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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JULY 26, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Budget Compromise Offered -- Senate budget negotiators proposed to increase taxes and delay Social Security increases as part of a sweeping plan to break Congress' budget impasse.

(Washington Post, Washington Times)

Tax Revenue Gap Found in Tax Plan; Treasury Chief Hints Rewrite -- The Reagan Administration promised to patch up its embattled tax overhaul plan with revenue-raising provisions "as needed" after a congressional panel said the proposal could add \$13.5B to the deficit. (Washington Post, AP)

INTERNATIONAL NEWS

U.S. Considered Raid on Salvadoran Rebel Camp -- The Reagan Administration considered a military raid on a guerrilla camp in El Salvador as a response to the killing of four U.S. marines and two other Americans in San Salvador a month ago, a senior White House official said. (Baltimore Sun)

NETWORK NEWS (Thursday Evening)

PRESIDENT REAGAN -- The selling of President Reagan's full recovery continued today. There was a well-orchestrated made-for-the-TV-cameras walk by the President to the Oval Office.

BUDGET -- The President said again that he is against any new taxes.

U.N. -- The Security Council met on the subject of South Africa at the request of France. France wants other U.N. members to recall their ambassadors.

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NATIONAL NEWS

BUDGET COMPROMISE OFFERED

Senate budget negotiators, defying initial objections from President Reagan and Speaker O'Neill, proposed to increase taxes and delay Social Security increases as part of a sweeping plan to break Congress' budget impasse. House bargainers withheld formal response to the proposal, which would reduce deficits by \$338B over three years. But they agreed to another summit meeting with Reagan and O'Neill as long as the President is willing to spell out his position on taxes and Social Security.

Senate sources said that a White House meeting is possible as early as today, although White House sources discounted that speculation. Sen. Domenici characterized the President as "genuinely interested" and willing to meet. (Helen Dewar, Washington Post, A1)

GOP Senators Offer Budget with Tax Rise

Sen. Domenici said that neither Mr. Reagan nor Sen. Dole had approved the plan. But both are said to be studying it with interest and would be willing to discuss it with the leadership of both parties. Rep. Gray and Rep. Wright said they would be willing to attend a White House-led negotiation. But Gray said there would be no point in trying to do more with the proposal unless the President "holsters his veto gun" on the proposed tax increase. (Ralph Hallow, Washington Times, A1)

REAGAN SAID WARY OF OIL IMPORT TAX

A senior White House official said that it would be difficult to get President Reagan to accept an oil import tax being suggested by Senate Republicans because it would "certainly" violate Reagan's pledge not to raise taxes. But the official said Reagan will not make a decision until he gets a chance to examine a larger deficit-reduction package that is expected to include the oil tax. The official said there is, however, serious concern in the Administration that collapse of the budget conference could seriously impair the prospects this autumn for Reagan's proposal to overhaul the tax laws.

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

CRITICS SEE SENATE PROPOSAL DAMAGING INFLATION SHIELD; COLAs WOULD SKIP ONE YEAR

The Senate plan to cut \$17.5B in protection that Congress built into the federal tax and Social Security systems to shield Americans from the effects of inflation apparently would affect about 77M taxpayers and 42M recipients of federal benefits, including Social Security, civilian and military retirement, railroad retirement and other programs not subject to a means test. (Dale Russakoff, Washington Post, A7)

HOUSE APPROVES \$56 BILLION HUD BILL

The House approved a \$56B appropriation for HUD and several other agencies that continues many programs President Reagan wanted to scale back or eliminate, but still freezes total spending for next year at current levels. The 340-73 vote in favor of the measure occurred after the House voted down increases in public housing programs put in the bill by the House Appropriations Committee. (Margaret Shapiro, A8)

HOUSE-SENATE PANEL FINISHES DEFENSE BILL

House and Senate negotiators have ended work on a \$302B defense bill with an agreement that could start the production line for chemical weapons in two years for the first time since 1969. Acceptance of the chemical weapons compromise is still subject to another House vote. Rep. Aspin planned to meet with reporters today to detail the package. (Eliot Brenner, UPI)

Conferees' Bill Would Cap Defense Funds at \$302 Billion

House and Senate negotiators approved a plateau on the MX and the Pentagon budget, but gave President Reagan the go-ahead to produce nerve gas and test new anti-satellite weapons. The conference also drew a hard line against spies by approving the execution of military personnel found guilty of peacetime espionage. In other new departures, the panel adopted broad new sanctions against fraud and waste by defense contractors and set some controls on the "revolving door" whereby Pentagon officials retire only to take executive posts with the defense contractors they used to oversee. (Thomas Brandt, Washington Times, A3)

TAX PLAN WON'T PUSH UP DEFICITS, COMMITTEE SAYS

President Reagan's tax plan would collect less tax revenue than the current system, but the short-fall would not significantly increase the deficit, the Joint Committee on Taxation reported. Tax experts from the committee found that the revenue shortfall would be \$25.1B over the next five years; the Treasury Department had estimated it at \$11.5B.

The chairmen and ranking minority members of the House and Senate tax-writing committees responded to the new figures by agreeing, in a statement with Secretary Baker, to seek additional revenue-raising provisions to keep the plan from losing money. In a separate statement, Sen. Packwood pledged to try to push a tax reform bill through the Senate by Christmas if the House can send the joint committee a bill by mid-October. (Anne Swardson, Washington Post, A6)

Tax Revenue Gap Found in Tax Plan; Treasury Chief Hints Rewrite

The Reagan Administration promised to patch up its embattled tax overhaul plan with revenue-raising provisions "as needed" after a congressional panel said the proposal could add \$13.5B to the deficit. The findings represented a new political blow to President Reagan's plan, which has been battered by criticism in the last eight weeks from segments of business and organized labor as well as state and local officials.

(Mike Robinson, AP)

GIPPER CHIPPER AS HE MEETS WITH CABINET

It was almost as if President Reagan had never gone under the surgeon's knife when he strode over to the Cabinet office for a meeting, looking happy and robust less than two weeks after his cancer operation. The 74-year-old President was the picture of health, showing no sign of a limp, and looked every inch the ruddy outdoorsman he has always been. There was only a trace of the hoarseness that was in his voice when he returned home from Bethesda Naval Hospital Saturday.

The well publicized return of President Reagan to the historic office in the West Wing was intended to show the American people and the world that The Gipper was back in full bloom of health.

(Jeremiah O'Leary, Washington Post, A2)

REAGAN HEADED FOR CAMP DAVID FOR WEEKEND OF R&R

President Reagan, after convalescing a week at the White House from cancer surgery, is heading to Camp David for three days of rest in the solitude of Maryland's Catocin Mountains. The 74-year-old President had no appointments on his published schedule today other than a 20-minute update in the family living quarters on foreign policy matters. However, there remained a possibility he would meet privately with PM Thatcher, who is in Washington to speak at a conference. (Terence Hunt, AP)

President/Health

President Reagan set up meetings with his key White House advisers and then, as part of his recuperation from cancer surgery, will head for his Camp David retreat for the weekend. As his convalescence progresses, the White House has set up several "photo opportunities" to demonstrate that Reagan is making strides. While he still is a bit pale and somewhat hoarse, reports on Reagan's health are no longer issued daily now. The President is gradually stepping up his pace of official activity, but aides indicate he still has to take things easy for awhile. His wife, Nancy, does not want him to overdo it until he feels strong enough.

(Helen Thomas, UPI)

SLUGGISH ECONOMY FORCES REDUCTION IN GNP FORECAST

The Reagan Administration, acknowledging the sharp slowing of the economy in the first half of the year, has lowered its forecast for economic growth in 1985 from 3.9% to 3%, officials said.

Most private forecasters, while expecting the economy to improve, predict second-half gains will be smaller than the Administration expects. And if the economy does rebound in coming months, the slower than expected growth that already has occurred still will mean about a \$15B increase in the fiscal 1986 budget deficit compared with what it otherwise would be, the officials said.

(John Berry, Washington Post, A1)

HOME SALES

NEW YORK -- Sales of existing homes, spurred by declines in mortgage interest rates, climbed last month to their highest level in nearly five years, while a drop in money supply this month eased fears of a tightening of the Fed's credit policy, which could drive rates higher. Sales of existing homes reached an annual rate of 3.07M units in June, a 1% gain from the May pace, according to a survey by the National Association of Realtors. (AP)

SECTION OF FARM BILL GIVEN TENTATIVE APPROVAL

The House Agriculture Committee tentatively approved a major grain price-support portion of a new farm bill, but then, after its most raucous debate in years, killed a proposal to allow farmers to vote on a mandatory production control program. The key votes could be academic, however. The committee agreed to reconsider next week its vote on the what and feed-grain support section of the bill.

The plan would reduce the price-support loan rates that tend to put a floor under U.S. prices, but hold at current levels the direct subsidy payments that farmers now receive. (Ward Sinclair, Washington Post, A10)

REPORT OUTLINES ARGUMENTS AGAINST CROP CONTROLS

The Reagan Administration will be looking closely at any move by Congress to include even the slightest hint of mandatory drop acreage controls in a new farm bill, according to sources in the Agriculture Department. Secretary Block has been opposed to mandatory curbs but has become alarmed about recent moves on Capitol Hill that could lead to forced restrictions on farmers as a means of reducing costly surpluses, said one of the sources.

The clincher came Thursday when Block was sent a report by USDA economists on what they thought would happen if Congress opted for tough, mandatory acreage curbs and higher support prices. According to the sources, the report's findings virtually rule out any compromise by the Administration on the question of mandatory acreage controls for wheat and other crops. The report, one said, "lent new muscle" to Block's view that farm legislation must be kept free of forced government controls on farmers. (Don Kendall, AP)

JUSTICE DEPARTMENT URGED TO PROBE POSSIBLE PURGERY BY FEMA OFFICIALS

A House subcommittee asked the Justice Department to look into possible perjury by top officials of FEMA and the acceptance of gratuities by agency director Louis Giuffrida. In a report on its year-long investigation of alleged fraud and mismanagement, the panel also accused Giuffrida of improperly intervening in agency contract awards and asked him to repay \$5,091 for agency-funded trips to Europe and Mexico by his wife. FEMA spokesman Robert Mahaffey said he was still reviewing the report by the House Science and Technology subcommittee on investigations and oversight and had no comment. (Howard Kurtz, Washington Post, A3)

DEFENSE AIDE'S CONSULTING-JOB SEARCH

Mary Ann Gilleece, while serving at the Pentagon's top procurement regulator, wrote letters to 29 defense contractors seeking a \$30,000-a-year retainer for a private consulting service that she and her executive assistant had planned to provide after leaving the government. The letters were sent in May and June to the Defense Department's top weapons manufacturers, whose multibillion dollar-a-year business was directly influenced by Gilleece in her job as deputy undersecretary of defense acquisition. (Michael Weiskopf, Washington Post, A11)

PRIVATE SUITS TO FORCE TOXIC CLEANUPS RULED OUT

The House Energy and Commerce Committee refused to open the federal courts to citizens seeking cleanup of toxic waste dumps, after approving what opponents called a major bailout for oil companies whose leaking storage tanks pollute groundwater. Working into the night to complete action on a \$10B, five-year extension of the "Superfund" law, the committee voted 22-20 against an amendment that would have allowed citizens to sue the EPA to force action on dump sites. (Cass Peterson, Washington Post, A12)

PANEL APPROVES SUPERFUND BILL

The House Energy and Commerce Committee approved a \$20B "Superfund" toxic waste cleanup bill that the panel's staunchest environmentalists branded "toothless" special interest legislation. Critics said the measure, designed as a five-year replacement for the existing program, lacks necessary site cleanup deadlines to force EPA to improve a record of only six complete site cleanups in nearly five years. (AP)

SENATE SUBCOMMITTEE REQUESTS FILES ON ABORTED PROBE OF TEAMSTER CHIEF

A Senate subcommittee asked the FBI, Justice and Labor departments to turn over their files on the aborted three-year criminal probe of Teamsters President Jackie Presser, and to make available for questioning the government investigators who handled the case. Sens. Roth and Nunn, the ranking members of the permanent subcommittee on investigations, also asked the GAO to assist in a wide-ranging inquiry into the "lack of coordination" among the law-enforcement agencies.

Government sources said they doubted that Presser's prominent support for the Reagan Administration was the key factor in dropping the investigation. These sources said the case was closed primarily because of complications related to Presser's longtime cooperation with the FBI as an informant on other past Teamsters corruption practices.

(Peter Perl, Washington Post, A16)

CATHOLIC, JEWISH GROUPS AGREE ON TREATING HANDICAPPED NEWBORNS

The nation's Roman Catholic bishops and the American Jewish Congress released an unprecedented agreement championing the rights of parents to make ultimate decisions regarding the treatment of handicapped newborns. But, the religious leaders warned, "Handicaps, in and of themselves, do not justify withholding of medical treatment when such treatment offers reasonable hope of benefit and does not impose excessive pain or other burdens on the patient."

Set forth as six concise principles, the accord begins by affirming "the sanctity of human life," and that "Every newborn has the right to basic care....In cases where parents are unable or unwilling to provide such care, our government should take all reasonable steps to do so."
(Marjorie Hyer, Washington Post, A20)

STUDY FAULTS COMPARABLE WORTH, SEES 'CLASS WAR' IN CIVIL SERVICE

Imposing comparable worth regulations on the federal work force "would be imprudent, illogical and unfair" and would create a "class war between blue- and white-collar employees," according to an as-yet unpublished study by OPM. The study, completed in April, is being withheld by acting agency director Loretta Cornelius so she can review it, according to agency spokesman Barry Shapiro.

(Mark Tapscott, Washington Times, A3)

GOVERNMENT CUTS PAPERWORK ON EXPERIMENTAL DRUGS

ROCKVILLE, Md. -- Changes in the federal regulations covering experimental drugs will focus government attention on safety issues while giving scientists more freedom to develop medicines, Secretary Heckler says. Heckler, announcing her approval of the regulations Thursday, said the result should be quicker action on new medicines, including research on experimental drugs that may be useful against AIDS. The new regulations are intended to simplify the paperwork in getting research approved, by changing the format for applications, and clarifies when FDA can step in to stop research for safety reasons. (William Kronhulm, AP)

S&L INSOLVENCY RATE CALLED PERIL TO U.S. FUND

Almost 14% of the nation's federally insured thrift institutions were technically insolvent in 1984, posing a potential risk of \$15.8B to the federal insurance fund, according to a staff study by economists at the Federal Home Loan Bank Board. The new report, disclosed during a Senate Banking Committee hearing, dramatically underscored the problems facing the nation's savings and loan industry. (AP, Baltimore Sun, A1)

EDITOR'S NOTES: Donnie Radcliffe's article, "House Hunting? Nancy Reagan, Looking Ahead to End of Term," appears on page D1 of The Washington Post (Style).

A color photo of the First Lady participating in an anti-drug program at Denison University appears on page A1 of The Baltimore Sun.

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INTERNATIONAL NEWS

NEGOTIATORS TENTATIVELY AGREE ON NICARAGUA, EL SALVADOR AID

Congressional negotiators tentatively agreed to provide \$27M in non-lethal aid to Nicaraguan rebels in 1986, remove conditions on military aid to El Salvador and retain conditions on aid to Guatemala. The decisions were taken as the group worked to resolve differences between the House and the Senate on a \$12.7B foreign aid bill that cuts President Reagan's request by about \$500M. The negotiators have still not reached agreement on the thorny issue of how the aid would be dispensed.

(Carol Giacomo, Reuter)

\$27M for Contra Aid Agreed by Senate, House

Remaining disagreements included whether the CIA should be permitted to resume funneling aid to the guerrillas or whether the assistance should be distributed by another agency. Rep. Fascell told conferees he saw no possibility the House would yield on its position.

(AP, Washington Times, A2)

GUERRILLAS IN SOUTHERN NICARAGUA FIGHT LOSING BATTLE

MEXICO CITY -- A helicopter crash involving Nicaraguan guerrilla chief Eden Pastora has drawn attention to the flagging fortunes of rebels fighting on the southern front of the insurgent war in Nicaragua. Pastora survived, but the crash wrecked the only helicopter operated by his Revolutionary Democratic Alliance. Diplomats in Central America said the crash was the latest in a series of reversals for Pastora and his men. The ARDE has been weakened by bitter internal disputes, lack of weapons and ammunition, and little success in its efforts to raise funds.

(Bernd Debushmann, Reuter)

CZECHS TEACHING SANDINISTAS TERROR

Sixty-five Sandinista security officers have been attending a secret police school and participating in interrogation of political prisoners in communist Czechoslovakia over the last eight months, a group of Czech exiles has charged. A State Department official said the report is probably true but could not confirm it after checking with intelligence sources.

(Tom Diaz, Washington Times, A1)

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U.S. CONSIDERED RAID ON SALVADOR CAMP OF REBELS TO RESPOND TO MARINE DEATHS

The Reagan Administration considered a military raid on a guerrilla camp in El Salvador as a response to the killing of four U.S. marines and two other Americans in San Salvador a month ago, a senior White House official said. The official denied a report Wednesday that a training camp for Salvadoran guerrillas in Nicaragua was the target under study. The official declined to say specifically why no raid materialized, but ascribed it to "a combination of factors." He hinted, however, at the prospect of innocent civilians becoming casualties and "some ambiguities" in U.S. intelligence.

(Robert Timberg, Baltimore Sun, A1)

PHILIPPINE AID

Senate-House negotiators agreed on a compromise \$180M aid package for the Philippines while sending a strong message that future military and economic assistance depends on curbing corruption, restoring democracy and reforming the armed forces. After testing a half dozen formulas, the conference settled on a package of \$70M in military aid and \$110M in economic aid. But the conferees earmarked all of the military aid for non-lethal purposes, stipulating that none of it can be used for arms or ammunition.

(Lawrence Knutson, AP)

FIVE MORE BLACKS KILLED, 127 ARRESTED IN SOUTH AFRICA

JOHANNESBURG -- Five more blacks have been killed in clashes with South African security forces, police reported, and 127 more persons have been arrested in the government's crackdown on black activists. The official death toll has now risen to 16 since the state of emergency. The number of arrests stands at 792 under the declaration.

(Glenn Frankel, Washington Post, A1)

South African Authorities Kill Five More, Wound 16

Unofficial reports said the police opened fire when mourners in a crowd of 4,000 threw stones after a funeral for riot victims. It appeared, a spokesman for the Detainee Parents Support Committee said, that police had specifically targeted regional civic, youth and student organizations, in most cases affiliated with the opposition multiracial United Democratic Front, a coalition of some 600 groups.

(Michael Sullivan, Washington Times, A6)

U.S. DISAPPROVING OF FRENCH DECISION

The Reagan Administration indicated its strong disapproval of France's decision to halt all new investment in South Africa, but stepped up is pressure on the white government by calling on it to move "promptly" away from its apartheid system. At the same time, the South African Embassy here said the U.S. had asked for a high-level meeting of officials from the two governments to discuss the current crisis, but Administration officials indicated it was only one of several options under discussion.

(David Ottaway, Washington Post, A32)

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U.S. SAYS PRETORIA CAUSES THE VIOLENCE

The Reagan Administration declared that apartheid is the cause of the violence in South Africa and South Africa must move away from a repugnant racial segregation. This represents a 180-degree turn from President Reagan's comments at a press conference earlier this year when he said the violence in South Africa was being perpetrated by rioters. Larry Speakes made the announcement while denying published reports that South Africa is seeking a meeting with U.S. officials in Europe to try to improve frosty relations. (Jeremiah O'Leary, Washington Times, A1)

FRANCE ASKS U.N. COUNCIL FOR SOUTH AFRICA SANCTIONS

UNITED NATIONS -- France proposed a resolution under which the Security Council would call for the immediate lifting of the state of emergency in South Africa and the unconditional release of all detainees. The draft would urge nations to suspend all new investment in and export loans to South Africa, as well as various other economic sanctions -- all of them voluntary. Both the U.S. and Britain cautioned against such sanctions, calling them ineffective and damaging to the country's black majority. (Michael Berlin, Washington Post, A32)

U.S. Opposes Motion; Vote Delayed

The U.S. opposed the French motion calling for economic sanctions, contending the "isolation of South Africa will only lead to more bloodshed." The council delayed until at least early Friday a vote on the motion because France could not muster enough support among the 15 members to pass the draft resolution. U.S. Ambassador Walters told the council the draft resolution did not contain "suitable means" to curb apartheid. (J.T. Nguyen, UPI)

France/Denmark

France and Denmark asked the Security Council for voluntary sanctions against South Africa to protest that nation's racial policies. South Africa's ambassador, Kurt Von Schirnding, said the internal situation in his country is not a matter for discussion in the Security Council. (AP)

Security Council, in Discord, Defers Action on South Africa

Diplomats said that non-aligned states members considered inadequate French proposals calling for the lifting of emergency regulations imposed by the South African authorities. Among other proposals, the dissidents sought a condemnation by the the council of constructive engagement, pursued by the Reagan Administration, "and other forms of collaboration with the apartheid regime," according to a text they circulated.

(Michael Littlejohns, Reuter)

SOUTH AFRICA BANS BIRTHDAY RALLY FOR ANC LEADER MANDELA

JOHANNESBURG -- South Africa banned a birthday rally for jailed black nationalist leader Nelson Mandela. The rally in honor of Mandela was to have taken place in Soweto. (Ruth Pitchford, Reuter)

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ARMS BUILDUP REPORTED OFFSET BY SOVIET GAINS

President Reagan's trillion-dollar rearmament program brought improvements in some U.S. military capabilities, but in other key defense areas the nation is no better off or lost ground to the Soviet Union, according to a congressional report released Thursday. The 360-page report recommends a "fresh look" at U.S. defense capabilities to assign priorities to critical areas before proceeding with policies and programs established in 1980. (Michael Weiskopf, Washington Post, A10)

Conventional Forces of U.S. Found Lagging

After five years of an unprecedented peacetime military buildup, the U.S. is probably strong enough to deter war with the Soviet Union for some time to come but faces severe problems in the future, according to one of the nation's foremost civilian analysts. And should peacemaking fail, John Collins said, the balance of forces between the superpowers in a conventional conflict "is abominable" for the U.S.

Collins endorsed the so-called "star wars" research program, saying strategic defense will be decisive in military matchups in the future. (Vernon Guidry Jr. Baltimore Sun, A1)

SOVIET NEGOTIATOR SAYS 'STAR WARS' BAN VERIFIABLE

MOSCOW -- A leader of the Soviet arms control negotiating team said that a ban on space weapons research -- defined by Moscow as the key to progress in the arms talks -- can be verified. Uuli Kvitsinsky said Moscow's position was "not aimed at banning fundamental research." Instead, he said it was aimed at banning what he called "purposeful and directed research" on space weaponry.

(Celestine Bohlen, Washington Post, A32)

SPY CHARGES LEAD TO CUTS IN NAVY SECURITY CLEARANCES

Within the past month, the Navy has cut its number of security clearances by 19% and lowered the clearance levels of another 7% of those with access to classified information, Navy Secretary Lehman said. Lehman said in an interview on NBC's Today show that his ultimate goal of a 50% reduction in clearances was attainable.

(Ruth Marcus, Washington Post, A16)

WEINBERGER ASSAILS 'INHERENT EVIL' OF COMMUNISM

Secretary Weinberger affirmed the "philosophical and moral superiority" of the U.S. over the Soviet Union and called on conservative politicians worldwide to help in "spotlighting the inherent evil" of communism in world forums. Addressing conservative party leaders from 20 nations at the international Democrat Union gathering here, Weinberger recalled the "uproar" in March 1983 over President Reagan's characterization of the Soviet Union as an "evil empire." "What does it say about the current state of political culture in the West that so many in intellectual circles should deem such a remark inappropriate or perhaps a gaffe of some sort?" Weinberger said. (Joanne Omag, Washington Post, A22)

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Nicaraguan Regime Crushes Peace Hopes -- Weinberger

Peace won't be achieved in Central America as long as the Sandinista regime continues to build up its military and expands its influence outside Nicaragua, Secretary Weinberger told the International Democratic Union conference. (Bill Gertz, Washington Times, A1)

SOVIET RIGHTS VIOLATIONS TO BE EXPLOITED IN HELSINKI

The Administration will use the commemoration of the 10th anniversary of the Helsinki Accords next week as a "platform" for focusing attention on the human rights record of the Soviet Union and Eastern bloc countries, a senior Administration official said. The official said Secretary Shultz and FM Sheverdnadze would be laying the groundwork for the November meeting between President Reagan and Mikhail Gorbachev.

(Dave Doubrava, Washington Times, A6)

THATCHER PREDICTS HUGE PROPAGANDA BLITZ BEFORE SUMMIT

PM Thatcher has predicted that the Soviet Union will launch a huge propaganda campaign prior to the November summit between President Reagan and Soviet leader Gorbachev. Thatcher told a conference of the International Democratic Union, a group of conservative political parties, that the campaign would be aimed at weakening the U.S. position at the Geneva arms negotiations.

(Christopher Hanson, Reuter)

Thatcher, Bush Speeches

Vice President Bush, who stepped in for President Reagan while he is recuperating from cancer surgery, said the party leaders at the conference face a challenge of standing up "for the values and institutions, the heritage and hope of democracy and freedom." In a final communique, the leaders condemned South Africa's apartheid, and condemned the recent rise in terrorism and urged all governments to reach comprehensive agreements to fight it.

(Patricia Koza, UPI)

PM Thatcher wished President Reagan a quick recovery and grabbing a line from an old Reagan movie said, "Don't win this one just for the Gipper....Win it for all of us." "Nothing is more important than that he should continue his phenomenal recovery and come back stronger than ever," Thatcher said.

(UPI)

SHULTZ, MEXICANS OPEN TALKS ON CENTRAL AMERICA, TRADE

MEXICO CITY -- Secretary Shultz flew here this morning for two days of talks with top Mexican officials on Central America, trade, drug trafficking and other issues. In prepared comments at the opening of talks, both Shultz and Mexican Foreign Secretary Sepulveda stressed the need to seek a peaceful settlement in Central America. In private, however, both U.S. and Mexican officials held out little hope for substantial progress on the Central American issue.

(Robert McCartney, Washington Post, A27)

Shultz/Nicaragua

Secretary Shultz said there is no reason for the U.S. to resume direct talks with Nicaragua, as has been urged by Mexico and other members of the Contadora group. "Nicaraguans were trying to use bilateral talks with us to determine the Contadora process," for achieving peace in Central America, Shultz told reporters. "...What should happen is that the regional talks -- it's a regional problem -- should resume and resume in good faith. And they have to point to the central problem, which essentially is the unwillingness of Nicaragua to do the sort of things that they have repeatedly said they would do about their own governmental structure."
(Dana Fields, AP)

WOMEN'S FORUM CONSENSUS COLLAPSES AS U.S. BALKS
ON PALESTINIAN ISSUE

NAIROBI -- The international consensus that had allowed the U.N. Women's Decade Conference here to agree on scores of far-reaching feminist demands collapsed when the U.S. refused to accept a resolution declaring that the Palestinian people have the right to self-determination. Acting on direct orders from Washington, Alan Lee Keyes, the only male on the 33-member U.S. delegation, informed a closed negotiating session that the U.S. could not accept language that declared the Palestinian people have a right to create their own state.

(Blaine Harden and Mary Battiata, Washington Post, A27)

Politics Scuttles Women's Unanimity Effort

Although members of Western delegation s said they still hoped for some agreement, the breakdown in negotiations appeared to open the way for the conference to follow the path of the last such meeting, at Copenhagen in 1980. Maureen Reagan would say only, "It ain't over 'til it's over," while Canadian leader Walter McLean said he still hoped for "the maximum amount of consensus."
(Jay Mallin, Washington Times, A6)

U.S., Israeli Walkout Threatens U.N. Women's Conference

The U.S. and Israel have threatened to walk out of the final day of the U.N. conference on women if a document attacking Zionism is adopted. Israeli spokeswoman Judyth Varnai-Dranger said: "We have heard enough attacks against Zionism and Israel. We are not going to listen to any more and certainly not sign any document which equates Zionism with all sorts of evils."
(Patrick Moser, Reuter)

ANTI-TERRORISM EXPERTS SEEK TIGHTER AVIATION SECURITY

BONN -- Anti-terrorism experts from the seven major industrialized democracies have agreed on the need for stronger aviation security in the wake of recent guerrilla attacks on airports and planes. But delegation sources said there was no agreement by the participating countries on a U.S. proposal for an outright boycott of Beirut airport and a ban on Lebanon's Middle East Airlines at a two-day meeting in Bonn that ended Thursday. Sources said the officials who attended the closed-door meeting were sympathetic to Washington's call but had no power to make binding policy on their governments.
(Richard Williams, Reuter)

FOUR CHARGED IN BOMBING OF U.S. EMBASSY IN BEIRUT

A Lebanese military magistrate charged four men in the 1983 bombing of the U.S. Embassy in Beirut and recommended the death penalty if the suspects are convicted. A State Department spokesman said the move could be "a positive sign" if it meant that the Lebanese government was again becoming sufficiently organized to prosecute acts of terrorism, but U.S. officials were puzzled by a report that the magistrate said three of the four charged have been in custody for more than a year.

(Richard Homan, Washington Post, A28)

Five Charged in Embassy Bombings

The announcement of indictments came as authorities in mostly Moslem west Beirut ordered new security measures at American University of Beirut and American University Hospital. Details of the charges against the five were not available. The suspects, believed to be Lebanese, are in custody.

(UPI, Washington Times, A7)

COMMUNITY MAKES CONCESSION IN BID TO AVOID U.S. STEEL WAR

BRUSSELS -- The European Community has made a new concession to the U.S. in a transatlantic steel trade dispute but is prepared for conflict if talks fail. French Industry Minister Edith Cresson says External Affairs Commissioner Willy De Clearco told community ministers that a 15% cut on last year's export levels of 16 categories of steel would be the group's last offer. Another industry ministers' meeting is likely for August 1, the deadline set by the U.S. for resolution of a dispute caused by their demand for quota curbs on 17 types of community steel that are now traded freely.

(Stephen Nisbet, Reuter)

JAPAN, CHINA TO SIGN NUCLEAR ACCORD

TOKYO -- Japan and China are set to sign a nuclear cooperation agreement that will open the door to a Japanese role in China's program to build about 10 nuclear power plants by the year 2000 at a cost of up to \$20B, Japanese officials say.

(John Burgess, Washington Post, A28)

OPEC MINISTERS SHAVE SOME OIL PRICES BUT AVOID TOUGH QUESTIONS

GENEVA -- OPEC ministers have shaved the price of some crude oils, but postponed the tough question of how to deal with persistently weak demand until a special meeting in October. The ministers concluded an acrimonious four-day conference with a split 10-3 majority agreement for modest cuts in the price of the so-called heavy and medium-quality crudes.

(Stephen Weeks, Reuter)

-end of A-Section-

NETWORK NEWS SUMMARY

(Thursday Evening, July 25, 1985)

PRESIDENT REAGAN

CBS's Dan Rather: The selling of President Reagan's full recovery from cancer surgery continued today. There was a well-orchestrated made-for-the-TV-cameras walk by the President to the Oval Office for the first time since he left the hospital.

(TV Coverage: President walking to Oval Office.)

Mr. Reagan's remarks were, of course, upbeat.

(TV Coverage: President in Oval Office.)

(President: "I feel fine, great.")

(CBS-4)

BUDGET

Rather: The President also said again today that he's against any new taxes. He has, of course, said that before, but new taxes are exactly what Republican-led Senate negotiators called for today, as one of the key compromises to break the federal budget gridlock. Adding to the impression that the budget talks are going nowhere fast, House Speaker O'Neill said, "No how, no way" to the latest Republican idea on Social Security benefits, the idea of giving cost of living increases only once every two years instead of annually.

(CBS-5)

ABC's Peter Jennings: The budget battle took a new turn in Washington today. In an effort to break the deadlock, the Senate offered a new plan that, among other things, would impose a fee on imported oil and increase Social Security COLAs every other year rather than annually. This comes on a day when the Administration revised its economic growth figures downward. That means next year's budget deficit could be \$20B larger than the Administration itself had projected.

ABC's Brit Hume: (TV Coverage: President Reagan in Cabinet Room.) President Reagan sat down with his Cabinet this morning for the first time since his surgery and, perhaps, with the Administration's revised economic forecast in mind, spoke with some force about the need for a budget.

(President: "All I'm going to say is, the American people deserve to have a budget, and the federal government has no excuse for not giving it.")

(TV Coverage: President walking to Oval Office.)

But minutes earlier as he headed for the office, he was less than enthusiastic about a key element of the new Senate budget proposal -- an oil import tax.

(President responding to reporters: "I'm not for any taxes.")

And House Speaker O'Neill, just before opening today's House session, called the Senate plan morally wrong, politically wrong, saying he was stubbornly opposed to another part of the Senate proposal -- delaying Social Security COLAs.

(...continued)

BUDGET

Hume continues: The O'Neill and Reagan reactions give you an idea of why Sen. Domenici has been so gloomy lately about passing any budget.

(Sen. Domenici: "It's not going to get anywhere unless the Speaker and the President want to give in their respective positions.")

The new Senate plan, estimated to save \$340B over three years, would impose a \$5/barrel oil import tax. It would allow full Social Security COLAs, but on an every-other-year catch-up basis instead of annually. The same for the income tax cuts the law now allows to help make up for inflation. You would get your full tax cut, but only every other year. The plan succeeded in getting the House and Senate talking together this afternoon and talking about talking some more. But that's about all, given the House reaction to delaying COLAs.

(Rep. Wright: "...We want the classic COLA here.") (ABC-4)

NBC's Tom Brokaw: House and Senate budget negotiators tried again today to resolve their differences and again Social Security was the issue. Senate Republicans are now ready to accept COLAs for Social Security, but only once every two years. House Democrats answered it would not accept any cuts in Social Security benefits. And so, the stalemate continues. (NBC-8)

U.N.

Rather: The United Nations Security Council met this evening at the request of France. France yesterday recalled its ambassador to South Africa and suspended its investments there, trying to protest the state of emergency. France wants other U.N. members to do the same. The U.S. delegation condemned the emergency condition, but said the U.S. still relies on diplomatic means to try to end the apartheid system. South Africa's delegates said the state of emergency was imposed to protect blacks. (CBS-6, ABC-9, NBC-3)

FAMINE RELIEF

Jennings: There was a great deal of testimony on Capitol Hill today about what money cannot provide. That testimony came at hearings on relief efforts for African famine victims. Money and good intentions are no match for political opposition.

ABC's Ann Compton reports for the United States government, Africa has become a rare frustration -- getting enough money for aid is no problem, getting results is. The director of the Administration's relief effort testified his agency tried again this morning to get 100 more desert trucks with huge sand tires into the country, but the Ethiopian government said no. Worse than the politics, said McPherson, is the vast desert of neighboring Sudan, larger than the entire American East Coast. The U.S. has sent in spare parts, technicians and eight new locomotives, but the operators decided to haul more candy for their holy month than food. McPherson said he could get the job done if the political opposition of African governments was removed, but that kind of aid can't be voted by the U.S. Congress. (ABC-5)

COSTA RICA

NBC's Jamie Gangel reports that U.S. military advisers usually keep a low profile in Central America, but today there was a well-staged display of U.S. influence in Costa Rica. The event -- graduation exercises for more than 400 Costa Rican police after three months of military training by U.S. Green Berets. These newly-trained guardsmen are in sharp contrast to the traditions of Costa Rica. Officially, this country is neutral and has no army. But U.S. efforts to overthrow Nicaragua's leftist government have changed that. Unofficially, Costa Rica has allowed anti-Nicaraguan guerrillas supported by the United States to use its territory. But recently, fighting along the border has intensified and Costa Ricans are getting caught in the cross-fire. The U.S. is giving Costa Rica \$9M in military aid. U.S. officials admit they would like Costa Rica to accept even more military aid and training, but for now, the Reagan Administration will settle for this public show at a strategic base just ten miles from Nicaragua's border. (NBC-6)

BIRTH CONTROL IN CHINA

NBC's Robin Lloyd reports on the growing consensus in Congress that more pressure should be put on China. This despite evidence which shows that China's birth control program has had some success. Some people are calling this congressional offensive a China bashing campaign, led by staunch anti-communist congressmen. Clearly, it's a new source of friction with China. And many experts warn that Chinese birth control regulations could hurt U.S.-Chinese regulations if Congress steps up the intensity of its attacks. (NBC-10)

BOMBING TRIAL IN LEBANON

Rather: A Lebanese judge today ordered at least five people to stand trial in military court for the 1981 bombing of the Iraqi Embassy and the 1983 bombing of the U.S. Embassy....Today's indictments recommended the death penalty if there are any convictions. (CBS-8)

OPEC

Rather: OPEC oil ministers ended their meeting in Geneva today after voting price cuts. The ministers slightly reduced the cost of some lower-grade oils, but left untouched the price of key premium crude. Algeria, Libya and Iran refused to go along. Experts agree there will be little or no impact at the pump in this country. The analysts say number one producer Saudi Arabia still might decide to boost sagging revenues by flooding the market. (CBS-9, ABC-6)

AIDS

Rather: AIDS is a frightening disease that is known to have struck at least nearly 12,000 Americans and probably more, a disease that has been fatal in half of those cases, a disease for which there is no known cure. (CBS-lead, ABC-lead, NBC-lead)

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AIDS (continued)

ABC's Bettina Gregory reports that after months of pressure from medical researchers and gay groups, the Reagan Administration asked for 50% more funding for AIDS research, bringing the total for fiscal year '86 to \$126M. But only around \$12M of that is earmarked to find a cure for AIDS.

(Rep. Waxman: "We would welcome more money, but it's just a drop in the bucket. Not enough is going to go for research for treatment, even though there will be a little bit more for research for prevention.")

Secretary Heckler: "It's not a question of money. It's a question, perhaps, of the mysteries of this very, very complicated disease.") The big federal push is to find a vaccine to prevent AIDS. That may be years away. Though HHS Secretary Heckler confidently predicted a vaccine would be available this year, health officials now say it'll be 1990 at the earliest before one can be ready. Patients hope Rock Hudson will do for AIDS what President Reagan did for colon cancer -- make everyone more aware of the risk and of the need to prevent and cure this disease. (ABC-2)

Jennings: Secretary Heckler says money is not a question. From a doctor's point of view, do you agree?

ABC's Dr. Tim Johnson: I don't agree. I think money is a very real issue, and I think we have to put much more effort and money into current research if we ever hope to find either a prevention or a cure. (ABC-3)

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EDITORIALS/COLUMNISTS

CHINA

Nukes for China -- "President Reagan's approval Tuesday of an agreement permitting the sale of U.S. nuclear reactors and technology to China was a propitious beginning for the visit by that country's President Li Xiannian. Congress is expected to approve the pact -- but it should not simply rubber-stamp it in the interest of harmonious Washington-Peking relations....Before approving the new U.S.-Chinese agreement, Congress should be as satisfied as the Administration is that it contains sufficient protection against abuse of our nuclear technology. It would be in both our interest and China's to have a sound accord ready for scrutiny when the third review of the Non-Proliferation Treaty is held in September."

(Houston Post, 7/24)

Risky Business with China -- "...Providing nuclear technology to any developing nation is risky business. Providing it to China demands a careful weighing of the agreement's domestic and international aspects as well as the sale's proliferation potential. If Congress has complete faith in China's latest assurances, then the deal should be accepted. If that confidence wavers, however, the agreement should be tabled with neither apologies nor regrets."

(Cleveland Plain Dealer, 7/24)

Getting Along with China -- "Although the question is admittedly a close call, the Administration decision is correct under the circumstances....By holding back on peaceful nuclear cooperation with China, Washington would accomplish nothing except to give the business to the French and the West Germans, who already have a head start because of the U.S. hesitation. Congress still has the power of veto over the nuclear agreement, but the overall U.S. national interest will be best served by allowing the pact to take effect at the end of the statutory 90-day waiting period."

(Los Angeles Times, 7/25)

Mr. Li in Washington -- "A move in Congress to curtail U.S. textile imports from certain Asian countries, including China, is incredibly shortsighted considering the potential for expansion of U.S.-China trade. Mr. Reagan was correct in agreeing to allow U.S. producers to sell nuclear-power generating equipment to China, accepting the always present risk that some fissionable material will be diverted into weapons. In short, America's China policy should be one of "constructive engagement," recognizing mutual interests and seeking, through trade and persuasion, to encourage tendencies toward liberalization. Being nice to Mr. Li can be very much a part of that policy, so long as it is free of romantic notions that China is something it clearly is not."

(Wall Street Journal, 7/25)

GUN CONTROL

Of Terrorism and Handguns -- "In the horror surrounding the Beirut hostage crisis, our politicians are missing a valuable lesson. We must stop violence wherever it occurs....The hostages in Iran and Beirut reminded us of how hard our nation will work to save precious American lives overseas. It is now left to the House to show that the lives of our citizens here at home are just as important."

(Dorothea Morefield, Cincinnati Enquirer, 7/22)

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FOREIGN MEDIA REACTION

REAGAN-LI MEETING

Mr. Reagan Looked Fit and Cheerful -- "Mr. Reagan looked fit and cheerful as he warmly shook hands with the 76-year-old Chinese head of state, although he has noticeably lost weight since his operation. Mr. Li was clearly touched by the President's insistence on greeting him...."
(Times, Britain, 7/24)

Reagan Joined Ranks of Venerable Elderly Statesmen -- "Ronald Reagan yesterday formally joined the ranks of venerable elderly statesmen looking gaunt, drawn and pale."
(Guardian, Britain, 7/24)

President Entered Political Stage Again -- "The President must be in very fine shape according to his appearance in public today, only ten days after his serious operation...."
(TV One, West Germany, 7/24)

U.S. Press Interested in Reagan's Reappearance -- "If the U.S. press is interested in the visit of the Chinese President, it's essentially because it is the occasion of President Reagan's reappearance on the public scene after his recent surgery."
(Le Monde, France, 7/24)

Could Not Have Returned With More Impact -- "Ten days after cancer surgery, Reagan could not have returned to the international stage with more impact. His announcement of the U.S.-PRC nuclear cooperation agreement was as carefully prepared as that of one of the great Hollywood film directors...."
(La Stampa, Italy, 7/24)

Reagan Appeared Pale, but Strong and Courageous -- "The brief appearance on the White House lawn tells us that disease has left its mark on him as on any other man, and that recovery will take a long time...."
(La Repubblica, Italy, 7/24)

Problems in U.S.-PRC Relations -- "Although Washington is endeavoring by all possible means to sugar the pill, stating that this visit will become the symbol of even more active development of U.S.-Chinese links, U.S. ruling circles can...in no way relinquish the policy of crude interference in the internal affairs of China and the policy of diktat...."
(Moscow TV, Russia, 7/23)

Promoting Sino-U.S. Economic and Trade Ties -- "We ardently hope that the American Government...will keep up the momentum in Sino-American trade and economic relations and technical cooperation and...bring about the revision or elimination of the outmoded U.S. legislation obstructing the smooth development of trade and economic relations between the two countries...."
(People's Daily, Beijing, China, 7/24)

Peninsula Problems Will Not Change -- "During the Reagan-Li meeting, Korean peninsula and Indochinese issues were discussed like a fixed menu. It seems apparent that the fundamental aspects of the problems cannot be changed."
(Hankook Ilbo, South Korea, 7/24)

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