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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JULY 25, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Senate Comes Up with Whopping \$340 Billion Deficit Reduction Plan --
Senate negotiators are considering a final bid to break the congressional budget deadlock with a sweeping \$340 billion deficit-reduction package, according to congressional sources.

(AP, UPI, Washington Post)

Reagan Plans Full Cabinet Meeting Today -- President Reagan, returning today to the West Wing offices of the White House, was to meet with his Cabinet for the first time since undergoing cancer surgery nearly two weeks ago.

(AP, UPI)

INTERNATIONAL NEWS

U.S. Firms in Chile Bombed -- Bomb explosions occurred only minutes apart. The first bomb blew up outside IT&T's telephone and communications equipment shop in the east side shopping area of Providencia, Chile. Minutes later, a second bomb exploded in the Chase Manhattan branch in a shopping center in Apoquindo.

(UPI)

NETWORK NEWS (Wednesday Evening)

SOUTH AFRICA -- The crisis in South Africa goes on, and Bishop Tutu is now accusing the Reagan Administration of protecting the South African government during this state of emergency.

RETALIATION -- After six Americans were gunned down in El Salvador last month, U.S. officials say there was a heated debate within the Reagan Administration about whether the U.S. should retaliate and how.

WHY I SUPPORT THE LINE-ITEM VETO

"The budget process is in shambles; the deficit is out of control; and Congress is the problem. Our systems of checks and balances, which functions adequately...is out of kilter in the area of the budget.... By giving the President a stronger role, the line-item veto would instill a new and needed measure of presidential accountability in federal spending and reduce the excesses of a congressional process that too readily focuses on individual districts and separate interests, not the national interest."

(Sen. Edward Kennedy, New York Post, 7/24)

NATIONAL NEWS

SENATORS MULL OIL-IMPORT FEE TO UNLOCK DEFICIT TALKS

Senate budget conferees are considering a plan to impose an oil-import fee and delay inflation adjustments for income taxes and major benefits programs such as Social Security as part of a \$340 billion, three-year compromise offer to the House on deficit reduction, sources said.

A majority of the Senate conferees were reported to favor the plan, one of several under consideration, to break a week-long impasse in budget negotiations between the chambers, even though the tax provisions appear to fly in the face of President Reagan's opposition to increasing taxes to reduce budget deficits.

(Helen Dewar and Lou Cannon, Washington Post, A1)

Senate Comes Up with Whopping \$340 Billion Deficit Reduction Plan

Congressional sources, who spoke on condition they not be quoted by name, emphasized that senators still are trying to decide whether to formally propose the package to House negotiators as part of the effort to revive stalled congressional budget talks.

(Cliff Haas, AP)

New Budget, with Social Security 'Catch-Up,' Surfaces

Senators on the negotiating team are readying a new plan that would freeze Social Security cost-of-living raises for a year but grant a catch-up raise the next year, Sen. Boschwitz says.

(Elaine Povich, UPI)

\$19 BILLION DEFICIT CUT IS VOTED

The House Ways and Means Committee voted to extend the 16-cent-a-pack cigarette tax, enlarge the federal welfare program and cut Medicare spending as it approved legislation that would reduce the federal deficit by \$19 billion over the next three years.

The final vote was 22 to 14, with no Republicans supporting the measure.

(Spencer Rich, Washington Post, A1)

House Unit Backs Cuts in Medicare

The committee took action to control the cost of the health insurance program for 30 million elderly and disabled people without waiting for House and Senate conferees to agree on an overall budget resolution for the fiscal year 1986.

(Robert Pear, New York Times, A1)

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HOUSE VOTES TO PUT ITS BUDGET IN EFFECT; GOP SENATORS SET PLAN TO END IMPASSE

The House stepped up action on fiscal 1986 spending after voting to put its own budget into effect in the absence of an agreement with the Senate.

Split along party lines, the Democratic-controlled chamber voted 242-184 to enforce its budget as if agreed to by Congress, and the Appropriations Committee wasted little time in moving major spending bills to the floor. (David Rogers, Wall Street Journal, 44)

DEFENSE BILL CONFEREES BACK FIGHTER JET CONTEST

House-Senate conferees agreed to have the Air Force stage a competition among light fighter aircraft next year to help determine the best and cheapest plane, congressional aides said.

The decision challenged General Dynamics Corp.'s role as the predominant producer of the plane, and marks a major victory for Northrop Corp., which has offered to sell almost 400 of its F-20 fighter planes to the U.S. government at what it claims is a substantially lower price than the General Dynamics F-16.

(Michael Weisskopf, Washington Post, A17)

ACCORD SEEN NEAR ON A PLAN TO END BAN ON NERVE GAS

House and Senate negotiators have tentatively agreed on legislation that would allow the Defense Department to end a 16-year moratorium and resume production of chemical weapons, congressional and Pentagon sources said. (Bill Keller, New York Times, A1)

Under the legislative language adopted by the conference committee, President Reagan would be required to consult with American allies on a plan for deploying the chemical munitions, but the allies' views would not be considered binding on U.S. production plans, the Times said.

(AP)

FARM BILL WRITERS DIG IN HARD GROUND

Deadlines have passed and budget guidelines have become hazy memories, but the political castor oil that congressional agriculture committees have tried for months to avoid appears about to become inevitable.

The issue is the writing of a 1985 farm bill, a complicated and increasingly painful exercise that has put the House and Senate committees in a classical bind -- finding a way to cut federal program costs, yet protecting income in the battered farm sector.

(Ward Sinclair, Washington Post, A19)

LINE ITEM VETO BILL SHELVED AFTER THIRD FILIBUSTER VOTE

The Republican-controlled Senate put aside legislation to expand the President's veto power over spending measures after a third attempt to end a filibuster failed by two votes.

Chief sponsor Mark Mattingly vowed to keep pressing for the "line-item" veto, one of President Reagan's top legislative priorities for the year.
(Helen Dewar, Washington Post, A20)

Line-Item Veto Fight Abandoned

GOP leaders failed for a third time in a week to muster the 60 votes needed to end a filibuster that had blocked consideration of the line-item veto. Yesterday's vote was 58-40 to end the filibuster.

(Nancy Schwerzler, Baltimore Sun, A1)

Line-Item Veto Bill Shelved in Senate

The decision to abandon the bill was a setback for (President) Reagan who, although recuperating from cancer surgery, wrote letters and made telephone calls to urge passage of the line item veto.

(Steve Gerstel, UPI)

REAGAN CALLS CABINET MEETING

President Reagan has called a Cabinet meeting for today, the first since his cancer surgery, to consider a full platter of issues he believes should be resolved before he and Congress take a vacation.

An aide said Reagan, who is still recuperating from the July 13 operation, will preside at the meeting in the Cabinet Room in the West Wing.
(Helen Thomas, UPI)

Reagan Plans Full Cabinet Meeting Today

The President, who has spent most of his time convalescing in the residential quarters of the mansion since returning from the hospital, was scheduled to meet with his department heads and top advisers in the Cabinet Room. It was the only item on his announced schedule for the day.
(Michael Putzel, AP)

U.S. MUM ON DECISION TO DROP PRESSER CASE

Justice Department officials refused to explain why they dropped a 32-month labor fraud probe of Teamsters union President Jackie Presser, a decision that has prompted several members of Congress to investigate the handling of the politically sensitive case.

(Howard Kurtz and Peter Perl, Washington Post, A3)

Award-Winning Career Prosecutor Decided Presser Case

The decision not to prosecute Presser was made by an award-winning career Justice Department prosecutor rather than by political appointees, sources say.

Political appointees merely ratified the order of David Margolis, who heads the organized crime section of the department's criminal division, said the government sources, speaking on condition they not be identified.
(Michael Sniffen, AP)

U.S. Gives Up Effort to Indict Teamster Chief as Embezzler

Government officials said that while the Justice Department had decided against asking a Cleveland grand jury to indict Presser in charges of embezzlement through a phantom payroll, it was continuing its investigation into other union activities of Presser and possibly other officials of the Teamsters union.
(New York Times, A1)

TWO SENATORS SET INQUIRY INTO CLOSE OF PRESSER PROBE

Two leading senators ordered an investigation in to the Justice Department's decision to drop its four-year probe of Jackie Presser.

Sen. Roth, chairman of the Senate's Permanent Subcommittee on Investigations, announced that he and Sen. Nunn ordered the panel's staff to investigate the circumstances leading to the decision against prosecuting Presser. One of the panel's senior staff members said top officials from the Justice and Labor departments may be subpoenaed to testify.
(Wall Street Journal, 44)

Panel to Probe U.S. Failure to Charge Presser

In a statement announcing the Senate's action, Roth and Nunn said, "Such allegations, coupled with the grand jury foreman's reported complaints on the alleged mishandling of this case, raise serious questions regarding the government's ability to effectively combat labor racketeering."
(Baltimore Sun, A1)

FEMA CHIEF RESIGNS, ENDING STORMY TENURE

Louis Giuffrida, chief of FEMA, has resigned after a stormy tenure marked by congressional allegations of fraud and misconduct.

President Reagan was expected to accept the resignation, although he had not formally done so by late Wednesday.
(Ira Allen, UPI)

Giuffrida Resigns as Head of FEMA

He submitted his resignation to President Reagan "because after five tireless years of work, Mr. Giuffrida feels comfortable that he has completed his main goals," FEMA spokesman Robert Mahaffey said. The resignation takes effect Sept. 1.

(Stephanie Nall, Washington Times, A10)
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FEMA Chief Quits as House Panel Nears Vote on Mismanagement Accusations

The House Science and Technology Committee was scheduled to vote today on (a report accusing Giuffrida of mismanagement), approved previously by its investigating subcommittee.

"Absolutely not, a categorical no," Mahaffey said when asked if the resignation was connected to the report. (Larry Margasak, AP)

REGAN: WILL HE BECOME A LIABILITY?

The scorecard is still not complete on the five-month-long stewardship of Donald Regan, the mercurial former Wall Street executive and secretary of the Treasury, as White House chief of staff, but his gathering of power may foreshadow problems for convalescing President Reagan.

Resentment of Regan's authority and how he weilds it could harden as resentment of the programs, if not the personality, of the commander in chief and, if it does, the jobs of both men would become infinitely more difficult as the second Reagan term stretches toward 1988.

(Jeremiah O'Leary, Washington Times, A1)

MEDICARE, MEDICAID ADMINISTRATOR QUILTS

The administrator who has headed the Medicare and Medicaid systems throughout the turbulent domestic budget cuts of the Reagan Administration has resigned.

Carolyn Davis, who took the reins of the Health Care Financing Administration in February 1981, said in her resignation that she wants to pursue other career goals. (William Kronholm, AP)

URBAN LEAGUE STILL WARY OF REAGAN

National Urban League leaders, somewhat mollified by this week's peace overtures from the Reagan Administration, remain skeptical that the White House will make minority policy changes they can accept, the organization's president, John Jacob, said.

"The jury is still out," Jacob said at a press conference as the league's annual conference drew to a close.

(Bill Kling, Washington Times, A1)

EDITOR'S NOTE: A review of the Teamsters union's political activity, "Teamsters, GOP Forged Increasingly Close Links" by James Dickenson, appears on page A3 of The Washington Post.

INTERNATIONAL NEWS

U.S. FIRMS IN CHILE BOMBED

SANTIAGO, Chile -- Bombs apparently set by communist guerrillas ripped through an International Telephone & Telegraph equipment shop and a branch of the Chase Manhattan Bank Wednesday night, police said. It was the second anti-American terrorist attack in Chile in five days.

(UPI)

3 OF 4 NETWORKS TO PROVIDE SOME ACCESS TO VIDEOTAPES

In response to sweeping federal subpoenas for hundreds of hours of videotape of the TWA hostage crisis, three of the four national television networks agreed to provide at least some access to their tape libraries for government investigators preparing a criminal case against the hijackers.

ABC, NBC and Cable News Network announced that they would make all videotape shown on the air available immediately, as the Justice Department tries to identify and charge the three original hijackers.

(Eleanor Randolph and Howard Kurtz, Washington Post, A1)

Carol Olwert, director of information for ABC News, said the network's lawyers were told by Justice Department lawyers "that the scope of this investigation is criminal in nature."

"In view of this, it is consistent with ABC News policy to give them everything which appeared on the air," she said. Off-air material, she said, would be provided "in a manner consistent with the constitutional protection afforded a news organization."

(AP)

LI HINTS AT TRADE EXPANSION-TAIWAN LINK

President Li of China hinted that expanded U.S. access to China's huge market might be linked to a resolution of the status of Taiwan.

Speaking to American and Chinese businessmen at the National Council for U.S.-China Trade, Li said the Taiwan question remains "a major obstacle to be surmounted" in improving U.S.-Chinese relations. At the same time, he said, "good political relations are an indispensable condition of the development of economic cooperation."

(Joanne Omang, Washington Post, A4)

U.S. ANALYSTS FOCUS ON TWO IN CHINA DELEGATION

Although the spotlight was on Chinese President Li during his visit to Washington, China analysts have been paying close attention to two rising political figures accompanying him.

The person U.S. officials and analysts are scrutinizing most carefully is the delegation's No. 2, Vice Premier Li Peng. At 56, he is considered the most likely candidate to become China's premier.

The next is Wang Zhaoguo, who, at 44, has catapulted from deputy director of an automobile factory to a chief of staff position in the Communist Party, according to China experts.

(Lena Sun, Washington Post, A5)

U.S. LAUDS TUTU'S STAND

The Reagan Administration mildly criticized the South African government and praised Nobel laureate Bishop Tutu's call for an end to violence in black townships.

"Bishop Tutu expressed what we believe is the central need for South Africa, that black and white enter into a dialogue on the future of their country," said Larry Speakes. (Lou Cannon, Washington Post, A30)

U.S. SEEKS WAYS TO SPEED THE END OF APARTHEID IN WHITE-RULED LAND

The Reagan Administration is seeking ways to speed South Africa's move away from apartheid, a senior Administration official said.

The review is not likely to result in a "fundamental change" in the U.S. policy of "constructive engagement" in South Africa, said the senior official who asked not to be identified.

(Mary Belcher and Bill Gertz, Washington Times, A1)

ADMINISTRATION WARNED ON ARMS SALES TO ARABS

Congressional supporters of Israel warned that the Reagan Administration's plans to sell advanced weaponry to Jordan and Saudi Arabia would provoke "an enormously divisive" arms-sales debate and would result in a "total fiasco" for its efforts to renew simultaneously the peace process.

Speaking hours before a closed-session briefing for three House committees on a new Administration study of Middle Eastern countries' arms needs, Reps. Lantos and Smith attacked the Administration for presenting the document at what Lantos called "the least opportune time."

(David Ottaway, Washington Post, A35)

Renewed Middle East Arms Sales Could Wreck Peace Process

Richard Murphy, assistant secretary of State, told a House Foreign Affairs subcommittee that while the study does not represent an actual request for arms sales, it could represent the framework for such a request.

(Larry Knutson, AP)

Administration: No Rush on Arab Arms Sales

The Administration has assured Congress it is not rushing into any proposed sale of advanced arms to Saudi Arabia and Jordan, but there is skepticism on Capitol Hill.

Acting eight days before Congress goes on a month-long recess, the Administration submitted a comprehensive review of the defensive needs of Israel, Jordan and Saudi Arabia. (E. Michael Myers, UPI)

BERRI CRITICIZES U.S., ISRAEL

BEIRUT -- Nabih Berri accused the United States of treachery for failing to secure the freedom of all Lebanese prisoners held by Israel in what he said was a Syrian-arranged exchange for the American hostages of the TWA plane hijacked last month.

(Nora Boustany, Washington Post, A35)

HOSTAGE MARKS 444TH DAY IN CAPTIVITY

SAN FRANCISCO -- The wife of Presbyterian minister Benjamin Weir, who spent his 444th day of captivity in Lebanon, says she feels "discouraged" by the Administration's inability to obtain his freedom.

"I am feeling very discouraged that my husband wasn't released when the other 37 hostages were released," said Carol Weir. (UPI)

'DIPLOMATIC OFFENSE' TO BALK TERRORISM PLANNED BY SHULTZ

Secretary Shultz proposes creating a new post of ambassador at large to head an American "diplomatic offensive against terrorism."

Shultz announced his proposal during testimony before the House Foreign Affairs Committee on a \$4 billion plan to increase security at U.S. diplomatic posts overseas. (Thomas Brandt, Washington Times, A3)

MURPHY WARNS CONGRESS OF CAMPAIGN BY IRANIAN LEFTISTS

An Iranian leftist group that assassinated Americans in the 1970s and was involved in the holding of U.S. hostages in Tehran has won support from members of Congress by "masquerading" as freedom fighters opposing Ayatollah Khomeini, according to the State Department.

Richard Murphy, assistant secretary of State for Near East and South Asian affairs, said the group was conducting "a fairly active public relations campaign" in the United States and apparently had won support because of confusion with Afghan rebels fighting Soviet forces in Afghanistan. (Alexander Higgins, AP)

U.S. WEIGHS ACTION AGAINST LATIN TERROR

The Reagan Administration is confident it can thwart terrorism in Central America and has not ruled out retaliation as an option, a senior Administration official said.

Before the Administration acts, it must have "unambiguous evidence" of the source of terrorism, said the official, who asked not to be identified. The Administration must also be able "to deal with it discreetly without inflicting harm on innocent bystanders," he said.

(Mary Belcher, Washington Times, A3)

U.S.-SOVIET 'STALEMATE' PROTECTS YUGOSLAVS, LEADING DISSIDENT SAYS

BELGRADE, Yugoslavia -- Yugoslavia's leading dissident says a Soviet-U.S. "stalemate" is protecting his country from destabilization by the communist superpower.

Milovan Djilas, a former vice president of Yugoslavia, imprisoned from 1956 to 1966 and a "non-person" since his break with Yugoslavia's Communist Party, also enthusiastically welcomed President Reagan's "strength" toward the Soviet Union.

(Andrew Boroweic, Washington Times, A6)

MEXICO

MEXICO CITY -- Secretary Shultz, due (in Mexico City) Thursday to begin preparing for an expected visit by President Reagan, will join Mexican officials in discussing drug traffic, Central America and other issues straining U.S.-Mexican relations.

No formal agenda was released for the fifth annual bilateral meeting between top U.S. and Mexican officials, but a State Department spokesman in Washington said illegal immigration also would be an important topic.

(Dana Fields, AP)

WOMEN FAIL TO GET CONSENSUS ON FINAL NAIROBI DOCUMENT

NAIROBI, Kenya -- Committees and negotiating groups of the U.N. Women's Conference fought a midnight deadline last night to reach final agreement on the conference's main document. They lost.

They did agree to hold another world session for women before the millennium -- in lieu of a Soviet proposal for a global gathering every five years -- and put off last night's deadline on their communique until this afternoon.

(Jay Mallin, Washington Times, A8)

EDITOR'S NOTE: "Family Discord In Nairobi," a story by Mary Battiata on the contraceptive debate at the women's conference in Nairobi, appears on page B1 of the "Style" section of The Washington Post.

"As Americans Spend, Wary Japanese Save, And Taxes Are a Cause" by Bernard Wysocki Jr. and Christopher Chipello is on page 1 of The Wall Street Journal.

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NEWS FROM THE STATES

GAO EXAMINING 12 FARM CREDIT DISTRICTS

OMAHA, Neb. (UPI) -- At the request of some congressional representatives, the federal government's General Accounting Office has assigned a seven-member team to examine the financial condition of the farm credit system. The GAO team began work July 15 and will have an office for at least two years at the Farm Credit Administration, the agency that monitors the farm credit system, said Craig Simmons, associate director of the GAO's general government division in Washington. Simmons said the team will evaluate the strengths and weaknesses of each of the 12 districts in the farm credit system. The Omaha district serves agricultural borrowers in Nebraska, Iowa, Wyoming and South Dakota. Federal assistance for the farm credit system also is being discussed.

CATTLE REPORTS ENCOURAGING FOR MARKET PROSPECTS

AMES, Iowa (UPI) -- Two U.S. Agriculture Department reports released this week have injected a touch of optimism for the currently depressed cattle market, an Iowa State University economist said Wednesday. Gene Futrell said the quarterly, 13-state cattle-on-feed report was more favorable for late-summer and fall market prospects than expected. And the mid-year cattle inventory report showed a further decline in total cattle numbers, in the cow herd and in this year's calf crop -- indicating a moderate decline in beef production is likely over the next couple of years, he said.

NAGLE SAYS HIS TENURE SUCCESSFUL

DES MOINES, Iowa (UPI) -- Iowa Democrats could make substantial gains in next year's elections if they can avoid bitter struggles in party primaries, outgoing party chairman Dave Nagle said Wednesday. The party's Central Committee will meet Saturday to choose a successor to Nagle, who is stepping down from the job he has held since February 1982. Nagle said the party is in the best financial shape in its history. He said with Democrats controlling the Legislature, two statewide offices and a U.S. Senate seat, the party is in a good position to make gains in 1986. However, he warned that the competition among top leaders seeking higher office, especially the governor, could harm the party's prospects.

'PERIODS OF SILENCE' CHALLENGED

TOPEKA, Kan. (UPI) -- A civil rights lawyer has filed a federal lawsuit to end "periods of silence" in classrooms in Kansas public schools. Fred Phelps Sr. maintains the law provides teachers the opportunity to "maintain regular religious prayer services" and could turn classrooms into temporary churches. Phelps, who contends the statute is a violation of students' First Amendment rights, asks for a declaratory judgment that would deem the law unconstitutional. On Monday, U.S. District Judge Richard Rogers dismissed a suit Phelps filed against President Reagan concerning Reagan's appointment of a U.S. ambassador to the Vatican.

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ONE REFUGEE FREED, OTHERS MAY FOLLOW

ATLANTA (June Preston, UPI) -- Immigration officials said Wednesday they have released one of more than 2,500 Cuban refugees held for deportation and may free several more before the end of the week. Louis Richard, district director of the Immigration and Naturalization Service, said he is considering several applications for release from the Atlanta Federal Penitentiary. "Some I will deny and some I won't," Richard said. "I will consider any request anybody submits to me." That statement signaled a sharp change in policy from previous refusals to consider all requests for asylum or freedom that came from refugees labeled excludable because of criminal records or mental illness. Last December, the Reagan Administration and the government of Cuba signed an accord allowing deportation of 2,746 refugees who came to the United States on the Freedom Flotilla in 1980.

STATE AGRICULTURE COMMISSIONER CRITICAL OF REAGAN

GEORGIA (UPI) -- Flue-cured tobacco markets failed to open on schedule Wednesday in Georgia, and the state commissioner of agriculture blamed President Reagan for failing to realize "just how serious things are in rural America." Agriculture Commissioner Tommy Irvin toured the south Georgia tobacco markets and talked to farmers, whom he described as "very frustrated" with Reagan's farm policies. Reagan failed to sign emergency legislation Tuesday dealing with federal crop supports, and Irvin said that was why the tobacco markets did not open. The President signed the measure Wednesday, providing \$1 billion to sustain the borrowing authority of the Commodity Credit Corporation. "The markets will open on Thursday," Irvin said, "but the feelings of frustration can be heard everywhere in the farm community. The thing that has concerned me for the last couple of years is that nobody close to the President -- including the President -- understands just how serious things are in rural America," Irvin said. "This is a good step in the right direction and can be the forerunner to getting legislation to make the farmers more competitive," he said.

UNION BLASTS FEDERAL TAX REFORM PROPOSALS

AUSTIN, Texas (UPI) -- A union official Wednesday criticized the Reagan Administration's tax reform proposals, claiming they were designed for the rich, not for working people. "The workers of this country will suffer under the Reagan tax reform proposals as they are currently written," said Thomas R. Donahue, secretary-treasurer of the AFL-CIO. "The rich get richer and the poor get poorer." Donahue told delegates to the Texas AFL-CIO's Unity '86 conference the tax reform proposals are marked with flaws and weaknesses and will not help Americans who already support much of the federal tax burden.

Harry Hubbard, president of the Texas AFL-CIO, criticized the Reagan Administration for failing to deal with the nation's trade deficit, which Hubbard called "the most devastating thing this country is facing today."

NETWORK NEWS SUMMARY

(Wednesday Evening, July 24, 1985)

PRESIDENT REAGAN

CBS's Dan Rather: President Reagan, wearing pajamas and a bathrobe, met today at the White House with top congressional leaders. He told them they should "push, push, push" to get a budget through before Congress goes on its one-month August recess. The President, as he often does, called for more cuts in domestic spending. Rep. Wright suggested the possibility of a tax increase to get the deficit down. President Reagan flatly rejected that. (CBS-13)

SOUTH AFRICA

NBC's Tom Brokaw: The crisis in South Africa goes on tonight, and Bishop Tutu is now accusing the Reagan Administration of protecting the South African government during this State of Emergency. ...South Africa's president was defiant today, blaming black rioting on communists and saying he would not let outsiders prescribe what is best for his country. (NBC-lead)

CBS's Tom Fenton reports that despite strong public protests, Britain's Conservative government would rather persuade than boycott, and many British businessmen would rather trade. Britain has invested over \$15B. The United States is the leading trading partner, but America's persuade-and-train policy is under increasing pressure. Bishop Tutu sharply attacked the American government in an interview for tonight's edition of CBS News Nightwatch. (Bishop Tutu: "The Reagan Administration's policies are part -- and a very considerable part -- of why the South African government has become so arrogant.") Old friends like Britain and the United States keep the South African economy afloat. Some of its newer friends provide less-publicized but crucial help. The U.N. Security Council meets tomorrow to consider the crisis in South Africa. Once again, its friends -- Britain and America -- could well veto any resolution calling for sanctions. (CBS-4)

ABC's Peter Jennings: The economic boycott by France is the first that any major government has decided on. But other nations have economic power, too. Japan, West Germany and Britain -- and the United States -- are powerful trading partners.

ABC's Bill Blakemore reports that when the French Prime Minister announced his government's new anti-apartheid moves in Paris today, he cited increasing repression and what he called the new and grave deterioration of the last few days in South Africa. France is withdrawing its ambassador, will seek U.N. resolutions against Pretoria and, effective immediately, is banning new French investment of any kind in South Africa. South Africa's biggest foreign business is with the United States, trading some \$3.8B each year.

(...continued)

SOUTH AFRICA (continued)

Blakemore continues: The U.S. movement to cut American investments in South Africa has gained publicity in recent months, but so far, had little financial impact there. Six state governments in the U.S. have now voted to cut their investments, such as pension funds, with any companies dealing in South Africa. Massachusetts says it has lost \$11M from its fund by doing this. And the other 44 states have so far rejected disinvestment, some of them arguing it's a foreign affairs matter for the federal government to deal with. Campus movements have prompted some universities to cut South African-linked financing, but most American businesses in South Africa have not yet taken a stand. Many of these businesses argue that they promote civil rights and the growth of black trade unions in South Africa. Many state and business leaders say that America's disinvestment campaign is not likely to affect South Africa's finances until and unless the government in Washington sets the lead with specific legislation. (ABC-2)

TUTU INTERVIEW

Brokaw: The Reagan Administration, which is closely monitoring the situation in South Africa, says it will maintain it's policy of Constructive Engagement, that is, hoping to influence the South African government by staying in touch with it. But when I talked with Bishop Tutu today, he attacked the Reagan policy.

Bishop Tutu: Why the South African government is able to poke its huge head to the rest of the world is really because your government, the Reagan Administration, have been able to provide them with a great deal of protection against the consequences their quite stupid policies. I would just want to say again just how I abhor Constructive Engagement and what it has done to our people.

Brokaw: But there is no sign whatsoever that the Reagan Administration is going to make any kind of a sharp departure from Constructive Engagement.

Bishop Tutu: Yes. I think it is a great shame for your country because your country, the great country, and I do want to pay a very, very warm tribute to the very many people who have aligned themselves with us in our struggle for liberation of everyone in South Africa, black and white -- the students, the people in Washington, and all those many organizations -- but I want to ask a rhetorical question. What would the Reagan Administration have done if the casualties that have occurred in South Africa were not black but white? Are they seeming to ask that black people are, in fact, expendable? I want them to know, actually, the deep hurt that they have inflicted on black people.

Brokaw: There is a debate as to whether or not (the sanctions) would hurt the South African government or whether they would hurt black people in your country more.

TUTU INTERVIEWED (continued)

Bishop Tutu: I haven't yet heard really any significant black group in South Africa that has credibility in a large section of the black community complain that action taken by overseas countries to apply pressure to South Africa should not, in fact, take place because they are way to suffer. I haven't heard the same kind of sophistry take place when your country applied sanctions on Poland or Nicaragua. You didn't discuss whether action, first and foremost, will be effective, and, secondly, whether it was not likely to hurt the people you seek to help. It may be, in fact that yes, blacks may get to suffer slightly more, but if it means an end to this abominable policy of apartheid, then so let it be. (NBC-2)

WHITE HOUSE DENIAL

Brokaw: At the White House, a senior Reagan Administration official denied that U.S. policy would be different if whites were dying. He said, Our concern for the victims of violence is not related to race. (NBC-3)

PRESSER

Rather reports against the wishes of its field prosecutor, the Reagan Justice Department has dropped its investigation of Jackie Presser. Presser was the only major union leader to support President Reagan and Vice President Bush in the 1984 election. (CBS-14)

Jennings reports a Justice Department investigation into the affairs of a very controversial labor leader has been dropped. Because (Presser) has very close ties to the Reagan Administration, there has been quite a reaction.

ABC's Carole Simpson reports the Justice Department has now decided to drop the investigation after concluding the case lacks prosecutive merit. The government's decision comes less than a week after the foreman of a federal Grand Jury hearing charges against Presser complained that the Justice Department had been dragging its feet in okaying Presser's indictment. The Justice Department's decision is considered politically controversial because of Presser's close ties to the Reagan Administration. His union was the only one to endorse President Reagan for a second term, and Presser served as co-chairman of Mr. Reagan's Inaugural Labor Committee. The decision is also highly sensitive because sources say Presser has been acting as an FBI informant. So there are questions. Was Presser really an informant? Or is the government simply using that as an excuse not to prosecute him? One Senate committee is already calling for a full investigation. (ABC-5)

Brokaw reports it may not be over for Presser. The staff of the Senate Investigation Subcommittee has been ordered by Sens. Roth and Nunn to look into the Justice Department's handling of this case. (NBC-6)

RETALIATION

Jennings: During the hijacking of TWA Flight 847, and on many other occasions this year, the Reagan Administration had made some very strong public statements about retaliating against those who terrorize or kill Americans. It happened again today.

ABC's John McWethy: After six Americans were gunned down in El Salvador last month, U.S. officials say there was a heated debate within the Reagan Administration about whether the U.S. should retaliate and how. Intelligence sources say options included strikes at targets in both El Salvador and Nicaragua, military strikes at bases used by leftist guerrillas believed to have committed the killings. For reasons described as both political and military, none of the options was selected. Today at the White House, spokesman Larry Speakes, refusing comment on specific contingency plans, warned once again that the U.S. will "take appropriate action against terrorists." On Capitol Hill, Secretary Shultz echoed those sentiments.

(Secretary Shultz: "We're at a point where it doesn't make much difference what you say or what resolutions you pass. The question is, What are you going to do?")

Shultz, for the first time, warned Congress that he would soon ask for \$4B to rebuild nearly half of America's 262 embassies and consulates around the world to make them more secure against both terrorist attacks and espionage. Some committee members, however, argue that American instruction program was not enough.

(Rep. Lantos: "And we have been singularly reluctant as a people to engage either in preemptive action or in punitive action. The gap between rhetoric and response has been appalling.")

Shultz said if the right targets can be identified, he is prepared to act.

(Secretary Shultz: "I don't have any heartburn about trying to do something about it.")

But others in the Administration apparently do, because as yet, those arguing against military action have carried the day -- even when very specific targets have been identified. (ABC-8)

Brokaw: Embassy security -- or, more accurately, the lack of it -- prompted an urgent appeal to Congress today from Secretary Shultz. He called for funding of a massive building program to make American embassies less vulnerable to terrorists. Startling deficiencies have been found.

NBC's Bob Kur reports that even as Secretary Shultz asked Congress for \$4B to make U.S. embassies and consulates more secure, construction of barriers to prevent car bomb attacks was underway at the State Department where Shultz works. Four billion to improve security is more than the State Department's annual budget. The subject of today's hearing -- a report from a commission headed by former CIA official Adm. Bobby Inman. It warns that almost half the U.S. embassies and consulates around the world do not meet minimum technical and physical security standards. Both Inman and Secretary Shultz say the cost of providing adequate security could be so high it might be advisable to reduce the size of some embassy staffs.

(NBC-8)

GIUFFRIDA

Rather: Louis Giuffrida resigned today as head of FEMA. Over the past year, various congressional committees have investigated his agency for fraud and waste. According to Sen. Albert Gore, Giuffrida had spent \$170,000 of federal money to build a house on federal property for his own use. In a statement, Giuffrida said his resignation had nothing to do with the charges. He is a long-time associate of Attorney General Meese. (CBS-15)

KITTY HAWK

Jennings reports that the Kitty Hawk left port today for sea duty. That wouldn't normally make a lot of news, but the Kitty Hawk has had a lot of bad publicity lately, so when she set sail, a lot of eyes were on her.

ABC's Dean Reynolds reports as the Kitty Hawk left San Diego today to take up its place in the Seventh Fleet, it was awash in investigations. So its departure today raised more questions. One crewman is among seven people arrested for allegedly smuggling jetfighter and missile components, and a Kitty Hawk supply clerk, Robert Jackson, insists he has information on the smugglers, as well as how millions of dollars worth of other equipment was lost, stolen or destroyed to cover bookkeeping problems. Jackson also believes it's a mistake to let the Kitty Hawk sail, and he wired President Reagan Monday urging him to block the move. The Navy dismisses that talk and says the investigation will proceed onboard the Kitty Hawk without obstruction. (ABC-11)

ATLIT PRISONERS

Rather: One hundred Lebanese prisoners, freed by Israel today, arrived hours later in Southern Lebanon. Now about 330 Lebanese remain in Israel's prison. (CBS-5, ABC-9, NBC-7)

ROCK HUDSON

Rather: President Reagan spoke on the telephone today to a friend from his Hollywood days, actor Rock Hudson. Hudson now is reported to be in stable condition at a Paris hospital. That much is known. But there's conflicting information about Hudson's illness and what is causing it. (CBS-9)

Jennings: Hudson was at least well enough today to talk on the phone when President and Mrs. Reagan called. Hudson told them he was feeling well. (ABC-3)

HURRICANE BOB

Rather: The National Weather Service tonight suddenly and surprisingly upgraded what had been Tropical Storm Bob to full hurricane status, making it the first Atlantic hurricane of the season. (CBS-lead, ABC-6)

EDITORIALS/COLUMNISTS

U.S./CHINESE NUCLEAR AGREEMENTS

China's Nuclear Pledge -- "The Administration bears the burden of demonstrating that this agreement, inadequate a year ago, is satisfactory today. That is not an impossible case to make, but the Administration is going to have to make it openly and forcefully. A lot depends on the precise language of a test that no one outside the Administration has yet seen. But at least potentially there may be important benefits here for controlling the spread of nuclear weapons. Until recently China chose to remain entirely outside the structure of international promises that seek to prevent proliferation. An agreement with the United States, providing access to certain American technology, would provide a powerful incentive to come in and stay in." (Washington Post, 7/24)

PRESIDENT'S HEALTH

Medical Candor The Best Policy -- "President Reagan's aides, and particularly his physicians, have been candid about the nature of his illness, while they have been understandably up-beat about his spirits and prognosis. They have handled this delicate situation in a proper fashion." (San Francisco Chronicle, 7/17)

Mr. Reagan's Recuperation -- "It is reassuring to hear him say that he is getting 'restless' and is 'eager to get back to work.' We say that because Congress appears to be too badly divided on many of the issues now before it, and the President at some point is going to have to throw his full weight into the fray if those issues are going to be addressed in a timely, productive manner." (Dallas Times Herald, 7/23)

Don't Forget George Bush -- "George Bush may not be Ronald Reagan's alter ego, nor every conservative's ideal. But he has twice been selected by Reagan to serve as Vice President, a decision twice ratified by American voters. The elected Vice President, with the knowledge, experience and abilities he has to offer, should be brought into that close circle now acting in the President's name. He should not be pushed further away onto a ceremonial shelf." (Denver Post, 7/19)

FEDERAL BUDGET/TAX REFORM

The New Budget Director -- "As President Reagan's choice to succeed David Stockman in the federal budget office, James C. Miller III is taking on one of the toughest and most thankless jobs in Washington. It promises to be especially tough and thankless for Mr. Miller, since he has been recruited for a battle to get the budget and the colossal federal deficit under control." (Chicago Tribune, 7/23)

Excellent Choice -- "Considering the job he'll likely assume this fall, Miller's wry sense of humor may be one of his most important assets. He can laugh at himself as well as at Congress, which may help him keep his sanity in his new job." (Dallas Morning News, 7/23)

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FEDERAL BUDGET/TAX REFORM (continued)

Budget Fecklessness -- "Budget-making in Washington is giving a new dimension to the concept of a bipartisan approach to public policy: Republicans are as hard on Republicans as they are on Democrats, who return the compliment to a degree by shooting away at each other... Americans watching the spectacle have come to feel that the process has wrought a strange form of bipartisan unity: almost everyone is agreed there will be no budget for a while. This particular brand of unity does the nation no good." (Boston Globe, 7/23)

The President's Tax Reforms Would Make Tax System Fairer -- "As Americans who are fed up with reading or hearing of one tax break or another for the rich, we should support this plan. It may have inequities as any new plan would, but we should applaud the courage and determination of a man who aims to revitalize the American economy and make the tax system fair." (Mitchell Bredefeld, Record, New Jersey, 7/21)

Real Tax Reform -- "It is true that the President made a solemn campaign vow not to increase taxes. But he strayed from that pledge when he submitted a tax reform plan which would do precisely that for some taxpayers. It would be far better to reduce the income tax burden, go to a broadly-based value-added tax and create, in the process, a stable and equitable revenue system the nation could rely upon far into the future. That would be real tax reform." (Richmond-Times Dispatch, 7/21)

ABORTION/SUPREME COURT DECISION

Abortion Makework -- "The Court's decision to revisit the abortion issue thus serves no conceivable legal purpose. But it has given President Reagan an opportunity to press his view, long since repudiated, that the Roe decision should be reversed.... The High Court's composition hasn't changed since 1983, so there's little reason to worry that a majority will bow to the Administration's will. That's all the more reason to wonder why these two cases were scheduled for argument in the first place. Odd doings for a Court that says it has too much to do." (Miami Herald, 7/18)

Upholding Court's Abortion Ruling -- "We have long supported the right of women to free choice. We believe that this freedom is basic and should not be subject to state intrusion. These are reasons enough to support the 1973 decision of the highest court. Knowing the consequences and tragedy involved in illegal abortions adds another convincing argument supporting the court's wisdom." (San Francisco Chronicle, 7/17)

Abortion Lawsuit a Radical Step -- Perhaps the White House is just cementing itself with anti-abortion allies and taking a shot as long as one is open, with no real expectations. But its action leaves no doubt that the Administration's ambitions don't end at placing limitations on abortion, the extent of its previous filings, but extend to the criminalization of women who have abortions and of physicians who perform them."

(Atlanta Constitution, 7/17)

REPUBLICAN BLACK SUPPORT

GOP Can Earn Black Support -- "The Senate's Republican leadership cast some diplomatic feelers to black leaders at a discreet luncheon last week in the office of Majority Leader Robert Dole. As might be expected, the talk was blunt and candid. The Republicans solicited black political support. Blacks replied that the GOP must win their support the old-fashioned way -- they must earn it. It was a good answer. It's high time the White House's not-so-benign neglect of black interests was challenged. Who could better implement such a challenge than moderate Republicans."

(Atlanta Constitution, 7/23)

MEDIA/PRESS

Media Bias Is in Eye of the Beholder -- "The press is vulnerable to serious criticisms; its inability to discern proper news coverage during last month's TWA hostage crisis is a dramatic case in point. But, most of the current criticism over 'bias' is peripheral at best, and distracts from the real shortcomings of the Washington press corps. 'There are biases in the media,' says Norman Ornstein, political analyst at the American Enterprise Institute. 'There is a bias in favor of negative news and biases for conflict and controversy. These are much more important than nonsensical charges of ideological biases.'... Legitimate complaints about the national press corps abound. We often overemphasize the politics of a development and underestimate the policy significance. As the hostage crisis demonstrated, we sometimes lack discipline and are swept away by the passions of the moment. Some important issues and ideas get little attention. These problems need evaluation and criticism. But this need for thoughtful examination is lost in the cacophony of critics who see everything in simplistic ideological terms."

(Albert Hunt, Wall Street Journal, 7/23)

NICARAGUA

The Warning to Nicaragua Reduces America's Option -- "But now if another attack on Americans happens in El Salvador or elsewhere in Central America, Washington almost must respond against the Sandinistas, not because it knows what it's doing, but because it has promised to. It's an absurd posture to be in, and dangerous." (Dayton Daily News, 7/22)

A Tool for the Sandinistas -- "The President must start dealing with the Sandinistas more realistically, and he must accept the fact that their revolutionary government is not going to change or be overthrown. Rather than harassing them ineffectively, the United States must reach an accommodation with the Sandinistas. Let them have their revolution, as long as they do not export it beyond Nicaragua's borders or allow foreign powers to use Nicaraguan territory to threaten U.S. interests in Central America and the Caribbean. The Sandinistas, for all their own fierce rhetoric, seem to realize that they can live with the United States. However distasteful Reagan finds it, he must come to the same eminently rational conclusion. Only then can both governments resume the quiet diplomacy that is the only effective way of bringing peace and stability to Central America." (Los Angeles Times, 7/22)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JULY 25, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Senate Comes Up with Whopping \$340 Billion Deficit Reduction Plan --
Senate negotiators are considering a final bid to break the congressional budget deadlock with a sweeping \$340 billion deficit-reduction package, according to congressional sources.

(AP, UPI, Washington Post)

Reagan Plans Full Cabinet Meeting Today -- President Reagan, returning today to the West Wing offices of the White House, was to meet with his Cabinet for the first time since undergoing cancer surgery nearly two weeks ago.

(AP, UPI)

INTERNATIONAL NEWS

U.S. Firms in Chile Bombed -- Bomb explosions occurred only minutes apart. The first bomb blew up outside IT&T's telephone and communications equipment shop in the east side shopping area of Providencia, Chile. Minutes later, a second bomb exploded in the Chase Manhattan branch in a shopping center in Apoquindo.

(UPI)

NETWORK NEWS (Wednesday Evening)

SOUTH AFRICA -- The crisis in South Africa goes on, and Bishop Tutu is now accusing the Reagan Administration of protecting the South African government during this state of emergency.

RETALIATION -- After six Americans were gunned down in El Salvador last month, U.S. officials say there was a heated debate within the Reagan Administration about whether the U.S. should retaliate and how.

WHY I SUPPORT THE LINE-ITEM VETO

"The budget process is in shambles; the deficit is out of control; and Congress is the problem. Our systems of checks and balances, which functions adequately...is out of kilter in the area of the budget.... By giving the President a stronger role, the line-item veto would instill a new and needed measure of presidential accountability in federal spending and reduce the excesses of a congressional process that too readily focuses on individual districts and separate interests, not the national interest."

(Sen. Edward Kennedy, New York Post, 7/24)

NATIONAL NEWS

SENATORS MULL OIL-IMPORT FEE TO UNLOCK DEFICIT TALKS

Senate budget conferees are considering a plan to impose an oil-import fee and delay inflation adjustments for income taxes and major benefits programs such as Social Security as part of a \$340 billion, three-year compromise offer to the House on deficit reduction, sources said.

A majority of the Senate conferees were reported to favor the plan, one of several under consideration, to break a week-long impasse in budget negotiations between the chambers, even though the tax provisions appear to fly in the face of President Reagan's opposition to increasing taxes to reduce budget deficits.

(Helen Dewar and Lou Cannon, Washington Post, A1)

Senate Comes Up with Whopping \$340 Billion Deficit Reduction Plan

Congressional sources, who spoke on condition they not be quoted by name, emphasized that senators still are trying to decide whether to formally propose the package to House negotiators as part of the effort to revive stalled congressional budget talks.

(Cliff Haas, AP)

New Budget, with Social Security 'Catch-Up,' Surfaces

Senators on the negotiating team are readying a new plan that would freeze Social Security cost-of-living raises for a year but grant a catch-up raise the next year, Sen. Boschwitz says.

(Elaine Povich, UPI)

\$19 BILLION DEFICIT CUT IS VOTED

The House Ways and Means Committee voted to extend the 16-cent-a-pack cigarette tax, enlarge the federal welfare program and cut Medicare spending as it approved legislation that would reduce the federal deficit by \$19 billion over the next three years.

The final vote was 22 to 14, with no Republicans supporting the measure.

(Spencer Rich, Washington Post, A1)

House Unit Backs Cuts in Medicare

The committee took action to control the cost of the health insurance program for 30 million elderly and disabled people without waiting for House and Senate conferees to agree on an overall budget resolution for the fiscal year 1986.

(Robert Pear, New York Times, A1)

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HOUSE VOTES TO PUT ITS BUDGET IN EFFECT; GOP SENATORS SET PLAN TO END IMPASSE

The House stepped up action on fiscal 1986 spending after voting to put its own budget into effect in the absence of an agreement with the Senate.

Split along party lines, the Democratic-controlled chamber voted 242-184 to enforce its budget as if agreed to by Congress, and the Appropriations Committee wasted little time in moving major spending bills to the floor.
(David Rogers, Wall Street Journal, 44)

DEFENSE BILL CONFEREES BACK FIGHTER JET CONTEST

House-Senate conferees agreed to have the Air Force stage a competition among light fighter aircraft next year to help determine the best and cheapest plane, congressional aides said.

The decision challenged General Dynamics Corp.'s role as the predominant producer of the plane, and marks a major victory for Northrop Corp., which has offered to sell almost 400 of its F-20 fighter planes to the U.S. government at what it claims is a substantially lower price than the General Dynamics F-16.

(Michael Weisskopf, Washington Post, A17)

ACCORD SEEN NEAR ON A PLAN TO END BAN ON NERVE GAS

House and Senate negotiators have tentatively agreed on legislation that would allow the Defense Department to end a 16-year moratorium and resume production of chemical weapons, congressional and Pentagon sources said.
(Bill Keller, New York Times, A1)

Under the legislative language adopted by the conference committee, President Reagan would be required to consult with American allies on a plan for deploying the chemical munitions, but the allies' views would not be considered binding on U.S. production plans, the Times said.

(AP)

FARM BILL WRITERS DIG IN HARD GROUND

Deadlines have passed and budget guidelines have become hazy memories, but the political castor oil that congressional agriculture committees have tried for months to avoid appears about to become inevitable.

The issue is the writing of a 1985 farm bill, a complicated and increasingly painful exercise that has put the House and Senate committees in a classical bind -- finding a way to cut federal program costs, yet protecting income in the battered farm sector.

(Ward Sinclair, Washington Post, A19)

LINE ITEM VETO BILL SHELVED AFTER THIRD FILIBUSTER VOTE

The Republican-controlled Senate put aside legislation to expand the President's veto power over spending measures after a third attempt to end a filibuster failed by two votes.

Chief sponsor Mark Mattingly vowed to keep pressing for the "line-item" veto, one of President Reagan's top legislative priorities for the year. (Helen Dewar, Washington Post, A20)

Line-Item Veto Fight Abandoned

GOP leaders failed for a third time in a week to muster the 60 votes needed to end a filibuster that had blocked consideration of the line-item veto. Yesterday's vote was 58-40 to end the filibuster.

(Nancy Schwerzler, Baltimore Sun, A1)

Line-Item Veto Bill Shelved in Senate

The decision to abandon the bill was a setback for (President) Reagan who, although recuperating from cancer surgery, wrote letters and made telephone calls to urge passage of the line item veto.

(Steve Gerstel, UPI)

REAGAN CALLS CABINET MEETING

President Reagan has called a Cabinet meeting for today, the first since his cancer surgery, to consider a full platter of issues he believes should be resolved before he and Congress take a vacation.

An aide said Reagan, who is still recuperating from the July 13 operation, will preside at the meeting in the Cabinet Room in the West Wing. (Helen Thomas, UPI)

Reagan Plans Full Cabinet Meeting Today

The President, who has spent most of his time convalescing in the residential quarters of the mansion since returning from the hospital, was scheduled to meet with his department heads and top advisers in the Cabinet Room. It was the only item on his announced schedule for the day. (Michael Putzel, AP)

U.S. MUM ON DECISION TO DROP PRESSER CASE

Justice Department officials refused to explain why they dropped a 32-month labor fraud probe of Teamsters union President Jackie Presser, a decision that has prompted several members of Congress to investigate the handling of the politically sensitive case.

(Howard Kurtz and Peter Perl, Washington Post, A3)

Award-Winning Career Prosecutor Decided Presser Case

The decision not to prosecute Presser was made by an award-winning career Justice Department prosecutor rather than by political appointees, sources say.

Political appointees merely ratified the order of David Margolis, who heads the organized crime section of the department's criminal division, said the government sources, speaking on condition they not be identified.
(Michael Sniffen, AP)

U.S. Gives Up Effort to Indict Teamster Chief as Embezzler

Government officials said that while the Justice Department had decided against asking a Cleveland grand jury to indict Presser in charges of embezzlement through a phantom payroll, it was continuing its investigation into other union activities of Presser and possibly other officials of the Teamsters union.
(New York Times, A1)

TWO SENATORS SET INQUIRY INTO CLOSE OF PRESSER PROBE

Two leading senators ordered an investigation in to the Justice Department's decision to drop its four-year probe of Jackie Presser.

Sen. Roth, chairman of the Senate's Permanent Subcommittee on Investigations, announced that he and Sen. Nunn ordered the panel's staff to investigate the circumstances leading to the decision against prosecuting Presser. One of the panel's senior staff members said top officials from the Justice and Labor departments may be subpoenaed to testify.
(Wall Street Journal, 44)

Panel to Probe U.S. Failure to Charge Presser

In a statement announcing the Senate's action, Roth and Nunn said, "Such allegations, coupled with the grand jury foreman's reported complaints on the alleged mishandling of this case, raise serious questions regarding the government's ability to effectively combat labor racketeering."
(Baltimore Sun, A1)

FEMA CHIEF RESIGNS, ENDING STORMY TENURE

Louis Giuffrida, chief of FEMA, has resigned after a stormy tenure marked by congressional allegations of fraud and misconduct.

President Reagan was expected to accept the resignation, although he had not formally done so by late Wednesday.
(Ira Allen, UPI)

Giuffrida Resigns as Head of FEMA

He submitted his resignation to President Reagan "because after five tireless years of work, Mr. Giuffrida feels comfortable that he has completed his main goals," FEMA spokesman Robert Mahaffey said. The resignation takes effect Sept. 1.

(Stephanie Nall, Washington Times, A10)
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FEMA Chief Quits as House Panel Nears Vote on Mismanagement Accusations

The House Science and Technology Committee was scheduled to vote today on (a report accusing Giuffrida of mismanagement), approved previously by its investigating subcommittee.

"Absolutely not, a categorical no," Mahaffey said when asked if the resignation was connected to the report. (Larry Margasak, AP)

REGAN: WILL HE BECOME A LIABILITY?

The scorecard is still not complete on the five-month-long stewardship of Donald Regan, the mercurial former Wall Street executive and secretary of the Treasury, as White House chief of staff, but his gathering of power may foreshadow problems for convalescing President Reagan.

Resentment of Regan's authority and how he weilds it could harden as resentment of the programs, if not the personality, of the commander in chief and, if it does, the jobs of both men would become infinitely more difficult as the second Reagan term stretches toward 1988.

(Jeremiah O'Leary, Washington Times, A1)

MEDICARE, MEDICAID ADMINISTRATOR QUILTS

The administrator who has headed the Medicare and Medicaid systems throughout the turbulent domestic budget cuts of the Reagan Administration has resigned.

Carolyn Davis, who took the reins of the Health Care Financing Administration in February 1981, said in her resignation that she wants to pursue other career goals. (William Kronholm, AP)

URBAN LEAGUE STILL WARY OF REGAN

National Urban League leaders, somewhat mollified by this week's peace overtures from the Reagan Administration, remain skeptical that the White House will make minority policy changes they can accept, the organization's president, John Jacob, said.

"The jury is still out," Jacob said at a press conference as the league's annual conference drew to a close.

(Bill Kling, Washington Times, A1)

EDITOR'S NOTE: A review of the Teamsters union's political activity, "Teamsters, GOP Forged Increasingly Close Links" by James Dickenson, appears on page A3 of The Washington Post.

INTERNATIONAL NEWS

U.S. FIRMS IN CHILE BOMBED

SANTIAGO, Chile -- Bombs apparently set by communist guerrillas ripped through an International Telephone & Telegraph equipment shop and a branch of the Chase Manhattan Bank Wednesday night, police said. It was the second anti-American terrorist attack in Chile in five days.

(UPI)

3 OF 4 NETWORKS TO PROVIDE SOME ACCESS TO VIDEOTAPES

In response to sweeping federal subpoenas for hundreds of hours of videotape of the TWA hostage crisis, three of the four national television networks agreed to provide at least some access to their tape libraries for government investigators preparing a criminal case against the hijackers.

ABC, NBC and Cable News Network announced that they would make all videotape shown on the air available immediately, as the Justice Department tries to identify and charge the three original hijackers.

(Eleanor Randolph and Howard Kurtz, Washington Post, A1)

Carol Olwert, director of information for ABC News, said the network's lawyers were told by Justice Department lawyers "that the scope of this investigation is criminal in nature."

"In view of this, it is consistent with ABC News policy to give them everything which appeared on the air," she said. Off-air material, she said, would be provided "in a manner consistent with the constitutional protection afforded a news organization."

(AP)

LI HINTS AT TRADE EXPANSION-TAIWAN LINK

President Li of China hinted that expanded U.S. access to China's huge market might be linked to a resolution of the status of Taiwan.

Speaking to American and Chinese businessmen at the National Council for U.S.-China Trade, Li said the Taiwan question remains "a major obstacle to be surmounted" in improving U.S.-Chinese relations. At the same time, he said, "good political relations are an indispensable condition of the development of economic cooperation."

(Joanne Omang, Washington Post, A4)

U.S. ANALYSTS FOCUS ON TWO IN CHINA DELEGATION

Although the spotlight was on Chinese President Li during his visit to Washington, China analysts have been paying close attention to two rising political figures accompanying him.

The person U.S. officials and analysts are scrutinizing most carefully is the delegation's No. 2, Vice Premier Li Peng. At 56, he is considered the most likely candidate to become China's premier.

The next is Wang Zhaoguo, who, at 44, has catapulted from deputy director of an automobile factory to a chief of staff position in the Communist Party, according to China experts.

(Lena Sun, Washington Post, A5)

U.S. LAUDS TUTU'S STAND

The Reagan Administration mildly criticized the South African government and praised Nobel laureate Bishop Tutu's call for an end to violence in black townships.

"Bishop Tutu expressed what we believe is the central need for South Africa, that black and white enter into a dialogue on the future of their country," said Larry Speakes. (Lou Cannon, Washington Post, A30)

U.S. SEEKS WAYS TO SPEED THE END OF APARTHEID IN WHITE-RULED LAND

The Reagan Administration is seeking ways to speed South Africa's move away from apartheid, a senior Administration official said.

The review is not likely to result in a "fundamental change" in the U.S. policy of "constructive engagement" in South Africa, said the senior official who asked not to be identified.

(Mary Belcher and Bill Gertz, Washington Times, A1)

ADMINISTRATION WARNED ON ARMS SALES TO ARABS

Congressional supporters of Israel warned that the Reagan Administration's plans to sell advanced weaponry to Jordan and Saudi Arabia would provoke "an enormously divisive" arms-sales debate and would result in a "total fiasco" for its efforts to renew simultaneously the peace process.

Speaking hours before a closed-session briefing for three House committees on a new Administration study of Middle Eastern countries' arms needs, Reps. Lantos and Smith attacked the Administration for presenting the document at what Lantos called "the least opportune time."

(David Ottaway, Washington Post, A35)

Renewed Middle East Arms Sales Could Wreck Peace Process

Richard Murphy, assistant secretary of State, told a House Foreign Affairs subcommittee that while the study does not represent an actual request for arms sales, it could represent the framework for such a request.

(Larry Knutson, AP)

Administration: No Rush on Arab Arms Sales

The Administration has assured Congress it is not rushing into any proposed sale of advanced arms to Saudi Arabia and Jordan, but there is skepticism on Capitol Hill.

Acting eight days before Congress goes on a month-long recess, the Administration submitted a comprehensive review of the defensive needs of Israel, Jordan and Saudi Arabia. (E. Michael Myers, UPI)

BERRI CRITICIZES U.S., ISRAEL

BEIRUT -- Nabih Berri accused the United States of treachery for failing to secure the freedom of all Lebanese prisoners held by Israel in what he said was a Syrian-arranged exchange for the American hostages of the TWA plane hijacked last month.

(Nora Boustany, Washington Post, A35)

HOSTAGE MARKS 444TH DAY IN CAPTIVITY

SAN FRANCISCO -- The wife of Presbyterian minister Benjamin Weir, who spent his 444th day of captivity in Lebanon, says she feels "discouraged" by the Administration's inability to obtain his freedom.

"I am feeling very discouraged that my husband wasn't released when the other 37 hostages were released," said Carol Weir. (UPI)

'DIPLOMATIC OFFENSE' TO BALK TERRORISM PLANNED BY SHULTZ

Secretary Shultz proposes creating a new post of ambassador at large to head an American "diplomatic offensive against terrorism."

Shultz announced his proposal during testimony before the House Foreign Affairs Committee on a \$4 billion plan to increase security at U.S. diplomatic posts overseas. (Thomas Brandt, Washington Times, A3)

MURPHY WARNS CONGRESS OF CAMPAIGN BY IRANIAN LEFTISTS

An Iranian leftist group that assassinated Americans in the 1970s and was involved in the holding of U.S. hostages in Tehran has won support from members of Congress by "masquerading" as freedom fighters opposing Ayatollah Khomeini, according to the State Department.

Richard Murphy, assistant secretary of State for Near East and South Asian affairs, said the group was conducting "a fairly active public relations campaign" in the United States and apparently had won support because of confusion with Afghan rebels fighting Soviet forces in Afghanistan. (Alexander Higgins, AP)

U.S. WEIGHS ACTION AGAINST LATIN TERROR

The Reagan Administration is confident it can thwart terrorism in Central America and has not ruled out retaliation as an option, a senior Administration official said.

Before the Administration acts, it must have "unambiguous evidence" of the source of terrorism, said the official, who asked not to be identified. The Administration must also be able "to deal with it discreetly without inflicting harm on innocent bystanders," he said.

(Mary Belcher, Washington Times, A3)

U.S.-SOVIET 'STALEMATE' PROTECTS YUGOSLAVS, LEADING DISSIDENT SAYS

BELGRADE, Yugoslavia -- Yugoslavia's leading dissident says a Soviet-U.S. "stalemate" is protecting his country from destabilization by the communist superpower.

Milovan Djilas, a former vice president of Yugoslavia, imprisoned from 1956 to 1966 and a "non-person" since his break with Yugoslavia's Communist Party, also enthusiastically welcomed President Reagan's "strength" toward the Soviet Union.

(Andrew Boroweic, Washington Times, A6)

MEXICO

MEXICO CITY -- Secretary Shultz, due (in Mexico City) Thursday to begin preparing for an expected visit by President Reagan, will join Mexican officials in discussing drug traffic, Central America and other issues straining U.S.-Mexican relations.

No formal agenda was released for the fifth annual bilateral meeting between top U.S. and Mexican officials, but a State Department spokesman in Washington said illegal immigration also would be an important topic.

(Dana Fields, AP)

WOMEN FAIL TO GET CONSENSUS ON FINAL NAIROBI DOCUMENT

NAIROBI, Kenya -- Committees and negotiating groups of the U.N. Women's Conference fought a midnight deadline last night to reach final agreement on the conference's main document. They lost.

They did agree to hold another world session for women before the millennium -- in lieu of a Soviet proposal for a global gathering every five years -- and put off last night's deadline on their communique until this afternoon.

(Jay Mallin, Washington Times, A8)

EDITOR'S NOTE: "Family Discord In Nairobi," a story by Mary Battiata on the contraceptive debate at the women's conference in Nairobi, appears on page B1 of the "Style" section of The Washington Post.

"As Americans Spend, Wary Japanese Save, And Taxes Are a Cause" by Bernard Wysocki Jr. and Christopher Chipello is on page 1 of The Wall Street Journal.

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NEWS FROM THE STATES

GAO EXAMINING 12 FARM CREDIT DISTRICTS

OMAHA, Neb. (UPI) -- At the request of some congressional representatives, the federal government's General Accounting Office has assigned a seven-member team to examine the financial condition of the farm credit system. The GAO team began work July 15 and will have an office for at least two years at the Farm Credit Administration, the agency that monitors the farm credit system, said Craig Simmons, associate director of the GAO's general government division in Washington. Simmons said the team will evaluate the strengths and weaknesses of each of the 12 districts in the farm credit system. The Omaha district serves agricultural borrowers in Nebraska, Iowa, Wyoming and South Dakota. Federal assistance for the farm credit system also is being discussed.

CATTLE REPORTS ENCOURAGING FOR MARKET PROSPECTS

AMES, Iowa (UPI) -- Two U.S. Agriculture Department reports released this week have injected a touch of optimism for the currently depressed cattle market, an Iowa State University economist said Wednesday. Gene Futrell said the quarterly, 13-state cattle-on-feed report was more favorable for late-summer and fall market prospects than expected. And the mid-year cattle inventory report showed a further decline in total cattle numbers, in the cow herd and in this year's calf crop -- indicating a moderate decline in beef production is likely over the next couple of years, he said.

NAGLE SAYS HIS TENURE SUCCESSFUL

DES MOINES, Iowa (UPI) -- Iowa Democrats could make substantial gains in next year's elections if they can avoid bitter struggles in party primaries, outgoing party chairman Dave Nagle said Wednesday. The party's Central Committee will meet Saturday to choose a successor to Nagle, who is stepping down from the job he has held since February 1982. Nagle said the party is in the best financial shape in its history. He said with Democrats controlling the Legislature, two statewide offices and a U.S. Senate seat, the party is in a good position to make gains in 1986. However, he warned that the competition among top leaders seeking higher office, especially the governor, could harm the party's prospects.

'PERIODS OF SILENCE' CHALLENGED

TOPEKA, Kan. (UPI) -- A civil rights lawyer has filed a federal lawsuit to end "periods of silence" in classrooms in Kansas public schools. Fred Phelps Sr. maintains the law provides teachers the opportunity to "maintain regular religious prayer services" and could turn classrooms into temporary churches. Phelps, who contends the statute is a violation of students' First Amendment rights, asks for a declaratory judgment that would deem the law unconstitutional. On Monday, U.S. District Judge Richard Rogers dismissed a suit Phelps filed against President Reagan concerning Reagan's appointment of a U.S. ambassador to the Vatican.

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ONE REFUGEE FREED, OTHERS MAY FOLLOW

ATLANTA (June Preston, UPI) -- Immigration officials said Wednesday they have released one of more than 2,500 Cuban refugees held for deportation and may free several more before the end of the week. Louis Richard, district director of the Immigration and Naturalization Service, said he is considering several applications for release from the Atlanta Federal Penitentiary. "Some I will deny and some I won't," Richard said. "I will consider any request anybody submits to me." That statement signaled a sharp change in policy from previous refusals to consider all requests for asylum or freedom that came from refugees labeled excludable because of criminal records or mental illness. Last December, the Reagan Administration and the government of Cuba signed an accord allowing deportation of 2,746 refugees who came to the United States on the Freedom Flotilla in 1980.

STATE AGRICULTURE COMMISSIONER CRITICAL OF REAGAN

GEORGIA (UPI) -- Flue-cured tobacco markets failed to open on schedule Wednesday in Georgia, and the state commissioner of agriculture blamed President Reagan for failing to realize "just how serious things are in rural America." Agriculture Commissioner Tommy Irvin toured the south Georgia tobacco markets and talked to farmers, whom he described as "very frustrated" with Reagan's farm policies. Reagan failed to sign emergency legislation Tuesday dealing with federal crop supports, and Irvin said that was why the tobacco markets did not open. The President signed the measure Wednesday, providing \$1 billion to sustain the borrowing authority of the Commodity Credit Corporation. "The markets will open on Thursday," Irvin said, "but the feelings of frustration can be heard everywhere in the farm community. The thing that has concerned me for the last couple of years is that nobody close to the President -- including the President -- understands just how serious things are in rural America," Irvin said. "This is a good step in the right direction and can be the forerunner to getting legislation to make the farmers more competitive," he said.

UNION BLASTS FEDERAL TAX REFORM PROPOSALS

AUSTIN, Texas (UPI) -- A union official Wednesday criticized the Reagan Administration's tax reform proposals, claiming they were designed for the rich, not for working people. "The workers of this country will suffer under the Reagan tax reform proposals as they are currently written," said Thomas R. Donahue, secretary-treasurer of the AFL-CIO. "The rich get richer and the poor get poorer." Donahue told delegates to the Texas AFL-CIO's Unity '86 conference the tax reform proposals are marked with flaws and weaknesses and will not help Americans who already support much of the federal tax burden.

Harry Hubbard, president of the Texas AFL-CIO, criticized the Reagan Administration for failing to deal with the nation's trade deficit, which Hubbard called "the most devastating thing this country is facing today."

NETWORK NEWS SUMMARY

(Wednesday Evening, July 24, 1985)

PRESIDENT REAGAN

CBS's Dan Rather: President Reagan, wearing pajamas and a bathrobe, met today at the White House with top congressional leaders. He told them they should "push, push, push" to get a budget through before Congress goes on its one-month August recess. The President, as he often does, called for more cuts in domestic spending. Rep. Wright suggested the possibility of a tax increase to get the deficit down. President Reagan flatly rejected that. (CBS-13)

SOUTH AFRICA

NBC's Tom Brokaw: The crisis in South Africa goes on tonight, and Bishop Tutu is now accusing the Reagan Administration of protecting the South African government during this State of Emergency. ...South Africa's president was defiant today, blaming black rioting on communists and saying he would not let outsiders prescribe what is best for his country. (NBC-lead)

CBS's Tom Fenton reports that despite strong public protests, Britain's Conservative government would rather persuade than boycott, and many British businessmen would rather trade. Britain has invested over \$15B. The United States is the leading trading partner, but America's persuade-and-train policy is under increasing pressure. Bishop Tutu sharply attacked the American government in an interview for tonight's edition of CBS News Nightwatch. (Bishop Tutu: "The Reagan Administration's policies are part -- and a very considerable part -- of why the South African government has become so arrogant.") Old friends like Britain and the United States keep the South African economy afloat. Some of its newer friends provide less-publicized but crucial help. The U.N. Security Council meets tomorrow to consider the crisis in South Africa. Once again, its friends -- Britain and America -- could well veto any resolution calling for sanctions. (CBS-4)

ABC's Peter Jennings: The economic boycott by France is the first that any major government has decided on. But other nations have economic power, too. Japan, West Germany and Britain -- and the United States -- are powerful trading partners.

ABC's Bill Blakemore reports that when the French Prime Minister announced his government's new anti-apartheid moves in Paris today, he cited increasing repression and what he called the new and grave deterioration of the last few days in South Africa. France is withdrawing its ambassador, will seek U.N. resolutions against Pretoria and, effective immediately, is banning new French investment of any kind in South Africa. South Africa's biggest foreign business is with the United States, trading some \$3.8B each year.

(...continued)

SOUTH AFRICA (continued)

Blakemore continues: The U.S. movement to cut American investments in South Africa has gained publicity in recent months, but so far, had little financial impact there. Six state governments in the U.S. have now voted to cut their investments, such as pension funds, with any companies dealing in South Africa. Massachusetts says it has lost \$11M from its fund by doing this. And the other 44 states have so far rejected disinvestment, some of them arguing it's a foreign affairs matter for the federal government to deal with. Campus movements have prompted some universities to cut South African-linked financing, but most American businesses in South Africa have not yet taken a stand. Many of these businesses argue that they promote civil rights and the growth of black trade unions in South Africa. Many state and business leaders say that America's disinvestment campaign is not likely to affect South Africa's finances until and unless the government in Washington sets the lead with specific legislation. (ABC-2)

TUTU INTERVIEW

Brokaw: The Reagan Administration, which is closely monitoring the situation in South Africa, says it will maintain it's policy of Constructive Engagement, that is, hoping to influence the South African government by staying in touch with it. But when I talked with Bishop Tutu today, he attacked the Reagan policy.

Bishop Tutu: Why the South African government is able to poke its huge head to the rest of the world is really because your government, the Reagan Administration, have been able to provide them with a great deal of protection against the consequences their quite stupid policies. I would just want to say again just how I abhor Constructive Engagement and what it has done to our people.

Brokaw: But there is no sign whatsoever that the Reagan Administration is going to make any kind of a sharp departure from Constructive Engagement.

Bishop Tutu: Yes. I think it is a great shame for your country because your country, the great country, and I do want to pay a very, very warm tribute to the very many people who have aligned themselves with us in our struggle for liberation of everyone in South Africa, black and white -- the students, the people in Washington, and all those many organizations -- but I want to ask a rhetorical question. What would the Reagan Administration have done if the casualties that have occurred in South Africa were not black but white? Are they seeming to ask that black people are, in fact, expendable? I want them to know, actually, the deep hurt that they have inflicted on black people.

Brokaw: There is a debate as to whether or not (the sanctions) would hurt the South African government or whether they would hurt black people in your country more.

TUTU INTERVIEWED (continued)

Bishop Tutu: I haven't yet heard really any significant black group in South Africa that has credibility in a large section of the black community complain that action taken by overseas countries to apply pressure to South Africa should not, in fact, take place because they are way to suffer. I haven't heard the same kind of sophistry take place when your country applied sanctions on Poland or Nicaragua. You didn't discuss whether action, first and foremost, will be effective, and, secondly, whether it was not likely to hurt the people you seek to help. It may be, in fact that yes, blacks may get to suffer slightly more, but if it means an end to this abominable policy of apartheid, then so let it be. (NBC-2)

WHITE HOUSE DENIAL

Brokaw: At the White House, a senior Reagan Administration official denied that U.S. policy would be different if whites were dying. He said, Our concern for the victims of violence is not related to race. (NBC-3)

PRESSER

Rather reports against the wishes of its field prosecutor, the Reagan Justice Department has dropped its investigation of Jackie Presser. Presser was the only major union leader to support President Reagan and Vice President Bush in the 1984 election. (CBS-14)

Jennings reports a Justice Department investigation into the affairs of a very controversial labor leader has been dropped. Because (Presser) has very close ties to the Reagan Administration, there has been quite a reaction.

ABC's Carole Simpson reports the Justice Department has now decided to drop the investigation after concluding the case lacks prosecutive merit. The government's decision comes less than a week after the foreman of a federal Grand Jury hearing charges against Presser complained that the Justice Department had been dragging its feet in okaying Presser's indictment. The Justice Department's decision is considered politically controversial because of Presser's close ties to the Reagan Administration. His union was the only one to endorse President Reagan for a second term, and Presser served as co-chairman of Mr. Reagan's Inaugural Labor Committee. The decision is also highly sensitive because sources say Presser has been acting as an FBI informant. So there are questions. Was Presser really an informant? Or is the government simply using that as an excuse not to prosecute him? One Senate committee is already calling for a full investigation. (ABC-5)

Brokaw reports it may not be over for Presser. The staff of the Senate Investigation Subcommittee has been ordered by Sens. Roth and Nunn to look into the Justice Department's handling of this case. (NBC-6)

RETALIATION

Jennings: During the hijacking of TWA Flight 847, and on many other occasions this year, the Reagan Administration had made some very strong public statements about retaliating against those who terrorize or kill Americans. It happened again today.

ABC's John McWethy: After six Americans were gunned down in El Salvador last month, U.S. officials say there was a heated debate within the Reagan Administration about whether the U.S. should retaliate and how. Intelligence sources say options included strikes at targets in both El Salvador and Nicaragua, military strikes at bases used by leftist guerrillas believed to have committed the killings. For reasons described as both political and military, none of the options was selected. Today at the White House, spokesman Larry Speakes, refusing comment on specific contingency plans, warned once again that the U.S. will "take appropriate action against terrorists." On Capitol Hill, Secretary Shultz echoed those sentiments.

(Secretary Shultz: "We're at a point where it doesn't make much difference what you say or what resolutions you pass. The question is, What are you going to do?")

Shultz, for the first time, warned Congress that he would soon ask for \$4B to rebuild nearly half of America's 262 embassies and consulates around the world to make them more secure against both terrorist attacks and espionage. Some committee members, however, argue that American instruction program was not enough.

(Rep. Lantos: "And we have been singularly reluctant as a people to engage either in preemptive action or in punitive action. The gap between rhetoric and response has been appalling.")

Shultz said if the right targets can be identified, he is prepared to act.

(Secretary Shultz: "I don't have any heartburn about trying to do something about it.")

But others in the Administration apparently do, because as yet, those arguing against military action have carried the day -- even when very specific targets have been identified. (ABC-8)

Brokaw: Embassy security -- or, more accurately, the lack of it -- prompted an urgent appeal to Congress today from Secretary Shultz. He called for funding of a massive building program to make American embassies less vulnerable to terrorists. Startling deficiencies have been found.

NBC's Bob Kur reports that even as Secretary Shultz asked Congress for \$4B to make U.S. embassies and consulates more secure, construction of barriers to prevent car bomb attacks was underway at the State Department where Shultz works. Four billion to improve security is more than the State Department's annual budget. The subject of today's hearing -- a report from a commission headed by former CIA official Adm. Bobby Inman. It warns that almost half the U.S. embassies and consulates around the world do not meet minimum technical and physical security standards. Both Inman and Secretary Shultz say the cost of providing adequate security could be so high it might be advisable to reduce the size of some embassy staffs.

(NBC-8)

GIUFFRIDA

Rather: Louis Giuffrida resigned today as head of FEMA. Over the past year, various congressional committees have investigated his agency for fraud and waste. According to Sen. Albert Gore, Giuffrida had spent \$170,000 of federal money to build a house on federal property for his own use. In a statement, Giuffrida said his resignation had nothing to do with the charges. He is a long-time associate of Attorney General Meese. (CBS-15)

KITTY HAWK

Jennings reports that the Kitty Hawk left port today for sea duty. That wouldn't normally make a lot of news, but the Kitty Hawk has had a lot of bad publicity lately, so when she set sail, a lot of eyes were on her.

ABC's Dean Reynolds reports as the Kitty Hawk left San Diego today to take up its place in the Seventh Fleet, it was awash in investigations. So its departure today raised more questions. One crewman is among seven people arrested for allegedly smuggling jetfighter and missile components, and a Kitty Hawk supply clerk, Robert Jackson, insists he has information on the smugglers, as well as how millions of dollars worth of other equipment was lost, stolen or destroyed to cover bookkeeping problems. Jackson also believes it's a mistake to let the Kitty Hawk sail, and he wired President Reagan Monday urging him to block the move. The Navy dismisses that talk and says the investigation will proceed onboard the Kitty Hawk without obstruction. (ABC-11)

ATLIT PRISONERS

Rather: One hundred Lebanese prisoners, freed by Israel today, arrived hours later in Southern Lebanon. Now about 330 Lebanese remain in Israel's prison. (CBS-5, ABC-9, NBC-7)

ROCK HUDSON

Rather: President Reagan spoke on the telephone today to a friend from his Hollywood days, actor Rock Hudson. Hudson now is reported to be in stable condition at a Paris hospital. That much is known. But there's conflicting information about Hudson's illness and what is causing it. (CBS-9)

Jennings: Hudson was at least well enough today to talk on the phone when President and Mrs. Reagan called. Hudson told them he was feeling well. (ABC-3)

HURRICANE BOB

Rather: The National Weather Service tonight suddenly and surprisingly upgraded what had been Tropical Storm Bob to full hurricane status, making it the first Atlantic hurricane of the season. (CBS-lead, ABC-6)

EDITORIALS/COLUMNISTS

U.S./CHINESE NUCLEAR AGREEMENTS

China's Nuclear Pledge -- "The Administration bears the burden of demonstrating that this agreement, inadequate a year ago, is satisfactory today. That is not an impossible case to make, but the Administration is going to have to make it openly and forcefully. A lot depends on the precise language of a test that no one outside the Administration has yet seen. But at least potentially there may be important benefits here for controlling the spread of nuclear weapons. Until recently China chose to remain entirely outside the structure of international promises that seek to prevent proliferation. An agreement with the United States, providing access to certain American technology, would provide a powerful incentive to come in and stay in."
(Washington Post, 7/24)

PRESIDENT'S HEALTH

Medical Candor The Best Policy -- "President Reagan's aides, and particularly his physicians, have been candid about the nature of his illness, while they have been understandably up-beat about his spirits and prognosis. They have handled this delicate situation in a proper fashion."
(San Francisco Chronicle, 7/17)

Mr. Reagan's Recuperation -- "It is reassuring to hear him say that he is getting 'restless' and is 'eager to get back to work.' We say that because Congress appears to be too badly divided on many of the issues now before it, and the President at some point is going to have to throw his full weight into the fray if those issues are going to be addressed in a timely, productive manner."
(Dallas Times Herald, 7/23)

Don't Forget George Bush -- "George Bush may not be Ronald Reagan's alter ego, nor every conservative's ideal. But he has twice been selected by Reagan to serve as Vice President, a decision twice ratified by American voters. The elected Vice President, with the knowledge, experience and abilities he has to offer, should be brought into that close circle now acting in the President's name. He should not be pushed further away onto a ceremonial shelf."
(Denver Post, 7/19)

FEDERAL BUDGET/TAX REFORM

The New Budget Director -- "As President Reagan's choice to succeed David Stockman in the federal budget office, James C. Miller III is taking on one of the toughest and most thankless jobs in Washington. It promises to be especially tough and thankless for Mr. Miller, since he has been recruited for a battle to get the budget and the colossal federal deficit under control."
(Chicago Tribune, 7/23)

Excellent Choice -- "Considering the job he'll likely assume this fall, Miller's wry sense of humor may be one of his most important assets. He can laugh at himself as well as at Congress, which may help him keep his sanity in his new job."
(Dallas Morning News, 7/23)

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FEDERAL BUDGET/TAX REFORM (continued)

Budget Fecklessness -- "Budget-making in Washington is giving a new dimension to the concept of a bipartisan approach to public policy: Republicans are as hard on Republicans as they are on Democrats, who return the compliment to a degree by shooting away at each other... Americans watching the spectacle have come to feel that the process has wrought a strange form of bipartisan unity: almost everyone is agreed there will be no budget for a while. This particular brand of unity does the nation no good." (Boston Globe, 7/23)

The President's Tax Reforms Would Make Tax System Fairer -- "As Americans who are fed up with reading or hearing of one tax break or another for the rich, we should support this plan. It may have inequities as any new plan would, but we should applaud the courage and determination of a man who aims to revitalize the American economy and make the tax system fair." (Mitchell Bredefeld, Record, New Jersey, 7/21)

Real Tax Reform -- "It is true that the President made a solemn campaign vow not to increase taxes. But he strayed from that pledge when he submitted a tax reform plan which would do precisely that for some taxpayers. It would be far better to reduce the income tax burden, go to a broadly-based value-added tax and create, in the process, a stable and equitable revenue system the nation could rely upon far into the future. That would be real tax reform." (Richmond-Times Dispatch, 7/21)

ABORTION/SUPREME COURT DECISION

Abortion Makework -- "The Court's decision to revisit the abortion issue thus serves no conceivable legal purpose. But it has given President Reagan an opportunity to press his view, long since repudiated, that the Roe decision should be reversed.... The High Court's composition hasn't changed since 1983, so there's little reason to worry that a majority will bow to the Administration's will. That's all the more reason to wonder why these two cases were scheduled for argument in the first place. Odd doings for a Court that says it has too much to do." (Miami Herald, 7/18)

Upholding Court's Abortion Ruling -- "We have long supported the right of women to free choice. We believe that this freedom is basic and should not be subject to state intrusion. These are reasons enough to support the 1973 decision of the highest court. Knowing the consequences and tragedy involved in illegal abortions adds another convincing argument supporting the court's wisdom." (San Francisco Chronicle, 7/17)

Abortion Lawsuit a Radical Step -- Perhaps the White House is just cementing itself with anti-abortion allies and taking a shot as long as one is open, with no real expectations. But its action leaves no doubt that the Administration's ambitions don't end at placing limitations on abortion, the extent of its previous filings, but extend to the criminalization of women who have abortions and of physicians who perform them." (Atlanta Constitution, 7/17)

REPUBLICAN BLACK SUPPORT

GOP Can Earn Black Support -- "The Senate's Republican leadership cast some diplomatic feelers to black leaders at a discreet luncheon last week in the office of Majority Leader Robert Dole. As might be expected, the talk was blunt and candid. The Republicans solicited black political support. Blacks replied that the GOP must win their support the old-fashioned way -- they must earn it. It was a good answer. It's high time the White House's not-so-benign neglect of black interests was challenged. Who could better implement such a challenge than moderate Republicans."

(Atlanta Constitution, 7/23)

MEDIA/PRESS

Media Bias Is in Eye of the Beholder -- "The press is vulnerable to serious criticisms; its inability to discern proper news coverage during last month's TWA hostage crisis is a dramatic case in point. But, most of the current criticism over 'bias' is peripheral at best, and distracts from the real shortcomings of the Washington press corps. 'There are biases in the media,' says Norman Ornstein, political analyst at the American Enterprise Institute. 'There is a bias in favor of negative news and biases for conflict and controversy. These are much more important than nonsensical charges of ideological biases.'... Legitimate complaints about the national press corps abound. We often overemphasize the politics of a development and underestimate the policy significance. As the hostage crisis demonstrated, we sometimes lack discipline and are swept away by the passions of the moment. Some important issues and ideas get little attention. These problems need evaluation and criticism. But this need for thoughtful examination is lost in the cacophony of critics who see everything in simplistic ideological terms."

(Albert Hunt, Wall Street Journal, 7/23)

NICARAGUA

The Warning to Nicaragua Reduces America's Option -- "But now if another attack on Americans happens in El Salvador or elsewhere in Central America, Washington almost must respond against the Sandinistas, not because it knows what it's doing, but because it has promised to. It's an absurd posture to be in, and dangerous." (Dayton Daily News, 7/22)

A Tool for the Sandinistas -- "The President must start dealing with the Sandinistas more realistically, and he must accept the fact that their revolutionary government is not going to change or be overthrown. Rather than harassing them ineffectively, the United States must reach an accommodation with the Sandinistas. Let them have their revolution, as long as they do not export it beyond Nicaragua's borders or allow foreign powers to use Nicaraguan territory to threaten U.S. interests in Central America and the Caribbean. The Sandinistas, for all their own fierce rhetoric, seem to realize that they can live with the United States. However distasteful Reagan finds it, he must come to the same eminently rational conclusion. Only then can both governments resume the quiet diplomacy that is the only effective way of bringing peace and stability to Central America." (Los Angeles Times, 7/22)