINE: Most, but not all taxpayers, have reason to share in the celebration of congressional tax writers when they completed the bill.... Some Republicans believe business is hit too hard.

(SEN. DANFORTH: "It's an anti-jobs bill because when the government makes it hard on people's employers, it makes it hard on their job opportunities..")

Members of Congress have gone home until after Labor Day. They will hear constituent's reactions and attempts by lobbyists to restore tax breaks. At this stage though it will be difficult for anyone to change the tax bill.

NBC's MIKE JENSEN: Just about every tax expert in the country has been giving advice today on how to take advantage of the new bill. Here are some of their ideas. Start paying cash -- get away from plastic. Reduce your debt because next year you'll start losing the deduction for interest paid on credit card purchases and on things like car loans.... Postpone income if you can, until the new lower income tax rates take effect.... Buy major items now so you can deduct the state and local sales tax.... If you face major medical or dental work, do it this year.... If you're thinking about selling stocks that you've held for more than six months, do it this year.... Also consider buying savings bonds or treasury bills instead of leaving your money in a savings account or money market account.... As for IRAs, don't pull out.... Like most people in Washington, the tax experts think this bill is going to become law so they say we should get moving now to take advantage of it. (NBC-4)

FEDERAL RESERVE

MUDD: The Federal Reserve Board reportedly will try again to fire up what's become a listless economy. Many analysts told the Associated Press today they expect the Federal Reserve to cut the discount rate again soon.

(NBC-5)

DEA AGENT/CAR ACCIDENT

JARRIEL: The U.S. government made it very clear last week just how unhappy it was about the detention and the torture of U.S. drug agent Victor Cortez. But just in case anyone had any doubt about it at all, the U.S. today filed a strong formal protest with the Mexican government.

ABC's MARK POTTER: In Washington a State Department spokesman read the strongly worded protest.

(CHARLES REDMAN: "The mistreatment of an American drug agent has serious implications for U.S.-Mexican cooperation on the narcotics issue.")

The note gives medical proof that drug agent Victor Cortez was beaten and shocked with cattle prods as Mexican state police interrogated him about DEA operations, a charge the Mexican police deny....

POTTER continues: On Saturday night the Drug Enforcement Administration office in Guadalajara suffered another tragedy. One of its secretaries, 32-year old Susan Hoeffler died in a car accident.

(REDMAN: "We understand that Miss Hoeffler was killed instantly when her car struck a utility pole.")

Officials say at this time foul play is not suspected, although Mexican and U.S. investigators are being called to the scene. In the meantime the DEA is deciding, for safety reasons, whether to pull its agents out of Guadalajara and other Mexican cities. The DEA is still furious over last year's torture-murder in Guadalajara of drug agent Comarana, believed to have been killed by drug dealers and corrupt policemen.... The DEA would prefer not to pull any of its agents out of Mexico because that would give the drug traffickers even more leeway. But the safety threats are such that they are being taken seriously. (ABC-4, CBS-6, NBC-10)

SOUTH AFRICA

RATHER: After more than two months of stonewalling South Africa's white minority government was forced today to identify the thousands of people it is detaining without trial.

CBS's STEVE KROFT: When the South African parliament met for the first time today since the state of emergency was declared, the liberal opposition was determined to use its parliamentary powers to pry out information. Within hours the government complied with the law and for the first time, made public a list of detainees it was holding. It was 171 pages long and contained 8,501 names.... (CBS-5, NBC-11)

U.S./ISRAEL

JARRIEL: There may be some new friction developing between Washington and Israel. Sources tell ABC's Dennis Troute that customs officials are investigating charges that Israeli technicians stole information from an American firm in Chicago -- information on how to make airborne spy cameras. U.S. customs officials have been investigating those charges. Israel denies any wrongdoing. (ABC-6)

ISRAEL/SOVIETS

RATHER: Israel and the Soviet Union held their first formal talks in 19 years today. Scheduled to last two days, they lasted all of 90 minutes. A Soviet spokesman says the talks in Helsinki ended abruptly when Israel insisted on discussing Jewish immigration from the Soviet Union. He claimed this issue was not on the agenda. Israel says the two sides agreed to stay in diplomatic contact. (ABC-2, CBS-3, NBC-2)

CHERNOBYL LETTERS

MUDD: In the Soviet Union today Pravda published some unusual letters from people affected by the Chernobyl nuclear accident. Evacuees complained of overcrowding and said local officials had failed to pass out clothing and living allowances. Others said they hadn't gotten enough information about the effects of radiation on their health. (NBC-3)

ILLEGAL IMMIGRANTS

MUDD: A spokesman for the Immigration and Naturalization Service said today the service is about 150 agents short of full strength. He said many agents are quitting to take better jobs elsewhere....

NBC's DAVID HAZINSKI reports that the INS is especially busy in states where there is no law against hiring illegals. (NBC-9)

TERRORISM/FRANCE

MUDD: In France this morning, four right-wing terrorists were killed when a bomb they were carrying in a car blew up. Among those killed was the leader of the ultra-conservative group SOS France. Police think the terrorists planned to bomb a left-wing group that has opposed the campaign to restrict immigration. (NBC-13)

PAKISTAN

RATHER: The sixth straight day of violent opposition protest in Pakistan took as many as 11 lives today. Four were policeman. The government of President Zia seems to be working hard not to overreact to the protests.

CBS's RICK FREDERICKSON reports it is the worst week of violence in Pakistan since 1983 and was ignited by a crackdown on dissent with thousands of people arrested, including opposition leader Bhutto. The trouble started building last April when Bhutto returned home from political exile to lead the open confrontation against President Zia who had deposed Bhutto's father as Prime Minister and later had him hanged.... With Bhutto and many other opposition leaders in jail the government seems to be in firm control. (CBS-4, NBC-12)