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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 20, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Hero's Welcome Awaits Reagan In New Grenada -- ST. GEORGE'S, Grenada
-- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago. (Wall Street Journal, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

Habib Trying To Bring Philippine President Marcos Together With Aquino
-- The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.
(Washington Post, AP)

NATIONAL NEWS

Volcker, Baker Appear Divided Over How Far Dollar Should Fall -- James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.
(Washington Post, AP, Reuter)

NETWORK NEWS (Wednesday Evening)

CHALLENGER -- Three key NASA engineers were never told key, pre-launch information.

MARCOS SENATE CONDEMNATION -- The Senate voted overwhelmingly to condemn the Philippine elections.

HOUSING STARTS -- Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months.

A NATIONAL HOLIDAY

"Thursday...has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Grenadian Voice, Grenada, 2/15)

TRIP NEWS

GRENADA TO RETURN TO SPOTLIGHT

Caribbean Aid Results Spotty

Four years after President Reagan unveiled his master plan for prosperity in the Caribbean region -- what he called his "unprecedented" and "farsighted" Caribbean Basin Initiative -- things have not worked out quite as the White House hoped.

In the two years the CBI has been in effect, the value of U.S. imports from CBI countries declined by 23 percent, while imports from the rest of the world increased by 36 percent, according to Commerce Department figures. Many nations in the region are worse off than when Reagan presented his plan, a paean to private enterprise that remains his preeminent overture to the developing world.

(Fred Hiatt, Washington Post, A1)

Reagan Visit Recalls Invasion

ST. GEORGE'S, Grenada -- For a few hours on Thursday this tiny island will recapture the place in the world spotlight it held with intensity in the early 1980s.

When President Reagan's speech at a summit meeting of Caribbean leaders is over and the White House party flies away, however, Grenada's 94,000 inhabitants will be left again with a set of intractable problems much like those of their neighbors all along the somnolent Windward Island chain.

(Edward Cody, News Analysis, Washington Post, A1)

Grenada To Give Thanks To Reagan, Ask For More Aid

ST. GEORGE'S, Grenada -- Grenada, with one eye on the past and the other on the future, will today thank President Reagan for freeing the island two years ago and ask him for more aid to keep it free.

During his visit, Reagan is expected to recall the U.S. success in thwarting Marxism here in launching a major new drive for a resumption of U.S. military aid to anti-Sandinista forces fighting in Nicaragua.

(Gene Gibbons, Reuter)

Hero's Welcome Awaits Reagan Visit To Grenada

President Reagan, flying to Grenada for a hero's welcome, says the United States stands ready to help if the tiny Caribbean island, which U.S. troops invaded in 1983, is threatened with a violent uprising.

Administration officials said Reagan, who plans to lay a wreath at a monument to the 19 U.S. servicemen who died in the invasion, also would announce steps to strengthen his Administration's 12-year plan to bolster sagging Caribbean economies.

(Dale Nelson, AP)

Hero's Welcome Awaits Reagan In New Grenada

ST. GEORGE'S, Grenada -- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago.

Even though the 1983 American invasion that toppled a Marxist government didn't solve all the island's problems, it remains a popular action here. And President Reagan himself is a hero to many Grenadians, perhaps more popular than the island's own politicians.

(Glenn Garvin, Washington Times, A1)

Grenada Prepares Elaborate Welcome For Reagan

ST. GEORGE'S, Grenada -- The government prepared an elaborate welcome for President Reagan's arrival today, while followers of the New Jewel Movement, ousted in the 1983 U.S. invasion, called an anti-Reagan rally.

The Grenadian government points to two major successes brought about by the American invasion -- an end to political fear and a halt to an economic slide. "People don't have to look over their shoulders anymore," Grenadian Prime Minister Blaize told a news conference Tuesday.

(Frederick Kiel, UPI)

Warm Welcome Awaits U.S. President In Grenada

ST. GEORGE'S, Grenada -- This tiny Caribbean nation declared a national holiday so islanders could give President Reagan a hero's welcome, but a leftist group called for a boycott to protest the 1983 U.S.-led invasion Reagan ordered.

"No patriot could welcome to our land someone who invaded our sovereign country," a statement by the Maurice Bishop Popular Movement said. The group plans to hold a demonstration in St. George's as Reagan speaks on the other side of town, and group members have urged Grenadians to boycott activities associated with the visit. However, most of the 92,000 residents of this nation were expected to attend Reagan's speech at Queen's Park.

(Kernan Turner, AP)

IT TOOK WORK TO GET REAGAN INTO GRENADA FOR 4 HOURS TODAY

ST. GEORGE'S, Grenada -- When President Reagan steps out of Air Force One into the dazzling sun of this tiny tropical island today, his entrance may seem effortless. Actually, though, his carefully scripted activities will be the result of nearly a month's occupation of the Caribbean nation by scores of U.S. government officials, cadres in the increasingly costly and complex art of modern presidential advance work.

The Grenada trip is typical of the effort that now goes on behind the scenes every time the President ventures out of the White House. "Presidential advance has become a science," says Ronald Walker, who headed the advance office in Richard Nixon's administration.

(Jane Mayer, Wall Street Journal, A1)

INTERNATIONAL NEWS

HUSSEIN ENDS PEACE EFFORT WITH PLO

AMMAN, Jordan -- King Hussein today broke off a year-long joint effort with the PLO to reach a Middle East peace agreement, accusing it and its leader, Yasser Arafat, of breaking their word after Jordan had extracted what Hussein said were key concessions from the United States.

The Jordanian monarch, who has been considered by the United States and Israel to be a key intermediary with the PLO in attempts to reach a comprehensive Middle East peace agreement, announced the collapse of the joint initiative in a 3½-hour televised speech retracing what he called "a grueling year of intensive effort."

(Jonathan Randal, Washington Post, A1)

SENATE, 85-9, DECRIES PHILIPPINE ELECTION

By a vote of 85 to 9, the Senate adopted a resolution yesterday declaring that the Philippine presidential elections "were marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines."

In the most dramatic expression yet of bipartisan political consensus against the government of President Marcos, the nonbinding resolution said, "America's interests are best served in the Philippines by a government which has a popular mandate." It asked that President Reagan "personally convey this finding" to Marcos.

(Joanne Omang & Don Oberdorfer, Washington Post, A1)

U.S. KEEPING OPTIONS OPEN ON QADDAFI

The Reagan Administration has not ruled out using military force against Libya to combat terrorism sponsored by Col. Qaddafi, State Department official Robert Oakley testified yesterday.

Oakley, who heads the Office for Counter Terrorism and Emergency Planning, spoke to the Senate Judiciary subcommittee on security and terrorism as Defense Department sources said the Navy is considering new flight operations next month over the Gulf of Sidra.

(AP story, Washington Post, A13)

PENTAGON, CONGRESS SEEK CURE TO SHORTCOMINGS EXPOSED IN GRENADA INVASION

The invasion of Grenada 27 months ago achieved its objectives of freeing American students with little loss of life or damage to the island but exposed shortcomings in the U.S. military that must be corrected if the United States is to operate successfully in "low-intensity" third-world conflicts.

This is a widely held view among professional military officers familiar with the Grenada foul-ups and among lawmakers drafting legislation designed to centralize military responsibility and clear some of the underbrush between Washington and the commander on the scene in remote military operations.

(George Wilson & Michael Weisskopf, Washington Post, A24)

HABIB'S ORDERS IN DISPUTE

President Reagan's instructions to special U.S. envoy Philip Habib were a matter of dispute in Washington and Manila yesterday, with the Administration doing little to clear them up.

In the Philippine capital, Habib denied a Washington Post report that he had warned Marcos to "make democratic reforms and share power with opposition forces" or risk losing U.S. aid.

A White House official, who asked not to be quoted by name, said The Post story was accurate. He emphasized that Reagan had made no decision on what to do about the "fraudulent" election and said Habib had broad authority to explore ways to resolve the crisis.

(Don Oberdorfer, Washington Post, A28)

Habib Trying To Bring Philippine President Marcos Together With Aquino

The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.

That is the gist of the mission to Manila by Philip Habib. Habib has been silent about his talks in Manila and is not expected to return to the United States before the weekend, at the earliest. The Administration is not sure how events eventually will play out, but it is known that Habib is urging Marcos to acknowledge his strong opposition in the hopes the two camps can work together.

(Terence Hunt, AP)

CIA REPORT ON NICARAGUA CONFUSES LAWMAKERS ADMINISTRATION HAS BEEN WOOING FOR CONTRA FUNDS

The Reagan Administration's efforts to win approval of a \$100 million military and economic aid package for anti-Sandinista rebels was off to a rocky start yesterday, in part because of a CIA document about a Nicaraguan "disinformation" campaign that caused confusion among the legislators it was designed to impress.

President Reagan has seen more than 60 members of Congress in two days in an effort to persuade them to support the package, but a White House senior official said yesterday that the private reaction of leaders had been "silence at best."

(Lou Cannon, Washington Post, A5)

U.S. DISCLOSES SECRET PLAN BY SANDINISTAS

Weinberger, Shultz Urge Help For Freedom Fighters

Secretary Weinberger, warning that the Marxist rulers of Nicaragua are "moving quickly, with Soviet bloc and Cuban help to consolidate their totalitarian power," urged Congress yesterday to approve a resumption of military aid to the anti-communist guerrillas.

Secretary Shultz was on Capitol Hill yesterday with a call to Congress to "support, not abandon, the democratic resistance within Nicaragua." "The most immediate danger to democracy in Central America is the assault on it from Communist Nicaragua, aided by Cuba and the Soviet Union," he told the Senate Budget Committee.

(James Morrison & Lucy Keyser, Washington Times, A1)

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NATIONAL NEWS

VOLCKER WARNS THAT FALLING DOLLAR CAN BE TWO-EDGED SWORD

Federal Reserve Board Chairman Paul Volcker, in an apparent disagreement with the Reagan Administration, yesterday warned that the value of the dollar may have "fallen enough" in foreign exchange markets to raise not only a new threat of inflation but also a question of "confidence in our currency."

On Tuesday, Secretary Baker said that he would "not be displeased" if the dollar declined further in foreign exchange markets. But a senior Reagan Administration official, in a background interview, moved swiftly to downplay any conflict between Volcker's remarks to the House Banking Committee and Baker's comments to the Senate Budget Committee.

(Hobart Rowen, Washington Post, A15)

Volcker, Baker Appear Divided Over How Far Dollar Should Fall

James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.

Volcker went to considerable lengths in a congressional hearing yesterday to call a halt to the dollar's rapid decline of recent weeks. The latest plunge was a result of remarks by Secretary Baker the day before but a Treasury official, who asked not to be named, said the markets had overreacted to the comments.

(Peter Torday, Reuter)

Volcker's Remarks Depress Stock And Bond Market, Cause Swings In Currency

Paul Volcker's worries about the dollar's drop and suggestion that the Fed will not push down interested rates numbed Wall Street, depressed the bond market and confused currency traders.

In his semi-annual report to Congress, Volcker said Wednesday that the dollar's plunge against other currencies could rekindle inflation if it persists, although sharply lower oil prices were restraining inflation.

He also said the Fed intends no major changes in monetary policy, suggesting there is little chance of a cut in the discount rate, the lending fee it charges to banks.

(Rick Gladstone, AP)

ADMINISTRATION FAILS TO PRESENT UNITED FRONT ON DILUTING GUN LAW

Senior officials at the Justice and Treasury departments have privately expressed strong reservations about legislation -- officially backed by the Reagan Administration -- that would weaken the 1968 Gun Control Act, according to Administration sources and documents.

The documents say that Attorney General Meese told a group that he has serious reservations about parts of the bill and that these concerns were repeated by Justice Department officials in a January meeting with lobbyists for the National Rifle Association.

(Howard Kurtz, Washington Post, A4)

AGRICULTURE DEPUTY QUILTS AFTER GOP NUDGE

Deputy Agriculture Secretary John Norton, who had been acting secretary since last Saturday, resigned yesterday, apparently under heavy political pressure from Republicans who want a midwesterner in his job.

Norton said he would go home to Phoenix and resume direction of his large farm operations in Arizona and California. He refused to explain his decision, saying, "It's my last day, but I have to exercise the politician's prerogative and be circumspect about this."

(Ward Sinclair, Washington Post, A11)

Norton Quits USDA After Five Days In Top Spot

The top ranks at the Agriculture Department got a little thinner with the announced resignation of John Norton, who has been acting Secretary of Agriculture since last Friday.

There had been speculation that Norton, who holds extensive farming interests in California and Arizona, would leave because he and Richard Lyng would make the Agriculture Department top-heavy with westerners.

(Don Kendall, AP)

ECONOMISTS NOW DETECT FALLING TREND IN DEFICIT

The federal budget deficits that have bedeviled the economy since the start of the Reagan Administration have reached a turning point, according to Government and private analysts.

They have stopped going up, and as far as such experts can see, they are now going down. They are declining, they say, even without the contribution of cuts required under the new balanced-budget law, except for the small ones taking effect this year.

(Peter Kilborn, New York Times, A1)

MILLER: AIDS VICTIMS, LIKE HOMELESS, NOT A FEDERAL PROBLEM

James Miller says AIDS victims -- as well as the homeless -- are the responsibility of states and cities, not the federal government. Responding to questions Wednesday from Sen. Lowell Weicker about President Reagan's fiscal 1987 budget, Miller insisted that funding for acquired immune deficiency syndrome research is a "high priority for us." But Miller said Reagan's budget proposes cutting federal money for AIDS, especially federal treatment centers.

(Elaine Povich, UPI)

HHS SEEKS WAYS TO EASE NURSING HOME COST

HHS Secretary Otis Bowen told a congressional subcommittee yesterday that he will be looking for ways to help the elderly pay for expensive nursing home care, as part of a study of catastrophic-health insurance President Reagan has ordered.

While saying that no detailed proposal has been developed, the 67-year-old Cabinet member said his mother is in a nursing home and "I am very deeply aware of the [issue], because I know who pays the bills."

(Sandra Evans, Washington Post, A17)

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AIDES URGE REAGAN TO ENDORSE ACID-RAIN REPORT

President Reagan has been urged by senior advisers to endorse a report by his special envoy on acid rain that calls for a five-year, \$5 billion effort by government and industry to test cleaner coal-burning technology, White House officials said yesterday.

Such an endorsement would be a major policy shift by Reagan, who has previously maintained that more study is needed on acid rain. The endorsement would also mark the first time Reagan has accepted the premise that acid rain is a man-made phenomenon.

(David Hoffman, Washington Post, A20)

EDITOR'S NOTE: "Verstandig's Storms in the East Wing" by Donnie Radcliffe appears on page B1 of the Washington Post Style Section.

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(Howard Kurtz, Washington Post, A4)

NEWS FROM THE STATES (continued)

COALITION SEEKS RESTRAINTS ON GRAMM-RUDMAN

AUSTIN, Texas (UPI) -- A coalition of human service groups called on the Texas congressional delegation Wednesday to "act more responsibly" and stop ignoring basic human needs when making federal budget cuts. Karen Langley, executive director of the Texas Alliance for Human Needs, said the state is projected to lose up to \$600 million next year from cuts mandated by the Gramm-Rudman amendment, co-sponsored by Sen. Phil Gramm. At a Capitol news conference, Langley produced a rubber chicken and a picture of several pigs to demonstrate President Reagan's preference for military spending at the expense of social programs.

Peggy Romberg, executive director of the Texas Family Planning Association, said projected cuts will have a tragic effect on women and families who seek family planning services.

HISPANICS

LOS ANGELES (UPI) -- Hispanic-American newspaper readers own more credit cards, vote more often and go to the movies 10 times more than the average U.S. citizen, a survey shows. The survey, released Tuesday, was of 1,740 Hispanic readers of 38 national Hispanic publications, including the Los Angeles daily newspapers La Opinion and Noticias del Mundo, said Kirk Whisler, president of the National Association of Hispanic Publications, which commissioned the survey. About 46 percent of the respondents voted for President Reagan, the survey said.

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NETWORK NEWS SUMMARY

(Wednesday Evening, February 19, 1986)

CHALLENGER

CBS's Dan Rather: It has been confirmed that three key NASA officials involved in launching Challenger were never told key, pre-launch information. Never told that top engineers at Morton Thiokol, the company that makes the shuttle's solid rocket boosters, were dead-set against a launch in frigid weather, were never told of strong, heated dissent by engineers, even after the launch recommendation was made. CBS News was told tonight that one key NASA official -- who was not informed of all of this before the launch -- is the head of the whole shuttle program. Also today, NASA released awesome first photographs from the bottom of the Atlantic, wreckage of the right solid rocket booster; what may be crucial evidence in the search for the cause of the catastrophe.

CBS's Eric Engberg: The Rogers Commission revealed today that three key NASA officials involved in the Challenger launch were not told of strong objections from engineers to launching in the cold. The Commission, with little elaboration, said it would begin public hearings on how the decision to launch was reached next week.

(ALL NETS LEAD)

ABC's John Martin reports that a suspicion is growing outside the space community that the shuttle was destroyed by the very system that built it. It is a system that has been under pressure by scientists, the Air Force, OMB, which wanted to save money but still finance a shuttle, and the White House, which saw the space program as a way to maintain jobs and inspire the nation. But the cost pressures were enormous. The shuttle's critics suspect that it was the need to compete at full speed that caused NASA to react too slowly at danger signs. The pressure for making the shuttle pay its way has come from the top. Just 18 months ago, President Reagan reportedly signed a National Security directive ordering NASA to make the shuttle "fully operational and cost-effective within four years." NASA began scheduling more flights. And with no major mishaps, the program looked especially safe.

NBC's Robert Bazell reports that one member of the President's Commission said that the testimony of Alan MacDonald, director of the Morton Thiokol Corporation's solid fuel rocket motor project was "traumatizing and horrifying." Today the President's Commission issued a written statement saying that a number of engineers at Thiokol still strongly urged against launch.

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CALIFORNIA SENATE CAMPAIGN

Rather: The Los Angeles District Attorney's office today agreed to drop political bribery charges against Republican Congresswoman Bobbi Fiedler. The reason: insufficient evidence. But prosecution of Fiedler's campaign manager, and now fiancé, Paul Clark, will continue. Both had been charged with attempting to bribe a political rival to drop out of California's U.S. Senate primary. (CBS-3; NBC-4)

SENATE CONDEMNATION OF MARCOS/OPPOSITION LEADER MURDERED

Rather: The United States Senate voted overwhelmingly today to condemn the Philippine elections, and on the U.S. West Coast, the bureau chief of a Philippine newspaper opposed to President Marcos was shot to death.

Phil Jones reports that most every place Ferdinand Marcos looked today, the pressure was mounting. Marcos was meeting with his advisers and hinting at martial law to prevent turmoil. At midday, Marcos followers were being blamed for an apparent murder here in the U.S. An employee of an anti-Marcos newspaper, published in California, was shot to death in his Los Angeles home.

(Sen. Cranston: "It's bad enough to have the criminal activities of the Marcos regime in the Philippines. They must not now be exported to my state of California, and our country of the United States.")

At the Capitol, the heat was on today. 85 of the 100 senators voted for a resolution asking President Reagan to tell Marcos that the view here is the election was marked by widespread fraud, and cannot be considered a reflection of the will of the people. According to Sen. Kennedy, who telephoned Corazon Aquino before the vote, Aquino welcomed the action.

While Congressional observers were denouncing the wholesale fraud, officials in

the Reagan Administration were urging caution.

(Secretary Shultz: "We want to stay connected to the Philippines. We don't want to walk away from them.")

(Secretary Weinberger: "None of us in this room wants to see the Philippine people have their future decided by the Communist insurgency.")

Everyone here agrees that the U.S. must be cautious. But it also appears that unless Marcos steps down, or makes dramatic concessions, he could find all direct military and economic aid to his regime cut off by Congress. (CBS-4)

ABC's Judd Rose reports that the head of the Los Angeles office of the Philippine News, the largest Filipino-American newspaper, was murdered. The paper had taken a strong stand against Marcos. Senator Cranston said he's asked, and the FBI has agreed, to investigate the murder.

ABC's Charles Gibson: U.S. Envoy Philip Habib is trying to force reforms on Marcos, even power-sharing with opposition forces. But Marcos wants no part of it. The delicacy of the U.S. position was most apparent as Secretary Shultz appeared before a Senate Committee. On the one hand, the acknowledgement that the election was rigged:

(Secretary Shultz: "One can't say that we got out of the election what one wants to get out of an election, namely the legitimate ties of credible government.")

But on the other hand, the need to deal with President Marcos:

(We want to stay connected with the Philippines. We don't want to walk away from them. And how to do that, under present circumstances, is a difficult task.")

But many in Congress want to act now. The Senate overwhelmingly today, 85 to 9, passed a hastily-drafted resolution saying the elections showed such widespread fraud that they cannot be considered a reflection of the will of the Philippines. And the Chairman of the Senate Foreign Relations Committee, along with key House members, is drafting legislation that would withhold -- put in escrow -- three-quarters of the U.S. aid to the Philippines, until the government there changes. It's sort of the "bad cop, good cop" routine. Congress, for now the bad cop, threatens to cut off aid to the Philippines, while the Administration, the good cop, urges caution, all the time using those congressional threats as leverage to try and force Marcos into reforms. (ABC-4)

ABC's Andrea Mitchell: The Administration wanted Congress not to do anything yet.

(Secretary Shultz: "We have on our hands a very difficult and delicate situation. And we don't want to jump at it.")

The delicate situation is in the hands of presidential troubleshooter Philip Habib, trying to persuade Marcos that he must order reforms and share power -- because Congress will demand it. But officials say Habib has cabled home that Marcos is yielding nothing. And the Administration is worried that one of its long-sought reforms -- the recent resignation of Gen. Ver, was a sham -- that he still holds power as a shadow defense minister. White House pressure helped soften, but not prevent, the Senate resolution. Passed overwhelmingly, criticizing the election results as marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines.

(Sen. Kennedy: "And it's time that the President of the United States speak on this issue. Cory Aquino has been elected President of the Philippines, and it's time to call a spade a spade.")

After a week of conflicting statements, there is no longer any disagreement in the Administration about the election fraud.

(Secretary Weinberger: "It is so extreme that the credibility of the election has been questioned, both in the Philippines and in the United States.")

A Carter Administration official was able to say publicly what many Reagan aides are saying privately.

(Ex-Assistant Secretary of State Richard Holbrooke: "The Executive branch would like to see the orderly departure of President Marcos as early as possible.")

The Administration believes Marcos will not yield power if there is the appearance of U.S. pressure. And that cutting off aid now would wreck any chance that he would go willingly.

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NBC's Noah Nelson reports that Oscar Salvatiera, the Los Angeles Filipino newspaperman killed yesterday, that he had received a death letter warning, "You are sentenced to death."

(Newspaper owner Noah Escondido: "I plead with President Reagan to realize the problem of Marcos; that he is not only terrorizing the people of the Philippines, but he has already terrorized the people who are Americans living in this country. Are we going to allow Marcos to export this terrorism here?")

The FBI has been called in to investigate Salvatiera's murder.

(NBC-2)

"UNCLE REAGAN" GOES TO GRENADA

Jennings: It's been more than two years now since President Reagan ordered the invasion of Grenada to overthrow the Left wing government there. Tomorrow the President pays a one-day visit to Grenada.

ABC's James Wooten reports that while Grenada may be part of the British Commonwealth, but its heart belongs to the Gipper.

(TV Coverage: Grenadian schoolchildren on playgrounds fondly chanting, "Uncle Reagan! Uncle Reagan!")

He's "Uncle Reagan" on the playgrounds --

(Female native: "May God bless 'Uncle Reagan' and give him a long life! I wish I could kiss his feet!")

That may be a bit excessive, but Grenadians are grateful. \$75 million have finished the airport the Cubans began, built some roads and generally stabilized a precarious economy. The Peace Corps is here. But the country still has serious problems. Pro-American sentiment, while clearly in the majority, is not unanimous. The President's visit will be brief. The country has the distinction of being the only country in the world perhaps, with a Queen, a Prime Minister, and now, in a manner of speaking, a President. And it can hardly wait to greet him.

(ABC-9)

Brokaw: President Reagan tomorrow will make a four-hour visit to the Caribbean island of Grenada, the scene of what he considers to be one of his most spectacular foreign policy and military triumphs.

(NBC-9)

HOUSING STARTS

Rather: Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months. Economists say it means that more people once again are finding it possible to own homes. But Commerce Secretary Malcolm Baldrige warned against expecting any housing boom this year. He said not all factors for home-building are positive.

(CBS-5)

VOLCKER

Rather: Federal Reserve Chairman Volcker was telling Congress that the sharp drop in the exchange value of the dollar recently is both good and bad news. Good for farmers and manufacturers, who want to sell their products overseas, but also creating conditions that could refuel inflation at home. (CBS-6)

Jennings: Paul Volcker told Congress today that the Fed has decided not to alter its monetary policies, and that means the Federal Reserve wants interest rates to stay just about where they are. (ABC-7)

REAGAN ANTI-TRUST PROPOSALS

Rather: It's official. President Reagan today asked Congress for a major rollback of U.S. anti-trust laws on mergers. These laws have been on the books for more than 70 years. Among the requested changes: five year exemptions for mergers in selected U.S. industries; easing merger restrictions in general, and reducing penalties for anti-trust violations. (CBS-7)

ANTI-GENOCIDE TREATY

Rather: After decades of debate, the U.S. today joins 96 other nations in approving a treaty that makes genocide -- the killing or injuring of members of racial, religious or ethnic groups -- an international crime. The 37-year-old treaty making genocide an international crime won Senate approval by a vote of 83 to 11. (CBS-8)

LEBANON KIDNAPPINGS

Rather: In Beirut, three Spanish Embassy employees were released unharmed today, more than a month after they were kidnapped by a Muslim group seeking freedom for two prisoners in Spain. Still missing in Lebanon are thirteen of the foreigners, six of them Americans. (CBS-11)

SENATOR EASTLAND DIES

Rather: Former U.S. Senator James Eastland, the Mississippi Democrat who served a record 22 years as Chairman of the Senate Judiciary Committee, died today. He was 81. (CBS-14)

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EDITORIALS/COLUMNISTS

WAR ON POVERTY

Let Them Read Want Ads -- "On the radio last weekend (Reagan) echoed his State of the Union call for 'real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.' He insists, with the eloquence of truth, that 'the waste in dollars and cents pales before the most tragic loss -- the sinful waste of human spirit and potential.' The President's words are moving; his program is not. The only direction it moves is backward, away from work and back to more welfare.... Mr. Reagan's words won't do the job, not as long as he opposes public service jobs as make-work and proposes to eradicate the Work Incentive Program and slash the Job Corps."

(New York Times, 2/19)

Fighting Poverty -- "Welfare can't work without national support; there are too many poor.... Which makes all the more frightening Reagan's call for a sweeping review of the welfare system by his Domestic Policy Council. The outcome could be far-reaching, but the deck is stacked against the poor when wealthy Reagan advisers who owe their jobs to their conservative ideology are running the study. The nation should demand a bipartisan and independent review for something that could affect so profoundly this nation's social fabric and traditional regard for the underdog."

(Cleveland Plain Dealer, 2/16)

DEFICIT REDUCTION

No Pain, No Gain On The Deficit -- "The deficit news from the Congressional Budget Office sounded better than it is.... They show the deficit declining from this FY's estimated \$208 billion to \$181 billion in FY 1987 and \$104 billion by 1991. That is nowhere near the balanced budget by 1991 envisioned in last year's Gramm-Rudman amendment. But it would be a large enough decline to take a lot of the pressure off.... So there you have it. The good news is that, yes, the deficit will fade away if either the economy produces much more than expected or the president demands much less. But that has always been true. Congress faces the same choices as before. The budget office has simply rephrased them."

(Washington Post, 2/19)

NASA/SPACE SHUTTLE

Tough Questions For NASA -- "Did NASA officials eliminate all foreseeable risks in the launching of the Challenger? It's beginning to look as if they did not.... If we rule out simple human error, was there such pressure within NASA to hold a successful launch that such warnings tended to be dismissed as alarmist irritants?.... That explanation would not exonerate senior officials. It would imply that they had fostered an atmosphere in which such warnings were positively unwelcome." (New York Post, 1/19)

PHILIPPINE ELECTION/PRESIDENT MARCOS

Confront Marcos With Ultimatum -- "The U.S. can no longer ignore, or sidestep, the ugly truth about Ferdinand Marcos. Regardless of his initial performance, Marcos has redefined the norms of arrogance and corruption.... If Marcos stays in power without the legitimacy of an honest vote, economic collapse and political chaos will come even sooner."

(Seattle Post-Intelligencer, 2/14)

Force Marcos' Hand -- "By first presiding over a fraud-ridden election and now refusing to seek any kind of accommodation with his political opposition, President Marcos has brought his nation to the brink of civil war.... In such a context, the U.S. should waste no time putting some distance between itself and intransigent Marcos. The Reagan Administration must demonstrate to the Philippine people that it stands as a defender of democracy, not as an accomplice to an unpopular dictator."

(Dallas Times Herald, 1/18)

Suspend US Aid To Marcos Now -- "Either the U.S. believes in the democratic process -- the underpinning of its own constitutional political system -- or it does not. It is time for the U.S. to be true to its highest democratic ideals -- and to the well-being of the Philippine people.... America's best long-range policy toward the Philippines, and the Philippine people, is to let the world know, in the clearest possible terms, that it cannot and will not accept an election outcome based on blatant fraud, violence, and threats."

(Christian Science Monitor, 1/19)

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FOREIGN MEDIA REACTION ABOUT REAGAN IN GRENADA

"Reagan is going to stay in Grenada only four hours, but this flash-visit has a clear political purpose: to underline that the U.S. is vitally interested in this neighboring region at a time when it is shaken by turmoil which can influence its future.... The 'Yankee' President is, for once, going to be received like a benefactor in a Caribbean country."

(Corriere della Sera, Italy)

"Is the U.S. military intervention in Grenada already water over the dam? No. Ronald Reagan is personally going back to Grenada to celebrate the anniversary of an inglorious but successful invasion...."

(L'Unita, Italy)

"Thursday ... has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Granadian Voice, Grenada)

"It is expected that these talks will center around economic matters -- especially how America can best help these nations to become more self-sufficient.... Following the talks, President Reagan will proceed to Queen's Park for a public welcome at which much of the Grenadian population is expected to be present to express their thanks for the courageous President, who risked world criticism to mount the rescue mission."

(Granadian Voice, Grenada)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 20, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Hero's Welcome Awaits Reagan In New Grenada -- ST. GEORGE'S, Grenada
-- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago. (Wall Street Journal, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

Habib Trying To Bring Philippine President Marcos Together With Aquino
-- The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency. (Washington Post, AP)

NATIONAL NEWS

Volcker, Baker Appear Divided Over How Far Dollar Should Fall -- James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986. (Washington Post, AP, Reuter)

NETWORK NEWS (Wednesday Evening)

CHALLENGER -- Three key NASA engineers were never told key, pre-launch information.

MARCOS SENATE CONDEMNATION --
The Senate voted overwhelmingly to condemn the Philippine elections.

HOUSING STARTS -- Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months.

A NATIONAL HOLIDAY

"Thursday...has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."
(Grenadian Voice, Grenada, 2/15)

TRIP NEWS

GRENADA TO RETURN TO SPOTLIGHT

Caribbean Aid Results Spotty

Four years after President Reagan unveiled his master plan for prosperity in the Caribbean region -- what he called his "unprecedented" and "farsighted" Caribbean Basin Initiative -- things have not worked out quite as the White House hoped.

In the two years the CBI has been in effect, the value of U.S. imports from CBI countries declined by 23 percent, while imports from the rest of the world increased by 36 percent, according to Commerce Department figures. Many nations in the region are worse off than when Reagan presented his plan, a paean to private enterprise that remains his preeminent overture to the developing world.

(Fred Hiatt, Washington Post, A1)

Reagan Visit Recalls Invasion

ST. GEORGE'S, Grenada -- For a few hours on Thursday this tiny island will recapture the place in the world spotlight it held with intensity in the early 1980s.

When President Reagan's speech at a summit meeting of Caribbean leaders is over and the White House party flies away, however, Grenada's 94,000 inhabitants will be left again with a set of intractable problems much like those of their neighbors all along the somnolent Windward Island chain.

(Edward Cody, News Analysis, Washington Post, A1)

Grenada To Give Thanks To Reagan, Ask For More Aid

ST. GEORGE'S, Grenada -- Grenada, with one eye on the past and the other on the future, will today thank President Reagan for freeing the island two years ago and ask him for more aid to keep it free.

During his visit, Reagan is expected to recall the U.S. success in thwarting Marxism here in launching a major new drive for a resumption of U.S. military aid to anti-Sandinista forces fighting in Nicaragua.

(Gene Gibbons, Reuter)

Hero's Welcome Awaits Reagan Visit To Grenada

President Reagan, flying to Grenada for a hero's welcome, says the United States stands ready to help if the tiny Caribbean island, which U.S. troops invaded in 1983, is threatened with a violent uprising.

Administration officials said Reagan, who plans to lay a wreath at a monument to the 19 U.S. servicemen who died in the invasion, also would announce steps to strengthen his Administration's 12-year plan to bolster sagging Caribbean economies.

(Dale Nelson, AP)

Hero's Welcome Awaits Reagan In New Grenada

ST. GEORGE'S, Grenada -- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago.

Even though the 1983 American invasion that toppled a Marxist government didn't solve all the island's problems, it remains a popular action here. And President Reagan himself is a hero to many Grenadians, perhaps more popular than the island's own politicians.

(Glenn Garvin, Washington Times, A1)

Grenada Prepares Elaborate Welcome For Reagan

ST. GEORGE'S, Grenada -- The government prepared an elaborate welcome for President Reagan's arrival today, while followers of the New Jewel Movement, ousted in the 1983 U.S. invasion, called an anti-Reagan rally.

The Grenadian government points to two major successes brought about by the American invasion -- an end to political fear and a halt to an economic slide. "People don't have to look over their shoulders anymore," Grenadian Prime Minister Blaize told a news conference Tuesday.

(Frederick Kiel, UPI)

Warm Welcome Awaits U.S. President In Grenada

ST. GEORGE'S, Grenada -- This tiny Caribbean nation declared a national holiday so islanders could give President Reagan a hero's welcome, but a leftist group called for a boycott to protest the 1983 U.S.-led invasion Reagan ordered.

"No patriot could welcome to our land someone who invaded our sovereign country," a statement by the Maurice Bishop Popular Movement said. The group plans to hold a demonstration in St. George's as Reagan speaks on the other side of town, and group members have urged Grenadians to boycott activities associated with the visit. However, most of the 92,000 residents of this nation were expected to attend Reagan's speech at Queen's Park.

(Kernan Turner, AP)

IT TOOK WORK TO GET REAGAN INTO GRENADA FOR 4 HOURS TODAY

ST. GEORGE'S, Grenada -- When President Reagan steps out of Air Force One into the dazzling sun of this tiny tropical island today, his entrance may seem effortless. Actually, though, his carefully scripted activities will be the result of nearly a month's occupation of the Caribbean nation by scores of U.S. government officials, cadres in the increasingly costly and complex art of modern presidential advance work.

The Grenada trip is typical of the effort that now goes on behind the scenes every time the President ventures out of the White House. "Presidential advance has become a science," says Ronald Walker, who headed the advance office in Richard Nixon's administration.

(Jane Mayer, Wall Street Journal, A1)

INTERNATIONAL NEWS

HUSSEIN ENDS PEACE EFFORT WITH PLO

AMMAN, Jordan -- King Hussein today broke off a year-long joint effort with the PLO to reach a Middle East peace agreement, accusing it and its leader, Yasser Arafat, of breaking their word after Jordan had extracted what Hussein said were key concessions from the United States.

The Jordanian monarch, who has been considered by the United States and Israel to be a key intermediary with the PLO in attempts to reach a comprehensive Middle East peace agreement, announced the collapse of the joint initiative in a 3½-hour televised speech retracing what he called "a grueling year of intensive effort."

(Jonathan Randal, Washington Post, A1)

SENATE, 85-9, DECRIES PHILIPPINE ELECTION

By a vote of 85 to 9, the Senate adopted a resolution yesterday declaring that the Philippine presidential elections "were marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines."

In the most dramatic expression yet of bipartisan political consensus against the government of President Marcos, the nonbinding resolution said, "America's interests are best served in the Philippines by a government which has a popular mandate." It asked that President Reagan "personally convey this finding" to Marcos.

(Joanne Omang & Don Oberdorfer, Washington Post, A1)

U.S. KEEPING OPTIONS OPEN ON QADDAFI

The Reagan Administration has not ruled out using military force against Libya to combat terrorism sponsored by Col. Qaddafi, State Department official Robert Oakley testified yesterday.

Oakley, who heads the Office for Counter Terrorism and Emergency Planning, spoke to the Senate Judiciary subcommittee on security and terrorism as Defense Department sources said the Navy is considering new flight operations next month over the Gulf of Sidra.

(AP story, Washington Post, A13)

PENTAGON, CONGRESS SEEK CURE TO SHORTCOMINGS EXPOSED IN GRENADA INVASION

The invasion of Grenada 27 months ago achieved its objectives of freeing American students with little loss of life or damage to the island but exposed shortcomings in the U.S. military that must be corrected if the United States is to operate successfully in "low-intensity" third-world conflicts.

This is a widely held view among professional military officers familiar with the Grenada foul-ups and among lawmakers drafting legislation designed to centralize military responsibility and clear some of the underbrush between Washington and the commander on the scene in remote military operations.

(George Wilson & Michael Weisskopf, Washington Post, A24)

HABIB'S ORDERS IN DISPUTE

President Reagan's instructions to special U.S. envoy Philip Habib were a matter of dispute in Washington and Manila yesterday, with the Administration doing little to clear them up.

In the Philippine capital, Habib denied a Washington Post report that he had warned Marcos to "make democratic reforms and share power with opposition forces" or risk losing U.S. aid.

A White House official, who asked not to be quoted by name, said The Post story was accurate. He emphasized that Reagan had made no decision on what to do about the "fraudulent" election and said Habib had broad authority to explore ways to resolve the crisis.

(Don Oberdorfer, Washington Post, A28)

Habib Trying To Bring Philippine President Marcos Together With Aquino

The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.

That is the gist of the mission to Manila by Philip Habib. Habib has been silent about his talks in Manila and is not expected to return to the United States before the weekend, at the earliest. The Administration is not sure how events eventually will play out, but it is known that Habib is urging Marcos to acknowledge his strong opposition in the hopes the two camps can work together.

(Terence Hunt, AP)

CIA REPORT ON NICARAGUA CONFUSES LAWMAKERS ADMINISTRATION HAS BEEN WOOING FOR CONTRA FUNDS

The Reagan Administration's efforts to win approval of a \$100 million military and economic aid package for anti-Sandinista rebels was off to a rocky start yesterday, in part because of a CIA document about a Nicaraguan "disinformation" campaign that caused confusion among the legislators it was designed to impress.

President Reagan has seen more than 60 members of Congress in two days in an effort to persuade them to support the package, but a White House senior official said yesterday that the private reaction of leaders had been "silence at best."

(Lou Cannon, Washington Post, A5)

U.S. DISCLOSES SECRET PLAN BY SANDINISTAS

Weinberger, Shultz Urge Help For Freedom Fighters

Secretary Weinberger, warning that the Marxist rulers of Nicaragua are "moving quickly, with Soviet bloc and Cuban help to consolidate their totalitarian power," urged Congress yesterday to approve a resumption of military aid to the anti-communist guerrillas.

Secretary Shultz was on Capitol Hill yesterday with a call to Congress to "support, not abandon, the democratic resistance within Nicaragua." "The most immediate danger to democracy in Central America is the assault on it from Communist Nicaragua, aided by Cuba and the Soviet Union," he told the Senate Budget Committee.

(James Morrison & Lucy Keyser, Washington Times, A1)

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NATIONAL NEWS

VOLCKER WARNS THAT FALLING DOLLAR CAN BE TWO-EDGED SWORD

Federal Reserve Board Chairman Paul Volcker, in an apparent disagreement with the Reagan Administration, yesterday warned that the value of the dollar may have "fallen enough" in foreign exchange markets to raise not only a new threat of inflation but also a question of "confidence in our currency."

On Tuesday, Secretary Baker said that he would "not be displeased" if the dollar declined further in foreign exchange markets. But a senior Reagan Administration official, in a background interview, moved swiftly to downplay any conflict between Volcker's remarks to the House Banking Committee and Baker's comments to the Senate Budget Committee.

(Hobart Rowen, Washington Post, A15)

Volcker, Baker Appear Divided Over How Far Dollar Should Fall

James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.

Volcker went to considerable lengths in a congressional hearing yesterday to call a halt to the dollar's rapid decline of recent weeks. The latest plunge was a result of remarks by Secretary Baker the day before but a Treasury official, who asked not to be named, said the markets had overreacted to the comments.

(Peter Torday, Reuter)

Volcker's Remarks Depress Stock And Bond Market, Cause Swings In Currency

Paul Volcker's worries about the dollar's drop and suggestion that the Fed will not push down interested rates numbed Wall Street, depressed the bond market and confused currency traders.

In his semi-annual report to Congress, Volcker said Wednesday that the dollar's plunge against other currencies could rekindle inflation if it persists, although sharply lower oil prices were restraining inflation.

He also said the Fed intends no major changes in monetary policy, suggesting there is little chance of a cut in the discount rate, the lending fee it charges to banks.

(Rick Gladstone, AP)

ADMINISTRATION FAILS TO PRESENT UNITED FRONT ON DILUTING GUN LAW

Senior officials at the Justice and Treasury departments have privately expressed strong reservations about legislation -- officially backed by the Reagan Administration -- that would weaken the 1968 Gun Control Act, according to Administration sources and documents.

The documents say that Attorney General Meese told a group that he has serious reservations about parts of the bill and that these concerns were repeated by Justice Department officials in a January meeting with lobbyists for the National Rifle Association.

(Howard Kurtz, Washington Post, A4)

AGRICULTURE DEPUTY QUILTS AFTER GOP NUDGE

Deputy Agriculture Secretary John Norton, who had been acting secretary since last Saturday, resigned yesterday, apparently under heavy political pressure from Republicans who want a midwesterner in his job.

Norton said he would go home to Phoenix and resume direction of his large farm operations in Arizona and California. He refused to explain his decision, saying, "It's my last day, but I have to exercise the politician's prerogative and be circumspect about this."

(Ward Sinclair, Washington Post, A11)

Norton Quits USDA After Five Days In Top Spot

The top ranks at the Agriculture Department got a little thinner with the announced resignation of John Norton, who has been acting Secretary of Agriculture since last Friday.

There had been speculation that Norton, who holds extensive farming interests in California and Arizona, would leave because he and Richard Lyng would make the Agriculture Department top-heavy with westerners.

(Don Kendall, AP)

ECONOMISTS NOW DETECT FALLING TREND IN DEFICIT

The federal budget deficits that have bedeviled the economy since the start of the Reagan Administration have reached a turning point, according to Government and private analysts.

They have stopped going up, and as far as such experts can see, they are now going down. They are declining, they say, even without the contribution of cuts required under the new balanced-budget law, except for the small ones taking effect this year.

(Peter Kilborn, New York Times, A1)

MILLER: AIDS VICTIMS, LIKE HOMELESS, NOT A FEDERAL PROBLEM

James Miller says AIDS victims -- as well as the homeless -- are the responsibility of states and cities, not the federal government. Responding to questions Wednesday from Sen. Lowell Weicker about President Reagan's fiscal 1987 budget, Miller insisted that funding for acquired immune deficiency syndrome research is a "high priority for us." But Miller said Reagan's budget proposes cutting federal money for AIDS, especially federal treatment centers.

(Elaine Povich, UPI)

HHS SEEKS WAYS TO EASE NURSING HOME COST

HHS Secretary Otis Bowen told a congressional subcommittee yesterday that he will be looking for ways to help the elderly pay for expensive nursing home care, as part of a study of catastrophic-health insurance President Reagan has ordered.

While saying that no detailed proposal has been developed, the 67-year-old Cabinet member said his mother is in a nursing home and "I am very deeply aware of the [issue], because I know who pays the bills."

(Sandra Evans, Washington Post, A17)

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AIDES URGE REAGAN TO ENDORSE ACID-RAIN REPORT

President Reagan has been urged by senior advisers to endorse a report by his special envoy on acid rain that calls for a five-year, \$5 billion effort by government and industry to test cleaner coal-burning technology, White House officials said yesterday.

Such an endorsement would be a major policy shift by Reagan, who has previously maintained that more study is needed on acid rain. The endorsement would also mark the first time Reagan has accepted the premise that acid rain is a man-made phenomenon.

(David Hoffman, Washington Post, A20)

EDITOR'S NOTE: "Verstandig's Storms in the East Wing" by Donnie Radcliffe appears on page B1 of the Washington Post Style Section.

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NEWS FROM THE STATES

GOP OFFICIAL SAYS IACOCCA HAMPERED FUNDRAISING

SCOTIA, N.Y. (UPI) -- Chrysler Corp. Chairman Lee Iacocca made it virtually impossible for a New York foundation to raise money to help in the restoration of the Statue of Liberty, a top-ranking Republican Party official says. "I think it was a matter of control," said Eunice Whittlesey of Scotia, near Albany, former executive director of the New York Statue of Liberty Celebration Foundation, a private group based in New York City. "The other foundation felt they were going to control everything."

FORMER REAGAN OFFICIAL SAYS IACOCCA HAD HIM FIRED

ALBANY, N.Y. (UPI) -- A former Reagan Administration official who now heads a private foundation says he believes Chrysler Chairman Lee Iacocca had him fired from monitoring the work of a federal commission and foundation restoring the Statue of Liberty. Garnet Chapin, a former project manager for the National Park Service, charged Monday that Iacocca abolished a commission architectural committee that had twice rejected a restoration plan for Ellis Island offered by one of Iacocca's associates, and formed a new committee to consider the proposal a third time.... Chapin said he has told federal officials of his charges against the Iacocca foundation, which include fraud, restraint of trade and others.

PHILIPPINES/CARTER

GRANTHAM, Pa. (UPI) -- Charging Philippines President Marcos "stole" his re-election, former President Carter called for an end to U.S. aid to the island nation if Marcos does not step down from office. In a speech Tuesday to about 2,200 students, faculty and guests at tiny Messiah College near Harrisburg, Carter also said he believes Marcos was "not surprised" when opposition leader Benigno Aquino was assassinated in 1983. "I think Marcos stole the election," said Carter, receiving thunderous applause.

At a news conference following his speech, Carter applauded Reagan's decision to send special envoy Philip Habib to the Philippines to investigate the charges of election fraud.

KOCH/CARTER

NEW YORK (UPI) -- Mayor Edward Koch, who has denied he plotted Jimmy Carter's defeat in 1980 and said he did not discuss Republican backing for his own re-election until 1981, Tuesday admitted GOP support was considered in 1979. Lawyer Roy Cohn charged Sunday that Koch attacked Carter in 1980 as part of a deal with Republicans to win support for his re-election.

Koch took the opportunity to take another swipe at Carter, who he has criticized on numerous occasions. "There's no question that Reagan on balance will be remembered by history as a far more effective president than President Carter," Koch said. Although the mayor has derided Reagan's proposed budget cuts as "Rambonomics" and called the Gramm-Rudman bill "Grim-Rudman," he said, "I suspect if you had Carter there, you'd have other tragedies." Reagan, Koch said, would be remembered "as a far greater president, no questions about it."

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NEWS FROM THE STATES (continued)

COALITION SEEKS RESTRAINTS ON GRAMM-RUDMAN

AUSTIN, Texas (UPI) -- A coalition of human service groups called on the Texas congressional delegation Wednesday to "act more responsibly" and stop ignoring basic human needs when making federal budget cuts. Karen Langley, executive director of the Texas Alliance for Human Needs, said the state is projected to lose up to \$600 million next year from cuts mandated by the Gramm-Rudman amendment, co-sponsored by Sen. Phil Gramm. At a Capitol news conference, Langley produced a rubber chicken and a picture of several pigs to demonstrate President Reagan's preference for military spending at the expense of social programs.

Peggy Romberg, executive director of the Texas Family Planning Association, said projected cuts will have a tragic effect on women and families who seek family planning services.

HISPANICS

LOS ANGELES (UPI) -- Hispanic-American newspaper readers own more credit cards, vote more often and go to the movies 10 times more than the average U.S. citizen, a survey shows. The survey, released Tuesday, was of 1,740 Hispanic readers of 38 national Hispanic publications, including the Los Angeles daily newspapers La Opinion and Noticias del Mundo, said Kirk Whisler, president of the National Association of Hispanic Publications, which commissioned the survey. About 46 percent of the respondents voted for President Reagan, the survey said.

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NETWORK NEWS SUMMARY

(Wednesday Evening, February 19, 1986)

CHALLENGER

CBS's Dan Rather: It has been confirmed that three key NASA officials involved in launching Challenger were never told key, pre-launch information. Never told that top engineers at Morton Thiokol, the company that makes the shuttle's solid rocket boosters, were dead-set against a launch in frigid weather, were never told of strong, heated dissent by engineers, even after the launch recommendation was made. CBS News was told tonight that one key NASA official -- who was not informed of all of this before the launch -- is the head of the whole shuttle program. Also today, NASA released awesome first photographs from the bottom of the Atlantic, wreckage of the right solid rocket booster; what may be crucial evidence in the search for the cause of the catastrophe.

CBS's Eric Engberg: The Rogers Commission revealed today that three key NASA officials involved in the Challenger launch were not told of strong objections from engineers to launching in the cold. The Commission, with little elaboration, said it would begin public hearings on how the decision to launch was reached next week.

(ALL NETS LEAD)

ABC's John Martin reports that a suspicion is growing outside the space community that the shuttle was destroyed by the very system that built it. It is a system that has been under pressure by scientists, the Air Force, OMB, which wanted to save money but still finance a shuttle, and the White House, which saw the space program as a way to maintain jobs and inspire the nation. But the cost pressures were enormous. The shuttle's critics suspect that it was the need to compete at full speed that caused NASA to react too slowly at danger signs. The pressure for making the shuttle pay its way has come from the top. Just 18 months ago, President Reagan reportedly signed a National Security directive ordering NASA to make the shuttle "fully operational and cost-effective within four years." NASA began scheduling more flights. And with no major mishaps, the program looked especially safe.

NBC's Robert Bazell reports that one member of the President's Commission said that the testimony of Alan MacDonald, director of the Morton Thiokol Corporation's solid fuel rocket motor project was "traumatizing and horrifying." Today the President's Commission issued a written statement saying that a number of engineers at Thiokol still strongly urged against launch.

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CALIFORNIA SENATE CAMPAIGN

Rather: The Los Angeles District Attorney's office today agreed to drop political bribery charges against Republican Congresswoman Bobbi Fiedler. The reason: insufficient evidence. But prosecution of Fiedler's campaign manager, and now fiancée, Paul Clark, will continue. Both had been charged with attempting to bribe a political rival to drop out of California's U.S. Senate primary. (CBS-3; NBC-4)

SENATE CONDEMNATION OF MARCOS/OPPOSITION LEADER MURDERED

Rather: The United States Senate voted overwhelmingly today to condemn the Philippine elections, and on the U.S. West Coast, the bureau chief of a Philippine newspaper opposed to President Marcos was shot to death.

Phil Jones reports that most every place Ferdinand Marcos looked today, the pressure was mounting. Marcos was meeting with his advisers and hinting at martial law to prevent turmoil. At midday, Marcos followers were being blamed for an apparent murder here in the U.S. An employee of an anti-Marcos newspaper, published in California, was shot to death in his Los Angeles home.

(Sen. Cranston: "It's bad enough to have the criminal activities of the Marcos regime in the Philippines. They must not now be exported to my state of California, and our country of the United States.")

At the Capitol, the heat was on today. 85 of the 100 senators voted for a resolution asking President Reagan to tell Marcos that the view here is the election was marked by widespread fraud, and cannot be considered a reflection of the will of the people. According to Sen. Kennedy, who telephoned Corazon Aquino before the vote, Aquino welcomed the action.

While Congressional observers were denouncing the wholesale fraud, officials in

the Reagan Administration were urging caution.

(Secretary Shultz: "We want to stay connected to the Philippines. We don't want to walk away from them.")

(Secretary Weinberger: "None of us in this room wants to see the Philippine people have their future decided by the Communist insurgency.")

Everyone here agrees that the U.S. must be cautious. But it also appears that unless Marcos steps down, or makes dramatic concessions, he could find all direct military and economic aid to his regime cut off by Congress. (CBS-4)

ABC's Judd Rose reports that the head of the Los Angeles office of the Philippine News, the largest Filipino-American newspaper, was murdered. The paper had taken a strong stand against Marcos. Senator Cranston said he's asked, and the FBI has agreed, to investigate the murder.

ABC's Charles Gibson: U.S. Envoy Philip Habib is trying to force reforms on Marcos, even power-sharing with opposition forces. But Marcos wants no part of it. The delicacy of the U.S. position was most apparent as Secretary Shultz appeared before a Senate Committee. On the one hand, the acknowledgement that the election was rigged:

(Secretary Shultz: "One can't say that we got out of the election what one wants to get out of an election, namely the legitimate ties of credible government.")

But on the other hand, the need to deal with President Marcos:

(We want to stay connected with the Philippines. We don't want to walk away from them. And how to do that, under present circumstances, is a difficult task.)

But many in Congress want to act now. The Senate overwhelmingly today, 85 to 9, passed a hastily-drafted resolution saying the elections showed such widespread fraud that they cannot be considered a reflection of the will of the Philippines. And the Chairman of the Senate Foreign Relations Committee, along with key House members, is drafting legislation that would withhold -- put in escrow -- three-quarters of the U.S. aid to the Philippines, until the government there changes. It's sort of the "bad cop, good cop" routine. Congress, for now the bad cop, threatens to cut off aid to the Philippines, while the Administration, the good cop, urges caution, all the time using those congressional threats as leverage to try and force Marcos into reforms. (ABC-4)

ABC's Andrea Mitchell: The Administration wanted Congress not to do anything yet.

(Secretary Shultz: "We have on our hands a very difficult and delicate situation. And we don't want to jump at it.")

The delicate situation is in the hands of presidential troubleshooter Philip Habib, trying to persuade Marcos that he must order reforms and share power -- because Congress will demand it. But officials say Habib has cabled home that Marcos is yielding nothing. And the Administration is worried that one of its long-sought reforms -- the recent resignation of Gen. Ver, was a sham -- that he still holds power as a shadow defense minister. White House pressure helped soften, but not prevent, the Senate resolution. Passed overwhelmingly, criticizing the election results as marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines.

(Sen. Kennedy: "And it's time that the President of the United States speak on this issue. Cory Aquino has been elected President of the Philippines, and it's time to call a spade a spade.")

After a week of conflicting statements, there is no longer any disagreement in the Administration about the election fraud.

(Secretary Weinberger: "It is so extreme that the credibility of the election has been questioned, both in the Philippines and in the United States.")

A Carter Administration official was able to say publicly what many Reagan aides are saying privately.

(Ex-Assistant Secretary of State Richard Holbrooke: "The Executive branch would like to see the orderly departure of President Marcos as early as possible.")

The Administration believes Marcos will not yield power if there is the appearance of U.S. pressure. And that cutting off aid now would wreck any chance that he would go willingly.

NBC's Noah Nelson reports that Oscar Salvatiera, the Los Angeles Filipino newspaperman killed yesterday, that he had received a death letter warning, "You are sentenced to death."

(Newspaper owner Noah Escondido: "I plead with President Reagan to realize the problem of Marcos; that he is not only terrorizing the people of the Philippines, but he has already terrorized the people who are Americans living in this country. Are we going to allow Marcos to export this terrorism here?")

The FBI has been called in to investigate Salvatiera's murder.

(NBC-2)

"UNCLE REAGAN" GOES TO GRENADA

Jennings: It's been more than two years now since President Reagan ordered the invasion of Grenada to overthrow the Left wing government there. Tomorrow the President pays a one-day visit to Grenada.

ABC's James Wooten reports that while Grenada may be part of the British Commonwealth, but its heart belongs to the Gipper.

(TV Coverage: Grenadian schoolchildren on playgrounds fondly chanting, "Uncle Reagan! Uncle Reagan!")

He's "Uncle Reagan" on the playgrounds --

(Female native: "May God bless 'Uncle Reagan' and give him a long life! I wish I could kiss his feet!")

That may be a bit excessive, but Grenadians are grateful. \$75 million have finished the airport the Cubans began, built some roads and generally stabilized a precarious economy. The Peace Corps is here. But the country still has serious problems. Pro-American sentiment, while clearly in the majority, is not unanimous. The President's visit will be brief. The country has the distinction of being the only country in the world perhaps, with a Queen, a Prime Minister, and now, in a manner of speaking, a President. And it can hardly wait to greet him.

(ABC-9)

Brokaw: President Reagan tomorrow will make a four-hour visit to the Caribbean island of Grenada, the scene of what he considers to be one of his most spectacular foreign policy and military triumphs.

(NBC-9)

HOUSING STARTS

Rather: Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months. Economists say it means that more people once again are finding it possible to own homes. But Commerce Secretary Malcolm Baldrige warned against expecting any housing boom this year. He said not all factors for home-building are positive.

(CBS-5)

VOLCKER

Rather: Federal Reserve Chairman Volcker was telling Congress that the sharp drop in the exchange value of the dollar recently is both good and bad news. Good for farmers and manufacturers, who want to sell their products overseas, but also creating conditions that could refuel inflation at home. (CBS-6)

Jennings: Paul Volcker told Congress today that the Fed has decided not to alter its monetary policies, and that means the Federal Reserve wants interest rates to stay just about where they are. (ABC-7)

REAGAN ANTI-TRUST PROPOSALS

Rather: It's official. President Reagan today asked Congress for a major rollback of U.S. anti-trust laws on mergers. These laws have been on the books for more than 70 years. Among the requested changes: five year exemptions for mergers in selected U.S. industries; easing merger restrictions in general, and reducing penalties for anti-trust violations. (CBS-7)

ANTI-GENOCIDE TREATY

Rather: After decades of debate, the U.S. today joins 96 other nations in approving a treaty that makes genocide -- the killing or injuring of members of racial, religious or ethnic groups -- an international crime. The 37-year-old treaty making genocide an international crime won Senate approval by a vote of 83 to 11. (CBS-8)

LEBANON KIDNAPPINGS

Rather: In Beirut, three Spanish Embassy employees were released unharmed today, more than a month after they were kidnapped by a Muslim group seeking freedom for two prisoners in Spain. Still missing in Lebanon are thirteen of the foreigners, six of them Americans. (CBS-11)

SENATOR EASTLAND DIES

Rather: Former U.S. Senator James Eastland, the Mississippi Democrat who served a record 22 years as Chairman of the Senate Judiciary Committee, died today. He was 81. (CBS-14)

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EDITORIALS/COLUMNISTS

WAR ON POVERTY

Let Them Read Want Ads -- "On the radio last weekend (Reagan) echoed his State of the Union call for 'real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.' He insists, with the eloquence of truth, that 'the waste in dollars and cents pales before the most tragic loss -- the sinful waste of human spirit and potential.' The President's words are moving; his program is not. The only direction it moves is backward, away from work and back to more welfare.... Mr. Reagan's words won't do the job, not as long as he opposes public service jobs as make-work and proposes to eradicate the Work Incentive Program and slash the Job Corps."

(New York Times, 2/19)

Fighting Poverty -- "Welfare can't work without national support; there are too many poor.... Which makes all the more frightening Reagan's call for a sweeping review of the welfare system by his Domestic Policy Council. The outcome could be far-reaching, but the deck is stacked against the poor when wealthy Reagan advisers who owe their jobs to their conservative ideology are running the study. The nation should demand a bipartisan and independent review for something that could affect so profoundly this nation's social fabric and traditional regard for the underdog."

(Cleveland Plain Dealer, 2/16)

DEFICIT REDUCTION

No Pain, No Gain On The Deficit -- "The deficit news from the Congressional Budget Office sounded better than it is.... They show the deficit declining from this FY's estimated \$208 billion to \$181 billion in FY 1987 and \$104 billion by 1991. That is nowhere near the balanced budget by 1991 envisioned in last year's Gramm-Rudman amendment. But it would be a large enough decline to take a lot of the pressure off.... So there you have it. The good news is that, yes, the deficit will fade away if either the economy produces much more than expected or the president demands much less. But that has always been true. Congress faces the same choices as before. The budget office has simply rephrased them."

(Washington Post, 2/19)

NASA/SPACE SHUTTLE

Tough Questions For NASA -- "Did NASA officials eliminate all foreseeable risks in the launching of the Challenger? It's beginning to look as if they did not.... If we rule out simple human error, was there such pressure within NASA to hold a successful launch that such warnings tended to be dismissed as alarmist irritants?.... That explanation would not exonerate senior officials. It would imply that they had fostered an atmosphere in which such warnings were positively unwelcome." (New York Post, 1/19)

PHILIPPINE ELECTION/PRESIDENT MARCOS

Confront Marcos With Ultimatum -- "The U.S. can no longer ignore, or sidestep, the ugly truth about Ferdinand Marcos. Regardless of his initial performance, Marcos has redefined the norms of arrogance and corruption.... If Marcos stays in power without the legitimacy of an honest vote, economic collapse and political chaos will come even sooner."

(Seattle Post-Intelligencer, 2/14)

Force Marcos' Hand -- "By first presiding over a fraud-ridden election and now refusing to seek any kind of accommodation with his political opposition, President Marcos has brought his nation to the brink of civil war.... In such a context, the U.S. should waste no time putting some distance between itself and intransigent Marcos. The Reagan Administration must demonstrate to the Philippine people that it stands as a defender of democracy, not as an accomplice to an unpopular dictator."

(Dallas Times Herald, 1/18)

Suspend US Aid To Marcos Now -- "Either the U.S. believes in the democratic process -- the underpinning of its own constitutional political system -- or it does not. It is time for the U.S. to be true to its highest democratic ideals -- and to the well-being of the Philippine people.... America's best long-range policy toward the Philippines, and the Philippine people, is to let the world know, in the clearest possible terms, that it cannot and will not accept an election outcome based on blatant fraud, violence, and threats."

(Christian Science Monitor, 1/19)

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FOREIGN MEDIA REACTION ABOUT REAGAN IN GRENADA

"Reagan is going to stay in Grenada only four hours, but this flash-visit has a clear political purpose: to underline that the U.S. is vitally interested in this neighboring region at a time when it is shaken by turmoil which can influence its future.... The 'Yankee' President is, for once, going to be received like a benefactor in a Caribbean country."

(Corriere della Sera, Italy)

"Is the U.S. military intervention in Grenada already water over the dam? No. Ronald Reagan is personally going back to Grenada to celebrate the anniversary of an inglorious but successful invasion...."

(L'Unita, Italy)

"Thursday ... has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Granadian Voice, Grenada)

"It is expected that these talks will center around economic matters -- especially how America can best help these nations to become more self-sufficient.... Following the talks, President Reagan will proceed to Queen's Park for a public welcome at which much of the Grenadian population is expected to be present to express their thanks for the courageous President, who risked world criticism to mount the rescue mission."

(Granadian Voice, Grenada)

-end-of-B-section-



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 20, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Hero's Welcome Awaits Reagan In New Grenada -- ST. GEORGE'S, Grenada
-- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago. (Wall Street Journal, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

Habib Trying To Bring Philippine President Marcos Together With Aquino
-- The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency. (Washington Post, AP)

NATIONAL NEWS

Volcker, Baker Appear Divided Over How Far Dollar Should Fall -- James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986. (Washington Post, AP, Reuter)

NETWORK NEWS (Wednesday Evening)

CHALLENGER -- Three key NASA engineers were never told key, pre-launch information.

MARCOS SENATE CONDEMNATION -- The Senate voted overwhelmingly to condemn the Philippine elections.

HOUSING STARTS -- Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months.

A NATIONAL HOLIDAY

"Thursday...has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Grenadian Voice, Grenada, 2/15)

TRIP NEWS

GRENADA TO RETURN TO SPOTLIGHT

Caribbean Aid Results Spotty

Four years after President Reagan unveiled his master plan for prosperity in the Caribbean region -- what he called his "unprecedented" and "farsighted" Caribbean Basin Initiative -- things have not worked out quite as the White House hoped.

In the two years the CBI has been in effect, the value of U.S. imports from CBI countries declined by 23 percent, while imports from the rest of the world increased by 36 percent, according to Commerce Department figures. Many nations in the region are worse off than when Reagan presented his plan, a paean to private enterprise that remains his preeminent overture to the developing world.

(Fred Hiatt, Washington Post, A1)

Reagan Visit Recalls Invasion

ST. GEORGE'S, Grenada -- For a few hours on Thursday this tiny island will recapture the place in the world spotlight it held with intensity in the early 1980s.

When President Reagan's speech at a summit meeting of Caribbean leaders is over and the White House party flies away, however, Grenada's 94,000 inhabitants will be left again with a set of intractable problems much like those of their neighbors all along the somnolent Windward Island chain.

(Edward Cody, News Analysis, Washington Post, A1)

Grenada To Give Thanks To Reagan, Ask For More Aid

ST. GEORGE'S, Grenada -- Grenada, with one eye on the past and the other on the future, will today thank President Reagan for freeing the island two years ago and ask him for more aid to keep it free.

During his visit, Reagan is expected to recall the U.S. success in thwarting Marxism here in launching a major new drive for a resumption of U.S. military aid to anti-Sandinista forces fighting in Nicaragua.

(Gene Gibbons, Reuter)

Hero's Welcome Awaits Reagan Visit To Grenada

President Reagan, flying to Grenada for a hero's welcome, says the United States stands ready to help if the tiny Caribbean island, which U.S. troops invaded in 1983, is threatened with a violent uprising.

Administration officials said Reagan, who plans to lay a wreath at a monument to the 19 U.S. servicemen who died in the invasion, also would announce steps to strengthen his Administration's 12-year plan to bolster sagging Caribbean economies.

(Dale Nelson, AP)

Hero's Welcome Awaits Reagan In New Grenada

ST. GEORGE'S, Grenada -- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago.

Even though the 1983 American invasion that toppled a Marxist government didn't solve all the island's problems, it remains a popular action here. And President Reagan himself is a hero to many Grenadians, perhaps more popular than the island's own politicians.

(Glenn Garvin, Washington Times, A1)

Grenada Prepares Elaborate Welcome For Reagan

ST. GEORGE'S, Grenada -- The government prepared an elaborate welcome for President Reagan's arrival today, while followers of the New Jewel Movement, ousted in the 1983 U.S. invasion, called an anti-Reagan rally.

The Grenadian government points to two major successes brought about by the American invasion -- an end to political fear and a halt to an economic slide. "People don't have to look over their shoulders anymore," Grenadian Prime Minister Blaize told a news conference Tuesday.

(Frederick Kiel, UPI)

Warm Welcome Awaits U.S. President In Grenada

ST. GEORGE'S, Grenada -- This tiny Caribbean nation declared a national holiday so islanders could give President Reagan a hero's welcome, but a leftist group called for a boycott to protest the 1983 U.S.-led invasion Reagan ordered.

"No patriot could welcome to our land someone who invaded our sovereign country," a statement by the Maurice Bishop Popular Movement said. The group plans to hold a demonstration in St. George's as Reagan speaks on the other side of town, and group members have urged Grenadians to boycott activities associated with the visit. However, most of the 92,000 residents of this nation were expected to attend Reagan's speech at Queen's Park.

(Kernan Turner, AP)

IT TOOK WORK TO GET REAGAN INTO GRENADA FOR 4 HOURS TODAY

ST. GEORGE'S, Grenada -- When President Reagan steps out of Air Force One into the dazzling sun of this tiny tropical island today, his entrance may seem effortless. Actually, though, his carefully scripted activities will be the result of nearly a month's occupation of the Caribbean nation by scores of U.S. government officials, cadres in the increasingly costly and complex art of modern presidential advance work.

The Grenada trip is typical of the effort that now goes on behind the scenes every time the President ventures out of the White House. "Presidential advance has become a science," says Ronald Walker, who headed the advance office in Richard Nixon's administration.

(Jane Mayer, Wall Street Journal, A1)

INTERNATIONAL NEWS

HUSSEIN ENDS PEACE EFFORT WITH PLO

AMMAN, Jordan -- King Hussein today broke off a year-long joint effort with the PLO to reach a Middle East peace agreement, accusing it and its leader, Yasser Arafat, of breaking their word after Jordan had extracted what Hussein said were key concessions from the United States.

The Jordanian monarch, who has been considered by the United States and Israel to be a key intermediary with the PLO in attempts to reach a comprehensive Middle East peace agreement, announced the collapse of the joint initiative in a 3½-hour televised speech retracing what he called "a grueling year of intensive effort."

(Jonathan Randal, Washington Post, A1)

SENATE, 85-9, DECRIES PHILIPPINE ELECTION

By a vote of 85 to 9, the Senate adopted a resolution yesterday declaring that the Philippine presidential elections "were marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines."

In the most dramatic expression yet of bipartisan political consensus against the government of President Marcos, the nonbinding resolution said, "America's interests are best served in the Philippines by a government which has a popular mandate." It asked that President Reagan "personally convey this finding" to Marcos.

(Joanne Omang & Don Oberdorfer, Washington Post, A1)

U.S. KEEPING OPTIONS OPEN ON QADDAFI

The Reagan Administration has not ruled out using military force against Libya to combat terrorism sponsored by Col. Qaddafi, State Department official Robert Oakley testified yesterday.

Oakley, who heads the Office for Counter Terrorism and Emergency Planning, spoke to the Senate Judiciary subcommittee on security and terrorism as Defense Department sources said the Navy is considering new flight operations next month over the Gulf of Sidra.

(AP story, Washington Post, A13)

PENTAGON, CONGRESS SEEK CURE TO SHORTCOMINGS EXPOSED IN GRENADA INVASION

The invasion of Grenada 27 months ago achieved its objectives of freeing American students with little loss of life or damage to the island but exposed shortcomings in the U.S. military that must be corrected if the United States is to operate successfully in "low-intensity" third-world conflicts.

This is a widely held view among professional military officers familiar with the Grenada foul-ups and among lawmakers drafting legislation designed to centralize military responsibility and clear some of the underbrush between Washington and the commander on the scene in remote military operations.

(George Wilson & Michael Weisskopf, Washington Post, A24)

HABIB'S ORDERS IN DISPUTE

President Reagan's instructions to special U.S. envoy Philip Habib were a matter of dispute in Washington and Manila yesterday, with the Administration doing little to clear them up.

In the Philippine capital, Habib denied a Washington Post report that he had warned Marcos to "make democratic reforms and share power with opposition forces" or risk losing U.S. aid.

A White House official, who asked not to be quoted by name, said The Post story was accurate. He emphasized that Reagan had made no decision on what to do about the "fraudulent" election and said Habib had broad authority to explore ways to resolve the crisis.

(Don Oberdorfer, Washington Post, A28)

Habib Trying To Bring Philippine President Marcos Together With Aquino

The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.

That is the gist of the mission to Manila by Philip Habib. Habib has been silent about his talks in Manila and is not expected to return to the United States before the weekend, at the earliest. The Administration is not sure how events eventually will play out, but it is known that Habib is urging Marcos to acknowledge his strong opposition in the hopes the two camps can work together.

(Terence Hunt, AP)

CIA REPORT ON NICARAGUA CONFUSES LAWMAKERS ADMINISTRATION HAS BEEN WOOING FOR CONTRA FUNDS

The Reagan Administration's efforts to win approval of a \$100 million military and economic aid package for anti-Sandinista rebels was off to a rocky start yesterday, in part because of a CIA document about a Nicaraguan "disinformation" campaign that caused confusion among the legislators it was designed to impress.

President Reagan has seen more than 60 members of Congress in two days in an effort to persuade them to support the package, but a White House senior official said yesterday that the private reaction of leaders had been "silence at best."

(Lou Cannon, Washington Post, A5)

U.S. DISCLOSES SECRET PLAN BY SANDINISTAS

Weinberger, Shultz Urge Help For Freedom Fighters

Secretary Weinberger, warning that the Marxist rulers of Nicaragua are "moving quickly, with Soviet bloc and Cuban help to consolidate their totalitarian power," urged Congress yesterday to approve a resumption of military aid to the anti-communist guerrillas.

Secretary Shultz was on Capitol Hill yesterday with a call to Congress to "support, not abandon, the democratic resistance within Nicaragua." "The most immediate danger to democracy in Central America is the assault on it from Communist Nicaragua, aided by Cuba and the Soviet Union," he told the Senate Budget Committee.

(James Morrison & Lucy Keyser, Washington Times, A1)

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NATIONAL NEWS

VOLCKER WARNS THAT FALLING DOLLAR CAN BE TWO-EDGED SWORD

Federal Reserve Board Chairman Paul Volcker, in an apparent disagreement with the Reagan Administration, yesterday warned that the value of the dollar may have "fallen enough" in foreign exchange markets to raise not only a new threat of inflation but also a question of "confidence in our currency."

On Tuesday, Secretary Baker said that he would "not be displeased" if the dollar declined further in foreign exchange markets. But a senior Reagan Administration official, in a background interview, moved swiftly to downplay any conflict between Volcker's remarks to the House Banking Committee and Baker's comments to the Senate Budget Committee.

(Hobart Rowen, Washington Post, A15)

Volcker, Baker Appear Divided Over How Far Dollar Should Fall

James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.

Volcker went to considerable lengths in a congressional hearing yesterday to call a halt to the dollar's rapid decline of recent weeks. The latest plunge was a result of remarks by Secretary Baker the day before but a Treasury official, who asked not to be named, said the markets had overreacted to the comments.

(Peter Torday, Reuter)

Volcker's Remarks Depress Stock And Bond Market, Cause Swings In Currency

Paul Volcker's worries about the dollar's drop and suggestion that the Fed will not push down interested rates numbed Wall Street, depressed the bond market and confused currency traders.

In his semi-annual report to Congress, Volcker said Wednesday that the dollar's plunge against other currencies could rekindle inflation if it persists, although sharply lower oil prices were restraining inflation.

He also said the Fed intends no major changes in monetary policy, suggesting there is little chance of a cut in the discount rate, the lending fee it charges to banks.

(Rick Gladstone, AP)

ADMINISTRATION FAILS TO PRESENT UNITED FRONT ON DILUTING GUN LAW

Senior officials at the Justice and Treasury departments have privately expressed strong reservations about legislation -- officially backed by the Reagan Administration -- that would weaken the 1968 Gun Control Act, according to Administration sources and documents.

The documents say that Attorney General Meese told a group that he has serious reservations about parts of the bill and that these concerns were repeated by Justice Department officials in a January meeting with lobbyists for the National Rifle Association.

(Howard Kurtz, Washington Post, A4)

AGRICULTURE DEPUTY QUILTS AFTER GOP NUDGE

Deputy Agriculture Secretary John Norton, who had been acting secretary since last Saturday, resigned yesterday, apparently under heavy political pressure from Republicans who want a midwesterner in his job.

Norton said he would go home to Phoenix and resume direction of his large farm operations in Arizona and California. He refused to explain his decision, saying, "It's my last day, but I have to exercise the politician's prerogative and be circumspect about this."

(Ward Sinclair, Washington Post, A11)

Norton Quits USDA After Five Days In Top Spot

The top ranks at the Agriculture Department got a little thinner with the announced resignation of John Norton, who has been acting Secretary of Agriculture since last Friday.

There had been speculation that Norton, who holds extensive farming interests in California and Arizona, would leave because he and Richard Lyng would make the Agriculture Department top-heavy with westerners.

(Don Kendall, AP)

ECONOMISTS NOW DETECT FALLING TREND IN DEFICIT

The federal budget deficits that have bedeviled the economy since the start of the Reagan Administration have reached a turning point, according to Government and private analysts.

They have stopped going up, and as far as such experts can see, they are now going down. They are declining, they say, even without the contribution of cuts required under the new balanced-budget law, except for the small ones taking effect this year.

(Peter Kilborn, New York Times, A1)

MILLER: AIDS VICTIMS, LIKE HOMELESS, NOT A FEDERAL PROBLEM

James Miller says AIDS victims -- as well as the homeless -- are the responsibility of states and cities, not the federal government. Responding to questions Wednesday from Sen. Lowell Weicker about President Reagan's fiscal 1987 budget, Miller insisted that funding for acquired immune deficiency syndrome research is a "high priority for us." But Miller said Reagan's budget proposes cutting federal money for AIDS, especially federal treatment centers.

(Elaine Povich, UPI)

HHS SEEKS WAYS TO EASE NURSING HOME COST

HHS Secretary Otis Bowen told a congressional subcommittee yesterday that he will be looking for ways to help the elderly pay for expensive nursing home care, as part of a study of catastrophic-health insurance President Reagan has ordered.

While saying that no detailed proposal has been developed, the 67-year-old Cabinet member said his mother is in a nursing home and "I am very deeply aware of the [issue], because I know who pays the bills."

(Sandra Evans, Washington Post, A17)

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AIDES URGE REAGAN TO ENDORSE ACID-RAIN REPORT

President Reagan has been urged by senior advisers to endorse a report by his special envoy on acid rain that calls for a five-year, \$5 billion effort by government and industry to test cleaner coal-burning technology, White House officials said yesterday.

Such an endorsement would be a major policy shift by Reagan, who has previously maintained that more study is needed on acid rain. The endorsement would also mark the first time Reagan has accepted the premise that acid rain is a man-made phenomenon.

(David Hoffman, Washington Post, A20)

EDITOR'S NOTE: "Verstandig's Storms in the East Wing" by Donnie Radcliffe appears on page B1 of the Washington Post Style Section.

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NEWS FROM THE STATES

GOP OFFICIAL SAYS IACOCCA HAMPERED FUNDRAISING

SCOTIA, N.Y. (UPI) -- Chrysler Corp. Chairman Lee Iacocca made it virtually impossible for a New York foundation to raise money to help in the restoration of the Statue of Liberty, a top-ranking Republican Party official says. "I think it was a matter of control," said Eunice Whittlesey of Scotia, near Albany, former executive director of the New York Statue of Liberty Celebration Foundation, a private group based in New York City. "The other foundation felt they were going to control everything."

FORMER REAGAN OFFICIAL SAYS IACOCCA HAD HIM FIRED

ALBANY, N.Y. (UPI) -- A former Reagan Administration official who now heads a private foundation says he believes Chrysler Chairman Lee Iacocca had him fired from monitoring the work of a federal commission and foundation restoring the Statue of Liberty. Garnet Chapin, a former project manager for the National Park Service, charged Monday that Iacocca abolished a commission architectural committee that had twice rejected a restoration plan for Ellis Island offered by one of Iacocca's associates, and formed a new committee to consider the proposal a third time.... Chapin said he has told federal officials of his charges against the Iacocca foundation, which include fraud, restraint of trade and others.

PHILIPPINES/CARTER

GRANTHAM, Pa. (UPI) -- Charging Philippines President Marcos "stole" his re-election, former President Carter called for an end to U.S. aid to the island nation if Marcos does not step down from office. In a speech Tuesday to about 2,200 students, faculty and guests at tiny Messiah College near Harrisburg, Carter also said he believes Marcos was "not surprised" when opposition leader Benigno Aquino was assassinated in 1983. "I think Marcos stole the election ...," said Carter, receiving thunderous applause.

At a news conference following his speech, Carter applauded Reagan's decision to send special envoy Philip Habib to the Philippines to investigate the charges of election fraud.

KOCH/CARTER

NEW YORK (UPI) -- Mayor Edward Koch, who has denied he plotted Jimmy Carter's defeat in 1980 and said he did not discuss Republican backing for his own re-election until 1981, Tuesday admitted GOP support was considered in 1979. Lawyer Roy Cohn charged Sunday that Koch attacked Carter in 1980 as part of a deal with Republicans to win support for his re-election.

Koch took the opportunity to take another swipe at Carter, who he has criticized on numerous occasions. "There's no question that Reagan on balance will be remembered by history as a far more effective president than President Carter," Koch said. Although the mayor has derided Reagan's proposed budget cuts as "Ramonomics" and called the Gramm-Rudman bill "Grim-Rudman," he said, "I suspect if you had Carter there, you'd have other tragedies." Reagan, Koch said, would be remembered "as a far greater president, no questions about it."

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NEWS FROM THE STATES (continued)

COALITION SEEKS RESTRAINTS ON GRAMM-RUDMAN

AUSTIN, Texas (UPI) -- A coalition of human service groups called on the Texas congressional delegation Wednesday to "act more responsibly" and stop ignoring basic human needs when making federal budget cuts. Karen Langley, executive director of the Texas Alliance for Human Needs, said the state is projected to lose up to \$600 million next year from cuts mandated by the Gramm-Rudman amendment, co-sponsored by Sen. Phil Gramm. At a Capitol news conference, Langley produced a rubber chicken and a picture of several pigs to demonstrate President Reagan's preference for military spending at the expense of social programs.

Peggy Romberg, executive director of the Texas Family Planning Association, said projected cuts will have a tragic effect on women and families who seek family planning services.

HISPANICS

LOS ANGELES (UPI) -- Hispanic-American newspaper readers own more credit cards, vote more often and go to the movies 10 times more than the average U.S. citizen, a survey shows. The survey, released Tuesday, was of 1,740 Hispanic readers of 38 national Hispanic publications, including the Los Angeles daily newspapers La Opinion and Noticias del Mundo, said Kirk Whisler, president of the National Association of Hispanic Publications, which commissioned the survey. About 46 percent of the respondents voted for President Reagan, the survey said.

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NETWORK NEWS SUMMARY

(Wednesday Evening, February 19, 1986)

CHALLENGER

CBS's Dan Rather: It has been confirmed that three key NASA officials involved in launching Challenger were never told key, pre-launch information. Never told that top engineers at Morton Thiokol, the company that makes the shuttle's solid rocket boosters, were dead-set against a launch in frigid weather, were never told of strong, heated dissent by engineers, even after the launch recommendation was made. CBS News was told tonight that one key NASA official -- who was not informed of all of this before the launch -- is the head of the whole shuttle program. Also today, NASA released awesome first photographs from the bottom of the Atlantic, wreckage of the right solid rocket booster; what may be crucial evidence in the search for the cause of the catastrophe.

CBS's Eric Engberg: The Rogers Commission revealed today that three key NASA officials involved in the Challenger launch were not told of strong objections from engineers to launching in the cold. The Commission, with little elaboration, said it would begin public hearings on how the decision to launch was reached next week.

(ALL NETS LEAD)

ABC's John Martin reports that a suspicion is growing outside the space community that the shuttle was destroyed by the very system that built it. It is a system that has been under pressure by scientists, the Air Force, OMB, which wanted to save money but still finance a shuttle, and the White House, which saw the space program as a way to maintain jobs and inspire the nation. But the cost pressures were enormous. The shuttle's critics suspect that it was the need to compete at full speed that caused NASA to react too slowly at danger signs. The pressure for making the shuttle pay its way has come from the top. Just 18 months ago, President Reagan reportedly signed a National Security directive ordering NASA to make the shuttle "fully operational and cost-effective within four years." NASA began scheduling more flights. And with no major mishaps, the program looked especially safe.

NBC's Robert Bazell reports that one member of the President's Commission said that the testimony of Alan MacDonald, director of the Morton Thiokol Corporation's solid fuel rocket motor project was "traumatizing and horrifying." Today the President's Commission issued a written statement saying that a number of engineers at Thiokol still strongly urged against launch.

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CALIFORNIA SENATE CAMPAIGN

Rather: The Los Angeles District Attorney's office today agreed to drop political bribery charges against Republican Congresswoman Bobbi Fiedler. The reason: insufficient evidence. But prosecution of Fiedler's campaign manager, and now fiancé, Paul Clark, will continue. Both had been charged with attempting to bribe a political rival to drop out of California's U.S. Senate primary. (CBS-3; NBC-4)

SENATE CONDEMNATION OF MARCOS/OPPOSITION LEADER MURDERED

Rather: The United States Senate voted overwhelmingly today to condemn the Philippine elections, and on the U.S. West Coast, the bureau chief of a Philippine newspaper opposed to President Marcos was shot to death.

Phil Jones reports that most every place Ferdinand Marcos looked today, the pressure was mounting. Marcos was meeting with his advisers and hinting at martial law to prevent turmoil. At midday, Marcos followers were being blamed for an apparent murder here in the U.S. An employee of an anti-Marcos newspaper, published in California, was shot to death in his Los Angeles home. (Sen. Cranston: "It's bad enough to have the criminal activities of the Marcos regime in the Philippines. They must not now be exported to my state of California, and our country of the United States.")

At the Capitol, the heat was on today. 85 of the 100 senators voted for a resolution asking President Reagan to tell Marcos that the view here is the election was marked by widespread fraud, and cannot be considered a reflection of the will of the people. According to Sen. Kennedy, who telephoned Corazon Aquino before the vote, Aquino welcomed the action.

While Congressional observers were denouncing the wholesale fraud, officials in

the Reagan Administration were urging caution.

(Secretary Shultz: "We want to stay connected to the Philippines. We don't want to walk away from them.")

(Secretary Weinberger: "None of us in this room wants to see the Philippine people have their future decided by the Communist insurgency.")

Everyone here agrees that the U.S. must be cautious. But it also appears that unless Marcos steps down, or makes dramatic concessions, he could find all direct military and economic aid to his regime cut off by Congress. (CBS-4)

ABC's Judd Rose reports that the head of the Los Angeles office of the Philippine News, the largest Filipino-American newspaper, was murdered. The paper had taken a strong stand against Marcos. Senator Cranston said he's asked, and the FBI has agreed, to investigate the murder.

ABC's Charles Gibson: U.S. Envoy Philip Habib is trying to force reforms on Marcos, even power-sharing with opposition forces. But Marcos wants no part of it. The delicacy of the U.S. position was most apparent as Secretary Shultz appeared before a Senate Committee. On the one hand, the acknowledgement that the election was rigged:

(Secretary Shultz: "One can't say that we got out of the election what one wants to get out of an election, namely the legitimate ties of credible government.")

But on the other hand, the need to deal with President Marcos:

(We want to stay connected with the Philippines. We don't want to walk away from them. And how to do that, under present circumstances, is a difficult task.)

But many in Congress want to act now. The Senate overwhelmingly today, 85 to 9, passed a hastily-drafted resolution saying the elections showed such widespread fraud that they cannot be considered a reflection of the will of the Philippines. And the Chairman of the Senate Foreign Relations Committee, along with key House members, is drafting legislation that would withhold -- put in escrow -- three-quarters of the U.S. aid to the Philippines, until the government there changes. It's sort of the "bad cop, good cop" routine. Congress, for now the bad cop, threatens to cut off aid to the Philippines, while the Administration, the good cop, urges caution, all the time using those congressional threats as leverage to try and force Marcos into reforms. (ABC-4)

ABC's Andrea Mitchell: The Administration wanted Congress not to do anything yet.

(Secretary Shultz: "We have on our hands a very difficult and delicate situation. And we don't want to jump at it.")

The delicate situation is in the hands of presidential troubleshooter Philip Habib, trying to persuade Marcos that he must order reforms and share power -- because Congress will demand it. But officials say Habib has cabled home that Marcos is yielding nothing. And the Administration is worried that one of its long-sought reforms -- the recent resignation of Gen. Ver, was a sham -- that he still holds power as a shadow defense minister. White House pressure helped soften, but not prevent, the Senate resolution. Passed overwhelmingly, criticizing the election results as marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines.

(Sen. Kennedy: "And it's time that the President of the United States speak on this issue. Cory Aquino has been elected President of the Philippines, and it's time to call a spade a spade.")

After a week of conflicting statements, there is no longer any disagreement in the Administration about the election fraud.

(Secretary Weinberger: "It is so extreme that the credibility of the election has been questioned, both in the Philippines and in the United States.")

A Carter Administration official was able to say publicly what many Reagan aides are saying privately.

(Ex-Assistant Secretary of State Richard Holbrooke: "The Executive branch would like to see the orderly departure of President Marcos as early as possible.")

The Administration believes Marcos will not yield power if there is the appearance of U.S. pressure. And that cutting off aid now would wreck any chance that he would go willingly.

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NBC's Noah Nelson reports that Oscar Salvatiera, the Los Angeles Filipino newspaperman killed yesterday, that he had received a death letter warning, "You are sentenced to death."

(Newspaper owner Noah Escondido: "I plead with President Reagan to realize the problem of Marcos; that he is not only terrorizing the people of the Philippines, but he has already terrorized the people who are Americans living in this country. Are we going to allow Marcos to export this terrorism here?")

The FBI has been called in to investigate Salvatiera's murder.

(NBC-2)

"UNCLE REAGAN" GOES TO GRENADA

Jennings: It's been more than two years now since President Reagan ordered the invasion of Grenada to overthrow the Left wing government there. Tomorrow the President pays a one-day visit to Grenada.

ABC's James Wooten reports that while Grenada may be part of the British Commonwealth, but its heart belongs to the Gipper.

(TV Coverage: Grenadian schoolchildren on playgrounds fondly chanting, "Uncle Reagan! Uncle Reagan!")

He's "Uncle Reagan" on the playgrounds --

(Female native: "May God bless 'Uncle Reagan' and give him a long life! I wish I could kiss his feet!")

That may be a bit excessive, but Grenadians are grateful. \$75 million have finished the airport the Cubans began, built some roads and generally stabilized a precarious economy. The Peace Corps is here. But the country still has serious problems. Pro-American sentiment, while clearly in the majority, is not unanimous. The President's visit will be brief. The country has the distinction of being the only country in the world perhaps, with a Queen, a Prime Minister, and now, in a manner of speaking, a President. And it can hardly wait to greet him.

(ABC-9)

Brokaw: President Reagan tomorrow will make a four-hour visit to the Caribbean island of Grenada, the scene of what he considers to be one of his most spectacular foreign policy and military triumphs.

(NBC-9)

HOUSING STARTS

Rather: Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months. Economists say it means that more people once again are finding it possible to own homes. But Commerce Secretary Malcolm Baldrige warned against expecting any housing boom this year. He said not all factors for home-building are positive.

(CBS-5)

VOLCKER

Rather: Federal Reserve Chairman Volcker was telling Congress that the sharp drop in the exchange value of the dollar recently is both good and bad news. Good for farmers and manufacturers, who want to sell their products overseas, but also creating conditions that could refuel inflation at home. (CBS-6)

Jennings: Paul Volcker told Congress today that the Fed has decided not to alter its monetary policies, and that means the Federal Reserve wants interest rates to stay just about where they are. (ABC-7)

REAGAN ANTI-TRUST PROPOSALS

Rather: It's official. President Reagan today asked Congress for a major rollback of U.S. anti-trust laws on mergers. These laws have been on the books for more than 70 years. Among the requested changes: five year exemptions for mergers in selected U.S. industries; easing merger restrictions in general, and reducing penalties for anti-trust violations. (CBS-7)

ANTI-GENOCIDE TREATY

Rather: After decades of debate, the U.S. today joins 96 other nations in approving a treaty that makes genocide -- the killing or injuring of members of racial, religious or ethnic groups -- an international crime. The 37-year-old treaty making genocide an international crime won Senate approval by a vote of 83 to 11. (CBS-8)

LEBANON KIDNAPPINGS

Rather: In Beirut, three Spanish Embassy employees were released unharmed today, more than a month after they were kidnapped by a Muslim group seeking freedom for two prisoners in Spain. Still missing in Lebanon are thirteen of the foreigners, six of them Americans. (CBS-11)

SENATOR EASTLAND DIES

Rather: Former U.S. Senator James Eastland, the Mississippi Democrat who served a record 22 years as Chairman of the Senate Judiciary Committee, died today. He was 81. (CBS-14)

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EDITORIALS/COLUMNISTS

WAR ON POVERTY

Let Them Read Want Ads -- "On the radio last weekend (Reagan) echoed his State of the Union call for 'real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.' He insists, with the eloquence of truth, that 'the waste in dollars and cents pales before the most tragic loss -- the sinful waste of human spirit and potential.' The President's words are moving; his program is not. The only direction it moves is backward, away from work and back to more welfare.... Mr. Reagan's words won't do the job, not as long as he opposes public service jobs as make-work and proposes to eradicate the Work Incentive Program and slash the Job Corps."

(New York Times, 2/19)

Fighting Poverty -- "Welfare can't work without national support; there are too many poor.... Which makes all the more frightening Reagan's call for a sweeping review of the welfare system by his Domestic Policy Council. The outcome could be far-reaching, but the deck is stacked against the poor when wealthy Reagan advisers who owe their jobs to their conservative ideology are running the study. The nation should demand a bipartisan and independent review for something that could affect so profoundly this nation's social fabric and traditional regard for the underdog."

(Cleveland Plain Dealer, 2/16)

DEFICIT REDUCTION

No Pain, No Gain On The Deficit -- "The deficit news from the Congressional Budget Office sounded better than it is.... They show the deficit declining from this FY's estimated \$208 billion to \$181 billion in FY 1987 and \$104 billion by 1991. That is nowhere near the balanced budget by 1991 envisioned in last year's Gramm-Rudman amendment. But it would be a large enough decline to take a lot of the pressure off.... So there you have it. The good news is that, yes, the deficit will fade away if either the economy produces much more than expected or the president demands much less. But that has always been true. Congress faces the same choices as before. The budget office has simply rephrased them."

(Washington Post, 2/19)

NASA/SPACE SHUTTLE

Tough Questions For NASA -- "Did NASA officials eliminate all foreseeable risks in the launching of the Challenger? It's beginning to look as if they did not.... If we rule out simple human error, was there such pressure within NASA to hold a successful launch that such warnings tended to be dismissed as alarmist irritants?.... That explanation would not exonerate senior officials. It would imply that they had fostered an atmosphere in which such warnings were positively unwelcome." (New York Post, 1/19)

PHILIPPINE ELECTION/PRESIDENT MARCOS

Confront Marcos With Ultimatum -- "The U.S. can no longer ignore, or sidestep, the ugly truth about Ferdinand Marcos. Regardless of his initial performance, Marcos has redefined the norms of arrogance and corruption.... If Marcos stays in power without the legitimacy of an honest vote, economic collapse and political chaos will come even sooner."

(Seattle Post-Intelligencer, 2/14)

Force Marcos' Hand -- "By first presiding over a fraud-ridden election and now refusing to seek any kind of accommodation with his political opposition, President Marcos has brought his nation to the brink of civil war.... In such a context, the U.S. should waste no time putting some distance between itself and intransigent Marcos. The Reagan Administration must demonstrate to the Philippine people that it stands as a defender of democracy, not as an accomplice to an unpopular dictator."

(Dallas Times Herald, 1/18)

Suspend US Aid To Marcos Now -- "Either the U.S. believes in the democratic process -- the underpinning of its own constitutional political system -- or it does not. It is time for the U.S. to be true to its highest democratic ideals -- and to the well-being of the Philippine people.... America's best long-range policy toward the Philippines, and the Philippine people, is to let the world know, in the clearest possible terms, that it cannot and will not accept an election outcome based on blatant fraud, violence, and threats."

(Christian Science Monitor, 1/19)

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FOREIGN MEDIA REACTION ABOUT REAGAN IN GRENADA

"Reagan is going to stay in Grenada only four hours, but this flash-visit has a clear political purpose: to underline that the U.S. is vitally interested in this neighboring region at a time when it is shaken by turmoil which can influence its future.... The 'Yankee' President is, for once, going to be received like a benefactor in a Caribbean country."

(Corriere della Sera, Italy)

"Is the U.S. military intervention in Grenada already water over the dam? No. Ronald Reagan is personally going back to Grenada to celebrate the anniversary of an inglorious but successful invasion...."

(L'Unita, Italy)

"Thursday ... has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Granadian Voice, Grenada)

"It is expected that these talks will center around economic matters -- especially how America can best help these nations to become more self-sufficient.... Following the talks, President Reagan will proceed to Queen's Park for a public welcome at which much of the Grenadian population is expected to be present to express their thanks for the courageous President, who risked world criticism to mount the rescue mission."

(Granadian Voice, Grenada)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 20, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Hero's Welcome Awaits Reagan In New Grenada -- ST. GEORGE'S, Grenada
-- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago. (Wall Street Journal, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

Habib Trying To Bring Philippine President Marcos Together With Aquino
-- The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.
(Washington Post, AP)

NATIONAL NEWS

Volcker, Baker Appear Divided Over How Far Dollar Should Fall -- James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.
(Washington Post, AP, Reuter)

NETWORK NEWS (Wednesday Evening)

CHALLENGER -- Three key NASA engineers were never told key, pre-launch information.

MARCOS SENATE CONDEMNATION -- The Senate voted overwhelmingly to condemn the Philippine elections.

HOUSING STARTS -- Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months.

A NATIONAL HOLIDAY

"Thursday...has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."
(Grenadian Voice, Grenada, 2/15)

TRIP NEWS

GRENADA TO RETURN TO SPOTLIGHT

Caribbean Aid Results Spotty

Four years after President Reagan unveiled his master plan for prosperity in the Caribbean region -- what he called his "unprecedented" and "farsighted" Caribbean Basin Initiative -- things have not worked out quite as the White House hoped.

In the two years the CBI has been in effect, the value of U.S. imports from CBI countries declined by 23 percent, while imports from the rest of the world increased by 36 percent, according to Commerce Department figures. Many nations in the region are worse off than when Reagan presented his plan, a paean to private enterprise that remains his preeminent overture to the developing world.

(Fred Hiatt, Washington Post, A1)

Reagan Visit Recalls Invasion

ST. GEORGE'S, Grenada -- For a few hours on Thursday this tiny island will recapture the place in the world spotlight it held with intensity in the early 1980s.

When President Reagan's speech at a summit meeting of Caribbean leaders is over and the White House party flies away, however, Grenada's 94,000 inhabitants will be left again with a set of intractable problems much like those of their neighbors all along the somnolent Windward Island chain.

(Edward Cody, News Analysis, Washington Post, A1)

Grenada To Give Thanks To Reagan, Ask For More Aid

ST. GEORGE'S, Grenada -- Grenada, with one eye on the past and the other on the future, will today thank President Reagan for freeing the island two years ago and ask him for more aid to keep it free.

During his visit, Reagan is expected to recall the U.S. success in thwarting Marxism here in launching a major new drive for a resumption of U.S. military aid to anti-Sandinista forces fighting in Nicaragua.

(Gene Gibbons, Reuter)

Hero's Welcome Awaits Reagan Visit To Grenada

President Reagan, flying to Grenada for a hero's welcome, says the United States stands ready to help if the tiny Caribbean island, which U.S. troops invaded in 1983, is threatened with a violent uprising.

Administration officials said Reagan, who plans to lay a wreath at a monument to the 19 U.S. servicemen who died in the invasion, also would announce steps to strengthen his Administration's 12-year plan to bolster sagging Caribbean economies.

(Dale Nelson, AP)

Hero's Welcome Awaits Reagan In New Grenada

ST. GEORGE'S, Grenada -- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago.

Even though the 1983 American invasion that toppled a Marxist government didn't solve all the island's problems, it remains a popular action here. And President Reagan himself is a hero to many Grenadians, perhaps more popular than the island's own politicians.

(Glenn Garvin, Washington Times, A1)

Grenada Prepares Elaborate Welcome For Reagan

ST. GEORGE'S, Grenada -- The government prepared an elaborate welcome for President Reagan's arrival today, while followers of the New Jewel Movement, ousted in the 1983 U.S. invasion, called an anti-Reagan rally.

The Grenadian government points to two major successes brought about by the American invasion -- an end to political fear and a halt to an economic slide. "People don't have to look over their shoulders anymore," Grenadian Prime Minister Blaize told a news conference Tuesday.

(Frederick Kiel, UPI)

Warm Welcome Awaits U.S. President In Grenada

ST. GEORGE'S, Grenada -- This tiny Caribbean nation declared a national holiday so islanders could give President Reagan a hero's welcome, but a leftist group called for a boycott to protest the 1983 U.S.-led invasion Reagan ordered.

"No patriot could welcome to our land someone who invaded our sovereign country," a statement by the Maurice Bishop Popular Movement said. The group plans to hold a demonstration in St. George's as Reagan speaks on the other side of town, and group members have urged Grenadians to boycott activities associated with the visit. However, most of the 92,000 residents of this nation were expected to attend Reagan's speech at Queen's Park.

(Kernan Turner, AP)

IT TOOK WORK TO GET REAGAN INTO GRENADA FOR 4 HOURS TODAY

ST. GEORGE'S, Grenada -- When President Reagan steps out of Air Force One into the dazzling sun of this tiny tropical island today, his entrance may seem effortless. Actually, though, his carefully scripted activities will be the result of nearly a month's occupation of the Caribbean nation by scores of U.S. government officials, cadres in the increasingly costly and complex art of modern presidential advance work.

The Grenada trip is typical of the effort that now goes on behind the scenes every time the President ventures out of the White House. "Presidential advance has become a science," says Ronald Walker, who headed the advance office in Richard Nixon's administration.

(Jane Mayer, Wall Street Journal, A1)

INTERNATIONAL NEWS

HUSSEIN ENDS PEACE EFFORT WITH PLO

AMMAN, Jordan -- King Hussein today broke off a year-long joint effort with the PLO to reach a Middle East peace agreement, accusing it and its leader, Yasser Arafat, of breaking their word after Jordan had extracted what Hussein said were key concessions from the United States.

The Jordanian monarch, who has been considered by the United States and Israel to be a key intermediary with the PLO in attempts to reach a comprehensive Middle East peace agreement, announced the collapse of the joint initiative in a 3½-hour televised speech retracing what he called "a grueling year of intensive effort."

(Jonathan Randal, Washington Post, A1)

SENATE, 85-9, DECRIES PHILIPPINE ELECTION

By a vote of 85 to 9, the Senate adopted a resolution yesterday declaring that the Philippine presidential elections "were marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines."

In the most dramatic expression yet of bipartisan political consensus against the government of President Marcos, the nonbinding resolution said, "America's interests are best served in the Philippines by a government which has a popular mandate." It asked that President Reagan "personally convey this finding" to Marcos.

(Joanne Omang & Don Oberdorfer, Washington Post, A1)

U.S. KEEPING OPTIONS OPEN ON QADDAFI

The Reagan Administration has not ruled out using military force against Libya to combat terrorism sponsored by Col. Qaddafi, State Department official Robert Oakley testified yesterday.

Oakley, who heads the Office for Counter Terrorism and Emergency Planning, spoke to the Senate Judiciary subcommittee on security and terrorism as Defense Department sources said the Navy is considering new flight operations next month over the Gulf of Sidra.

(AP story, Washington Post, A13)

PENTAGON, CONGRESS SEEK CURE TO SHORTCOMINGS EXPOSED IN GRENADA INVASION

The invasion of Grenada 27 months ago achieved its objectives of freeing American students with little loss of life or damage to the island but exposed shortcomings in the U.S. military that must be corrected if the United States is to operate successfully in "low-intensity" third-world conflicts.

This is a widely held view among professional military officers familiar with the Grenada foul-ups and among lawmakers drafting legislation designed to centralize military responsibility and clear some of the underbrush between Washington and the commander on the scene in remote military operations.

(George Wilson & Michael Weisskopf, Washington Post, A24)

HABIB'S ORDERS IN DISPUTE

President Reagan's instructions to special U.S. envoy Philip Habib were a matter of dispute in Washington and Manila yesterday, with the Administration doing little to clear them up.

In the Philippine capital, Habib denied a Washington Post report that he had warned Marcos to "make democratic reforms and share power with opposition forces" or risk losing U.S. aid.

A White House official, who asked not to be quoted by name, said The Post story was accurate. He emphasized that Reagan had made no decision on what to do about the "fraudulent" election and said Habib had broad authority to explore ways to resolve the crisis.

(Don Oberdorfer, Washington Post, A28)

Habib Trying To Bring Philippine President Marcos Together With Aquino

The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.

That is the gist of the mission to Manila by Philip Habib. Habib has been silent about his talks in Manila and is not expected to return to the United States before the weekend, at the earliest. The Administration is not sure how events eventually will play out, but it is known that Habib is urging Marcos to acknowledge his strong opposition in the hopes the two camps can work together.

(Terence Hunt, AP)

CIA REPORT ON NICARAGUA CONFUSES LAWMAKERS ADMINISTRATION HAS BEEN WOOING FOR CONTRA FUNDS

The Reagan Administration's efforts to win approval of a \$100 million military and economic aid package for anti-Sandinista rebels was off to a rocky start yesterday, in part because of a CIA document about a Nicaraguan "disinformation" campaign that caused confusion among the legislators it was designed to impress.

President Reagan has seen more than 60 members of Congress in two days in an effort to persuade them to support the package, but a White House senior official said yesterday that the private reaction of leaders had been "silence at best."

(Lou Cannon, Washington Post, A5)

U.S. DISCLOSES SECRET PLAN BY SANDINISTAS

Weinberger, Shultz Urge Help For Freedom Fighters

Secretary Weinberger, warning that the Marxist rulers of Nicaragua are "moving quickly, with Soviet bloc and Cuban help to consolidate their totalitarian power," urged Congress yesterday to approve a resumption of military aid to the anti-communist guerrillas.

Secretary Shultz was on Capitol Hill yesterday with a call to Congress to "support, not abandon, the democratic resistance within Nicaragua." "The most immediate danger to democracy in Central America is the assault on it from Communist Nicaragua, aided by Cuba and the Soviet Union," he told the Senate Budget Committee.

(James Morrison & Lucy Keyser, Washington Times, A1)

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NATIONAL NEWS

VOLCKER WARNS THAT FALLING DOLLAR CAN BE TWO-EDGED SWORD

Federal Reserve Board Chairman Paul Volcker, in an apparent disagreement with the Reagan Administration, yesterday warned that the value of the dollar may have "fallen enough" in foreign exchange markets to raise not only a new threat of inflation but also a question of "confidence in our currency."

On Tuesday, Secretary Baker said that he would "not be displeased" if the dollar declined further in foreign exchange markets. But a senior Reagan Administration official, in a background interview, moved swiftly to downplay any conflict between Volcker's remarks to the House Banking Committee and Baker's comments to the Senate Budget Committee.

(Hobart Rowen, Washington Post, A15)

Volcker, Baker Appear Divided Over How Far Dollar Should Fall

James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.

Volcker went to considerable lengths in a congressional hearing yesterday to call a halt to the dollar's rapid decline of recent weeks. The latest plunge was a result of remarks by Secretary Baker the day before but a Treasury official, who asked not to be named, said the markets had overreacted to the comments.

(Peter Torday, Reuter)

Volcker's Remarks Depress Stock And Bond Market, Cause Swings In Currency

Paul Volcker's worries about the dollar's drop and suggestion that the Fed will not push down interest rates numbed Wall Street, depressed the bond market and confused currency traders.

In his semi-annual report to Congress, Volcker said Wednesday that the dollar's plunge against other currencies could rekindle inflation if it persists, although sharply lower oil prices were restraining inflation.

He also said the Fed intends no major changes in monetary policy, suggesting there is little chance of a cut in the discount rate, the lending fee it charges to banks.

(Rick Gladstone, AP)

ADMINISTRATION FAILS TO PRESENT UNITED FRONT ON DILUTING GUN LAW

Senior officials at the Justice and Treasury departments have privately expressed strong reservations about legislation -- officially backed by the Reagan Administration -- that would weaken the 1968 Gun Control Act, according to Administration sources and documents.

The documents say that Attorney General Meese told a group that he has serious reservations about parts of the bill and that these concerns were repeated by Justice Department officials in a January meeting with lobbyists for the National Rifle Association.

(Howard Kurtz, Washington Post, A4)

AGRICULTURE DEPUTY QUILTS AFTER GOP NUDGE

Deputy Agriculture Secretary John Norton, who had been acting secretary since last Saturday, resigned yesterday, apparently under heavy political pressure from Republicans who want a midwesterner in his job.

Norton said he would go home to Phoenix and resume direction of his large farm operations in Arizona and California. He refused to explain his decision, saying, "It's my last day, but I have to exercise the politician's prerogative and be circumspect about this."

(Ward Sinclair, Washington Post, A11)

Norton Quits USDA After Five Days In Top Spot

The top ranks at the Agriculture Department got a little thinner with the announced resignation of John Norton, who has been acting Secretary of Agriculture since last Friday.

There had been speculation that Norton, who holds extensive farming interests in California and Arizona, would leave because he and Richard Lyng would make the Agriculture Department top-heavy with westerners.

(Don Kendall, AP)

ECONOMISTS NOW DETECT FALLING TREND IN DEFICIT

The federal budget deficits that have bedeviled the economy since the start of the Reagan Administration have reached a turning point, according to Government and private analysts.

They have stopped going up, and as far as such experts can see, they are now going down. They are declining, they say, even without the contribution of cuts required under the new balanced-budget law, except for the small ones taking effect this year.

(Peter Kilborn, New York Times, A1)

MILLER: AIDS VICTIMS, LIKE HOMELESS, NOT A FEDERAL PROBLEM

James Miller says AIDS victims -- as well as the homeless -- are the responsibility of states and cities, not the federal government. Responding to questions Wednesday from Sen. Lowell Weicker about President Reagan's fiscal 1987 budget, Miller insisted that funding for acquired immune deficiency syndrome research is a "high priority for us." But Miller said Reagan's budget proposes cutting federal money for AIDS, especially federal treatment centers.

(Elaine Povich, UPI)

HHS SEEKS WAYS TO EASE NURSING HOME COST

HHS Secretary Otis Bowen told a congressional subcommittee yesterday that he will be looking for ways to help the elderly pay for expensive nursing home care, as part of a study of catastrophic-health insurance President Reagan has ordered.

While saying that no detailed proposal has been developed, the 67-year-old Cabinet member said his mother is in a nursing home and "I am very deeply aware of the [issue], because I know who pays the bills."

(Sandra Evans, Washington Post, A17)

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AIDES URGE REAGAN TO ENDORSE ACID-RAIN REPORT

President Reagan has been urged by senior advisers to endorse a report by his special envoy on acid rain that calls for a five-year, \$5 billion effort by government and industry to test cleaner coal-burning technology, White House officials said yesterday.

Such an endorsement would be a major policy shift by Reagan, who has previously maintained that more study is needed on acid rain. The endorsement would also mark the first time Reagan has accepted the premise that acid rain is a man-made phenomenon.

(David Hoffman, Washington Post, A20)

EDITOR'S NOTE: "Verstandig's Storms in the East Wing" by Donnie Radcliffe appears on page B1 of the Washington Post Style Section.

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NEWS FROM THE STATES

GOP OFFICIAL SAYS IACOCCA HAMPERED FUNDRAISING

SCOTIA, N.Y. (UPI) -- Chrysler Corp. Chairman Lee Iacocca made it virtually impossible for a New York foundation to raise money to help in the restoration of the Statue of Liberty, a top-ranking Republican Party official says. "I think it was a matter of control," said Eunice Whittlesey of Scotia, near Albany, former executive director of the New York Statue of Liberty Celebration Foundation, a private group based in New York City. "The other foundation felt they were going to control everything."

FORMER REAGAN OFFICIAL SAYS IACOCCA HAD HIM FIRED

ALBANY, N.Y. (UPI) -- A former Reagan Administration official who now heads a private foundation says he believes Chrysler Chairman Lee Iacocca had him fired from monitoring the work of a federal commission and foundation restoring the Statue of Liberty. Garnet Chapin, a former project manager for the National Park Service, charged Monday that Iacocca abolished a commission architectural committee that had twice rejected a restoration plan for Ellis Island offered by one of Iacocca's associates, and formed a new committee to consider the proposal a third time.... Chapin said he has told federal officials of his charges against the Iacocca foundation, which include fraud, restraint of trade and others.

PHILIPPINES/CARTER

GRANTHAM, Pa. (UPI) -- Charging Philippines President Marcos "stole" his re-election, former President Carter called for an end to U.S. aid to the island nation if Marcos does not step down from office. In a speech Tuesday to about 2,200 students, faculty and guests at tiny Messiah College near Harrisburg, Carter also said he believes Marcos was "not surprised" when opposition leader Benigno Aquino was assassinated in 1983. "I think Marcos stole the election," said Carter, receiving thunderous applause.

At a news conference following his speech, Carter applauded Reagan's decision to send special envoy Philip Habib to the Philippines to investigate the charges of election fraud.

KOCH/CARTER

NEW YORK (UPI) -- Mayor Edward Koch, who has denied he plotted Jimmy Carter's defeat in 1980 and said he did not discuss Republican backing for his own re-election until 1981, Tuesday admitted GOP support was considered in 1979. Lawyer Roy Cohn charged Sunday that Koch attacked Carter in 1980 as part of a deal with Republicans to win support for his re-election.

Koch took the opportunity to take another swipe at Carter, who he has criticized on numerous occasions. "There's no question that Reagan on balance will be remembered by history as a far more effective president than President Carter," Koch said. Although the mayor has derided Reagan's proposed budget cuts as "Rambonomics" and called the Gramm-Rudman bill "Grim-Rudman," he said, "I suspect if you had Carter there, you'd have other tragedies." Reagan, Koch said, would be remembered "as a far greater president, no questions about it."

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NEWS FROM THE STATES (continued)

COALITION SEEKS RESTRAINTS ON GRAMM-RUDMAN

AUSTIN, Texas (UPI) -- A coalition of human service groups called on the Texas congressional delegation Wednesday to "act more responsibly" and stop ignoring basic human needs when making federal budget cuts. Karen Langley, executive director of the Texas Alliance for Human Needs, said the state is projected to lose up to \$600 million next year from cuts mandated by the Gramm-Rudman amendment, co-sponsored by Sen. Phil Gramm. At a Capitol news conference, Langley produced a rubber chicken and a picture of several pigs to demonstrate President Reagan's preference for military spending at the expense of social programs.

Peggy Romberg, executive director of the Texas Family Planning Association, said projected cuts will have a tragic effect on women and families who seek family planning services.

HISPANICS

LOS ANGELES (UPI) -- Hispanic-American newspaper readers own more credit cards, vote more often and go to the movies 10 times more than the average U.S. citizen, a survey shows. The survey, released Tuesday, was of 1,740 Hispanic readers of 38 national Hispanic publications, including the Los Angeles daily newspapers La Opinion and Noticias del Mundo, said Kirk Whisler, president of the National Association of Hispanic Publications, which commissioned the survey. About 46 percent of the respondents voted for President Reagan, the survey said.

-end-of-A-Section-

NETWORK NEWS SUMMARY

(Wednesday Evening, February 19, 1986)

CHALLENGER

CBS's Dan Rather: It has been confirmed that three key NASA officials involved in launching Challenger were never told key, pre-launch information. Never told that top engineers at Morton Thiokol, the company that makes the shuttle's solid rocket boosters, were dead-set against a launch in frigid weather, were never told of strong, heated dissent by engineers, even after the launch recommendation was made. CBS News was told tonight that one key NASA official -- who was not informed of all of this before the launch -- is the head of the whole shuttle program. Also today, NASA released awesome first photographs from the bottom of the Atlantic, wreckage of the right solid rocket booster; what may be crucial evidence in the search for the cause of the catastrophe.

CBS's Eric Engberg: The Rogers Commission revealed today that three key NASA officials involved in the Challenger launch were not told of strong objections from engineers to launching in the cold. The Commission, with little elaboration, said it would begin public hearings on how the decision to launch was reached next week.

(ALL NETS LEAD)

ABC's John Martin reports that a suspicion is growing outside the space community that the shuttle was destroyed by the very system that built it. It is a system that has been under pressure by scientists, the Air Force, OMB, which wanted to save money but still finance a shuttle, and the White House, which saw the space program as a way to maintain jobs and inspire the nation. But the cost pressures were enormous. The shuttle's critics suspect that it was the need to compete at full speed that caused NASA to react too slowly at danger signs. The pressure for making the shuttle pay its way has come from the top. Just 18 months ago, President Reagan reportedly signed a National Security directive ordering NASA to make the shuttle "fully operational and cost-effective within four years." NASA began scheduling more flights. And with no major mishaps, the program looked especially safe.

NBC's Robert Bazell reports that one member of the President's Commission said that the testimony of Alan MacDonald, director of the Morton Thiokol Corporation's solid fuel rocket motor project was "traumatizing and horrifying." Today the President's Commission issued a written statement saying that a number of engineers at Thiokol still strongly urged against launch.

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CALIFORNIA SENATE CAMPAIGN

Rather: The Los Angeles District Attorney's office today agreed to drop political bribery charges against Republican Congresswoman Bobbi Fiedler. The reason: insufficient evidence. But prosecution of Fiedler's campaign manager, and now fiance, Paul Clark, will continue. Both had been charged with attempting to bribe a political rival to drop out of California's U.S. Senate primary.(CBS-3; NBC-4)

SENATE CONDEMNATION OF MARCOS/OPPOSITION LEADER MURDERED

Rather: The United States Senate voted overwhelmingly today to condemn the Philippine elections, and on the U.S. West Coast, the bureau chief of a Philippine newspaper opposed to President Marcos was shot to death.

Phil Jones reports that most every place Ferdinand Marcos looked today, the pressure was mounting. Marcos was meeting with his advisers and hinting at martial law to prevent turmoil. At midday, Marcos followers were being blamed for an apparent murder here in the U.S. An employee of an anti-Marcos newspaper, published in California, was shot to death in his Los Angeles home.

(Sen. Cranston: "It's bad enough to have the criminal activities of the Marcos regime in the Philippines. They must not now be exported to my state of California, and our country of the United States.")

At the Capitol, the heat was on today. 85 of the 100 senators voted for a resolution asking President Reagan to tell Marcos that the view here is the election was marked by widespread fraud, and cannot be considered a reflection of the will of the people. According to Sen. Kennedy, who telephoned Corazon Aquino before the vote, Aquino welcomed the action.

While Congressional observers were denouncing the wholesale fraud, officials in

the Reagan Administration were urging caution.

(Secretary Shultz: "We want to stay connected to the Philippines. We don't want to walk away from them.")

(Secretary Weinberger: "None of us in this room wants to see the Philippine people have their future decided by the Communist insurgency.")

Everyone here agrees that the U.S. must be cautious. But it also appears that unless Marcos steps down, or makes dramatic concessions, he could find all direct military and economic aid to his regime cut off by Congress. (CBS-4)

ABC's Judd Rose reports that the head of the Los Angeles office of the Philippine News, the largest Filipino-American newspaper, was murdered. The paper had taken a strong stand against Marcos. Senator Cranston said he's asked, and the FBI has agreed, to investigate the murder.

ABC's Charles Gibson: U.S. Envoy Philip Habib is trying to force reforms on Marcos, even power-sharing with opposition forces. But Marcos wants no part of it. The delicacy of the U.S. position was most apparent as Secretary Shultz appeared before a Senate Committee. On the one hand, the acknowledgement that the election was rigged:

(Secretary Shultz: "One can't say that we got out of the election what one wants to get out of an election, namely the legitimate ties of credible government.")

But on the other hand, the need to deal with President Marcos:

(We want to stay connected with the Philippines. We don't want to walk away from them. And how to do that, under present circumstances, is a difficult task.)

But many in Congress want to act now. The Senate overwhelmingly today, 85 to 9, passed a hastily-drafted resolution saying the elections showed such widespread fraud that they cannot be considered a reflection of the will of the Philippines. And the Chairman of the Senate Foreign Relations Committee, along with key House members, is drafting legislation that would withhold -- put in escrow -- three-quarters of the U.S. aid to the Philippines, until the government there changes. It's sort of the "bad cop, good cop" routine. Congress, for now the bad cop, threatens to cut off aid to the Philippines, while the Administration, the good cop, urges caution, all the time using those congressional threats as leverage to try and force Marcos into reforms. (ABC-4)

ABC's Andrea Mitchell: The Administration wanted Congress not to do anything yet.

(Secretary Shultz: "We have on our hands a very difficult and delicate situation. And we don't want to jump at it.")

The delicate situation is in the hands of presidential troubleshooter Philip Habib, trying to persuade Marcos that he must order reforms and share power -- because Congress will demand it. But officials say Habib has cabled home that Marcos is yielding nothing. And the Administration is worried that one of its long-sought reforms -- the recent resignation of Gen. Ver, was a sham -- that he still holds power as a shadow defense minister. White House pressure helped soften, but not prevent, the Senate resolution. Passed overwhelmingly, criticizing the election results as marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines.

(Sen. Kennedy: "And it's time that the President of the United States speak on this issue. Cory Aquino has been elected President of the Philippines, and it's time to call a spade a spade.")

After a week of conflicting statements, there is no longer any disagreement in the Administration about the election fraud.

(Secretary Weinberger: "It is so extreme that the credibility of the election has been questioned, both in the Philippines and in the United States.")

A Carter Administration official was able to say publicly what many Reagan aides are saying privately.

(Ex-Assistant Secretary of State Richard Holbrooke: "The Executive branch would like to see the orderly departure of President Marcos as early as possible.")

The Administration believes Marcos will not yield power if there is the appearance of U.S. pressure. And that cutting off aid now would wreck any chance that he would go willingly.

NBC's Noah Nelson reports that Oscar Salvatiera, the Los Angeles Filipino newspaperman killed yesterday, that he had received a death letter warning, "You are sentenced to death."

(Newspaper owner Noah Escondido: "I plead with President Reagan to realize the problem of Marcos; that he is not only terrorizing the people of the Philippines, but he has already terrorized the people who are Americans living in this country. Are we going to allow Marcos to export this terrorism here?")

The FBI has been called in to investigate Salvatiera's murder.

(NBC-2)

"UNCLE REAGAN" GOES TO GRENADA

Jennings: It's been more than two years now since President Reagan ordered the invasion of Grenada to overthrow the Left wing government there. Tomorrow the President pays a one-day visit to Grenada.

ABC's James Wooten reports that while Grenada may be part of the British Commonwealth, but its heart belongs to the Gipper.

(TV Coverage: Grenadian schoolchildren on playgrounds fondly chanting, "Uncle Reagan! Uncle Reagan!")

He's "Uncle Reagan" on the playgrounds --

(Female native: "May God bless 'Uncle Reagan' and give him a long life! I wish I could kiss his feet!")

That may be a bit excessive, but Grenadians are grateful. \$75 million have finished the airport the Cubans began, built some roads and generally stabilized a precarious economy. The Peace Corps is here. But the country still has serious problems. Pro-American sentiment, while clearly in the majority, is not unanimous. The President's visit will be brief. The country has the distinction of being the only country in the world perhaps, with a Queen, a Prime Minister, and now, in a manner of speaking, a President. And it can hardly wait to greet him.

(ABC-9)

Brokaw: President Reagan tomorrow will make a four-hour visit to the Caribbean island of Grenada, the scene of what he considers to be one of his most spectacular foreign policy and military triumphs.

(NBC-9)

HOUSING STARTS

Rather: Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months. Economists say it means that more people once again are finding it possible to own homes. But Commerce Secretary Malcolm Baldrige warned against expecting any housing boom this year. He said not all factors for home-building are positive.

(CBS-5)

VOLCKER

Rather: Federal Reserve Chairman Volcker was telling Congress that the sharp drop in the exchange value of the dollar recently is both good and bad news. Good for farmers and manufacturers, who want to sell their products overseas, but also creating conditions that could refuel inflation at home. (CBS-6)

Jennings: Paul Volcker told Congress today that the Fed has decided not to alter its monetary policies, and that means the Federal Reserve wants interest rates to stay just about where they are. (ABC-7)

REAGAN ANTI-TRUST PROPOSALS

Rather: It's official. President Reagan today asked Congress for a major rollback of U.S. anti-trust laws on mergers. These laws have been on the books for more than 70 years. Among the requested changes: five year exemptions for mergers in selected U.S. industries; easing merger restrictions in general, and reducing penalties for anti-trust violations. (CBS-7)

ANTI-GENOCIDE TREATY

Rather: After decades of debate, the U.S. today joins 96 other nations in approving a treaty that makes genocide -- the killing or injuring of members of racial, religious or ethnic groups -- an international crime. The 37-year-old treaty making genocide an international crime won Senate approval by a vote of 83 to 11. (CBS-8)

LEBANON KIDNAPPINGS

Rather: In Beirut, three Spanish Embassy employees were released unharmed today, more than a month after they were kidnapped by a Muslim group seeking freedom for two prisoners in Spain. Still missing in Lebanon are thirteen of the foreigners, six of them Americans. (CBS-11)

SENATOR EASTLAND DIES

Rather: Former U.S. Senator James Eastland, the Mississippi Democrat who served a record 22 years as Chairman of the Senate Judiciary Committee, died today. He was 81. (CBS-14)

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EDITORIALS/COLUMNISTS

WAR ON POVERTY

Let Them Read Want Ads -- "On the radio last weekend (Reagan) echoed his State of the Union call for 'real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.' He insists, with the eloquence of truth, that 'the waste in dollars and cents pales before the most tragic loss -- the sinful waste of human spirit and potential.' The President's words are moving; his program is not. The only direction it moves is backward, away from work and back to more welfare.... Mr. Reagan's words won't do the job, not as long as he opposes public service jobs as make-work and proposes to eradicate the Work Incentive Program and slash the Job Corps."

(New York Times, 2/19)

Fighting Poverty -- "Welfare can't work without national support; there are too many poor.... Which makes all the more frightening Reagan's call for a sweeping review of the welfare system by his Domestic Policy Council. The outcome could be far-reaching, but the deck is stacked against the poor when wealthy Reagan advisers who owe their jobs to their conservative ideology are running the study. The nation should demand a bipartisan and independent review for something that could affect so profoundly this nation's social fabric and traditional regard for the underdog."

(Cleveland Plain Dealer, 2/16)

DEFICIT REDUCTION

No Pain, No Gain On The Deficit -- "The deficit news from the Congressional Budget Office sounded better than it is.... They show the deficit declining from this FY's estimated \$208 billion to \$181 billion in FY 1987 and \$104 billion by 1991. That is nowhere near the balanced budget by 1991 envisioned in last year's Gramm-Rudman amendment. But it would be a large enough decline to take a lot of the pressure off.... So there you have it. The good news is that, yes, the deficit will fade away if either the economy produces much more than expected or the president demands much less. But that has always been true. Congress faces the same choices as before. The budget office has simply rephrased them."

(Washington Post, 2/19)

NASA/SPACE SHUTTLE

Tough Questions For NASA -- "Did NASA officials eliminate all foreseeable risks in the launching of the Challenger? It's beginning to look as if they did not.... If we rule out simple human error, was there such pressure within NASA to hold a successful launch that such warnings tended to be dismissed as alarmist irritants?.... That explanation would not exonerate senior officials. It would imply that they had fostered an atmosphere in which such warnings were positively unwelcome." (New York Post, 1/19)

PHILIPPINE ELECTION/PRESIDENT MARCOS

Confront Marcos With Ultimatum -- "The U.S. can no longer ignore, or sidestep, the ugly truth about Ferdinand Marcos. Regardless of his initial performance, Marcos has redefined the norms of arrogance and corruption.... If Marcos stays in power without the legitimacy of an honest vote, economic collapse and political chaos will come even sooner."

(Seattle Post-Intelligencer, 2/14)

Force Marcos' Hand -- "By first presiding over a fraud-ridden election and now refusing to seek any kind of accommodation with his political opposition, President Marcos has brought his nation to the brink of civil war.... In such a context, the U.S. should waste no time putting some distance between itself and intransigent Marcos. The Reagan Administration must demonstrate to the Philippine people that it stands as a defender of democracy, not as an accomplice to an unpopular dictator."

(Dallas Times Herald, 1/18)

Suspend US Aid To Marcos Now -- "Either the U.S. believes in the democratic process -- the underpinning of its own constitutional political system -- or it does not. It is time for the U.S. to be true to its highest democratic ideals -- and to the well-being of the Philippine people.... America's best long-range policy toward the Philippines, and the Philippine people, is to let the world know, in the clearest possible terms, that it cannot and will not accept an election outcome based on blatant fraud, violence, and threats."

(Christian Science Monitor, 1/19)

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FOREIGN MEDIA REACTION ABOUT REAGAN IN GRENADA

"Reagan is going to stay in Grenada only four hours, but this flash-visit has a clear political purpose: to underline that the U.S. is vitally interested in this neighboring region at a time when it is shaken by turmoil which can influence its future.... The 'Yankee' President is, for once, going to be received like a benefactor in a Caribbean country."

(Corriere della Sera, Italy)

"Is the U.S. military intervention in Grenada already water over the dam? No. Ronald Reagan is personally going back to Grenada to celebrate the anniversary of an inglorious but successful invasion...."

(L'Unita, Italy)

"Thursday ... has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Granadian Voice, Grenada)

"It is expected that these talks will center around economic matters -- especially how America can best help these nations to become more self-sufficient.... Following the talks, President Reagan will proceed to Queen's Park for a public welcome at which much of the Grenadian population is expected to be present to express their thanks for the courageous President, who risked world criticism to mount the rescue mission."

(Granadian Voice, Grenada)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 20, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Hero's Welcome Awaits Reagan In New Grenada -- ST. GEORGE'S, Grenada
-- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago. (Wall Street Journal, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

Habib Trying To Bring Philippine President Marcos Together With Aquino
-- The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency. (Washington Post, AP)

NATIONAL NEWS

Volcker, Baker Appear Divided Over How Far Dollar Should Fall -- James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986. (Washington Post, AP, Reuter)

NETWORK NEWS (Wednesday Evening)

CHALLENGER -- Three key NASA engineers were never told key, pre-launch information.

MARCOS SENATE CONDEMNATION -- The Senate voted overwhelmingly to condemn the Philippine elections.

HOUSING STARTS -- Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months.

A NATIONAL HOLIDAY

"Thursday...has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Grenadian Voice, Grenada, 2/15)

TRIP NEWS

GRENADA TO RETURN TO SPOTLIGHT

Caribbean Aid Results Spotty

Four years after President Reagan unveiled his master plan for prosperity in the Caribbean region -- what he called his "unprecedented" and "farsighted" Caribbean Basin Initiative -- things have not worked out quite as the White House hoped.

In the two years the CBI has been in effect, the value of U.S. imports from CBI countries declined by 23 percent, while imports from the rest of the world increased by 36 percent, according to Commerce Department figures. Many nations in the region are worse off than when Reagan presented his plan, a paean to private enterprise that remains his preeminent overture to the developing world.

(Fred Hiatt, Washington Post, A1)

Reagan Visit Recalls Invasion

ST. GEORGE'S, Grenada -- For a few hours on Thursday this tiny island will recapture the place in the world spotlight it held with intensity in the early 1980s.

When President Reagan's speech at a summit meeting of Caribbean leaders is over and the White House party flies away, however, Grenada's 94,000 inhabitants will be left again with a set of intractable problems much like those of their neighbors all along the somnolent Windward Island chain.

(Edward Cody, News Analysis, Washington Post, A1)

Grenada To Give Thanks To Reagan, Ask For More Aid

ST. GEORGE'S, Grenada -- Grenada, with one eye on the past and the other on the future, will today thank President Reagan for freeing the island two years ago and ask him for more aid to keep it free.

During his visit, Reagan is expected to recall the U.S. success in thwarting Marxism here in launching a major new drive for a resumption of U.S. military aid to anti-Sandinista forces fighting in Nicaragua.

(Gene Gibbons, Reuter)

Hero's Welcome Awaits Reagan Visit To Grenada

President Reagan, flying to Grenada for a hero's welcome, says the United States stands ready to help if the tiny Caribbean island, which U.S. troops invaded in 1983, is threatened with a violent uprising.

Administration officials said Reagan, who plans to lay a wreath at a monument to the 19 U.S. servicemen who died in the invasion, also would announce steps to strengthen his Administration's 12-year plan to bolster sagging Caribbean economies.

(Dale Nelson, AP)

Hero's Welcome Awaits Reagan In New Grenada

ST. GEORGE'S, Grenada -- When President Reagan arrives here today to meet the Caribbean politicians and deliver a speech, he will see as many as 40,000 Grenadians shouting their gratitude for the military task force he sent more than two years ago.

Even though the 1983 American invasion that toppled a Marxist government didn't solve all the island's problems, it remains a popular action here. And President Reagan himself is a hero to many Grenadians, perhaps more popular than the island's own politicians.

(Glenn Garvin, Washington Times, A1)

Grenada Prepares Elaborate Welcome For Reagan

ST. GEORGE'S, Grenada -- The government prepared an elaborate welcome for President Reagan's arrival today, while followers of the New Jewel Movement, ousted in the 1983 U.S. invasion, called an anti-Reagan rally.

The Grenadian government points to two major successes brought about by the American invasion -- an end to political fear and a halt to an economic slide. "People don't have to look over their shoulders anymore," Grenadian Prime Minister Blaize told a news conference Tuesday.

(Frederick Kiel, UPI)

Warm Welcome Awaits U.S. President In Grenada

ST. GEORGE'S, Grenada -- This tiny Caribbean nation declared a national holiday so islanders could give President Reagan a hero's welcome, but a leftist group called for a boycott to protest the 1983 U.S.-led invasion Reagan ordered.

"No patriot could welcome to our land someone who invaded our sovereign country," a statement by the Maurice Bishop Popular Movement said. The group plans to hold a demonstration in St. George's as Reagan speaks on the other side of town, and group members have urged Grenadians to boycott activities associated with the visit. However, most of the 92,000 residents of this nation were expected to attend Reagan's speech at Queen's Park.

(Kernan Turner, AP)

IT TOOK WORK TO GET REAGAN INTO GRENADA FOR 4 HOURS TODAY

ST. GEORGE'S, Grenada -- When President Reagan steps out of Air Force One into the dazzling sun of this tiny tropical island today, his entrance may seem effortless. Actually, though, his carefully scripted activities will be the result of nearly a month's occupation of the Caribbean nation by scores of U.S. government officials, cadres in the increasingly costly and complex art of modern presidential advance work.

The Grenada trip is typical of the effort that now goes on behind the scenes every time the President ventures out of the White House. "Presidential advance has become a science," says Ronald Walker, who headed the advance office in Richard Nixon's administration.

(Jane Mayer, Wall Street Journal, A1)

INTERNATIONAL NEWS

HUSSEIN ENDS PEACE EFFORT WITH PLO

AMMAN, Jordan -- King Hussein today broke off a year-long joint effort with the PLO to reach a Middle East peace agreement, accusing it and its leader, Yasser Arafat, of breaking their word after Jordan had extracted what Hussein said were key concessions from the United States.

The Jordanian monarch, who has been considered by the United States and Israel to be a key intermediary with the PLO in attempts to reach a comprehensive Middle East peace agreement, announced the collapse of the joint initiative in a 3½-hour televised speech retracing what he called "a grueling year of intensive effort."

(Jonathan Randal, Washington Post, A1)

SENATE, 85-9, DECRIES PHILIPPINE ELECTION

By a vote of 85 to 9, the Senate adopted a resolution yesterday declaring that the Philippine presidential elections "were marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines."

In the most dramatic expression yet of bipartisan political consensus against the government of President Marcos, the nonbinding resolution said, "America's interests are best served in the Philippines by a government which has a popular mandate." It asked that President Reagan "personally convey this finding" to Marcos.

(Joanne Omang & Don Oberdorfer, Washington Post, A1)

U.S. KEEPING OPTIONS OPEN ON QADDAFI

The Reagan Administration has not ruled out using military force against Libya to combat terrorism sponsored by Col. Qaddafi, State Department official Robert Oakley testified yesterday.

Oakley, who heads the Office for Counter Terrorism and Emergency Planning, spoke to the Senate Judiciary subcommittee on security and terrorism as Defense Department sources said the Navy is considering new flight operations next month over the Gulf of Sidra.

(AP story, Washington Post, A13)

PENTAGON, CONGRESS SEEK CURE TO SHORTCOMINGS EXPOSED IN GRENADA INVASION

The invasion of Grenada 27 months ago achieved its objectives of freeing American students with little loss of life or damage to the island but exposed shortcomings in the U.S. military that must be corrected if the United States is to operate successfully in "low-intensity" third-world conflicts.

This is a widely held view among professional military officers familiar with the Grenada foul-ups and among lawmakers drafting legislation designed to centralize military responsibility and clear some of the underbrush between Washington and the commander on the scene in remote military operations.

(George Wilson & Michael Weisskopf, Washington Post, A24)

HABIB'S ORDERS IN DISPUTE

President Reagan's instructions to special U.S. envoy Philip Habib were a matter of dispute in Washington and Manila yesterday, with the Administration doing little to clear them up.

In the Philippine capital, Habib denied a Washington Post report that he had warned Marcos to "make democratic reforms and share power with opposition forces" or risk losing U.S. aid.

A White House official, who asked not to be quoted by name, said The Post story was accurate. He emphasized that Reagan had made no decision on what to do about the "fraudulent" election and said Habib had broad authority to explore ways to resolve the crisis.

(Don Oberdorfer, Washington Post, A28)

Habib Trying To Bring Philippine President Marcos Together With Aquino

The Reagan Administration is exploring how far President Marcos will go in sharing political power with Corazon Aquino and whether she would be willing to settle for anything less than the presidency.

That is the gist of the mission to Manila by Philip Habib. Habib has been silent about his talks in Manila and is not expected to return to the United States before the weekend, at the earliest. The Administration is not sure how events eventually will play out, but it is known that Habib is urging Marcos to acknowledge his strong opposition in the hopes the two camps can work together.

(Terence Hunt, AP)

CIA REPORT ON NICARAGUA CONFUSES LAWMAKERS ADMINISTRATION HAS BEEN WOOING FOR CONTRA FUNDS

The Reagan Administration's efforts to win approval of a \$100 million military and economic aid package for anti-Sandinista rebels was off to a rocky start yesterday, in part because of a CIA document about a Nicaraguan "disinformation" campaign that caused confusion among the legislators it was designed to impress.

President Reagan has seen more than 60 members of Congress in two days in an effort to persuade them to support the package, but a White House senior official said yesterday that the private reaction of leaders had been "silence at best."

(Lou Cannon, Washington Post, A5)

U.S. DISCLOSES SECRET PLAN BY SANDINISTAS

Weinberger, Shultz Urge Help For Freedom Fighters

Secretary Weinberger, warning that the Marxist rulers of Nicaragua are "moving quickly, with Soviet bloc and Cuban help to consolidate their totalitarian power," urged Congress yesterday to approve a resumption of military aid to the anti-communist guerrillas.

Secretary Shultz was on Capitol Hill yesterday with a call to Congress to "support, not abandon, the democratic resistance within Nicaragua." "The most immediate danger to democracy in Central America is the assault on it from Communist Nicaragua, aided by Cuba and the Soviet Union," he told the Senate Budget Committee.

(James Morrison & Lucy Keyser, Washington Times, A1)

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NATIONAL NEWS

VOLCKER WARNS THAT FALLING DOLLAR CAN BE TWO-EDGED SWORD

Federal Reserve Board Chairman Paul Volcker, in an apparent disagreement with the Reagan Administration, yesterday warned that the value of the dollar may have "fallen enough" in foreign exchange markets to raise not only a new threat of inflation but also a question of "confidence in our currency."

On Tuesday, Secretary Baker said that he would "not be displeased" if the dollar declined further in foreign exchange markets. But a senior Reagan Administration official, in a background interview, moved swiftly to downplay any conflict between Volcker's remarks to the House Banking Committee and Baker's comments to the Senate Budget Committee.

(Hobart Rowen, Washington Post, A15)

Volcker, Baker Appear Divided Over How Far Dollar Should Fall

James Baker and Paul Volcker, the two leading U.S. economic policymakers, sent financial markets conflicting signals on how far the dollar should fall, which led to the most volatile trading day in 1986.

Volcker went to considerable lengths in a congressional hearing yesterday to call a halt to the dollar's rapid decline of recent weeks. The latest plunge was a result of remarks by Secretary Baker the day before but a Treasury official, who asked not to be named, said the markets had overreacted to the comments.

(Peter Torday, Reuter)

Volcker's Remarks Depress Stock And Bond Market, Cause Swings In Currency

Paul Volcker's worries about the dollar's drop and suggestion that the Fed will not push down interest rates numbed Wall Street, depressed the bond market and confused currency traders.

In his semi-annual report to Congress, Volcker said Wednesday that the dollar's plunge against other currencies could rekindle inflation if it persists, although sharply lower oil prices were restraining inflation.

He also said the Fed intends no major changes in monetary policy, suggesting there is little chance of a cut in the discount rate, the lending fee it charges to banks.

(Rick Gladstone, AP)

ADMINISTRATION FAILS TO PRESENT UNITED FRONT ON DILUTING GUN LAW

Senior officials at the Justice and Treasury departments have privately expressed strong reservations about legislation -- officially backed by the Reagan Administration -- that would weaken the 1968 Gun Control Act, according to Administration sources and documents.

The documents say that Attorney General Meese told a group that he has serious reservations about parts of the bill and that these concerns were repeated by Justice Department officials in a January meeting with lobbyists for the National Rifle Association.

(Howard Kurtz, Washington Post, A4)

AGRICULTURE DEPUTY QUILTS AFTER GOP NUDGE

Deputy Agriculture Secretary John Norton, who had been acting secretary since last Saturday, resigned yesterday, apparently under heavy political pressure from Republicans who want a midwesterner in his job.

Norton said he would go home to Phoenix and resume direction of his large farm operations in Arizona and California. He refused to explain his decision, saying, "It's my last day, but I have to exercise the politician's prerogative and be circumspect about this."

(Ward Sinclair, Washington Post, A11)

Norton Quits USDA After Five Days In Top Spot

The top ranks at the Agriculture Department got a little thinner with the announced resignation of John Norton, who has been acting Secretary of Agriculture since last Friday.

There had been speculation that Norton, who holds extensive farming interests in California and Arizona, would leave because he and Richard Lyng would make the Agriculture Department top-heavy with westerners.

(Don Kendall, AP)

ECONOMISTS NOW DETECT FALLING TREND IN DEFICIT

The federal budget deficits that have bedeviled the economy since the start of the Reagan Administration have reached a turning point, according to Government and private analysts.

They have stopped going up, and as far as such experts can see, they are now going down. They are declining, they say, even without the contribution of cuts required under the new balanced-budget law, except for the small ones taking effect this year.

(Peter Kilborn, New York Times, A1)

MILLER: AIDS VICTIMS, LIKE HOMELESS, NOT A FEDERAL PROBLEM

James Miller says AIDS victims -- as well as the homeless -- are the responsibility of states and cities, not the federal government. Responding to questions Wednesday from Sen. Lowell Weicker about President Reagan's fiscal 1987 budget, Miller insisted that funding for acquired immune deficiency syndrome research is a "high priority for us." But Miller said Reagan's budget proposes cutting federal money for AIDS, especially federal treatment centers.

(Elaine Povich, UPI)

HHS SEEKS WAYS TO EASE NURSING HOME COST

HHS Secretary Otis Bowen told a congressional subcommittee yesterday that he will be looking for ways to help the elderly pay for expensive nursing home care, as part of a study of catastrophic-health insurance President Reagan has ordered.

While saying that no detailed proposal has been developed, the 67-year-old Cabinet member said his mother is in a nursing home and "I am very deeply aware of the [issue], because I know who pays the bills."

(Sandra Evans, Washington Post, A17)

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AIDES URGE REAGAN TO ENDORSE ACID-RAIN REPORT

President Reagan has been urged by senior advisers to endorse a report by his special envoy on acid rain that calls for a five-year, \$5 billion effort by government and industry to test cleaner coal-burning technology, White House officials said yesterday.

Such an endorsement would be a major policy shift by Reagan, who has previously maintained that more study is needed on acid rain. The endorsement would also mark the first time Reagan has accepted the premise that acid rain is a man-made phenomenon.

(David Hoffman, Washington Post, A20)

EDITOR'S NOTE: "Verstandig's Storms in the East Wing" by Donnie Radcliffe appears on page B1 of the Washington Post Style Section.

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NEWS FROM THE STATES

GOP OFFICIAL SAYS IACOCCA HAMPERED FUNDRAISING

SCOTIA, N.Y. (UPI) -- Chrysler Corp. Chairman Lee Iacocca made it virtually impossible for a New York foundation to raise money to help in the restoration of the Statue of Liberty, a top-ranking Republican Party official says. "I think it was a matter of control," said Eunice Whittlesey of Scotia, near Albany, former executive director of the New York Statue of Liberty Celebration Foundation, a private group based in New York City. "The other foundation felt they were going to control everything."

FORMER REAGAN OFFICIAL SAYS IACOCCA HAD HIM FIRED

ALBANY, N.Y. (UPI) -- A former Reagan Administration official who now heads a private foundation says he believes Chrysler Chairman Lee Iacocca had him fired from monitoring the work of a federal commission and foundation restoring the Statue of Liberty. Garnet Chapin, a former project manager for the National Park Service, charged Monday that Iacocca abolished a commission architectural committee that had twice rejected a restoration plan for Ellis Island offered by one of Iacocca's associates, and formed a new committee to consider the proposal a third time.... Chapin said he has told federal officials of his charges against the Iacocca foundation, which include fraud, restraint of trade and others.

PHILIPPINES/CARTER

GRANTHAM, Pa. (UPI) -- Charging Philippines President Marcos "stole" his re-election, former President Carter called for an end to U.S. aid to the island nation if Marcos does not step down from office. In a speech Tuesday to about 2,200 students, faculty and guests at tiny Messiah College near Harrisburg, Carter also said he believes Marcos was "not surprised" when opposition leader Benigno Aquino was assassinated in 1983. "I think Marcos stole the election ...," said Carter, receiving thunderous applause.

At a news conference following his speech, Carter applauded Reagan's decision to send special envoy Philip Habib to the Philippines to investigate the charges of election fraud.

KOCH/CARTER

NEW YORK (UPI) -- Mayor Edward Koch, who has denied he plotted Jimmy Carter's defeat in 1980 and said he did not discuss Republican backing for his own re-election until 1981, Tuesday admitted GOP support was considered in 1979. Lawyer Roy Cohn charged Sunday that Koch attacked Carter in 1980 as part of a deal with Republicans to win support for his re-election.

Koch took the opportunity to take another swipe at Carter, who he has criticized on numerous occasions. "There's no question that Reagan on balance will be remembered by history as a far more effective president than President Carter," Koch said. Although the mayor has derided Reagan's proposed budget cuts as "Ramonomics" and called the Gramm-Rudman bill "Grim-Rudman," he said, "I suspect if you had Carter there, you'd have other tragedies." Reagan, Koch said, would be remembered "as a far greater president, no questions about it."

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NEWS FROM THE STATES (continued)

COALITION SEEKS RESTRAINTS ON GRAMM-RUDMAN

AUSTIN, Texas (UPI) -- A coalition of human service groups called on the Texas congressional delegation Wednesday to "act more responsibly" and stop ignoring basic human needs when making federal budget cuts. Karen Langley, executive director of the Texas Alliance for Human Needs, said the state is projected to lose up to \$600 million next year from cuts mandated by the Gramm-Rudman amendment, co-sponsored by Sen. Phil Gramm. At a Capitol news conference, Langley produced a rubber chicken and a picture of several pigs to demonstrate President Reagan's preference for military spending at the expense of social programs.

Peggy Romberg, executive director of the Texas Family Planning Association, said projected cuts will have a tragic effect on women and families who seek family planning services.

HISPANICS

LOS ANGELES (UPI) -- Hispanic-American newspaper readers own more credit cards, vote more often and go to the movies 10 times more than the average U.S. citizen, a survey shows. The survey, released Tuesday, was of 1,740 Hispanic readers of 38 national Hispanic publications, including the Los Angeles daily newspapers La Opinion and Noticias del Mundo, said Kirk Whisler, president of the National Association of Hispanic Publications, which commissioned the survey. About 46 percent of the respondents voted for President Reagan, the survey said.

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NETWORK NEWS SUMMARY

(Wednesday Evening, February 19, 1986)

CHALLENGER

CBS's Dan Rather: It has been confirmed that three key NASA officials involved in launching Challenger were never told key, pre-launch information. Never told that top engineers at Morton Thiokol, the company that makes the shuttle's solid rocket boosters, were dead-set against a launch in frigid weather, were never told of strong, heated dissent by engineers, even after the launch recommendation was made. CBS News was told tonight that one key NASA official -- who was not informed of all of this before the launch -- is the head of the whole shuttle program. Also today, NASA released awesome first photographs from the bottom of the Atlantic, wreckage of the right solid rocket booster; what may be crucial evidence in the search for the cause of the catastrophe.

CBS's Eric Engberg: The Rogers Commission revealed today that three key NASA officials involved in the Challenger launch were not told of strong objections from engineers to launching in the cold. The Commission, with little elaboration, said it would begin public hearings on how the decision to launch was reached next week.

(ALL NETS LEAD)

ABC's John Martin reports that a suspicion is growing outside the space community that the shuttle was destroyed by the very system that built it. It is a system that has been under pressure by scientists, the Air Force, OMB, which wanted to save money but still finance a shuttle, and the White House, which saw the space program as a way to maintain jobs and inspire the nation. But the cost pressures were enormous. The shuttle's critics suspect that it was the need to compete at full speed that caused NASA to react too slowly at danger signs. The pressure for making the shuttle pay its way has come from the top. Just 18 months ago, President Reagan reportedly signed a National Security directive ordering NASA to make the shuttle "fully operational and cost-effective within four years." NASA began scheduling more flights. And with no major mishaps, the program looked especially safe.

NBC's Robert Bazell reports that one member of the President's Commission said that the testimony of Alan MacDonald, director of the Morton Thiokol Corporation's solid fuel rocket motor project was "traumatizing and horrifying." Today the President's Commission issued a written statement saying that a number of engineers at Thiokol still strongly urged against launch.

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CALIFORNIA SENATE CAMPAIGN

Rather: The Los Angeles District Attorney's office today agreed to drop political bribery charges against Republican Congresswoman Bobbi Fiedler. The reason: insufficient evidence. But prosecution of Fiedler's campaign manager, and now fiance, Paul Clark, will continue. Both had been charged with attempting to bribe a political rival to drop out of California's U.S. Senate primary.(CBS-3; NBC-4)

SENATE CONDEMNATION OF MARCOS/OPPOSITION LEADER MURDERED

Rather: The United States Senate voted overwhelmingly today to condemn the Philippine elections, and on the U.S. West Coast, the bureau chief of a Philippine newspaper opposed to President Marcos was shot to death.

Phil Jones reports that most every place Ferdinand Marcos looked today, the pressure was mounting. Marcos was meeting with his advisers and hinting at martial law to prevent turmoil. At midday, Marcos followers were being blamed for an apparent murder here in the U.S. An employee of an anti-Marcos newspaper, published in California, was shot to death in his Los Angeles home. (Sen. Cranston: "It's bad enough to have the criminal activities of the Marcos regime in the Philippines. They must not now be exported to my state of California, and our country of the United States.")

At the Capitol, the heat was on today. 85 of the 100 senators voted for a resolution asking President Reagan to tell Marcos that the view here is the election was marked by widespread fraud, and cannot be considered a reflection of the will of the people. According to Sen. Kennedy, who telephoned Corazon Aquino before the vote, Aquino welcomed the action.

While Congressional observers were denouncing the wholesale fraud, officials in

the Reagan Administration were urging caution.

(Secretary Shultz: "We want to stay connected to the Philippines. We don't want to walk away from them.")

(Secretary Weinberger: "None of us in this room wants to see the Philippine people have their future decided by the Communist insurgency.")

Everyone here agrees that the U.S. must be cautious. But it also appears that unless Marcos steps down, or makes dramatic concessions, he could find all direct military and economic aid to his regime cut off by Congress. (CBS-4)

ABC's Judd Rose reports that the head of the Los Angeles office of the Philippine News, the largest Filipino-American newspaper, was murdered. The paper had taken a strong stand against Marcos. Senator Cranston said he's asked, and the FBI has agreed, to investigate the murder.

ABC's Charles Gibson: U.S. Envoy Philip Habib is trying to force reforms on Marcos, even power-sharing with opposition forces. But Marcos wants no part of it. The delicacy of the U.S. position was most apparent as Secretary Shultz appeared before a Senate Committee. On the one hand, the acknowledgement that the election was rigged:

(Secretary Shultz: "One can't say that we got out of the election what one wants to get out of an election, namely the legitimate ties of credible government.")

But on the other hand, the need to deal with President Marcos:

(We want to stay connected with the Philippines. We don't want to walk away from them. And how to do that, under present circumstances, is a difficult task.)

But many in Congress want to act now. The Senate overwhelmingly today, 85 to 9, passed a hastily-drafted resolution saying the elections showed such widespread fraud that they cannot be considered a reflection of the will of the Philippines. And the Chairman of the Senate Foreign Relations Committee, along with key House members, is drafting legislation that would withhold -- put in escrow -- three-quarters of the U.S. aid to the Philippines, until the government there changes. It's sort of the "bad cop, good cop" routine. Congress, for now the bad cop, threatens to cut off aid to the Philippines, while the Administration, the good cop, urges caution, all the time using those congressional threats as leverage to try and force Marcos into reforms. (ABC-4)

ABC's Andrea Mitchell: The Administration wanted Congress not to do anything yet.

(Secretary Shultz: "We have on our hands a very difficult and delicate situation. And we don't want to jump at it.")

The delicate situation is in the hands of presidential troubleshooter Philip Habib, trying to persuade Marcos that he must order reforms and share power -- because Congress will demand it. But officials say Habib has cabled home that Marcos is yielding nothing. And the Administration is worried that one of its long-sought reforms -- the recent resignation of Gen. Ver, was a sham -- that he still holds power as a shadow defense minister. White House pressure helped soften, but not prevent, the Senate resolution. Passed overwhelmingly, criticizing the election results as marked by such widespread fraud that they cannot be considered a fair reflection of the will of the people of the Philippines.

(Sen. Kennedy: "And it's time that the President of the United States speak on this issue. Cory Aquino has been elected President of the Philippines, and it's time to call a spade a spade.")

After a week of conflicting statements, there is no longer any disagreement in the Administration about the election fraud.

(Secretary Weinberger: "It is so extreme that the credibility of the election has been questioned, both in the Philippines and in the United States.")

A Carter Administration official was able to say publicly what many Reagan aides are saying privately.

(Ex-Assistant Secretary of State Richard Holbrooke: "The Executive branch would like to see the orderly departure of President Marcos as early as possible.")

The Administration believes Marcos will not yield power if there is the appearance of U.S. pressure. And that cutting off aid now would wreck any chance that he would go willingly.

NBC's Noah Nelson reports that Oscar Salvatiera, the Los Angeles Filipino newspaperman killed yesterday, that he had received a death letter warning, "You are sentenced to death."

(Newspaper owner Noah Escondido: "I plead with President Reagan to realize the problem of Marcos; that he is not only terrorizing the people of the Philippines, but he has already terrorized the people who are Americans living in this country. Are we going to allow Marcos to export this terrorism here?")

The FBI has been called in to investigate Salvatiera's murder.

(NBC-2)

"UNCLE REAGAN" GOES TO GRENADA

Jennings: It's been more than two years now since President Reagan ordered the invasion of Grenada to overthrow the Left wing government there. Tomorrow the President pays a one-day visit to Grenada.

ABC's James Wooten reports that while Grenada may be part of the British Commonwealth, but its heart belongs to the Gipper.

(TV Coverage: Grenadian schoolchildren on playgrounds fondly chanting, "Uncle Reagan! Uncle Reagan!")

He's "Uncle Reagan" on the playgrounds --

(Female native: "May God bless 'Uncle Reagan' and give him a long life! I wish I could kiss his feet!")

That may be a bit excessive, but Grenadians are grateful. \$75 million have finished the airport the Cubans began, built some roads and generally stabilized a precarious economy. The Peace Corps is here. But the country still has serious problems. Pro-American sentiment, while clearly in the majority, is not unanimous. The President's visit will be brief. The country has the distinction of being the only country in the world perhaps, with a Queen, a Prime Minister, and now, in a manner of speaking, a President. And it can hardly wait to greet him.

(ABC-9)

Brokaw: President Reagan tomorrow will make a four-hour visit to the Caribbean island of Grenada, the scene of what he considers to be one of his most spectacular foreign policy and military triumphs.

(NBC-9)

HOUSING STARTS

Rather: Housing starts jumped nearly 16 percent in January, the biggest surge in 23 months. Economists say it means that more people once again are finding it possible to own homes. But Commerce Secretary Malcolm Baldrige warned against expecting any housing boom this year. He said not all factors for home-building are positive.

(CBS-5)

VOLCKER

Rather: Federal Reserve Chairman Volcker was telling Congress that the sharp drop in the exchange value of the dollar recently is both good and bad news. Good for farmers and manufacturers, who want to sell their products overseas, but also creating conditions that could refuel inflation at home. (CBS-6)

Jennings: Paul Volcker told Congress today that the Fed has decided not to alter its monetary policies, and that means the Federal Reserve wants interest rates to stay just about where they are. (ABC-7)

REAGAN ANTI-TRUST PROPOSALS

Rather: It's official. President Reagan today asked Congress for a major rollback of U.S. anti-trust laws on mergers. These laws have been on the books for more than 70 years. Among the requested changes: five year exemptions for mergers in selected U.S. industries; easing merger restrictions in general, and reducing penalties for anti-trust violations. (CBS-7)

ANTI-GENOCIDE TREATY

Rather: After decades of debate, the U.S. today joins 96 other nations in approving a treaty that makes genocide -- the killing or injuring of members of racial, religious or ethnic groups -- an international crime. The 37-year-old treaty making genocide an international crime won Senate approval by a vote of 83 to 11. (CBS-8)

LEBANON KIDNAPPINGS

Rather: In Beirut, three Spanish Embassy employees were released unharmed today, more than a month after they were kidnapped by a Muslim group seeking freedom for two prisoners in Spain. Still missing in Lebanon are thirteen of the foreigners, six of them Americans. (CBS-11)

SENATOR EASTLAND DIES

Rather: Former U.S. Senator James Eastland, the Mississippi Democrat who served a record 22 years as Chairman of the Senate Judiciary Committee, died today. He was 81. (CBS-14)

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EDITORIALS/COLUMNISTS

WAR ON POVERTY

Let Them Read Want Ads -- "On the radio last weekend (Reagan) echoed his State of the Union call for 'real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.' He insists, with the eloquence of truth, that 'the waste in dollars and cents pales before the most tragic loss -- the sinful waste of human spirit and potential.' The President's words are moving; his program is not. The only direction it moves is backward, away from work and back to more welfare.... Mr. Reagan's words won't do the job, not as long as he opposes public service jobs as make-work and proposes to eradicate the Work Incentive Program and slash the Job Corps."

(New York Times, 2/19)

Fighting Poverty -- "Welfare can't work without national support; there are too many poor.... Which makes all the more frightening Reagan's call for a sweeping review of the welfare system by his Domestic Policy Council. The outcome could be far-reaching, but the deck is stacked against the poor when wealthy Reagan advisers who owe their jobs to their conservative ideology are running the study. The nation should demand a bipartisan and independent review for something that could affect so profoundly this nation's social fabric and traditional regard for the underdog."

(Cleveland Plain Dealer, 2/16)

DEFICIT REDUCTION

No Pain, No Gain On The Deficit -- "The deficit news from the Congressional Budget Office sounded better than it is.... They show the deficit declining from this FY's estimated \$208 billion to \$181 billion in FY 1987 and \$104 billion by 1991. That is nowhere near the balanced budget by 1991 envisioned in last year's Gramm-Rudman amendment. But it would be a large enough decline to take a lot of the pressure off.... So there you have it. The good news is that, yes, the deficit will fade away if either the economy produces much more than expected or the president demands much less. But that has always been true. Congress faces the same choices as before. The budget office has simply rephrased them."

(Washington Post, 2/19)

NASA/SPACE SHUTTLE

Tough Questions For NASA -- "Did NASA officials eliminate all foreseeable risks in the launching of the Challenger? It's beginning to look as if they did not.... If we rule out simple human error, was there such pressure within NASA to hold a successful launch that such warnings tended to be dismissed as alarmist irritants?.... That explanation would not exonerate senior officials. It would imply that they had fostered an atmosphere in which such warnings were positively unwelcome." (New York Post, 1/19)

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PHILIPPINE ELECTION/PRESIDENT MARCOS

Confront Marcos With Ultimatum -- "The U.S. can no longer ignore, or sidestep, the ugly truth about Ferdinand Marcos. Regardless of his initial performance, Marcos has redefined the norms of arrogance and corruption.... If Marcos stays in power without the legitimacy of an honest vote, economic collapse and political chaos will come even sooner."

(Seattle Post-Intelligencer, 2/14)

Force Marcos' Hand -- "By first presiding over a fraud-ridden election and now refusing to seek any kind of accommodation with his political opposition, President Marcos has brought his nation to the brink of civil war.... In such a context, the U.S. should waste no time putting some distance between itself and intransigent Marcos. The Reagan Administration must demonstrate to the Philippine people that it stands as a defender of democracy, not as an accomplice to an unpopular dictator."

(Dallas Times Herald, 1/18)

Suspend US Aid To Marcos Now -- "Either the U.S. believes in the democratic process -- the underpinning of its own constitutional political system -- or it does not. It is time for the U.S. to be true to its highest democratic ideals -- and to the well-being of the Philippine people.... America's best long-range policy toward the Philippines, and the Philippine people, is to let the world know, in the clearest possible terms, that it cannot and will not accept an election outcome based on blatant fraud, violence, and threats."

(Christian Science Monitor, 1/19)

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FOREIGN MEDIA REACTION ABOUT REAGAN IN GRENADA

"Reagan is going to stay in Grenada only four hours, but this flash-visit has a clear political purpose: to underline that the U.S. is vitally interested in this neighboring region at a time when it is shaken by turmoil which can influence its future.... The 'Yankee' President is, for once, going to be received like a benefactor in a Caribbean country."

(Corriere della Sera, Italy)

"Is the U.S. military intervention in Grenada already water over the dam? No. Ronald Reagan is personally going back to Grenada to celebrate the anniversary of an inglorious but successful invasion...."

(L'Unita, Italy)

"Thursday ... has been declared a public holiday by Government to give the population the opportunity of joining in the welcome of President Ronald Reagan when he makes his historic visit to the island."

(Granadian Voice, Grenada)

"It is expected that these talks will center around economic matters -- especially how America can best help these nations to become more self-sufficient.... Following the talks, President Reagan will proceed to Queen's Park for a public welcome at which much of the Grenadian population is expected to be present to express their thanks for the courageous President, who risked world criticism to mount the rescue mission."

(Granadian Voice, Grenada)

-end-of-B-section-