

News Digest

By The Associated Press

The State of The Union

'Growing stronger every day'

WASHINGTON — President Reagan told Congress on Tuesday the breakdown of the family structure among America's welfare recipients has reached crisis proportions and ordered his administration to devise a strategy by December to break "the spider's web of dependency."

While proclaiming "a Great American Comeback" from a land of broken dreams, Reagan directed new attention to social concerns, pledging to work with private insurers to develop affordable insurance against the costs of catastrophic illness.

In a State of the Union address delayed a week by the explosion of the shuttle Challenger, Reagan asked Congress to pause with him to "mourn and honor the valor of our seven Challenger heroes." He then delivered, as expected, a relatively brief and upbeat report on a nation that he said is "growing stronger every day."

The president suggested few initiatives in his fifth such address, boosting again his tax reform proposal and extolling Congress to cut the federal deficit by reducing spending. His remarks included an emphatic thumbs-down on tax increases.

Reagan also suggested that in his proposed budget for fiscal 1987, which he will send to Congress today, several programs and agencies will be pegged for sharp funding cuts.

Saying heavy federal deficits cloud the future, Reagan said: "In the welfare culture, the breakdown of the family, the most basic support system, has reached crisis proportions — in female and child poverty, child abandonment, horrible crimes and deteriorating schools," Reagan said.

In a prepared response, the Democratic Party said Reagan's view of the condition of America is too rosy, that under Reagan's leadership, the nation has been faced with devastating budget deficits, a floundering farm economy and a staggering trade deficit.

The Democrats, echoing the words of Republican Senate leaders earlier this week, said that any proposals to increase taxes to reduce the budget deficit would have to come from Reagan.

Reagan set no specific guidelines for reform other than to acknowledge government's responsibility to "provide shelter and nourishment for those who cannot provide for themselves."

But he said, "We must revise or replace programs enacted in the name of compassion that degrade the moral worth of work, encourage family breakups and drive communities into a bleak and heartless dependency."

A long-time opponent of comprehensive national health insurance, Reagan urged creation of a new program to protect people who are vulnerable to being wiped out financially by the costs of serious illness.

Reagan said he wanted to "redefine government's role: not to control, not to command, not to contain us; but to help in times of need; above all, to create a ladder of opportunity to full employment so all Americans can climb toward economic power and justice on their own."

Reagan's '87 budget approaches \$1 trillion

WASHINGTON — President Reagan's budget will propose government spending of just under \$1 trillion next year, including a 12-percent boost for the military but sweeping cutbacks in health, housing and other civilian programs, administration and congressional sources said Tuesday.

At the same time, the budget will meet the target of the new Gramm-Rudman-Hollings budget-balancing law of reducing the federal deficit to \$144 billion in fiscal 1987, which begins Oct. 1, said officials who spoke only on the condition of anonymity. This year's deficit is expected to be about \$208 billion.

And the president's budget will meet this target not only with spending cuts but with money earned through the sale of federal properties and assets, called "privatization" by administration officials.

The president will formally submit his budget to Congress this morning.

During the past three years, Congress has largely disregarded the president's budget, and it has often been pronounced "dead on arrival" by congressional leaders.

However, with the Gramm-Rudman law, Congress this year must either accept the president's package or come up with its own deficit-reduction plan of an equal magnitude, or risk triggering some \$40 billion in automatic, across-the-board spending cuts next October.

Administration and congressional sources said the budget would propose total federal spending of \$994 billion in fiscal 1987. To reach the

\$144 billion deficit target of Gramm-Rudman, the budget will propose deficit-reduction steps of \$38 billion, the sources said.

This will be made up of about \$26 billion in spending cuts, freezes and program eliminations, and \$12 billion in new revenues — partly from the plan to sell off government properties and assets.

Despite widespread freezes and program cuts in civilian agencies, the National Aeronautics and Space Administration is one of the few civilian agencies slated for an increase under the president's budget. Congressional sources said Monday that Reagan would propose \$7.7 billion in spending for the space agency next year, up \$400 million from the current level.

The president's budget calls for

actual defense outlays of \$282 billion in 1987, up from the current level of \$266 billion.

However, the budget also calls for giving the military authority to contract to spend even more in 1987, for a total of \$320.8 billion, a boost of nearly 12 percent from the current level of \$286.1 billion and roughly 8 percent above the level of inflation.

The new budget is expected to recycle many of the proposals submitted by Reagan last year but ignored by Congress, including ending federal support for Amtrak rail passenger service, terminating mass transit and urban development grants and abolishing the Small Business Administration.

Also expected to be renewed are proposals to abolish the Economic Development Administration, the

Appalachian Regional Commission and the direct loan program of the Export-Import Bank.

One program slated for abolition in last year's budget, the Job Corps, would be spared under the new budget, although it would face drastic cuts.

In addition, the budget calls for the sale of about \$4 billion in federal assets, a pet project of budget director James C. Miller, who wants to get government out of enterprises he claims can be handled better by private business.

A number of loans owed to the federal government also would be put up for sale in the budget proposal — including a variety of housing loans and much of the portfolio of outstanding loans now held by the Small Business Administration.

Democrats respond: New answers are needed

WASHINGTON — The Democratic Party on Tuesday portrayed President Reagan as presiding over a policy of "spend, spend, spend; borrow, borrow, borrow."

Reagan, the Democrats said, is responsible for a devastating budget deficit and a floundering farm economy.

To present the party's response to Reagan's State of the Union address, the Democrats turned to former Virginia Gov. Charles S. Robb, and to Sen. George Mitchell of Maine, Harriett Woods, the lieutenant governor of Missouri, and Reps. Tom Daschle of South Dakota and William Gray of Pennsylvania.

In a briefing for reporters, they outlined the themes of that response, making clear, in Mitchell's words, they believe the post-Reagan era is approaching and that "the Democratic Party is back, looking to the future, confident about what America can do — if we do the right things now."

"We don't underestimate the president," said Mitchell, chairman of the Democratic Senatorial Steering Committee.

Paul Kirk, chairman of the Democratic National Committee, who was at the briefing but who was not to take part in the nationally televised response, said the presentations will underscore the belief of Democrats that Reagan, in his five years in office, "has done more to add to the national debt and budget deficits of this country than all the presidents from George Washington to Jimmy Carter in the previous 205 years."

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