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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, SEPTEMBER 2, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SUPERPOWER SUMMIT TALK GETTING LOUDER -- The superpowers are talking more frequently about their leaders' first summit, but the Americans are speaking with caution and the Soviet president is describing what he sees as an "explosive" situation.

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

RUN ON NATION'S CURRENCY SPIRS EXTENDED CONTROLS -- South Africa declared a four-month freeze on the repayment of its foreign debts and extended foreign exchange controls in a dramatic move to halt a run on its currency brought on by the continuing unrest there.

(Washington Times, Washington Post, New York Times, Baltimore Sun, Reuter)

NATIONAL NEWS

REAGAN ENDING VACATION TODAY WITH PITCH FOR TAX REVISION -- With his three-week California vacation at an end and his convalescence from cancer surgery in its final stages, President Reagan is resuming his campaign for overhauling the federal tax code.

(AP, UPI, Washington Post)

NETWORK NEWS (Sunday Evening)

GORBACHEV -- In his first interview with a Western news organization since assuming power, Mikhail Gorbachev has described relations with the U.S. as "very tense, even explosive."

PRESIDENT'S AGENDA -- Sen. Dole thinks the fall session of Congress will be testy after a month at home.

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INTERNATIONAL NEWS

GORBACHEV WARNS ON SUMMIT

(Gary Lee, Washington Post, A1) MOSCOW -- Soviet leader Gorbachev, in an interview, said there is "such a lack of confidence" between the two superpowers because of a "campaign of hatred" by the Reagan Administration that he now views the prospects for his scheduled summit meeting with President Reagan with more "caution" than when it was agreed to two months ago.

In an interview with Time magazine, the Soviet leader said it appeared Washington was setting the stage for a combative summit meeting at which "even the slightest headway depends exclusively upon concessions by the Soviet Union."

Gorbachev Interview Prepares Soviet Ground for Summit

(Tony Barber, Reuter) -- Gorbachev has sought to influence American opinion ahead of his November summit with President Reagan through (the) candid and reasonable-sounding interview, diplomats in Moscow said.

Their initial reaction to the interview was that Gorbachev clearly had an eye to challenging Americans and Western Europeans to change their views of Soviet foreign policy.

Superpower Summit Talk Is Getting Louder

(Henry David Rosso, UPI) -- In response, a State Department spokesman said: "Our bilateral relationship is neither better nor worse.

"The importance we attach to the November meeting cannot keep us from speaking frankly about our differences with the Soviets. It certainly has not kept them from speaking frankly about us," the spokesman said.

Gorbachev: U.S.-Soviet Relations 'Very Tense'

(Barbara Goldberg, UPI) -- "The situation today is highly complex, very tense," Gorbachev said in an interview in Time magazine. "I would even go so far as to say it is explosive.

"Relations between our two countries are continuing to deteriorate, the arms race is intensifying and the war threat is not subsiding," he said.

Gorbachev's Sweet Talk A Prelude to Summit

(Washington Times, A5) -- The interview was a smooth performance in which Gorbachev revealed nothing of his plans for the summit but was careful to stress points such as what he called "Soviet respect for the American people." He also displayed an ability to crack jokes and project a favorable image, projecting a willingness to listen to Western public relations advisers.

Gorbachev Says U.S. Ties Grow Worse

(Serge Schmemmann, New York Times, A3) -- Gorbachev stopped well short of threatening to cancel the summit meeting. But he said that while the Soviet side was preparing "some very serious proposals," Washington was treating the meeting as a propaganda contest or as a "get acquainted" session.

Gorbachev Says U.S. Aims for a 'Bout' at Summit

(Baltimore Sun, A2) -- Gorbachev reiterated the Soviet position that the United States' "star wars" space-based defense shield poses an insurmountable obstacle to arms-control agreements. Unless the United States agrees to stop work on the project, he said, "it will not be possible to reach an agreement on the limitation of weapons."

SUMMIT, ARMS-TALK PERIL SEEN

(David Broder, Washington Post, A24) NEW ORLEANS -- Three men who have filled top defense and national-security position during the last 25 years say the Geneva summit meeting and arms-control talks present serious dangers and limited opportunities for the United States.

Former secretaries of defense Robert McNamara and James Schlesinger and former national security affairs adviser Brent Scowcroft gave the cautionary assessments of prospects for arms control and the meeting in November between President Reagan and Mikhail Gorbachev.

SENATORS VISITING SOVIETS OPTIMISTIC ABOUT SUMMIT

(Washington Times, A5) -- Two senators who traveled to Moscow for talks with Soviet government members said the November summit meeting will allow the leaders to "lay a framework" for better superpower relations.

Sens. Byrd and Warner, part of an American congressional delegation in Moscow to meet with Soviet leaders, said the meeting planned between President Reagan and Gorbachev is important as a means to open a dialogue between the two superpowers.

REGAN: DON'T EXPECT MUCH OUT OF NOVEMBER SUMMIT

(UPI) -- Chief of Staff Regan is predicting few "tangible results" from the upcoming Soviet-U.S. summit meeting but "good times ahead" for the economy.

President Reagan's right-hand man also said in an interview with U.S. News & World Report he would give a B-plus to his new staff, citing such accomplishments as congressional passage of funding for the MX missile and aid to Nicaraguan rebels.

SOVIETS MUST SLASH OIL EXPORTS

(Antero Pietila, Baltimore Sun, A1) MOSCOW -- Serious extraction problems at main production fields in Siberia are forcing the Soviet Union to slash its oil exports, the country's chief source of hard currency revenue.

Western industry analysts believe that the Soviets may have to cut their sales of crude oil by as much as one-third.

SOUTH AFRICA FREEZES FOREIGN DEBT PAYMENTS

(Allister Sparks, Washington Post, A1) JOHANNESBURG -- South Africa announced a freeze on repaying most of its foreign debt until the end of the year, but said it would continue to pay the interest through a special account to be administered by the country's central bank.

South Africa Suspends Loan Payments as Violence Continues

(Arik Bachar, Reuter) -- Finance Minister Barend du Plessis said that cash flow problems developed after demands for loan redemption exceeded the government's ability to pay.

South Africa Freezes Foreign Debt Payment

(Michael Sullivan, Washington Times, A1) -- (Du Plessis') announcement came as the black National Union of Mineworkers mounted a strike in five gold mines and two coal mines.

Pretoria Freezes Loan Repayments Until End of Year

(Alan Cowell, New York Times, A1) -- The announcement, from a nation long used to depicting itself as economically robust and among the most creditworthy in the world, deepened a sense of crisis after a year of violence in the nation's black townships. The violence has claimed more than 650 lives and has forced the imposition of a state of emergency in some areas.

S. Africa Freezes Payment

(Baltimore Sun, A1) -- In Washington, the Reagan Administration declined to make any comment on the South African moves, and one official said Washington was reluctant to become involved in Pretoria's financial crisis.

FREEZE HURTS S. AFRICA'S BID FOR DEBT AID

(Lionel Barber, Washington Post, A17) -- South Africa's decision to suspend repayments on its foreign debt has dealt a serious blow to the government's efforts to obtain backing from its international creditors, bankers and analysts said.

They also said that the debt moratorium, unilaterally announced in Johannesburg, would further isolate South Africa in the international community and increase pressure on Pretoria for political change.

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MINEWORKERS STRIKE; 21 ARE ARRESTED

(Glenn Frankel, Washington Post, A1) JOHANNESBURG -- Private security guards opened fire with rubber bullets and tear gas at black mineworkers at one gold mine and police made 21 arrests at another as workers began a walkout that could exacerbate unrest in South Africa.

Strike at 7 Mines

(New York Times, A1) -- The leaders of (the) union have said they fear employers will try to break the strike. The union has warned of a wider stoppage if that happens.

MEXICAN PRESIDENT SEES NEED FOR MORE LOANS

(William Orme, Washington Post, A22) MEXICO CITY -- Mexico will seek fresh foreign loans and plans "to continue pursuing negotiations to obtain better debt payment conditions," President Miguel de la Madrid said in his annual report to the nation.

Mexican Leader Wants Debt Negotiated

(James Bock, Baltimore Sun, A2) -- "We must continue negotiations to obtain more favorable conditions of debt repayment and the renewal, within prudent limits, of the flow of financing," the Mexican president said.

CUBANS TAKE A CUT OF ROBBERY IN U.S.

(Bill Gertz, Washington Times, A1) -- Some of the \$7 million stolen during a 1983 Wells Fargo armored car heist was passed to Cuban agents in Mexico by a Puerto Rican terrorist group, an FBI spokesman said.

On Friday, FBI agents and local police in the United States and Puerto Rico arrested 14 people suspected of taking part in the New Haven, Conn., robbery.

Thirteen of the suspects are believed to be members of the pro-communist Los Macheteros, a Puerto Rican terrorist group, the FBI said.

Separatists Ordered Extradited to Face Robbery Charges

(Maria Soledad Calero, UPI) -- Amid demonstrations for Puerto Rican independence, 11 Puerto Rican separatists were ordered extradited to Connecticut to face charges in the 1983 robbery of \$7 million from a Wells Fargo armored car.

Scores of demonstrators sang Puerto Rico's national anthem and yelled "Yankee go home" Sunday as three U.S. Navy helicopters picked up the suspects at the federal building after a U.S. magistrate ordered their extradition.

CONTRA AID CHANNELS TO BYPASS ALL PERSONS CONNECTED WITH CIA

(Jeremiah O'Leary, Washington Times, A2) SANTA BARBARA -- The Reagan Administration, expecting close congressional oversight of the \$27 million in humanitarian aid for Nicaraguan resistance forces, is taking special care that the disbursement of the funds is "squeaky clean."

According to senior Administration officials, this means that no one with a CIA affiliation will have any role in channeling payments or equipment to the anti-Sandinista forces.

GIS ATTEMPT CIVIC ACTION IN DISRUPTED HONDURAS

(Joanne Onang, Washington Post, A27) PALMEROLA Air Base, Honduras -- This exercise, called Cabanas 85, ended formally Saturday with elaborate ceremonies at this sprawling wood-and-tin military base about 45 miles northwest of the capital, Tegucigalpa. In three months the soldiers on maneuvers built a two-lane, 13-mile gravel road between San Lorenzo and Jacon. Before this there had only been cow paths for the area's desperately poor people.

U.S. and Honduran troops, taking the roles of guerrillas and guerrilla hunters, then parachuted and backpacked into the dusty fields and crept around in the trees for four days, digging foxholes and pretending to shoot each other.

The U.S. presence also is helping the Honduran government make itself felt in some of the country's most neglected and resentful areas -- courting hearts and minds with medical programs, roads to market, gifts and chewing gum -- and showing muscle to those disinclined to support the government.

U.S. STUDIES POLICY ON MIDEAST TALKS

(Bernard Gwertzman, New York Times, A4) -- The Reagan Administration will undertake a policy review in the coming weeks on whether to offer an American initiative to keep alive a Jordanian plan for Middle East peace talks, senior Administration officials say.

"The ball is definitely in our court," a high-ranking State Department official said on Friday. "We have some hard decisions to make once the President and the Secretary get back to Washington."

ENVOY: ISRAEL WILLING TO NEGOTIATE WITH PALESTINIANS

(Hiram Reisner, UPI) -- Israel's ambassador to the United States says his nation wants to begin talks with Jordan and the Palestinians, but hostile Arab nations are trying to undermine Middle East peace efforts.

Meir Rosenne, in an interview last week with UPI at the Israeli Embassy, said some Arab nations also are trying to drive a wedge between the United States and Israel.

NATIONAL NEWS

PRESIDENT ENTERS FATEFUL PERIOD OF SECOND TERM

(Lou Cannon, Washington Post, A1) SANTA BARBARA -- President Reagan will emerge Monday from the sunny seclusion of his mountaintop ranch to face three months of political struggle and foreign policy decision-making that could determine the fate of his second term.

Both Larry Speakes and longtime political adviser Stuart Spencer used the word "critical" last week to describe battles facing the Administration between Labor Day and Thanksgiving. They also predicted that Reagan will again confound his critics and demonstrate his leadership despite the odds facing a president in the first year of a second term.

Reagan Ends Vacation; Launches Fall Push for Tax Reform

(Ira Allen, UPI) -- On his way back to the capital, Reagan was kicking off his campaign to win congressional passage of his tax reform program by Thanksgiving with a speech in Independence, Mo., the hometown of President Truman.

Reagan Ending Vacation Today with Pitch for Tax Revision

(W. Dale Nelson, AP) -- The speech was the first Reagan has scheduled at a gathering open to the general public since having a two-foot section of his colon removed in a cancer operation July 13.

In his few public appearances, the President has struck observers as brisk and vigorous, although not as tan as usual for this time of year. He says he feels fine.

INDEPENDENCE

(Tony Cardarella, UPI) INDEPENDENCE, Mo. -- The old Independence Square isn't exactly a perfect backdrop for President Reagan to launch his fall campaign for tax reform today.

City officials and private investors said tax breaks under Reagan's reform plan may jeopardize the restoration of the square and other redevelopment projects in the hometown of President Truman.

REAGAN GIRDS FOR SQUARE-OFF WITH HILL

(Jeremiah O'Leary, Washington Times, A4) SANTA BARBARA -- President Reagan returns to Washington tonight to face what may be the most grueling foreign policy and domestic battles with Congress since his first election.

PLAY AND WORK HEED A CASUAL SCRIPT

(Gerald Boyd, New York Times, A11) SANTA BARBARA -- To the delight of White House officials, President Reagan's working vacation in the West has gone off without a hitch. With Reagan heading back to official Washington Monday, there have been no serious deviations from aides' script for his 23-day stay at his ranch in the Santa Ynez mountains.

The Western White House has avoided the wildcard that has disrupted other trips. This year, Reagan has spent almost the whole time at his ranch.

THE COST OF CONVICTIONS

(Lou Cannon, Washington Post, A2) SANTA BARBARA -- President Reagan's secret weapon is that he is a man of conviction whose views and actions often transcend the political concerns of his subordinates.

Reagan is that rare bird among politicians who has formed a following that values him as a man of principle who will not sway with every passing breeze.

The assets and liabilities of Reagan's approach were on full display as the President's pleasant summer vacation passed into history.

RULES TO ENFORCE VOTING RIGHTS DUE

(Robert Pear, New York Times, A1) -- The Reagan Administration has developed new rules for enforcing the Voting Rights Act that would make it more difficult for black and Hispanic people and other minority groups to challenge state and local election laws as discriminatory.

The rules define the standards that the Justice Department uses in deciding whether to approve changes in local election laws and procedures. Under the law, certain states and counties with a history of discrimination must obtain approval from the department or the Federal District Court before they put into effect any change in local election laws.

New U.S. Voting-Rights Rules Would Make Challenges of Bias More Difficult

(Baltimore Sun, A3) -- The proposed new rules say that in certain cases, the person or group opposing a change in local election law will bear the burden of proving that it results in discrimination. Under current rules, local officials must prove that voting laws are not discriminatory.

U.S. ACTION AGAINST BIAS SEEN AS ALREADY WEAK

(Kenneth Noble, New York Times, A11) -- While the Reagan Administration is moving toward relaxed requirements on affirmative action for federal contractors, the Labor Department has quietly made cutbacks in its enforcement efforts, according to civil rights groups, economists and even some officials of the department.

"There's been very weak enforcement in the Administration in terms of any sanctions being applied," said Nancy Kreiter, research director of Women Employed.

TAX PLAN SLOWS SALES OF RESORT PROPERTY

(Robert Lindsey, New York Times, A9) LAHAINA, Hawaii -- Uncertainties over President Reagan's proposed overhaul of the tax code are depressing prices and causing a slump in the sale of resort property over much of the nation this summer.

From Kaanapali Beach on the coast of Maui to ski resorts in northern Maine, developers and real estate agents say that provisions of the Reagan tax plan that would end most of the tax advantages of owning a second home have dampened the sale of resort property.

TOUGHER PENTAGON SCRUTINY OF CONTRACTORS SEEN

(Tim Ahern, AP) -- Defense Secretary Weinberger's decision to kill the Army's Sgt. York air-defense gun was a clear signal that the Pentagon has adopted a tough stance toward defense contractors, lawmakers say.

"This certainly sends a message to other defense contractors that they'd better shape up," Sen. Quayle said after last week's decision by Weinberger to halt the Sgt. York program.

CARTER RAPS TIES BETWEEN REAGAN, RELIGION

(Bill Kling, Washington Times, A3) PLAINS, Ga. -- Former President Carter entered the fray over the Rev. Jerry Falwell's recent trip to South Africa, vehemently denouncing political ties between President Reagan and the religious right and asserting that "responsible religious leaders" will act to repudiate them.

White House News Summary -- Monday, September 2, 1985 -- B-1

NETWORK NEWS SUMMARY FOR SUNDAY EVENING, September 1, 1985

GORBACHEV

CBS's Bill Redeker: In his first interview with a Western news organization since assuming power, Soviet leader Gorbachev has described relations with the U.S. as "very tense, even explosive." But Gorbachev told Time Magazine in a story published Sunday that the planned November summit meeting with President Reagan may improve relations. (CBS-7)

Donaldson: Gorbachev says U.S.-Soviet relations are continuing to deteriorate in advance of the summit and in the continuing public relations battle for position at the summit, Gorbachev pictures his side as the peacemaker struggling with Washington's hard line.

ABC's Walter Rogers reports from Moscow: Gorbachev is predicting the U.S. will take a hard line going into the summit conference and in an interview with the editors of Time, Gorbachev voiced suspicions about the Reagan Administration's approach to the summit. He expressed disappointment and concern over American rejection of his proposed moratorium on nuclear weapons tests as well as the Reagan Administration's decision to develop an antisatellite weapon. Gorbachev observed, "Truly God on high has not refused to give us enough wisdom to find ways to bring an improvement in relations between the two great nations on earth." By implication, Gorbachev seemed to suggest all reasonableness is on the Soviet side, a theme echoed by a leading Soviet commentator who appeared earlier on This Week with David Brinkley.

(Soviet political analyst Gennadi Gerasimov: "The problem is that we must find some kind of modus vivendi, how to coexist, and we must discuss these problems which divide us. And we are ready for the summit.")

Soviet television, reporting on Gorbachev's remarks, stressed the recent deterioration in relations with Washington. But a congressional delegation in Moscow led by Sen. Byrd is carrying a letter from President Reagan reassuring Mr. Gorbachev that the White House is serious about peace.

(Byrd: "It seems that we've got to quit looking upon one another as though one came from Mars and the other from another planet. They've got to sit down and talk together. There has to be a debate, a dialogue.")

The senators' visit, as well as the Gorbachev interview with Time, are the kickoff of what's likely to be 12 weeks of superpower scrimmaging going into the Geneva summit, a contest in which both the Soviets and the Americans will be vying for the title of most ardent champion of peace.

Donaldson: The State Department responded to the Gorbachev interview by saying that if Moscow is prepared to meet us halfway, there is no reason the progress Mr. Gorbachev says he desires should not be possible.

(ABC-2)

NBC's John Palmer: Gorbachev has charged the Reagan Administration with condemning the November summit conference even before it begins. In an interview with Time, he charged the U.S. is demanding that all arms concessions be made by the Soviet Union.

NBC's Emory King reports from Santa Barbara: Gorbachev's response to questions submitted in advance yielded a frank but pessimistic view of the U.S.-Soviet relationship, one he described as highly complex and very tense.

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White House News Summary -- Monday, September 2, 1985 -- B-2

King continues: Said Gorbachev, "I would even go so far as to say it is explosive." Relations, he said, are continuing to deteriorate, the arms race is intensifying and the war threat is not subsiding. Gorbachev charged the White House with taking a hard line on the November summit, expecting the Soviets to make all the concessions. He likened the meeting to a bout between some kind of super gladiators. Again, he said the so-called star wars space-based defense shield is an insurmountable obstacle to arms control, and he said unless the U.S. agrees to stop work on the project, it will not be possible to reach an agreement at Geneva. In a reference to the nuclear arms race, Gorbachev said time is passing and it might be too late, the train might have already left the station. Gorbachev called U.S. charges of Soviet aggression around the world a feverish search for forces of evil, a reference to President Reagan's description of the Soviet Union as an evil empire. Before the Gorbachev interview was released, Larry Speakes said the U.S. expects progress in Geneva.

(Speakes: "We will go to the meeting in Geneva in November prepared to approach it in a constructive fashion, and prepared to work out what we'd like to call an agenda for the future.")

There was no official White House reaction but the State Department did say it will take time to overcome difficulties between the two countries. However, the spokesman said there is no reason to believe progress should not be made if Gorbachev is prepared to meet Mr. Reagan halfway. (NBC-4)

PRESIDENT'S AGENDA

Redeker: The summit and tax reform will be at the top of President Reagan's agenda when he returns to the White House Monday after his California vacation. But Mr. Reagan's biggest challenge may be an unfriendly Congress.

CBS's Jacqueline Adams reports from Santa Barbara: A month away from Washington has helped to restore President Reagan's health. But he has not erased Senate Republicans' anger over the President's earlier rejection of their budget plans and his refusal to stick with their politically unpopular vote to cut Social Security. Sen. Dole thinks the fall session will be testy after a month at home.

(Dole: "There are a lot of questions (that) were asked, why didn't you do this, why didn't you do that? So I would guess people would come back in a sort of a feisty mood.")

This fall, the President will be trying to focus public opinion on the fairness and simplicity of his tax bills, but Congress will be embroiled in a series of tough fights on economic sanctions against the South African government -- which the President is likely to veto -- a host of bills designed to reduce the U.S. trade deficit with Japan, Taiwan and Brazil, and, coming, this year's estimated \$210B deficit. In his weekend radio address, the President sounded anything but conciliatory.

(President: "Any tax hike or spending bill or protectionist legislation that doesn't meet the test of whether it advances America's prosperity must and will be opposed.")

But many Senate Republicans are blunt about their eagerness to take on the White House.

(Sen. Boschwitz: "They have tried to carry some water, even when it was rather heavy political water. And, you know, if there is no reward, and if we simply are set upon after we have done that, why do it again? The hell with it.")

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Adams continues: The President wants to keep the Senate in Republican hands and the 1986 mid-term campaigns begin this Labor Day. But as long as Republican relations are fractious, that prospect becomes more difficult.

(CBS-8)

PRESIDENT/DEFICIT/TRADE

Palmer: President Reagan issued a Labor Day message to workers pledging to reduce the budget deficit. Speaker O'Neill charged the Administration has no policy for dealing with the deficit.

NBC's Irving R. Levine: A rally of steelworkers blaming President Reagan for the flood of steel from low-wage countries:

(TV Coverage of rally.)

This Labor Day, the prevailing union demand: protection from imports.

(Steelworker: "If Ronald Reagan would act prudently to protect the American steel industry, which we need, we wouldn't be out here on strike today.")

On strike at reeling Pittsburgh Steel, 8,500 workers. At Steubenville, Ohio and at eight other plants, the company claims it is bankrupt because of foreign competition, and must cut wages 18% to stay in business. Besides wage cuts, jobs lost. In the past five years, in steel, 200,000 jobs lost. In all factories, 900,000 jobs. And now in telecommunications, relatively immune from layoffs, a pre-Labor Day protest. AT&T plans to lay off 24,000 workers. Workers know they can't look for help from the White House, but with pressure on Congress growing from workers around the country, President Reagan may be overrun by a wave of protectionist legislation when Congress returns after Labor Day.

(NBC-6)

SOUTH AFRICA

CBS's Bill Redeker: The South African government announced some sweeping new financial measures. They include a four-month freeze on repayment of nearly all foreign debts and new exchange controls to shore up the nation's faltering economy.

CBS's John Blackstone: The measures announced by the finance minister will make disinvestment in South Africa difficult and expensive. The threat of disinvestment was not the main reason behind the new measures. Ever since President Botha failed to announce a specific program of reforms at a speech almost three weeks ago, bankers have been demanding repayment of short term loans. The President's apparent lack of response to mounting unrest made bankers fear continued investment in South Africa. The finance minister said demands for loan repayment have become so great, no country on earth could meet the demand.

By Monday, some 70,000 miners could be out on strike. A strike has been called to begin Sunday night at five gold mines and two coal mines. There have already been reports of walkouts, violence and arrests at two mines.

Redeker: Near the community of East London, blacks converged on a car carrying four white men Saturday night, killing two and injuring two. To date, four whites have been reported killed in South Africa's racial violence, more than 650 blacks.

(NBC-2, CBS-2)

White House News Summary -- Monday, September 2, 1985 -- B-4

ABC's Jim Hickey reports from South Africa: South Africa issued another statement on apartheid as three foreign ministers from the European economic community wrapped up a fact-finding visit here. In the statement, the government said it rejects political domination by any group -- black or white -- exclusion of any group from the political process, and it rejects racial discrimination. But the EEC ministers did not seem overly impressed by the statement, basically a repetition of policy. They urged South Africa to act on its words. (ABC-Lead)

KHADAFFY

Redeker: There is a report that Libyan army and air force units staged an unsuccessful attempt to overthrow Libyan leader Khadaffy. The Egyptian newspaper Al-Haram says the aborted coup took place early Saturday after the army and air force received orders to invade Tunisia. The newspaper says Khadaffy's personal guards crushed the revolt. (ABC-3, CBS-13)

FOREST POLICY

NBC's Roger O'Neill: The Forest Service is planning long-range management plans for all the country's 154 national forests. The Clearwater in Idaho is the latest to be challenged.

(Tom Robinson of the Wilderness Society: "It will not provide for a balanced use of America's national forests. They will be emphasizing timber harvest and road construction at the expense of our precious luminous heritage, fishery populations and wildlife populations.")

(Max Peterson of the National Forest Service: "I think you have to keep your mind open to the fact that use of the forest by man is not inherently evil. Man is going to interact with his resources in some way. The question is: is he going to interact wisely?")

Striking a balance between such diverse interests as logging and recreation in the National Forests has set off a firestorm of controversy.

(NBC-8)

ABC's THIS WEEK with DAVID BRINKLEY

Subject: U.S.-Soviet relations.

Moderator: David Brinkley. Panel: Sam Donaldson and Charles Gibson of ABC.

Guest: William Hyland, Editor, Foreign Affairs Magazine.

Brinkley: Mr. Hyland, you've heard the statements the White House has been making -- Mr. McFarlane, for example -- that unless the Soviet Union changes its thinking, (not) any real progress is likely. Does that strike you that we're going into this summit meeting with a negative attitude?

Hyland: I think we're going into it trying to put pressure on the Soviet side, just as they're trying to put pressure on us....I think this is part of the kind of preparation we see before all summits, and therefore I don't think it is critical in determining the outcome.

Donaldson: The Administration has ordered a test in September of an antisatellite missile, apparently not for technical reasons but for political reasons. What is the political message the Reagan Administration wants to send to Moscow by this test, and is it wise to do so?

Hyland: I think the first message is that we're not going to fall in with the Gorbachev scheme of a series of moratoria on testing of various weapons...but second, I think it's probably a good tactic to get these tests underway before the summit so that you are in a position to say when we complete our tests we might take another look at this issue. But we're not going to stop them and make a concession prior to the meeting. That, I think, would be disastrous for the United States.

Gibson: ...Is the Administration, do you feel, united going into all this?

Hyland: Probably not. I think this is an Administration which has been unusually divided on dealing with the Soviet Union. There are certain spokesmen, I suspect, who don't want a summit at all, who think it's a slippery slope, the President will fall into a trap, etcetera. But I assume that the President has weighed all of this....

Gibson: But do you think it hampers him at all? Do you think it imperils the President's position in any way?

Hyland: Strangely enough, it might actually help him. The idea that there is still a hard line, that there are hawks in the Administration, that there are people who would like to blow up the SALT agreements, etcetera, may be a certain strength for the President....

Brinkley: ...What could reasonably come out of a summit meeting?

Hyland: I think the best that can come out of this particular meeting is something along the lines that President Ford achieved at Vladivostok. That is, a general agreement on how to proceed on arms control....That would have to include offensive weapons, that would have to include something on star wars and defensive weapons....

THIS WEEK (continued)

Guest: Gennadi Gerasimov, Soviet political analyst.

Donaldson: We've just heard a view that coming out of the summit this November could be the framework for a general arms control agreement. Do you think that's possible?

Gerasimov: I don't know what's going to happen at the summit. I hope it will bring results....

Donaldson: What do you think the condition of the (Soviet-American) relationship is?

Gerasimov: It's at a very low ebb, and that's why we must try to find ways and means to get them in a better shape. And the reason for this very low ebb is that, as I see it, your current Administration has a distorted picture of my country and its intentions in the international arena....

Donaldson: What about Afghanistan, what about Poland, what about the things that the Soviet Union has done just in the last few years?

Gerasimov: I can make another list of all kinds of complaints. It's natural, and we don't like some aspects of your policy in Nicaragua, for instance, or your constructive engagement with South Africa....The problem is that we must find some kind of modus vivendi, how we can coexist, and we must discuss the problems that divide us. And we are ready for a summit....So I am cautiously optimistic, but it depends on your side also, you see? Last week we had this absurd spy dust story, we had this ASAT satellite test, we had your test in Nevada, though we stopped our tests and you've made more than 760 tests and we made 200 less. So you have a very big margin here....

Guests: Sens. Robert Byrd (D-WVa) and John Warner. (R-Va)

Brinkley: Senator Byrd and Senator Warner in Moscow by satellite...how has it been, and what have you heard, what have you learned?

Byrd: We've been working within our own delegation thus far. We haven't had much of an opportunity to talk with anyone in the Soviet government. We did, in Kiev, have an opportunity to talk with officials there, and we found that they, like we and like our people, want to have peace....

Brinkley: Sen. Byrd...are you satisfied with the Reagan Administration's statements as it prepares for this summit?...

Byrd: Let's put it this way. I think that the American President, Mr. Reagan, is serious. He wants peace....

Brinkley: Sen. Warner, we haven't heard from you.

Warner: Fine. We've been warmly received by the top leadership in Hungary and, indeed, as Sen. Byrd said yesterday and the day before in the Ukraine, this is a bipartisan delegation, and the signals we are receiving are that they're glad we've come, and not just to listen to their story...

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THIS WEEK (continued)

Warner continues: ...but to give our perspective. Yes, peace is foremost, but on our agendas is the subject of human rights, the means by which we possibly could -- we're not negotiating, but discuss SDI, the incidents at sea...the nuclear reduction centers, which Sen. Nunn and I have been working on. We have expectations that this trip will be very productive.

Donaldson: Sen. Byrd...as you know, the Administration has ordered the test of an antisatellite weapon for September. Was it wise to move ahead with that? The Soviets say that this proves we're not serious about wanting to curb space weapons?

Byrd: The President was serious, we're serious, the Congress is serious, the American people are serious about these negotiations. As to the test, that test was announced. I don't think spy dust was announced. We had to find that out for ourselves. The Soviets have conducted ASAT tests and so maybe it was a good thing that we proceeded with that test.

Donaldson: The Soviets have denied that they were using spy dust, but the Administration says there's absolutely no doubt about it. What are you going to tell the Soviet Union's leaders about this when you see them?

Byrd: I will bring up this subject, others in the delegation will bring them up....Now, these episodes like spy dust are just the kind of thing that sour the attitude of the people....

Gibson: Sen. Byrd, you're carrying a letter to Mr. Gorbachev from President Reagan. What does it say?

Byrd: I would not be at liberty to reveal the contents of this letter before Mr. Gorbachev has seen it. Mr. Reagan is enthusiastic about our trip. He asked us to report to him on our way back. He asked me to deliver a letter to the Soviet leader. These things will be done and there will be a time when we can discuss them at greater length.

Gibson: Sen. Warner...do you really expect that anything will come out of this more than the two leaders making some PR points and getting to know one another.

Warner: Yes, I personally do....It will be just a start....

FREE-FOR-ALL DISCUSSION -- Morton Kondracke joins panel.

On South Africa:

Donaldson: I think the first thing the Administration has to do is decide what its policy is. On one side is arrayed a various number of spokesman and officials and on the other side seems to be Ronald Reagan himself. Officials of this government over the last two or three weeks have heightened the rhetoric against Pretoria...and at the same time, a few days ago, the President, in a radio interview, said well, it was a reformist administration and in fact, they'd done away with all segregation of public accommodations just as we did in our South and other places in the United States....I think Ronald Reagan has this view of South Africa which is a view that doesn't bear any (relation) to the real facts....

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THIS WEEK (continued)

Kondracke: It seems to me that the President also has mind other consequences, the strategic element of this, if you like, which a lot of people, for moral reasons, in this country really haven't faced up to. One is getting rid of another pro-Western country after the Shah of Iran fell....So Reagan presumably does not want to push this regime over the edge and have the United States blamed for its downfall.

Gibson: ...There is time still for the moderates to affect peaceful change in South Africa. That time, as Bishop Tutu says, is running out. There has to be Administration force for some kind of evolution in South Africa. It's coming, the question is how it's going to come. And as somebody on the hill said last week, the Administration position seems to be, "Don't rock the Botha" at the moment....The President seems to be set in concrete.

On Congress coming back to town:

Gibson: ...What I don't think you're going to see is what the President and some of his aides have been talking about out in Santa Barbara, vetoes of spending bills. I think it would be a bad move for the Administration to start picking fights over relatively insignificant amounts of money when you're trying to win goodwill down the road on the tax bill.

On the defense buildup:

Brinkley: It appears that Mr. Reagan has lost his consensus in favor of a substantial defense buildup....If so, what's going to happen as a result?

Kondracke: You saw one result last week and that is the ending of one weapons system....Caspar Weinberger, having thrown a great deal of money at the defense problem, is now going to have to figure out how to save money....

Donaldson: One thing that's going to happen is a testing of the Ronald Reagan theory that the only way to get the Soviets back to the table in a serious way at Geneva for arms reductions was to build up and keep building up and be very credible. Now because of a monetary restraint, we're going to cut back a little bit. Will the Soviets now come to the table?

Brinkley comments on student loan defaults: Set up a student loan bank, lend tuition money at interest to anyone who needs it. After graduation, when they are at work and making money, have the IRS collect their loan payments and the interest as it now collects withholding taxes. Then anybody needing money for college could get it, they would be forced to pay it back as people are forced to pay taxes, and the government's student loan program, instead of losing money as it is now, would make money. And everybody would win -- the students, the colleges and the government.

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CBS's FACE THE NATION

Subject: Health care for the elderly.

Moderator: Fred Graham.

Guest: Hospice therapist Dr. Joanne Lynn.

Lynn: ...There is right now no social insurance other than for impoverished people, that is, the Medicaid program that provides supportive care....

Graham: ...Doesn't society have a right to question spending all these vast resources for old people, some of whom may be in a vegetative state, when the money might be spent to educate young people in other ways?

Lynn: We should make that a national debate....We have this mandate that we will continue to keep trying to keep people going and so forth, and provide those things that are necessary, or we will be at risk of criminal penalties, and yet we don't have the funding and the resources to do it.

NBC's MEET THE PRESS

Moderators: Marvin Kalb, Garrick Utley and Irving R. Levine of NBC News.
Guest: Secretary William Brock.

Kalb: ...Lane Kirkland says that although in the last five years the AFL-CIO has lost 2.7M members, he feels there's going to be a resurgence of the union, of the power of labor in this country. Do you think for this country, and perhaps for the Administration, that would be a good thing?

Brock: I think it's important that we have organized labor in this country. I think it's important that they continue to contribute to the process of social change, as they have in the past....They are adjusting, they are making changes to adapt to a much more competitive world environment....

Utley: ...Now the President talks about free trade, which is a good theory, but it may become bad politics. Is there any way that you can hold the dike against this pressure for more protectionism?

Brock: Sure, because what the President said in the most recent case on footwear, for example, is that while we are going to act aggressively against unfair competition from overseas -- subsidized competition, cartels, things like that -- we are not going to simply act against others because we are non-competitive. We have to clean up our own house. We have to get this economy in shape. We have to solve our deficit. We have to reform our tax system....I think the President will hold the line....

Levine: ...Do you see the unemployment rate going up, as a great many economists fear, from the present 7.3%?

Brock: I think the economy is in good shape. I think it's going to get better. I think the unemployment rate is going to go down. The basic fact is that we are adjusting very rapidly to a changing world....

Kalb: ...There is a federal budget deficit...at \$210B, there is a continuing high strength in the American dollar and interest rates. What concrete plans are you going to put before the Congress to try to correct this rather sorry economic state?

Brock: We've already put those plans before the Congress. The President has been trying for a long time now to get the Congress to face up to the fact that our trade problems didn't start in Japan or Brazil or France. They started right here at home. We have had under former administrations, frankly, a non-competitive economic policy....We still have the problem remaining of the federal deficit. It is the largest single trade barrier that we face, it has held interest rates higher than it should have, and until the Congress makes a commitment to reduce federal spending almost across the board, and until Congress faces up to the fact that our tax system was written about 50 or 60 years ago and is not related to today's competitive environment, we're going to have problems. But the fact is that the President has asked for those changes, and the Congress has yet to act.

MEET THE PRESS (continued)

Levine: ...Can the President make an argument that is politically defensible for free trade at a time when U.S. workers are losing jobs to countries which pay much lower wages than are paid to American workers?

Brock: ...The fact is that our food gets to market and is cheaper and more effectively delivered with a better quality than any other food in the world, and yet our truck drivers are making \$50-60,000 a year on the road hauling. Now doesn't that say that we can compete even with higher wages if we allow technology to be applied efficiently? That's the answer. We have to modernize, get productive, and we can compete.

Utley: ...There is that human factor in the equation which is the hard nut to crack....Isn't there something we're losing sight of?

Brock: You know, we're not just a productive country, we are a humane country. And I think the point you make is fundamentally important. What the President said is we've got to allow the country as a whole to grow, and we cannot allow our policy to be described on the basis of one response to each different industry in each different situation. You've got to look at the national picture. Take the shoe decision. Yeah, there were 14,000 people that lost employment over the last couple of years...but part were replaced by changing technology, because our shoe companies, when they had protection back in the '70s, did not modernize. When they got rid of the protection in the early '80s they began to get with it and really change....You have to provide assistance in the form of retraining and relocation. Those are the things that count, and we can do that. And we will.

Utley: Can I turn the subject to another aspect of jobs today? Affirmative action. You have said since you took over your position that affirmative action is going to have to continue for some years to come to help minorities in this country, and yet in the coming weeks the President will have to decide whether to issue a special order to remove the requirements on federal contractors having quotas for employees for minorities in this country. How are you going to resolve this? -- because this appears to be a basic confrontation between you as a more pragmatic conservative, if I may call you that, and the more ideological conservatives in the Reagan Administration.

Brock: I just don't accept those definitions. I've never been a hyphenated Republican....I'm going to solve it by asking the President of the United States to make a decision as to precisely how he wants to pursue affirmative action. There's no question that we need affirmative action in this country, there's no question as to his commitment. The question is whether or not we should have a society that has quotas. I don't think this President, this Administration, or many other Americans really believe that we ought to quota people, specifically numbers of people, into specific jobs, because it's demoralizing, it's dehumanizing, and it fundamentally flies in the face of what this country stands for. That does not mean we don't have to take special efforts in those companies that are doing business with the federal government to see that they do not discriminate with federal dollars, with taxpayer dollars....

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MEET THE PRESS (continued)

Levine: When you were out of the country on an African safari, Attorney General Meese submitted this executive draft order for the President's signature, taking a position on affirmative action which differed from yours. Do you feel that they were trying to do something behind your back?

Brock: No I do not. You know, Ed Meese, when he worked in the White House, was the author of cabinet government. He believes in it, and he knows that all of us have to be part of that. We've had any number of discussions on the subject. We are working very closely together. Ed Meese wasn't elected. The President was. We are part of his team. And we're going to implement his policy as he describes it.

Levine: Jackie Presser...was under an investigation which was dropped when it was revealed that he was an FBI informer. How can your department effectively carry out investigations of labor racketeering, a responsibility which you have, if you are not told deals which the FBI may be making with people who you're investigating?

Brock: It's difficult. But the fact is that under the rules of the law that were in place when the investigation began, the Justice Department has to make the final decision on whether to prosecute or not....There was a bit of confusion on that particular issue. I think in the future it will not occur....

Utley: Many politicians are speculating on the possible basic realignment in this country, the move towards Republican domination as the Democrats had for so many years under Roosevelt and after that. Do you believe that is possible if the Reagan Administration continues its present attitudes towards labor as a whole in this country, including unions?

Brock: Sure I do. Because people will judge us on the basis of performance. The Democrats did not perform in the '70s. We had high inflation, high interest rates and no growth. Under President Reagan, we've got very solid growth, a lot of people working, a lot more opportunity, a lot fewer people in poverty than we've had in our history. Now that's making real progress, and union members are going to judge us on the basis of that record and nothing else.

AGRONSKY AND COMPANY

Moderator: Martin Agronsky. Panelists: Hugh Sidey, Carl Rowan, James Kilpatrick, Strobe Talbott.

On the President's decision on shoe imports:

Rowan: I think that in this one case it was probably economically correct. But it wasn't all that brave...the bravery will come later, when he will find that that decision was easy, compared to some he's got to make.

Kilpatrick: Yeah, it was the correct thing for the President to do; he's going to face some problems on the hill because of it. But in the case of the shoe industry, yeah, painful as it was, it was right.

Sidey: Let me point out that he's been consistent from the very start. He's held this year after year. But people in economic pain always look to some other solution or blame someone other than themselves, or believe there's a magic answer, a program, a tariff, and it's a myth. Reagan is right.

Talbott: It's certainly correct and certainly brave, the question is: is it part of an overall strategy for dealing with the hurricane of protectionism that's about to break on the capital when Congress returns, and this business about the shoes is just a little sprinkle of rain compared to what's coming.

Agronsky: ...What's good about (Reagan's decision) in relation to the economy?

Kilpatrick: It probably would have saved shoe consumers quite a bundle of money over the next several years. It was philosophically correct, that's the best thing you can say about this --

Rowan: Well, there's another "human" standpoint to this thing. There's a lot of poor people are going into those stores and wanting to buy shoes coming from places where labor is cheap. We could say in this case: all right, the shoe industry is so small now that we can really do without a shoe industry, let's buy them from Brazil or Taiwan and get cheap shoes, but then you've gotta say, can we do without an auto industry, ... a textile industry, and I can guarantee you the decision Mr. Reagan made with shoes will not go down...

Talbott: No, we can't do without an auto industry...but the answer to this problem is not protectionism. I'm hoping that this debate over protectionism, which is going to really dominate the agenda, I think, once Congress gets back, will pretty quickly focus on the relationship between the trade deficit and ...

Sidey: I think in the end if the debate is open and free and lasts some time, people will come to their senses. Out in the midwest, for instance, you'll hear instantly that people say we have to do something about farm imports, we have to make it more even, have tariffs and that...(many) of our industries did not modernize...now we've got competition in (many industries)...

AGRONSKY & CO. (continued)

On South Africa:

Agronsky: This week the South African business community, representing practically all the responsible segments of business in South Africa, called on the government to go against the whole idea of excluding blacks from economic and political life of the country, called for their inclusion in the system...It's always been the conventional wisdom that sanctions don't work, fiscal pressures and all the rest of it...don't they seem to be working in this case?

Rowan: We're seeing a situation get so bad that we can begin to have some hope that it will get better...you're going to see some tremendous pressure pressure on the Botha regime by just about every responsible business group in South Africa...I don't think the government will bend until a lot more damage is done.

Talbott: I think you're implying something that isn't right...and that is that it's the threat of American sanctions that have brought this about. The business community down there is reacting to the political instability and the violence in the country itself. Whether the situation gets better or worse will be because of internal factors and I think that American factor will only be incidental.

Agronsky: This is not just American! This is the international banking community!...I'm sure what's happening inside the country and rightly is the dominant influence, but the other pressures, I think, are good and seem to be working to some extent, and I think we should continue them.

Sidey: They're good, but we shouldn't kid ourselves that it's our pressure that's bringing them out of chains.

Agronsky: ...Do you think our criticism of the South African government is eroded to any extent by observations that Mr. Reagan made last week that this is a reformist government and he accepts it as such?

Rowan: Well, Mr. Reagan has -- about a lot of issues -- made a lot of statements that didn't quite jibe with the facts, and in this case, I think he listened to Pat Buchanan a little too much and he didn't have his facts straight. But the simple fact is if you note, the State Department is saying some things considerably different from what's coming out of the western White House.

Talbott: ...That was a gaffe, the President's comment about this being a reformist regime.

Kilpatrick: Come off it. This regime has done all kinds of things in South Africa.

Agronsky: The State Department evaluation points out that none of them were fundamental....Do you think the President still will veto a U.S. sanctions bill?

Kilpatrick: He won't gain anything at all...Congress would pass that bill over his veto.

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MCLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Morton Kondracke, Robert Novak, Leslie Gelb of The New York Times.

On South Africa:

Gelb: ...What goes on in South Africa is really well beyond our control, and what isn't beyond our influence hasn't been affected very much by the Administration's policy. They made a judgement that by getting close to South Africa, they could influence reforms. That gamble failed and they're busy chasing their tails right now.

Novak: What Les said is not entirely wrong, for a change. But as a matter of fact, what is happening there is the tale of what has been orchestrated in the Soviet Union. This is all coming out of Moscow, it's a destabilization program. But what you have to remember is that the South African bankers, businessmen, have one ace in the hole: they may not pay their loans.

Germond: Novak always thinks there are two villains, the communists or Paul Volcker. In this case, it's the communists, which is absolute garbage. This is an inexorable march toward a showdown of South Africa....The government is in really serious trouble.

Kondracke: ...We have no power to change what is going to happen there, and it seems to me that the best possible course for the United States would be to encourage reconciliation, but not demand it, and definitely not do anything that would encourage violence.

McLaughlin: This week, President Reagan said apartheid -- "petty apartheid," I think he was referring to -- has ended in South Africa, and Chester Crocker disagreed with him on that. Did you take note of that, Leslie?

Gelb: Certainly did, but I think Chester Crocker in this case is right and the President was wrong.

Germond: What do you mean, "in this case?" This is a common failing of the President. He gets his facts from the wrong places....You hope the President isn't acting on that kind of bum information....

Kondracke: There is a little bit of carrot-and-stick in what Crocker and the President are doing. The President is saying, and he's signaling all over the place, that he's going to veto sanctions now. But meanwhile, Crocker, who is the author of the constructive engagement policy, is also taking a switch to the South African government to try to prod them along to reform.

Novak: And I think this is a very funny way of going about the thing. I don't understand what the Administration is doing. There's a lot of people in the White House who don't understand what the Administration is doing, because the very harsh language the State Department uses has no impact whatsoever on the Afrikaners. And if the President is determined to veto the bill after all this beating up rhetorically on Pretoria, then we really look silly.

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MCLAUGHLIN GROUP (continued)

Germond: We aren't really sure if the President's going to veto that thing. Right now, I would bet they will find a way to tailor the sanctions thing --

On Jerry Falwell's impact on the South Africa issue:

Germond: It's going to be zero, the man's a joke....

Novak: I don't think he's any kind of a joke at all, I think he has a lot of supporters. But I would agree with Jack to this extent, that the tide of public opinion, which has been manipulated on this issue terrifically, is running against Falwell, is running against Reagan....

Kondracke: ...Falwell's credibility is very low. He says he's against apartheid, but I see him doing nothing to benefit blacks in South Africa or anywhere else.

On the West German spy scandal and sharing SDI technology:

Gelb: We've been giving them data on military and highly classified technological things for years. But we try to do it in a way that compartmentalizes that information to protect it. I think the same thing will happen on SDI. You can't block them out completely because they are an ally.

Novak: I think we have been very careful, particularly in recent years, in just what we give them.

Germond: I don't know whether we've been careful or not. We'll have to be a lot more careful.

Kondracke: I think we should be careful.

McLaughlin: I think there will be a serious cutback in what we give Helmut Kohl and West Germany.

On the drop in the poverty rate and the increase in the median family income: Does all this add up to a plus for Reaganomics?

Kondracke: You can't call it a minus. Obviously it's progress, but...it has to be pointed out...that the poverty rate is higher now than when Ronald Reagan took office....

Germond: The poverty rate is obviously a plus. I don't know whether Reaganomics is responsible or whatever. In one sense it certainly is, and that is since the inflation rate has not gone up as fast, neither has the poverty level.

Novak: Of course, Jack says all the bad things that happen are due to Reaganomics, but none of the good things. But let me just explain one thing, that these figures are fallacious. In fact things are much better than that because these (figures) do not count in the non-cash payments that these people receive on food stamps and other things....You know, why they won't count that? Because that would make the Reagan Administration look too good.... ...MORE...

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MCLAUGHLIN GROUP (continued)

Gelb: It's impossible to deny the fact that this is good news for Reaganomics. If we're going to attack him for things that go bad, we're going to give him credit for things that go well. But at the same time, you talk to most Republicans in town, they're not nearly as optimistic as Bob Novak. There are a lot of bad signals on the economic front.

On shoe imports: Did the President make the right decision?

Kondracke: Absolutely. Of course he did. Look, the major exporter of footwear into the United States is Brazil. Brazil is a struggling democracy. If we start erecting trade barriers against products that come from countries like that --

Novak: ...The reason it was a good decision has nothing to do with Brazil. It's the reason that 120,000 shoe workers have no right to cost the rest of the American people \$2B in shoes. There is no reason why there has to be a shoe industry in this country that cannot possibly compete against the outside world.

Germond: I think the President was probably right on this. This is not, however, a substitute for a trade policy and it is not a justification of sloganeering with free trade....The Administration has to come up with some kind of a trade policy...

Gelb: Ronald Reagan was right on policy, wrong on politics.

McLaughlin (to Gelb): Very well stated.

On Ronald Reagan's role as an FBI informant in the 1940s:

Germond: I don't think, if in fact he was informing to any great extent, informing at that time is a defensible position to have taken. I think it is indefensible. However, I don't think that Ronald Reagan was venal, I don't think he ever thought about it....

Kondracke: ...It's entirely defensible. If the Communist Party, taking orders from Moscow, is trying to undermine the American film industry and he sees it going on, why shouldn't he fight it?

Novak: ...Ronald Reagan had something that you may find hard to understand called patriotism.

Gelb: ...We have to take some action. You maybe go and talk to your boss and what-not. But whether you go to the FBI and become an informer, that's a role Ronald Reagan didn't even want to play.

McLaughlin: I think I'd be with you, Jack....

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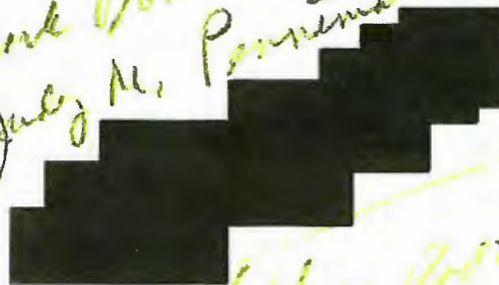
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MONDAY, SEPTEMBER 2, 1985 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

SUPERPOWER SUMMIT TALK GETTING LOUDER -- The superpowers are talking more frequently about their leaders' first summit, but the Americans are speaking with caution and the Soviet president is describing what he sees as an "explosive" situation.

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

RUN ON NATION'S CURRENCY SPIRS EXTENDED CONTROLS -- South Africa declared a four-month freeze on the repayment of its foreign debts and extended foreign exchange controls in a dramatic move to halt a run on its currency brought on by the continuing unrest there.

(Washington Times, Washington Post, New York Times, Baltimore Sun, Reuter)

NATIONAL NEWS

REAGAN ENDING VACATION TODAY WITH PITCH FOR TAX REVISION -- With his three-week California vacation at an end and his convalescence from cancer surgery in its final stages, President Reagan is resuming his campaign for overhauling the federal tax code.

(AP, UPI, Washington Post)

NETWORK NEWS (Sunday Evening)

GORBACHEV -- In his first interview with a Western news organization since assuming power, Mikhail Gorbachev has described relations with the U.S. as "very tense, even explosive."

PRESIDENT'S AGENDA -- Sen. Dole thinks the fall session of Congress will be testy after a month at home.

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INTERNATIONAL NEWS

GORBACHEV WARNS ON SUMMIT

(Gary Lee, Washington Post, A1) MOSCOW -- Soviet leader Gorbachev, in an interview, said there is "such a lack of confidence" between the two superpowers because of a "campaign of hatred" by the Reagan Administration that he now views the prospects for his scheduled summit meeting with President Reagan with more "caution" than when it was agreed to two months ago.

In an interview with Time magazine, the Soviet leader said it appeared Washington was setting the stage for a combative summit meeting at which "even the slightest headway depends exclusively upon concessions by the Soviet Union."

Gorbachev Interview Prepares Soviet Ground for Summit

(Tony Barber, Reuter) -- Gorbachev has sought to influence American opinion ahead of his November summit with President Reagan through (the) candid and reasonable-sounding interview, diplomats in Moscow said.

Their initial reaction to the interview was that Gorbachev clearly had an eye to challenging Americans and Western Europeans to change their views of Soviet foreign policy.

Superpower Summit Talk Is Getting Louder

(Henry David Rosso, UPI) -- In response, a State Department spokesman said: "Our bilateral relationship is neither better nor worse.

"The importance we attach to the November meeting cannot keep us from speaking frankly about our differences with the Soviets. It certainly has not kept them from speaking frankly about us," the spokesman said.

Gorbachev: U.S.-Soviet Relations 'Very Tense'

(Barbara Goldberg, UPI) -- "The situation today is highly complex, very tense," Gorbachev said in an interview in Time magazine. "I would even go so far as to say it is explosive.

"Relations between our two countries are continuing to deteriorate, the arms race is intensifying and the war threat is not subsiding," he said.

Gorbachev's Sweet Talk A Prelude to Summit

(Washington Times, A5) -- The interview was a smooth performance in which Gorbachev revealed nothing of his plans for the summit but was careful to stress points such as what he called "Soviet respect for the American people." He also displayed an ability to crack jokes and project a favorable image, projecting a willingness to listen to Western public relations advisers.

Gorbachev Says U.S. Ties Grow Worse

(Serge Schmemmann, New York Times, A3) -- Gorbachev stopped well short of threatening to cancel the summit meeting. But he said that while the Soviet side was preparing "some very serious proposals," Washington was treating the meeting as a propaganda contest or as a "get acquainted" session.

Gorbachev Says U.S. Aims for a 'Bout' at Summit

(Baltimore Sun, A2) -- Gorbachev reiterated the Soviet position that the United States' "star wars" space-based defense shield poses an insurmountable obstacle to arms-control agreements. Unless the United States agrees to stop work on the project, he said, "it will not be possible to reach an agreement on the limitation of weapons."

SUMMIT, ARMS-TALK PERIL SEEN

(David Broder, Washington Post, A24) NEW ORLEANS -- Three men who have filled top defense and national-security position during the last 25 years say the Geneva summit meeting and arms-control talks present serious dangers and limited opportunities for the United States.

Former secretaries of defense Robert McNamara and James Schlesinger and former national security affairs adviser Brent Scowcroft gave the cautionary assessments of prospects for arms control and the meeting in November between President Reagan and Mikhail Gorbachev.

SENATORS VISITING SOVIETS OPTIMISTIC ABOUT SUMMIT

(Washington Times, A5) -- Two senators who traveled to Moscow for talks with Soviet government members said the November summit meeting will allow the leaders to "lay a framework" for better superpower relations.

Sens. Byrd and Warner, part of an American congressional delegation in Moscow to meet with Soviet leaders, said the meeting planned between President Reagan and Gorbachev is important as a means to open a dialogue between the two superpowers.

REGAN: DON'T EXPECT MUCH OUT OF NOVEMBER SUMMIT

(UPI) -- Chief of Staff Regan is predicting few "tangible results" from the upcoming Soviet-U.S. summit meeting but "good times ahead" for the economy.

President Reagan's right-hand man also said in an interview with U.S. News & World Report he would give a B-plus to his new staff, citing such accomplishments as congressional passage of funding for the MX missile and aid to Nicaraguan rebels.

SOVIETS MUST SLASH OIL EXPORTS

(Antero Pietila, Baltimore Sun, A1) MOSCOW -- Serious extraction problems at main production fields in Siberia are forcing the Soviet Union to slash its oil exports, the country's chief source of hard currency revenue.

Western industry analysts believe that the Soviets may have to cut their sales of crude oil by as much as one-third.

SOUTH AFRICA FREEZES FOREIGN DEBT PAYMENTS

(Allister Sparks, Washington Post, A1) JOHANNESBURG -- South Africa announced a freeze on repaying most of its foreign debt until the end of the year, but said it would continue to pay the interest through a special account to be administered by the country's central bank.

South Africa Suspends Loan Payments as Violence Continues

(Arik Bachar, Reuter) -- Finance Minister Barend du Plessis said that cash flow problems developed after demands for loan redemption exceeded the government's ability to pay.

South Africa Freezes Foreign Debt Payment

(Michael Sullivan, Washington Times, A1) -- (Du Plessis') announcement came as the black National Union of Mineworkers mounted a strike in five gold mines and two coal mines.

Pretoria Freezes Loan Repayments Until End of Year

(Alan Cowell, New York Times, A1) -- The announcement, from a nation long used to depicting itself as economically robust and among the most creditworthy in the world, deepened a sense of crisis after a year of violence in the nation's black townships. The violence has claimed more than 650 lives and has forced the imposition of a state of emergency in some areas.

S. Africa Freezes Payment

(Baltimore Sun, A1) -- In Washington, the Reagan Administration declined to make any comment on the South African moves, and one official said Washington was reluctant to become involved in Pretoria's financial crisis.

FREEZE HURTS S. AFRICA'S BID FOR DEBT AID

(Lionel Barber, Washington Post, A17) -- South Africa's decision to suspend repayments on its foreign debt has dealt a serious blow to the government's efforts to obtain backing from its international creditors, bankers and analysts said.

They also said that the debt moratorium, unilaterally announced in Johannesburg, would further isolate South Africa in the international community and increase pressure on Pretoria for political change.

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MINEWORKERS STRIKE; 21 ARE ARRESTED

(Glenn Frankel, Washington Post, A1) JOHANNESBURG -- Private security guards opened fire with rubber bullets and tear gas at black mineworkers at one gold mine and police made 21 arrests at another as workers began a walkout that could exacerbate unrest in South Africa.

Strike at 7 Mines

(New York Times, A1) -- The leaders of (the) union have said they fear employers will try to break the strike. The union has warned of a wider stoppage if that happens.

MEXICAN PRESIDENT SEES NEED FOR MORE LOANS

(William Orme, Washington Post, A22) MEXICO CITY -- Mexico will seek fresh foreign loans and plans "to continue pursuing negotiations to obtain better debt payment conditions," President Miguel de la Madrid said in his annual report to the nation.

Mexican Leader Wants Debt Negotiated

(James Bock, Baltimore Sun, A2) -- "We must continue negotiations to obtain more favorable conditions of debt repayment and the renewal, within prudent limits, of the flow of financing," the Mexican president said.

CUBANS TAKE A CUT OF ROBBERY IN U.S.

(Bill Gertz, Washington Times, A1) -- Some of the \$7 million stolen during a 1983 Wells Fargo armored car heist was passed to Cuban agents in Mexico by a Puerto Rican terrorist group, an FBI spokesman said.

On Friday, FBI agents and local police in the United States and Puerto Rico arrested 14 people suspected of taking part in the New Haven, Conn., robbery.

Thirteen of the suspects are believed to be members of the pro-communist Los Macheteros, a Puerto Rican terrorist group, the FBI said.

Separatists Ordered Extradited to Face Robbery Charges

(Maria Soledad Calero, UPI) -- Amid demonstrations for Puerto Rican independence, 11 Puerto Rican separatists were ordered extradited to Connecticut to face charges in the 1983 robbery of \$7 million from a Wells Fargo armored car.

Scores of demonstrators sang Puerto Rico's national anthem and yelled "Yankee go home" Sunday as three U.S. Navy helicopters picked up the suspects at the federal building after a U.S. magistrate ordered their extradition.

CONTRA AID CHANNELS TO BYPASS ALL PERSONS CONNECTED WITH CIA

(Jeremiah O'Leary, Washington Times, A2) SANTA BARBARA -- The Reagan Administration, expecting close congressional oversight of the \$27 million in humanitarian aid for Nicaraguan resistance forces, is taking special care that the disbursement of the funds is "squeaky clean."

According to senior Administration officials, this means that no one with a CIA affiliation will have any role in channeling payments or equipment to the anti-Sandinista forces.

GIs ATTEMPT CIVIC ACTION IN DISRUPTED HONDURAS

(Joanne Onang, Washington Post, A27) PALMEROLA Air Base, Honduras -- This exercise, called Cabanas 85, ended formally Saturday with elaborate ceremonies at this sprawling wood-and-tin military base about 45 miles northwest of the capital, Tegucigalpa. In three months the soldiers on maneuvers built a two-lane, 13-mile gravel road between San Lorenzo and Jacon. Before this there had only been cow paths for the area's desperately poor people.

U.S. and Honduran troops, taking the roles of guerrillas and guerrilla hunters, then parachuted and backpacked into the dusty fields and crept around in the trees for four days, digging foxholes and pretending to shoot each other.

The U.S. presence also is helping the Honduran government make itself felt in some of the country's most neglected and resentful areas -- courting hearts and minds with medical programs, roads to market, gifts and chewing gum -- and showing muscle to those disinclined to support the government.

U.S. STUDIES POLICY ON MIDEAST TALKS

(Bernard Gwertzman, New York Times, A4) -- The Reagan Administration will undertake a policy review in the coming weeks on whether to offer an American initiative to keep alive a Jordanian plan for Middle East peace talks, senior Administration officials say.

"The ball is definitely in our court," a high-ranking State Department official said on Friday. "We have some hard decisions to make once the President and the Secretary get back to Washington."

ENVOY: ISRAEL WILLING TO NEGOTIATE WITH PALESTINIANS

(Hiram Reisner, UPI) -- Israel's ambassador to the United States says his nation wants to begin talks with Jordan and the Palestinians, but hostile Arab nations are trying to undermine Middle East peace efforts.

Meir Rosenne, in an interview last week with UPI at the Israeli Embassy, said some Arab nations also are trying to drive a wedge between the United States and Israel.

NATIONAL NEWS

PRESIDENT ENTERS FATEFUL PERIOD OF SECOND TERM

(Lou Cannon, Washington Post, A1) SANTA BARBARA -- President Reagan will emerge Monday from the sunny seclusion of his mountaintop ranch to face three months of political struggle and foreign policy decision-making that could determine the fate of his second term.

Both Larry Speakes and longtime political adviser Stuart Spencer used the word "critical" last week to describe battles facing the Administration between Labor Day and Thanksgiving. They also predicted that Reagan will again confound his critics and demonstrate his leadership despite the odds facing a president in the first year of a second term.

Reagan Ends Vacation; Launches Fall Push for Tax Reform

(Ira Allen, UPI) -- On his way back to the capital, Reagan was kicking off his campaign to win congressional passage of his tax reform program by Thanksgiving with a speech in Independence, Mo., the hometown of President Truman.

Reagan Ending Vacation Today with Pitch for Tax Revision

(W. Dale Nelson, AP) -- The speech was the first Reagan has scheduled at a gathering open to the general public since having a two-foot section of his colon removed in a cancer operation July 13.

In his few public appearances, the President has struck observers as brisk and vigorous, although not as tan as usual for this time of year. He says he feels fine.

INDEPENDENCE

(Tony Cardarella, UPI) INDEPENDENCE, Mo. -- The old Independence Square isn't exactly a perfect backdrop for President Reagan to launch his fall campaign for tax reform today.

City officials and private investors said tax breaks under Reagan's reform plan may jeopardize the restoration of the square and other redevelopment projects in the hometown of President Truman.

REAGAN GIRDS FOR SQUARE-OFF WITH HILL

(Jeremiah O'Leary, Washington Times, A4) SANTA BARBARA -- President Reagan returns to Washington tonight to face what may be the most grueling foreign policy and domestic battles with Congress since his first election.

PLAY AND WORK HEED A CASUAL SCRIPT

(Gerald Boyd, New York Times, A11) SANTA BARBARA -- To the delight of White House officials, President Reagan's working vacation in the West has gone off without a hitch. With Reagan heading back to official Washington Monday, there have been no serious deviations from aides' script for his 23-day stay at his ranch in the Santa Ynez mountains.

The Western White House has avoided the wildcard that has disrupted other trips. This year, Reagan has spent almost the whole time at his ranch.

THE COST OF CONVICTIONS

(Lou Cannon, Washington Post, A2) SANTA BARBARA -- President Reagan's secret weapon is that he is a man of conviction whose views and actions often transcend the political concerns of his subordinates.

Reagan is that rare bird among politicians who has formed a following that values him as a man of principle who will not sway with every passing breeze.

The assets and liabilities of Reagan's approach were on full display as the President's pleasant summer vacation passed into history.

RULES TO ENFORCE VOTING RIGHTS DUE

(Robert Pear, New York Times, A1) -- The Reagan Administration has developed new rules for enforcing the Voting Rights Act that would make it more difficult for black and Hispanic people and other minority groups to challenge state and local election laws as discriminatory.

The rules define the standards that the Justice Department uses in deciding whether to approve changes in local election laws and procedures. Under the law, certain states and counties with a history of discrimination must obtain approval from the department or the Federal District Court before they put into effect any change in local election laws.

New U.S. Voting-Rights Rules Would Make Challenges of Bias More Difficult

(Baltimore Sun, A3) -- The proposed new rules say that in certain cases, the person or group opposing a change in local election law will bear the burden of proving that it results in discrimination. Under current rules, local officials must prove that voting laws are not discriminatory.

U.S. ACTION AGAINST BIAS SEEN AS ALREADY WEAK

(Kenneth Noble, New York Times, A11) -- While the Reagan Administration is moving toward relaxed requirements on affirmative action for federal contractors, the Labor Department has quietly made cutbacks in its enforcement efforts, according to civil rights groups, economists and even some officials of the department.

"There's been very weak enforcement in the Administration in terms of any sanctions being applied," said Nancy Kreiter, research director of Women Employed.

TAX PLAN SLOWS SALES OF RESORT PROPERTY

(Robert Lindsey, New York Times, A9) LAHAINA, Hawaii -- Uncertainties over President Reagan's proposed overhaul of the tax code are depressing prices and causing a slump in the sale of resort property over much of the nation this summer.

From Kaanapali Beach on the coast of Maui to ski resorts in northern Maine, developers and real estate agents say that provisions of the Reagan tax plan that would end most of the tax advantages of owning a second home have dampened the sale of resort property.

TOUGHER PENTAGON SCRUTINY OF CONTRACTORS SEEN

(Tim Ahern, AP) -- Defense Secretary Weinberger's decision to kill the Army's Sgt. York air-defense gun was a clear signal that the Pentagon has adopted a tough stance toward defense contractors, lawmakers say.

"This certainly sends a message to other defense contractors that they'd better shape up," Sen. Quayle said after last week's decision by Weinberger to halt the Sgt. York program.

CARTER RAPS TIES BETWEEN REAGAN, RELIGION

(Bill Kling, Washington Times, A3) PLAINS, Ga. -- Former President Carter entered the fray over the Rev. Jerry Falwell's recent trip to South Africa, vehemently denouncing political ties between President Reagan and the religious right and asserting that "responsible religious leaders" will act to repudiate them.

White House News Summary -- Monday, September 2, 1985 -- B-1

NETWORK NEWS SUMMARY FOR SUNDAY EVENING, September 1, 1985

GORBACHEV

CBS's Bill Redeker: In his first interview with a Western news organization since assuming power, Soviet leader Gorbachev has described relations with the U.S. as "very tense, even explosive." But Gorbachev told Time Magazine in a story published Sunday that the planned November summit meeting with President Reagan may improve relations. (CBS-7)

Donaldson: Gorbachev says U.S.-Soviet relations are continuing to deteriorate in advance of the summit and in the continuing public relations battle for position at the summit, Gorbachev pictures his side as the peacemaker struggling with Washington's hard line.

ABC's Walter Rogers reports from Moscow: Gorbachev is predicting the U.S. will take a hard line going into the summit conference and in an interview with the editors of Time, Gorbachev voiced suspicions about the Reagan Administration's approach to the summit. He expressed disappointment and concern over American rejection of his proposed moratorium on nuclear weapons tests as well as the Reagan Administration's decision to develop an antisatellite weapon. Gorbachev observed, "Truly God on high has not refused to give us enough wisdom to find ways to bring an improvement in relations between the two great nations on earth." By implication, Gorbachev seemed to suggest all reasonableness is on the Soviet side, a theme echoed by a leading Soviet commentator who appeared earlier on This Week with David Brinkley.

(Soviet political analyst Gennadi Gerasimov: "The problem is that we must find some kind of modus vivendi, how to coexist, and we must discuss these problems which divide us. And we are ready for the summit.")

Soviet television, reporting on Gorbachev's remarks, stressed the recent deterioration in relations with Washington. But a congressional delegation in Moscow led by Sen. Byrd is carrying a letter from President Reagan reassuring Mr. Gorbachev that the White House is serious about peace.

(Byrd: "It seems that we've got to quit looking upon one another as though one came from Mars and the other from another planet. They've got to sit down and talk together. There has to be a debate, a dialogue.")

The senators' visit, as well as the Gorbachev interview with Time, are the kickoff of what's likely to be 12 weeks of superpower scrimmaging going into the Geneva summit, a contest in which both the Soviets and the Americans will be vying for the title of most ardent champion of peace.

Donaldson: The State Department responded to the Gorbachev interview by saying that if Moscow is prepared to meet us halfway, there is no reason the progress Mr. Gorbachev says he desires should not be possible.

(ABC-2)

NBC's John Palmer: Gorbachev has charged the Reagan Administration with condemning the November summit conference even before it begins. In an interview with Time, he charged the U.S. is demanding that all arms concessions be made by the Soviet Union.

NBC's Emory King reports from Santa Barbara: Gorbachev's response to questions submitted in advance yielded a frank but pessimistic view of the U.S.-Soviet relationship, one he described as highly complex and very tense.

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King continues: Said Gorbachev, "I would even go so far as to say it is explosive." Relations, he said, are continuing to deteriorate, the arms race is intensifying and the war threat is not subsiding. Gorbachev charged the White House with taking a hard line on the November summit, expecting the Soviets to make all the concessions. He likened the meeting to a bout between some kind of super gladiators. Again, he said the so-called star wars space-based defense shield is an insurmountable obstacle to arms control, and he said unless the U.S. agrees to stop work on the project, it will not be possible to reach an agreement at Geneva. In a reference to the nuclear arms race, Gorbachev said time is passing and it might be too late, the train might have already left the station. Gorbachev called U.S. charges of Soviet aggression around the world a feverish search for forces of evil, a reference to President Reagan's description of the Soviet Union as an evil empire. Before the Gorbachev interview was released, Larry Speakes said the U.S. expects progress in Geneva.

(Speakes: "We will go to the meeting in Geneva in November prepared to approach it in a constructive fashion, and prepared to work out what we'd like to call an agenda for the future.")

There was no official White House reaction but the State Department did say it will take time to overcome difficulties between the two countries. However, the spokesman said there is no reason to believe progress should not be made if Gorbachev is prepared to meet Mr. Reagan halfway. (NBC-4)

PRESIDENT'S AGENDA

Redeker: The summit and tax reform will be at the top of President Reagan's agenda when he returns to the White House Monday after his California vacation. But Mr. Reagan's biggest challenge may be an unfriendly Congress.

CBS's Jacqueline Adams reports from Santa Barbara: A month away from Washington has helped to restore President Reagan's health. But he has not erased Senate Republicans' anger over the President's earlier rejection of their budget plans and his refusal to stick with their politically unpopular vote to cut Social Security. Sen. Dole thinks the fall session will be testy after a month at home.

(Dole: "There are a lot of questions (that) were asked, why didn't you do this, why didn't you do that? So I would guess people would come back in a sort of a feisty mood.")

This fall, the President will be trying to focus public opinion on the fairness and simplicity of his tax bills, but Congress will be embroiled in a series of tough fights on economic sanctions against the South African government -- which the President is likely to veto -- a host of bills designed to reduce the U.S. trade deficit with Japan, Taiwan and Brazil, and, coming, this year's estimated \$210B deficit. In his weekend radio address, the President sounded anything but conciliatory.

(President: "Any tax hike or spending bill or protectionist legislation that doesn't meet the test of whether it advances America's prosperity must and will be opposed.")

But many Senate Republicans are blunt about their eagerness to take on the White House.

(Sen. Boschwitz: "They have tried to carry some water, even when it was rather heavy political water. And, you know, if there is no reward, and if we simply are set upon after we have done that, why do it again? The hell with it.")

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Adams continues: The President wants to keep the Senate in Republican hands and the 1986 mid-term campaigns begin this Labor Day. But as long as Republican relations are fractious, that prospect becomes more difficult.

(CBS-8)

PRESIDENT/DEFICIT/TRADE

Palmer: President Reagan issued a Labor Day message to workers pledging to reduce the budget deficit. Speaker O'Neill charged the Administration has no policy for dealing with the deficit.

NBC's Irving R. Levine: A rally of steelworkers blaming President Reagan for the flood of steel from low-wage countries:

(TV Coverage of rally.)

This Labor Day, the prevailing union demand: protection from imports.

(Steelworker: "If Ronald Reagan would act prudently to protect the American steel industry, which we need, we wouldn't be out here on strike today.")

On strike at reeling Pittsburgh Steel, 8,500 workers. At Steubenville, Ohio and at eight other plants, the company claims it is bankrupt because of foreign competition, and must cut wages 18% to stay in business. Besides wage cuts, jobs lost. In the past five years, in steel, 200,000 jobs lost. In all factories, 900,000 jobs. And now in telecommunications, relatively immune from layoffs, a pre-Labor Day protest. AT&T plans to lay off 24,000 workers. Workers know they can't look for help from the White House, but with pressure on Congress growing from workers around the country, President Reagan may be overrun by a wave of protectionist legislation when Congress returns after Labor Day.

(NBC-6)

SOUTH AFRICA

CBS's Bill Redeker: The South African government announced some sweeping new financial measures. They include a four-month freeze on repayment of nearly all foreign debts and new exchange controls to shore up the nation's faltering economy.

CBS's John Blackstone: The measures announced by the finance minister will make disinvestment in South Africa difficult and expensive. The threat of disinvestment was not the main reason behind the new measures. Ever since President Botha failed to announce a specific program of reforms at a speech almost three weeks ago, bankers have been demanding repayment of short term loans. The President's apparent lack of response to mounting unrest made bankers fear continued investment in South Africa. The finance minister said demands for loan repayment have become so great, no country on earth could meet the demand.

By Monday, some 70,000 miners could be out on strike. A strike has been called to begin Sunday night at five gold mines and two coal mines. There have already been reports of walkouts, violence and arrests at two mines.

Redeker: Near the community of East London, blacks converged on a car carrying four white men Saturday night, killing two and injuring two. To date, four whites have been reported killed in South Africa's racial violence, more than 650 blacks.

(NBC-2, CBS-2)

ABC's Jim Hickey reports from South Africa: South Africa issued another statement on apartheid as three foreign ministers from the European economic community wrapped up a fact-finding visit here. In the statement, the government said it rejects political domination by any group -- black or white -- exclusion of any group from the political process, and it rejects racial discrimination. But the EEC ministers did not seem overly impressed by the statement, basically a repetition of policy. They urged South Africa to act on its words. (ABC-Lead)

KHADAFFY

Redeker: There is a report that Libyan army and air force units staged an unsuccessful attempt to overthrow Libyan leader Khadaffy. The Egyptian newspaper Al-Haram says the aborted coup took place early Saturday after the army and air force received orders to invade Tunisia. The newspaper says Khadaffy's personal guards crushed the revolt. (ABC-3, CBS-13)

FOREST POLICY

NBC's Roger O'Neill: The Forest Service is planning long-range management plans for all the country's 154 national forests. The Clearwater in Idaho is the latest to be challenged.

(Tom Robinson of the Wilderness Society: "It will not provide for a balanced use of America's national forests. They will be emphasizing timber harvest and road construction at the expense of our precious luminous heritage, fishery populations and wildlife populations.")

(Max Peterson of the National Forest Service: "I think you have to keep your mind open to the fact that use of the forest by man is not inherently evil. Man is going to interact with his resources in some way. The question is: is he going to interact wisely?")

Striking a balance between such diverse interests as logging and recreation in the National Forests has set off a firestorm of controversy.

(NBC-8)

ABC's THIS WEEK with DAVID BRINKLEY

Subject: U.S.-Soviet relations.

Moderator: David Brinkley. Panel: Sam Donaldson and Charles Gibson of ABC.

Guest: William Hyland, Editor, Foreign Affairs Magazine.

Brinkley: Mr. Hyland, you've heard the statements the White House has been making -- Mr. McFarlane, for example -- that unless the Soviet Union changes its thinking, (not) any real progress is likely. Does that strike you that we're going into this summit meeting with a negative attitude?

Hyland: I think we're going into it trying to put pressure on the Soviet side, just as they're trying to put pressure on us....I think this is part of the kind of preparation we see before all summits, and therefore I don't think it is critical in determining the outcome.

Donaldson: The Administration has ordered a test in September of an antisatellite missile, apparently not for technical reasons but for political reasons. What is the political message the Reagan Administration wants to send to Moscow by this test, and is it wise to do so?

Hyland: I think the first message is that we're not going to fall in with the Gorbachev scheme of a series of moratoria on testing of various weapons...but second, I think it's probably a good tactic to get these tests underway before the summit so that you are in a position to say when we complete our tests we might take another look at this issue. But we're not going to stop them and make a concession prior to the meeting. That, I think, would be disastrous for the United States.

Gibson: ...Is the Administration, do you feel, united going into all this?

Hyland: Probably not. I think this is an Administration which has been unusually divided on dealing with the Soviet Union. There are certain spokesmen, I suspect, who don't want a summit at all, who think it's a slippery slope, the President will fall into a trap, etcetera. But I assume that the President has weighed all of this....

Gibson: But do you think it hampers him at all? Do you think it imperils the President's position in any way?

Hyland: Strangely enough, it might actually help him. The idea that there is still a hard line, that there are hawks in the Administration, that there are people who would like to blow up the SALT agreements, etcetera, may be a certain strength for the President....

Brinkley: ...What could reasonably come out of a summit meeting?

Hyland: I think the best that can come out of this particular meeting is something along the lines that President Ford achieved at Vladivostok. That is, a general agreement on how to proceed on arms control....That would have to include offensive weapons, that would have to include something on star wars and defensive weapons....

THIS WEEK (continued)

Guest: Gennadi Gerasimov, Soviet political analyst.

Donaldson: We've just heard a view that coming out of the summit this November could be the framework for a general arms control agreement. Do you think that's possible?

Gerasimov: I don't know what's going to happen at the summit. I hope it will bring results....

Donaldson: What do you think the condition of the (Soviet-American) relationship is?

Gerasimov: It's at a very low ebb, and that's why we must try to find ways and means to get them in a better shape. And the reason for this very low ebb is that, as I see it, your current Administration has a distorted picture of my country and its intentions in the international arena....

Donaldson: What about Afghanistan, what about Poland, what about the things that the Soviet Union has done just in the last few years?

Gerasimov: I can make another list of all kinds of complaints. It's natural, and we don't like some aspects of your policy in Nicaragua, for instance, or your constructive engagement with South Africa....The problem is that we must find some kind of modus vivendi, how we can coexist, and we must discuss the problems that divide us. And we are ready for a summit....So I am cautiously optimistic, but it depends on your side also, you see? Last week we had this absurd spy dust story, we had this ASAT satellite test, we had your test in Nevada, though we stopped our tests and you've made more than 760 tests and we made 200 less. So you have a very big margin here....

Guests: Sens. Robert Byrd (D-WVa) and John Warner. (R-Va)

Brinkley: Senator Byrd and Senator Warner in Moscow by satellite...how has it been, and what have you heard, what have you learned?

Byrd: We've been working within our own delegation thus far. We haven't had much of an opportunity to talk with anyone in the Soviet government. We did, in Kiev, have an opportunity to talk with officials there, and we found that they, like we and like our people, want to have peace....

Brinkley: Sen. Byrd...are you satisfied with the Reagan Administration's statements as it prepares for this summit?...

Byrd: Let's put it this way. I think that the American President, Mr. Reagan, is serious. He wants peace....

Brinkley: Sen. Warner, we haven't heard from you.

Warner: Fine. We've been warmly received by the top leadership in Hungary and, indeed, as Sen. Byrd said yesterday and the day before in the Ukraine, this is a bipartisan delegation, and the signals we are receiving are that they're glad we've come, and not just to listen to their story...

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THIS WEEK (continued)

Warner continues: ...but to give our perspective. Yes, peace is foremost, but on our agendas is the subject of human rights, the means by which we possibly could -- we're not negotiating, but discuss SDI, the incidents at sea...the nuclear reduction centers, which Sen. Nunn and I have been working on. We have expectations that this trip will be very productive.

Donaldson: Sen. Byrd...as you know, the Administration has ordered the test of an antisatellite weapon for September. Was it wise to move ahead with that? The Soviets say that this proves we're not serious about wanting to curb space weapons?

Byrd: The President was serious, we're serious, the Congress is serious, the American people are serious about these negotiations. As to the test, that test was announced. I don't think spy dust was announced. We had to find that out for ourselves. The Soviets have conducted ASAT tests and so maybe it was a good thing that we proceeded with that test.

Donaldson: The Soviets have denied that they were using spy dust, but the Administration says there's absolutely no doubt about it. What are you going to tell the Soviet Union's leaders about this when you see them?

Byrd: I will bring up this subject, others in the delegation will bring them up....Now, these episodes like spy dust are just the kind of thing that sour the attitude of the people....

Gibson: Sen. Byrd, you're carrying a letter to Mr. Gorbachev from President Reagan. What does it say?

Byrd: I would not be at liberty to reveal the contents of this letter before Mr. Gorbachev has seen it. Mr. Reagan is enthusiastic about our trip. He asked us to report to him on our way back. He asked me to deliver a letter to the Soviet leader. These things will be done and there will be a time when we can discuss them at greater length.

Gibson: Sen. Warner...do you really expect that anything will come out of this more than the two leaders making some PR points and getting to know one another.

Warner: Yes, I personally do....It will be just a start....

FREE-FOR-ALL DISCUSSION -- Morton Kondracke joins panel.

On South Africa:

Donaldson: I think the first thing the Administration has to do is decide what its policy is. On one side is arrayed a various number of spokesman and officials and on the other side seems to be Ronald Reagan himself. Officials of this government over the last two or three weeks have heightened the rhetoric against Pretoria...and at the same time, a few days ago, the President, in a radio interview, said well, it was a reformist administration and in fact, they'd done away with all segregation of public accommodations just as we did in our South and other places in the United States....I think Ronald Reagan has this view of South Africa which is a view that doesn't bear any (relation) to the real facts....

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THIS WEEK (continued)

Kondracke: It seems to me that the President also has mind other consequences, the strategic element of this, if you like, which a lot of people, for moral reasons, in this country really haven't faced up to. One is getting rid of another pro-Western country after the Shah of Iran fell....So Reagan presumably does not want to push this regime over the edge and have the United States blamed for its downfall.

Gibson: ...There is time still for the moderates to affect peaceful change in South Africa. That time, as Bishop Tutu says, is running out. There has to be Administration force for some kind of evolution in South Africa. It's coming, the question is how it's going to come. And as somebody on the hill said last week, the Administration position seems to be, "Don't rock the Botha" at the moment....The President seems to be set in concrete.

On Congress coming back to town:

Gibson: ...What I don't think you're going to see is what the President and some of his aides have been talking about out in Santa Barbara, vetoes of spending bills. I think it would be a bad move for the Administration to start picking fights over relatively insignificant amounts of money when you're trying to win goodwill down the road on the tax bill.

On the defense buildup:

Brinkley: It appears that Mr. Reagan has lost his consensus in favor of a substantial defense buildup....If so, what's going to happen as a result?

Kondracke: You saw one result last week and that is the ending of one weapons system....Caspar Weinberger, having thrown a great deal of money at the defense problem, is now going to have to figure out how to save money....

Donaldson: One thing that's going to happen is a testing of the Ronald Reagan theory that the only way to get the Soviets back to the table in a serious way at Geneva for arms reductions was to build up and keep building up and be very credible. Now because of a monetary restraint, we're going to cut back a little bit. Will the Soviets now come to the table?

Brinkley comments on student loan defaults: Set up a student loan bank, lend tuition money at interest to anyone who needs it. After graduation, when they are at work and making money, have the IRS collect their loan payments and the interest as it now collects withholding taxes. Then anybody needing money for college could get it, they would be forced to pay it back as people are forced to pay taxes, and the government's student loan program, instead of losing money as it is now, would make money. And everybody would win -- the students, the colleges and the government.

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CBS's FACE THE NATION

Subject: Health care for the elderly.

Moderator: Fred Graham.

Guest: Hospice therapist Dr. Joanne Lynn.

Lynn: ...There is right now no social insurance other than for impoverished people, that is, the Medicaid program that provides supportive care....

Graham: ...Doesn't society have a right to question spending all these vast resources for old people, some of whom may be in a vegetative state, when the money might be spent to educate young people in other ways?

Lynn: We should make that a national debate....We have this mandate that we will continue to keep trying to keep people going and so forth, and provide those things that are necessary, or we will be at risk of criminal penalties, and yet we don't have the funding and the resources to do it.

NBC's MEET THE PRESS

Moderators: Marvin Kalb, Garrick Utley and Irving R. Levine of NBC News.
Guest: Secretary William Brock.

Kalb: ...Lane Kirkland says that although in the last five years the AFL-CIO has lost 2.7M members, he feels there's going to be a resurgence of the union, of the power of labor in this country. Do you think for this country, and perhaps for the Administration, that would be a good thing?

Brock: I think it's important that we have organized labor in this country. I think it's important that they continue to contribute to the process of social change, as they have in the past....They are adjusting, they are making changes to adapt to a much more competitive world environment....

Utley: ...Now the President talks about free trade, which is a good theory, but it may become bad politics. Is there any way that you can hold the dike against this pressure for more protectionism?

Brock: Sure, because what the President said in the most recent case on footwear, for example, is that while we are going to act aggressively against unfair competition from overseas -- subsidized competition, cartels, things like that -- we are not going to simply act against others because we are non-competitive. We have to clean up our own house. We have to get this economy in shape. We have to solve our deficit. We have to reform our tax system....I think the President will hold the line....

Levine: ...Do you see the unemployment rate going up, as a great many economists fear, from the present 7.3%?

Brock: I think the economy is in good shape. I think it's going to get better. I think the unemployment rate is going to go down. The basic fact is that we are adjusting very rapidly to a changing world....

Kalb: ...There is a federal budget deficit...at \$210B, there is a continuing high strength in the American dollar and interest rates. What concrete plans are you going to put before the Congress to try to correct this rather sorry economic state?

Brock: We've already put those plans before the Congress. The President has been trying for a long time now to get the Congress to face up to the fact that our trade problems didn't start in Japan or Brazil or France. They started right here at home. We have had under former administrations, frankly, a non-competitive economic policy....We still have the problem remaining of the federal deficit. It is the largest single trade barrier that we face, it has held interest rates higher than it should have, and until the Congress makes a commitment to reduce federal spending almost across the board, and until Congress faces up to the fact that our tax system was written about 50 or 60 years ago and is not related to today's competitive environment, we're going to have problems. But the fact is that the President has asked for those changes, and the Congress has yet to act.

MEET THE PRESS (continued)

Levine: ...Can the President make an argument that is politically defensible for free trade at a time when U.S. workers are losing jobs to countries which pay much lower wages than are paid to American workers?

Brock: ...The fact is that our food gets to market and is cheaper and more effectively delivered with a better quality than any other food in the world, and yet our truck drivers are making \$50-60,000 a year on the road hauling. Now doesn't that say that we can compete even with higher wages if we allow technology to be applied efficiently? That's the answer. We have to modernize, get productive, and we can compete.

Utley: ...There is that human factor in the equation which is the hard nut to crack....Isn't there something we're losing sight of?

Brock: You know, we're not just a productive country, we are a humane country. And I think the point you make is fundamentally important. What the President said is we've got to allow the country as a whole to grow, and we cannot allow our policy to be described on the basis of one response to each different industry in each different situation. You've got to look at the national picture. Take the shoe decision. Yeah, there were 14,000 people that lost employment over the last couple of years...but part were replaced by changing technology, because our shoe companies, when they had protection back in the '70s, did not modernize. When they got rid of the protection in the early '80s they began to get with it and really change....You have to provide assistance in the form of retraining and relocation. Those are the things that count, and we can do that. And we will.

Utley: Can I turn the subject to another aspect of jobs today? Affirmative action. You have said since you took over your position that affirmative action is going to have to continue for some years to come to help minorities in this country, and yet in the coming weeks the President will have to decide whether to issue a special order to remove the requirements on federal contractors having quotas for employees for minorities in this country. How are you going to resolve this? -- because this appears to be a basic confrontation between you as a more pragmatic conservative, if I may call you that, and the more ideological conservatives in the Reagan Administration.

Brock: I just don't accept those definitions. I've never been a hyphenated Republican....I'm going to solve it by asking the President of the United States to make a decision as to precisely how he wants to pursue affirmative action. There's no question that we need affirmative action in this country, there's no question as to his commitment. The question is whether or not we should have a society that has quotas. I don't think this President, this Administration, or many other Americans really believe that we ought to quota people, specifically numbers of people, into specific jobs, because it's demoralizing, it's dehumanizing, and it fundamentally flies in the face of what this country stands for. That does not mean we don't have to take special efforts in those companies that are doing business with the federal government to see that they do not discriminate with federal dollars, with taxpayer dollars....

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MEET THE PRESS (continued)

Levine: When you were out of the country on an African safari, Attorney General Meese submitted this executive draft order for the President's signature, taking a position on affirmative action which differed from yours. Do you feel that they were trying to do something behind your back?

Brock: No I do not. You know, Ed Meese, when he worked in the White House, was the author of cabinet government. He believes in it, and he knows that all of us have to be part of that. We've had any number of discussions on the subject. We are working very closely together. Ed Meese wasn't elected. The President was. We are part of his team. And we're going to implement his policy as he describes it.

Levine: Jackie Presser...was under an investigation which was dropped when it was revealed that he was an FBI informer. How can your department effectively carry out investigations of labor racketeering, a responsibility which you have, if you are not told deals which the FBI may be making with people who you're investigating?

Brock: It's difficult. But the fact is that under the rules of the law that were in place when the investigation began, the Justice Department has to make the final decision on whether to prosecute or not....There was a bit of confusion on that particular issue. I think in the future it will not occur....

Utley: Many politicians are speculating on the possible basic realignment in this country, the move towards Republican domination as the Democrats had for so many years under Roosevelt and after that. Do you believe that is possible if the Reagan Administration continues its present attitudes towards labor as a whole in this country, including unions?

Brock: Sure I do. Because people will judge us on the basis of performance. The Democrats did not perform in the '70s. We had high inflation, high interest rates and no growth. Under President Reagan, we've got very solid growth, a lot of people working, a lot more opportunity, a lot fewer people in poverty than we've had in our history. Now that's making real progress, and union members are going to judge us on the basis of that record and nothing else.

AGRONSKY AND COMPANY

Moderator: Martin Agronsky. Panelists: Hugh Sidey, Carl Rowan, James Kilpatrick, Strobe Talbott.

On the President's decision on shoe imports:

Rowan: I think that in this one case it was probably economically correct. But it wasn't all that brave...the bravery will come later, when he will find that that decision was easy, compared to some he's got to make.

Kilpatrick: Yeah, it was the correct thing for the President to do; he's going to face some problems on the hill because of it. But in the case of the shoe industry, yeah, painful as it was, it was right.

Sidey: Let me point out that he's been consistent from the very start. He's held this year after year. But people in economic pain always look to some other solution or blame someone other than themselves, or believe there's a magic answer, a program, a tariff, and it's a myth. Reagan is right.

Talbott: It's certainly correct and certainly brave, the question is: is it part of an overall strategy for dealing with the hurricane of protectionism that's about to break on the capital when Congress returns, and this business about the shoes is just a little sprinkle of rain compared to what's coming.

Agronsky: ...What's good about (Reagan's decision) in relation to the economy?

Kilpatrick: It probably would have saved shoe consumers quite a bundle of money over the next several years. It was philosophically correct, that's the best thing you can say about this --

Rowan: Well, there's another "human" standpoint to this thing. There's a lot of poor people are going into those stores and wanting to buy shoes coming from places where labor is cheap. We could say in this case: all right, the shoe industry is so small now that we can really do without a shoe industry, let's buy them from Brazil or Taiwan and get cheap shoes, but then you've gotta say, can we do without an auto industry, ... a textile industry, and I can guarantee you the decision Mr. Reagan made with shoes will not go down...

Talbott: No, we can't do without an auto industry...but the answer to this problem is not protectionism. I'm hoping that this debate over protectionism, which is going to really dominate the agenda, I think, once Congress gets back, will pretty quickly focus on the relationship between the trade deficit and ...

Sidey: I think in the end if the debate is open and free and lasts some time, people will come to their senses. Out in the midwest, for instance, you'll hear instantly that people say we have to do something about farm imports, we have to make it more even, have tariffs and that...(many) of our industries did not modernize...now we've got competition in (many industries)...

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AGRONSKY & CO. (continued)

On South Africa:

Agronsky: This week the South African business community, representing practically all the responsible segments of business in South Africa, called on the government to go against the whole idea of excluding blacks from economic and political life of the country, called for their inclusion in the system...It's always been the conventional wisdom that sanctions don't work, fiscal pressures and all the rest of it...don't they seem to be working in this case?

Rowan: We're seeing a situation get so bad that we can begin to have some hope that it will get better...you're going to see some tremendous pressure pressure on the Botha regime by just about every responsible business group in South Africa...I don't think the government will bend until a lot more damage is done.

Talbott: I think you're implying something that isn't right...and that is that it's the threat of American sanctions that have brought this about. The business community down there is reacting to the political instability and the violence in the country itself. Whether the situation gets better or worse will be because of internal factors and I think that American factor will only be incidental.

Agronsky: This is not just American! This is the international banking community!...I'm sure what's happening inside the country and rightly is the dominant influence, but the other pressures, I think, are good and seem to be working to some extent, and I think we should continue them.

Sidey: They're good, but we shouldn't kid ourselves that it's our pressure that's bringing them out of chains.

Agronsky: ...Do you think our criticism of the South African government is eroded to any extent by observations that Mr. Reagan made last week that this is a reformist government and he accepts it as such?

Rowan: Well, Mr. Reagan has -- about a lot of issues -- made a lot of statements that didn't quite jibe with the facts, and in this case, I think he listened to Pat Buchanan a little too much and he didn't have his facts straight. But the simple fact is if you note, the State Department is saying some things considerably different from what's coming out of the western White House.

Talbott: ...That was a gaffe, the President's comment about this being a reformist regime.

Kilpatrick: Come off it. This regime has done all kinds of things in South Africa.

Agronsky: The State Department evaluation points out that none of them were fundamental....Do you think the President still will veto a U.S. sanctions bill?

Kilpatrick: He won't gain anything at all...Congress would pass that bill over his veto.

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MCLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Morton Kondracke, Robert Novak, Leslie Gelb of The New York Times.

On South Africa:

Gelb: ...What goes on in South Africa is really well beyond our control, and what isn't beyond our influence hasn't been affected very much by the Administration's policy. They made a judgement that by getting close to South Africa, they could influence reforms. That gamble failed and they're busy chasing their tails right now.

Novak: What Les said is not entirely wrong, for a change. But as a matter of fact, what is happening there is the tale of what has been orchestrated in the Soviet Union. This is all coming out of Moscow, it's a destabilization program. But what you have to remember is that the South African bankers, businessmen, have one ace in the hole: they may not pay their loans.

Germond: Novak always thinks there are two villains, the communists or Paul Volcker. In this case, it's the communists, which is absolute garbage. This is an inexorable march toward a showdown of South Africa....The government is in really serious trouble.

Kondracke: ...We have no power to change what is going to happen there, and it seems to me that the best possible course for the United States would be to encourage reconciliation, but not demand it, and definitely not do anything that would encourage violence.

McLaughlin: This week, President Reagan said apartheid -- "petty apartheid," I think he was referring to -- has ended in South Africa, and Chester Crocker disagreed with him on that. Did you take note of that, Leslie?

Gelb: Certainly did, but I think Chester Crocker in this case is right and the President was wrong.

Germond: What do you mean, "in this case?" This is a common failing of the President. He gets his facts from the wrong places....You hope the President isn't acting on that kind of bum information....

Kondracke: There is a little bit of carrot-and-stick in what Crocker and the President are doing. The President is saying, and he's signaling all over the place, that he's going to veto sanctions now. But meanwhile, Crocker, who is the author of the constructive engagement policy, is also taking a switch to the South African government to try to prod them along to reform.

Novak: And I think this is a very funny way of going about the thing. I don't understand what the Administration is doing. There's a lot of people in the White House who don't understand what the Administration is doing, because the very harsh language the State Department uses has no impact whatsoever on the Afrikaners. And if the President is determined to veto the bill after all this beating up rhetorically on Pretoria, then we really look silly.

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MCLAUGHLIN GROUP (continued)

Germond: We aren't really sure if the President's going to veto that thing. Right now, I would bet they will find a way to tailor the sanctions thing --

On Jerry Falwell's impact on the South Africa issue:

Germond: It's going to be zero, the man's a joke....

Novak: I don't think he's any kind of a joke at all, I think he has a lot of supporters. But I would agree with Jack to this extent, that the tide of public opinion, which has been manipulated on this issue terrifically, is running against Falwell, is running against Reagan....

Kondracke: ...Falwell's credibility is very low. He says he's against apartheid, but I see him doing nothing to benefit blacks in South Africa or anywhere else.

On the West German spy scandal and sharing SDI technology:

Gelb: We've been giving them data on military and highly classified technological things for years. But we try to do it in a way that compartmentalizes that information to protect it. I think the same thing will happen on SDI. You can't block them out completely because they are an ally.

Novak: I think we have been very careful, particularly in recent years, in just what we give them.

Germond: I don't know whether we've been careful or not. We'll have to be a lot more careful.

Kondracke: I think we should be careful.

McLaughlin: I think there will be a serious cutback in what we give Helmut Kohl and West Germany.

On the drop in the poverty rate and the increase in the median family income: Does all this add up to a plus for Reaganomics?

Kondracke: You can't call it a minus. Obviously it's progress, but...it has to be pointed out...that the poverty rate is higher now than when Ronald Reagan took office....

Germond: The poverty rate is obviously a plus. I don't know whether Reaganomics is responsible or whatever. In one sense it certainly is, and that is since the inflation rate has not gone up as fast, neither has the poverty level.

Novak: Of course, Jack says all the bad things that happen are due to Reaganomics, but none of the good things. But let me just explain one thing, that these figures are fallacious. In fact things are much better than that because these (figures) do not count in the non-cash payments that these people receive on food stamps and other things....You know, why they won't count that? Because that would make the Reagan Administration look too good.... ...MORE...

MCLAUGHLIN GROUP (continued)

Gelb: It's impossible to deny the fact that this is good news for Reaganomics. If we're going to attack him for things that go bad, we're going to give him credit for things that go well. But at the same time, you talk to most Republicans in town, they're not nearly as optimistic as Bob Novak. There are a lot of bad signals on the economic front.

On shoe imports: Did the President make the right decision?

Kondracke: Absolutely. Of course he did. Look, the major exporter of footwear into the United States is Brazil. Brazil is a struggling democracy. If we start erecting trade barriers against products that come from countries like that --

Novak: ...The reason it was a good decision has nothing to do with Brazil. It's the reason that 120,000 shoe workers have no right to cost the rest of the American people \$2B in shoes. There is no reason why there has to be a shoe industry in this country that cannot possibly compete against the outside world.

Germond: I think the President was probably right on this. This is not, however, a substitute for a trade policy and it is not a justification of sloganeering with free trade....The Administration has to come up with some kind of a trade policy...

Gelb: Ronald Reagan was right on policy, wrong on politics.

McLaughlin (to Gelb): Very well stated.

On Ronald Reagan's role as an FBI informant in the 1940s:

Germond: I don't think, if in fact he was informing to any great extent, informing at that time is a defensible position to have taken. I think it is indefensible. However, I don't think that Ronald Reagan was venal, I don't think he ever thought about it....

Kondracke: ...It's entirely defensible. If the Communist Party, taking orders from Moscow, is trying to undermine the American film industry and he sees it going on, why shouldn't he fight it?

Novak: ...Ronald Reagan had something that you may find hard to understand called patriotism.

Gelb: ...We have to take some action. You maybe go and talk to your boss and what-not. But whether you go to the FBI and become an informer, that's a role Ronald Reagan didn't even want to play.

McLaughlin: I think I'd be with you, Jack....