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F = 4:41:59

D = 7:47:15

158

Date	Station	DOMESTIC	FOREIGN
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1/20 NBC
1:20
2:34
2:22

1/20 CBS
1:35
5:33

1/20 ABC
1:43
2:53

1/21 NBC
:31
1:14
.16
2:33

1/21 CBS
2:17
1:52
1:18
1:35
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1/21 ABC
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1/22 NBC
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1/22 CBS
1:58
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1/20 ABC
1:36
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D

F

NBC 1/23	1:49	:22
	:32	:19
	1:36	

CBS 1/23	:12	:45
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NBC 1/23	1:34	:20
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NBC 1/26		2:19
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CBS 1/26		2:30
		1:33

ABC 1/26		1:19
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NBC 1/27	:34	1:49
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	1:45	
	1:48	
	:14	

CBS 1/27	:24	1:43
	✓ :37	
	:11	

ABC 1/27	:14	3:42
	1:50	
	:25	
	1:10	
	1:35	

D = 33:86
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F = 2:106
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D

F

NBC 2/5

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CBS 2/5

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ABC 2/5

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D

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NBC 1/28

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CBS 1/28

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NBC 2/2

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3584
Journal Annual Survey

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CBS 2/3	2:16 1:45 1:52 :29	2:55 :23
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ABC 2/3	1:42 1:22 :18 1:45 1:18	2:17
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NBC 2/4	2:12 1:17 2:04	:23
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CBS 2/4	3:10 :53 2:00 1:57 :45	
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ABC 2/4	1:55 4:24	:16
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NBC 2/6	:12 2:10 :15 2:16	:28
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CBS 2/10
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NBC 2/10
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CBS 2/11
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NBC 2/11
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NBC 2/12	1:57	:13
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CBS 2/12	1:41	1:53
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NBC 2/12	2:03	:31
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~~2/13 NY~~
~~NO~~ NO COVERAGE

NBC 2/16	1:50	
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	1:48	
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CBS 2/16	2:12	
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ABC 2/16	1:38	
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NBC 2/17	:47	:25
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CBS 2/17	2:33	:19
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CBS 3/3

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ABC 2/19

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D

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ABC 2/26	:44	2:28
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	3:07	

NBC 2/27	1:44	1:23
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	3:06	

CBS 2/27	2:21	2:07
	:27	:15

ABC 2/27	:34	2:03
	4:34	

NBC 3/2	1:54	1:53
	:15	
	1:43	

CBS 3/2	2:44	2:15
		:18

ABC 3/2	2:02	:18
	:21	:21
	:18	
	:11	

NBC 3/3	1:47	1:43
	:18	:21
		:52
		1:44

	NBC		CBS		ABC	
	D	F	D	F	D	F
March 12						
3/12	0:30	1:32	0:30	0:36	0:16	0:35
D	0:16	0:16 0:11	1:42	1:22	0:16	0:34
6:38	0:13	0:26	1:42	1:58		1:29
F 6:45	1:42	<u>2:09</u>	0:17			<u>2:38</u>
3:13	<u>2:41</u>		<u>3:41</u>			
3/13						
D	1:29	0:14	2:36	2:27	2:17	0:11
	1:12	1:50	0:15	0:53	1:09	3:35
11:45	0:21	<u>2:04</u>	<u>2:51</u>	<u>3:20</u>	<u>3:26</u>	<u>3:46</u>
	0:29					
	1:38					
F 9:46	0:19					
10	<u>5:28</u>					

8:00-8:15

NBC

CBS

ABC

TOTAL OF DAY

Mon 3/16
D = F =
20:43 / 6:37

D
1:46
0:26
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4:54
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11:46

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F
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1:38
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Tues 3/17
D = F =
15:31 / 6:40

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Wed 3/18
D = 9:56
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Thur 3/19
D = 4:37
F = 10:20

NO NBC COVERAGE

1:52
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3:59

2:05
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0:41
3:59

TV News Coverage Foreign vs Domestic

March 12 through March 19*

Date	NBC		ABC		CBS		TOTAL	
	D	F	D	F	D	F	D	F
3/12	2:41	2:09	3:41	1:58	0:16	2:38	6:38	6:45
3/13	5:28	1:64	2:51	3:20	3:26	3:46	11:45	9:10
3/16	11:46	2:31	4:54	2:31	4:03	1:53	20:43	6:37
3/17	4:45	1:45	6:56	1:23	3:50	3:32	15:31	6:40
3/18	4:45	3:40	3:12	5:23	1:59	3:41	9:56	12:44
3/19	NO COVERAGE		2:59	6:21	1:38	3:59	4:37	10:20
							<u>69:10</u>	<u>52:16</u>

$$\boxed{\text{DOMESTIC}} + \boxed{\text{FOREIGN}} = \boxed{\text{TOTAL ADMINISTRATION}}$$

$$\cancel{69:10} + \cancel{0:52:16} = 2:1:26$$

or 2 hours / 1 minute / 26 seconds

* ~~Saturday~~ Weekend (Saturday and Sunday) not included.

El Salvador

2/2 0:11
1:36

2/3 0:23

~~February 13~~

2/12 1:53

2/17 0:20
0:26
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2/20 1:56
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2/23 1:42
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3/10 2:37
3:21
2:57

3/11 2:08


News Digest



American Enterprise Institute for Public Policy Research
1150-17th Street, N.W., Washington, D.C. 20036

January 21, 1981

FOREIGN & DOMESTIC:

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BROWN, IN FINAL DEFENSE REPORT, HITS ALLIES, URGES ARMS CONTROL	5
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FOREIGN & DOMESTIC AFFAIRS

JANUARY 20, 1981

Ronald Reagan was sworn in yesterday to succeed Jimmy Carter as the 40th president of the United States and was spared a major international crisis in his first day in office because 35 minutes after he took the oath the 52 American hostages — he would later call them “prisoners of war” — who had been held in Iran since November 4, 1979 were flown out of Iran to freedom. “Let us begin an era of national renewal,” President Reagan said in his 20-minute inaugural address. “Let us renew our determination, our courage, and our strength. Let us renew our faith and our hope. We have every right to dream heroic dreams.” Soon after his address the new president told a luncheon on Capitol Hill that “some 30 minutes ago the planes bearing our prisoners left Iranian air space, and are now free of Iran.” Carter had been informed, via his limousine radio-telephone on his way to the swearing-in, that the hostages were on the runway in Tehran and were ready to take off, but the term of his presidency expired before the Americans left the ground. Carter will fly to Wiesbaden, West Germany today as Reagan’s special representative to greet the freed Americans.

Reagan’s address was a firm restatement of his campaign promises to slash taxes, trim government spending, boost the military, and re-establish American pre-eminence in the world. “I did not take the oath I have just taken with the intention of presiding over the dissolution of the world’s strongest economy,” he said. “We must act today in order to preserve tomorrow. And let there be no misunderstanding — we are going to act beginning today.”

He made it clear that he intended to move quickly against big government, joblessness, and inflation. “It is time to reawaken this industrial giant, to get government back within its means, and to lighten our punitive tax burden. These will be our first priorities, and on these principles, there will be no compromise.” Just after his address and in his first major act in office, Reagan signed an executive order to freeze immediately the hiring of non-military government workers. He said the action was necessary because “the national budget is out of control.”

Radio Moscow reported that Soviet President Leonid Brezhnev congratulated Reagan by telegram and said “it’s our belief that at present it is essential for all nations to press for improving the international situation and promoting peace.” The official Tass news agency said that the Carter Administration had ended in “disgrace.” It said that recent U.S. presidents had failed to realize the world situation is changing, and therefore they pursued “the unchangeably imperial policy rooted in yesterday.”

While the 52 Americans were in flight, the State Department released new details of the agreement to free them. They said Iran’s total assets under U.S. control amounted to \$12 billion in gold, security, and property. Of that amount, nearly \$8 billion was transferred to an escrow account in the Bank of England before dawn. Iran took possession of \$2.8 billion immediately upon the hostages’ release while the rest remained tied up in escrow funds and guarantees against future claims by banks and companies having dealings with Iran.

Carter returned to Plains, Ga. to a welcome-home ceremony. He told the crowd that “every one of the 52 American hostages was alive and well and free.” He said his two objectives from the start of the crisis had been met — to secure the hostages’ safety and ultimate release, and to preserve the honor and dignity of the nation.

The hostages received a taunting sendoff from their captors in Tehran who chanted “Down with America” as they boarded their plane. Richard Queen, who was held hostage by Iran until last July, broke his silence yesterday on his treatment and said some of his captors acted “like slimy bastards” toward him. The hostages flew on an Algerian airliner from Tehran to Algiers, where they were received by the U.S. negotiators who had worked to free them. After a brief ceremony watched on live television in the United States they flew to Wiesbaden, where a U.S. military hospital will be their home for at least the next few days. Meanwhile, in the United States the White House Christmas tree, kept dark for two years because of the hostages’ plight, was lit at Carter’s request, and President and Mrs. Reagan shuttled between nine inaugural balls, drawing cheers as the new president told crowds of the latest news on the journey of the former American hostages.

POLAND

**SOLIDARITY SUGGESTS COMPROMISE
ON 5-DAY WORK WEEK**

BALT. SUN, 1/20/81, Warsaw:

"Poland's independent trade union Solidarity yesterday proposed to compromise with the authorities over demands for an immediate 40-hour, 5-day work week which could lead to another mass walkout by workers this Saturday.

"A spokesman for Solidarity's Warsaw region said regional delegates formally resolved Sunday night that Poland cannot afford the immediate introduction of a 40-hour week, which would mean the end of working on Saturdays.

"Meanwhile Lech Walesa, the Solidarity leader, returned home from Italy after his first official trip abroad and said he was confident that workers and authorities would resolve their differences. In Rome, he had promised Pope John Paul II he would strive for a compromise on the shorter work week.

"On arriving here Mr. Walesa met behind closed doors with the Polish Roman Catholic primate, Stefan Cardinal Wyszynski, and Prime Minister Josef Pinkowski. At the airport Mr. Walesa had told reporters, 'We must come to some understanding to reach agreement, and in doing so we have to work hard in a logical way.'

"Mr. Walesa promised the pope he would not 'cause trouble' after the pontiff, a Pole himself, had urged him to show 'prudence and moderation' in union activities.

"Mr. Walesa told reporters he would not comment on the proliferation of strikes and strike threats, primarily over the issue of free Saturdays, until he had conferred with Solidarity's national consultative commission in Gdansk today.

"Solidarity claims the government promised last summer two free Saturdays from the beginning of 1981, but the government later proposed two free Saturdays a month."

NEGOTIATIONS EXPECTED SHORTLY

PHILA. INQ., 1/20/81, Warsaw:

"Solidarity said it expected Deputy Prime Minister Mieczyslaw Jagielski, who negotiated last summer's precedent-setting settlement of a strike at the Gdansk shipyards, to head a government delegation in talks with the independent labor movement tomorrow, three days before the next threatened confrontation over the Saturday work issue.

"Meanwhile, the Polish news agency PAP emphasized a report in the Warsaw newspaper Zycie Warszawy on Saturday that a group of parliamentary deputies had called for negotiation of last summer's labor agreements.

"The deputies said that the declining national income prevented the government from meeting its obligations on such issues as working hours, meat rationing and housing construction.

"The union did not immediately respond to that proposal. However, it appeared to be significant that the deputies had talked in terms of renegotiation rather than renegeing on the agreements."

MIDDLE EAST

**U.S. PROPOSES TO SELL \$2 BILLION
IN SERVICES, PARTS TO SAUDI ARABIA**

WALL ST. JRNL., 1/20/81, Washington (UPI):

"The Defense Department proposed to sell about \$2 billion of technical and material services to Saudi Arabia to support its air force and navy.

"The biggest program is \$900 million to service the 60 F15 and 114 F5 aircraft sold earlier to the Saudis.

"Other programs in the package include \$846 million in design, construction and related services for naval facilities at Jubail, Jidda, Damman and for headquarters at the capital, Riyadh, and \$200 million for additional spare parts

and supplies for 29 ships, facilities and equipment previously purchased by Saudi Arabia.

"The sale is subject to congressional review for 30 days."

GULF WAR FRUSTRATES U.S.

William Allan Sr. (PITTSBURGH PRESS, 1/16/81):

"Militarily, [Iraq] has accomplished what it set out to do in its war with Iran—grabbing off the 120-mile waterway between Iraq and Iran, plus neutralizing some of the influence of the Ayatollah Khomeini.

"Now that it has, Iraq is ready to negotiate an end to the war. But with whom? Iran is so fractionalized that there's no one with whom to negotiate.

...

" 'Iraq is in the same boat we are,' says Dr. Alvin J. Cottrell, an expert on the Persian Gulf who has a nice way of putting some of this in perspective. 'Iran is in such a mess there's no one to negotiate with.'

"Author and editor, Dr. Cottrell is executive director for maritime-policy studies at Georgetown University's Center for Strategic and International Studies in Washington.

"According to Dr. Cottrell, Iraq began the war for two very limited but important to it reasons:

" Control of the waterway which links the Tigris and Euphrates Rivers with the Persian Gulf.

" Lessening the influence of Khomeini, whom the Iraqis see as a religious agitator. Iraq is about 50 percent Shiite and 50 percent Sunni, and the two Moslem sects don't exactly mix.

"So why don't the Iraqis step up the fighting and end the war?

" 'Iraq is a military dictatorship, and a military dictatorship cannot commit any more than half its troops out of the country or it will not be a military dictatorship anymore,' Dr. Cottrell explains. It has four of eight divisions at war, the other four keeping the peace at home.

"Thus, the Iraq-Iran war is likely to drag on much as the U.S.-Iran hostage issue has.

"But, in a way, the war has created a basis for negotiation between the United States and Iran — money.

"The war has put Iran's oil industry out of commission,

ending the flow of money by which the country is run. Now the Iranian factions fighting each other can agree on one thing — the need for money — and (you guessed it) even in the Mideast, Uncle Sam means money.

"Dr. Cottrell says it costs about \$8 billion to run Iran for a year. Therefore, Iran's original \$24-billion demand translates into three years, or time to end the war and get the oil flowing once more.

"Oil experts figure it will take at least two years (translate: \$16 billion) to repair Iran's oil facilities. So the latest demand for \$8 billion (one year) means the Iranians are down to buying time, although there is speculation that the hostages will be released for '\$8 billion now, maybe more later.'

"What will it cost the U.S. taxpayers?

"Dr. Cottrell figures there's about \$6 billion of Iranian assets squirreled away in banks, etc. That leaves a difference of \$2 billion.

" 'Somewhere we're going to sink a couple of billion in that deal and that's bad, bad diplomacy,' Dr. Cottrell says. It could be the end of diplomacy as it is known today.

"Dr. Cottrell didn't say so but if the Iranians do not work out a deal with the Carter administration they're going to set a very long time before the Reagan administration even talks to them.

...

"There's far more to the situation in the Mideast, but this is Dr. Cottrell's barebones summary.

"Obviously, Americans make a big mistake when they think everyone goes by the Golden Rule and insist on doing just that — to the point where they find it difficult to comprehend what's going on."

CENTRAL AMERICA

AUSPICIOUS START FOR REAGAN

SEATTLE TIMES, 1/7/81, edit.:

"It was worthy that Reagan — even while involved in Myriad transition details — went out of his way this week to establish a special rapport with President Jose Lopez Portillo of Mexico.

"By all accounts, the meeting of the two leaders at the border city of Juarez accomplished its purpose of laying the foundation for a solid and comfortable relationship.

"None of that, of course, means automatic solutions are in sight for any of the prickly issues between the U.S.

and Mexico, or that Lopez Portillo is likely to abandon altogether the Yanqui-baiting that seems obligatory for any Mexican President.

"But Reagan has made a good start at least toward avoiding the kind of strained relationship that developed, despite good intentions, between Lopez Portillo and Jimmy Carter.

"Improved U.S.-Mexican relations are important not only in and of themselves, but as a critical element in dealing with the continuing crises in Central America.

...

"Every modern-day U.S. President has pledged him-

self to creating an improved understanding among Western Hemisphere governments. Their accomplishments in that regard remain debatable.

"Whether Reagan will succeed to a greater degree remains to be seen. But getting along, right off, with the President of Mexico is a proper beginning."

NORTHERN IRELAND

NEW ULSTER VIOLENCE RAISES FEARS OF STRATEGY SHIFT

CLEVE. PLAIN DEALER, 1/17/81, edit.:

"The unconscionable shooting of Bernadette Devlin McAliskey, a leader of Catholic militancy in Northern Ireland, and her husband is a reprehensible act of terrorism in itself.

"But it also comes at what otherwise would have been a propitious time for the British and Irish governments to step up efforts aimed at beginning to fit together the Northern Ireland puzzle.

"The shooting triggered a response from the Irish militants that included the killing of a policeman and a bombing. The assassination attempt against Mrs. McAliskey, a former member of Parliament, and the response, the sudden return to kill and counter-kill, must not be allowed to halt the prospect of a workable solution.

"Not since the outbreak of sectarian guerrilla warfare in Ulster a dozen years ago, it appears, have the governments been in a stronger position to influence events there. The reason is the perceived victory for London in standing firmly against a hunger strike by Irish republican terrorists imprisoned near Belfast who, faced with British Prime Minister Margaret Thatcher's refusal to bend, called off their fast.

...

"Most observers were astonished that, having set for themselves a fast 'to the death' if their demands were not met, the prisoners finally accepted food, especially since they waited until the 53rd day of the fast to do so. The reforms they accepted that day were essentially the same as the ones they had bypassed on the 39th day of the fast, according to all reports.

"For that reason, an IRA contention that the fasters got what they wanted seem to be mere bravado, designed to try to establish that as reality in the public mind simply by declaring it to be so. However, the fact that only about 1,500 people turned out to celebrate the IRA 'triumph' showed how doubtful was the organization's assertion.

"Many more people than that had flooded into Ulster streets in demonstration in support of the prisoners while they continued their fast. The demonstrations prompted fearful predictions of renewed mass carnage if any of the fasters were to die.

"None did. And, until the Bernadette Devlin shooting, neither did violence revisit Northern Ireland, although a couple of bombs went off at a barracks in England. The Christmas season, a favorite time for IRA bombings in the past, went by relatively peacefully.

"There apparently could be no better time for Thatcher and Irish Prime Minister Charles Haughey to redouble their attempts to find a workable political strategy for Ulster. The new violence must not kill the hopes for peace."

DEFENSE

BROWN, IN FINAL DEFENSE REPORT, HITS ALLIES, URGES ARMS CONTROL

Charles W. Corddry (BALT. SUN, 1/20/81, Washington):

"Retiring Defense Secretary Harold Brown, citing relentless Soviet military expansion, yesterday excoriated America's European and Japanese allies for failure to take on a greater share of the defense burden.

"In his final report to Congress on U.S. defense posture, Mr. Brown combined pleas for greater overall military preparedness with renewed urging for strategic arms limitation agreements to head off a deadly nuclear weapons race with the Soviet Union.

"The physicist and nuclear arms expert who has run the Pentagon for the past four years underlined trends that could make the world of the 1980s 'more dangerous than any we have yet known' if the United States and its allies fail to maintain adequate military strength.

"These trends, developing for two decades, are the growth of Soviet power, the industrialized nations' dependence on Persian Gulf oil and 'growing instability in the developing countries' that hold many vital resources.

"Mr. Brown sought to drive home the necessity for nuclear arms control and for nuclear parity with Russia by citing the 'unimaginable destructive potential' of such weapons.

...

"Mr. Brown, evidently frustrated by four years of trying to get European and Japanese allies to do more about defense, criticized their actions in uncharacteristically strong terms.

"The United States and Western Europe still are not fully facing up to the Warsaw Pact buildup, he said. Even with the new threats to the oil lifelines of America, Europe and Japan, he said, 'many of our allies are either untroubled by the threats or unwilling to assume their share of the common defense burden.'"

STRENGTHENING DEFENSE INDUSTRIES

INDPLS. NEWS, 1/14/81, edit.:

"... one cannot be concerned only with the problems of the Chrysler Corp. as a carmaker, but of Chrysler the tankbuilder. If the manufacturer of the latest U.S. tank, the XM-1, goes belly-up, how will production be affected? How could production be expanded quickly if the company's foundation is unsteady?"

"And one must be concerned that foreign countries, in a few cases, are now involved in the manufacture of some

defense equipment. The XM-1 tank may be assembled in Lima, Ohio, but a sophisticated machine that performs 235 machining operations on each tank is made by Mitsubishi of Japan. Involving a foreign company — even one located in an allied nation — in manufacturing important weapons poses the possibility of unnecessary vulnerability in time of crisis.

"The Defense Department obviously cannot cure all that ails its industrial base. Contract procedures, however, which discourage productivity should be changed to promote efficiency and flexibility. The government should husband its precious metals supply — much of which is imported — more efficiently to prevent shortages. Also, the practice of allowing foreign sources to provide sensitive equipment and technology should be stopped. And there is much Congress should do to write tax laws which encourage investment and innovation.

"Simply spending more money is not the way to bring American defense up to minimum standards. The record proves that the billions already spent have not provided adequate defense. The answer lies in spending that money more wisely, in tightening up procurement procedures and giving as much attention to the productivity of the Defense Department as to the productivity of industry."

ENERGY

IMMEDIATE OIL DECONTROL URGED

WASH. STAR, 1/19/81, edit.:

"The case for decontrolling oil prices is simply put: The more U.S. oil consumption is reduced, without affecting productivity, the better off the country. That higher oil and gasoline prices have an immediate and dramatic effect on the rate of consumption can no longer be doubted. Indeed, higher prices are no reason the U.S. in early January was importing nearly 2 million barrels a day less than a year ago. (Such a reduction, at \$32 per barrel, saves about \$23.3 billion.)

"Immediate decontrol of domestic oil — which President Reagan could order within hours or days of taking office — would increase these benefits at a time when pressure on the world oil market is increasing and even higher prices for oil are in prospect.

"The fighting between Iran and Iraq has reduced daily production by some 4 million barrels: the production surplus of last summer has become a shortfall. Although world inventories were recently at record levels, and afforded a measure of protection, they have been drawn

down substantially and prolonged cold in Europe and North America seems likely to further diminish them. Unless the fighting stops, the outlook for next summer seems grim to some oil analysts.

"To be sure, price controls are scheduled to expire anyway, at the end of September. Why, it has been argued, hasten the process? Aren't higher gasoline prices the last thing Americans need? Such pocketbook arguments have been politically persuasive, but only in that narrow sense.

"As Robert Stobaugh and Daniel Yergin point out, accepting realistic petroleum costs now — and paying somewhat more — may mean greater savings later. Decontrol would immediately add about 12 cents to a gallon of gasoline, which would reduce U.S. consumption. And that, by removing pressure on the world market, would reduce the likelihood of greater increases in the price of oil. In thirst for the world's oil, the U.S. is an elephant in a field of mice.

"Although OPEC does not always set prices on the basis of demand, heightened demand encourages price hikes and lower prices encourage demand. So it was in 1979, when U.S. consumption shot to record levels even as huge OPEC price increases were announced.

"The price control 'cushion' kept U.S. consumers in an artificial environment, and kept the U.S. merrily consuming lakes of oil until the effects of the Iranian revolution were felt. The consequences of that indulgence were felt in the frenzied spot market and in the shocking neglect of the U.S. Strategic Petroleum Reserve. They are still being felt by the domestic automobile industry.

"Decontrol, to be sure, can be but one aspect of America's energy strategy; and nothing the U.S. has done to date substantially reduces the nation's vulnerability to a major oil cut-off. Nor would decontrol. Indeed, among the first priorities of the Reagan administration ought to be the establishment of a policy for U.S. energy security — in particular the rapid fill of the oil reserve.

"Decontrol encourages the production of new oil, reduces the consumption of imports and promotes stability in the world oil market — all important to America's future. The sooner it is put fully into effect, the sooner its beneficial effects will be felt. An order to decontrol oil immediately would be one good way for Mr. Reagan to hit the ground running."

MORE CAUTION URGED

L.A. TIMES, 1/14/81, edit.:

"James B. Edwards, energy secretary-designate in the Reagan Administration, would prefer not to wait until fall to lift the last controls on oil prices. Edwards says he will recommend to President-elect Ronald Reagan the immediate — presumably meaning Jan. 20 — abolition of controls. That, he thinks, would lead to 'a lot more production' of oil, permitting the United States to reduce still further its imports from OPEC countries.

"But would it? About 75% of U.S. oil has already been freed from price controls, and the additional revenues that have gone to oil producers, and the prospects of high revenues for would-be producers, have spurred a remarkable burst of new drilling activity. In 1980 more than 50,000 wells were drilled in search of oil and natural gas. Drilling activity has, in fact, just about reached its physical limits, with demand for drilling equipment exceeding supply. Accelerating the decontrol timetable by eight months or so would probably add nothing to the rate of new exploration.

"What it would do is add to oil company profits and raise the price to consumers of oil products. Gasoline, for example, could jump immediately by as much as 8 cents a gallon. That in itself wouldn't be a bad thing. Higher prices on fuels have already worked to hold down the growth rate in consumption, and still-higher prices, which are going to come in any case, would almost certainly help depress demand even more. A better approach is available if price-dictated conservation is in fact an energy goal of the Reagan Administration — it should be, though there is some question whether it is.

...
 "If Energy Secretary-designate Edwards and his boss are eager to get the federal government out of energy price control business, they would do well to look at what more could be done with natural gas. Phased-in decontrol of gas prices has already helped slow demand as well as encourage greater exploration for new sources. But gas, on a decontrol timetable that will stretch until 1985, remains underpriced relative to other fuels. Despite some regional and seasonal shortages, the gas supply prospects for the nation in this decade look good. The fact remains, though, that gas is a finite resource, and that much more could be done, particularly in the area of building insulation, to conserve supplies. Higher prices, meaning more realistic prices, would be a powerful incentive to achieve that aim."

AUTO INDUSTRY

U.S. SHOULD CONSIDER ACTING TO SAVE AUTO INDUSTRY

DETROIT NEWS, 1/15/81, edit.:

"Every other industrial nation has recognized the importance of an auto industry to its national economy and defense. The European Common Market nations, including West Germany, impose an effective tariff rate of 14 percent on imported autos, and several nations — Britain, France, and Italy — have negotiated separate agreements with Tokyo, limiting Japanese auto exports to their markets. The United States has a 3 percent tariff and no agreement.

"General Motors Chairman Roger B. Smith recently put the matter this way: 'One by one, as you walk down the hall, you see those doors go slam, slam, slam, slam.

There's only one big door left down there at the end of the hall, that's us. We're literally the only free-trade market left in the whole world.'

"Mr. Goldschmidt, in a television interview, said he believes the Japanese think GM will, ultimately, be the only U.S. auto maker to survive. They believe the American government simply won't act to protect the national interest.

"If he's right, Chrysler and Ford will be overwhelmed, and their assets picked up by foreign producers at 'fire sale' prices.

"The problem posed by Japanese imports can be solved through negotiations with the Japanese government. Mr. Goldschmidt, in his interview, said the Japanese are willing, if not eager, to come to the bargaining table.

"A negotiated ceiling of Japanese imports - in international trade parlance, 'an orderly marketing agreement' - carries none of the pitfalls of unilateral import quotas or tariff increases, which might trigger a trade war.

"Mr. Goldschmidt's report deserves the prompt attention of the incoming Reagan administration. The fate of the auto industry is not merely a question of economic health in the auto-producing states. It is inextricably connected with the U.S. defense posture and ultimately, national security."

PRESERVE THE HEALTHY PARTS

PROVIDENCE JRNL., 1/11/81, edit.:

"To the extent that government policy has hampered the industry, it should stop doing so - repealing regulations not essential to public health and safety, stretching deadlines for compliance on others, such as fuel efficiency requirements. It also makes sense to extend positive aid in terms of tax policy changes that will help the automakers put together the \$70 billion needed in the next five years for retooling.

"Mr. Goldschmidt urges the auto unions to hold down on wage demands, and management to offer profit-sharing or other forms of compensation in exchange. That makes sense. The UAW set a valuable such precedent in agreeing to \$622 million in wage concessions to Chrysler.

"Caution is called for, however, in Mr. Goldschmidt's call for Washington to negotiate a quota on auto imports with Japan, which has already taken steps to cut back its exports. Every such move undercuts the structural integrity of the international trade accords. More to the point, it would take the pressure off U.S. automakers to increase productivity.

"If a Japanese car costs \$1,000 to \$1,500 less than its American equivalent after transportation costs and tariffs, as Mr. Goldschmidt asserts, the solution for American makers is increased productivity, not artificial insulation against the cold wind of competition.

"The incoming Reagan administration should not let itself be seduced or frightened into actions that artificially support or protect the domestic auto industry. Washington has legitimate, if strictly limited, means of helping at least the healthiest elements of the industry survive the current crisis. And it should certainly do what it can to minimize the impact of that crisis on the economy as a whole.

"What is happening to Detroit is a cumulative and complex process of change, brought on not only by inflation and soaring fuel costs, but by changing lifestyles. Detroit's salvation lies in its ability to define and respond

to those changes, not in Washington's futile-propensity to prevent them."

GOVERNMENT HELPED CRIPPLE INDUSTRY

ST. LOUIS GLOBE-DEMOCRAT, 1/16/81, edit.:

". . . the government is largely to blame for Chrysler's troubles and is responsible for undermining the whole U.S. automobile industry.

"As an example, the disastrous federal policies of overspending and running up yearly deficits have induced the Federal Reserve to create enormous amounts of fiat money and, in turn, create the crippling double-digit inflation and stratospheric interest rates.

"When the prime rate reaches 20 percent and stays in that area (due to continuing high inflation) this plays havoc with the automobile industry and decimates home-builders.

"President Carter hurt the auto industry through his insistence during his first three years in office that the price of U.S. oil and gasoline be held far below world prices.

"During these crucial years the auto industry should have been converting its output to compete with smaller foreign cars. But it couldn't because President Carter and his Democratic colleagues in Congress were keeping the price of gasoline and oil cheap via price controls. In effect, they were telling Americans, 'Go ahead, keep driving bigger cars. Gasoline and oil are cheap.' And, of course, the public did insist on having large cars when the government kept prices of fuel down so low.

"Only after Carter awakened in late 1979 to the fact that price decontrol was necessary to conserve fuel and get necessary production did he implemented a plan for phased decontrol. Nearly three valuable years had been lost, so that by the time U.S. automakers began an all-out drive to match the foreign imports they were in an extremely vulnerable position.

"Chrysler, along with the rest of U.S. industry, has not been allowed to consider inflation when it depreciates its plants and equipment. There are other things Washington has done to help shove Chrysler deeply in the red but these are enough examples to show why the case of whether to help or not help Chrysler is not clear cut.

"This should be the last time the government gets involved in this kind of venture. To avoid it happening again, Washington should promote new policies that help the industry rather than those that play a large part in pushing it to the wall. Then if an automaker nears bankruptcy, the government can say, 'Sorry, you got yourself where you are on your own. Get yourself out.' "

BUSINESS

NEW GROUP TO REPRESENT GROWTH SECTOR

CINCINNATI ENQ., 1/15/81, edit.:

"...one segment of American business - growth companies - have, up to now, not been fully represented in Washington. That shortcoming is being ended with the formation of the American Business Conference Inc. (ABC), a coalition of 100 growth companies.

"ABC will devote its attention to the needs and the concerns of those mid-range companies that show greater than 15% compounded annual growth over the last five years and have less than \$1 billion in annual sales.

"Interestingly, 91% of the chief executive officers of such companies feel that Washington is insensitive to the needs of their mid-range growth companies, and more than half complain of inadequate access to Congress and to the regulatory agencies.

"ABC will be a small organization. It begins with an executive director, Dr. John M. Albertine, an economist by training and former executive director of the Joint Economic Committee of the Congress. Working with only a few issues a year, it will begin to respond to the special needs of the companies that maintain the entrepreneurial spirit. And thereby it will give special aid to that part of our economy that is growing the fastest."

HOSTAGE SITUATION

U.S.-IRANIAN SETTLEMENT

THE END OF THE ORDEAL

WASH. STAR, 1/19/81, edit.:

"In recent weeks, negotiations have centered on the return of billions in Iranian assets that were seized in reaction to the hostage-taking. Tehran gradually backed away from impossible demands and Washington cleared the way for initial repayments, bringing about the final deal.

"The days immediately ahead belong to the returning hostages. We will honor them as they deserve - as brave men and women who endured in the midst of the worst uncertainties. They sustained a cruel captivity, an isolation and deprivation alleviated only, it seemed, when the Iranians made propagandistic capital of them.

"The fascination with their ordeal will continue to preoccupy public and press. That is understandable and legitimate. But the hostages and their families must be permitted, too, the privacy that is essential to begin to put together lives so severely disrupted. We will honor them by

granting that treasure of time for repair at home and among their families in as much privacy as they may wish."

FINAL INSULT TO CARTER

WALL ST. JRNL., 1/20/81, edit.:

"One final insult was heaped on the head of Jimmy Carter as he prepared to turn over the American presidency to Ronald Reagan today. He had hoped to fly to Wiesbaden, West Germany, in the few hours left of his term to greet the hostages who have been so much in his mind this last year. But Iran held up the final release, making such a trip impossible before the inauguration. A last-minute Iranian objection to an appendix to the agreement was one reason but Tehran radio also was claiming, perhaps truthfully, that the delay was designed to deny Mr. Carter a final 'clowning act.' Mr. Reagan countered the Iranian slur by offering to send Mr. Carter to greet the hostages as his special emissary.

...

"As we examine the deal Mr. Carter has struck with the Iranians, we may feel that he has erred on the side of

generosity, setting a bad precedent. But we can at the same time respect him for the high value he has placed on human lives. The petty insults of the Iranians will do nothing to diminish that."

MOMENT OF HOPE

BALT. SUN, 1/20/81, edit.:

"It is gratifying that President Carter has been able to resolve the bulk of the Iranian problem 'on his watch,' to use Washington's new catch phrase. This cannot erase his mismanagement of U.S. policy during the decline and fall of the shah, or the sense of paralysis and confusion he too often conveyed once the hostages were taken. But Mr. Carter did persevere and, with the help of adroit tough talk from President-elect Reagan, finally seemed to convince the fractious, war-weary, money-short regime in Tehran to settle quickly while it still could.

"All Americans whose thoughts have been with the hostages and their families during the long ordeal feel relief as release of the hostages apparently draws closer. The sense of thanksgiving transcends even the excitement of a presidential inauguration. But let us never forget the eight servicemen who gave their lives during last April's aborted rescue attempt. Their sacrifice showed that this country was too caring to abandon its captive diplomats and yet too careful to risk a larger operation that might have made a mockery of all the diplomats had intended when they went to Tehran in the first place. Before being taken captive, the hostages were charged with building a viable relationship, even with revolutionary Iran. It was in America's enlightened self-interest. That task remains."

RELIEF AND RESERVATIONS

PHILA. INQ., 1/20/81, edit.:

"It is to be hoped that none of the hostages has suffered irreparable physical or emotional damage. But whatever their conditions, all will deserve to be welcomed as heroes. Their tasks at the time of their capture were in the service of the government and citizens of the United States. The sole cause of their long imprisonment was the despicable behavior of what passes as a government in Iran—the decisions of a cabal of men who have acted, in the case of the hostages as in many other ways, in utter contempt for centuries of international law and for even the most primitive of human decencies.

"So, at the moment of safe release, let there be celebration, and a national outpouring of respect and solidarity.

"Let there also be, in America and wherever civilized people live and maintain governments, whatever their ideology, a reaffirmation that every effort will be made to re-

inforce an international commitment to the immunity from such exploitation of diplomatic personnel.

"President Carter will be entitled to satisfaction in that release was achieved in his administration, if only by a matter of hours. President-elect Reagan has acted with responsible appraisal. But on the basis of what has been made public thus far, there are strong indications that the final agreement depended less on what was offered and given by the U.S. than on a change in the senses of expedience of Ayatollah Ruhollah Khomeini and his band of theocratic zealots, surrounded by a deteriorating economy and a draining war with Iraq.

"The moment the hostages are free, there will be joy in that. The dissension-riddled government in Iran is an outlaw in the eyes of civilization, and is no less so for the agreement, whatever its terms and whatever led to it. This is not, however, a time for rages of retribution or for acts of petulance or spite."

NEW BALLGAME IN THE GULF

James Wieghart (NY DAILY NEWS, 1/19/81, Washington):

"... the difficult process of restoring diplomatic ties with Iran can now get under way, lubricated by the release of billions in Iranian assets frozen by Carter in retaliation for the hostage seizure and by dropping the U.S.-backed trade embargo of Iran. The U.S. also is in position to re-open the arms pipeline to Iran, at least to the extent of freeing the \$550 million in arms already paid for by Iran but not shipped because of the hostage crisis.

"This does not mean that the U.S. and Iran soon will resume the close military ties that existed during the shah. The residual bitterness in this country over the hostage issue and Khomeini's almost xenophobic hatred of the U.S. for supporting the shah will make this reconciliation a long process.

"But Khomeini's abhorrence of communism and his fear of Soviet domination inevitably will draw Iran into an accommodation with the U.S. And because the settlement will strengthen Iran, it may well put pressure on Iraq to negotiate an end to its border war, thus depriving the Soviets of a lever to increase its influence in the area by playing one country against another.

"The fact that the Soviets clumsily tried to abort a hostage settlement by charging that the U.S. was preparing to launch a military attack on Iran once the 52 Americans were freed is a strong indication that the Kremlin fears the resolution of the crisis will weaken Moscow's influence in the region.

"Reagan now will be free to concentrate on pursuing Carter's efforts to gain U.S. naval and air basing rights in the region, in Somalia, Kenya and Oman.

"The new President may even go one step further by attempting to negotiate a permanent U.S. military base, including American ground forces, in the region, either in the Sinai or right on the Persian Gulf in Oman. This, at least, is the signal former Secretary of State Henry A. Kissinger appeared to be sending out during his recent tour of the Middle East."

RELEASE DOES NOT NECESSARILY MEAN SPEEDY MENDING OF IRAN'S TIES

WALL ST. JRNL., 1/20/81:

"Release of the American hostages from Iran—when it finally comes—won't necessarily mean a quick presumption in the Islamic government's dealings with the rest of the world.

"West European nations and Japan were preparing yesterday to lift economic sanctions once the hostages left Iranian soil. But both government officials and business executives of Iran's erstwhile trading partners warned that the continuing Iraq-Iran war and doubts about Iran's revolutionary government remained major stumbling blocks to resumption of full trade and diplomatic ties.

"Moreover, Britain indicated that it wouldn't resume normal diplomatic relations with Iran until three British missionaries and one business executive were released. The Britons have been held since late August without trial, and at least one may face spy charges.

"According to one Japanese government official, 'the effect of the Iran-Iraq war is far greater than the effect of the hostage sanctions at the moment' in restricting Iran's trade.

"The war has crippled Iran's transportation and communications, and added a new element of uncertainty to Iran's already fractious political scene.

"Iran, too, may be running out of cash to continue with some of the ambitious development programs launched before the revolution and the war with Iraq. Havoc wreaked by both conflicts have hobbled Iran's ability to produce and ship the oil on which the nation was counting to finance its plans. One British analyst estimated that Iran may be down to about 'a four-month supply of cash.' "

TELEVISION NEWS FOR JANUARY 20, 1981

NBC NIGHTLY NEWS:

Ⓒ Ronald Reagan is inaugurated as the nation's 40th president and then announces that the American hostages have been released from Iran--1:20.

The Algerian planes carrying the hostages stop in Athens to refuel for the trip to Algiers--:38.

State Dept. and Algerian intermediaries prepare to welcome the hostages to Algiers--1:18.

Former Pres. Carter says that all the hostages are alive--:11.

- Members of the Air Force hospital staff at Wiesbaden, West Germany prepare to welcome the hostages--1:55.

Iranian delays prevent Carter from announcing as president the hostages' release--1:58.

Pres. Reagan sits at his desk in the Oval Office--:15.

Ⓒ Pres. Reagan, in his inaugural address, says he intends to curb the influence of the federal government--2:34.

Ⓒ Reagan signs an executive order to freeze the hiring of civilian employees, then watches the inaugural parade--2:22.

Former Pres. Carter arrives in Plains, Ga., and is welcomed by many of the residents--1:58.

The hostage families celebrate the hostages' release with emotion and relief--3:11.

Iranian radicals shout "Death to America" as the hostages board planes to depart from Iran--:16.

-Linda Ellerbee reports on events of the past four days preceding the hostages' release and Reagan's inauguration--3:06.

CBS EVENING NEWS:

The American hostages in Iran are released 41 minutes after Ronald Reagan is sworn in as the 40th president of the United States--1:35.

Pres. Carter signs executive orders to unfreeze \$8 billion in Iranian assets. Members of the State Dept.'s Iran working group celebrate the hostages' release--2:45.

Iranian Prime Minister Rajai says that Iran now has a new degree of self-reliance because of the hostage crisis--:42.

The foreign ministers of the 10 Common Market countries say that trade sanctions against Iran will be lifted--:08.

Pres. Reagan says in his inaugural address that the economy must be repaired and the nation's defenses strengthened. Reagan signs an executive order to freeze the hiring of civilian government employees--5:33.

Former Pres. Carter arrives home in Plains, Ga. and is welcomed by many of the town's residents--1:47.

The only pub in the Irish hometown of Reagan's grandfather is renamed after Ronald Reagan--:08.

The Senate approves the nomination of Caspar Weinberger to be Secy. of Defense--:23.

Stock prices fall--:08.

Muhammad Ali convinces a man on a window ledge at a Los Angeles office building not to commit suicide--1:14.

A banking expert says that U.S. banks backed down from an addendum that would have limited Iran's claims on its assets because they were afraid of being accused of delaying the hostages' release for self-serving purposes--2:00.

State Dept. officials in Algiers celebrate the hostages' release--1:19.

The State Dept. says it is confident that American free-lance journalist Cynthia Dwyer will also be released by Iran--:15.

The hostage families celebrate the Americans' release from Iran--2:52.

Millions of Americans across the nation celebrate the hostages' release--1:16.

ABC WORLD NEWS TONIGHT:

The American hostages are released from Iran 35 minutes after Ronald Reagan is sworn in as the 40th president of the United States--1:43.

- Australian journalist Ray Sinclair reports that when the hostages boarded planes in Tehran they appeared to have lost complete touch with reality--:30.

-The Swiss ambassador to Iran says that two of the hostages had difficulty walking as they left Iran--:38.

Two U.S. medical evacuation planes arrive in Algiers to transport the hostages to the U.S. Air Force Base hospital in Wiesbaden, West Germany--1:43.

Members of the State Dept.'s Iran working group celebrate the hostages' release--3:26.

Pres. Reagan, in his inaugural address, says that the nation can solve its problems--2:53.

Former Pres. Carter is welcomed home to Plains, Ga. by thousands of the town's residents--2:06.

Stock prices fall--:13.

The hostages' families and many communities across the country celebrate the hostages' release--3:22.

Military personnel of Rhein-Main Air Force Base prepare for the hostages' arrival--1:37.

-Officials at the Air Force Base hospital in Wiesbaden, West Germany prepare for the hostages' arrival--1:15.

with lower wage agreements and fewer work rules. Some have staved off tougher union demands by combining high wages with job security, an increasingly rare commodity at big mills.

"Finally, management has been kept small so that there is close contact with customers and operations. Management overhead is often spartan — no company cars and executive dining rooms. Most important, there has been a willingness to experiment with new technology.

"Many small steelmakers are succeeding in the marketplace against both the domestic giants and foreign imports — and succeeding very well.

"As they expand, the mini-mills may soon encounter the problems that have plagued their bigger brothers. For example, only their avoidance of iron-ore processing has allowed them to escape the costly pollution-control require-

ments facing the major steelmakers. Competition is likely to intensify and narrow their numbers. But the new companies are unhampered by old equipment, entrenched unions, and stodgy management; they can expand with the technology. Thus, many industry analysts predict that the real challenge to major steel producers is not foreign imports but rather the emergence of these efficient domestic steelmakers.

"Here is where the free-market philosophy of new Budget Director David Stockman and the Reagan administration can be tested. The promise of the new steelmakers and their innovative management re-emphasizes the fact that economic policy does not necessarily face a no-win choice between forever propping up decrepit behemoths and letting the American industry collapse. A free-market policy can also aim at encouraging the continued growth of Small Steel. American innovation and efficiency are by no means lost arts."

TELEVISION NEWS
FOR
JANUARY 21, 1981

NBC NIGHTLY NEWS:

—Former Pres. Carter meets with the former American hostages in West Germany and says that they were mistreated by the Iranians. Carter aides say that the Iranians will receive only \$3 billion from the U.S. after claims against Iranian assets are litigated—3:17.

—The State Dept. says that the Reagan Administration will not commit itself to implementing the remaining terms of the Carter hostage agreement until after a careful review—2:18.

—Pres. Reagan attends the swearing-in ceremony of his senior White House staff and says that his staff should be loyal to the country and act as though he will not run for reelection—2:33.

—The Senate confirms the nomination of Alexander Haig to be Secy. of State—:31.

—Carl Stern reports that a Justice Dept. document shows that Watergate prosecutors once considered prosecuting Haig for authorizing wiretaps, but then decided not to for lack of conclusive evidence—1:14.

—The Senate Labor Committee schedules a hearing next week to examine Secy. of Labor-designate, Raymond Donovan's role in alleged payoffs to Teamster union officials—:16.

—The State Dept. says that it has evidence of serious mistreatment of a number of the former hostages by their Iranian captors—1:00.

—Some former hostages tell their family that they were beaten and mentally tormented—2:13.

—Former hostage Richard Queen says that the Iranians threatened to shoot him and other hostages—:33.

—The office of Sen. Edward Kennedy (D-Mass.) announces that Kennedy and his wife have decided to end their 22-year marriage—1:44.

—Five thousand persons apply for future openings at the Indiana Inland steel plant—:34.

—George Lewis reviews the 444-day hostage crisis and says that it eclipsed all other news stories—5:38.

CBS EVENING NEWS:

—Former Pres. Carter greets the former American hostages upon their arrival at the Air Force hospital in Wiesbaden, West Germany. He denounces the hostages' mistreatment by the Iranians—2:22.

—The State Dept. says that some of the hostages were severely mistreated by their Iranian captors—2:07.

—Iranian television film shows Iranian militants shouting at the hostages as they boarded a plane to leave Iran--2:07.

ⒸThe Wall Street Journal calls for the Reagan Administration to examine closely the hostage agreement before accepting it--:19.

ⒸReagan Administration officials say they want to study the agreement for the hostages' release before they commit themselves to implementing all its terms--1:52.

—The speaker of Iran's parliament praises the Iranian militants' seizure of the hostages--:20.

ⒸPres. Reagan attends the swearing-in ceremony of senior White House staff members, meets with his cabinet, and asks for the resignations of 2,000 Carter political appointees--2:17.

—Officials at Washington's National Airport say that scheduled airline departures were delayed today because of the record number of private planes belonging to those who attended the Reagan inaugural--:22.

—Sen. Edward Kennedy (D-Mass.) announces that he and his wife are ending their 22-year marriage--:19.

ⒸThe Senate confirms Alexander Haig's nomination to be Secy. of State--1:52.

—The Senate also approves the nominations of Bill Brock to be special trade representative and Richard Schweiker to be Health and Human Services Secy.--:09.

—The Supreme Court revokes a former World War II Nazi concentration camp guard's U.S. citizenship--:32.

—Solidarity trade union leader Lech Walesa meets with Polish government officials to try to avert anticipated strikes--:24.

—The Commerce Dept. reports that the gross national product declined 0.1 percent last year--:19.

ⒸRay Brady reports that the 1980 GNP figures indicate that economic recovery may be more difficult than anticipated by Reagan Administration officials--1:18.

ⒸOffice of Management and Budget director-designate David Stockman tells the National Press Club that the Reagan economic recovery plan will call for major tax cuts and federal expenditure cuts--1:35.

ⒸA White House source says that former Nixon Administration official Murray Wiedenbaum will be chairman of the Council of Economic Advisers--:20.

—Stock prices fall--:03.

—American diplomat Mark Lijek calls for an investigation into the events leading up to the hostages' seizure--:29.

—The 52 former hostages are invited to attend the Super Bowl in New Orleans--:39.

—The former hostages tell their family members that they were mistreated during their time in captivity--2:51.

ABC WORLD NEWS TONIGHT:

—Former Pres. Carter flies to West Germany, meets with the freed American hostages, and condemns their mistreatment by the Iranians--2:58.

—The former hostages are debriefed and are examined by doctors at the Air Force hospital in Wiesbaden, West Germany--1:48.

—Some former hostages say that they were beaten and mentally tormented by their Iranian captors--3:18.

—An American free-lance journalist and two naturalized U.S. citizens reportedly are still being held in Iran--:20.

—Iranian television films show the hostages being shouted at as they boarded a plane to leave Iran--1:27.

—Iranian Prime Minister Rajai says that "Iran achieved the greatest political gain in the history of the social world" by seizing the Americans--:30.

—Western countries end trade sanctions against Iran--:38.

ⒸReagan Administration officials say that the hostage agreement is under review--1:40.

ⒸThe Wall Street Journal says that Reagan should renounce the hostage agreement. International law experts say the agreement may be illegal--1:55.

ⒸGovernment officials say the transfer of military spare parts is not part of the hostage agreement--:11.

—Stock prices fall--:03.

ⒸPres. Reagan attends a swearing-in ceremony for his senior White House staff, meets with his cabinet, and attends a reception for inauguration committee members--1:40.

—Vice Pres. Bush presides over the Senate, which confirms the nomination of Alexander Haig to be Secy. of State--1:30.

—Senate Labor Committee Chairman Orrin Hatch (R-Utah) says that the FBI has been unable to find any evidence indicating that Labor Secy.-designate Raymond Donovan bribed Teamsters union officials for labor peace--:29.

—The Supreme Court revokes the U.S. citizenship of a World War II Nazi concentration camp guard--:14.

—The government reports that the gross national product fell 0.1 percent in 1980--:12.

—Five thousand unemployed steelworkers apply for 100 job openings at a Chicago steel plant--:22.

—Sen. Edward Kennedy (D-Mass.) announces that he and his wife have decided to terminate their 22-year marriage--1:44.

News Digest



American Enterprise Institute for Public Policy Research
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FOREIGN AFFAIRS

IRAN

The Reagan Administration said yesterday that it fully intends to carry out the U.S.-Iranian hostage agreement but will review it "very closely" before implementing its final terms. A State Department spokesman said officials are studying the agreement to determine what commitments had been made.

President Reagan received former President Carter's report on the condition of the 52 freed Americans, a handwritten one delivered to him by former Vice President Mondale. Both Carter and Mondale urged Reagan to honor the agreement. However, Vice President Bush made a noncommittal reply when questioned by reporters.

In Plains, Ga. Carter repeated his charge that Iran had treated the hostages in a criminal and savage manner. "Month after month after month after month, when there was no evidence the hostages had done any illegal act, they still took pleasure in abusing them — psychologically and sometimes physically," he said. "They acted like animals almost."

Tales by the freed Americans in Wiesbaden, West Germany prompted plans for Senate hearings. Senate majority leader Howard Baker of Tennessee said the hearings will examine the reported "brutal treatment and even atrocities." He said he hoped they would also explore the question of America's future relationship with Iran and the subject of dealing with terrorism in general.

Algerian officials said they will seek no reward for helping to free the hostages, but diplomats in Algiers hinted that Algeria may look for a solution to a dispute with the United States over gas prices. Algeria wants its gas, which is exported to the United States in liquefied form, to be priced at the same level in terms of heat delivered as those of crude oil. The dispute halted exports of Algeria liquefied natural gas to the United States last April.

POLAND

Hundreds of thousands of Polish workers staged strikes across the country yesterday to protest the government's refusal to compromise on the issue of work-free Saturdays. A government statement said the right to strike, which is guaranteed by the agreement signed between striking workers and the government in Gdansk last summer, was "being refused." The trade union Solidarity said factory workers, bus drivers, and office employees stopped work for one to four hours in at least 10 cities.

Police reinforcements turned back columns of tractors by angry farmers demanding an independent union. The farmers tried to drive on the city of Bydgoszcz, 150 miles northwest of Warsaw, but heavy police contingents blocked all roads. A Solidarity spokesman said "there were no incidents, but police warned protesting farmers they would face punishment if they forced their way into the city."

MIDDLE EAST

Israeli television reported last night that Israel is planning a large-scale building program to expand its settlements on the occupied West Bank before the general elections this summer. The report said Israel will build 2,500 apartments and houses in West Bank settlements in the next six months and sell them at subsidized prices. About 17,000 persons now live in Israel's West Bank settlements. The new building program could increase the total to about 27,000.

AS BEGIN TOTTERS

ARIZONA REPUBLIC, 1/13/81, edit.:

"Unless a dramatic switch in public opinion occurs by then, the odds are that Labor will return to power with a clear majority in the Knesset, as Israel's parliament is called.

"Support for Begin has disintegrated in Israel not so much because of his foreign policy as because of inflation,

now estimated at 135 percent.

...
"Israel cannot really cope with inflation until it achieves peace with its other Arab neighbors.

"If the expected happens and Labor comes to power, Shimon Peres will succeed Begin as prime minister, and that will be his task.

"Peres has never set forth a detailed peace plan, but he seems more amenable than Begin to giving Arabs on the

West bank of the Jordan and in the Gaza Strip meaningful autonomy.

"The indications also are that he's opposed to creating any more Jewish settlements on the West Bank, a sore point with the Arabs.

"There is a good deal of sentiment in the Labor Party, which Peres probably shares, for what Israelis call 'the Jordanian option.'

...
 "By occupying the West Bank, the Israelis have, in effect, been protecting Hussein from the Palestinians, and he may want to keep it that way."

IRAQI REACTOR REPORTED ALTERED TO MAKE PLUTONIUM

BALT. SUN, 1/22/81, Paris:

"A French reactor purchased by Iraq has been secretly modified to produce plutonium outside of international controls.

"This was disclosed privately in Paris by a group of nuclear engineers who worked for French contractors on the Iraqi project and who have become alarmed by the direction the project has taken over the last two years.

"The French engineers became convinced that Iraq intended to develop nuclear weapons after it arranged a contract with an Italian chemical firm to build three hot-cell laboratories at the Tamuz Research Center at Tuwiata, a few miles south of Baghdad.

"The labs would give Iraq the capability to separate fission products such as plutonium from highly irradiated uranium.

"The plans for Osiris, a research reactor sold to Iraq in 1976, were altered at the request of the Iraqi Atomic Energy Commission, one of the engineers said.

"The Osiris, renamed Tamu I by the Iraqis, briefly became operational last summer. It reached full power for only half an hour and had to be shut down for safety reasons. Its metal parts had been corroded by the artesian well water used in its cooling system and a special filter will have to be installed, this source added.

"A second reactor, Osirak, which is a scaled-up model of Osiris, was scheduled to go into operational last month at the Tamuz center. But work was halted after the outbreak of war in September between Iraq and Iran. The site now is said to be occupied by Iraqi troops, and civilians are banned."

AFRICA

SADAT WARNS LIBYA ON SUDAN

PHILA. INQ., 1/22/81, Cairo (Reuters):

"President Anwar Sadat has pledged publicly that Egypt will provide immediate military backing for Sudan if Libyan forces try to intervene in that country after their successes in Chad.

"Sadat, in a speech Tuesday in the southern Egyptian town of Aswan, said that whatever form a military confrontation might take, Egypt would fight on Sudan's side.

"I hope this boy (Libyan leader Moammar) Khadafy will learn the lesson . . . We do not approve of what happened in Chad because it threatens Sudan," he said.

"Egypt and Sudan have strongly condemned Libya's military involvement in Chad and voiced fears that it could lead to attempts by Libya to intervene in Sudan. Egypt and Sudan, which are bound by a 1976 defense pact, also have condemned the projected merger of Libya and Chad.

"According to Western sources in Cairo, Sudan has moved a small number of troops closer to its western frontiers with Chad and Libya and has consulted Egyptian military experts. It is granting visas only to foreign diplomats.

"The head of Egyptian intelligence, Gen. Mohammed Mahi, was in Sudan's capital of Khartoum recently, the sources said.

"Western sources said that Egypt has about 150 troops in Sudan on a training mission. The troops reportedly are based south of Khartoum and equipped with two aging Soviet-built Tupolev transport planes."

NAMIBIA COULD BECOME AN URGENT PROBLEM FOR U.S.

DES MOINES REG., 1/17/81, edit.:

"Namibia (South-West Africa) is another out-of-the-way place that could suddenly become an urgent problem for the United States. It was a German colony until World War I but it has been ruled by its neighbor, South Africa, since 1920. South Africa refused to place Namibia under a United Nations trusteeship after World War II, and the World Court has ruled South Africa's continued presence illegal.

"Nearly three years ago, South Africa agreed to a Western plan, under which South African forces would withdraw from Namibia, to be replaced by an international peacekeeping force that would supervise voting for a con-

stituent assembly. Progress toward that goal has been stalled, largely by repeated South African demands for clarification of details and for assurances of impartiality by the United Nations.

"The impartiality issue is legitimate. The United Nations has formally declared a bitter foe of South Africa, the South-West Africa People's Organization, to be 'the sole and authentic representative of the Namibian people.'

"A meeting was called in Geneva recently to work out an arrangement that would give South Africa suitable assurances on U.N. impartiality in exchange for South African agreement on a cease-fire date. The meeting was scuttled by the South African delegation, which declared that it was 'premature' to implement the long-delayed agreement.

"This is ridiculous. South Africa is stalling, perhaps to see how President-elect Reagan's policy may differ from that of President Carter.

"The United States has been put on the spot. Black Africans may ask the United Nations to impose economic sanctions on South Africa. If so, Reagan will have to decide whether to use the U.S. veto to prevent them.

"It is in the U.S. national interest to promote a negotiated solution, just as it was in this country's interest to promote a negotiated agreement in Zimbabwe. Reagan should make plain to South Africa what he has made plain to Iran over the hostage issue: that it is no good hoping for a better deal from him than from Carter."

JAPAN

JAPAN'S GROWING POLITICAL ROLE

Geoffrey Murray (CHR. SCI. MON., 1/22/81, Tokyo):

"Japan has long been criticized for being an economic giant but a political dwarf. But there are signs of change.

"Concluding his first foreign trip as prime minister a grand tour of the five-member Association of Southeast Asian Nations (ASEAN) Zenko Suzuki enunciated in Bangkok this week his foreign policy 'doctrine' that Japan was ready to fulfill its obligations to play a political role 'commensurate with its status in the international community.'

"But he said it was a mistake to expect this to be military. Rather, Japan should draw on its economic might (gross national product and volume of foreign trade accounting for 10 percent of the world total) to promote international peace and develop the world economy.

"Elaborating on this, senior Foreign Ministry officials in Tokyo said Japan is already starting to take the initiative in issues that do not directly concern it and that are not connected with its economic interests.

"One official outlined these goals for 1981:

" Relations with the United States are the basis for Japan's foreign policy, so strong ties with the new Reagan administration will be essential. Prime Minister Suzuki is proposing a summit with President Reagan in May.

"—Japan as a member of the Western alliance should strengthen cooperation with the US and Western European bloc. A decline in American economic and military strength caused a decline in its world influence, so that Japan's economic strength should now be used to complement that of the US.

...

" Japan must also develop a vigorous foreign policy toward Southeast Asia, China and the Soviet Union.

...

"There is also a belief that the Tokyo government should use its trump cards — its economic power, and expansion of its influence with China and Southeast Asia — in bargaining with the Soviet Union for the return of Soviet-held islands north of Hokkaido. It's an issue left over from World War II, an issue the Soviets have long insisted is closed."

COMMON MARKET

GREECE JOINS THE EEC

HOUSTON POST, 1/13/81, edit.:

"Ever since Norway backed out at the last minute in 1972, the Europe of Nine had been waiting to round out its complement. With the entry of Greece on New Year's Day, it has become the Europe of Ten. The wait was longer for Greece, which first applied two decades ago. Its applica-

tion was tabled after the military coup and throughout the crippling military dictatorship of 1967-74. The European Community is still primarily economic in its emphasis. But for Greece, membership is more a matter of political security. This acceptance into the association of Western democracies, while helpful to its economy, will also strengthen the changes of its parliamentary democracy to survive.

"Early on, the European Common Market was considered a rich man's club by nations outside its membership. The entry of Greece, the expected admission of Spain and Portugal in 1983, free it of the tag. As each of these nations has gained freedom and self-government, it has qualified for the European Community and the process of negotiating entry has begun. Because each country must fit into the complex trade and production structure of the whole, it is a complicated process.

"Greece is the poorest member so far, with a per capita income of about \$4,000 a year. But it has shown improving health ever since it escaped the crushing oppression of the Colonels. Since 1973, its real growth has averaged more than 3 percent annually and unemployment last year stood at only 2.5 percent. Its richer European partners might well envy the record. Greece will put \$400 million into the E.C. budget this year, will receive from the E.C. Re-

gional Development Fund \$184 million, as well as another \$318 million in farm price supports and agricultural premiums. But Greece will also bring with it 4,600 ships, making the community the world's biggest maritime power, with a third of the world's merchant-shipping tonnage.

"The Jan. 1 initiation into the European Community was a triumph for President Constantine Caramanlis. It confirms what he calls 'Greece's European destiny.' He sees Greece as the bridge between Western Europe and the Middle East. Prime Minister George Rallis has delayed national elections until November because he believes that by then every Greek citizen will have seen the benefits. The European Community is growing in size and toward a political entity that may some day fulfill the dreams of those who envision a United States of Europe."

DOMESTIC AFFAIRS

DEFENSE

Defense Secretary Caspar Weinberger said yesterday that the United States must greatly increase its military strength and restore the strategic balance in order to preserve peace. Weinberger sent a message to all members of the armed forces and said he looked forward with "enthusiasm and eagerness as we re-arm America with the full backing of our new commander-in-chief." He said he was honored to be part of the new president's efforts to improve the readiness of existing forces "and to begin now to restore our strategic balance."

GOOD AND BAD BUDGET NEWS

Lawrence J. Korb and Melvin Laird
(WASH. STAR, 1/21/81):

"From the viewpoint of the incoming Reagan administration, the Fiscal Year 1982 defense budget and the FY 1982-1986 defense program contain some 'good news' as well as some bad news.

"The good news is that the outgoing administration continues the trend, essentially forced upon it by the Congress and the public during the past year, of increasing the size of the defense budget in real terms—that is, above inflation. The bad news is that the Carter program does not go far enough in increasing the size of the budget.

...

"To understand the bad news, or why this comparatively large increase over the last two years is not enough,

one must look not only at Carter's current budget, but at the budgetary patterns of the last two decades. During the mid and late 1960s, the Pentagon was forced to postpone necessary capital expenditures to pay for military operations in Southeast Asia. During most of the decade of the 1970s, the military establishment had to absorb dramatically higher personnel and operating costs within a declining budget total. Therefore, when Carter took office, the military structure was deficient in size, mobility, readiness, and sustainability.

"By refusing to follow the defense program bequeathed to him by President Ford and keeping the defense budget level in his first three years in office, President Carter did little to improve these problems. The increases which occurred the past year, while sizable, cannot make up for almost two decades of neglect.

"The deficiencies in the Carter FY 1982 budget may

be placed into three main categories. First, the proposed military pay raise of 9.1 per cent is too small. It will prevent the serviceman from losing any purchasing power during the next year, but it will not enable him to recoup any of the 15 percentage points in real income that he lost between 1974 and 1980.

“Second, the increase in the size of the operations and maintenance (O & M) portion of the defense budget is too small. For FY 1982, O & M is projected to grow by only 4 per cent in real terms. This increase will not provide enough maintenance and training to improve the readiness of our forces much beyond their current sorry state. For example, in FY 1982, flying and steaming hours will still be 20 per cent below the desired levels, and aircraft readiness will remain at the 63 per cent level, well below the 70 per cent minimum standard.

“Third, the Navy shipbuilding account is underfunded. The Carter budget provides only \$6.6 billion to build 14 ships. This amount is 20 per cent below the

level of FY 1981 and cannot sustain the present undersized one-ocean Navy, let alone allow us to build toward the 600 ships necessary to maintain the nation’s three-ocean commitments.

“Turning the bad news into good news will require President Reagan to add about \$5 billion to the Carter budget, bringing the FY 1982 defense budget to just over \$200 billion. About \$1 billion should go toward raising military pay 3 per cent above inflation. Some \$2 billion should be spent on enhancing by readiness, while the final \$2 billion should be added to the shipbuilding program.

“These extra funds will result in a budget that grows by about 8 per cent per year in real terms once again. If sustained over the long term, this rate of growth will rebuild our military capabilities to where they should be.”

[Lawrence Korb is director of defense policy studies at the American Enterprise Institute. Melvin Laird, senior counselor at the Reader’s Digest Association, is a former secretary of defense.]

BUREAUCRACY

President Reagan yesterday issued orders to cut government travel by 15 percent, cut outside consultations by five percent, and stop buying office furniture until further notice. In a memorandum to department and agency chiefs, Reagan said he was taking the actions because “coping with runaway deficits in the current and pending budgets is one of the most urgent tasks before us.”

TAXES

SUPPORT SAID TO FADE FOR KEMP-ROTH TAX CUT

Patrick Buchanan (CHICAGO TRIB., 1/21/81, Washington):

“If Ronald Reagan wants the Kemp-Roth tax rate reduction program, he will have to fight for it.

“After days of corralling Republicans on Capitol Hill, it is evident that any lingering enthusiasm for Kemp-Roth is evaporating into apprehension. The votes are simply not there to lock in a three-year, 10 per cent a year, across-the-board reduction in federal income tax rates — to which Reagan and the Republican Party pledged their troth in Detroit.

“The new chairman of Senate Finance Robert Dole, favors only Year One of Kemp-Roth. Barber Conable, ranking Republican on Ways and Means, among the most knowledgeable and respected veterans on the Hill, does not believe the administration should ‘freeze itself in’ for three years. He wants flexibility.

“Reagan’s budget director Dave Stockman has sug-

gested that the application date of the first reduction might be advanced from Jan. 1, 1981, to the tail end of the fiscal year. One knowledgeable source told this writer not a single Republican is left on Ways and Means or Senate Finance who will go to the wall for Kemp-Roth. The President, he said, should come to Capitol Hill prepared for compromise.

“The Republicans are retreating from Kemp-Roth for several reasons. First, the original \$16 billion deficit for 1981 is now estimated at close to \$60 billion. Most traditionalist Republicans consider it economic heresy and political idiocy to cut taxes in the teeth of that kind of deficit.

“Second, there is skepticism, bordering on ridicule, for the promise of the ‘supply siders’ that at the end of the Kemp-Roth rainbow lies the pot of gold, an economic boom.

...

“But if the GOP runs away from Kemp-Roth, it not only has a problem of political credibility, but of an economic alternative.

“What is the sweetener the GOP offers the millions certain to suffer, directly and almost immediately, from budget cuts – if not a reduction in their tax burden?”

“Is Kemp-Roth really that dangerous a leap in the dark? An inflation rate of only 7 per cent this year, which raises the Social Security tax take and revenues from progressive state and federal income taxes, would cancel out the benefits of the 10 per cent cut promised by Kemp-Roth.

...

“The arguments of Kemp-Roth remain not only sim-

ple, but plausible and appealing. Will not all benefit if society’s producers and investors are allowed to dispose of a larger share of the income they earn, whether they earn that income working overtime or investing in some new company? Is it not folly, in a sluggish economy, to impose confiscatory taxes on those who put their money into savings accounts and capital investments?

...

“Kemp-Roth is a risk; it is a gamble; it may not work – but what is the alternative, excepting only the deep root-canal fiscal policy which has left the GOP the nation’s minority party for 50 years? Why not throw the dice?”

ENVIRONMENT

SUPREME COURT REAFFIRMS STATES’ FREEDOM TO SEEK OWN POLLUTION, ENERGY SOLUTIONS

WALL ST. JRNL., 1/22/81, Washington:

“The Supreme Court gave a green light to states to experiment with solutions to environmental and energy problems.

“The high court voted seven to one to uphold a Minnesota law banning the sale of milk in nonrefillable plastic containers.

“The law was challenged successfully in state court by several dairies and plastic container makers. They argued that the law discriminated against makers of plastic containers because it allowed the sale of milk in paper cartons, which also can’t be refilled.

“The Supreme Court, in a decision that could have

important ramifications for states with controls on disposable containers, said the Minnesota law was constitutional if it set out ‘rational’ goals and was designed to achieve those goals.

“The argument by Minnesota officials that the law would help reduce the state’s solid-waste disposal problem and cut energy consumption provided a ‘rational’ goal, the high court ruled in an opinion by Justice William Brennan.

“In other decisions yesterday, the high court:

“ Ruled that the offer of stock as collateral for a bank loan is a transaction that must satisfy the antifraud provisions of federal securities law.

“ Cleared the way for the federal government to revoke the citizenship of a 72-year-old former Nazi prison camp guard who didn’t disclose his concentration camp service when he applied for a visa in 1949.”

REGULATION

CAB CHAIRMAN CITES BENEFITS OF DEREGULATION

Marvin S. Cohen (DENVER POST, 1/14/81):

“The transition of America’s airlines from the government’s rigidly regulated control into a deregulated, competitive and consumer-oriented environment is beginning its third year. The public, the media, economic analysts and airline executives have all voiced opinions as to whether loosening of government controls is working.

“We at the Civil Aeronautics Board think it’s working – and welcome the chance to be the first major federal agency to ‘go out of business’ at the end of 1984.

“The interstate airline system had been regulated by the CAB since 1938. In the early 1970s, people both in and out of government began to wonder why some unregulated airlines – particularly those in California, Texas and Florida

– were making money on low fares while the regulated airlines were losing money on higher fares.

“That inquiry led to the Airline Deregulation Act of 1978 and eventually to the International Air Transportation Competition Act of 1980.

“Initially, during 1978, the airlines engaged in widespread price competition for the first time. Then, in 1979, the newly unburdened airlines began a metamorphosis as larger carriers shed their short and less-productive routes for more-lucrative markets.

“1978 was a year of record earnings and record traffic growth, and this trend continued until about April 1979 when a series of strikes, followed by the DC-10 grounding and, most critical, the precipitous rise in fuel prices, began to have a calamitous effect. Yet, even with fuel prices soaring, had the economy stayed strong, the carriers with their newfound freedom of deregulation might have operated with only limited losses.

LAST-MINUTE AVALANCHE

WASH. POST, 1/22/81, edit.:

"Between 1976 and 1979, the industry, through a variety of adjustments, managed to offset a 53 percent increase in all costs with only a 23 percent increase in the average fare. As fares rose — fuel cost had risen as much as 100 percent — the growing recession caused more leisure travelers to drop out of the market. The net effect was considerable.

"Earlier this year, many trunk carriers were looking at operating losses in the \$30 million to \$70 million range. Preliminary third-quarter figures indicate a turnaround in the truck industry may be in the offing. Despite a continuing softening of traffic (down 12.6 percent in July and 14.8 percent in August) trunk carriers, appear to have successfully adjusted operations, with projections of an operating profit for the quarter of \$200 million profit in the third quarter of 1979. Former local service carriers are doing even better, ahead of last year in operating and net profits.

"We cannot predict how the industry would be doing if it were still tightly regulated, but we do believe deregulation has, in general, helped in two ways.

"First, unlike a number of other U.S. industries that were caught unprepared for the changes in consumer tastes prompted by rising fuel costs, airline managements were forced by deregulation to become more efficient almost a full year before the fuel crisis began. Many changes had already been fully implemented in a thoughtful way, thereby limiting the need for hasty decisions.

"Second, the much greater flexibility of the system enables the carriers to make faster adjustments to changing market conditions.

...

"Initially, many close observers of the airline industry predicted that enactment of the Airline Deregulation Act would lead to increased concentration of economic power in the hands of a few industry giants with the size and financial resources to intimidate smaller competitors. By every measurable standard, that hasn't happened.

"Air travelers are in a better position now because the carriers have become more efficient, service to many areas has increased visibly and, with the new pricing flexibility the industry now enjoys, airline travelers have a much wider range of travel options.

"The promise of deregulation is that the airline consumer will dictate where the airlines will fly and how much they will charge. The first two years of transition indicate that the promise will be fulfilled, as the airlines and the public come to realize that the government no longer is the economic regulator of the industry — the consumer is."

[Cohen is chairman of the CAB.]

"The new administration is right to look with a cold eye at the record-breaking volume of regulations published by the Carter administration in its final days. There is, as we noted, something inherently suspicious about the appearance of a three-volume, 1,100-page Federal Register (more than three times the output of a 'normal' day) on the eve of the inauguration of a new and unashamedly anti-reg president.

"But the inheritors of this bewildering document and the others like it issued in recent weeks — should not consign them to the regulatory wastebasket unexamined. In the first place, they and the general taxpayers should be relieved to know that only a small part of these volumes consists of actual regulations. Most of the space is filled with advanced notices, preliminary issuances and the like. Actual government regulations usually average less than three pages.

"The new administration will also find that, after much hemming and hawing, its predecessors have finally taken care of some nasty problems it should be glad to be able to sidestep. These include such things as setting wages for foreign apple-pickers, which generate a ferocity of comment way out of proportion to their real economic impact.

"In fact, most of the regulations just now published were long overdue — some of them by as much as six years. Delays this long can impose substantial costs on states, localities and companies that must operate under uncertain and shifting interim guidelines. The recent productivity of the rule-makers suggests that Congress and the president should probably be a lot tolerant of the leisurely regulatory process to which agencies have become accustomed.

"Again in the silver lining department we might note that the last-minute rush produced a healthy pressure for sensible compromise. While there are surely some atrocities buried within these midnight issuances, there are also glimmerings of sweet reasonableness. For example: The Equal Employment Opportunity Commission reversed its previous proposal to require enrollment of older workers in lengthy apprenticeship programs designed for youth. The Employment Standards Administration decided that maybe it could still protect service workers from exploitation without fixing inflexible minimum-wage scales for high-paid computer programmers and operators. And OSHA brought forth regulations for controlling worker exposure to industrial hazards and harmful chemical substances that set important and useful precedents for regulating on the basis of overall company performance as distinct from compliance with nit-picking procedures. It would rely on information from workers rather than on heavy-handed hazard control.

“We don’t think that these and other government agencies have done themselves or the cause of sound government regulation any favor in the past by starting intransigently from way-out positions in their rule-making and

then dragging their feet to a final compromise. But there is much in the outcome of the rush to regulate that the Reagan administration may find worth preserving.”

EDUCATION

VOUCHER PLAN STUDIED FOR ROLE IN REAGAN POLICY

Luix Overbea (CHR. SCI. MON., 1/22/81, Boston):

“President Reagan’s education advisers are weighing an idea that dates back to 18th-century economist Adam Smith: give government vouchers (flat grants of money) to parents so they can send their children to the school of their choice — public or private.

“They view this free-market approach as a drastic way to give communities more control over education and also help the nation’s financially ailing private schools. The voucher idea was a part of the 1980 Republican Party platform.

“Despite the incoming administration’s interest, how-

ever, not everyone sees a voucher plan as a panacea to schools nagged by financial and social problems. Just last June voucher critics shackled efforts to get the issue on the California ballot.

“An experimental voucher system was attempted in Alum Rock, Calif., just outside San Jose, in the early 1970s, when Mr. Reagan was California governor. It has been called a ‘failure’ by opponents.

“Nationwide, critics say, vouchers would stall efforts to bring about school desegregation, would help the affluent more than low-income schoolchildren, would destroy both public and private education, and would cost too much.

“Nevertheless, Capitol Hill conservatives are beginning to corral their forces in behalf of vouchers.”

HOSTAGE SITUATION

REAGAN ADMINISTRATION STUDIES THE HOSTAGE-RELEASE AGREEMENT

Henry Trehwitt (BALT. SUN. 1/22/81, Washington):

“The Reagan administration yesterday withheld support for the agreement that freed American hostages in Iran, saying it wanted first to study the terms in detail and plan policy for future hostage situations.

“A senior White House official said the terms were under ‘intense study.’ The administration, a State Department spokesman added, ‘would not want to commit itself to follow these agreements until it has had a chance to study them.’

“But James Brady, the White House spokesman, said the administration’s inclination is ‘not to abrogate the agreements from what we know now.’ It was only prudent, he explained, for new officials to know exactly what they

are dealing with before they comment on the terms in detail.

“The president, Mr. Brady said, wants to talk with the specialists who negotiated the terms in Algiers. Warren M. Christopher, the chief negotiator and until noon Tuesday — deputy secretary of state, went to the State Department immediately after his return yesterday to meet Secretary of State Alexander M. Haig, Jr.

“Under the terms of the arrangement, which was settled early Tuesday morning, the outgoing Carter administration agreed to lift sanctions and release almost \$8 billion in frozen Iranian assets. In turn, Iran freed 52 Americans, mostly embassy personnel, who had spent 444 days in captivity.

“Several times before his inauguration, Mr. Reagan said he approved of the developing terms to the extent that he was informed of them. Other administration officials ex-

plained that former President Carter's negotiators had kept them abreast of day-to-day developments but not of the complex details.

"A senior administration official said yesterday that 'most of the terms still outstanding probably will be fulfilled with time, but we want to take a hard look at what's left.'

"He indicated strongly, however, that acquiescence would be given reluctantly and would be integrated into a much sterner policy for the future.

"The administration's first formal reaction to the exchange was issued by William J. Dyess, a career State Department official acting for the first time as an administration spokesman. Asked whether the Reagan administration would carry out the agreements, he gave an answer that had been carefully prepared.

"I am not in a position to characterize these agreements,' he said. He emphasized that the new administration 'simply wants a chance to study them,' adding that the package 'has many financial and legal ramifications.'

"As for the future, he remarked, 'I would go out on a limb and say that I guess there would be differences' between the former and current administrations in their handling of hostage situations.

"Mr. Haig, whose appointment as secretary of state was confirmed by the Senate yesterday, has left no doubt that he disapproves of negotiating with hostage-takers, even indirectly.

"But most of the terms of the U.S.-Iran arrangement already have been fulfilled. The most important were carried out with the release of the hostages and the disbursement of the \$8 billion in Iranian assets.

"Of the total, \$3.7 billion has been used to pay off loans to Iran by American banks. About \$1.4 billion remains in escrow with the Bank of England to satisfy other loans. The rest went to Iran.

"Iranian assets still in domestic American banks, totaling about \$2.3 billion, remain to be untangled legally, and part of them eventually will reach Iran. Presumably the new administration could reverse that process and try to reimpose sanctions.

"But no professional diplomat could be found yesterday who believes that will happen. In taking such an action, the administration would betray Algeria, which put itself on the line politically as intermediary in the negotiations, and would infuriate those friendly governments that supported U.S. sanctions but now have lifted them."

SOME EXPERTS SAY DEAL SHOULD BE HONORED

Charles R. Babcock (WASH. POST, 1/22/81):

"Reagan administration officials could try to re-nounce President Carter's agreement for freeing the hostages in Iran because it was negotiated under duress, but they probably shouldn't, a number of international law experts said yesterday.

"Several attorneys and law professors said there are provisions of international law that could be cited to void deals concluded under the threat or use of force, or made in conflict with accepted international norms. But they added that the desire to strike back at Iran could do more harm than good by compounding the international law violations in the crisis, dishonoring Algeria and other countries who tried to help, and ignoring U.S. strategic interests in the Persian Gulf region.

"The immediate practical effect of stopping the deal would be to keep about \$4 billion in Iranian assets in U.S. hands, while forfeiting a chance at a \$1 billion pool for settling claims before an international tribunal.

"Acting Attorney General Charles B. Renfrew said last night that Justice Department attorneys were filing court papers in civil cases all over the country defending the legitimacy of the arrangement with Iran.

"These are our marching orders and we will continue to march, unless the Attorney General-designate [William French Smith, who has yet to be confirmed by the Senate] countermands them," Renfrew said."

MILITARY SUPPLIES ISSUE UNRESOLVED

Charles W. Corddry (BALT. SUN, 1/22/81, Washington):

"Iran still has a financial interest in American military equipment totaling close to \$1 billion and its disposition apparently will require some early policy decisions by the Reagan administration.

"Those decisions presumably will reflect the degree of sternness the new administration means to apply in its overall relations with Tehran, now that the hostages are free.

"Defense Department officials said yesterday that a trust fund, set up during the shah's reign to pay for arms, has between \$400 million and \$500 million and is subject to dispute as to how much is still owed in this country and how much Iran can reclaim.

"The military pipeline, closed after the hostages were taken, has in it between \$500 million and \$550 million worth of weapons and equipment bought and paid for by Iran."

MAGAZINES

POLAND

BREZHNEV'S LIMITED OPTIONS

THE ECONOMIST (London), 1/17/81, edit.:

"With rope pulled taut and heels dug in on both sides, Poland's communist party and Poland's workers are set for another round in their tug of war. The first rounds gave the workers some astonishing victories: the Gdansk agreement, independent trade unions, the right to strike. But now the communist party is starting to haul back, hard. The formal issue is the introduction of the five-day working week promised at Gdansk The real question is who makes policy in Poland – the communist party or Solidarity, the largest of the new trade unions. Is this where Russia, at last, jumps in and grabs the rope?"

"However queasy he may feel at the prospect of a Reagan presidency, Mr Brezhnev has one thing clear in his mind: he was not made leader of the Soviet communist party to preside over the liquidation of the Soviet empire in eastern Europe. Mr Brezhnev knows that the danger is not one of military defection: Poland is not about to walk out of the Warsaw pact. The risk is political contagion. Poland's neighbors – East Germany, Czechoslovakia and the Soviet Union – have drawn their tanks in a tight circle around Poland's borders not to defend the Poles but to defend themselves. The concessions won by the Polish workers at Gdansk not only challenge the leading role of the communist party in Poland; they strike at the ideological foundations of Soviet power in eastern Europe. Solidarity's argument that it is not socialism as such it wants to change, just the Soviet version of socialism, does nothing to soothe the guardians of that version in the Kremlin.

"Mr Brezhnev probably reckons that Mr Kania, the Polish party leader, has already let himself be pulled too far by the unions. Yet the Soviet Union could doom Mr Kania to almost certain defeat if Mr Brezhnev insists that a Russian-drawn line against unacceptable change in Poland means dragging Mr Kania back from the concessions he has already made. The Soviet leaders have left no doubt what they expect Mr Kania to do: reassert full party control, silence the opposition, crack a whip over the trade unions. That, for Mr Brezhnev, seems ideologically necessary. Mr Kania, however, must deal in the politically possible. Any move on his part to round up dissidents or abandon the promises made at Gdansk will (as he is learning again this week) bring him back eyeball to eyeball with the workers.

"Mr Brezhnev may therefore be considering some sort of Soviet action to haul Poland back across the line to ideological respectability. The trouble is that the options short of military violence do not look at all promising. Should Mr

Mr Brezhnev tie political strings to economic aid for Poland? That would bind the hands of the party and the government, not the workforce. Install a more amenable man in Mr Kania's place? Party leaders unable to hold the ideological line in eastern Europe have been nudged aside before. Yet any attempt now to engineer a party coup in Poland would discredit the party still further – and do nothing either to break the political deadlock or to salvage Poland's sinking economy. Neither the Kremlin nor Solidarity may like it much, but Mr Kania is still the best party leader they've got.

"The wheel of history has been turned in Poland, and it can be moved back only by force. But if Mr Brezhnev is contemplating direct military action, he has reason to think twice before moving. Even if Mr Kania himself called on his Russian comrades for 'fraternal assistance', the Poles would not be quelled as easily as the Czechoslovaks in 1968 or the Hungarians in 1956. Sabre-rattling around the borders has already failed to frighten the Poles. The next step up the ladder might be a proposal for joint manoeuvres with the Polish army, or an 'invitation' to move extra Soviet divisions into Poland to make a show of strength. That would antagonise the unions, make the party look more like a Soviet puppet than ever, and very possibly bring the economy to a halt. To move from a show of force to even a limited use of force would almost certainly provoke resistance and make inevitable the full-scale Soviet intervention that Mr Brezhnev and his generals would still like to avoid.

"Faced once more with the challenges of new ideas, Mr Brezhnev might seem to have backed into a corner with only his sword to defend himself. Yet in fact there is another course open to him. Instead of fighting again the battles of the 1950s and 1960s, to shore up an empire crumbling from within, he might look at the lessons of those earlier battles. Neither the Soviet Union nor the countries of eastern Europe have remained entirely in the mould Stalin cast for them. In several countries – Hungary, East Germany, Poland itself, even Czechoslovakia – the 'permissible limits of socialism' are a little more flexible than they were in 1953. An intelligent Soviet leader would reckon that one more element of flexibility in Poland is better than the sort of crisis an invasion would cause.

"In Mr Kania, Russia has as loyal a communist leader as can probably be found in Poland today. Mr Kania will not give an inch more than he has to in the tug of war with the unions. But the ground he has had to yield may be just enough to buy a period of stability in which Poland can at

last start to look at its disaster of an economy. If Mr Brezhnev intends to hold his empire together with anything but

brute force, he should allow Mr Kania to move Poland forward into the 1980s."

MIDDLE EAST

AFTER BEGIN

THE ECONOMIST (London), 1/17/81, edit.:

"... As President-elect Ronald Reagan takes over the White House, the face of Mr Menahem Begin is, very slowly, sliding off the Israeli screen to be replaced, very probably, by that of Mr Shimon Peres. The likeliest outcome of the foxy politicking now going on in Israel is that Mr Peres's Labour party will defeat Mr Begin's Likud party at an election and be in control by around midsummer. Mr Reagan and his team would then have a six-month break in which to define American interests in the Middle East and decide how to make the best use of the probable change in Israeli leadership.

"During his election campaign Mr Reagan seemed to imply that Israel's security and survival are not only in America's interest which they are but America's only Middle East interest, which they are not. It is also important for the western world that most of the governments in the great sweep of countries which includes the oil-producing Gulf should continue to be run by people who identify their own countries' interests as running parallel with those of the west, who turn instinctively to America and western Europe rather than to Russia. The Soviet Union, with its long-distance eyes on the oil producers, will not miss any chance that comes its way to switch those instincts. To solve the Arab-Israeli problem will not remove the west's other problems in the region; there remain the Gulf's political instabilities, and Russia's hopes of turning them to its advantage. But to leave the Arab-Israeli issue unsolved makes those other problems even more intractable: pro-western Arab regimes are more vulnerable to Soviet-inspired subversion, less willing to accept western protection.

"If Mr Jimmy Carter had won a second term, he was expected to make a determined effort to get the Israelis to rethink their priorities. Mr Reagan starts his reign with unimpeachable qualifications as somebody who is not prepared to let Israel down. This, if he decides to build on it, could be the start of a new attempt at peacemaking.

"The opportunity offered by a change in Israel is more obvious. Mr Begin, when he goes, will depart largely unregretted. At home, his government is held responsible for inflation that has passed the 150% mark. His policies in the West Bank have deepened Palestinian hostility and made many Israeli consciences uneasy: the pursuit of Greater Israel has not been a success. Yet this is not entirely a fair summary of Mr Begin's record. By signing and implementing the Egyptian-Israeli treaty, Mr Begin and his men did more in their four years to further Arab-Israeli relations

than Israel's Labour party managed in the previous 30 years. The initiative came from Egypt's President Sadat, but it was Mr Begin who had the imagination to respond.

"The lesson of the Egyptian-Israeli treaty can be applied to the wider scene. It shows that the return for withdrawal can be peace, and vice versa. Once Mr Sadat had delivered the message that he wanted peace, the obstacles were dwarfed. Politicians found that it was possible to do things which they had previously sworn were impossible. And because the peace-for-withdrawal aim was mapped out in advance, the big setbacks that have been met en route have been treated as setbacks only, not as the end of the road. Can this be applied to the other territories occupied by Israel since 1967? All of them present complex problems but so, at one time, did Sinai: remember that Mr Peres and his Labour party colleagues are ready for a leap into the unknown. Yet past behaviour could be misleading: their unprecedented spell in opposition must have been salutary. The signs are that the election campaign is to be fought by Likud on the charge that the Labour party is preparing to surrender the Land of Israel to the Palestine Liberation Organisation. Somewhere between that accusation and Labour's former rigidity could be a government with the energy to respond to the challenges of peace.

"Mr Abba Eban who, if Labour wins, is expected to resume his on-off job as foreign minister, argues that Israel must for its own good stop ruling 1.2m unwilling Palestinians. His solution, largely unchanged from earlier Labour days, still seems to be that the Palestinians in a large, negotiable, chunk of the West Bank should be joined to Jordan.

"The two snags to this plan are that, first, it would still leave much of the West Bank in Israeli hands; and, second, the idea that Jordan should simply reabsorb the rest of the West Bank is strenuously opposed by both the Palestinians and the Jordanians. A federal link between Jordan and any Palestinian state makes excellent economic sense, and eventual unity is a not unreasonable prediction. But it is unreasonable to expect Jordan's King Hussein to put his crown, and his singular achievements, in jeopardy in order to save the Israelis from facing up to the fact that the Palestinians, as deeply insecure as the Jews in their time, need a homeland and a political identity of their own.

"Even so, there could be two big differences between a government run by Mr Begin and one run by Mr Peres. First, the Labour party is not encumbered, as are so many Likud supporters, by the religious-historical belief that Israel rightfully owns the West Bank; second, Mr Peres and Mr Eban both acknowledge the advantages of identifying the end-aim of the exercise before the transitional process

begins (under the Camp David formula it was left fuzzily blank). This brings back the analogy with the Sinai treaty. If the eventual target of a Palestinian-Israeli peace and a Palestinian homeland can be agreed upon, the transition — through a form of self-government, or Jordanian trusteeship, or probably both — suddenly becomes simpler and less sinister.

“But, as in Sinai, the return for full withdrawal would have to be full peace. Here the Palestinians have to make concessions as bold as those asked from the Israelis. The concept of a Palestinian state confined to the West Bank and the Gaza Strip seems now to be accepted by the leaders of the mainline party within the Palestine Liberation Organisation as their only realistic target. But they have been mealy-mouthed and worse in pressing their view on the many Palestinians who still hold out for all or nothing. They should be explicit: if they hope for a state of their own, they must commit themselves to full peace with Isra-

el. That means formally abandoning those Palestinian documents which talk of the destruction of Israel. It means dropping the proposal that Israel’s withdrawal to its pre-1967 boundaries should be followed by a further retraction into the even narrower boundaries suggested by the United Nations in 1947. It means accepting that the creation of a West-Bank-plus-Gaza state depends on a demonstration during the transition stage that such a state would not be a threat to Israel.

“Would such an offer of peace, if ever extracted from the Palestinians, ever be believed by the Israelis? No doubt it would have to be supported by the apparatus of guarantees, arms-limitation, tripwires, surveillance. That apparatus would have to rest on Israel’s continuing military power to survive within its constricted and vulnerable borders. But remember the transformation of Egyptian-Israeli relations. Once the breakthrough is made, the rest, however carefully, however painfully, can fall into place.”

HEALTH

FEDERAL PROGRAMS MAY BE CHANGED

Thomas G. Donlan (BARRON’S, 1/19/81):

“The incoming Reagan Administration has drawn a bead on health care. Federal spending of more than \$100 billion a year on medical service must be a target for officials who have promised to increase defense spending, cut taxes and balance the budget. ‘The only question is how they will try to limit health spending,’ says Alain Enthoven, a member of Reagan’s Health Policy Advisory Group.

“Dr. William Walsh, the founder of Project Hope and chairman of the group, turned in his report about a month ago. It has not been made public, but Walsh, Enthoven and a third team member, Duke University law professor Clark Havighurst, spend a morning last week expanding on their views to a group of Wall Street analysts and investors. Walsh cautioned that although their ideas reflect the proposals in their official report to the President-elect, they should not be taken as official policy.

“With that warning, the three advisers revealed a sweeping program for revamping the whole federal involvement in health care, including the eventual replacement of Medicare and Medicaid with a system of private health insurance. Instead of providing services to the poor, elderly and disabled, they envision the government paying such groups’ insurance premiums.

“Even the Reagan advisers conceded, however, that such sweeping changes would take at least several years to effect and would probably require a greater conservative tide than the one that swept Reagan into office. But while Walsh, Enthoven and Havighurst dream of a free-enterprise

system of national health care, another of their ideas is already well entrenched, if little noticed.

“Specifically, the advisers also back a major shift in the treatment of many patients, especially the elderly, by supporting a new emphasis on home health care. The idea is to send nurses, therapists or home health aides on regular visits to patients in their homes. Of course, it’s not really a new idea — the Visiting Nurse Association and local public health departments have worked that way for decades. What is new is the emphasis. ‘Nursing homes will have to compete with what we hope will be affectionate, competent care in the home,’ Walsh said.

“What is also new is the rapidly growing involvement of profit-making companies, from Upjohn, the giant pharmaceutical concern, to Kelly Services and other office temporary outfits, as well as some struggling little companies specializing in home health care. And starting next July 1, profit-making home health care companies will find it far easier to operate under the Medicare program. A quirk in the federal eligibility laws has prevented profit-making home health care operations from receiving any Medicare funds in 24 states. That restriction expires on July 1, along with rules that have limited the number of home visits for which Medicare would pay and have restricted eligibility to patients who had spent at least three days in a hospital.

“Official budget estimates from the federal Health Care Financing Administration indicate that there will be almost no immediate increase in federal liability from the changes. In the 1982 budget year, the agency figures the changes will cost \$52 million, a figure which is expected to rise gradually to about \$108 million by fiscal 1986.

"Others calculate differently: 'Just from being an old Capitol Hill hand, there has got to be more to this, judging from the pressure that was raised,' says one man who has followed the Medicare Program for years. 'And if you think there aren't any bucks involved, how come they hired Joe Califano?' The former secretary of Health, Education & Welfare, now a lawyer in private practice in Washington, been retained by Quality Care Inc., a nursing service company with headquarters in Rockville Centre, N.Y. Quality Care operates in 42 states and the old rules made Medicare business unattractive. Now things are about to change.

"We are very, very happy with the changes,' says Dr.

David Scheinman, president of Quality Care. 'Medicare and Medicaid in 1980 will represent \$1 billion for the industry and Quality Care didn't participate in any of it. We are very excited and we think it's going to be very dramatic for the industry.'

"Quality Care needs a shot in the arm, too. Its revenue from initial franchise fees exceeded net operating income in 1979 and 1978. Fiscal 1980 reports aren't out yet, but the company has stopped selling new franchises and looks as though it will lose money for the year. A worse headache is the reason that it stopped selling new franchises."

TELEVISION NEWS FOR JANUARY 22, 1981

NBC NIGHTLY NEWS:

Pres. Reagan sends a message to the former American hostages in Wiesbaden, West Germany, praising their patriotism--:27.

Some of the hostages decline comment on their treatment in Iranian captivity. Others say they were mistreated, while still others say they were not--:3:09.

U.S. Military Academy officials at West Point say they might play a role in the hostages' reunion with their families--:13.

Resolutions are introduced in Congress to support Pres. Reagan should he decide not to fulfill the hostage agreement--:28.

Former Pres. Carter says that the hostage agreement is in the country's best interest, but condemns the Iranian mistreatment of the hostages--:1:50.

Iran's chief hostage negotiator Behzad Nahavi denies that the hostages were mistreated--:26.

Two hostages, in interviews with Iranian militants before their release, say that they were not mistreated--:2:04.

Former U.S. ambassador to Iran William Sullivan says that Carter was warned that Americans would be taken hostage if the former shah was admitted into the U.S.--:53.

The former Canadian ambassador to Iran says he knew that the hostages were being mistreated and that he told this to his superiors, who in turn notified U.S. officials--:20.

Pres. Reagan's aides say that his public disapproval of the former hostages' mistreatment is being saved for his first press conference--:44.

Reagan orders cutbacks in government travel, government consultants, and the procurement of office furniture and supplies--:1:36.

Thousands of anti-abortionists attend a rally in Washington demanding a constitutional amendment to ban abortion--:25.

Defense Secy. Caspar Weinberger says that the Reagan Administration will re-arm the U.S.--:25.

The Senate approves the nominations of five Reagan cabinet appointees--:21.

The Polish Solidarity trade union calls strikes in 800 factories--:24.

Many workers in Gdansk strike for four hours demanding a shorter work week. The government rejects a union proposal for a 41.5-hour work week--:1:35.

Polish authorities order reporters for Time magazine, ABC, NBC, and CBS networks to leave Poland--:15.

Australian publisher Rupert Murdoch tentatively purchases The Times of London, pending the approval of several unions--:2:00.

The Irish Republican Army claims responsibility for the murders of Protestant leaders Sir Norman Scott and his son, James--:31.

Bob Jamieson reports that the Super Bowl-bound Philadelphia Eagles owe some of their success to their hard-working coach, Dick Vermeil--:2:36.

CBS EVENING NEWS:

Iran's chief hostage negotiator Behzad Nahavi denies that the former American hostages were mistreated--:32.

The State Dept. says that Iranian acts of mistreatment against the former hostages included solitary confinements and beatings--4:44.

Former hostage Donald Cooke says that he did not want to meet with former Pres. Carter because Carter did nothing, Cooke says, to expedite the hostages' release--:46.

The 52 Americans undergo medical examinations and debriefings at the Air Force hospital in Wiesbaden, West Germany--2:16.

Former Pres. Carter returns to Plains, Ga., and says the mistreatments against the former hostages were "acts of animals." Pres. Reagan says the former hostages were "badly abused"--2:22.

Sources say the former hostages will be reunited with their families at the U.S. Military Academy at West Point--:18.

Ⓒ The State Dept. indicates that the Reagan Administration will fulfill the obligations of the agreement with Iran for the hostages' release--1:47.

Many congressmen demand that Iran be punished--2:24.

Supporters of Iranian Pres. Bani-Sadr criticize the hostage agreement negotiated by Prime Minister Rajai for not securing enough of Iran's frozen assets--1:51.

One of the former hostages says that he successfully hid \$600 in his clothes while held captive--:14.

Many American newsmen are ordered out of Poland by the government--:35.

The Irish Republican Army claims responsibility for the murder of Sir Norman Strong and his son--:16.

Ⓒ Pres. Reagan orders a 15-percent reduction in government travel and a five-percent reduction in the hiring of consulting services--1:58.

Ⓒ Government financial disclosure forms of Reagan's cabinet indicate that seven secretaries are millionaires--:17.

Publisher Rupert Murdoch purchases The Times of London--:26.

Mobil Oil Co. and Standard Oil of Ohio Co. report increases in 1980 profits of 40 and 52 percent, respectively--:14.

–Stock prices fall--:03.

–Fifty thousand anti-abortion supporters attend a rally in Washington, demanding a constitutional amendment to ban abortions--1:32.

ABC WORLD NEWS TONIGHT:

–Former hostage Donald Holman is reunited with his family, who lives in West Germany. He says that his Iranian captors kept him in solitary confinement--4:02.

Ⓒ The State Dept. says that the former hostages were held in solitary confinement, denied food and mail, beaten, and threatened with mock executions--1:43.

–Former Pres. Carter says that the Iranian captors were "criminals who acted like savages." Vice Pres. Bush is "enormously concerned" by the tales of mistreatment of the former hostages--2:47.

–Iran's chief hostage negotiator Behzad Nahavi denies that the former hostages were mistreated--:22.

–Pierre Salinger reports that the West German ambassador to Iran convinced relatives of Ayatollah Khomeini to set and approve conditions for the hostages' release--2:32.

Ⓒ Pres. Reagan orders a 15-percent reduction in government travel and a five-percent reduction in government consultants--1:36.

Ⓒ Barrie Dunsmore reports that Reagan's national security affairs adviser and Sen. Jesse Helms (R-N.C.) are demanding that Defense Secy. Caspar Weinberger's deputies be long-time Reagan supporters--1:31.

Ⓒ The Senate approves five more Reagan cabinet nominations--:15.

–Many Polish workers in Gdansk strike for four hours demanding a shorter work week. Solidarity trade union officials say that the government is not taking the union seriously enough--1:36.

–The Irish Republican Army claims responsibility for the murders of Protestant leaders Sir Norman Scott and his son--:34.

–Health and Human Services Secy. Richard Schweiker tells persons attending an anti-abortion rally in Washington that Reagan's election was a victory for their cause--1:45.

–The former hostages are invited to attend the Super Bowl--:23.

–The former hostages say that they have been very well treated at Wiesbaden--1:53.

PUBLICATIONS SURVEYED

American Spectator	Los Angeles Times
Atlanta Constitution	Manchester Guardian Weekly (London)
Arizona Republic	Miami Herald
Baltimore News American	Milwaukee Journal
Baltimore Sun	Minneapolis Tribune
Barron's	New Leader
Boston Globe	New Orleans Times-Picayune
Buffalo Evening News	New York Daily News
Chicago Tribune	New York Times
Christian Science Monitor	Oil & Gas Journal
Cincinnati Enquirer	Philadelphia Inquirer
Cleveland Plain Dealer	Pittsburgh Press
Columbus Dispatch	Providence Journal
Denver Post	Richmond News-Leader
Des Moines Register	St. Louis Globe-Democrat
Detroit Free Press	San Diego Union
Detroit News	Seattle Times
The Economist	Wall Street Journal
Far Eastern Economic Review	Washington Post
Fortune	Washington Star
Gannett News Service	World Business Weekly
Houston Post	
Indianapolis News	


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FOREIGN AFFAIRS

IRAN

The United States must honor the deal with Iran that freed the 52 American hostages or lose its international credibility, two former Carter Administration officials said yesterday in separate television interviews. Former Secretary of State Edmund Muskie and his deputy, Warren Christopher, stressed the importance of adhering to the deal but suggested that relations with Iran would not improve in the near future. Christopher, the chief of U.S. hostage negotiator, said on CBS's "Face the Nation" that failure to go ahead with the agreement would have repercussions around the world and a very adverse impact on U.S. standing. "We have not made an apology, not paid ransom, the shah (was) not returned. The agreement is a sound one from a financial standpoint," he said. He added, "Failure to carry out the agreement with respect to Algeria would be a very serious slap in the face." He called the hostage-taking "a disgusting and vile act."

Muskie, on ABC's "Issues and Answers," said the agreement should be compared to the kind of negotiations that ended a war, and he pointed out that the United States had negotiated the end of the Korean and Vietnam wars. He said he considered the restraint showed by the United States to be "a demonstration of strength and patience and a plus, not a minus."

Senate Foreign Relations Committee Chairman Charles Percy (R-Ill.), on NBC's "Meet the Press," said a congressional hearing would bring out "the truth" about Iran's "outrageous and barbarous" actions. Percy also said it would be dishonorable for the Reagan Administration not to adhere to the agreement negotiated by the Carter Administration.

The 52 former hostages returned to the United States to a hero's welcome and reunion with their families. They landed at Stewart Airport about 50 miles north of New York City and traveled to West Point Military Academy, where they will be in seclusion with their families until tomorrow.

MISSION FAILS TO PERSUADE IRAN TO ATTEND ISLAMIC SUMMIT

Ibrahim Noori (PHILA. INQ., 1/15/81) [Reuters]:

"A special mission sent to persuade Iran to attend the third Islamic summit conference, which was to begin today, returned disappointed to Taif yesterday as delegates from other nations arrived for the meeting.

"Iran's refusal to attend the conference — because of the presence of Iraq's President Saddam Hussein — appeared to dash Islamic hopes that the conference might be able to serve as a mediator in the Iran-Iraq war.

"But the Persian Gulf war, now in its fifth month, with Iraqi forces in control of part of Iran's oil-producing Khuzistan province, was expected to remain the dominant topic at the summit, whose agenda included the Afghan crisis, Middle East problems and a number of economic subjects.

"Thirty-eight states and the Palestine Liberation Organization (PLO) were attending the three-day summit, at which the speakers were to include U.N. Secretary-General Kurt Waldheim.

"This was the first time a U.N. secretary-general attended an Islamic Conference Organization (ICO) gathering since the organization was founded in 1969.

"In an interview published in the Saudi newspaper Al-Jezira today, Waldheim said the ICO was 'a most impor-

tant grouping in the United Nations. He said he hoped to discuss a number of issues with Islamic leaders, especially those dealing with Jerusalem, Palestine, southern Lebanon and Afghanistan.

"The summit was to open with a religious ceremony in the holy city of Mecca today, and then move to Taif, 44 miles from Mecca, on Monday.

"Members of the ministerial ICO mission to Tehran avoided comment on the Iranian refusal to participate in the summit, spelled out Friday by Iranian Prime Minister Mohammad Ali Rajai at a public prayer gathering.

"But Turkish Foreign Minister Ilter Turkmen, a member of the group, told journalists the trip had been worthwhile."

U.S. IRANIAN POLICY

Henry Trewitt (BALT. SUN, 1/25/81, Washington):

". . . The fury of American public opinion must fade before cold-eyed pragmatism defines the national interest.

"Mr. Reagan and Secretary of State Alexander M. Haig, Jr., can partly dilute the outrage in several ways. Their support for the deal with Iran may be half-hearted, at best, without betraying the countries, especially Algeria, that helped arrange it.

“But it seems highly probable that they will fulfill its most important terms—which means dealing in moderately good faith with the Iranian assets, unfrozen by Mr. Carter, but still to be distributed. Iran’s negotiators, with \$2.8 billion in hand, must have reckoned that the rest come slowly, if at all.

“How the arrangement plays out may depend in part on political events in Iran. With the post-revolutionary turmoil of two years deepening, some U.S. officials believe that little recognizable will remain of the current theocracy after a few more months.

“If that is correct, what will follow? That Iran will fragment is not outrageous speculation. The Baluchis in the southeast, the Kurds in the northwest and the Arabs in the southwest and west represent varying degrees of threat to the fragile central government.

“No one can be certain of the outcome. Iran’s military forces have performed more ably than most outsiders, including the Iraqis, expected against the Iraqi invasion of last September.

“Nonetheless, Iran’s survival as a cohesive state is not certain. No one here doubts that the Soviet Union, sharing a thousand miles of border with Iran, its troops strategically placed despite their problems in Afghanistan, would attempt to pick up the pieces.

“In other circumstances, the United States might be expected to react to save any government so threatened. But political circumstances even beyond the residue of the hostage crisis argue that it may be months before Reagan administration can test even the resumption of trade relations.

“Instead, the United States could wait and attempt to share the government that follows if the current one falls. The most likely successors, to many analysts in Washington, would be some combination of moderates in the current regime and military officers, their prestige shining again from their performance against the Iraqis.”

ASIA

Mao Tse-Tung’s widow yesterday was sentenced to death by a Peking court for “leading a counterrevolutionary clique for the purpose of overthrowing the People’s Democratic dictatorship,” but the sentence was then suspended for two years to give her time to reform through hard labor. Jiang Qing denounced Chinese leader Deng Xiaoping while being dragged from the courtroom, Chinese sources said. Former Vice Premier Zhang Chunqiao was given the same suspended sentence. Eight other co-defendants were given sentences ranging from 16 years to life.

U.S.-KOREAN CHILL MELTING

Takashi Oka (CHR. SCI. MON., 1/23/81, Seoul):

“President Reagan’s invitation to South Korean President Chun Doo Hwan to visit the United States boosts the latter’s position at home and abroad and ends a long period of strain in relations between Washington and Seoul.

...

“An official announcement made in Washington and Seoul Jan. 21 said that President Chun would visit Washington for talks with President Reagan on Feb. 2 on ‘bilateral political, economic, and security aspects as well as regional issues affecting northeast Asia.’ General and Mrs. Chun are expected to leave Seoul Jan. 28 and to visit Los Angeles and New York on their way to Washington.

“General Chun will be the first foreign chief of state to visit Washington after Mr. Reagan’s inauguration. The new President and his secretary of state, Gen. Alexander Haig, have moved quickly to underline the importance they attach to the security and stability of South Korea, where 39,000 US soldiers help man a round-the-clock

defense against the threat of infiltration, subversion, and outright invasion from communist North Korea.

“In testimony before the Senate Foreign Relations Committee before his confirmation, General Haig said that strengthening the US relationship with South Korea would be a ‘key aspect’ of policies he would recommend to President Reagan.

“Many South Koreans who have not been notably warm toward General Chun in the past greeted the announcement of the forthcoming US-Korean summit with undisguised relief. For both supporters and opponents of General Chun, a central fact to their political situation is the North Korean threat to South Korea’s security — in short, to their own homes and lives.

“The almost universal perception of this threat does not prevent sharp political disagreement among South Koreans over democracy and human rights or over the best means of fighting inflation and unemployment.

“But whatever position South Koreans may take on these issues, the preoccupation with security is overwhelm-

ing, as is the perception that nothing can take the place of the security link with the United States. For this reason, the strain that began in Korean-US relations when President Carter announced his intention of partially withdrawing US ground troops in South Korea, and that intensified with disagreements over human rights and the Kim Dae Jung case, has caused deep uneasiness among the South Korean public.”

JAPAN'S PITIFUL DEFENSE

Smith Hempstone (PITTSBURGH PRESS, 1/19/81):

“Japan, the second greatest industrial power in the history of the world, has fewer men in uniform than Yugoslavia, spends less on defense than Britain, can muster fewer tanks than Bulgaria, is outmatched in combat aircraft by North Korea and boasts fewer submarines than Norway.

...
“The Soviet Union has some 30 divisions (300,000 men) deployed east of Lake Baikal, about two-thirds of whom are stationed in the military district facing Japan.

“The Soviet air armada is the Far East numbers at least 2,000 sophisticated aircraft.

“The 750-ship Soviet Far Eastern Fleet, based at Vladivostok, only a few hours' cruise from Japan's home island, includes 10 modern missile cruisers and at least 124 submarines, some 50 of which are nuclear powered.

“Against the Russians, estimates Osamu Kaihara, the former director-general of the National Defense Japan's air defense system would be 'wiped out in about 10 minutes,' its navy 'would not last more than two or three days' and its land forces could resist for 'no more than three or four days.'

...
“With this in mind, U.S. Defense Secretary Harold Brown, when he visited Tokyo in December, urged the Japanese in the strongest terms to increase their military spending, exclusive of pay raises and pensions, by nearly 10 percent.

“While the final figures are not yet in, it is clear the United States is not going to get close to what is wanted from Tokyo. The first draft of the budget called for an increase of 6.6 percent to \$11.5 billion, but this figure was to include pay raises.

“The basic reason the Japanese feel they can get away with spending so little is that the postwar security treaty obligates the United States to come to the defense of Japan in the event of external aggression, a term which – perhaps conveniently – is not defined.

“There will never be any incentive for Japan to spend anything like what the NATO powers do on defense as long as the American security treaty is there to guarantee the Japanese a cheap ride in the national security derby.”

CENTRAL AMERICA

Military sources in San Salvador said yesterday that government aircraft and light artillery pounded leftist guerrillas massed on the outskirts of five northern Salvadoran towns for three straight days. The government of El Salvador did not comment on the fighting by the armed forces, bolstered by \$10 million in U.S. military aid officially handed over Saturday. There were signs that fighting was the heaviest since the rebels launched an offensive against the military-civilian junta January 10 that killed 1,100 persons in five days.

U.S. HALTS NICARAGUA AID

BALT. SUN., 1/23/81, Washington:

“The United States has suspended disbursements to Nicaragua from a \$75 million economic support fund because of evidence that El Salvador's left-wing guerrillas have been supplied with arms from Nicaragua, an official source said yesterday.

“Lawrence Pezzullo, the U.S. ambassador to Nicaragua, informed the Sandinista government in Managua last week that further disbursements of economic aid would be suspended until the United States decided that the Nicaraguan government was not giving aid to the guerrillas. Nicaragua officially denies it has given such aid.

“Nicaragua's Marxist leaders, such as commandant Daniel Ortega, a member of the governing junta, have accused the United States of making 'concrete threats' against Nicaragua while announcing the release last week of \$10 million in military aid to El Salvador's military-backed government.

“The Nicaraguan government has asked Latin American and European Social Democratic parties, which backed their revolution against Anastasio Somoza Debayle, to increase political and economic solidarity and Nicaragua for what they see as a difficult period in relations with the United States.

“President Reagan said during his election campaign that he opposed the Carter Administration's decision to

Nicaragua economic aid after the overthrow in July 1979, of the Somoza regime after the civil war in which 50,000 persons died.”

SAYING NO TO NICARAGUA

WASH. STAR, 1/25/81, edit.:

“ . . . it does not make sense to give economic support to the Sandinistas if we are serious about wanting to keep a more or less moderate junta in power in El Salvador. There is too much evidence that Nicaragua has been actively helping the guerrillas who want to refashion Salvadorean society according to the Cuban Soviet model.

...

“From Costa Rica comes reports of Soviet transports. In Washington, two weeks ago, more than a dozen correspondents heard members of a senator’s staff describe more than a thousand Soviet military men in Nicaragua, some at work improving the port facilities and the airfields where their MIGs are stationed, some in combat gear. The American ambassador to Honduras confirms that there are Nicaraguans in El Salvador.

“There are various ways to interpret these developments. Some Latin American experts in Washington believe the fighting in El Salvador is actually a ploy to divert attention from the buildup of Soviet military strength in Nicaragua. In Managua, the newspaper, *Diario Las Americas*, quotes the Soviet ambassador saying in a public speech

that the United States is underwriting socialist revolution in Nicaragua.

“There is too much convergence of evidence for there to be nothing to it. The Reagan administration will undoubtedly want to reappraise Latin American policy as a whole before adopting far-reaching strategies, and the benefit of financial aid to countries such as Nicaragua should figure in them.

...

“ . . . the developments of moment call for stopgap measures if nothing more. A stepping up of military aid to El Salvador may be indicated – perhaps even lethal armaments. But the least we can do is to stop paying people who are trying to bring down the beleaguered government we are trying to shore up in San Salvador.”

NARROW U.S. INTEREST SEEN

William Pfaff (CHICAGO TRIB., 1/25/81, Paris):

“ . . . What counts in Central America, looking at the strictly-defined interest of the United States, is not which part or faction rules, or even whether democracy is installed—which is desirable but unlikely. It is whether the Soviet Union, or some other major power hostile to the U.S., is installed there. And as the Cuban missile affair demonstrated, that problem is manageable. Otherwise, it is the business of the Nicaraguans whether they wish to be ruled by Gen. Somoza.”

POLAND

MILLIONS OF WORKERS SAID TO DEFY GOVERNMENT ON SATURDAY WORK

WASH. POST, 1/25/81, Warsaw:

“Millions of Polish workers defied the government today by refusing to go to work in the second nationwide boycott this month to press for a five-day work week.

“The free trade union federation Solidarity, which called for the mass boycott, reported idle factories, shipyards and offices throughout Poland but said that public transportation and other essential services were running at the normal level for a free Saturday.

“In an apparent attack on Solidarity’s leadership, the Communist Party newspaper *Trybuna Ludu* today raised charges of ‘moral terror and political skulduggery’ but stopped short of blanket condemnations of Solidarity.

“A more direct attack on the union leadership came

from the Soviet news agency Tass, which said union actions were leading to ‘deliberate confrontation with organs of the people’s power’ and were an attempt to disrupt Poland’s economic and public life.

“Union officials said the response to the boycott call among about 10 million Solidarity members was overwhelming, especially in major industrial centers. There were no immediate government estimates.

“When Solidarity mounted a boycott on the first working Saturday of the month, Jan. 10, the government said 60 percent of the labor force ignored union instructions. The union said the majority of workers stayed at home.

“Today’s boycott followed two days of warning strikes across Poland that yesterday grounded all domestic air traffic for the first time in memory, kept Warsaw’s largest daily newspaper off the stands and even affected the official government news agency.”

BRITAIN

LABOR MOVES SHARPLY LEFT

William Borders (NY TIMES, 1/25/81, London):

“The Labor Party took a decisive step to the left today, radically altering the rules by which it selects its leaders, a move that seemed likely to provoke a major ideological split within the party.

“At a special one-day conference, the party voted to take away the exclusive power that members of Parliament have to choose the party leader, who is a potential prime minister, and share it with the local party organizations and the trade unions.

“From now on the unions, whose leaders cast their votes in blocks of hundreds of thousands, will have the

biggest say, 40 percent, in selecting the leader, with 30 percent each for the local organizations and Labor members of the House of Commons.

“The decision, the climax of what has been a swift and steady move to the left since its defeat in the 1979 election, brought the party to its gravest internal crisis in decades.

“What has happened is very serious, for the party and for the nation,” said Dr. David Owens, the former Foreign Secretary and a leader of a right-wing faction that is threatening to quit and form a new party. “To allow blocks of votes to choose the future prime minister of this country is an outrage, a disgrace.”

Copyr. 1981, NEW YORK TIMES

DOMESTIC AFFAIRS

ECONOMY

A report prepared for the Joint Economic Committee said yesterday that in the next several years the United States “will experience extreme difficulty reconciling the goals of a strong defense, adequate energy supplies, more purchasing power for consumers, and a fair system of social welfare.” The congressional report said that the country’s economic ills have been worsened by federal spending that has grown faster than the economy’s ability to cope with it, and by an accompanying rapid growth in the money supply. In effect, the report said, the expansion of federal spending amounts to “a claim on national output, which might otherwise be claimed by a private sector activity.”

BURNS URGES BOLD ACTION TO CUT INFLATION

Peter Grier (CHR. SCI. MON., 1/23/81, Washington):

“The deed must be done before too many days have passed, and it must be done with swagger, with style. If the move is meek and slow in coming it will fail, and inflation will continue to rage unabated.

“So said the expert witness to the senators. Arthur F. Burns, former chairman of the Federal Reserve Board, testified this week before the Senate Committee on the Budget, and most of his advice and suggestions were centered on one opinion – that inflationary expectations are a key part of the problem of inflation itself.

“Huge federal deficits hang in front of America’s economy like a stoplight, halting growth and encouraging businessmen to divert resources from productive efforts (like building factories) to speculative ones (such as trading in commodity futures), the economist said. Cutting the deficit would be his No. 1 priority.

“Dr. Burns suggested four specific ways the budget might be balanced:

“—Restore the president’s authority to impound appropriated funds.

“— Make it easier for the president to rescind particular appropriation. Currently, that can’t be done unless both houses of Congress agree. Dr. Burns suggests

allowing the president to reject appropriations unless both houses disagree.

“Require Congress to propose changes in entitlement programs that would cut costs by a specified amount. The cuts would then be voted on as a package, instead of individually.

“Require that budget deficits be authorized by a two-thirds vote of Congress. For the budget to be unbalanced congressmen would have to stand up and go on the record as favoring red ink.

“What we need in this country, more than anything else, is to rebuild confidence in our economy and our government,” he said.

“Burns’s emphasis on the symbolic content of inflation-fighting was reflected in his cautious comments on tax cuts.

“Let me be a bit romantic for a moment,” he said. “If I were economic czar, I would not at this time cut taxes for individuals.”

“But while he wouldn’t, Burns said he hoped President Reagan would. The new administration has stood stoutly behind the Kemp-Roth individual tax-cut bill, and Burns said he wouldn’t want the president to ‘zigzag.’

“It’s what the psychology of the country requires,” he said. He added that if Kemp-Roth were combined with government spending cuts, ‘things could work out.’ But he did

call for President Reagan’s economic advisers to dilute the nature of the bill a bit. Kemp-Roth proposes a 10 percent cut in personal income taxes over each of the next three years. Dr. Burns would prefer that the government take a longer period for its tax slashing. That would soften any inflationary effect the cuts might have. He also recommended that Kemp-Roth not be made retroactive. Instead, he maintains that it should go into effect no earlier than July 1 – and, if possible, as late as Oct. 1.

“He also counseled the senators on a budget item that is sure to draw increasing attention as the new administration shapes its economic policies – ‘entitlement’ programs. These programs (such as food stamps and social security) promise to help all who qualify, so it is difficult to cap their spending or even predict how much they will cost.

“David A. Stockman, director of the Office of Management and the Budget, has promised to put a half nelson on entitlement program spending by tightening eligibility rules.

“Burns suggested a supplementary method of cutting their cost. Calling social security recipients a ‘privileged class,’ he suggested that their checks be adjusted for inflation less ‘recklessly’ than they are now.

“He did not, however, advocate actually rolling back benefits from current levels. And he felt that current funding levels for the program should be maintained.

“‘To lower social security taxes at the present time I think would be unwise,’ he said.”

REAGAN ADMINISTRATION

PANEL ON SPENDING CUTS SET

Howell Raines (NY TIMES, 1/25/81, Washington):

“President Reagan assigned budget-cutting duties to his Cabinet secretaries this morning and set up a series of meetings for next week between the Cabinet officers and a high-level group to decide on major reductions in Federal spending.

“The budget working group consists of David A. Stockman, director of the Office of Management and Budget, Martin Anderson, Mr. Reagan’s domestic policy adviser, and Murray L. Weidenbaum, designated chairman of the Council of Economic Advisers. It is to meet with each of the Cabinet secretaries to make what Mr. Stockman called ‘major policy decisions’ on cost cutting in every department.

“These are the big-ticket items, rather than the budget nits,” Mr. Stockman said after the cabinet meeting at the White House.

“The economy and a briefing by Secretary of State Alexander M. Haig Jr. on the return of the former American hostages were the main subjects of the meeting as Mr. Reagan assembled his Cabinet for the second time since taking office on Tuesday.

“Continuing his practice of making a few important sub-Cabinet appointments each day, Mr. Reagan today announced his intention to nominate Roscoe L. Egger Jr., as Commissioner of Internal Revenue and Vice Adm. B. R. Inman as Deputy Director of Central Intelligence.

“James S. Brady, Mr. Reagan’s press secretary, said that Donald T. Regan, the Secretary of the Treasury, would also participate in the budget meetings ‘involving various clusters of Cabinet members working on issues that are most germane’ to their departments’ expenditures.

“Mr. Stockman said in an interview after the Cabinet session that the working group would meet every morning and afternoon in an effort to have the budget cuts ready in time for Mr. Reagan to spend his package of economic policy proposals to Congress in mid-February.

“Even before then, Mr. Stockman said, the information from next week’s meetings will be needed for a nationally televised address by Mr. Reagan that Mr. Stockman described as ‘a diagnosis and inventory’ of economic ills that would explain why the economy ‘is going so badly and what it will take to turn it around.’”

Copyr. 1981, NEW YORK TIMES

JOB FREEZE MADE RETROACTIVE

Philip Shandler (WASH. STAR, 1/25/81):

“In a reportedly unprecedented action, the Reagan administration has decided to make its freeze on federal hiring retroactive to Nov. 5, the day after Ronald Reagan was elected.

“This became known yesterday as the Office of Management and Budget issued guidelines to federal agencies for implementing the freeze, which Reagan had announced Tuesday, shortly after his inauguration.

“OMB officials had said Tuesday that the freeze probably would be retroactive to Dec. 31. But in the last day

or so, a decision was made at the White House to push it back to Nov. 5, officials said yesterday.

“The decision means that hundreds, if not thousands, of persons who in the last few months have been given so-called letters of commitment telling them they would be hired by the government, will be told now that they don’t have the promised jobs.

“The decision is likely to be challenged in court by job-seekers. Some who telephoned The Star after the tentative Dec. 31 cutoff was mentioned angrily said they believed Reagan was renegeing on a contractual obligation.

“Past job freezes, officials said yesterday, either were not retroactive, or if they were retroactive, were not total.

“Former President Jimmy Carter, for example, imposed a freeze last March 14 that was retroactive to Feb. 29. But it was limited, permitting the filling of one of every two vacancies in agencies. Thus, letters of commitment given between Feb. 29 and March 14 could be honored for the most part, although with delays in some cases, officials said.”

URBAN AFFAIRS

THE PROMISE OF ENTERPRISE ZONES

Stuart M. Butler (WASH. STAR, 1/22/81):

“The enterprise zone concept is based on the premise that jobs no longer exist in the central cities for young, unskilled workers because we have regulated, zoned, and taxed smaller businesses out of existence. These businesses create most of the jobs, especially for the unskilled; they obtained most of their capital from savings and friends, rather than banks; and they would not be caught dead in a Small Business Administration office. (Less than 3 percent of small companies used government aid to start their business).

“In the bad old days, when there were jobs in the inner cities, such entrepreneurs might start a firm in a rented basement, and employ a few local youngsters who would thereby get on the first rung of the employment ladder. Nowadays, the same entrepreneur could certainly count on finding a line waiting for him when he opened for business – OSHA inspector, the man from EPA, and the zoning official, among others – all ready to close him down. If they didn’t manage it, the tax collector probably would. And when the businessman leaves, that also means

the disappearance of the glue that holds a poor neighborhood together.

“In an enterprise zone, things would be a little different. In these areas of a square mile or so in the heart of a depressed neighborhood, there would be a drastic cut in property and business taxes – particularly those, like Social Security, that hurt the small entrepreneur. Zoning would be relaxed, or even abolished, to allow effective use of existing buildings. Permits, building codes, licenses and other regulations would be cut to the bone – consistent with basic health and safety requirements. In short, a climate for enterprise and innovation would be created, in zones where red tape and taxes are minimal. The results? Genuine jobs, neighborhood businesses, a sense of opportunity, and the mix of residential and business property that is essential for a vibrant low-income district.

“The problems? Some city officials claim that cutting business and property tax would cut revenue and force more service reductions. But what taxes are collected on empty commercial buildings or abandoned apartment blocks? Stimulating new activity would probably mean an increase in current revenue, and certainly in future city income.

"There would be other benefits if cities were forced to examine alternatives to existing services. Several cities have achieved dramatic savings by farming out garbage collections, fire protection and other services to private companies. Many neighborhood groups around the country have organized anti-crime and block patrols with significant results. There is room even in city welfare services for major savings.

...

"The Kemp-Garcia bill is likely to gather a lot more steam in 1981, but it does have its shortcomings. It is exclusively a tax bill, and so far it has no provisions to cut federal regulations in the zones, or to require cities to do the same at the local level. Few small entrepreneurs have

the pleasure of paying much tax in the earlier days of business, and it is necessary to concentrate on regulatory obstacles if these people are to be mobilized.

"But most of the crucial elements of an enterprise zone — such as relaxing rent control and zoning; streamlining building codes and city red tape; and cutting taxes on small business; and encouraging neighborhoods to seek innovative ways to provide services and use buildings — can be enacted at the local level."

Stuart Butler, a British-born economist on the staff of the Heritage Foundation, has been credited with introducing the enterprise zone concept to this country.

DEMOCRATS

LIBERALS PLAN 'THINK TANK'

Fred Barnes (BALT. SUN, 1/23/81, Washington):

"A group of prominent Democrats is creating a think tank that aims to rival such Republican-oriented research organizations as the American Enterprise Institute and to fashion popular new policies for the Democratic Party.

"Plans for the organization have been developed in a series of meetings in Washington and New York that have brought together Democrats from several party factions and have included allies of both former President Carter and Senator Edward M. Kennedy of Massachusetts.

"Tentatively called the Democratic Forum, the organization will seek to become a highly visible force in the Democratic Party, turning out policy papers and publications, holding issues seminars and conferences, providing speakers for local Democratic gatherings and conducting research for Democrats in Congress.

"In brief, the organization seeks as its goal to create a national center for intellectual activity within the Democratic Party," said Keith Haller in a memorandum outlining the scope of the organization. Mr. Haller is an aide to Representative Michael D. Barnes (Md., 8th).

"Under current plans, the forum will begin operations

March 1, soon after the Democratic National Committee elects a new chairman. It will attempt to raise about \$1 million in 1982, Mr. Haller said.

...

"Among the three dozen Democrats who convened last Saturday to discuss the establishment of the forum were such Carter administration figures as Stuart Eizenstat, the former White House domestic adviser; Hodding Carter III, the former State Department spokesman, and Pat Derian, the former assistant secretary of state for human rights.

"The group also included Peter Edelman, who was Mr. Kennedy's issues adviser in the presidential campaign, and Milton Gwirtzman, a Kennedy speechwriter. Others involved were former Ohio Governor John Gilligan, Mr. Barnes, former Labor Secretary Willard Wirtz and Adam Yarmolinsky, a former Defense Department official.

...

"We're not going to match AEI's budget of \$10 million a year," Mr. Barnes said. "I don't think it's necessary."

"But the organization does hope to emulate the American Enterprise Institute's high visibility in Washington and its national influence. It hires scholars, conducts research, produces television programs and holds press seminars, all the while promoting conservative ideas."

FAMILY POLICY

THE FAILING FAMILY

SAN DIEGO UNION, 1/11/81, edit.:

"... the Census Bureau not only tells us where people are living, but sometimes about how they live, and there is sobering news about changes in the condition of the American family.

"The number of one-parent families in our population has increased tenfold during the last decade. Ten years ago, one out of 10 families had only a single parent as a result of divorce, death, or births outside of marriage. Today the figure is one out of five. Fully one-half of black families are maintained by a single parent. The number of children living with mothers who never married now exceeds the number of children who have

lost a parent through death.

“. . . It is not difficult to find a link between the breakdown of the traditional family and rising welfare costs of the incidence of juvenile crime. But there are also more subtle effects, and a recent study by the Charles F. Kettering Foundation and the National Association of Elementary School Principals sheds some light on one of them.

“The study covered 18,000 students in 26 elementary and high schools in 14 states, and cross-section ranging from inner-cities to small towns and rural areas. The conclusion is inescapable that one-parent children on the whole do not do well in school.

“Thirty percent of children from two-parent families were ranked as high achievers, compared to 17 percent of those from one-parent families. Looking at it the other way, 40 percent of the one-parent children ranked as low achievers, while only 24 percent of two-parent children were in the category.

“Further, children from one-parent families were absent more often than those from two-parent families and were more likely to be late to school, truant, or in disciplinary trouble.

“These findings are a challenge to educators, whose approach to teaching may be based on false assumptions about the degree of support and encouragement children are receiving at home. With instability in the family, the Kettering study pointed out, school may be ‘most important part of the child’s life that stays relatively constant.’

“Psychologists will argue that the one-parent family should not be viewed with blanket disapproval – that failing marriages held together ‘for the sake of the children’ can do more harm than good. They make the point that where parents are concerned, quality is more important than quantity, and there is no reason why a conscientious single parent cannot maintain a stable and supportive family life.

“True, but there is no denying that the sexual revolution, more liberal attitudes toward divorce, and other changes in moral and social attitudes affecting the family can handicap a child in school and on into adult life. While the Kettering study was conducted at the behest of educators who must deal with learning and disciplinary problems connected with the one-parent family, its message is for parents – together or separate – and for our society as a whole.”



TRADE UNION

PRESSURES BOIL UP AGAINST POLISH REGIME

Elizabeth Pond (CHR. SCI. MON., 1/23/81, Warsaw):

“There is strong Soviet pressure on the Polish Communist Party to reassert command at the same time that shop-floor anger at the party’s broken promises is boiling up into limited but mass strikes.

“Between these two irreconcilable forces moderates from both the party and the free trade union Solidarity are still trying to reach a compromise.

“The conspicuous example of this was the opening of negotiations between Premier Jozef Pinkowski and Solidarity leader Lech Walesa on the heels of a week-long visit to Warsaw by Soviet press and propaganda chief Leonid M. Zamyatin.

“The government-Solidarity talks broke off without agreement on the key issue of free Saturdays after a six-hour session that lasted late into the night Jan. 21/22. Solidarity responded with a spontaneous display of muscle: four-hour warning strikes in Gdansk and other major cities Jan. 22 by an estimated 100,000 workers, and planned strikes by 50 factories in the Warsaw region and other fac-

tories elsewhere Jan. 23.

“For Solidarity the issue is not free Saturdays as such, but the feeling that the government has reneged on virtually all of its promises in the Gdansk agreement that ended the shipyard strike last August.

“The most ominous hint that this time the government might resort to force to break the strikes – for the first time since August – came in the information received by Warsaw Solidarity headquarters from the city of Grudziadz in northern Poland. A telex from the Grudziadz branch of Solidarity said that a commission from the Polish Communist Party Central Committee was in Grudziadz; that the local party committee had called all secretaries of local party cells to a meeting; that there was a police alert, with police having surrounded city hall; and that special forces from the police officers’ school had been brought into the city. The telex said also that ‘hooligan acts’ (by provocateurs) were being prepared for the time of the one-hour strike on Jan. 23.

“It is not clear if this reported police action is intended simply to frighten the workers out of their strike. But certainly there have been enough allegations in the Soviet press of counterrevolutionary forces in Poland to justify ideologically the use of force if there is any incident.

“The government-Solidarity tussle seems to have been little affected by the unpublicized visit of Mr. Zamyatin – or by the widespread talk of imminent joint Soviet-Polish maneuvers that preceded his visit.

“Mr. Zamyatin, who left Warsaw Jan. 21, is the second high Soviet official to have visited Poland this month. He came immediately after a quick trip by Marshal Vitkor Kulikov, the Warsaw Pact commander. Western diplomats interpret both visits as reminders that there are limits to the deviations the Russians will tolerate in Poland.

“During his stay here Zamyatin met with Polish editors and journalists in separate sessions at Trybuna Ludu, the orthodox party newspaper; Zycie Warszawy, a newspaper that frequently expresses reformist views; and the Polish radio and TV.

“According to two unverified accounts, Zamyatin shouted at the Zycie Warszawy staff ‘as if [they] were his own [subordinates].’ According to the two accounts, the Zycie Warszawy editor and other Poles tried to reassure Zamyatin that there are no counterrevolutionary elements either in the Polish press or in Solidarity.

“Zamyatin’s discontent with the Polish news media is taken seriously by Polish journalists, who are well aware that a major Soviet complaint about Czechoslovakia prior to the Soviet/Warsaw Pact invasion of that country in 1968 was precisely that the press was out of control.

“Trybuna Ludu editor Wieslaw Bek offered The Christian Science Monitor a less alarming interpretation of Zamyatin’s visit. At Zamyatin’s meeting with editors and top writers of Trybuna Ludu, Bek said there was an ordinary ‘exchange of views,’ and there was ‘nothing mysterious’ about the meeting.”

TELEVISION NEWS INTERVIEWS
FOR SUNDAY
JANUARY 25, 1981

“Meet the Press,” NBC-TV

–Senator Charles Percy (R-Ill.), chairman of the Senate Foreign Relations Committee, told interviewers that hearings to review the fourteen-and-a-half-month hostage crisis will be held in late February. He said that although he expected the hearings to be “forward looking,” they would also review the conditions under which the hostages were held. He added that Iran will have to “pay the price” for the mistreatment of the hostages. He did not specify what the price should be. Percy also said that from what he has seen “it would be dishonorable for the nation not to adhere to the agreements approved by President Carter” for the hostages’ release. Asked about the possibility that the agreement might not hold up against legal claims by individuals who charge that their claims were not protected under the agreement, Percy said, “then we must do everything possible to go right back to Iran . . . and make those claims.” However, he said that the \$4 billion in Iranian assets placed in escrow under the terms of the agreement should be adequate to cover any claims.

"Face the Nation," CBS-TV

—Warren Christopher, former Deputy Secretary of State, told interviewers that a rejection of any part of the agreement that he helped negotiate for the American hostages' release by the Reagan Administration "would have a very adverse impact on the United States' standing around the world." He also said that it would not only be a "very serious slap in the face" to Algeria, which played the role of intermediary between the U.S. and Iran during the negotiations, but that it would also "put in some doubt our future pledges." Christopher said that there were no secret deals made for the hostages' release and that the agreement was "a very favorable deal from the standpoint of our financial and economic interests." He pointed out that Iran is not able to invoke the principles of "sovereign immunity" as a defense to claims that will be settled by binding international arbitration. Christopher attributed the delay in the hostages' release on January 20 to the difficulty the Iranian government had in bringing the hostages from various places in Tehran to the airport because "there continued to be opposition right up to the last moment to putting the hostages on board the aircraft."

"Issues and Answers," ABC-TV

—Former Secretary of State Edmund Muskie told Barrie Dunsmore that to renege on the agreement negotiated for the hostages' release, which was "successful and consistent with our national interest and national honor," would "undermine our credibility as a nation." Lloyd Cutler, former White House counsel, said that "the remaining provisions of this agreement are very much in the business and economic interests of the United States and the American claimants who had contracts with Iran." He added that he is quite confident that the Congress will vote "fully adequate" compensation for the hostages and their families after a commission set up by former President Carter to review the hostages' claims makes its report. Muskie revealed that there was no opportunity that the military ever regarded as having a chance for success in launching another rescue mission because of the dispersal of the hostages throughout Iran. He also said that he thought it would be "quite sometime" before the U.S. has a normal relationship with Iran. He emphasized that the present government is free to grant or deny such a license "according to its own discretion under normal U.S. policy when there is a war going on between two nations."

TELEVISION NEWS
FOR
JANUARY 23, 1981

NBC NIGHTLY NEWS:

—The former hostages go on a shopping spree in the military post exchange in Weisbaden, West Germany. Some of them feel guilty about propaganda statements they made under duress--4:00.

The chief State Dept. doctor says that some of the former hostages are suffering from temporary psychiatric illnesses--12.

Sources say that the former hostages will be reunited with their families at the Thayer Hotel on the grounds of the U.S. Military Academy in New York--1:31.

—The White House says that the former hostages have been invited to meet with Pres. Reagan on Tuesday--:22.

—Senior Reagan aides say that the Reagan Administration will honor the agreements signed by former Pres. Carter for the hostages' release--:19.

—Former Pres. Carter says that the U.S. had been assured by the Iranian government that the U.S. embassy in Tehran would be protected if the former shah was admitted into the U.S. for medical treatment--1:25.

—Former hostage Elizabeth Montain says that an Iranian militant played a form of "Russian roulette" while interrogating her--2:06.

—The government reports that the consumer price index rose 12.4 percent in 1980--:27.

—Pres. Reagan discusses the economy with Republican congressional leaders. Reagan appoints former Nixon official Murray Weidenbaum to be chairman of the Council of Economic Advisers--1:49.

—Reagan names John O. Marsh to be Secy. of the Army--:32.

- ⒸGovernment officials joke that the Reagan Administration has "hit the ground stalling" --1:36.
- The Health Insurance Institute says that Reagan's favorite snack -- Jelly beans -- rot your teeth--:15.
- Economic experts say that the consumer price index distorts the real measure inflation --2:05.
- The national Center for Disease Control in Atlanta reports that deaths from flu and pneumonia numbered 1,000 last week--:14.
- The body of a black child is found in an Atlanta suburb--1:13.
- Solidarity union leader Lech Walesa urges Polish workers not to work on Saturday--:17.
- South Korean dissident Kim Dae-Jung's death sentence is commuted to a sentence of life imprisonment--:34.
- Rick Davis reports that the career of Jim Plunkett, quarterback for the Oakland Raiders, has been an uphill struggle--2:38.

CBS EVENING NEWS:

- Some of the former hostages say that they destroyed all the classified material in the Tehran embassy before it was taken over. The State Dept. says that some of the former hostages are exhibiting signs of transient psychiatric illness--3:50.
- Many of the hostages collect back pay and go on a shopping spree at a military shopping center --2:51.
- Former hostage Donald Hohman says he plans to stay in West Germany with his family, which lives there--:11.
- Sources say that the former hostages will be flown to Stewart Airport in Newburg, N.Y. to be reunited with their families--:23.
- The State Dept denies Soviet charges that the U.S. brainwashed the former hostages to say that they were mistreated by the Iranians--:14.
- Former White House counsel Lloyd Cutler says that Pres. Carter no longer believes the Iranian government delayed the hostages' departure from Tehran to spite him--:25.
- Former hostage Clair Barnes says that he was forced to make propaganda statements by his Iranian captors--1:03.
- ⒸFormer Pres. Nixon cautions Pres. Reagan to take his time in reviewing the hostage release agreements--:45.
- Tehran radio reports that the U.S. embassy in Tehran will be turned into a home for disabled soldiers--:14.
- The government reports that the consumer price index rose 12.4 percent in 1980--:43.
- The Chrysler Corporation reports that its auto sales rose 13 percent in the first third January --:14.
- Stock prices are reported mixed--:04.
- The four candidates for the chairmanship in the Democratic National Committee tell Democratic state chairmen that the national chairman should be neutral in the 1984 Democratic presidential nomination contest--2:23.
- ⒸReagan names former California Supreme Court official William Clark to be Deputy Secy. of State--:12.
- Former Rep. Olin Teague (D-Tex.) dies at the age of 70--:15.
- Former Yippie leader Abbie Hoffman pleads guilty to charges of cocaine possession--:17.
- The body of a black child, possibly the 14th victim of a mass murderer, is found in Atlanta --:13.
- The Solidarity trade union calls for Polish workers not to work on Saturday--:21.
- Spokesmen for the Warsaw branch of Solidarity say that they will call more strikes if the government does not compromise on a shorter work week--1:14.
- South Korean dissident Kim Dae-Jung's death sentence is commuted--:20.
- The national Institute on Alcohol Abuse and Alcoholism reports that alcohol is a factor in 10 percent of all deaths in the U.S.--:36.
- Many residents of Oakland say that they are being "sold down the river" because Oakland Raiders football team owner Al Davis plans to move the team to Los Angeles next year--2:54.
- ⒸReagan says that he will not go to New York to greet the hostages--:18.
- Charles Osgood reports that the former hostages and their families are receiving many gifts from many American businesses--2:29.

ABC WORLD NEWS TONIGHT:

- Some hostages describe mock executions in which they were threatened by the Iranians. Other hostages say that propaganda statements they made were under duress--2:54.
- The State Dept.'s chief medical officer says that some of the former hostages are suffering from problems of mental duress--1:47.
- An Iranian member of parliament says that the U.S. is "talking nonsense" when it claims that the former hostages were mistreated--:15.
- The government reports that consumer prices rose 1.1 percent last month and 12.4 percent in 1980--:28.
- Pres. Reagan appoints former Nixon official Murray Weidenbaum to be chairman of the Council of Economic Advisers--1:34.
- Reagan names California Supreme Court Justice William Clark to be Deputy Secy. of State --:20.
- The State Dept. vigorously denies Soviet charges that the CIA brainwashed the former hostages into believing that they were mistreated--1:10.
- The former shah of Iran's wife says that her children will not attend school in the U.S. because she is afraid that they may be harmed and their personal property seized--1:35.
- U.N. Secy. General Kurt Waldheim denies that he ever bungled negotiations for the hostages' release--1:00.
- Former Pres. Carter comments on a news report by Pierre Salinger detailing the history of the negotiations for the hostages' release--:13.
- The Polish government denies that joint Polish-Soviet troop maneuvers are being held in Poland --:18.
- Rank-and-file members of the Solidarity trade union threaten to continue strikes unless the Polish government makes some political liberalizations--1:19.
- South Korean dissident Kim Dae-Jung's death sentence is commuted to life imprisonment--:25.
- Former Yippie leader Abbie Hoffman pleads guilty to charges of cocaine possession--:19.
- Several football players for the Philadelphia Eagles and Oakland Raiders who have never played in a Super Bowl say they are happy to have such an opportunity--2:18.
- Reagan says that he will greet the former hostages in Washington on Tuesday--:20.
- Many hometowns of the former hostages plan tributes. Psychiatrists say that some of the former hostages need to spend time alone with their family to adjust to their freedom--4:10.

JOHN PAUL'S MESSAGE TO POLAND

BALT. SUN, 1/25/81, edit.:

"Poland's free trade union movement represents a bright beacon to other workers behind the Iron Curtain that must be preserved. Its unprecedented gains in free speech and freedom to organize are privileges that must in time spread through a Soviet empire ruled by a failed political and economic system.

"The pope's comments to Mr. Walesa that his 'union does not have a political character and must not be an instrument of anyone' was like a parable meant for the Russian, Polish and other Eastern European workers as well. A proper understanding of that message could be the formula for permanent success. Only by being aware of dangers such as these, can Solidarity hope to survive the Soviet menace."

REAGAN IS THE NEW FACTOR

WASH. POST, 1/25/81, edit.:

"Ostensibly the fight in Poland between the government and the independent union movement is over the length of the work week, but everyone understands that actually it is over power. The government, citing the country's desperate economic straits, wants more Saturday work, and the union, citing the needs of the workers, wants less. The government is reluctant to accept negotiation as the method of working out such questions, which are endless, since negotiations is a method that calls its authority into question. That is, of course, why the union insists on negotiation. It is a brutally difficult situation and over it hangs the threat not simply of a civil war within Poland but also of a Soviet-sponsored military intervention. Saturdays in Poland have become political climaxes -- yesterday was

certainly not the last. Every day that Poland's experiment in democratizing communism survives, the threat increases

"Until now, the Kremlin has taken the position that the crisis is primarily the Polish Communist Party's to resolve. It has sought to deal carrots (credits) and sticks (mobilization on Poland's borders) to the Polish comrades to enable them to handle it. It cannot be said of these officials that they are intrinsically less worthy than the strike leaders who have so captured Western opinion. They are required to demonstrate enough loyalty to Polish nationalism to earn the trust or at least the begrudging tolerance of Poles, and enough respect for Soviet interests, which in this instance are consistent with Polish interests, to keep the Soviet army off Poland's back. Their lot would be infinitely easier if the workers, while they argued, would go back to work and work hard, but working slowly or withholding their work are the laborers' only political tools. Both the official and union leaders seem fully aware of the ironies that have interlocked their fates.

"The new factor in the Polish equation is Ronald Reagan. Probably nothing he can say or do in this period of building crisis will make nearly so much difference as the impression the international community already has of him. It is an impression, we think, of someone who cares deeply about the right of the Polish people to claim their freedom and who denies in his heart any right of the Soviet state to affect Poland's destiny. Nor is he so committed to detente or to the old idea of spheres of influence that he would check his ardor for Polish freedom on either count.

"This is not to say that President Reagan might do something violent or rash if Moscow invaded. Rather, an invasion would likely confirm him in his already evident inclination to take the most serious steps of which the United States is capable to contain Soviet power across the board. Few Americans would be inclined to argue with him."

TELEVISION NEWS
FOR
JANUARY 26, 1981

NBC NIGHTLY NEWS:

-Many of the former hostages relax on the grounds of the U.S. Military Academy at West Point. Some acknowledge that they will bear deep emotional scars because of their captivity--3:23.

-Secy. of State Alexander Haig tells Pres. Reagan that the mental problems of the former hostages will require weeks and months of medical treatment. About 12 of them are reported to have severe psychological problems--2:19.

-Psychological experts say that the former hostages may suffer psychological problems from their adjustment back to normal life after the "honeymoon" period of the celebration for their release is over --3:12.

—Many residents of Washington deck buildings with yellow ribbons and banners to welcome home the former hostages--1:45.

—An ABC News-Associated Press poll finds that 59 percent of those questioned believe that the agreement negotiated for the former hostages' release is the best deal the U.S. could get--1:02.

—Former Rep. Richard Kelley (R-Fla.) is convicted on bribery and conspiracy charges stemming from the ABSCAM investigation--1:24.

—The Supreme Court rules that the states may allow television coverage of trials even if the defendants object--1:40.

—Authorities apprehend two persons who hijacked a helicopter and attempted to rescue a prisoner from a New York City jail--1:08.

—Japanese car companies release figures for 1980 showing that production was up 15 percent and exports were up 30 percent--:24.

—Delegates to the third Islamic Summit meeting discuss ways to try to mediate an end to the Iran-Iraq war--1:29.

—Sources in Israel say that the government plans to settle 17,000 additional persons in 10 new West Bank settlements by July--:26.

—Floods in South Africa claim at least 190 lives, mostly blacks--1:06.

—The Warsaw branch of the Solidarity trade union calls for a general strike in the Warsaw region to begin next week unless the Polish government agrees to shorter work weeks--:26.

—Robert Hager reports on the commercialization of the hostage crisis. A literary agent says that two or three of the former hostages could receive up to \$100,000 in advances for book manuscripts --1:50.

CBS EVENING NEWS:

—Many of the former hostages relax and enjoy their freedom with their families on the grounds of the U.S. Military Academy at West Point--3:26.

—Pres. Reagan is given an extensive briefing on the former hostages' release and their condition, and is told that twelve of them are suffering from severe psychological problems--2:30.

—Former hostage Richard Morefield says that he is happy the hostage crisis ended peacefully --2:02.

—Reagan Administration sources say that the review of the hostage agreement will take several weeks--1:33.

—The 37-nation Islamic Conference opens in Saudi Arabia--:29.

—Floods in South Africa claim at least 200 lives--:12.

—The Supreme Court rules that states may allow television cameras to cover criminal trials even if the defense objects--1:45.

—The Court also rules that the news program "60 Minutes" may withhold broadcast notes from two defendants before their trial--:30.

—Former Rep. Richard Kelly (R-Fla.) is found guilty of bribery and conspiracy on charges stemming from the ABSCAM investigation--1:42.

—Three schoolgirls involved in the Buckeye County busing dispute in Louisiana enroll in a private school--:28.

—Critics of the Grumman flexible bus say that many of the buses' mechanical problems were caused by specifications designed by the Dept. of Transportation--5:03.

—American, TransWorld, and Western airlines report net losses last year partly because of increased fuel prices--:31.

—Stock prices fall--:02.

—Military personnel and their families prepare for the hostages' arrival at Andrews Air Force Base --2:03.

ABC WORLD NEWS TONIGHT:

—Secy. of State Alexander Haig tells Pres. Reagan that about 12 of the former hostages who are suffering from psychological problems either feel guilty about making Iranian propaganda films or are very bitter toward the United States for not rescuing them--1:19.

—Many of the former hostages tell reporters that they are very grateful for the welcome and the hospitality by the American people--3:42.

—Pres. Reagan signs a congressional resolution to honor the former hostages--:50.

—Doctors say that the visit by a former hostage to his ailing mother has been good for her--:16.

—Former hostage Moorhead Kennedy describes a mock execution conducted by his Iranian captors. Kennedy says he cannot believe that the government was “foolish” to attempt a military rescue mission, which he believes would have cost the lives of most of the hostages—8:08.

—Stock prices fall--:02.

—The delegates to the 37-nation Islamic Conference in Saudi Arabia discuss ways to mediate an end to the Iran-Iraq war--1:52.

—Iranian Prime Minister Rajai says that the return of the former shah’s wealth was not part of the hostage release agreement because the Central Bank of Iran could not calculate the value--:43.

—The Supreme Court rules that the states may allow television coverage of trials even if the defendants object--1:25.

—Former Rep. Richard Kelly (R-Fla.) is convicted of bribery and conspiracy charges arising out of the ABSCAM investigation--:27.

—Some reporters object to the restrictions placed on their coverage of the former hostages’ release --2:15.

News Digest



American Enterprise Institute for Public Policy Research
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FOREIGN AFFAIRS

IRAN

President Reagan yesterday welcomed home the 52 former American hostages from Iran and said that future acts of terrorism against U.S. citizens would provoke "swift and effective retribution." Reagan greeted the returning Americans at the White House after they had received a heroes' welcome from hundreds of thousands of cheering citizens in the streets of the capital. "We hear it said that we live in an era of limits to our power. Well, let it also be understood there are limits to our patience," Reagan said. Reagan did not elaborate on what type of retribution he had in mind. He compared the hostages' 14½ months in captivity to the sufferings of prisoners of war, saying they had "entered the ranks of those who throughout our history have undergone the ordeal of imprisonment."

The Justice Department said it will ask courts to delay for 30 days any action on claims against frozen Iranian assets by U.S. firms while the Reagan Administration reviews the hostage agreements. U.S. District Courts are considering more than 300 claims estimated to total from \$3 billion to \$8 billion filed by companies against the assets. Meanwhile, the administration warned Americans against traveling to Iran, saying they would be virtually without protection.

IRAN WILL NEED THE WEST

BALT. SUN, 1/27/81, edit.:

"Despite the emotions caused by the mistreatment of U.S. diplomats in Iranian captivity, Americans must soberly address the strategic challenges of what might be called the post-hostage era. There is little chance domestic circumstances will permit either Iran or the United States to move soon toward a restoration of the natural alliance that is in their mutual interest. Rapprochement, if it comes at all, will have to await the rise of a moderate, secular, army-backed government.

"With Moscow ready to exploit Iran's internal weakness and Washington incapable of nurturing potentially friendly elements for some time, President Reagan's best alternative is a regional approach. His task is to make U.S. power more convincing to the Arab oil nations, especially Saudi Arabia, and even to Iran itself. Iran's revolution, Russia's invasion of Afghanistan and America's impotence during the hostage crisis have made nations in the area uneasy. President Carter began the long process of rebuilding U.S. prestige by declaring a U.S. readiness to use force if necessary against any Soviet military moves toward the Persian Gulf. But now it will be up to Mr. Reagan to give the Carter Doctrine credibility by establishing U.S. military 'facilities' in the area and building up the U.S. air defense operation in Saudi Arabia itself.

"The purpose of this presence must be — and must be seen to be — primarily aimed at checking Soviet expansion. Despite traditional Arab enmity toward Persians, the United States has to make it clear it will oppose any moves by any country against the territorial integrity of Iran. In time, that could be an important ingredient in an American-Iranian rapprochement.

"One of the strongest factors working on behalf of long-term U.S. interests is the fear and dislike of Russian imperialism found in all the Muslim regions on the Soviet

southern flank. Despite the Ayatollah Khomeini's distorted rhetoric, that is the real threat to all these countries, and they know it. Afghanistan was but the latest example of a Russian imperialism that gobbled up Turkestan under the czars and then sliced up Turkestan into five 'Soviet' republics under the Bolsheviks. Neither Arabs nor Persians want to be next on the Russian list. That is why they need Western military support as surely as the West needs oil."

RELEASE OF THE HOSTAGES

William Beeman (CINCINNATI ENQ., 1/23/81):

"The release of the 52 American hostages in Iran, while billed by the revolutionary government as a positive move, may instead upset the whole fragile structure of the fledgling Islamic republic.

"No enmity in Iran today is greater than that between the principal Moslem leaders (except for Khomeini) and President Abolhassan Bani-Sadr. His election was a devastating blow to men like the Ayatollah Mohammed Beheshti, head of the Islamic Republican Party, who, along with his fellow mullahs, did everything in his power to topple Bani-Sadr from office, or at least reduce his influence in the new government. Now it is Bani-Sadr, a Paris-educated economist, who is conducting the war against external forces of evil, a role the mullahs had expected to have in the Islamic republic's unique religious-political government.

"With Bani-Sadr conducting the war, parliament became the prime arena in which the clergy could reassert their power. As Iran suffered continual military losses, the clerics could set themselves up as saviors of the nation by initiating the release of the hostages. Then, if the tide of war turned in Iran's favor, they would have checked both Bani-Sadr and the military.

"Despite his attempts to stay above the fray and re-

main untainted by the possible fallout from resolution of the hostage issue. Khomeini has had to intervene again and again to move the matter forward. In addition to pushing parliament on the original 'four demands,' Khomeini approved Iran's 'final offer,' thus protecting Prime Minister Mohammed Ali Rajai from political sniping. And he persuaded parliament's warring factions to cease fire long enough to endorse the final hostage settlement. In the past, Khomeini has maintained the integrity of his position by giving advice only when it was sought. The necessity for these interventions must have saddened him, for they weakened the government's ability to function independently of its spiritual leader.

...

"The Ayatollahs Beheshti, Hashemi Rafsanjani, speaker of the parliament, and Sadegh Khalkali, the chief justice, proved unable to function beyond Khomeini's shadow. Their right to inherit the leadership after his death something that was seriously questionable even in the best of times is certain to be fiercely challenged from within and without parliament by Bani-Sadr, the military and other political forces on the left and the right. Already, a confused and angry populace is charging collusion and compromise. With the captives gone, the captors may suffer a worse fate than what they bargained for in their year-long quest for political gain."

[The author is an anthropologist at Brown University and spent seven years working in Iran].

WE SHOULD PURSUE OUR INTERESTS

DETROIT FREE PRESS, 1/22/81, edit.:

"The ayatollah and some of the other mullahs who regard themselves as specialists in centuries-old Islamic principles are now learning something about banking, international finance and national obligations. It's about time. They apparently failed to see earlier that by taking our diplomats as hostages they might lose the \$12 billion worth of assets that Iran had deposited in U.S. banks or otherwise had placed under the control of this country. As it turns out, Iran will not lose all of that, but it already has lost a substantial part of it. Billions have been set aside to pay off loans Iran had defaulted on. More has been set aside to pay off claims yet to be brought against Iran.

...

"What we should do next is simply what serves our interests best. We would not benefit from some extreme retaliatory policy that drove Iran into the hands of the Soviet Union or anyone else. That does not mean business as usual, starting tomorrow. It means using common sense."

MODERATES MAY TAKE OVER

ARIZONA REPUBLIC, 1/19/81, edit.:

"The ayatollah's days are numbered. With his death, Iran will be collapsed into worse chaos, and become a target of opportunity for competing interests.

...

"Ultimately, the West's best hope may be if a coalition of moderate politicians and professional military men seize power, and restore Iran to hardnosed, practical government.

"That is an eventuality that millions of Iranians would now welcome, given the stark disappointments they have endured under the shah's successors."

BLOCKING SOVIET MOVES

L.A. TIMES, 1/20/81, edit.:

"... America wants to see a stable government in Tehran, which means one of moderates in touch with the real world and able to perceive and deal responsibly with Iran's real problems. Such a government would at least have a chance to prevent the increasingly threatened political collapse of the country, a collapse that could lead to an attempt to seize power by domestic Marxists, supported directly or covertly by the Soviet Union.

"The ruling ayatollahs and mullahs have long since shown their inability even to recognize the claims of the real world, let alone deal effectively with its problems. Their major preoccupations are exacting vengeance against enemies real and imagined, and trying to impose social and religious conformity on a growingly restive and impoverished population. Their narrow and primitive priorities, their uncaring ignorance of the national consequences of what they are doing, are inviting an inevitable reaction. The only questions are when, in a steadily deteriorating climate, that reaction will set in, and whether it will be the weakened moderates or the tightly disciplined Marxists who will replace the inept clerical zealots.

"The Soviet Union is clearly betting on a victory by its co-ideologists. Its shocking weekend statement, suggesting that the hostage negotiations were only a mask behind which the United States was preparing a military strike against Iran, indicated its aims and priorities. If U.S.-Iran relations could be kept actively tense, if chaos in Iran could be further encouraged, the benefits would go to the Soviets and their Marxist clients. That the Russians were quite willing to risk poisoning their relations with the new Reagan Administration by this malicious statement shows the importance that they assign to keeping Iran in turmoil.

"There is little that the United States can do with

Iran right now except avoid actions that would add to its disruption and further aid the extreme left. There may be little hope that such a passive policy will arrest Iran's

blundering toward collapse. But on that hope could rest the security of the Persian Gulf and its oil-producing states."

HOSTAGE SETTLEMENT

PROMISES MADE UNDER DURESS SHOULD BE CONSIDERED VOID

WALL ST. JRNL., 1/27/81, edit.:

"... From some of the rhetoric, one would think it a treaty duly ratified by the Senate. Yet there is a powerful case to be made that the agreement is already void under international law. There is a powerful case to be made that the President does not have the power to abrogate the American claims under domestic law. There is certainly a powerful case to be made for settling these issues before delivering another nickel to the Ayatollah.

"America's standing in the world is not threatened by a reputation of not living up to its agreements, it is threatened by a reputation of not standing up for its interests. This is what the foreign policy debate in the presidential campaign was about, and why Jimmy Carter suffered politically from his handling of the hostage crisis. His political and intellectual supporters now seize on the State Department's careful words to declare that the same old sentimentality is still in force. But we will be surprised and disappointed if the Reagan administration brushes all else aside and rewards the kidnapers on the feeble theory that we have to keep our word when morality, international law and domestic law all provide powerful arguments that promises made under duress are void."

DID CARTER EXCEED AUTHORITY?

ST. LOUIS GLOBE-DEMOCRAT, 1/23/81, edit.:

"... The Reagan administration should ask the Supreme Court to consider promptly whether it is lawful to live up to the agreements made by Jimmy Carter, or whether in doing so the government would be depriving Americans of their basic right to seek redress of grievances.

"It would be a serious mistake for President Reagan to live up to Carter's terms without assurance he is acting legitimately."

REMEMBER CYNTHIA DWYER

BUFFALO EVE. NEWS, 1/23/81, edit.:

"Although our hostages are now thankfully free, Mrs. Cynthia Dwyer . . . is not. She remains where she has been for months, locked inside the dismal Evin prison in Tehran. . .

"This free-lance journalist stumbled into a dangerous international situation last spring, to be sure, but her mistreatment by Iranian authorities is inexcusable.

"...
"Before she was arrested, Mrs. Dwyer tried to visit the American hostages personally. Disembarking from a plane in Germany just moments after his own flight to freedom, Air Force Lt. Col. David Roeder remarked: 'I would like to say something — there is one more lady that we have got to think about, and that is Cynthia Dwyer, and I hope nobody ever forgets about her, because we sure won't.'"

INVESTIGATION OF POLICY URGED

DETROIT NEWS, 1/21/81, edit.:

"Grateful as all Americans must be for the safe return of their compatriots, they would be foolish *not* to question the wisdom of negotiating, under any circumstances, with terrorists or governments that employ terrorism

"...
"The success of terrorism in one part of the world encourages terrorists elsewhere. Thus, saving lives in one instance could lead to the loss of lives in another.

"The return of the captives is obviously an occasion to celebrate. But, after the euphoria subsides, a systematic investigation of the crisis, especially the aborted raid, should be undertaken. And the Reagan administration and Congress should then engage in a comprehensive debate on future policy regarding international terrorism."

NO U.S. DISHONOR SEEN

MINNEAPOLIS TRIB., 1/21/81, edit.:

"Though there were fits and starts, inconsistencies, most of Carter's steps were logical and reasonable, with the exception of the hapless and mistaken rescue mission. Carter quickly — and, it is now clear, wisely — froze Iranian assets, then moved to isolate Iran diplomatically and economically through the International Court, the United Nations and action by American allies. Each step was designed to press the Iranians into yielding up their captives. The cumulative effect of American economic and diplomatic sanctions — combined with the pressures created on Iran by its war with Iraq — did have the desired effect. They did secure the release of the hostages without the further shedding of blood — American or Iranian. The process was tough, painful and protracted. But it worked. The United

States got back its diplomats, the Iranians got back their frozen assets – and nothing more. From what is known, there is no dishonor, no ransom.

“As scar tissue begins to form over this long-festering wound, larger questions about Iran and the United States will require dispassionate analysis. Particularly important is the issue of future American-Iranian relations. Despite his remark about Iranian ‘barbarians,’ Reagan and his advisers have indicated an appreciation of Iran’s strategic importance. That is encouraging. Just as the safety of the hostages constrained American military action against Iran over the past 15 months, so America’s strategic interests now preclude any attempt at retribution.”

SOME ORDERS COULD BE REVERSED

CLEVE. PLAIN DEALER, 1/23/81, edit.:

“The need for a national catharsis, the purging of the emotional tensions built up over the long hostage crisis, appears served by a proposed congressional investigation and by President Reagan’s policy of examining the basic agreement fully, and thoroughly reviewing the 10 executive orders signed by President Jimmy Carter on Monday. Some terms kept secret should be quickly made public.

“However, the basic agreement should stand: the exchange of unencumbered Iranian assets for Americans held captive, repayment of most bank loans and international arbitration of most claims.

“Yet some Carter executive orders have impacts that could well be reversed. One is the end to a trade embargo against Iran. Considering the illegal kidnaping of the diplomats, their brutal mistreatment and the ransom demanded for them, it is just too early for an American president to restore Iranian-American trade to business as usual. Some time must be allowed for cooling passions.

“Another Carter order that should be examined closely is the one that would prevent the hostages from suing the Iranian government or Iranians for damages for their imprisonment and harsh treatment. It appears legal, thing to existing [embassy] security may be arguable. Many lawsuits. But it rubs the wrong way by appearing to eliminate a basic right of the victims of international brigandage to seek legal redress in the courts.”

LEARNING THE SCOPE OF THE NIGHTMARE

CINCINNATI ENQ., 1/22/81, edit.:

“Now that the last of the hostages are on free soil, Americans are beginning to get a clearer picture of the nature of their captivity and to understand the enormity of the crime Iran has committed against them and against civilized order.

“The initial account has come from Richard Queen, whose illness led to his release last July. For the first time, he is now free to speak about the conditions of his imprisonment. Other accounts undoubtedly will come from those newly liberated.

“To hear such accounts is to wonder anew at the wisdom – or, indeed, the legality – of the release agreement committing the U.S. government to block damage claims against Iran by the hostages and others who have been wronged by the Iranians.”

SECURITY PROBES NEED RESTRAINT

PROVIDENCE JRNL., 1/23/81, edit.:

“Whether congressional investigations can add anything to existing [embassy] security may be arguable. Many members of Congress may also question the utility of raking over the events that led to the Tehran episode. Nearly all analysts have long since concluded that the admittance of the deposed shah to this country for medical treatment was a mistake, especially in view of previous advice that it was likely to provoke attacks on the embassy.

...

“In a world where many countries are in a state of upheaval, situations are bound to arise that cannot be accurately judged. Moreover, the security this country can provide for its embassies is limited. That job is primarily the responsibility of the host country. For the most part, all countries do take the task seriously, sometimes having to restrain their own citizens with force.

...

“There are lessons to be learned from the long ordeal, but they lie in the honing of the judgment of our topmost officials, both in the State Department and in the White House. Only trained judgment and skilled diplomacy can prevent a similar tragedy under different circumstances. That lesson will be better learned if the proposed investigations do not indulge in a witch hunt or a flood of recriminations against officials who are no longer in office.”

MIDDLE EAST

Islamic countries meeting in Taif, Saudi Arabia yesterday endorsed a plan to impose a total economic boycott on Israel because of its stance on Jerusalem. Sources told Reuters that the plan also threatens a boycott of any nation that accepts Israel’s decision to annex the Arab part of Jerusalem and

declare the city as the eternal capital of Israel. The plan calls for an economic boycott of Israel by all 42 members of the Islamic Conference Organization and promises increased military aid to Palestinian guerrillas.

POLAND

Hundreds of thousands of Polish workers yesterday staged brief strikes as labor unrest intensified throughout Poland and pressure mounted on the government to take action. Factory workers, coal miners, and farmers were among those who engaged in work stoppages that lasted up to four hours to back demands for more democracy, implementation of government promises, and greater access to the media. Officials of the Solidarity trade union said that additional strikes are planned for today.

SOVIET REDUCES READINESS OF TROOPS ALONG POLISH BORDER, U.S. OFFICIALS SAY

James McCartney (PHILA. INQ., 1/27/81,
Washington):

"The Soviet Union has reduced the readiness of its military forces on the Polish border, lessening the possibility of a Soviet invasion of Poland, State Department officials said yesterday.

"We're not hovering on the brink anymore," an official said, referring to the period of rising tension in early December.

"At that time, the Carter administration warned repeatedly that the Soviets had completed necessary preparations for a possible military intervention in Poland.

Officials pointed to the ominous military buildup around the country, which is torn by labor disputes, and to the increased readiness of Soviet combat units.

"Since then, there has been a little ratcheting down and a sense of relaxation," the Reagan administration official said yesterday.

"Nevertheless, he indicated that the Soviets retained the ability to invade Poland and could strike at any moment. But he added, 'It is somewhat less imminent than last December.'

"The new development apparently was first detected about a week ago by U.S. intelligence analysts. Officials first hinted at this relaxation late last week but provided no details. Yesterday they confirmed that it had actually occurred."

SOVIET UNION

At the resumed session of the 35-nation European Security Conference in Madrid yesterday the chief American delegate criticized the Soviet Union for intervening in Afghanistan and accused Moscow of new human rights violations. Speaking for the first time for the Reagan Administration Max Kampelman said the Soviet "invasion of Afghanistan was a gross violation of all the principles" on which the Madrid conference is based and that it cast "a serious burden across the full spectrum of East-West relations." He said that since the conference recessed in December there have been nine additional trials and at least two arrests of Soviet human rights activists. The conference was designed to assess compliance with the Helsinki accords of 1975 that pledged to ease tension in Europe. The Soviets have stressed disarmament and the United States and some Western countries have focused on human rights issues.

MOSCOW HAS ALSO CREATED A RAPID DEPLOYMENT FORCE

Peter Vanneman and Martin James (CHR. SCI. MON.,
1/27/81):

"The Soviet Union has already developed and tested the world's first rapid deployment force; and is in the process of acquiring facilities to service it throughout the world. Such facilities are already available in Africa and the Middle East.

"The Soviet RDF using Cuban proxy forces was

initially employed in November 1975 during the Angolan civil war. At that time, the Soviet Union ferried by aircraft and ships over 15,000 Cuban troops to Angola. Those troops proved to be the difference in the civil war allowing the Moscow-backed Popular Movement for the Liberation of Angola (MPLA) to claim control of the mineral-rich nation over two pro-Western liberation movements. Since that time, Russians, Cubans, and East Germans have moved into the country effectively placing Angola in Moscow's camp despite some efforts by the MPLA leadership to look toward the West for economic development assistance.

"In 1978 the USSR executed another rapid deploy-

ment, this the largest in history, using proxy Cuban troops and elite elements of the Soviet military machine to smash a Somali invasion of Ethiopia providing another demonstration to the world of Moscow's ability and willingness to protect a vulnerable ally far from the Soviet border. It was an especially poignant drama for America's Middle Eastern allies, since the US had displayed neither the ability nor will to deploy such a force in an area so vital to its national security.

...
 "In early 1980 the Saudis observed a third series of events which they considered even more threatening than the invasion of Afghanistan. In January dozens of Soviet generals and hundreds of Cuban troops flew into South Yemen and Ethiopia. In February a thousand Cubans passed through the Suez Canal, according to Egyptian sources. There were already 400 Russian technicians in South Yemen, a skeleton staff of one paratroop brigade, and a communications and intelligence installation. In addition, some analysts estimate as many as 7,000 East Germans and 8,000 Cubans were already there in short, facilities to receive a rapid deployment force.

"Experts disagree over the objectives of the Soviet rapid deployment force. Some argue that the Soviets seek access to Saudi oil to bolster the sagging Soviet economy; others claim the Soviets seek a force which will ensure access to scarce minerals in developing countries in order to preserve its own resources for the future; finally, there are those who argue that Soviet strategy is aimed at intimidating Saudi Arabia and other oil or mineral-rich nations to adopt policy positions less favorable to the US and its allies and more conducive to Soviet interests.

"The mere availability of such an instrument as a rapid deployment force creates all sorts of opportunities to enhance Soviet influence and should provide Reagan defense planners much food for thought."

[Peter Vanneman is chairman of the department of political science at the University of Arkansas. Martin James is legislative assistant to Congressman Bill Alexander, the chief deputy majority whip.]

ZIMBABWE

Prime Minister Robert Mugabe of Zimbabwe yesterday offered a new cabinet post -- that of minister without portfolio -- to Joshua Nkomo, his major rival, to head off a potentially bloody confrontation. Nkomo was recently relieved of his job as minister of home affairs, and sources in his party said he would accept. He was leader of one of the guerrilla armies that, in a tenuous alliance with Mugabe's forces, ended white minority rule in Zimbabwe last year. Mugabe said Nkomo would, among other tasks, help in "the speedy creation of one united Zimbabwe national army."

DOMESTIC AFFAIRS

ECONOMY

The Reagan Administration will rely heavily on the Federal Reserve Board to curb inflation, two economic officials in the administration said yesterday. Treasury Secretary Donald Regan and Budget Director David Stockman, in testimony before the Senate Appropriations Committee, said it is up to the Fed to tighten further its monetary policies. Regan said that inflation is "primarily a monetary problem" and the end of it "is impossible if monetary growth rates outstrip the growth of goods and services year in and year out." Stockman agreed, and said the Fed's attempts to ease restrictions on the money supply last spring and summer "exacerbated the inflationary psychology and drove interest rates still higher." Stockman said he proposed "dependable reduction in the rate of growth of the nation's money supply."

Later, Federal Reserve Board chairman Paul Volcker told the committee that tax cuts should not precede spending reductions. "I would like to see concrete action on spending cuts before a final decision is made on tax cuts," he said. Regan had said that a "tax program cannot wait until budget outlays are reduced."

ENERGY

**ADMINISTRATION INDICATES
SPEEDUP OF OIL DECONTROL**

Robert D. Hershey Jr. (NY TIMES, 1/27/81,
Washington):

"A decision by the Reagan Administration to lift remaining controls on the price and allocation of petroleum is 'fairly imminent,' David A. Stockman, director-designate of the Office of Management and Budget, said today.

"The move is expected to raise within weeks the price of gasoline and heating oil by perhaps 5 to 10 cents a gallon, according to independent analysts. But the impact on consumers would be limited because under existing legislation controls were scheduled to expire Sept. 30, resulting in similar price rises then.

"The comment by Mr. Stockman, confirmed by a well-placed Department of Energy source, was the strongest

indication so far that controls, which limit the retail price of gasoline and propane and the price that producers can charge for several categories of crude oil, would be ended in the next few days. The controls were imposed more than nine years ago; the decontrol process has been under way since April 1979.

"It was thought likely that the President would abolish the controls by invoking executive authority, though it is believed possible that he may send a bill to Congress covering what some regard as legally gray areas pertaining to refiners' entitlements and the allocation system.

"The entitlement program subsidizes smaller refiners by guaranteeing oil supplies at a price below market levels. The allocation system is designed to share available supplies equitably nationwide."

Copyr. 1981, NEW YORK TIMES

BUDGET

**REAGAN AIDES TO PROPOSE
'PERMANENT' BUDGET CUTS**

Edward Cowan (NY TIMES, 1/27/81,
Washington):

"David A. Stockman, the Reagan Administration's budget chief, said today that senior Government officials were compiling an array of proposals to Congress for permanent cuts in such benefits as Medicaid and dairy price supports.

"Administration officials said that Mr. Stockman, director-designate of the Office of Management and Budget, and other Reagan lieutenants recognized the possibility of a prolonged legislative battle over some of the proposed cutbacks, especially with the Democratic-controlled House, and were attempting to steer clear of unnecessary fights.

"For example, the officials said, Mr. Reagan would not propose ending food-stamp eligibility for workers on strike because the same result could be achieved by changing the eligibility rules by basing the standard on prospec-

tive rather than past income. Although the latter move would require legislation, the Administration feels it would have a better chance of gaining Congressional approval.

"In an interview with reporters and editors of The New York Times, Mr. Stockman outlined a strategy of winning retrenchment from Congress in the shortest possible time. 'Political capital does not store well,' he said, crediting that aphorism to President Lyndon B. Johnson. 'When you got it, you better spend it,' Mr. Stockman added.

...

"Although he insisted that Mr. Reagan stood by his campaign commitment to reduce Federal spending by 2 percent in fiscal year 1981, now under way, Mr. Stockman emphasized the importance of permanent budget changes that would produce savings every year. He left the impression that a failure to chop a full 2 percent, or about \$13 billion, from 1981 spending would not trouble him much if long-term economies were legislated."

Copyr. 1981, NEW YORK TIMES

DEFENSE

HIGH COST OF MX CALLED WORRISOME

Stephen Webbe (CHR. SCI. MON., 1/27/81,
Washington):

"If the Soviet Union embarks on a strategic buildup to challenge the MX missile system, it would cost the

United States tens of billions of additional dollars to ensure the system survives.

"When compounded by the protests of environmentalists, who object to the proposed basing of the missile system in the Great Basin region of Nevada and Utah, a price tag of this magnitude could effectively force an

abandonment of the current MX basing plan.

"These assertions are made in a report on US defense options, and resources to fund them, for fiscal years 1982-86, recently released by the Congressional Budget Office (CBO). The study declares that the cost of an MX system could climb to as much as \$106 billion.

"By contrast with the Air Force's MX plan, which would deploy 200 MX missiles among 4,600 horizontal shelters at an estimated cost of \$33 billion, the CBO assumes that the US needs 275 missiles and 5,828 shelters if it is to ensure that 1,000 warheads survive a Soviet first strike.

"In making this calculation, it presumes that Moscow would adhere to the SALT II limit of 820 multiple-warhead intercontinental ballistic missiles (ICBM) and would not increase the number of warheads on each one.

"The CBO claims that its envisaged missile deployment would cost \$47 billion and an additional \$8 billion in operating and support costs through fiscal year 1999.

"If the Soviet Union decides to increase its strategic missile punch to respond to MX deployment, particularly in the absence of strategic arms limitations, it could place ICBMs with multiple warheads (called multiple independently targetable reentry vehicles, or MIRVs) in its approximately 1,400 silos by 1987, according to the CBO.

"Pointing out that the MX system is not expected to be finished until 1989, the CBO claims that Moscow could deploy such a force simply by maintaining its production rate of 125 missiles annually. 'Adding these extra MIRVed ICBMs, even without increasing the number of warheads per missile above current levels, would give the Soviets 9,100 warheads on their MIRVed ICBMs,' the report states.

"To meet this threat, the CBO maintains that the US would require 350 MX missiles distributed among 9,159 shelters if it were to preserve 1,000 warheads, or some 100 missiles. The cost: \$60 billion."

LABOR

HATCH PLANS SENATE PROBE OF UNION-BUSINESS CORRUPTION

WASH. STAR, 1/26/81:

"Sen. Orrin G. Hatch, the new chairman of the Senate Labor and Human Resources Committee, is planning a full-scale investigation of corruption in the workplace and will also try to change what the senator calls 'the ridiculous quota system' of federal affirmative action programs.

"Hatch charges that the Occupational Safety and Health Administration has been 'vicious' and 'mean' in its

regulations affecting industry.

"The Utah Republican said in an interview that he hopes to have his committee consider substantial restrictions on OSHA, stricter oversight of federal jobs programs and a probable effort to enact a lower minimum wage for young workers.

"Hatch also said that he intends to hold hearings to investigate charges by women that they are discriminated against by employers who pay them less than men for equivalent work."

CAMPAIGN FUNDS

1980 ELECTION GAVE PACs A RECORD YEAR FOR SPENDING

Morton Mintz (WASH. POST, 1/27/81):

"Breaking all previous election financing records, 100 political action committees collected \$75 million to influence races for federal offices in 1979 and 1980, a Washington Post study shows.

"Then, in a flurry of spending as the general election neared, the PACs deployed about \$10 million in a mere three weeks, mostly in connection with House and Senate contests. That was 14 percent of the \$73.3 million they had spent in nearly 23 months.

"Reports filed with the Federal Election Commission show that the 100 PACs accounted for about 60 percent of all of the money raised and spent by the more than 1,700 non-party units that were active between Jan. 1, 1979, and Nov. 24, 1980. Outlays increased by \$46.3 million.

"The top 100 PACs included 16 sponsored by trade associations that spent \$10.2 million while those of 13 corporations spent \$4.1 million, including nearly \$800,000 by three defense contractors. The PACs of 33 union organizations spent \$18.8 million. Ten health-related units paid out \$6.2 million.

"But all of the three top-ranking PACs were nonparty conservative or right-wing units. The three alone accounted

for nearly one-quarter of the top 100's receipts and expenditures. Their combined income was \$18 million, their outlays \$16.8 million.

"Ranking first was the National Conservative PAC, which raised and spent more than \$7 million, including \$1 million in the final three weeks before the Nov. 4 balloting. Then came the Congressional Club, which began as a Fund-raising unit for Sen. Jesse Helms (R-N.C.). It spent \$6.6 million, including nearly \$1.5 million in the brief preelection period. Placing third, with outlays exceeding \$3 million, was the Fund for a Conservative Majority.

"Moreover, the 100 top PACs included eight other similar units that took in an additional \$5.9 million and

spent an additional \$5.5 million, raising the conservative/right-wing shares to 32 percent of receipts and 30 percent of outlays.

"Many candidates helped by these PACs were also heavily favored by pro-gun and antiabortion organizations, and, sometimes, by units sponsored by trade associations, health-related groups and corporations.

"Two pro-gun PACs, ranking 11th and 18th, together raised \$2.4 million and spent \$2.2 million. Their receipts were 14 times those of the PAC of Handgun Control Inc., which raised only \$168,267 — \$40,733 less than was taken in by the 100th-ranking unit."

CARTER & REAGAN

REAGAN'S NEW OPTIMISM

L.A. TIMES, 1/21/81, edit.:

". . . President Reagan, a little more than two weeks away from his 70th birthday, begins his term of office free of the distractions of the hostage issue. And, as he stressed in his inaugural address, he can turn his attention to the country's domestic problems, its inflation, its sick industries, its big government. In fact, it was government and its 'unnecessary and excessive growth' that dominated much of his speech.

"Accordingly, this address was reminiscent of many of his campaign speeches, with attacks on the size of the government that he is now leading, on 'punitive' tax burdens, on deficits and big spending. Those who voted for Reagan because of those views were not disappointed. Those who voted for him for other reasons were not surprised by his words or by his quick order imposing a freeze on hiring federal civilian employees.

"Other specifics on just how he plans to proceed will come later. Inaugural speeches are designed to set tones, sketch outlines, lift national spirits, generate national optimism and avoid details. His delivery was smooth and effective and, while he often aimed at familiar targets, he did announce an ambitious set of broad goals, mostly focusing on the economy. Like other Presidents before him, he talked of a 'new beginning' and, in this case, an 'era of national renewal.'

"He did not mention the hostages, but he did mention Jimmy Carter, and he thanked him for his 'gracious cooperation' in the transition process. What this country goes through every four years is unique and, as Reagan noted, it is viewed by many in the world as 'nothing less than a miracle.' Indeed, the process should be a source of national pride: few countries demonstrate such order and civility when power shifts and leaders change.

"Reagan said little about foreign affairs, a few words about the allies, a few about the 'enemies of freedom.' He made clear his view that the main afflictions are at home and not easily cured. Progress will be slow, he said, and the ills will not go away in days, weeks or months. 'But they will go away.'

"Many in this country would like to share the optimism expressed by this relaxed new President. We all want to believe that the answers will emerge, that the nation's economy will improve, that its prestige will rise and that public confidence in government and its leaders will revive.

"The parties are now over in Washington. The cheering has stopped. The work begins."

REAL POLITICAL CHANGE SEEN

ATLANTA CONST., 1/20/81, edit.:

". . . with the exit of Jimmy Carter, the middle-to-the-left policies of the Democrats will be firmly out of office for the first time in a half-century. A good number of persons contend that the policies of the Democrats are the reason the U.S. is currently in such a 'mess,' especially its economy.

"The economy, for sure, is a major reason that President Carter was defeated for re-election. He made various attempts but, for one reason or the other — many not of his own making, he was never able to make any significant headway in improving the economy. Nevertheless, history will surely decide that Carter served well as president; he established a number of broad policies that will serve the United States well for years to come.

"Best wishes go to Ronald Reagan. He won fair and square. He now has a chance to show that he and his GOP cohorts can solve our problems. Their approaches will be

different from those of recent years but, despite Reagan's strong support by right-wingers, the Reagan administration probably will take moderate actions, although dramatic ones. Still, Reagan's moves will be substantially different

from those of the Democrats. It's a new beginning and although we would greatly prefer President Carter for another four years we surely hope that President Reagan succeeds."

TELEVISION NEWS
FOR
JANUARY 27, 1981

NBC NIGHTLY NEWS:

Vice Pres. Bush and relatives and friends of the former hostages welcome the Americans home at Andrews Air Force Base outside Washington--1:45.

Tens of Thousands of persons line Pennsylvania Avenue in Washington to welcome the former hostages--1:06.

Pres. Reagan, at a White House reception honoring the former hostages, promises "swift and effective retribution" for terrorists who violate the rules of international behavior--1:49.

Many of the former hostages say they are humbled and honored by the receptions they have received--1:22.

The former hostages and their families attend a fireworks ceremony in their honor in Washington --:16.

Forty-one of the former hostages attend a news conference at West Point. Many express support for former Pres. Carter's conduct during the hostage crisis--3:20.

The Commerce Dept. reportedly receives calls from over 100 U.S. companies interested in doing business with Iran--:26.

New York Mayor Edward Koch says that 22 of the former hostages will participate in a New York City parade honoring them on Friday--:16.

Treasury Secy. Donald Regan tells the Senate Appropriations Committee that the Reagan Administration favors tax-cuts even before the federal budget is balanced--:34.

Pres. Reagan reportedly decides to lift price controls on domestically-produced crude oil and natural gas--:15.

Energy Dept. officials say the decontrol of crude oil prices will cost consumers nine-to-14 cents more per gallon for gasoline--1:45.

Secy. of Labor-designate Raymond Donovan denounces an FBI informant who has alleged that Donovan's New Jersey construction firm had ties to organized crime--1:48.

The Senate approves the nominations of William Casey to be CIA Director and David Stockman to be Director of the Office of Management and Budget--:14.

Delegates to the Islamic Conference in Saudi Arabia denounce the Camp David peace accords and the desire to involve Jordan in the Camp David process--1:34.

Hundreds of thousands of workers participate in strikes throughout Poland--:18.

Polish farmers say that they want higher prices from the government and more incentives to grow crops--1:33.

A military judge dismisses three of five charges against Private Robert Garwood, who is accused of collaborating with his North Vietnamese prison guards during the Vietnam War--:18.

A ferryboat sinks in the Java Sea. Six hundred persons are feared dead--:13.

Thirty of the American commandoes who attempted to rescue the former hostages attend the White House ceremonies. Their mission leader, Col. Charlie Beckworth, says that he would have attempted the mission again if it had been necessary--1:58.

CBS EVENING NEWS:

Pres. Reagan, at a White House reception for the former hostages, promises "swift and effective retribution" against terrorists who violate the rules of international behavior--1:43.

Over 250,000 persons line Washington's streets to welcome the former hostages--4:24.

The former hostages tell reporters at a news conference that the real heroes of the crisis are their families who were very patient. Most say they have no psychological problems--3:14.

The State Dept. strongly urges U.S. citizens not to travel to Iran--:19.

Supporters of Iranian Pres. Bani-Sadr criticize the hostage release agreements as favoring the U.S.--1:08.

Soviet Foreign Minister Gromyko says that the Soviet Union wants to improve relations with the U.S.--:15.

Hundreds of thousands of workers stage four-hour strikes in Poland--:14.

The Islamic Summit meeting in Saudi Arabia reportedly has endorsed a plan threatening total economic boycotts of countries supporting Israel's annexation of Jerusalem--:22.

An Indonesian ocean liner sinks in the Java Sea. Indonesian authorities say the fate of 600 of the passengers is unknown--:19.

Former hostage Michael Matrenko says that he spent time in several prisons in solitary confinement--3:20.

Officials of the Thayer Hotel at West Point say that over 24,000 telephone calls were made while the former hostages stayed there--:11.

A military judge dismisses three charges, including one for treason, against Private Robert Garwood. He is still accused of having collaborated with North Vietnamese troops while he was held as a prisoner during the Vietnam war--:44.

Gold prices fall to an eight-month low on the London gold market. Gold sells for \$500 an ounce--1:34.

White House sources say that Reagan will lift all remaining price controls on domestically-produced oil and natural gas--:24.

U.S. Steel reports earnings of \$504.5 million for 1980--:14.

Eastern Airlines reports losses of \$17.5 million for 1980--:16.

Treasury Secy. Donald Regan tells a Senate committee that the Federal Reserve Board must tighten its monetary policies--:37.

Stock prices rise--:04.

Siamese twins die in Nashville, Tenn. during an operation to separate them--:14.

The Senate confirms William Casey to be CIA Director and David Stockman to be Director of the Office of Management and Budget--:11.

Former Pres. Carter endorses Reagan's warning to terrorists--:13.

Eric Sevareid comments that the hostage crisis has been a "triumph of human spirit" for the American people--2:29.

ABC WORLD NEWS TONIGHT:

The former hostages arrive at Andrews Air Force Base outside Washington and are greeted by many relatives and friends who have not seen them for over 14 months--2:13.

Pres. Reagan honors the former hostages at a White House reception and promises "swift and effective retribution" against terrorists who violate rules of international behavior--3:42.

Forty-one former hostages tell reporters at a news conference they are thankful for the moral support of their countrymen. Most of the hostages play down accounts of their mistreatment--4:07.

Former hostage Bruce Laingen thanks schoolchildren of Neets, Ohio for writing messages to the hostages during their captivity--1:49.

The Senate approves the nominations of William Casey to be CIA Director and David Stockman to the Director of the Office of Management and Budget--:14.

Secy. of Labor-designate Raymond Donovan denies FBI informants' accusations that he bribed Teamster officials for labor peace--1:50.

Saudi Arabia's delegate to the Islamic Summit in Saudi Arabia calls on the Reagan Administration to be more pro-Arab--1:43.

The U.S. delegates to the European Security Conference in Madrid say that detente does not exist between the U.S. and the Soviet Union--:23.

Soviet Foreign Minister Gromyko says the Soviet Union will not accept military inferiority--:22.

Thousands of workers participate in local strikes throughout Poland--:17.

White House sources say that Pres. Reagan will remove all price controls on domestically-produced crude oil and natural gas tomorrow--:25

Roger Peterson reports that the removal of price controls on domestically-produced crude oil will cost consumers five-to-seven cents a gallon--1:10.

OMB Director David Stockman tells the Senate Budget Committee that the U.S. is “on the verge of a very severe economic crisis”--1:35.

A military judge in the trial of Private Robert Garwood, who is accused of having collaborated with North Vietnamese prison guards during the Vietnam War drops three of the five charges--:18.


Many persons attend a fireworks celebration on the Mall in Washington in honor of the former hostages--:26.

News Digest



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FOREIGN AFFAIRS

U.S.-SOVIET RELATIONS

Secretary of State Alexander Haig, at a news conference yesterday, accused the Soviets of promoting international terrorism and said U.S. willingness to resume arms control talks depended on Soviet behavior abroad. He said Soviet "risk-taking" through Cuban proxies in Latin America was a subject of utmost concern to the administration. Haig said the Soviets "are involved in a conscious policy, in programs which foster, support, and expand [terrorism], which is hemorrhaging today . . . throughout the world."

Agriculture Secretary John Block told his news conference that the partial grain embargo against the Soviet Union should be lifted. He said that President Reagan's cabinet will review it next week. "It is doomed to failure and needs to be lifted, but I don't know how or when," he said. Reagan has promised only to reexamine the embargo; Haig has opposed lifting it.

IRAN

Secretary of State Alexander Haig said yesterday that the United States will not provide any arms to Iran, even military equipment previously ordered. At a news conference he said the Reagan administration will fulfill its obligations under the hostage agreement, but stressed that the Carter Administration had not specifically discussed weapons in working out terms of the settlement. Therefore, Haig said, the U.S. does not consider the armaments already purchased as a specific part of the Iranian assets which must be returned under the agreement.

An unidentified State Department official told the Associated Press that there is a "whole list" of possible U.S. reprisals against Iran for its actions in the hostage crisis. Among them, he said, are reimposing the trade embargo, refreezing remaining Iranian assets in the United States, and declaring Iran a country that supports international terrorism, thus preventing it from receiving U.S. military equipment. All the retaliatory measures together would amount to hitting them "with a ton of bricks," he said.

**IRAN EAGER TO RESUME
BUSINESS WITH U.S. FIRMS**

PHILA. INQ., 1/28/81, Washington:

"Even before the freed American hostages touched American soil three days ago, many American companies had received requests from Iran to resume 'business as usual,' administration sources say.

"Some American businesses appear eager to revive such trade, according to Commerce Department officials, who say they have been besieged with calls from companies that want to find out whether they may resume selling to Iran.

"The appearance of haste to make money on Iranian trade has been embarrassing to at least one U.S. company, Exxon Corp. Company officials, who were quoted Monday as having an interest in purchasing oil from Iran, yesterday vehemently denied in telephone calls and news releases to the media having had any meetings or negotiations with Iranian officials on the subject since 1979.

"Iranian companies have sent telex messages asking for a range of goods, including animal feedstuffs, industrial gas turbines and safety valves for heating and plumbing, the

U.S. government and American companies revealed this week.

"The speed with which the Iranian businesses have acted suggests that the trade embargo imposed by the United States in April has been biting. It also dramatizes a difficult decision that President Reagan must make: whether to uphold the agreement with Iran that was signed by Jimmy Carter the day before he left office."

HOSTAGE DEAL CALLED 'COMPLETE DEFEAT'

Patrick Buchanan (CHICAGO TRIB., 1/27/81, Washington):

". . . The United States has ended, on dishonorable and possibly illegal terms, the most humiliating episode in its two centuries of existence.

"We only gave them back what belonged to them," is the defensive retort.

"But we gave them more than that. The defeat for the United States at Algiers is as total as the triumph of Tehran.

"No matter how euphoric, how emotional, America may feel at seeing our countrymen come home after 14 months of criminal captivity, we must see ourselves as others see us.

"Sixty-three weeks ago, American diplomats and marines were kidnapped by terrorists, and held with the explicit consent of the Iranian government. The world braced itself for the terrible retribution which must follow such an affront to what is euphemistically called 'the greatest military power on earth.'

"Days passed, then weeks; no retaliation came. The United States pleaded its case before the United Nations and the World Court. Our President prayed; our President dimmed the national Christmas tree; our President read poetry.

"Six months into the crisis, a military rescue mission attempted, then aborted in the Iranian Desert, a debacle more damaging to America's stature than the Bay of Pigs.

"As the Carter administration neared its end, repudiated, there was a visible and desperate desire to 'resolve' the crisis. Bankers, legal scholars, diplomats shuttled to Algiers, drafting iron-clad guarantees which might satisfy the Iranians that they would be held harmless for any injury inflicted upon our people, for the act of war committed against the United States.

"As guarantees were hastily signed, as billions in currency and gold were transferred out of American jurisdiction, a single message was sent around the world: The Americans are caving; the United States is paying ransom."

AFRICA

South African Prime Minister Pieter Botha told the parliament in Cape Town yesterday that he is calling a general election for April 29, a year ahead of schedule. The amendment ended speculation as to how he intended to deal with a split in the governing National Party over racial reforms and the question of a record number of 17 vacant parliamentary seats. During his speech Botha announced the arrest of a man he said was a senior Soviet KGB officer, but did not disclose any details. He said "the Soviets do not hesitate to send their men, repeatedly as it turned out, and at great cost and risk, to spy on us in Africa."

U.S. MOVES TO SELL MOROCCO TANKS

Michael Getler (WASH. POST, 1/28/81):

"In a decision meant to keep old friend Morocco happy but which could make new friend Algeria angry, the Reagan administration plans to give preliminary notice to Congress this week that it wants to sell 108 U.S. M60 tanks to Morocco.

"Morocco is a longtime ally of the United States. For the past four years, however, the government of King Hassan has been engaged in a controversial and inconclusive war for control of the Western Sahara region against Polisario Front guerrillas backed by Algeria, the country which did so much to gain freedom for the American hostages in Iran and a country to which many top officials here say the United States owes a big debt of gratitude.

"According to State Department officials, the Moroccan request for the tanks was made last July, well before Algeria was involved as an intermediary in the hostage negotiations. The United States has been supplying arms, primarily defensive, to Morocco for some 20 years, and the tank request came on the heels of a Carter administration decision in March 1980 to sell it about \$232 million worth of reconnaissance planes and helicopters.

"Secretary of State Alexander M. Haig Jr., according to State Department sources, went ahead last Friday and

allowed the transfer to Morocco under the original schedule of the first two of a total of six OV10 reconnaissance planes worked out in the March deal.

"The tank request had first run into some internal opposition within the Carter administration. Then later, as Algeria entered the hostage talks, Deputy Secretary of State Warren Christopher reportedly warned the Carter White House — after the November elections — to put the tank deal aside and let the new administration decide how to handle it."

SOVIET BACKED MOVE IN CHAD

Elmo R. Zumwalt and Worth H. Bagley (CINCINNATI ENQ., 1/25/81):

"The Soviet decision to relinquish its facilities and to give up its influence in Somalia was necessary in order to achieve 'client-state' control over Ethiopia. We wrote at that time that one of Moscow's major objectives in that switch of client states was to move its forces north to tighten the encirclement of Egypt and its southern ally, Sudan. A glance at the map reveals the geopolitical linkage between that Soviet power play and the seizure by Libya, in December, of political control over Chad.

"The world is currently preoccupied by the Soviet invasion of Afghanistan; the Iran-Iraq war; the frantic West-

ern efforts to bolster a presence in the Middle East as a result of these two events; and the prospect of a Soviet invasion of Poland. What better time for Moscow to authorize a lunge deep into the Sahel belt of sub-Saharan Africa. As a result of Moscow's shrewd timing, scarcely a whimper from France or the United States has been heard.

"Moscow's opportunities as a result of Libya's conquest are important:

"—The former French colonies that border Chad — Niger, Cameroon and the Central Africa Republic — are still-linked up to France through economic and security dependencies. From his newly enlarged common borders, Khadafy has already launched an anti-Western campaign to attenuate these ties.

"—These three former French colonies are wholly or partly Muslim. So is the northeastern portion of the former British colony, Nigeria, to whose border Khadafy now also has direct access and whose tribes he has now urged to revolt. All four areas are susceptible to the appeal of Khadafy's Islamic fundamentalism.

" The Libyan salient brought Moscow to within 200 miles of the mineral-rich prize of Zaire, whose resources Kremlin strategists have long coveted.

" But most important of all in the near term is the opportunity to open up a western second front against Sudan. Moscow has been preparing to initiate subversion in Sudan from the east, using covert forces in Ethiopia. Now President Anwar Sadat of Egypt and his ally, President Gaafaar Nimeiri of Sudan, must protect Sudan from both directions. If Sudan succumbs, Sadat will be surrounded by Soviet client states."

U.S. BASES IN THE HORN

CLEVE. PLAIN DEALER, 1/24/81, edit.:

"Among the last acts in the final days of the Carter administration was the assurance made to Congress that Somalia was not fighting Ethiopia. The assurance paves the way for \$40 million worth of arms to be delivered to Somalia, as it should be, unless it is blocked again.

"In the scale of foreign arms sales, \$40 million does not seem like much. For example, about the same time the Defense Department announced a \$2 billion arms sale to Saudi Arabia. But the Somalia sale has importance beyond dollar value.

...

"The Somalia bases are needed to support the U.S. military forces in the Indian Ocean, a buildup designed to protect vital oil routes and be in a position to counter Soviet moves. There may be risk of escalation and confrontation. But there could be anyway without the advantage of the bases. The arms should be delivered without further delay."

NAMIBIA AWAITS REAGAN

MANCH. GUARD., 1/25/81, edit.:

"The Namibia talks have broken down for the same reason that they took so long to set up: South Africa will not risk the domination of the territory by the nationalist group Swapo. After a rearguard action lasting most of a decade, and fought most keenly for the past three years, South Africa evidently senses that rescue is at hand from Washington and that the United Nations will be made powerless by an American veto. An early test of President Reagan's foreign intentions will be whether he fits that bleak image or continues to support the settlement project which the US, Britain, France, Germany, and Canada pressed on South Africa in 1978.

"Namibia is the source of much of Britain's uranium, and if . . . the main port, Walvis Bay, was annexed by Queen Victoria and given to Cape Province. If it became Namibia's and Namibia were hostile to the West . . . If Britain, in deep recession, took sanctions against South Africa . . . It is the job of foreign offices and state departments to contemplate these things. Nevertheless there is an overriding British interest in following the agreed course on Namibia and persuading South Africa to do the same. The UN commitment might be removed, if that is the price of a settlement. It would make no difference to the outcome of the poll and would satisfy the other parties that they are now treated as equals. Collapse at Geneva must in any case not be allowed to ditch the settlement, any more than collapse at Geneva ditched Zimbabwe's — for a while."

POLAND

The Polish independent trade union Solidarity yesterday carried out the most widespread strikes since last summer's shipyard confrontations and threatened a nationwide general strike unless the union and the Polish government resolved the issue of Saturdays off. At least eight factories shut down in southeast Poland in support of farmers seeking an independent union. Meanwhile, Solidarity proclaimed a nationwide, one-hour warning strike for next Tuesday. In Warsaw, newspapers quoted a Politburo member as saying militant unionists "must be barred from participation in the management of Poland's socio-economic life."

East Germany made it clear it expected the Polish government to take a harder line against Solidarity. A published letter said it was time for the government to "come to its senses," begin exerting its authority, and stop giving into Solidarity's demands. The official Ceteka news agency, meanwhile, said "the problem of free Saturdays has become a pretext for Solidarity leaders to stir up a new wave of pressure."

LATIN AMERICA

President Reagan yesterday welcomed Jamaican Prime Minister Edward Seaga to the White House and pledged moral and material support for Jamaica under its new free enterprise government. Seaga, who defeated socialist-oriented Michael Manley last October, said he came to Washington to restore close ties that he said had been damaged during the eight-year rule of Manley. Jamaica, which was recently granted \$40 million in U.S. aid, had been a source of concern because of Manley's ties to Cuba and because of the state of its economy.

HEAD OF EL SALVADOR'S HUMAN RIGHTS GROUP KIDNAPPED

BALT. SUN, 1/28/81, San Salvador, El Salvador:

"Unidentified gunmen kidnapped Victor Medrano, director of El Salvador's Human Rights Commission, a spokesman for the commission announced.

"The spokesman said Mr. Medrano was abducted Monday, but no details were available. Police could not be reached for confirmation.

"Meanwhile, an army spokesman reported yesterday that 46 persons had died in political violence in the past 24 hours as battles between Salvadoran troops and leftist guerrillas continued."

TRADE

The Commerce Department reported yesterday that a new surge in oil imports helped to widen the nation's trade deficit in December, but the overall deficit for 1980 still showed improvement over 1979. Last month's deficit was just under \$3 billion, and it was \$1.3 billion worse than November's. The trade deficit in 1980 was \$32.3 billion, compared to \$37.2 billion in 1979.

DEVELOPMENT

THIRD WORLD DEBTS WORRY EXPERTS

Richard F. Janssen (WALL ST. JRN., 1/28/81):

"It doesn't show on any maps, but there's a new mountain on the planet -- a towering \$500 billion of debt run up by developing countries, nearly all of it within a decade.

"Is the debt mountain also a volcano?"

"Certainly, there are enough rumblings to worry bankers and government officials: Countries ranging from Nicaragua to Turkey to Zaire already have had to stall on repayments. Financial trouble now is erupting in others, such as Poland and Bolivia, and there's mounting nervousness about the biggest international borrower, Brazil. The dangers are casting a cloud over large commercial banks and possibly over economies throughout the world.

"Anything that grows so fast in an uncertain and shaky world must raise questions," says Alexandre Lanfalussy, chief economist at the Swiss-based Bank for International Settlements, which monitors debt trends for cen-

tral banks. (The \$500 billion total includes loans from banks, governments and other external lenders to governments of nearly 100 countries, as well as government guaranteed foreign loans and loans to be disbursed as projects proceed; but it excludes credits with an original maturity of less than one year.) Mr. Lanfalussy says the extent to which big commercial banks in the U.S. and other industrial countries have become burdened with loans to poor countries 'somehow makes me uneasy.'

"To some analysts in less sensitive positions, the situation looks starkly ominous, threatening a chain reaction of country defaults, bank failures and a general depression matching that in the 1930s. 'The Third World has overborrowed,' declares Thomas Balough, an Oxford economist. In a 1980 analysis for London-based Lloyds Bank, he warned that 'any default might have a domino effect' that could lead to 'a catastrophe.'

"Although few observers rule out such dire possibilities, many expect a less cataclysmic outcome: Banks will have to wait longer for many loans to be repaid, and their growing skittishness will force poor countries to scrape by on less credit. Official agencies such as the World Bank and

the International Monetary Fund will fill some of the credit gap, but the poor nations will suffer setbacks in living standards, face more political and military upheavals, and possibly run into more protectionist barriers as they desperately attempt to increase exports.

“At the very least, the debts will impose a further drag on the already-sluggish economies of industrial countries. ‘I don’t see a real crisis of defaults,’ says Karl-Otto Poehl, head of West Germany’s Bundesbank. But, the central banker cautions, the combination of ever-costlier oil with credit that becomes ‘more difficult and more expensive’ can chew up so much of a poor country’s export earnings that it will have little leeway to import Western goods.

“High-level confidence that a cataclysm will be averted doesn’t indicate that bankers generally are unworried, of course. Before being tapped to head the World Bank, A.W. Clausen of Bank of America acknowledged that the problems were getting so much ‘stickier’ that some sort of official ‘insurance’ ought to be available to protect commercial banks from Third World risks. But no one has leaped forward to offer such coverage.

“At the IMF, a 140-nation agency that helps financially shaky countries, Managing Director Jacques de Larosiere agrees that the surge in Third World indebtedness is a ‘serious element’ in the world economy. Paying off debts now takes an average 15% of developing countries’ exports, up from 12% in 1973, he says, adding that for some nations, the situation is much worse and ‘worrisome indeed.’

‘Right now, Poland is the most prominent example. It has \$24 billion of foreign debt and a debt-service burden that is believed to equal nearly all of its current export

earnings, which are being reduced by the nation’s labor unrest. Advisers to the Solidarity labor movement are talking about the need for a repayments moratorium lasting several years as well as about arranging fresh credits. Although technically Poland isn’t a developing country, the current upheaval there is the sort of surprise usually considered more likely in less stable Third World nations.

“Appraising the risks faced by U.S. lenders in all these countries, observers cite one simple but ominous statistic: The nine largest American banks had \$38.6 billion on loan to developing countries (excluding the oil-exporting states) at the end of 1979, according to the latest Federal Reserve figures. Moreover, these banks’ capital totaled only \$21.9 billion. So, in theory at least, they could all be forced into insolvency if only about half of their Third World loans were thrown into default and had to be written off.

“Privately, senior U.S. bankers insist that the Federal Reserve never would let that theory be played out. ‘They go on the assumption that they aren’t going to be let go down the drain, at least if they’re big,’ observes Nathaniel Samuels, advisory director at Lehman Brothers Kuhn Loeb Inc. Third World governments tell themselves much the same thing — that they will be sustained by the international system — Mr. Samuels notes, but he adds, ‘The system is getting a little stretched.’

“Moreover, says Irving S. Friedman, senior international adviser at First Boston Corp., ‘Banks aren’t in the business of making poor loans.’ He says they are paying more attention to ‘country risk’ analysis and setting voluntary ceilings on their own loans to any given country. And, bankers say the Federal Reserve Board and other U.S. supervisory agencies are prodding them to be cautious.”

DOMESTIC AFFAIRS

DEFENSE

Defense Secretary Caspar Weinberger said yesterday that some social programs will have to be reduced or perhaps eliminated to “rearm” the United States. “It will require a reduction in at least the rate of growth and in many cases a reduction actually in the programs,” Weinberger told the Senate Armed Services Committee. He also said the Carter Administration had underfunded both the 1981 and 1982 defense budgets, and that by February 19 he will give President Reagan the Pentagon’s plans for increased spending in both years.

The chairman of the Joint Chiefs of Staff, General David Jones, told the committee that if the Soviet Union attacked Iran it could expect U.S. military response not only there but also in other parts of the world. “I would want them to guess where we would respond,” Jones said.

ENERGY

President Reagan yesterday ordered an immediate end to price controls on domestically produced oil, saying his action would encourage production and conservation. He also terminated a system of allocating gasoline and propane gas to retailers across the country. Industry experts estimated that the price of gasoline and home heating oil would rise by about 10 cents a gallon. The nine-year-old controls were already being lifted gradually and would have expired on September 30, allowing U.S. prices to rise to world levels. About 25 percent of crude oil produced in the United States had been subject to controls. Reagan said the controls had hampered U.S. oil production, "artificially" led to increased energy consumption, aggravated the nation's balance of payments problem, and stifled technological breakthroughs.

ECONOMY

A major bank in upstate New York yesterday cut its prime interest rate to 19.5 percent, from 20 percent. Marine Midland of Buffalo, was the first major bank to cut its prime rate to 19.5 percent.

The White House said President Reagan will deliver a major television address on the economy next week. Reagan is expected to outline details of his economic package in a mid-February State of the Union address.

The Reagan Administration will be supportive of Chrysler Corporation unless the auto maker cannot be saved from bankruptcy, Transportation Secretary Drew Lewis told a news conference. "If we can see Chrysler surviving, we are going to be supportive. If we cannot, we will have to look to other solution," he said. Lewis said the administration is committed to providing loan guarantees as long as "we can see the light at the end of the tunnel."

CBO SAYS CARTER PROJECTION FOR 1981 IS OVER-OPTIMISTIC

WALL ST. JRNL., 1/28/81, Washington:

"The Congressional Budget Office cautioned that the Carter administration's final budget proposal was probably overly optimistic in its projection of economic growth this year.

"The budget proposal for fiscal 1982, sent to Congress two weeks ago, projects growth of 1.7% for all of 1981 in 'real' gross national product, the total value of goods and services produced, adjusted for inflation.

"The projected percentage increase, measured from the fourth quarter of 1980 to the fourth quarter of 1981, is within the range of private forecast, the congressional economic research agency said. However, those forecasts are based on substantially different assumptions about tax policy. The Carter budget anticipated an overall \$5.7 billion tax increase this year; private forecasters, as well as the congressional agency, expect Congress to enact tax cuts.

"On balance, the policies proposed by the Carter administration in the short run will lead to higher unemployment, lower real GNP and higher inflation than would the policies' envisioned by the agency, based on the most recent congressional budget proposal, the agency said

"The Reagan administration is expected to produce a revised budget for fiscal 1982 within a few weeks and call for major tax reductions and spending cuts. Thus, even

when it was released two weeks ago, Mr. Carter's proposed budget had the earmarks of a temporary document destined to be overtaken by events. Fiscal 1982 begins next Oct. 1."

BAILOUTS, PROTECTIONISM OPPOSED

Walter E. Hoadley (CHR. SCI. MON., 1/28/81):

"In a recent survey (which I helped conduct) active government bailout policies were identified in more than 20 industrial nations. The reasons for not permitting business organizations to close their doors are heavily political because of jobs and votes at stake.

"The urgent need for stronger supply-side economic policies here has coincided with some instances of major business failures or near failures. The companies and industries in trouble typically have structural rather than cyclical problems, so no quick or easy turnaround can be expected. Accordingly, political pressures from local constituencies for financial assistance and protectionism are certain to mount. The new administration will have to make some bullet-biting decisions in this area in its first year in office.

"In my judgment, the key issues should be (1) the extent to which government itself is responsible for a crisis in a business or industry and (2) the minimum US market share which must be retained by US producers for national security reasons or to minimize US vulnerability from excessive dependence upon foreign producers.

"I still do not believe that the US is about to embark on a strong protectionist economic policy, but all con-

cerned can no longer consider US free trade policies as safely automatic. Protectionism *per se* is inflationary and must not be permitted to dominate US foreign economic policy in the future.

"I've long held that America must rearm economically to reduce economic and political risks in tomorrow's unstable world. We must strive diligently to become the low-cost, quality producer of the key goods and services needed across our land and the world. When we cannot do so, we must forge agreements with others on such a diversified and decentralized basis as to minimize the danger from abroad of disruption to our economy. Just plain realism forces me to lend my support to vigorous US supply-side economic policies for the years ahead to avoid too many more bailout proposals and to check more incipient protectionism."

[From a recent speech by the executive vice-president and chief economist of Bank of America at the Commonwealth Club of California.]

INDEXING TAXES

PITTSBURGH PRESS, 1/24/81, edit.:

"Since 1978, nine states — Arizona, California, Colorado, Iowa, Minnesota, Montana, Oregon, South

Carolina and Wisconsin — have adopted some form of indexation.

"A new study by the Advisory Commission on Intergovernmental Relations has found that indexation scores well in those states, at least on three key tests:

"—It forces elected officials to take affirmative action to raise taxes, if necessary, rather than rely on the automatic 'inflation tax.'

"—It promotes tax equity — because lower-income taxpayers are hurt most by unindexed exemptions and standard deductions.

"—It strengthens fiscal discipline, by forcing elected officials to evaluate their spending decisions more carefully.

"The study emphasizes that indexation does not keep a state from collecting more money via income taxes. It merely prevents tax windfalls caused by inflation.

...

"No doubt most people would prefer a dramatic drop in inflation. But until the wonderful day that happens, more state legislatures — and Congress, too — will come under pressure to climb aboard the indexation wagon."

REAGAN ADMINISTRATION

REAGAN NOMINATES KEY OFFICIALS FOR INTERIOR, HUD, BUDGET AGENCY

Lee Lescaze (WASH. POST, 1/28/81):

"President Reagan yesterday nominated undersecretaries of interior and housing and urban development, filled two top posts in his Office of Management and Budget, and prepared to announce that he is taking the remaining federal price controls off U.S. crude oil.

...

"Donald I. Hovde, a Wisconsin real estate executive, was nominated to the second-ranking post at HUD, and Donald T. Hodel, an Oregon consultant who is a former administrator of the Bonneville Power Administration, is the president's choice to be undersecretary of interior.

"An aide to OMB director-designate David A. Stockman, Donald W. Moran, was appointed director of health and human services in OMB.

"Moran, Stockman's legislative aide in the House of Representatives, is a former director of an employment and training organization where he directed operations of the

Comprehensive Employment and Training Act programs in south central Michigan.

"William Gene Leshner was appointed director of economics, policy analysis and budget at OMB. Leshner has been the chief economist for the Senate Agriculture Committee and earlier was an assistant to Sen. Richard Lugar (R-Ind.). He is a former professor of agricultural economics at Cornell University.

"Reagan also announced his intention to nominate W. Dennis Thomas as assistant secretary for legislative affairs at the Treasury Department.

"Thomas has been the administrative assistant to Sen. William V. Roth (R-Del.) since 1976. Earlier, Thomas was administrative assistant to Sen. J. Glenn Beall (R-Md.).

"Interior's Hodel, 45, is a regulatory revisionist much like Secretary James Watt. A Portland, Ore., attorney and product of Harvard University and the University of Oregon, then was chosen in the Nixon administration to be deputy director of the Bonneville Power Authority in Portland."

MARSH PLEDGES TO UPGRADE QUALITY OF ARMY MANPOWER

John J. Fialka (WASH. STAR, 1/27/81):

“Senior members of the Senate Armed Services Committee yesterday asked John O. Marsh to make raising the quality of Army recruits his top priority as secretary of the Army.

“Marsh, a former Virginia congressman and a White House counsel to President Ford, was told by both Republicans and Democrats on the committee who endorsed his nomination, 12-0, that they believe a resumption of the draft may be necessary if he fails to improve the readiness and the quality of the faltering all-volunteer Army.

“Marsh replied that he is aware of the poor education and intelligence levels of incoming recruits and said he will take steps to make the Army more representative of a ‘cross section of the American country.’

“The committee yesterday also repeated its tentative

approval last week of former Deputy CIA Director Frank Carlucci’s nomination as deputy secretary of defense without calling him for additional questioning.

“Opposition to Carlucci’s appointment was expected in debate on the Senate floor from conservative Sen. Jesse Helms, R-N.C., who also voted against confirmation of Caspar Weinberger as defense secretary.

“After visiting President Reagan yesterday, Helms indicated he felt less vehement about Weinberger and Carlucci because he said he was assured former arms control negotiator Fred Ikle would be named to a top post at the Defense Department. The White House has not yet announced the nomination of Ikle, a Nixon-Ford era arms control negotiator.

“While Marsh stressed that he could not take a position on the draft question until he had studied the facts, the Virginian, who spent 28 years in the Army Reserve and the National Guard and retired as a lieutenant colonel, made it clear that he shared the committee’s concerns.”

ENVIRONMENT

REPORT DISPUTES ACID RAIN THEORY

WASH. STAR, 1/27/81:

“A report prepared for the Department of Energy says that acid rain may be a predominantly local problem and not caused by pollutants carried for long distances in the air.

“The report appears to contradict findings by the Environmental Protection Agency that the acid rain is caused by sulfur oxide and nitrogen oxide that are largely emitted from coal-fired power plants and then carried for long distances in the air.

“The Energy Department report, compiled by PEDCo. Environmental Inc. of Cincinnati, says that acid

rain might be more of a local pollution problem and that government policies that would require installation of equipment to control pollutants that could be carried for long distance should be re-examined.

“Requiring 50 of the largest coal-fired power plants east of the Mississippi River to install pollution control equipment would cost from \$10 billion to \$15 billion, and spending that much money might have only minor effects on controlling acid rain problems, the report said.

“‘In the absence of good data and information to guide our understanding of the acid rain problem, we may have been too quick to assume that acid rain is predominantly a problem of long-range transport of pollutants,’ the report says. ‘In fact, more recent studies suggest that acid rain may be a predominantly local problem.’”

IMMIGRATION

COMMISSION OFFERS FLAWED SOLUTIONS

HOUSTON POST, 1/20/81, edit.:

“The formal report of the federal commission studying U.S. immigration policy is not due for another two months. But the proposals it is expected to offer on such thorny immigration problems as the illegal alien influx are already drawing criticism. After spending 18 months and \$2.4 million, the Select Commission on Immigration and Refugee Policy has apparently settled on a set of

recommendations that are disappointingly similar to those offered by President Carter three years ago.

“Carter’s proposals fared so poorly in Congress that he did not even bother to reintroduce them in the 1979 session. Instead, he supported creation of the 16-member immigration study panel, which Congress later authorized. The commission has now held its last formal meeting and, based on action taken at this and previous sessions, the panel is expected to include in its proposals: An amnesty program for many illegal aliens already in this country,

tougher enforcement of immigration laws, penalties for employers who hire illegal aliens and an identification system for workers, though it did not specify what type of system.

“Critics of the commission’s work so far complain that it contracted to have a great deal of research done but that much of the information apparently did not reach commission members. Sen. Alan K. Simpson, R-Wyo., chairman of the Senate Judiciary Committee’s immigration subcommittee and a member of the panel, predicts a cool congressional reception for many of the commission’s recommendations.

“The immigration panel’s single major shortcoming, however, may lie in its preoccupation with replotting ground that has been unprofitably tilled in the past. Mexican-American organizations, for example, are already on record opposing worker identification cards or penalizing employers of aliens who are in this country illegally. They contend that such measures could prove discriminatory against U.S. citizens or legal aliens of Hispanic origin. The worker identification card also has other drawbacks, one of the most obvious being the difficulty of making it counterfeit-proof. Other identification systems could also prove vulnerable to fraud.

“An amnesty program for illegal aliens who have been in this country for a given period of time also presents problems. There is no guarantee that those eligible for legal

status would rush to accept it. Nor would it stop the flow of illegal immigration, mainly from Mexico, into this country. We do need to beef up the U.S. Border Patrol and tighten immigration law enforcement. But these steps alone will not halt the tide of undocumented workers from Mexico. That is an international problem that will not be resolved until the U.S. and Mexican governments cooperate more closely on the issue than they have in the past.

“The demand for the services of illegal aliens in this country is obviously strong or they would not be here in the numbers they are – conservatively estimated at 3 to 5 million. If the undocumented workers do not, as their defenders contend, compete with American workers for jobs, it should be possible to devise a system under which they can work here legally. President-elect Reagan has proposed a work-visa program. It goes without saying that if such a program were instituted, it should avoid the abuses attributed to the old bracero program.

“The United States badly needs a new set of immigration policies. The public has grown increasingly uneasy about the uncontrolled, illegal influx of foreign nationals into this country. Much of that uneasiness and resentment against illegal aliens stems from a lack of accurate information on their numbers and their impact on the society and the economy. While it would be unrealistic to expect the commission, or any other body, to come up with a set of proposals that would win universal acceptance, we need more than a rerun of recommendations that have already been widely viewed with disfavor.”

POLITICS

NEW RIGHT LEADERS CRITICIZE REAGAN

Fred Barnes (BALT. SUN, 1/28/81, Washington):

“In office only a week, President Reagan has drawn a fusillade of criticism from conservative leaders who helped bring his administration to power.

“For an hour yesterday, four men who run New Right political organizations appeared before conservative clergymen here and lashed out at Mr. Reagan for allegedly waffling on his campaign promises, barring conservative activists from many administration jobs and stacking his cabinet and White House staff with non-conservatives.

“‘I knew conservatives were going to get the short end of the stick,’ complained Richard Viguerie, a right-wing fund-raiser and direct-mail expert. ‘I didn’t know the stick would be this short.

“‘. . . Just like Jimmy Carter gave the conservatives the back of his hand, we see the same thing happening with the Reagan administration,’ Mr. Viguerie said. ‘Don’t

get me wrong. The Reagan administration is going to be better than the Carter administration. It’s just not what it should be.’

“Howard Phillips, the head of the Conservative Caucus, accused the Reagan administration of pulling back from pledges to cut taxes drastically, increase defense spending dramatically and balance the budget quickly.

“‘The Washington establishment is in charge once again in the Reagan administration,’ Mr. Phillips said. And he ran down a list of Reagan appointments which he said were inconsistent with the conservative philosophy that Mr. Reagan espoused in his campaign.

“Terry Dolan, who is director of the National Conservation Political Action Committee, and Paul Weyrich, who runs the Committee for the Survival of a Free Congress, were only slightly less biting in their criticism of the president.

“‘It’s my personal belief that once Reagan knows what’s going on, he’ll make the right decisions,’ said Mr.

Dolan. 'I'm concerned he's surrounded himself with people who don't share the vision of America he has.'

...

"Mr. Weyrich cited a published remark by a Reagan

aide who said that conservative activists will be appeased by 'symbolism.'

"'We didn't get out there and do what we did in 1980 for symbolism,' he said."

FBI

'STING' GUIDELINES PRAISED

INDPLS. NEWS, 1/23/81, edit.:

"In the Abscam case, the issue of entrapment holds legal water. A federal judge has already ruled that two Philadelphia city officials were entrapped when they took Abscam bribes. The judge ruled the courts had an obligation to protect citizens from 'governmental overreaching.'

"The courts will ultimately decide whether in the Abscam case public officials in fact stumbled ethically solely because FBI agents stuck their feet out too far and tripped them. But the same courts have also decided the issue of their guilt and anyone who saw the videotapes of congressmen accepting payoffs has no doubts such men are morally corrupt. It would be bitterly ironic for the courts to bend over backward to secure their freedom when the men themselves have so little respect for the law.

"To prevent the possibility of such a maneuver in the future, the Carter administration Justice Department, with the approval of the attorney general, recently issued guidelines for undercover operations.

"Those guidelines permit the offering of bribes, but not entrapment — defined as in Indiana based upon an individual's predisposition to commit a crime.

"The distinctions those guidelines draw may be fine, but they are essential. They protect individual privacy while also giving investigators a mandate to use controversial techniques which — in the post-Watergate era — might otherwise be avoided. Significantly, those guidelines do not seem at odds with the Abscam convictions. With care and legal prescience, law enforcement officials should feel free to go undercover whenever it serves the cause of justice."



POLITICS

POLISH COMMUNIST PARTY CALLED CENTRAL ISSUE FOR POLES, SOVIET

Elizabeth Pond (CHR. SCI. MON., 1/28/81, Warsaw):

"The Polish Communist Party is, in fact, the crucial issue for the Russians and therefore for the Poles.

"There is no hint of Poland's wanting to leave the Warsaw Pact or endangering Soviet lines of communication to East Germany or abandoning socialism (as, indeed, there was no hint of such actions in Czechoslovakia in 1968).

"There is no Soviet objection to whatever economic reform the Poles come up with (as there was little Soviet objection at the time to the Czech economic reform of 1968). The main danger the Russians see in the current Polish democratization is therefore neither military nor economic nor ideological.

"It is political. The specter haunting Soviet communism is the loss of the dictatorship of the Communist Party inherent in the rise of Poland's vociferous autonomous trade union, Solidarity. This 'pluralism' — to use the word that no Pole dares mention in print these days — threatens

the power positions of party apparatchiks in Poland. And by example it threatens the power positions of party apparatchiks in the Soviet Union.

"In the analysis of a number of politically engaged Poles then the key questions are: What is happening to the Polish Communist Party's command of the country and to the top leadership's command of the party? Are they in a state of terminal disintegration, or can they be resuscitated?

"The future of Poland — and the strategies both of party hard-liners and of reformers inside and outside the party — hangs on the answers to these questions.

"The current strategy of the hard-liners is to create a state of constant crisis and confrontation with the free trade union Solidarity — and, curiously, thereby to demonstrate the weakness of the party. The aim is to convince party reformers or fence-sitters — and also the Russians — that compromise with social forces outside the party only leads to more and more demands, to 'chaos and anarchy,' to destruction of the party. The only remedy would be suppression of the militants inside Solidarity by force, probably by use of special police units (since the regular police and Army could not be relied on in the present climate), backed if necessary by the Soviet Army.

"The strategy of the reformers, on the contrary, is to demonstrate the potential strength of the party if it can only rid itself of the hard-liners and harness the fresh energies appearing both in Solidarity and among rank and file party members.

"Both strategies are fraught with danger. The hard-liners' tactics risk inviting an ultimate Soviet intervention in support of factional infighting in the Polish party. The reformers' tactics also risk triggering an ultimate Soviet intervention — for it was precisely the Czechoslovak Communist Party hierarchy's embrace of political democratization that so frightened the Kremlin in 1968.

...
 "So far 1.7 million of Poland's 3 million Communist Party members have joined Solidarity — and signs indicate that the vast majority of these give first loyalty to Solidarity rather than to the party. Significantly, workers in the 162 largest factories that the party once organized as its vanguard and gave special privileges to are now a strong force for radicalism within Solidarity, and party cells have virtually ceased to exist in many of these factories. So many workers also deserted the party-directed official trade union that it had to disband as a national organization.

"Significantly, too, the demands of various local Solidarity chapters often include — as in the case of a one-hour work stoppage near Katowice this week — demands for resignation of local government and party officials. In a surprising number of cases these demands have been acceded to.

"Hardly less of a challenge to the party's command of society is the evaporation of the Polish version of the Soviet 'nomenklatura' system since the birth of Solidarity last summer. Under this system the party used to fill senior executive positions in industries, universities, social organizations, and all other important nonchurch institutions with its own approved nominees. By now, however, even this system has ceased to function in many parts of Poland.

...
 "The spreading democratization does not always serve to strengthen the traditional champions of liberalization, of course. The animators and documentary makers are now demanding their share of executive positions in the film association that before this has been dominated by its feature filmmakers, and especially by the association chairman, Andrzej Wajda, the noted director and dissident supporter. (The Catholic Church is not altogether happy about the demands now being put to it by its new employees' organizations.) The same phenomenon can be seen among associations of lawyers, university professors, and university assistants.

"To the old party hierarchy there is another problem today that is fully as distressing as the slippage of social organizations out of the control of the party. That is the new assertiveness, within the Communist Party itself, of rank and file members as against the 3 percent of professional party bureaucrats that constitute the 'apparat.' In the ideological jargon, this is an erosion of Leninist 'democratic centralism' or the rigid discipline from above of all policy, expressed opinions and personnel decisions within the party.

"In gross violation of this precept, numerous local party cells are now calling for free, secret elections of party secretaries at local, then regional, then national level. This reportedly touched an especially raw Russian nerve; the Kremlin is said to have objected strenuously to any free elections within the Polish party. Numerous local or regional party organizations have also been following the heresy of 'horizontal coordination' in preparing proposals for next spring's party congress, without waiting for directives from above.

"This prospect, informed sources say, moved the Kremlin to send a special delegation to Warsaw to call a halt to such undirected initiatives. Numerous old-style authoritarian party secretaries are currently sitting in their offices with nothing to do and no one to obey their orders.

"Some local party secretaries — like Gdansk's Tadeusz Fiszbach — are coping with the new situation by cooperating with Solidarity and social forces. And the top communist leadership, in particular party chief Stanislaw Kania, is trying to adjust the party to the new circumstances. In line with this attempt at least 29 of the 49 regional party secretaries have been replaced since August with new people who are presumably more responsive to grass-roots initiatives.

"The party is hamstrung by a dearth of competent personnel, however. For decades young men of talent have avoided the party and gone into the church or the theater or academia instead. Symptomatically, for months Mr. Kania could not find anyone who even wanted to become party secretary of Warsaw city.

"In this situation the very survival of the Polish Communist Party is at stake – and with it the survival of Poland as it exists today."

THE SOVIET 'NIGHTMARE'

John R. Roche (DETROIT NEWS, 1/23/81):

"... from the Kremlin's viewpoint, Poland and Solidarity have become nightmares. The trade union movement is infecting the restive peasantry, Lech Walesa is receiving a hero's welcome in Rome from the Communist trade union confederation, and, worst of all, the Polish pope may have some divisions.

"To be exact, the Polish component of the Warsaw Pact consists of five tank divisions, eight motor-rifle divisions, and a number of other units equipped with modern Soviet equipment. There is also a 350,000-man citizens' militia, mainly peasants. On the other side of the ledger, the ministry of the interior has about 75,000 security troops. What Brezhnev, Ustinov, and Kulikov have to calibrate is which way will these Polish troops shoot. (There are also air force and naval units, but they could rapidly be neutralized.)

...

"... The question ... becomes how to devise a final solution to Solidarity without getting involved in a full-scaled civil war. In international terms, the sooner the better. The United States will be between governments for the next two or three months.

"The ideal scenario, patented by Lenin, would have Kania & Co. announcing that anti-socialist, fascist elements under foreign control are launching a counterrevolution and asking his Warsaw Pact allies to rescue Marxist-Leninism. The four Soviet armies would then conduct a lightning strike (probably after destroying the Polish army's command and control system), and Poland would be saved from fascism.

"In short, a rapid exercise of overwhelming force – and the Soviets have their crack units in order of battle might stop a Polish revolt before it caught fire. The argument for haste is strengthened by the absence from Poland of Walesa and his top associates."

NEW CONFRONTATIONS LOOM

BUFFALO EVE. NEWS, 1/22/81, edit.:

"The Polish workers have already achieved remarkable gains with the Gdansk agreement, which gave them the right to form the independent union, Solidarity. The Polish Communist leader, Stanislaw Kania, came to power last September promising to work with the Gdansk agreement but also seeking to restore the authority of the party. Now, as the unions seek new concessions, such as a five-day week (something taken for granted in most Western countries), Mr. Kania is facing an increasing dilemma in meeting his twin goals.

"Even if Poland were a free nation, it is doubtful that economic concessions could be made to the unions at the present time, when Poland has a foreign debt of \$23 billion, national output has been dropping for two years and the economy has already been impaired by the series of strikes that have already occurred.

"Both sides have indicated that compromise is possible on the issue of the 'free Saturday,' but new issues keep cropping up. . . ."

TELEVISION NEWS FOR JANUARY 28, 1981

NBC NIGHTLY NEWS:

Pres. Reagan lifts federal controls on U.S. oil production. Energy Secy. James Edwards says he does not know how much more oil will be produced because of Reagan's order--1:54.

Some liberal Democratic congressmen say that Reagan's order to decontrol oil is inflationary--1:42.

Pres. Reagan plans to open his first presidential press conference tomorrow with a statement on the economy--:16.

–Doctors who have worked with former hostages say that statements about their psychological problems have been exaggerated--:28.

–Many former hostages are welcomed home by their friends and neighbors--1:09.

–Many friends and neighbors welcome home former hostage Michael Metrisko--:50.

–All 5,000 residents of Rensillier, Ind., welcome home former hostage Frederick Kupke--1:07.

Thousands of San Diego's residents welcome home former hostage Richard Morefield--1:16.

–Lawyers from Iran convince Swiss officials to attach almost \$3 million of the late shah's assets--:14.

–The Associated Press reports that managers of San Francisco Safeway stores were ordered to tie yellow ribbons around potted plants to increase sales--:20.

Secy. of State Alexander Haig says the U.S. will not send military equipment to Iran--1:42.

Agriculture Secy. John Block says that the grain embargo against the Soviet Union should be lifted--:17.

Defense Secy. Caspar Weinberger and Joint Chiefs of Staff Chairman Gen. David Jones tell the Senate Armed Services Committee that the military's top priorities should be to correct the strategic imbalance with the Soviets and to improve military readiness--1:44.

–Millions of Polish workers participate in wildcat strikes--:15.

–Polish government officials and Solidarity trade union officials debate the issue of the five-day work week on Polish television--1:41.

–Federal health officials say that the potency of next year's flu vaccine will be doubled--:21.

–Doctors at the University of Utah say they have developed an artificial heart that will work--1:53.

–The Florida Power and Light Co. burns marijuana in its power generators--1:12.

–Muriel Humphrey, widow of Hubert Humphrey, announces her engagement to a former grade school classmate, Max Brown--:17.

–Former Carter White House officials release edited videotapes of Pres. Carter overseeing the final financial details of the hostage negotiations on January 20--3:21.

CBS EVENING NEWS:

Secy. of State Alexander Haig accuses the Soviet Union of deliberately promoting international terrorism. He also says that the U.S. will not ship military equipment to Iran which has already been paid for--2:57.

–Ayatollah Khomeini rejects Iraq's latest peace offer to end the war--:31.

–Two former hostages say that six of the hostages had planned an escape mission for February 12, 1981--:27.

Some of the freed hostages criticize the 1980 Easter visit to Iran by three liberal American clergymen--2:06.

–Former Carter White House officials release edited videotapes of the final hours of the Carter Administration. They show Pres. Carter and his aides working on the hostage negotiations--2:57.

Defense Secy. Caspar Weinberger says that the U.S. is prepared and able to use military force to free any hostages in the future--:43.

–Chairman of the Joint Chiefs of Staff Gen. David Jones says that the Soviet Union could expect a U.S. military response if it invaded Iran--:12.

–Millions of Polish workers participate in wildcat strikes over a five-day work week--:19.

Pres. Reagan pledges economic and moral support for the government of Jamaican Prime Minister Edward Seaga, who meets with him--:21.

Many Korean-Americans protest South Korean Pres. Chun's arrival in Los Angeles--:20.

Pres. Reagan lifts the price controls on domestic crude oil and natural gas, and says that he hopes this will encourage more domestic production. Some industry experts say that there is not much more crude oil that can be domestically produced--2:32.

Treasury Secy. Donald Regan asks Congress to raise the national debt ceiling--:14.

The Commerce Dept. reports that December's trade deficit was \$1.3 billion, worse than November's--:14.

Agriculture Secy. John Block says that the full Reagan cabinet will discuss the future of the grain embargo next week--:39.

–The nation's 12th largest bank, Marine Midland, lowers its prime lending rate to 19.5 percent--:17.

- Stock prices fall--:02.
- Former Sen. Muriel Humphrey announces her engagement to former schoolmate Max Brown--:15.
- Many of the former hostages receive homecomings--3:34.
- Former hostage Robert Ode is admitted to an Arlington, Va., hospital--:22.
- Charles Osgood reports that the symbol of the yellow ribbon to welcome home the former hostages originated from an old Irish folk song--3:44.

ABC WORLD NEWS TONIGHT:

- Secy. of State Alexander Haig says that the U.S. will provide no military equipment for Iran--2:16.
- Pierre Salinger reports that the U.S. government was so confident that it would gain the release of the former hostages last April 1 that it had a Swiss Airliner, equipped with medical supplies, prepared to fly to Tehran to pick them up--2:54.
- Former hostage Robert Ode is hospitalized for bronchitis--:16.
- Secy. of Defense Caspar Weinberger tells the Senate Armed Services Committee that increased defense spending may require cuts in some non-military programs--1:40.
- The Reagan cabinet reportedly decides to discuss the future of the grain embargo next week--:22.
- The Solidarity trade union threatens a one-hour general strike in February if the Polish government does not agree to a five-day work week--:28.
- Solidarity trade union leader Lech Walesa urges Polish workers to show more restraint in calling strikes--1:15.
- South African Prime Minister P.W. Botha announces that a general election will be held April 29--:36.
- The Marine Midland Bank of Buffalo lowers its prime lending rate to 19.5 percent--:09.
- Muriel Humphrey, the widow of Hubert Humphrey, announces her engagement to Nebraska businessman Max Brown--:12.
- Pres. Reagan orders an immediate end to all price and allocation controls from all domestically produced crude oil--2:05.
- Five U.S. oil companies raise the wholesale price of their gasoline one-to-two cents per gallon--:14.
- A White House spokesman says that reporters will be expected to act like “ladies and gentlemen” at Reagan’s first press conference--:29.
- The Islamic Summit conference says that the Arab countries will use the oil weapon as part of their anti-Israeli strategy--1:15.
- Iraq says that it has resumed attacks on Iran’s oil facilities--:15.
- Iran’s Ayatollah Beheshti challenges the U.S. to produce documentary evidence that the former hostages were mistreated--:14.
- The State Dept. says that it is using Swiss intermediaries to try to gain the release from Iran of freelance journalist Cynthia Dwyer--1:56.
- Jamaica’s Prime Minister Edward Seaga, meeting with Reagan, offers Jamaican vacations to the former hostages--:18.
- Former hostage Bruce Laingen is welcomed home by schoolchildren in his neighborhood--1:03.
- Many of the former hostages are welcomed home by their neighbors--2:53.