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The White House NEWS SUMMARY

THURSDAY, OCTOBER 4, 1984 -- 6 a.m. EDT Edition

TODAY'S HEADLINES

NATIONAL NEWS

USA Today Survey -- President Reagan, showing the largest lead since February, continues to outdistance Walter Mondale, says a poll published in USA Today. (Gannett)

Reagan Plunges Into Debate Preparations -- Armed with a thick briefing book, and with a strategy that calls for correcting any mistake he makes within 12 hours, the President began debate preparation in a closed meeting with a tightly controlled group of aides. (Washington Post, AP)

Veep Disputing Tax Bill; Says 'Socked' By IRS -- Vice President Bush, complaining "they socked it to me," is battling an IRS ruling that hit him with \$198,000 in extra taxes and interest by rejecting his claim that his seashore estate in Maine is his chief residence. (AP, New York Times, Washington Post, Washington Times)

INTERNATIONAL NEWS

Intelligence On Bombing Said Adequate -- State Department and embassy officials had adequate intelligence warnings of a possible terrorist attack on U.S. facilities in Beirut but failed to respond, according to a House intelligence committee report. (AP, Baltimore Sun, New York Times, Washington Post, Washington Times)

NETWORK NEWS SUMMARY (Wednesday Evening)

ESPIONAGE -- A 20-year FBI counter-intelligence veteran is under arrest for selling secrets to the Soviets.

DONOVAN -- FBI Director Webster said he did not like the way the FBI handled the Donovan investigation.

BUSH FINANCES -- George Bush admits questions over his finances have made

FLAT TAX -- Donald Regan said that if President Reagan is reelected, he may ask the President to scrap the whole federal income tax system in favor of a modified flat tax.

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NATIONAL NEWS

USA TODAY SURVEY

President Reagan, showing the largest lead since February, continues to outdistance Walter Mondale, says a poll published in USA Today. With the election one month away, Reagan has opened a commanding 25-point lead, 60-35%. Five percent were undecided. Most of the President's support -- 78% -- comes from voters who like him personally -- or dislike Mondale. The poll also found Mondale still fails to attract male voters. He captures 30% of men, compared to 66% for Reagan. Mondale does better with women, 40%. Still, 56% of the women favor Reagan. Reagan leads in all regions of the country, but is strongest in the Midwest, where he shows a convincing 35-point advantage. The President also is capitalizing on discontent among Democrats: 29% said they would cross party lines to vote for Reagan. Among independents, Reagan leads 63-32%. (Gannett)

HARRIS SURVEY

Voters are expressing negative reactions toward the activities of some members of the clergy such as the Rev. Jerry Falwell and Archbishop John O'Connor, according to a Harris Survey. By 59-24%, a majority of voters holds a negative view of Falwell's efforts to get Reagan reelected. A 61-30% majority nationally is opposed to a constitutional amendment to ban abortion. On an amendment to the Constitution requiring school prayer, 53-41% of all voters are opposed to such a measure. The white evangelical vote goes to Reagan by a thumping 70-28%. A 69-22% majority of voters is critical of Archbishop O'Connor. (Lou Harris, Gannett)

MONDALE AIDE SAYS REAGAN MISSED CUE FROM GROMYKO

Walter Mondale's chief foreign policy adviser says he detected a "slight softening" of Moscow's conditions for returning to the arms talks. David Aaron told a foreign policy group Tuesday night that Gromyko did not reiterate the Soviet demand for a moratorium on antisatellite weapons testing, nor did he insist that all U.S. medium-range missiles be removed from Western Europe before the talks between U.S. and Soviet negotiators can resume. Aaron, speaking at the Johns Hopkins School of Advanced International Studies, called the recent meeting of President Reagan and Gromyko "a zero." (Roger Fontaine, Washington Times, A1)

MONDALE SPEAKS IN MARYLAND TODAY, TRAILS BY 13 IN NEW STATE POLL

Walter Mondale is to appear at the Rockingham Jewish Community Center for what is billed as an address on issues of concern to the elderly. He will be accompanied by Rep. Pepper. The visit coincided with the release of another poll, by the University of Maryland Survey Research Center, showing him trailing President Reagan in a state that once was viewed as solidly in his column.

(Tom Kenworthy, Washington Post, A12)

EDITOR'S NOTE: Tom Shales' article, "Reagan's Role Call: Center Stage at the Debates," appears on page B1 of The Washington Post (Style).

REAGAN PLUNGES INTO DEBATE PREPARATIONS

With full knowledge that he has the most to lose, President Reagan is spending 10 to 12 hours over the next three days in actual rehearsal for his first debate with Walter Mondale. So much rides on the televised confrontation that aides to Reagan and Mondale are still involved in delicate negotiations over such details as where the candidates should stand on the stage and where the reporters should sit. Armed with a thick briefing book, and with a strategy that calls for correcting any mistake he makes within 12 hours, the President began debate preparation in a closed meeting with a tightly controlled group of aides.

(Maureen Santini, AP)

Reagan Aides Scout Debate's Image Factors

President Reagan's top advisers in negotiating the debates with Mondale, made a point of insisting to Mondale's strategists that Reagan be allowed to use a specially equipped podium that will amplify questions so the President can hear them Sunday. That demand offers a small glimpse into the instinct of Reagan's political team that the debate will be decided not only on how the candidate handle issues but also on their tone and "body language" before a national audience. Aides said Reagan was preparing for a broad-based Mondale challenge on foreign and domestic issues.

(David Hoffman and Lou Cannon, Washington Post, A9)

MONDALE'S LIVING ROOM TO BE DEBATE LABORATORY

For most of the next three days, Walter Mondale plans to be chewing on a cigar in his Cleveland Park living room, sneakered feet propped on an ottoman, studying videotapes of the stars in Sunday's television extravaganza: himself and President Reagan. Mondale advisers say their man is ready -- spoiling, actually -- for the final round. "Mondale has won every televised debate he has been in," campaign chairman James Johnson said. They scoff at concerns that Reagan has an actor's stage presence while Mondale sometimes seems wooden on television, and that style, not substance, wins such debates. "We feel as though he (Mondale) comes across on television as someone who is good-natured, smart and confident," Mondale's press secretary, Maxine Isaacs, said.

(Paul Taylor, Washington Post, A12)

Columbia U. Head Coaches Mondale in Debate Practice

Columbia University President Michael Sovern will impersonate President Reagan should Walter Mondale stage a full-scale rehearsal before Sunday's debate, aides said. Sovern already has put Mondale through some shorter practice sessions. Campaign head James Johnson said the candidate will be "very aggressive" about White House shortcomings, but aides seemed to rule out the kind of unrelenting assault made in a New York primary debate on Sen. Hart (Alan McConaha, Washington Times, A3)

Mondale Toughens Up for TV Joust With Reagan

President Reagan will meet an aggressive underdog in Walter Mondale when they engage Sunday. James Johnson said Mondale had been "mock debating" with aides playing Reagan. No details were available of Reagan's preparations. Mondale adviser Richard Leone paid tribute to Reagan's abilities as a television performer and said he expected the President to work to a tight script.

(Rodney Pinder, Reuter)

REAGAN-BUSH OKTOBERFEST

The bands played polka music. The German beer flowed freely. Men and women danced in colorful Bavarian costumes, complete with plumed hats. It was the Family Oktoberfest in Old Heidelberg Park in Milwaukee, and 13,500 were on hand to eat knockworst, sing folk songs and celebrate their ethnic heritage. The only trouble was, it wasn't October, and the Family Oktoberfest was not an annual event. Instead, the entire festival was cooked up by the Reagan-Bush campaign so that when the President came to town -- his first visit to Wisconsin since before he was inaugurated -- he could make a pitch for the ethnic vote against a backdrop of immigrant pride. This made-for-television approach is at the heart of Ronald Reagan's campaign for reelection. If polls are any barometer, the advance team is doing an excellent job. Reagan-Bush strategists say the President is ahead in all 50 states, and there are no plans to change the basic television emphasis of the Reagan campaign. To the President's men, Campaign '84 is a test of advertising skill. None of this has escaped notice of the Mondale people, who view it not with concern but with disdain.

(Johanna Neuman, Gannett)

MONDALE VOWS WAR ON DRUGS

Walter Mondale said he would fight a \$100B annual "flood of narcotics" into the U.S. by naming a fulltime federal drug czar, using the military to halt illegal drug imports and penalizing exporting nations that won't cooperate.

(Washington Post, A12)

Use Military in Drug War, Mondale Urges

Walter Mondale, claiming illegal drug use has soared during the Reagan Administration, outlined a plan to use the Navy and Air Force to help halt narcotics traffic. The Democratic nominee announced his \$200B plan in the House Judiciary Committee hearing room. "...You cannot say you are effectively fighting crime if you are not effectively fighting drug traffic," Mondale said. In response, Attorney General Smith said, "Anybody who...comes to that conclusion is totally unaware of what has been going on in this department and elsewhere in the government."

(Alan McConagha, Washington Times, A3)

MONDALE'S LABOR BACKERS INTENSIFY GRASS-ROOTS WORK

AFL-CIO President Kirkland will soon hit the road in a recreational van for a nine-state tour to spur a go-for-broke union effort to elect Walter Mondale. Kirkland's trip comes at a time when some union political operatives have become discouraged by the President's wide lead in public opinion polls.

(Merrill Hartson, AP)

GRAND JURY WANTS ZACCARO TESTIMONY

NEW YORK -- John Zaccaro will testify before a grand jury probing an alleged improper loan that helped finance a real estate deal Zaccaro co-brokered, the New York Daily News reported. Authorities are investigating the loan -- \$475,000 from the Port Authority Credit Union -- because it was made to people who were not members of the credit union, the News said.

(Washington Times, A3)

BUSH PAID 37 PERCENT IN U.S. TAXES

LITTLE ROCK -- Vice President Bush released income tax returns showing that he and his wife paid about 37% of their income in federal taxes over the last three years, but \$144,000, plus interest, was paid under protest last June because of an underpayment in 1981. Another dispute involved the disposition of funds left over from Bush's 1980 presidential campaign. The IRS ruled that Bush improperly excluded from his income \$32,807 he had given to the Republican National Committee. Bush said he hoped the release of his tax returns would satisfy the "insatiable curiosity" about them. Asked if he sympathized with Geraldine Ferraro over the issue, he smiled and said, "Yes."

(Juan Williams, Washington Post, A1)

Asked if he thought such curiosity were improper, the Vice President replied, "I think it's understandable...particularly in a campaign year. Appropriate? I suppose so."

(Ron Cordray, Washington Times, A2)

The disclosures were prompted by questions in light of the inquiry into the financial affairs of Ferraro, and the fact that only Mr. Bush of the four major national candidates had not made public such information.

(Jeff Gerth, New York Times, A1)

Veep Disputing Tax Bill; Says 'Socked' By IRS

Vice President Bush, complaining "they socked it to me," is battling an IRS ruling that hit him with \$198,000 in extra taxes and interest by rejecting his claim that his seashore estate in Maine is his chief residence. "I think I've been singled out, but let's let the courts decide," said Bush, who later added he didn't think he was being singled out personally but rather as the holder of the vice presidency.

(Terrence Hunt, AP)

Where Is His Residence? A Seashore Home, the VP Mansion, A Hotel

George Bush, who lives in Washington and votes in Texas, is having a tough time convincing the IRS his residence for tax purposes is Kennebunkport, Maine. The fight is worth about \$200,000, which the Vice President says amounts to "quite a piece of change." Bush argues simply that the Kennebunkport house is the only house the Bush's own and that's good enough for a tax deferral. No, it isn't your principal residence so it doesn't count, the IRS ruled.

(Robert Furlow, AP)

FERRARO DENIES FINANCIAL REPORT SHOWS SUBSTANTIAL CHANGE

DAYTON -- Geraldine Ferraro has denied that changes in a financial report filed with the Ethics Committee of the House of Representatives showed a great increase in her reported net worth. Press reports said the new disclosures added as much as \$200,000 to her net worth. "This is flatly incorrect," she said in a statement issued on her plane en route here last night. "On the average, the amended value of the holdings was \$70,000 greater than originally reported," she said.

(Kevin Cooney, Reuter)

**FERRARO AND JACKSON IGNITE CROWDS
WITH ONE-TWO PUNCHES AT PRESIDENT**

MEMPHIS -- Two of the Democratic Party's best stump speakers joined voices as Geraldine Ferraro and Jesse Jackson teamed up to club the Republicans on issues ranging from civil rights to President Reagan's leadership. In his pound-the-pulpit style, Jackson also registered dozens of new voters while leading them in a chant of "Give peace a chance, give Reagan the ranch." Ferraro was overshadowed by the power of his rhetoric but picked up on one of his themes. "If you're homeless, they say you like it that way. If you're without a job, they say vote with your feet," she said. "And if you're hungry, they say eat cheese."

(Rick Atkinson, Washington Post, A13)

ACTIVIST ADVISED ANTI-ABORTION GROUP

A few days after the Democratic Convention, a right-to-life activist from Chicago mailed a "directive" to hundreds of antiabortion groups around the country spelling out in great detail how to mount demonstrations against Walter Mondale and his running mate at every campaign stop. The directive, from Joseph Scheidler, instructed groups how to make protest signs, form picket lines, shout chants and even infiltrate Mondale and Ferraro rallies as part of a "carefully coordinated plan" to send a "chilling message" to the two Democrats. It is not clear how much impact the directive had, but at least one local activist said the memo sparked a demonstration in Houston.

(Bill Peterson, Washington Post, A8)

SHUTDOWN READIED AS SENATE LABORS ON SPENDING BILL

The government prepared for possible shutdown of most nonessential operations at midday as the Senate moved toward passage of a catchall spending bill and the House balked at further emergency funding measures.

(Helen Dewar, Washington Post, A1)

Reagan, O'Neill Pressing For End to Money Bill Bind

President Reagan and Speaker O'Neill raised pressure on the Senate to close its week-long debate on a catch-all money bill, a delay that caused much of the federal government to run out of operating funds at midnight yesterday. The White House said it would keep the government operating without a stopgap bill in place, and will order federal workers to report for duty on Friday, also, if Sen. Baker can deliver the Senate version of the continuing resolution to conference with the House.

(Thomas Brandt, Washington Times, A2)

**TREASURY CHIEF INDICATES HE'LL SUGGEST
MODIFIED FLAT TAX TO OVERHAUL SYSTEM**

Secretary Regan indicated he will recommend adoption of a modified flat tax, which would overhaul the federal tax system by eliminating many tax breaks and reducing and simplifying tax rates. Regan said he will submit a report to President Reagan Dec. 1 that will outline options for tax reform and give the Treasury's recommendations.

(Alan Murray, Wall Street Journal, A2)

PENTAGON DIRECTS ELECTION-SEASON PR CAMPAIGN

The Defense Department, after pledging not to involve itself in the presidential campaign, devised an election-season "public affairs plan" late in the summer designed to win "public understanding and support" for the Administration's management of military programs, according to memos released Wednesday. The plan calls for speeches by Secretary Weinberger and his deputy, an "active letter-to-the-editor program" and the enlistment of military commanders at bases around the country in selling the Administration's position. Michael Burch, assistant secretary of defense for public affairs, said the eight-week public affairs campaign is not related to the presidential election and that similar efforts will continue after that date.

(Fred Hiatt, Washington Post, A1)

DEFENSE SPENT FUNDS FOR MAINTENANCE INSTEAD OF HOMELESS

Most of an \$8M appropriation by Congress for a program to transform surplus military buildings into shelters for the nation's homeless has been used instead for routine defense maintenance, a congressional subcommittee was told. The figures were released by a spokesman from the GAO at a hearing on the federal HHS interagency task force on food and shelter for the homeless.

(Michael Marriott, Washington Post, A1)

SUPERHARD SILOS EYED FOR MX SURVIVABILITY

The Pentagon is putting increased emphasis on using super-hardened silos as the long-term way to ensure survivability of the MX, according to Administration sources. The Air Force plans to spend \$219.7M this fiscal year on superhardening, with testing on a full-size silo scheduled.

(Walter Pincus, Washington Post, A34)

SENATE CLEARS COMPROMISE DEFENSE SPENDING PLAN

The Senate has approved a \$297B defense appropriation for the new fiscal year, more than \$16B below President Reagan's original request and sure to be trimmed by about \$5B more before it goes to the White House.

(Lee Byrd, AP)

OTHER PROSECUTORS WERE THWARTED IN DONOVAN CASE

NEW YORK -- Federal prosecutors in Brooklyn were frustrated by officials in New York and Washington last year from pursuing the lines of inquiry that led a Bronx grand jury to indict Secretary Donovan, it was learned today. Sources said government prosecutors in Brooklyn tried to open an investigation after disclosure to them by a secret witness about a Mafia "soldier" who had been working as a subcontractor for Donovan's construction company on New York's subway projects. But the prosecutors were rebuffed, the sources said, when they tried to gain access to secret FBI tapes compiled during a 1979 electronic surveillance of the mobster's warehouse-headquarters in the south Bronx. The tapes, sources said, contain evidence of numerous crimes, including murder. According to Bronx authorities, they also reflect the fraudulent nature of the "minority-business enterprise" that was working for Donovan's company under the aegis of William Maselli, a reputed member of the Genovse crime family.

(George Lardner, Washington Post, A3)

CONGRESS BOOSTS EDUCATION GRANTS, HEALTH AID
DESPITE REAGAN PROTEST

Congress is closing the book on four years of President Reagan's domestic belt-tightening with pre-election spending spurts in health, education and welfare programs that Reagan had set out to trim. A House-Senate conference committee agreed this week to raise the ceiling on Pell Grants for low-income college students from \$1,900 to \$2,100, adding \$525M to the program. Overall, Congress appears to be sticking with the domestic discretionary spending limits negotiated with the White House last spring, so Reagan is not likely to exercise his veto because of "budget busting" in these programs. (David Hoffman, Washington Post, A17)

FIVE U.S. SENATORS WANT TO BE MAJORITY LEADER

Five Republican senators are knocking on office doors, sending out campaign letters and making speeches in hopes of wooing their own colleagues. (Sens. Stevens, McClure, Lugar, Dole and Domenici.)
(Christian Science Monitor, A1)

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INTERNATIONAL NEWS

INTELLIGENCE ON BOMBING SAID ADEQUATE

State Department and embassy officials had adequate intelligence warnings of a possible terrorist attack on U.S. facilities in Beirut but failed to respond, according to a House intelligence committee report on the Sept. 20 bombing of the U.S. embassy annex in Beirut. The report's conclusions directly contradict President Reagan's assertion that Administration officials had been hampered in protecting the embassy by inadequate intelligence cutbacks in the previous Administration.

(Margaret Shapiro, Washington Post, A1)

Panel Says Beirut Security Threat Not Heeded

Reagan Administration officials had adequate warnings of a terrorist threat against U.S. facilities in Beirut, but failed to pay sufficient heed, the House Intelligence Committee says. In a stiffly worded report, the Democrat-controlled committee said that prior to the Sept. 20 truck-bomb attack on the annex, "the probability of another vehicular bomb attack was so unambiguous that there is no logical explanation for the lack of effective security countermeasures." "The President must stop trying to sweep this tragic incident under the rug," said Speaker O'Neill. "He must hold those responsible for ignoring this intelligence accountable."

(Robert Parry, AP)

Responding to the committee's report, the State Department said its own investigation into the bombing had not been completed but that "if there was negligence involved, we'll find it." A department statement also defended security measures at the embassy, noting they were 75% completed at the time of the bombing.

(Philip Taubman, New York Times, A1)

The findings conflict with President Reagan's statement Tuesday that "there was no evidence of any carelessness or anyone not performing their duty." Deputy Press Secretary Pete Roussel said, "We would have to look at it in detail before we comment." The State Department had no immediate comment.

(Baltimore Sun, A1)

FBI AGENT CHARGED IN ESPIONAGE

The FBI arrested one of its own agents, Richard Miller, on charges that he sold classified documents to a female Soviet KGB agent with whom he was having a personal relationship. FBI Director William Webster, calling it "a very sad day for us," said it was the first case of an FBI agent being charged with espionage for a foreign government. An FBI affidavit said one of the documents "would give the KGB a detailed picture of FBI and U.S. intelligence activities, techniques and requirements."

(Mary Thornton, Washington Post, A1)

ISRAELI PRIME MINISTER WON'T REQUEST 'HANDOUT'

JERUSALEM -- Senior aides to PM Peres said the Israeli government has rule doubt asking for any immediate additional economic aid from the U.S. but the finance minister said Israel would request the creation of a special fund for Israel to draw on if it needs an emergency infusion of cash.

(Edward Walsh, Washington Post, A21)

DRAFT TREATY ON CENTRAL AMERICA IS SENT TO U.N. SECURITY COUNCIL

UNITED NATIONS -- The Contadora nations sent to the U.N. Security Council the treaty they have drafted to end armed intervention in Central America and expressed confidence that "last-minute adjustments" can accommodate objections of the U.S. and its regional allies. As described by the Contadora ministers, the countries involved will have until Oct. 15 to submit comments on the treaty draft. After that, a "political phase" is to begin when the drafting nations seek to gain final agreement of the political leaders of the Central American states.

(Don Oberdorfer, Washington Post, A30)

Salvadoran President Calls For Revisions of Contadora Plan

LA PAZ, Honduras -- President Duarte has called for revisions of the Contadora peace plan to ensure a cutoff of foreign aid for Salvadoran guerrillas. Duarte's statement after meeting Honduran President Cordova echoed the concerns of the U.S. "We want to sign, but (we want to sign) a document that really assures us that there will be lasting peace in Central America," Duarte told a press conference. (Reuter)

COLLAPSE OF TALKS REFLECTS POLARIZATION OF SIDES IN NICARAGUA

MANAGUA -- Negotiations between the Sandinista Front and the largely conservative opposition coalition have broken down again, feeding concerns that the differences between the two sides are too profound to reconcile and that the level of violence in Nicaragua will rise. The failure of the latest negotiations were no surprise for many observers here, given the deep ideological differences between the government and the opposition Democratic Coordinator Coalition. (John Lantigua, Washington Post, A29)

U.S. COOL TOWARDS PANAMA'S MILITARY

PANAMA CITY -- Little more than one week before a new president is to be inaugurated in Panama, relations between the U.S. Southern Command and Panama's defense force are at low ebb, according to private comments made by high-level U.S. officers. Faced with a fait accompli in the "election" of Nicolas Ardito Barletta, the U.S. plans, The Washington Times has learned, to follow a policy aimed at bolstering him in the hope he will build a power base of his own (independent of the military). As a sign of support, Secretary Shultz will fly to Panama City to attend Barletta's inauguration October 11. (Jay Mallin, Washington Times, A5)

'CIRCUMSTANTIAL' BLAME PUT ON LIBYA IN MINING

"Persuasive circumstantial evidence" indicates that Libya mined the entrances to the Red Sea, causing explosions that have damaged at least 19 ships since July, the State Department said. Alan Romberg also said accusations by Egypt that Libya plotted an air raid on Egypt's Aswan Dam are "consistent" with previous "aggression in the area" by Col. Qaddafi. (Washington Post, A23)

While Romberg declined to address the nature of the evidence, other U.S. officials said it is based partly "on Khadafy's track record," partly on the fact that "we're pretty sure the Soviets didn't do it," and, more importantly, on the voyage of a Libyan ship that "wandered around the Red Sea for 17 days," before the series of explosions. (AP)

S. AFRICA ANNOUNCES TRUCE BY MOZAMBIQUE AND REBELS

PRETORIA -- South Africa has negotiated a cease-fire agreement between the government of Mozambique and the guerrillas of its National Resistance Movement, FM Botha announced. A joint commission has been set up to work out details. (Allister Sparks, Washington Post, A1)

LABOR URGES BRITAIN TO SCRAP A-ARMS, RELATED U.S. BASES

BLACKPOOL, England -- The Labor Party overwhelmingly approved a policy of unilateral disarmament for Britain and the closing of all U.S. nuclear bases here, despite warnings from three senior party members that such a move could split the NATO alliance abroad and prove politically suicidal at home. (Michael Getler, Washington Post, A21)

The conference rejected by a margin of 2-to-1 left-wing demands for the shutdown of all American conventional bases as well as nuclear bases, and it decided to favor staying in NATO and beefing up conventional forces with money saved from Britain's Polaris and Trident nuclear weapons programs. (Peter Almond, Washington Times, A1)

CHINA FIRMLY SET ON BROADENED ECONOMIC COURSE, ENVOY SAYS

The economic course set by China under Deng, stressing modernization without rigid doctrinaire development formulas, is irreversable, China's U.S. Ambassador Zhang Wenjin said. China's development is not just a short-term change, but a basic restructuring of that country's policies and goals, Zhang told the National Press Club breakfast. (Danelle Morton, Washington Times, A5)

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NEWS FROM THE STATES

DALLAS (UPI) -- The Reagan Administration's strategic modernization program and the completion of the initial intermediary nuclear force deployment in Europe should provide the Soviets an incentive to return to arms control talks, a top arms control official said Wednesday. In an optimistic forecast on the stalled arms control issue, Kenneth L. Adelman, director of the U.S. Arms Control and Disarmament Agency, also noted Soviet Foreign Minister Andrei Gromyko's recent visit to the United States pointed to the need for the Soviets to resume the arms control negotiations broken off last December. Adelman told reporters prior to his speech to the Dallas Council on World Affairs and the Rotary Club that the recent conciliatory approach outlined by President Reagan on the arms control issue was not an election ploy. "The elections are not a hindrance," Adelman said. "Four conditions exist for the new promise on arms control. First, the continuity that will come with a second Reagan administration. Secondly, the strategic modernization program begun in 1981. Third, the absence of (additional) Euro missile deployment that had earlier cast a dark shadow; and fourth, it is safe to assume that no matter how long the stagnation in the Kremlin persists, the leadership problem experienced by the Soviets will not result in three new Soviet leaders in as many years."

HOUSTON (UPI) -- President Reagan appealed to Hispanic voters in Brownsville and Corpus Christi, then jetted off to Houston to tout his administration's economic gains to a crowd of 2,500 at a \$1,000-a-plate fundraiser. Houston Democrats responded with a \$5 a person gathering at which they served free hot dogs. One supporter said the two gatherings highlighted the basic differences between the two political parties. The President drew crowds of 5,000 in Brownsville and 10,000 in Corpus Christi, but a Mexican-American leader said many Hispanics who went to see the President in South Texas will vote for Democrat Walter Mondale on November 6.

EL PASO, Texas (UPI) -- In an appearance at the University of Texas at El Paso Jesse Jackson called on students, women and minorities to go to the polls and vote against President Reagan Nov. 6. Jackson attacked the Reagan Administration for showing "a radical disregard for the poor."

HOUSTON (UPI) -- Democratic Party Chairman Charles Manatt, taking his party's banner into Texas where the Republican ticket was campaigning, charged that the GOP was trying to keep blacks and Hispanics from voting in November. Manatt attended a \$5 hot dog dinner that Houston-area Democrats staged Tuesday to take some of the glow from a \$1,000-a-plate fund-raiser that featured President Reagan and George Bush. "I have every reason to believe that the Republican Party will try to frighten Hispanics and blacks from the polls this year," he said. Manatt also charged that people who have been heckling Mondale and Ferraro were trained and paid by Republican Party officials.

DETROIT (UPI) -- The United Auto Workers Union is at odds today with President Reagan for remarks he made Monday about voluntary restraints on Japanese imports and claiming there are more workers on assembly lines than when he took office. Reagan said unemployment in the auto industry four years ago was more than 20 percent but "today it's down to 6.4 percent." But the figure was hotly disputed by the UAW which has sought continued restraints on Japanese imports to protect American jobs.

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NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

ESPIONAGE (ALL NETS LEAD)

CBS's Dan Rather: A 20-year F.B.I. counter-intelligence veteran working in Los Angeles is under F.B.I. arrest tonight. The charges: espionage for the Soviets -- the first time ever the F.B.I. has charged one of its own with working for a foreign power. Also in custody, a woman -- a KGB major the F.B.I. man got involved with personally -- and the Soviet KGB agent's husband.

ABC's Kenneth Walker: Top officials of the Justice Department and the F.B.I. tried to put the best face on it, but it was clear that they don't yet know -- or they're unwilling to state publicly -- the extent of the damage from the Soviet KGB's apparent penetration of U.S. counter-foreign-intelligence activities.

DONOVAN

NBC's Brian Ross: In Washington today, F.B.I. Director Webster acknowledge that he did not like the way the F.B.I. had handled the Donovan investigation, and that he had ordered a shake-up in the F.B.I. -- or, what he called, an administrative action. (Webster: "There was some administrative action taken as a result of my dissatisfaction with the nature of responses that were made and the files and the statements that were made at the time -- but no one was ever disciplined because he wanted an investigation continued.")

(NBC-2)

BUSH FINANCES

Rather: Following months of wrangling about whether the terms of George Bush's blind trust allowed him to reveal details of his tax returns, the Vice President today released new tax return data on his three years in office. It indicates he paid about 37% of his income in federal taxes. He earned about \$800,000 during the period. They also showed that he has an ongoing fight with the IRS. Although Bush recently paid almost \$200,000 in disputed taxes and interest -- much of it over the sale of a house in Houston -- Bush said today aboard Air Force Two, he wants the money back and may fight for it. (Bush: "Here's my theory. The Vice President -- a high office -- but, in my view, I should be entitled to what any other taxpayer's entitled to -- and I shouldn't be entitled to any more -- but I darn sure shouldn't be entitled to any less, and that's what their view is...that's a heck of a lot of change.")

(CBS-6)

ABC's Carole Simpson: George Bush was in Little Rock answering questions from Arkansas citizens about the Soviets, Lebanon and the economy. But his attorneys also came here from Washington to answer questions about the Vice President's income tax returns for the past three years. Because of the terms of his blind trust, that information had been secret -- even from Bush, but to show he had nothing to hide, Bush spent at least \$10,000 making arrangements to release his tax return. (Bush: "And I hope everyone's insatiable curiosity is resolved. I'll do anything to get out from under this flack.")

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

BUSH FINANCES (continued)

Simpson continued: According to the financial documents, Bush paid in taxes between 47% and 12% of his adjusted gross income -- ranging from \$504,000 in 1981, to \$142,000 last year. Unlike most Reagan supporters who say they are better off financially than they were four years ago, Bush is not. His income has declined steadily. The documents also show that Bush is fighting the IRS over \$144,000 in capital gains taxes, which he has already paid, but now is planning to sue the government for a refund. During the campaign, George Bush has had few kind words for Geraldine Ferraro. But he now admits questions over his finances have made him more sympathetic to the problems she faced over her finances. (ABC-5)

NBC's Tom Brokaw: Vice President Bush today disclosed his income tax returns for the last three years, saying, "I hope everybody's insatiable curiosity is resolved." Bush, who had most of his assets in a blind trust, had an adjusted gross income of nearly \$505,000 in '81 -- a taxable income of \$460,000, and he paid 49% of his gross in taxes. In '82, his income dropped to \$163,500. Taxable income -- \$104,000. He paid 24% of the adjusted gross in taxes. 1983 -- an adjusted gross income of \$142,000 -- a taxable income of only \$53,000 -- and so he paid 13% of the adjusted gross in taxes. A tax analyst says the lower 1983 taxes were the result of the Reagan tax cut. Bush did not disclose what loopholes his blind trust may have used, and he lost an argument with the IRS on the sale of his Houston home. The IRS said it was not his principle residence, and ordered him to pay an additional tax and interest of \$198,000. (NBC-7)

CAMPAIGN

Jennings: President Reagan arrived back in Washington this afternoon, and he will stay there until the debate with Walter Mondale Sunday in Louisville. (TV coverage: President arriving on South Lawn.) Mr. Mondale today promised a new federal war on drugs if he is elected. Mr. Mondale said he would appoint a federal drug czar and use the Navy to intercept drug smugglers on the high seas. Mr. Mondale plans to spend the rest of this week preparing for Sunday's debate. (ABC-6)

CBS's Phil Jones: Ferraro was in the South to work on the crucial black vote, but with Mondale off the road preparing for the Sunday debate, it was Ferraro who today escalated what Democrats obviously think is their hottest issue yet -- Mr. Reagan's handling of the recent terrorist attack in Beirut and the President's acceptance of responsibility. Ferraro called it "either an empty gesture or neglect." (Ferraro: "Either way, this President let us down, and this President should pay a price.") While Ferraro was attacking the President, serious problems remained inside the Democratic party in Georgia. Not in this large Atlanta crowd -- the Democratic governor, who refuses to campaign publicly for a Mondale-Ferraro ticket. Also missing -- Bert Lance, who was forced out of the Mondale campaign organization.

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

CAMPAIGN (continued)

Jones continued: For the first time, Jesse Jackson came to Ferraro's side to campaign. Ferraro has not drawn large numbers of blacks, so today was clearly designed to play to the black voters that are needed for Democrats to have a chance in the South. (Ferraro: "Above all, Jesse Jackson showed that one person with vision could make a difference for everyone with a dream.") Jackson has been campaigning for the national ticket, but his emphasis today also included a plea for Congressional candidates -- an indication that he fears the Mondale-Ferraro ticket may be hurting other Democrats. (Jackson: "Come on down.") With registration nearing, the Democrats are working hard, especially to get blacks registered. But whites are also registering in heavy numbers. In fact, figures were released in this Tennessee county today indicating that, so far, whites have out-registered blacks by a two-to-one margin. (CBS-7)

ABC's Lynn Sher: Ferraro publicly ignored the new financial information today -- probably not too difficult, since she and her travelling staff weren't even told by her Washington lawyers they turned in the revised forms. This afternoon the campaign moved from uninformed to uncommunicative. Ferraro refused comment to the travelling press, but told ABC's Atlanta affiliate the corrected accounting, which she continues to call sloppiness, didn't indicate any misuse of her Congressional position. (Ferraro: "Whether I have 100,000, or I have 500,000 or I have 1,000, doesn't make any difference, as long as I have not used my office -- and that's the reason for filing those returns.") The candidate seemed far more at ease when facing her usual huge crowd of supporters. In Atlanta, she pressed her attack of Ronald Reagan, asking whether he was the one who'd ignored the warnings and jeopardized American lives in Lebanon. (Ferraro: "If the answer to these questions is yes, and he did make those decisions, then this President was seriously negligent. If the answer is no, and he was not involved, then this President was not paying attention, and is not in charge, and taking responsibility is an empty gesture.") Later, in Memphis, she made her first stump appearance with Jesse Jackson. No mistaking that message. This campaign's frustration -- that much of what Ferraro says has been ignored or overshadowed -- will certainly be relieved next Thursday when she debates George Bush. That, says one staff member, will be the single most visible moment of her campaign.

(ABC-4)

Brokaw: Ferraro today continued a subject she has been emphasizing all week -- President Reagan's statement that he was responsible for the Beirut bombing. (Ferraro: "Does he mean he didn't heed the many warnings that proceeded the attack? Does he mean he directed our people to be moved into an unsafe building? Does he mean he directed the Marine guard be replaced with local militia? This President let us down, and this President should pay a price.")

(NBC-8)

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

FERRARO FINANCES

Rather: As for Geraldine Ferraro's family finances -- word today that the House Ethics Committee will meet to talk about them on Friday. The talks will include about six years' worth of amended financial disclosure forms that Ferraro filed. (CBS-7)

ABC's Charles Gibson: After filing new and amended disclosure forms with Congressional officials yesterday, Ferraro called the mistakes "sloppy errors," the changes "routine." But routine changes turn out to be an additional \$100,000 to \$200,000 in income in over six years that was not declared in her original forms. In all, there are more than two dozen items that were not before listed in forms filed with the House, but there was no change in the most controversial item in the Ferraro filings -- that is her claim that she should not be required to disclose the financial holdings of her husband. Such a claim requires that Ferraro have no knowledge of -- nor benefit from -- her husband's holdings. She continues to claim that's the case. And it is that claim that has got the House Ethics Committee investigating the Ferraro finances. The Committee will look at the new filings later this week, but all indications are that investigation will continue right through the election. (ABC-4)

HOUSE INTELLIGENCE COMMITTEE

Rather: The House Intelligence Committee today released its report on the terrorist bombing in Beirut, and it took to task U.S. officials in Washington and Lebanon for failing to take "every precaution possible to thwart just such an attack." The report called the situation in Beirut "similar to a war zone" and added "the probability of another vehicular bomb attack was so unambiguous that there is no logical explanation for the lack of effective security countermeasures." (CBS-8, ABC-2, NBC-9)

"FLAT TAX"

Rather: Donald Regan said today that if President Reagan is re-elected, he may ask the President to scrap the whole present federal income tax system. Regan wants a modified version of the so-called "flat tax." Basically, the flat tax gets rid of all the various deductions now allowed and taxes everyone at the same rate -- say, 20% -- no matter what their income. The modified flat tax Regan has in mind would allow some deductions -- the mortgage interest rate deduction, for one -- and would also probably assess somewhat different tax rates, based on income. Critics of the flat tax say it can hurt the poor and benefit the rich. For his part, Regan, in floating the idea today, said he may change his mind about proposing it when he sees how much it could cost the Treasury. (CBS-5)

SPENDING BILL

Jennings: Once again a large part of the federal government is due to run out of money at midnight. Congressional leaders say this time there is no way they can get money flowing again until at least Friday. (ABC-8)

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

TV ELECTION PROJECTIONS

ABC's Bob Clark: The networks have been under fire in Congress for early election calls since 1980, when the landslide Reagan victory may have discouraged some West Coast voters from going to the polls. Both Houses of Congress have passed resolutions asking the media not to project the outcome of the Presidential election until all polls have closed across the country. This plea for voluntary restraint was rejected by spokesmen for the three major networks.

(ABC-7, NBC-11)

AQUINO

Brokaw: Philippine Opposition Leader Aquino was murdered by one of his two military escorts as he stepped off his plane in Manila last year. A member of the civilian commission investigating Aquino's death said that is the conclusion of a panel which plans to issue its report before too long.

(NBC-5)

RED SEA

Brokaw: No one can say for sure who planted the mines that damaged at least 19 ships this summer in the Red Sea, but the State Department said today that there is persuasive circumstantial evidence that it was Libya. The main thing it cited was the presence of a Libyan cargo ship in the Red Sea just before the explosions began.

(NBC-14)

U.S. EMBASSY IN TURKEY

Jennings: Word today of another threat against an American embassy. The threat is ill-defined, but the Embassy in Ankara, the capital of Turkey, was evacuated for a time today, as was the U.S. Information Service building next door. The State Department says the embassy is not closed, but is operating fewer hours and with fewer personnel.

(ABC-3)

CLAIBORNE

Rather: In Reno today, U.S. District Judge Harry Claiborne became the first federal judge ever ordered to jail for crimes committed while on the bench. Convicted of income tax evasion, Claiborne claimed the government was out to get him because he is an outspoken critic of federal agents' tactics in Nevada.

(CBS-2, NBC-12)

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EDITORIALS/COLUMNISTS

RAYMOND DONOVAN

Fulfilling Common Sense, Donovan is a Burden -- "...guilt and innocence are not what the public trust is all about. The taxpayers and voters -- and the rule of law -- in America deserve a more demanding standard. They deserve public servants who are above ethical reproach -- which Mr. Donovan is not, and was not before the indictment was handed up in the Bronx. They deserve leadership that says, and acts on the principle, that the convincing appearance of integrity is a beacon that always should light the political process, for the sake of faith in government. Mr. Donovan should never have been appointed." (Philadelphia Inquirer, 10/3)

Donovan Must Quit -- "Donovan must step down because it's a stain on the government and a blot on the nation for a member of the President's cabinet to stand trial on major criminal charges....An added factor is the Labor Department shouldn't be left leaderless, with only a temporary and uncertain No. 2 guy at the helm." (New York Daily News, 10/3)

Labor Leadership -- "Donovan's tenure in the Cabinet reflects another feature of the Reagan Administration: a reluctance to shuffle the leadership command or bring in fresh talent until internal conflict or external embarrassment compels a change. This was the case with figures like James Watt, Richard Allen and Alexander Haig. The Reagan Administration skipped the customary guard-changes at the two-year and three-year marks, where normally a potential political liability would be replaced. It was no secret that Mr. Donovan was one such candidate early on. Now he has become the first sitting Cabinet officer ever indicted -- a historical footnote the Administration would just as soon have avoided." (Christian Science Monitor, 10/3)

Donovan's Troubles Revisited -- "If Mr. Reagan is reelected and Mr. Donovan remains in his post for another four years, we hope that all... questions will be answered. The Labor secretary's past business practices and associations need to be satisfactorily accounted for, once and for all." (Baltimore Sun, 10/3)

Column -- "If the Bronx indictment sticks, the whole Administration is in trouble. For the case rests on evidence that has been strangely neglected rather than covered up -- by the FBI, the Justice Department and the White House, including Attorney General-designate Edwin Meese and the President himself." (Joseph Kraft, L.A. Times Syndicate, Gannett, 10/3)

Donovan and the return of sleaze -- "...if Walter Mondale breathes word one about the return of the 'sleaze factor' -- and who can imagine his doing something that dumb? -- he will raise anew the wisdom of his choice of a running mate. Then it will be time to get serious about Geraldine Ferraro's reputed ties to the mob, which appear just as close -- or distant, depending on one's perspective -- as Secretary Donovan's." (Washington Times, 10/3)

Editorials/Columnists (continued)

An Albatross for the President -- "For his part, President Reagan's continued loyalty to his embattered labor secretary seems admirable. But he should have learned from the examples of Presidents Carter and Nixon that personal loyalty can be extended beyond rational bounds to the detriment of an entire administration. And, in this case, to the possible detriment of Mr. Reagan's own reelection prospects."

(Hartford Courant, 10/3)

In Re Donovan -- "Leaving a Cabinet office vacant for a possibly prolonged period should cause both political and administrative difficulties for a president. Perhaps in this administration -- which has never had any interest in the Labor Department or much faith in the things it might do -- the loss, at least in administrative terms, will not be great."

(Washington Post, 10/3)

The Donovan Case -- "Certainly, the charges contained in the indictment must be pursued to the fullest extent of the law. But, in fairness to everyone concerned, the case should be processed as quickly as possible. Both the secretary and the nation deserve an expeditious and just conclusion to this unfortunate affair. Meanwhile, until a jury decides otherwise, Mr. Donovan must be presumed innocent. Everyone should keep that in mind -- even with an election coming up."

(Dallas Times Herald, 10/3)

The Donovan Indictment -- "The political questions that the Donovan case reintroduces involve the integrity of the Administration. What kind of confidence can the public have in an administration in which not only the labor secretary but dozens of other appointees have been charged with transgressions ranging from insider stock trading to conflicts of interest to gross ethical lapses?"

(St. Louis Post-Dispatch, 10/3)

...'Lynch Atmosphere' -- "Make no mistake, politicians exult when their opponents get involved in personal or political scandal. No polite questions of guilt or innocence, only whose ox is getting gored....It is only when politicians stop letting their ambitions exceed their scruples, and learn to resist the dark impulse to gain cheap momentary advantage, that the 'lynch atmosphere' will end and a degree of honor will come to American politics. But until that day comes, the innocents will continue to be slaughtered with reckless abandon."

(Baltimore Evening Sun, 10/3)

BEIRUT BOMBING

Cut It Out, Messrs. Mondale, Reagan -- "For goodness' sake, let's stop this partisan bickering about who was responsible for the latest terrorist bombing in Beirut....Americans aren't interested in punishment or blamesmanship. They know, or have a good idea, who the murderers were in Beirut in those incidents. They want not revenge but precaution. They expect better protection of U.S. personnel abroad. When the President blames himself, he really is saying nothing. When Mr. Mondale blames the administration, he is really demeaning the political process. In such an atmosphere, nothing constructive would be done to protect Americans, or to come up with a coherent policy on the Middle East."

(Hartford Courant, 10/3)



The White House NEWS SUMMARY

THURSDAY, OCTOBER 4, 1984 -- 6 a.m. EDT Edition

TODAY'S HEADLINES

NATIONAL NEWS

USA Today Survey -- President Reagan, showing the largest lead since February, continues to outdistance Walter Mondale, says a poll published in USA Today. (Gannett)

Reagan Plunges Into Debate Preparations -- Armed with a thick briefing book, and with a strategy that calls for correcting any mistake he makes within 12 hours, the President began debate preparation in a closed meeting with a tightly controlled group of aides. (Washington Post, AP)

Veep Disputing Tax Bill; Says 'Socked' By IRS -- Vice President Bush, complaining "they socked it to me," is battling an IRS ruling that hit him with \$198,000 in extra taxes and interest by rejecting his claim that his seashore estate in Maine is his chief residence.
(AP, New York Times, Washington Post, Washington Times)

INTERNATIONAL NEWS

Intelligence On Bombing Said Adequate -- State Department and embassy officials had adequate intelligence warnings of a possible terrorist attack on U.S. facilities in Beirut but failed to respond, according to a House intelligence committee report.
(AP, Baltimore Sun, New York Times, Washington Post, Washington Times)

NETWORK NEWS SUMMARY (Wednesday Evening)

ESPIONAGE -- A 20-year FBI counter-intelligence veteran is under arrest for selling secrets to the Soviets.

DONOVAN -- FBI Director Webster said he did not like the way the FBI handled the Donovan investigation.

BUSH FINANCES -- George Bush admits questions over his finances have made

FLAT TAX -- Donald Regan said that if President Reagan is reelected, he may ask the President to scrap the whole federal income tax system in favor of a modified flat tax.

NATIONAL NEWS.....A-2

INTERNATIONAL NEWS...A-9

NEWS FROM STATES.....A-12

NETWORK NEWS.....B-1

EDITORIALS.....B-6

NATIONAL NEWS

USA TODAY SURVEY

President Reagan, showing the largest lead since February, continues to outdistance Walter Mondale, says a poll published in USA Today. With the election one month away, Reagan has opened a commanding 25-point lead, 60-35%. Five percent were undecided. Most of the President's support -- 78% -- comes from voters who like him personally -- or dislike Mondale. The poll also found Mondale still fails to attract male voters. He captures 30% of men, compared to 66% for Reagan. Mondale does better with women, 40%. Still, 56% of the women favor Reagan. Reagan leads in all regions of the country, but is strongest in the Midwest, where he shows a convincing 35-point advantage. The President also is capitalizing on discontent among Democrats: 29% said they would cross party lines to vote for Reagan. Among independents, Reagan leads 63-32%. (Gannett)

HARRIS SURVEY

Voters are expressing negative reactions toward the activities of some members of the clergy such as the Rev. Jerry Falwell and Archbishop John O'Connor, according to a Harris Survey. By 59-24%, a majority of voters holds a negative view of Falwell's efforts to get Reagan reelected. A 61-30% majority nationally is opposed to a constitutional amendment to ban abortion. On an amendment to the Constitution requiring school prayer, 53-41% of all voters are opposed to such a measure. The white evangelical vote goes to Reagan by a thumping 70-28%. A 69-22% majority of voters is critical of Archbishop O'Connor. (Lou Harris, Gannett)

MONDALE AIDE SAYS REAGAN MISSED CUE FROM GROMYKO

Walter Mondale's chief foreign policy adviser says he detected a "slight softening" of Moscow's conditions for returning to the arms talks. David Aaron told a foreign policy group Tuesday night that Gromyko did not reiterate the Soviet demand for a moratorium on antisatellite weapons testing, nor did he insist that all U.S. medium-range missiles be removed from Western Europe before the talks between U.S. and Soviet negotiators can resume. Aaron, speaking at the Johns Hopkins School of Advanced International Studies, called the recent meeting of President Reagan and Gromyko "a zero." (Roger Fontaine, Washington Times, A1)

MONDALE SPEAKS IN MARYLAND TODAY, TRAILS BY 13 IN NEW STATE POLL

Walter Mondale is to appear at the Rockingham Jewish Community Center for what is billed as an address on issues of concern to the elderly. He will be accompanied by Rep. Pepper. The visit coincided with the release of another poll, by the University of Maryland Survey Research Center, showing him trailing President Reagan in a state that once was viewed as solidly in his column.

(Tom Kenworthy, Washington Post, A12)

EDITOR'S NOTE: Tom Shales' article, "Reagan's Role Call: Center Stage at the Debates," appears on page B1 of The Washington Post (Style).

REAGAN PLUNGES INTO DEBATE PREPARATIONS

With full knowledge that he has the most to lose, President Reagan is spending 10 to 12 hours over the next three days in actual rehearsal for his first debate with Walter Mondale. So much rides on the televised confrontation that aides to Reagan and Mondale are still involved in delicate negotiations over such details as where the candidates should stand on the stage and where the reporters should sit. Armed with a thick briefing book, and with a strategy that calls for correcting any mistake he makes within 12 hours, the President began debate preparation in a closed meeting with a tightly controlled group of aides.

(Maureen Santini, AP)

Reagan Aides Scout Debate's Image Factors

President Reagan's top advisers in negotiating the debates with Mondale, made a point of insisting to Mondale's strategists that Reagan be allowed to use a specially equipped podium that will amplify questions so the President can hear them Sunday. That demand offers a small glimpse into the instinct of Reagan's political team that the debate will be decided not only on how the candidate handle issues but also on their tone and "body language" before a national audience. Aides said Reagan was preparing for a broad-based Mondale challenge on foreign and domestic issues.

(David Hoffman and Lou Cannon, Washington Post, A9)

MONDALE'S LIVING ROOM TO BE DEBATE LABORATORY

For most of the next three days, Walter Mondale plans to be chewing on a cigar in his Cleveland Park living room, sneakered feet propped on an ottoman, studying videotapes of the stars in Sunday's television extravaganza: himself and President Reagan. Mondale advisers say their man is ready -- spoiling, actually -- for the final round. "Mondale has won every televised debate he has been in," campaign chairman James Johnson said. They scoff at concerns that Reagan has an actor's stage presence while Mondale sometimes seems wooden on television, and that style, not substance, wins such debates. "We feel as though he (Mondale) comes across on television as someone who is good-natured, smart and confident," Mondale's press secretary, Maxine Isaacs, said.

(Paul Taylor, Washington Post, A12)

Columbia U. Head Coaches Mondale in Debate Practice

Columbia University President Michael Sovern will impersonate President Reagan should Walter Mondale stage a full-scale rehearsal before Sunday's debate, aides said. Sovern already has put Mondale through some shorter practice sessions. Campaign head James Johnson said the candidate will be "very aggressive" about White House shortcomings, but aides seemed to rule out the kind of unrelenting assault made in a New York primary debate on Sen. Hart (Alan McConaha, Washington Times, A3)

Mondale Toughens Up for TV Joust With Reagan

President Reagan will meet an aggressive underdog in Walter Mondale when they engage Sunday. James Johnson said Mondale had been "mock debating" with aides playing Reagan. No details were available of Reagan's preparations. Mondale adviser Richard Leone paid tribute to Reagan's abilities as a television performer and said he expected the President to work to a tight script.

(Rodney Pinder, Reuter)

REAGAN-BUSH OKTOBERFEST

The bands played polka music. The German beer flowed freely. Men and women danced in colorful Bavarian costumes, complete with plumed hats. It was the Family Oktoberfest in Old Heidelberg Park in Milwaukee, and 13,500 were on hand to eat knockworst, sing folk songs and celebrate their ethnic heritage. The only trouble was, it wasn't October, and the Family Oktoberfest was not an annual event. Instead, the entire festival was cooked up by the Reagan-Bush campaign so that when the President came to town -- his first visit to Wisconsin since before he was inaugurated -- he could make a pitch for the ethnic vote against a backdrop of immigrant pride. This made-for-television approach is at the heart of Ronald Reagan's campaign for reelection. If polls are any barometer, the advance team is doing an excellent job. Reagan-Bush strategists say the President is ahead in all 50 states, and there are no plans to change the basic television emphasis of the Reagan campaign. To the President's men, Campaign '84 is a test of advertising skill. None of this has escaped notice of the Mondale people, who view it not with concern but with disdain. (Johanna Neuman, Gannett)

MONDALE VOWS WAR ON DRUGS

Walter Mondale said he would fight a \$100B annual "flood of narcotics" into the U.S. by naming a fulltime federal drug czar, using the military to halt illegal drug imports and penalizing exporting nations that won't cooperate. (Washington Post, A12)

Use Military in Drug War, Mondale Urges

Walter Mondale, claiming illegal drug use has soared during the Reagan Administration, outlined a plan to use the Navy and Air Force to help halt narcotics traffic. The Democratic nominee announced his \$200B plan in the House Judiciary Committee hearing room. "...You cannot say you are effectively fighting crime if you are not effectively fighting drug traffic," Mondale said. In response, Attorney General Smith said, "Anybody who...comes to that conclusion is totally unaware of what has been going on in this department and elsewhere in the government." (Alan McConagha, Washington Times, A3)

MONDALE'S LABOR BACKERS INTENSIFY GRASS-ROOTS WORK

AFL-CIO President Kirkland will soon hit the road in a recreational van for a nine-state tour to spur a go-for-broke union effort to elect Walter Mondale. Kirkland's trip comes at a time when some union political operatives have become discouraged by the President's wide lead in public opinion polls. (Merrill Hartson, AP)

GRAND JURY WANTS ZACCARO TESTIMONY

NEW YORK -- John Zaccaro will testify before a grand jury probing an alleged improper loan that helped finance a real estate deal Zaccaro co-brokered, the New York Daily News reported. Authorities are investigating the loan -- \$475,000 from the Port Authority Credit Union -- because it was made to people who were not members of the credit union, the News said. (Washington Times, A3)

BUSH PAID 37 PERCENT IN U.S. TAXES

LITTLE ROCK -- Vice President Bush released income tax returns showing that he and his wife paid about 37% of their income in federal taxes over the last three years, but \$144,000, plus interest, was paid under protest last June because of an underpayment in 1981. Another dispute involved the disposition of funds left over from Bush's 1980 presidential campaign. The IRS ruled that Bush improperly excluded from his income \$32,807 he had given to the Republican National Committee. Bush said he hoped the release of his tax returns would satisfy the "insatiable curiosity" about them. Asked if he sympathized with Geraldine Ferraro over the issue, he smiled and said, "Yes."

(Juan Williams, Washington Post, A1)

Asked if he thought such curiosity were improper, the Vice President replied, "I think it's understandable...particularly in a campaign year. Appropriate? I suppose so."

(Ron Cordray, Washington Times, A2)

The disclosures were prompted by questions in light of the inquiry into the financial affairs of Ferraro, and the fact that only Mr. Bush of the four major national candidates had not made public such information.

(Jeff Gerth, New York Times, A1)

Veep Disputing Tax Bill; Says 'Socked' By IRS

Vice President Bush, complaining "they socked it to me," is battling an IRS ruling that hit him with \$198,000 in extra taxes and interest by rejecting his claim that his seashore estate in Maine is his chief residence. "I think I've been singled out, but let's let the courts decide," said Bush, who later added he didn't think he was being singled out personally but rather as the holder of the vice presidency.

(Terrence Hunt, AP)

Where Is His Residence? A Seashore Home, the VP Mansion, A Hotel

George Bush, who lives in Washington and votes in Texas, is having a tough time convincing the IRS his residence for tax purposes is Kennebunkport, Maine. The fight is worth about \$200,000, which the Vice President says amounts to "quite a piece of change." Bush argues simply that the Kennebunkport house is the only house the Bush's own and that's good enough for a tax deferral. No, it isn't your principal residence so it doesn't count, the IRS ruled.

(Robert Furlow, AP)

FERRARO DENIES FINANCIAL REPORT SHOWS SUBSTANTIAL CHANGE

DAYTON -- Geraldine Ferraro has denied that changes in a financial report filed with the Ethics Committee of the House of Representatives showed a great increase in her reported net worth. Press reports said the new disclosures added as much as \$200,000 to her net worth. "This is flatly incorrect," she said in a statement issued on her plane en route here last night. "On the average, the amended value of the holdings was \$70,000 greater than originally reported," she said.

(Kevin Cooney, Reuter)

**FERRARO AND JACKSON IGNITE CROWDS
WITH ONE-TWO PUNCHES AT PRESIDENT**

MEMPHIS -- Two of the Democratic Party's best stump speakers joined voices as Geraldine Ferraro and Jesse Jackson teamed up to club the Republicans on issues ranging from civil rights to President Reagan's leadership. In his pound-the-pulpit style, Jackson also registered dozens of new voters while leading them in a chant of "Give peace a chance, give Reagan the ranch." Ferraro was overshadowed by the power of his rhetoric but picked up on one of his themes. "If you're homeless, they say you like it that way. If you're without a job, they say vote with your feet," she said. "And if you're hungry, they say eat cheese."

(Rick Atkinson, Washington Post, A13)

ACTIVIST ADVISED ANTI-ABORTION GROUP

A few days after the Democratic Convention, a right-to-life activist from Chicago mailed a "directive" to hundreds of antiabortion groups around the country spelling out in great detail how to mount demonstrations against Walter Mondale and his running mate at every campaign stop. The directive, from Joseph Scheidler, instructed groups how to make protest signs, form picket lines, shout chants and even infiltrate Mondale and Ferraro rallies as part of a "carefully coordinated plan" to send a "chilling message" to the two Democrats. It is not clear how much impact the directive had, but at least one local activist said the memo sparked a demonstration in Houston.

(Bill Peterson, Washington Post, A8)

SHUTDOWN READIED AS SENATE LABORS ON SPENDING BILL

The government prepared for possible shutdown of most nonessential operations at midday as the Senate moved toward passage of a catchall spending bill and the House balked at further emergency funding measures.

(Helen Dewar, Washington Post, A1)

Reagan, O'Neill Pressing For End to Money Bill Bind

President Reagan and Speaker O'Neill raised pressure on the Senate to close its week-long debate on a catch-all money bill, a delay that caused much of the federal government to run out of operating funds at midnight yesterday. The White House said it would keep the government operating without a stopgap bill in place, and will order federal workers to report for duty on Friday, also, if Sen. Baker can deliver the Senate version of the continuing resolution to conference with the House.

(Thomas Brandt, Washington Times, A2)

**TREASURY CHIEF INDICATES HE'LL SUGGEST
MODIFIED FLAT TAX TO OVERHAUL SYSTEM**

Secretary Regan indicated he will recommend adoption of a modified flat tax, which would overhaul the federal tax system by eliminating many tax breaks and reducing and simplifying tax rates. Regan said he will submit a report to President Reagan Dec. 1 that will outline options for tax reform and give the Treasury's recommendations.

(Alan Murray, Wall Street Journal, A2)

PENTAGON DIRECTS ELECTION-SEASON PR CAMPAIGN

The Defense Department, after pledging not to involve itself in the presidential campaign, devised an election-season "public affairs plan" late in the summer designed to win "public understanding and support" for the Administration's management of military programs, according to memos released Wednesday. The plan calls for speeches by Secretary Weinberger and his deputy, an "active letter-to-the-editor program" and the enlistment of military commanders at bases around the country in selling the Administration's position. Michael Burch, assistant secretary of defense for public affairs, said the eight-week public affairs campaign is not related to the presidential election and that similar efforts will continue after that date. (Fred Hiatt, Washington Post, A1)

DEFENSE SPENT FUNDS FOR MAINTENANCE INSTEAD OF HOMELESS

Most of an \$8M appropriation by Congress for a program to transform surplus military buildings into shelters for the nation's homeless has been used instead for routine defense maintenance, a congressional subcommittee was told. The figures were released by a spokesman from the GAO at a hearing on the federal HHS interagency task force on food and shelter for the homeless. (Michael Marriott, Washington Post, A1)

SUPERHARD SILOS EYED FOR MX SURVIVABILITY

The Pentagon is putting increased emphasis on using super-hardened silos as the long-term way to ensure survivability of the MX, according to Administration sources. The Air Force plans to spend \$219.7M this fiscal year on superhardening, with testing on a full-size silo scheduled. (Walter Pincus, Washington Post, A34)

SENATE CLEARS COMPROMISE DEFENSE SPENDING PLAN

The Senate has approved a \$297B defense appropriation for the new fiscal year, more than \$16B below President Reagan's original request and sure to be trimmed by about \$5B more before it goes to the White House. (Lee Byrd, AP)

OTHER PROSECUTORS WERE THWARTED IN DONOVAN CASE

NEW YORK -- Federal prosecutors in Brooklyn were frustrated by officials in New York and Washington last year from pursuing the lines of inquiry that led a Bronx grand jury to indict Secretary Donovan, it was learned today. Sources said government prosecutors in Brooklyn tried to open an investigation after disclosure to them by a secret witness about a Mafia "soldier" who had been working as a subcontractor for Donovan's construction company on New York's subway projects. But the prosecutors were rebuffed, the sources said, when they tried to gain access to secret FBI tapes compiled during a 1979 electronic surveillance of the mobster's warehouse-headquarters in the south Bronx. The tapes, sources said, contain evidence of numerous crimes, including murder. According to Bronx authorities, they also reflect the fraudulent nature of the "minority-business enterprise" that was working for Donovan's company under the aegis of William Maselli, a reputed member of the Genovese crime family. (George Lardner, Washington Post, A3)

CONGRESS BOOSTS EDUCATION GRANTS, HEALTH AID
DESPITE REAGAN PROTEST

Congress is closing the book on four years of President Reagan's domestic belt-tightening with pre-election spending spurts in health, education and welfare programs that Reagan had set out to trim. A House-Senate conference committee agreed this week to raise the ceiling on Pell Grants for low-income college students from \$1,900 to \$2,100, adding \$525M to the program. Overall, Congress appears to be sticking with the domestic discretionary spending limits negotiated with the White House last spring, so Reagan is not likely to exercise his veto because of "budget busting" in these programs. (David Hoffman, Washington Post, A17)

FIVE U.S. SENATORS WANT TO BE MAJORITY LEADER

Five Republican senators are knocking on office doors, sending out campaign letters and making speeches in hopes of wooing their own colleagues. (Sens. Stevens, McClure, Lugar, Dole and Domenici.)
(Christian Science Monitor, A1)

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INTERNATIONAL NEWS

INTELLIGENCE ON BOMBING SAID ADEQUATE

State Department and embassy officials had adequate intelligence warnings of a possible terrorist attack on U.S. facilities in Beirut but failed to respond, according to a House intelligence committee report on the Sept. 20 bombing of the U.S. embassy annex in Beirut. The report's conclusions directly contradict President Reagan's assertion that Administration officials had been hampered in protecting the embassy by inadequate intelligence cutbacks in the previous Administration.

(Margaret Shapiro, Washington Post, A1)

Panel Says Beirut Security Threat Not Heeded

Reagan Administration officials had adequate warnings of a terrorist threat against U.S. facilities in Beirut, but failed to pay sufficient heed, the House Intelligence Committee says. In a stiffly worded report, the Democrat-controlled committee said that prior to the Sept. 20 truck-bomb attack on the annex, "the probability of another vehicular bomb attack was so unambiguous that there is no logical explanation for the lack of effective security countermeasures." "The President must stop trying to sweep this tragic incident under the rug," said Speaker O'Neill. "He must hold those responsible for ignoring this intelligence accountable."

(Robert Parry, AP)

Responding to the committee's report, the State Department said its own investigation into the bombing had not been completed but that "if there was negligence involved, we'll find it." A department statement also defended security measures at the embassy, noting they were 75% completed at the time of the bombing.

(Philip Taubman, New York Times, A1)

The findings conflict with President Reagan's statement Tuesday that "there was no evidence of any carelessness or anyone not performing their duty." Deputy Press Secretary Pete Roussel said, "We would have to look at it in detail before we comment." The State Department had no immediate comment.

(Baltimore Sun, A1)

FBI AGENT CHARGED IN ESPIONAGE

The FBI arrested one of its own agents, Richard Miller, on charges that he sold classified documents to a female Soviet KGB agent with whom he was having a personal relationship. FBI Director William Webster, calling it "a very sad day for us," said it was the first case of an FBI agent being charged with espionage for a foreign government. An FBI affidavit said one of the documents "would give the KGB a detailed picture of FBI and U.S. intelligence activities, techniques and requirements."

(Mary Thornton, Washington Post, A1)

ISRAELI PRIME MINISTER WON'T REQUEST 'HANDOUT'

JERUSALEM -- Senior aides to PM Peres said the Israeli government has rule doubt asking for any immediate additional economic aid from the U.S. but the finance minister said Israel would request the creation of a special fund for Israel to draw on if it needs an emergency infusion of cash.

(Edward Walsh, Washington Post, A21)

DRAFT TREATY ON CENTRAL AMERICA IS SENT TO U.N. SECURITY COUNCIL

UNITED NATIONS -- The Contadora nations sent to the U.N. Security Council the treaty they have drafted to end armed intervention in Central America and expressed confidence that "last-minute adjustments" can accommodate objections of the U.S. and its regional allies. As described by the Contadora ministers, the countries involved will have until Oct. 15 to submit comments on the treaty draft. After that, a "political phase" is to begin when the drafting nations seek to gain final agreement of the political leaders of the Central American states.

(Don Oberdorfer, Washington Post, A30)

Salvadoran President Calls For Revisions of Contadora Plan

LA PAZ, Honduras -- President Duarte has called for revisions of the Contadora peace plan to ensure a cutoff of foreign aid for Salvadoran guerrillas. Duarte's statement after meeting Honduran President Cordova echoed the concerns of the U.S. "We want to sign, but (we want to sign) a document that really assures us that there will be lasting peace in Central America," Duarte told a press conference. (Reuter)

COLLAPSE OF TALKS REFLECTS POLARIZATION OF SIDES IN NICARAGUA

MANAGUA -- Negotiations between the Sandinista Front and the largely conservative opposition coalition have broken down again, feeding concerns that the differences between the two sides are too profound to reconcile and that the level of violence in Nicaragua will rise. The failure of the latest negotiations were no surprise for many observers here, given the deep ideological differences between the government and the opposition Democratic Coordinator Coalition. (John Lantigua, Washington Post, A29)

U.S. COOL TOWARDS PANAMA'S MILITARY

PANAMA CITY -- Little more than one week before a new president is to be inaugurated in Panama, relations between the U.S. Southern Command and Panama's defense force are at low ebb, according to private comments made by high-level U.S. officers. Faced with a fait accompli in the "election" of Nicolas Ardito Barletta, the U.S. plans, The Washington Times has learned, to follow a policy aimed at bolstering him in the hope he will build a power base of his own (independent of the military). As a sign of support, Secretary Shultz will fly to Panama City to attend Barletta's inauguration October 11. (Jay Mallin, Washington Times, A5)

'CIRCUMSTANTIAL' BLAME PUT ON LIBYA IN MINING

"Persuasive circumstantial evidence" indicates that Libya mined the entrances to the Red Sea, causing explosions that have damaged at least 19 ships since July, the State Department said. Alan Romberg also said accusations by Egypt that Libya plotted an air raid on Egypt's Aswan Dam are "consistent" with previous "aggression in the area" by Col. Qaddafi. (Washington Post, A23)

While Romberg declined to address the nature of the evidence, other U.S. officials said it is based partly "on Khadafy's track record," partly on the fact that "we're pretty sure the Soviets didn't do it," and, more importantly, on the voyage of a Libyan ship that "wandered around the Red Sea for 17 days," before the series of explosions. (AP)

S. AFRICA ANNOUNCES TRUCE BY MOZAMBIQUE AND REBELS

PRETORIA -- South Africa has negotiated a cease-fire agreement between the government of Mozambique and the guerrillas of its National Resistance Movement, FM Botha announced. A joint commission has been set up to work out details. (Allister Sparks, Washington Post, A1)

LABOR URGES BRITAIN TO SCRAP A-ARMS, RELATED U.S. BASES

BLACKPOOL, England -- The Labor Party overwhelmingly approved a policy of unilateral disarmament for Britain and the closing of all U.S. nuclear bases here, despite warnings from three senior party members that such a move could split the NATO alliance abroad and prove politically suicidal at home. (Michael Getler, Washington Post, A21)

The conference rejected by a margin of 2-to-1 left-wing demands for the shutdown of all American conventional bases as well as nuclear bases, and it decided to favor staying in NATO and beefing up conventional forces with money saved from Britain's Polaris and Trident nuclear weapons programs. (Peter Almond, Washington Times, A1)

CHINA FIRMLY SET ON BROADENED ECONOMIC COURSE, ENVOY SAYS

The economic course set by China under Deng, stressing modernization without rigid doctrinaire development formulas, is irreversable, China's U.S. Ambassador Zhang Wenjin said. China's development is not just a short-term change, but a basic restructuring of that country's policies and goals, Zhang told the National Press Club breakfast. (Danelle Morton, Washington Times, A5)

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NEWS FROM THE STATES

DALLAS (UPI) -- The Reagan Administration's strategic modernization program and the completion of the initial intermediary nuclear force deployment in Europe should provide the Soviets an incentive to return to arms control talks, a top arms control official said Wednesday. In an optimistic forecast on the stalled arms control issue, Kenneth L. Adelman, director of the U.S. Arms Control and Disarmament Agency, also noted Soviet Foreign Minister Andrei Gromyko's recent visit to the United States pointed to the need for the Soviets to resume the arms control negotiations broken off last December. Adelman told reporters prior to his speech to the Dallas Council on World Affairs and the Rotary Club that the recent conciliatory approach outlined by President Reagan on the arms control issue was not an election ploy. "The elections are not a hindrance," Adelman said. "Four conditions exist for the new promise on arms control. First, the continuity that will come with a second Reagan administration. Secondly, the strategic modernization program begun in 1981. Third, the absence of (additional) Euro missile deployment that had earlier cast a dark shadow; and fourth, it is safe to assume that no matter how long the stagnation in the Kremlin persists, the leadership problem experienced by the Soviets will not result in three new Soviet leaders in as many years."

HOUSTON (UPI) -- President Reagan appealed to Hispanic voters in Brownsville and Corpus Christi, then jetted off to Houston to tout his administration's economic gains to a crowd of 2,500 at a \$1,000-a-plate fundraiser. Houston Democrats responded with a \$5 a person gathering at which they served free hot dogs. One supporter said the two gatherings highlighted the basic differences between the two political parties. The President drew crowds of 5,000 in Brownsville and 10,000 in Corpus Christi, but a Mexican-American leader said many Hispanics who went to see the President in South Texas will vote for Democrat Walter Mondale on November 6.

EL PASO, Texas (UPI) -- In an appearance at the University of Texas at El Paso Jesse Jackson called on students, women and minorities to go to the polls and vote against President Reagan Nov. 6. Jackson attacked the Reagan Administration for showing "a radical disregard for the poor."

HOUSTON (UPI) -- Democratic Party Chairman Charles Manatt, taking his party's banner into Texas where the Republican ticket was campaigning, charged that the GOP was trying to keep blacks and Hispanics from voting in November. Manatt attended a \$5 hot dog dinner that Houston-area Democrats staged Tuesday to take some of the glow from a \$1,000-a-plate fund-raiser that featured President Reagan and George Bush. "I have every reason to believe that the Republican Party will try to frighten Hispanics and blacks from the polls this year," he said. Manatt also charged that people who have been heckling Mondale and Ferraro were trained and paid by Republican Party officials.

DETROIT (UPI) -- The United Auto Workers Union is at odds today with President Reagan for remarks he made Monday about voluntary restraints on Japanese imports and claiming there are more workers on assembly lines than when he took office. Reagan said unemployment in the auto industry four years ago was more than 20 percent but "today it's down to 6.4 percent." But the figure was hotly disputed by the UAW which has sought continued restraints on Japanese imports to protect American jobs.

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NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

ESPIONAGE (ALL NETS LEAD)

CBS's Dan Rather: A 20-year F.B.I. counter-intelligence veteran working in Los Angeles is under F.B.I. arrest tonight. The charges: espionage for the Soviets -- the first time ever the F.B.I. has charged one of its own with working for a foreign power. Also in custody, a woman -- a KGB major the F.B.I. man got involved with personally -- and the Soviet KGB agent's husband.

ABC's Kenneth Walker: Top officials of the Justice Department and the F.B.I. tried to put the best face on it, but it was clear that they don't yet know -- or they're unwilling to state publicly -- the extent of the damage from the Soviet KGB's apparent penetration of U.S. counter-foreign-intelligence activities.

DONOVAN

NBC's Brian Ross: In Washington today, F.B.I. Director Webster acknowledge that he did not like the way the F.B.I. had handled the Donovan investigation, and that he had ordered a shake-up in the F.B.I. -- or, what he called, an administrative action. (Webster: "There was some administrative action taken as a result of my dissatisfaction with the nature of responses that were made and the files and the statements that were made at the time -- but no one was ever disciplined because he wanted an investigation continued.")

(NBC-2)

BUSH FINANCES

Rather: Following months of wrangling about whether the terms of George Bush's blind trust allowed him to reveal details of his tax returns, the Vice President today released new tax return data on his three years in office. It indicates he paid about 37% of his income in federal taxes. He earned about \$800,000 during the period. They also showed that he has an ongoing fight with the IRS. Although Bush recently paid almost \$200,000 in disputed taxes and interest -- much of it over the sale of a house in Houston -- Bush said today aboard Air Force Two, he wants the money back and may fight for it. (Bush: "Here's my theory. The Vice President -- a high office -- but, in my view, I should be entitled to what any other taxpayer's entitled to -- and I shouldn't be entitled to any more -- but I darn sure shouldn't be entitled to any less, and that's what their view is...that's a heck of a lot of change.")

(CBS-6)

ABC's Carole Simpson: George Bush was in Little Rock answering questions from Arkansas citizens about the Soviets, Lebanon and the economy. But his attorneys also came here from Washington to answer questions about the Vice President's income tax returns for the past three years. Because of the terms of his blind trust, that information had been secret -- even from Bush, but to show he had nothing to hide, Bush spent at least \$10,000 making arrangements to release his tax return. (Bush: "And I hope everyone's insatiable curiosity is resolved. I'll do anything to get out from under this flack.")

Flack?

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

BUSH FINANCES (continued)

Simpson continued: According to the financial documents, Bush paid in taxes between 47% and 12% of his adjusted gross income -- ranging from \$504,000 in 1981, to \$142,000 last year. Unlike most Reagan supporters who say they are better off financially than they were four years ago, Bush is not. His income has declined steadily. The documents also show that Bush is fighting the IRS over \$144,000 in capital gains taxes, which he has already paid, but now is planning to sue the government for a refund. During the campaign, George Bush has had few kind words for Geraldine Ferraro. But he now admits questions over his finances have made him more sympathetic to the problems she faced over her finances. (ABC-5)

NBC's Tom Brokaw: Vice President Bush today disclosed his income tax returns for the last three years, saying, "I hope everybody's insatiable curiosity is resolved." Bush, who had most of his assets in a blind trust, had an adjusted gross income of nearly \$505,000 in '81 -- a taxable income of \$460,000, and he paid 49% of his gross in taxes. In '82, his income dropped to \$163,500. Taxable income -- \$104,000. He paid 24% of the adjusted gross in taxes. 1983 -- an adjusted gross income of \$142,000 -- a taxable income of only \$53,000 -- and so he paid 13% of the adjusted gross in taxes. A tax analyst says the lower 1983 taxes were the result of the Reagan tax cut. Bush did not disclose what loopholes his blind trust may have used, and he lost an argument with the IRS on the sale of his Houston home. The IRS said it was not his principle residence, and ordered him to pay an additional tax and interest of \$198,000. (NBC-7)

CAMPAIGN

Jennings: President Reagan arrived back in Washington this afternoon, and he will stay there until the debate with Walter Mondale Sunday in Louisville. (TV coverage: President arriving on South Lawn.) Mr. Mondale today promised a new federal war on drugs if he is elected. Mr. Mondale said he would appoint a federal drug czar and use the Navy to intercept drug smugglers on the high seas. Mr. Mondale plans to spend the rest of this week preparing for Sunday's debate. (ABC-6)

CBS's Phil Jones: Ferraro was in the South to work on the crucial black vote, but with Mondale off the road preparing for the Sunday debate, it was Ferraro who today escalated what Democrats obviously think is their hottest issue yet -- Mr. Reagan's handling of the recent terrorist attack in Beirut and the President's acceptance of responsibility. Ferraro called it "either an empty gesture or neglect." (Ferraro: "Either way, this President let us down, and this President should pay a price.") While Ferraro was attacking the President, serious problems remained inside the Democratic party in Georgia. Not in this large Atlanta crowd -- the Democratic governor, who refuses to campaign publicly for a Mondale-Ferraro ticket. Also missing -- Bert Lance, who was forced out of the Mondale campaign organization.

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

CAMPAIGN (continued)

Jones continued: For the first time, Jesse Jackson came to Ferraro's side to campaign. Ferraro has not drawn large numbers of blacks, so today was clearly designed to play to the black voters that are needed for Democrats to have a chance in the South. (Ferraro: "Above all, Jesse Jackson showed that one person with vision could make a difference for everyone with a dream.") Jackson has been campaigning for the national ticket, but his emphasis today also included a plea for Congressional candidates -- an indication that he fears the Mondale-Ferraro ticket may be hurting other Democrats. (Jackson: "Come on down.") With registration nearing, the Democrats are working hard, especially to get blacks registered. But whites are also registering in heavy numbers. In fact, figures were released in this Tennessee county today indicating that, so far, whites have out-registered blacks by a two-to-one margin. (CBS-7)

ABC's Lynn Sher: Ferraro publicly ignored the new financial information today -- probably not too difficult, since she and her travelling staff weren't even told by her Washington lawyers they turned in the revised forms. This afternoon the campaign moved from uninformed to uncommunicative. Ferraro refused comment to the travelling press, but told ABC's Atlanta affiliate the corrected accounting, which she continues to call sloppiness, didn't indicate any misuse of her Congressional position. (Ferraro: "Whether I have 100,000, or I have 500,000 or I have 1,000, doesn't make any difference, as long as I have not used my office -- and that's the reason for filing those returns.") The candidate seemed far more at ease when facing her usual huge crowd of supporters. In Atlanta, she pressed her attack of Ronald Reagan, asking whether he was the one who'd ignored the warnings and jeopardized American lives in Lebanon. (Ferraro: "If the answer to these questions is yes, and he did make those decisions, then this President was seriously negligent. If the answer is no, and he was not involved, then this President was not paying attention, and is not in charge, and taking responsibility is an empty gesture.") Later, in Memphis, she made her first stump appearance with Jesse Jackson. No mistaking that message. This campaign's frustration -- that much of what Ferraro says has been ignored or overshadowed -- will certainly be relieved next Thursday when she debates George Bush. That, says one staff member, will be the single most visible moment of her campaign.

(ABC-4)

Brokaw: Ferraro today continued a subject she has been emphasizing all week -- President Reagan's statement that he was responsible for the Beirut bombing. (Ferraro: "Does he mean he didn't heed the many warnings that proceeded the attack? Does he mean he directed our people to be moved into an unsafe building? Does he mean he directed the Marine guard be replaced with local militia? This President let us down, and this President should pay a price.")

(NBC-8)

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

FERRARO FINANCES

Rather: As for Geraldine Ferraro's family finances -- word today that the House Ethics Committee will meet to talk about them on Friday. The talks will include about six years' worth of amended financial disclosure forms that Ferraro filed. (CBS-7)

ABC's Charles Gibson: After filing new and amended disclosure forms with Congressional officials yesterday, Ferraro called the mistakes "sloppy errors," the changes "routine." But routine changes turn out to be an additional \$100,000 to \$200,000 in income in over six years that was not declared in her original forms. In all, there are more than two dozen items that were not before listed in forms filed with the House, but there was no change in the most controversial item in the Ferraro filings -- that is her claim that she should not be required to disclose the financial holdings of her husband. Such a claim requires that Ferraro have no knowledge of -- nor benefit from -- her husband's holdings. She continues to claim that's the case. And it is that claim that has got the House Ethics Committee investigating the Ferraro finances. The Committee will look at the new filings later this week, but all indications are that investigation will continue right through the election. (ABC-4)

HOUSE INTELLIGENCE COMMITTEE

Rather: The House Intelligence Committee today released its report on the terrorist bombing in Beirut, and it took to task U.S. officials in Washington and Lebanon for failing to take "every precaution possible to thwart just such an attack." The report called the situation in Beirut "similar to a war zone" and added "the probability of another vehicular bomb attack was so unambiguous that there is no logical explanation for the lack of effective security countermeasures." (CBS-8, ABC-2, NBC-9)

"FLAT TAX"

Rather: Donald Regan said today that if President Reagan is re-elected, he may ask the President to scrap the whole present federal income tax system. Regan wants a modified version of the so-called "flat tax." Basically, the flat tax gets rid of all the various deductions now allowed and taxes everyone at the same rate -- say, 20% -- no matter what their income. The modified flat tax Regan has in mind would allow some deductions -- the mortgage interest rate deduction, for one -- and would also probably assess somewhat different tax rates, based on income. Critics of the flat tax say it can hurt the poor and benefit the rich. For his part, Regan, in floating the idea today, said he may change his mind about proposing it when he sees how much it could cost the Treasury. (CBS-5)

SPENDING BILL

Jennings: Once again a large part of the federal government is due to run out of money at midnight. Congressional leaders say this time there is no way they can get money flowing again until at least Friday. (ABC-8)

NETWORK NEWS SUMMARY FOR WEDNESDAY EVENING, October 3, 1984

TV ELECTION PROJECTIONS

ABC's Bob Clark: The networks have been under fire in Congress for early election calls since 1980, when the landslide Reagan victory may have discouraged some West Coast voters from going to the polls. Both Houses of Congress have passed resolutions asking the media not to project the outcome of the Presidential election until all polls have closed across the country. This plea for voluntary restraint was rejected by spokesmen for the three major networks.

(ABC-7, NBC-11)

AQUINO

Brokaw: Philippine Opposition Leader Aquino was murdered by one of his two military escorts as he stepped off his plane in Manila last year. A member of the civilian commission investigating Aquino's death said that is the conclusion of a panel which plans to issue its report before too long.

(NBC-5)

RED SEA

Brokaw: No one can say for sure who planted the mines that damaged at least 19 ships this summer in the Red Sea, but the State Department said today that there is persuasive circumstantial evidence that it was Libya. The main thing it cited was the presence of a Libyan cargo ship in the Red Sea just before the explosions began.

(NBC-14)

U.S. EMBASSY IN TURKEY

Jennings: Word today of another threat against an American embassy. The threat is ill-defined, but the Embassy in Ankara, the capital of Turkey, was evacuated for a time today, as was the U.S. Information Service building next door. The State Department says the embassy is not closed, but is operating fewer hours and with fewer personnel.

(ABC-3)

CLAIBORNE

Rather: In Reno today, U.S. District Judge Harry Claiborne became the first federal judge ever ordered to jail for crimes committed while on the bench. Convicted of income tax evasion, Claiborne claimed the government was out to get him because he is an outspoken critic of federal agents' tactics in Nevada.

(CBS-2, NBC-12)

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EDITORIALS/COLUMNISTS

RAYMOND DONOVAN

Fulfilling Common Sense, Donovan is a Burden -- "...guilt and innocence are not what the public trust is all about. The taxpayers and voters -- and the rule of law -- in America deserve a more demanding standard. They deserve public servants who are above ethical reproach -- which Mr. Donovan is not, and was not before the indictment was handed up in the Bronx. They deserve leadership that says, and acts on the principle, that the convincing appearance of integrity is a beacon that always should light the political process, for the sake of faith in government. Mr. Donovan should never have been appointed." (Philadelphia Inquirer, 10/3)

Donovan Must Quit -- "Donovan must step down because it's a stain on the government and a blot on the nation for a member of the President's cabinet to stand trial on major criminal charges....An added factor is the Labor Department shouldn't be left leaderless, with only a temporary and uncertain No. 2 guy at the helm." (New York Daily News, 10/3)

Labor Leadership -- "Donovan's tenure in the Cabinet reflects another feature of the Reagan Administration: a reluctance to shuffle the leadership command or bring in fresh talent until internal conflict or external embarrassment compels a change. This was the case with figures like James Watt, Richard Allen and Alexander Haig. The Reagan Administration skipped the customary guard-changes at the two-year and three-year marks, where normally a potential political liability would be replaced. It was no secret that Mr. Donovan was one such candidate early on. Now he has become the first sitting Cabinet officer ever indicted -- a historical footnote the Administration would just as soon have avoided." (Christian Science Monitor, 10/3)

Donovan's Troubles Revisited -- "If Mr. Reagan is reelected and Mr. Donovan remains in his post for another four years, we hope that all... questions will be answered. The Labor secretary's past business practices and associations need to be satisfactorily accounted for, once and for all." (Baltimore Sun, 10/3)

Column -- "If the Bronx indictment sticks, the whole Administration is in trouble. For the case rests on evidence that has been strangely neglected rather than covered up -- by the FBI, the Justice Department and the White House, including Attorney General-designate Edwin Meese and the President himself." (Joseph Kraft, L.A. Times Syndicate, Gannett, 10/3)

Donovan and the return of sleaze -- "...if Walter Mondale breathes word one about the return of the 'sleaze factor' -- and who can imagine his doing something that dumb? -- he will raise anew the wisdom of his choice of a running mate. Then it will be time to get serious about Geraldine Ferraro's reputed ties to the mob, which appear just as close -- or distant, depending on one's perspective -- as Secretary Donovan's." (Washington Times, 10/3)

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Editorials/Columnists (continued)

An Albatross for the President -- "For his part, President Reagan's continued loyalty to his embattered labor secretary seems admirable. But he should have learned from the examples of Presidents Carter and Nixon that personal loyalty can be extended beyond rational bounds to the detriment of an entire administration. And, in this case, to the possible detriment of Mr. Reagan's own reelection prospects."

(Hartford Courant, 10/3)

In Re Donovan -- "Leaving a Cabinet office vacant for a possibly prolonged period should cause both political and administrative difficulties for a president. Perhaps in this administration -- which has never had any interest in the Labor Department or much faith in the things it might do -- the loss, at least in administrative terms, will not be great."

(Washington Post, 10/3)

The Donovan Case -- "Certainly, the charges contained in the indictment must be pursued to the fullest extent of the law. But, in fairness to everyone concerned, the case should be processed as quickly as possible. Both the secretary and the nation deserve an expeditious and just conclusion to this unfortunate affair. Meanwhile, until a jury decides otherwise, Mr. Donovan must be presumed innocent. Everyone should keep that in mind -- even with an election coming up."

(Dallas Times Herald, 10/3)

The Donovan Indictment -- "The political questions that the Donovan case reintroduces involve the integrity of the Administration. What kind of confidence can the public have in an administration in which not only the labor secretary but dozens of other appointees have been charged with transgressions ranging from insider stock trading to conflicts of interest to gross ethical lapses?"

(St. Louis Post-Dispatch, 10/3)

...'Lynch Atmosphere' -- "Make no mistake, politicians exult when their opponents get involved in personal or political scandal. No polite questions of guilt or innocence, only whose ox is getting gored....It is only when politicians stop letting their ambitions exceed their scruples, and learn to resist the dark impulse to gain cheap momentary advantage, that the 'lynch atmosphere' will end and a degree of honor will come to American politics. But until that day comes, the innocents will continue to be slaughtered with reckless abandon."

(Baltimore Evening Sun, 10/3)

BEIRUT BOMBING

Cut It Out, Messrs. Mondale, Reagan -- "For goodness' sake, let's stop this partisan bickering about who was responsible for the latest terrorist bombing in Beirut....Americans aren't interested in punishment or blamesmanship. They know, or have a good idea, who the murderers were in Beirut in those incidents. They want not revenge but precaution. They expect better protection of U.S. personnel abroad. When the President blames himself, he really is saying nothing. When Mr. Mondale blames the administration, he is really demeaning the political process. In such an atmosphere, nothing constructive would be done to protect Americans, or to come up with a coherent policy on the Middle East."

(Hartford Courant, 10/3)