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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, FEBRUARY 21, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Reagan Gets Hero's Welcome In Grenada -- President Reagan, greeted as a "national hero" in Grenada for liberating the Caribbean island from Marxist rule, says the Administration does not plan a similar military venture in Nicaragua.

(New York Times, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

House Panel Votes To Cut Philippine Aid -- Overriding Administration appeals for more time, a House subcommittee unanimously approved a bill yesterday to cut U.S. aid to the Philippines -- putting military funds in escrow and channeling economic assistance through private charities.

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

NATIONAL NEWS

HUD Official Resigns After Justice Department Declines Prosecution -- Gordon Walker, a high-ranking federal housing official, resigned Thursday after the Justice Department declined to prosecute him on conflict of interest charges.

(Washington Post, AP)

NETWORK NEWS (Thursday Evening)

GRENADA VISIT -- The President used the visit to press another of his favorite themes: the need to fight communism in Nicaragua.

PHILIPPINES -- A House subcommittee voted nine-to-nothing to cut off all aid to the Philippine government.

NATION'S ECONOMY -- The economy grew at 1.2 percent during the final quarter of last year.

Not fast enough

The White House, built on a swamp, is sinking at the rate of approximately one inch every 120 years. "At this rate, it should disappear entirely by the year 113,053," notes author George Mair.

— Washington Times, July 9, 1985

TRIP NEWS

PRESIDENT WELCOMED IN GRENADA

ST. GEORGE'S, Grenada -- President Reagan today celebrated the 1983 U.S. military intervention here and said that aid to the anti-Sandinista rebels would enable the Nicaraguan people "to free themselves from communist tyranny and win the liberty you now enjoy in Grenada."

Bearing promises of more economic aid for Caribbean countries and a message of unrelenting anticommunism, Reagan told more than 20,000 cheering Grenadians in a cricket stadium on the edge of this steamy port city that the U.S. invasion halted "what appeared to be an attempt to turn your island into a staging area for subversion and aggression."

(Lou Cannon, Washington Post, A1)

Reagan, In Grenada, Is Hailed as "Our Own Hero"

ST. GEORGE'S, Grenada -- President Reagan flew to this Caribbean nation today and told a crowd of thousands of cheering Grenadians that "I will never be sorry" that he ordered an invasion in October 1983.

Mr. Reagan, who was praised in a song by a calypso singer as he sat on a podium with other Caribbean leaders as "Uncle Reagan," was introduced by Prime Minister Herbert Blaize as "our own national hero" and "our rescuer after God."

(Gerald Boyd, New York Times, A5)

Reagan Feted By Islanders, Meets Caribbean Leaders

ST. GEORGE'S, Grenada -- President Reagan was hailed as a liberator by the people of Grenada, the tiny Caribbean nation he sees as the capstone on his efforts to stop the spread of communism in the western hemisphere.

Reagan, during a four-and-a-half hour visit to the island yesterday, reveled in addressing a large, cheering rally at Queens Park, where U.S. forces set up a command post during the October, 1983, invasion that ousted a radical Marxist faction that had overthrown the socialist government. Reagan, cheered on by the partisan crowd, swiped verbally at Cuban leader Fidel Castro and the leftist Sandinista government of Nicaragua.

(Patricia Wilson, Reuter)

Reagan, In Grenada, Says U.S. Has No Plans For Force In Nicaragua

President Reagan, warmly received in his first visit to Grenada since sending invading troops there to block a communist takeover, says he has no thought of similar action in Nicaragua.

"I think it's an entirely different situation," Reagan told reporters Tuesday as he posed for photographs with Sir Paul Scoon, governor general of Grenada, during a four-hour visit to the island nation.

(Dale Nelson, AP)

25,000 Cheering Grenadians Thank Their "Uncle Reagan"

ST. GEORGE'S, Grenada -- President Reagan yesterday told a crowd of about 25,000 cheering Grenadians that he would not be satisfied "until all the people of the Americas have joined us in the warm sunshine of liberty and justice."

The President, who is called "Uncle Reagan" by many of Grenada's 90,000 residents, explained his policy in terms of Edmund Burke's maxim: "When bad men combine, the good must associate; else they will fall one by one...." (Jeremiah O'Leary, Washington Times, A1)

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Reagan Gets Hero's Welcome In Grenada

President Reagan, greeted as a "national hero" in Grenada for liberating the Caribbean island from Marxist rule, says the Administration does not plan a similar military venture in Nicaragua.

The entire population of Grenada appeared to be on hand Thursday for Reagan's triumphal tour of the island nation, which was invaded by U.S. forces on Oct. 25, 1983. His formal address at Queen's Park drew a cheering crowd estimated at 35,000. Banners around the city of St. George's read: "We love you, Mr. President," "Enjoy your stay," and "Thanks to a great hero." (Helen Thomas, UPI)

INTERNATIONAL NEWS

PANEL VOTES TO HALT DIRECT AID TO MANILA

Republican and Democratic members of a House Foreign Affairs subcommittee voted unanimously yesterday to halt direct U.S. aid to the Philippine government until a "legitimate government" is established in that country.

Subcommittee Chairman Stephen Solarz (D-NY) said no final action will be taken by the full Foreign Affairs Committee until there is a chance to hear from [Philip] Habib, probably early next week. Solarz and several other lawmakers said quick action was necessary to "send a signal" that the United States is not supporting Marcos at a time when the political future of the former U.S. colony hangs in the balance.

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

House Subcommittee Votes To Suspend U.S. Military Aid

A House subcommittee has unanimously voted to withhold U.S. military aid from the Philippines until President Reagan certifies a legitimate government there.

The bill, passed yesterday, also would deprive President Marcos' government of some \$125 million in economic, development and humanitarian aid, which would be channeled instead through private groups in the Philippines.

(Sue Baker, Reuter)

House Unit Votes To Restrict Aid To The Philippines

A House subcommittee voted unanimously today to put all military aid to the Philippines into a trust fund until a "legitimate government" has been established in Manila. The bill also says that all economic aid to the Philippines has to be funneled through nongovernmental agencies, such as the Roman Catholic Church or rural cooperatives.

The 9-to-0 vote reflected the pervasive resentment on Capitol Hill against President Marcos of the Philippines and the widespread fraud that has been reported in the Philippine elections two weeks ago. Six Democrats and three Republicans voted for the measure.

(Steven Roberts, New York Times, A1)

House Panel Votes To Cut Philippine Aid

Overriding Administration appeals for more time, a House subcommittee unanimously approved a bill yesterday to cut U.S. aid to the Philippines -- putting military funds in escrow and channeling economic assistance through private charities.

As if to brush aside objections by the Administration witnesses, Mr. Solarz said, "The process has begun. The train is leaving the station. I think it is important that this subcommittee be in the locomotive and not the caboose."

(Stephens Broening, Baltimore Sun, A1)

FOREIGN AID REQUEST SLASHED BY PANEL

The House Foreign Affairs Committee yesterday voted to slash \$2.3 billion from President Reagan's foreign aid request for fiscal 1987, a cut of 13.5 percent that committee leaders said reflects the requirements of the Gramm-Rudman-Hollings budget control act.

The vote also reflected political reality, since congressional criticism of Reagan's proposed budget request earlier this month focused on the fact that he outlined sharp cuts in every area except defense and foreign aid.

(Joanne Omang, Washington Post, A8)

HOUSE DEMOCRATIC LEADERS PROMISE TO FIGHT TWO REBEL AID PROPOSALS

As President Reagan toured Grenada to push his foreign policy objectives, House Democratic leaders served notice yesterday that they will strongly oppose two of Reagan's top priorities: military aid to the rebels fighting the Sandinista government of Nicaragua and covert aid to the forces opposing the Marxist government of Angola.

House Speaker Thomas O'Neill predicted that the congressional approval of a \$100 million military and economic aid package to the Nicaraguan counter-revolutionaries, also known as contras, as sought by the Administration would be followed by "disaster" and the "slaughter" of the rebels by government forces. Eventually, he said, that would lead to the dispatch of U.S. troops to that Central American country.

(Edward Walsh, Washington Post, A15)

REAGAN GIVES GROUND AGAIN BUT STANDS FIRM ON NICARAGUA

The Philippines is the latest case in point: Ronald Reagan can change his mind. While awaiting a report from special U.S. envoy Philip Habib, the President already has shifted his analysis of the election in Manila.

After telling the nation Feb. 11 that fraud and violence may have occurred "on both sides," Reagan directly blamed the party of President Marcos five days later for most of the irregularities. Reagan's reversal added to Marcos' mounting woes. His opponents drew encouragement in their effort to drive him from office. (Barry Schweid, News Analysis, AP)

U.S. MOLE INFILTRATES NICARAGUA LEADERSHIP

The United States infiltrated the top echelons of the Nicaraguan government to obtain a secret document outlining a major disinformation campaign to halt U.S. support for Nicaragua's anti-Marxist rebels, a State Department official said yesterday.

"Only a limited number of people at the top of the Sandinista government had access" to the report, the official said of the ruling party in Nicaragua. He confirmed that the information was leaked from a Sandinista source and said the Reagan Administration, by disclosing the existence of the report, might have jeopardized the U.S. contact. "It may be a mistake to have revealed it," said the official, who asked not to be identified. (Jeremiah O'Leary & James Morrison, Washington Times, A1)

JAPAN SAID TO REJECT PLAN ON SEMICONDUCTOR SALES

American negotiators proposed yesterday that Japan guarantee U.S. semiconductor makers a specific, larger share of its market to settle a trade complaint brought by the domestic industry, Administration sources said yesterday.

The proposal made during "technical discussions" here yesterday, was described as the position of the Administration trade officials in the U.S. Trade Representative's Office and the Commerce Department; sources said yesterday. The proposal reportedly was "politely and firmly rejected" by the Japanese, the sources said. (Stuart Auerbach, Washington Post, A9)

GAO: CONSTRUCTION RULES BYPASSED

The Reagan Administration is improperly using training exercises to build millions of dollars worth of facilities in Honduras that have not received the required congressional approval as military construction projects, the GAO has concluded.

The GAO said that many of the air strips, barracks and other facilities constructed during three years of continual maneuvers appear permanent and operationally useful. The Defense Department has said they are temporary and useful only to train the soldiers who build them.

(Fred Hiatt, Washington Post, A15)

U.S. BLAMES PLO CHIEFS FOR END OF JORDAN TALKS

The United States yesterday blamed the breakoff of talks between Jordan's King Hussein and PLO chairman Yasser Arafat on the "failure of the PLO leadership to meet the King's challenge." Officials said the latest event will force "a total reevaluation" of American efforts to revive the stalled Middle East peace process.

They insisted, however, that the process is not dead but has entered what State Department spokesman Charles Redman called "a period of reflection on the part of all the parties" on the goal of peace talks between Israel and a Jordanian-Palestinian delegation. He said the United States would consult with Israel, Jordan and other Mideast allies about how to put the negotiating effort back on track.

(David Ottaway & John Goshko, Washington Post, A29)

U.S.-PLO Differences Sank Hussein's Mideast Peace Effort

The United States has acknowledged that a year-long Middle East peace effort on which it pinned great hopes foundered because of deep differences between Washington and the PLO.

One day after King Hussein announced the collapse of his alliance with PLO leader Arafat, the State Department said yesterday the PLO had failed to seize the opportunity offered and that all parties would now have to find another way to move towards a negotiated peace.

(William Scally, Reuter)

U.S. Says Mideast Needs "Reflection" On Peace Efforts

The United States said today that the breakdown in Middle East peace efforts required that there be an indefinite "period of reflection" by all sides on what to do next.

Administration officials confirmed that in an attempt to get peace talks started, the United States secretly offered last month to allow the PLO to take part in an international conference on the Middle East, if it agreed to American conditions on accepting key United Nations Security Council resolutions, negotiations with Israel and on denouncing terrorism.

(Bernard Gwertzman, New York Times, A1)

OFFICIALS DEBATE DOLLAR DROP,
PREDICT \$10 BILLION DECLINE IN TRADE

Reagan Administration officials say declines in oil prices, interest rates and the dollar's value will boost the U.S. economy, offset damage done by cheap imports and possibly lead to a \$10 billion drop in the trade deficit this year. But the debate is intensifying in Washington over how far the dollar should drop, pitting Federal Reserve Board Chairman Paul Volcker against Secretary Baker and U.S. Trade Representative Yeutter.

Baker and Yeutter told congressional panels an additional decline would help the U.S. trade balance by making U.S. goods cheaper and more competitive, but they denied any fundamental disagreement with the Fed chairman.

(Rick Gladstone, AP)

U.S. Economic Policymakers Sustain Dispute Over Dollar

Secretary Baker has repeated calls for a further drop of the dollar on world markets despite warnings by Fed Chairman Paul Volcker the currency may be near a perilous zone.

And while aides described the differences between Baker and Volcker as minor, currency dealers traded down the dollar down further yesterday on news of the continuing dispute and the release of economic data.

(Peter Torday, Reuter)

"STARTLING" SURGE IS REPORTED IN ILLEGAL ALIENS FROM MEXICO

The Commissioner of the Immigration and Naturalization Service warned today that there had been a "startling" surge of illegal aliens entering the United States from Mexico in recent months.

"We are seeing the greatest surge of people in history across our southern border," Commissioner Alan Nelson said at a news conference called to renew the agency's appeal for tougher immigration laws.

(Philip Shenon, New York Times, A1)

NATIONAL NEWS

HUD OFFICIAL RESIGNS AFTER PROBE OF FINANCES

A senior federal housing official resigned yesterday following an investigation into receipt of at least \$80,000 in fees from a group that sells books and tapes on how to make money in real estate.

Gordon Walker, deputy undersecretary of HUD, announced his resignation a day after the Justice Department declined to pursue criminal charges in the case. HUD Secretary Pierce still must decide whether to seek financial restitution from Walker based on a report by the agency's inspector general.

(Howard Kurtz, Washington Post, A17)

HUD Official Resigns After Justice Department Declines Prosecution

Gordon Walker, a high-ranking federal housing official, resigned Thursday after the Justice Department declined to prosecute him on conflict of interest charges.

Walker had been accused of flying, at government expense, to promote sales of his books and tapes at real estate investment seminars, according to his attorney. A spokesman for the Justice Department said Walker was "cleared of any wrongdoing."

(Dave Skidmore, AP)

FOUR MEMBERS OF CONGRESS, CITIES FILE SUIT OVER BUDGET CUTS

Four Democratic members of Congress and groups representing the nation's cities have asked a federal court to force President Reagan to spend \$7 billion in urban aid he is holding back. In a suit filed Thursday in U.S. District Court, the coalition claimed that Reagan's deficit-cutting move was unconstitutional.

"The Constitution gives control of spending to Congress because it is the branch of government closest to the people. The Administration's proposed deferrals show why," said Rep. Bruce Morrison (D-Conn) who led the list of plaintiffs.

(Daniel Keegan, AP)

MEESE BECOMES ADMINISTRATION POINT MAN ON HEARTLAND ISSUES

The former Alameda County, Calif., district attorney has become the Administration's point man on a string of hot issues, including job quotas, how judges ought to be picked, and a running quarrel with several Supreme Court justices over how the Constitution ought to be interpreted.

Benjamin Civiletti, who served a stint as attorney general under former President Jimmy Carter, says Mr. Meese speaks out on things that are "heartland kind of subjects, rather than just strictly legal or case-oriented subjects."

(David Sellers & John McCaslin, Washington Times, A1)

NATION'S "REPORT CARD" IMPROVING SINCE 1982

The latest report card on the educational performance of the states proves it is possible to increase academic standards without raising the dropout rate, Secretary Bennett said yesterday.

Senior high students in 35 states have improved their academic performance on the SAT and ACT since 1982, the year on which recent comparisons are based. (Carol Innerst, Washington Times, A2)

WHITE HOUSE CHIEF LAWYER RESIGNS EFFECTIVE MARCH 31

Fred Fielding has submitted his resignation as President Reagan's counsel and intends to leave the government at the end of next month, a senior White House official said yesterday.

Mr. Reagan will name a new chief White House lawyer today, when Mr. Fielding formally announces his departure, said the official, who spoke on the condition he not be identified. (AP story, Washington Times, A4)

EDITOR'S NOTE: "In Race For Presidency, George Bush Is Dogged By Hazy Public Image," by Robert Merry appears on page A1 of the Wall Street Journal.

-end of A-section-

NETWORK NEWS SUMMARY

(Thursday Evening, February 20, 1986)

GRENADA TRIP

ABC's Ted Koppel: President Reagan today visited the Caribbean island of Grenada. The President has always considered his decision to send troops into Grenada 2 1/2 years ago to be one of the foreign policy victories of his Administration. And he used the visit today to press another of his favorite themes: the need, as he sees it, to fight communism in Nicaragua.

ABC's Sam Donaldson: (TV Coverage: Singing at the welcoming ceremony; President cheered as he steps onto the stage.) Ronald Reagan, the hero of Grenada, was welcomed this afternoon to Queens Park where over 40,000 people -- almost half the population of the island -- had gathered to pay him personal tribute for moving -- (Governor-General Scoon: " -- to dig Grenada out of the stinking communist hole in which it was." Cheering.)

(President: "My dear friends, I will never be sorry that I made the decision to help you and I made it before the sun came up.")

All around the President today were memories of that dawn October 25, 1983 invasion and combat against some 750 Cuban construction workers. From the airport at Port Salinas, where Air Force One landed -- which the Cubans were building for military purposes -- to the St. George's Medical School, from which 800 American students were evacuated, and where today the President laid a wreath in honor of the 19 U.S. servicemen officially recognized as having been killed in the invasion. (TV Coverage: The airport, motorcade riding by medical school, President laying wreath.) There was of course no visit to the prison, where Grenadian officials who were on the wrong side are still incarcerated, and no visit to the mental hospital mistakenly shelled by U.S. forces. (TV Coverage of prison and bombed out mental hospital.) At Government House, the President conferred with nine leaders of friendly Caribbean nations.

(TV Coverage: President seated with other leaders, smiling.) And how does it feel to be hailed as the hero of Grenada?

(President: "Sam, don't embarrass me." Donaldson: "This is the scene of your greatest military triumph, sir." President: "I didn't fire a shot.")

But no matter who fired them, the precedent established here was on everyone's mind. At a meeting with Grenada's governor-general, Paul Scoon, Mr. Reagan denied he intends to use force in Nicaragua.

(President: "No, we think it's an entirely different situation.") But during his speech at Queens Park, he sounded tough.

(President: "Today in Nicaragua, we see a chain of events similar to what happened here, and that is why the United States must help those struggling for freedom in Nicaragua.")

When it was over, they all sang "Bind Us Together," and held hands -- including Secretaries Shultz and Weinberger. (TV Coverage shows the President singing with other officials.) Grenada is a U.S. success, but today's visit was more than a celebration of events. It was a stage here for the President to send his message: Grenada today, Nicaragua tomorrow.

(ABC-3)

-more-

CBS's Dan Rather: President Reagan today put in a 4,000 mile round trip to Grenada -- a day of photo opportunities and symbols, carefully orchestrated to highlight what the President sees as the success and historical significance of the U.S. invasion there. Somehow during Mr. Reagan's trip today, there was as much talk about Nicaragua as Grenada. It was no accident.

CBS's Bill Plante: (TV coverage of Air Force One arrival.) Ronald Reagan arrived on the tiny island of Grenada via the airport Cubans started and Americans finished after a U.S. invasion which threw the communists out and gave Mr. Reagan his only clear-cut military triumph. (TV coverage: File footage of 1983 rescue mission.) 1,900 American troops landed in the first wave October 25, 1983, to restore order after a leftist coup killed the prime minister and to rescue American students at the St. George's Medical School. Today, at the medical school, there's a memorial to 19 U.S. servicemen who died here. Mr. Reagan paid them silent tribute. (TV coverage of President laying wreath.) But there are other reasons for being here as well.

(Michael Deaver: "By going all the way down to Grenada, which is a story in itself, there is now a new visual for saying the same thing over again.")

For saying what? For saying that military force worked here and might then be used in Nicaragua?

(President during photo op: "No, we think that's an entirely different situation." Reporter: "So you'd rule out any U.S. force in Nicaragua?" President: "We never had any plans.")

In meetings with leaders from Grenada and other Caribbean democracies, the President heard of the region's economic troubles. Grenada's economy with 25-40% unemployment is in worse shape than before the invasion due to declining commodity prices for bananas, nutmeg and cocoa. Only massive foreign aid -- \$74 million from the U.S. -- has kept the economy afloat. Mr. Reagan is enormously popular here, but was embarrassed when asked how it felt to be hailed as a conquering hero. (President: "I didn't fire a shot.") True, but judging by the reception an estimated 20,000 people gave him at a public rally, the President might as well have led the troops ashore. (TV coverage of cheering crowds.) Mr. Reagan was quick to draw a parallel with Nicaragua.

(President: "Today in Nicaragua, we see a chain of events similar to what happened here. We hear the same excuses made for the communists. That's why we came to your aid, and that is why the United States must help those struggling for freedom in Nicaragua.") There's no question that this triumphal visit is intended to send a couple of messages. One: to suggest to Nicaragua that there's a limit to how far the U.S. can be pushed. And another to Congress, which is about the debate the military aid Mr. Reagan wants for the contras who are fighting Nicaragua's government. (CBS-3)

NBC's Tom Brokaw: The people of Grenada turned out in force today to welcome President Reagan during a five-hour visit to that Caribbean island. He used the symbolic tour to campaign against Nicaragua's Sandinista regime. But it is capitalism, not Marxism, that concerns many of Grenada's residents.

NBC's Chris Wallace: The people of Grenada hailed the President as a hero who saved them from dictatorship and they hope, from poverty. Just the picture the White House wanted, to show the need for a strong national defense. In 1983, U.S. troops were on these roads. 6,000 soldiers against 700 Cubans and local communists. Today, the President went to a medical school, from which American students had been evacuated, to honor the 19 servicemen who died here.

(TV Coverage: President placing wreath at grave of soldiers.) The purpose of this trip was to honor democracy. At a rally, they sang about Uncle Sam and "Uncle Reagan." (TV Coverage: Grenadians singing "Uncle Reagan" and dancing.) The President said he'll defend freedom here and elsewhere.

(President: "Today in Nicaragua, we see a chain of events similar to what happened here. That's why we came to your aid. And that's why the United States must help those struggling for freedom in Nicaragua.")

But Mr. Reagan knows many here are more concerned about a job than politics. Linking prosperity and freedom, he said Fidel Castro has destroyed the Cuban economy.

(President: "I think it's time that we, the United States and the Caribbean nations working together, showed Castro and his gang how it's done.")

(TV Coverage: President meeting with Grenadian leaders.) But as the President met with nine Caribbean leaders here, there were signs they are having trouble, too. The U.S. has poured millions into the region, but the value of Caribbean exports to the U.S. dropped 23% last year due to falling prices. Mr. Reagan admitted problems and promised more aid.

(President: "It hasn't worked as well as we hoped, but that's what we're talking about. We're going to improve it.")

One boost to the economy here was the President's trip. The U.S. spent millions sending equipment and staff here weeks in advance for the five-hour visit. And just off the coast, the USS Guam, as a reminder of American force. Of course it will all be worth it if this trip helps the President sell his policy back home, but Mr. Reagan may find what he has before -- that it's much easier having his way on this small island than it is in Congress or Nicaragua. (NBC-2)

ABC's Dennis Murphy reports that when the Marxist-oriented government collapsed in a bloody coup, the U.S. invaded, and assumed the burden of trying to create a climate where free enterprise would flourish. So far the United States has spent \$72 million rebuilding Grenada. In a sense, the President's visit is an announcement to investors that Grenada is now open for business. Today, there is almost no industry in Grenada. Unemployment is running 30 percent. The one American who did set up a factory here, a toy maker, failed after four months. He later pleaded guilty to defrauding the U.S. government of hundreds of thousands of dollars. Tourism is the bright spot in the economy. The expectations of a big boom, and investments from North America, haven't happened yet. But in small ways, Grenadians are starting to believe and invest in themselves. But before the island can be the showcase of democracy that the Reagan Administration wants it to be, it must have a far stronger economy, one built on more than foreign aid and rum punches in the sunset. (NBC-2)

CHALLENGER INVESTIGATION

ABC's Lynn Sherr reports that Allan MacDonald, the Morton Thiokol engineer, said today that he would never sign off on any kind of launch at below 53 degrees. McDonald and other engineers had expressed concern that the rubber seals, which lose their resiliency in the cold, might have gotten too chilled to do their job containing hot gasses inside the rocket. Senator Hollings today joined a group of senators who spoke on a conference call to MacDonald, and later called on acting NASA administrator William Graham to resign. (Sen. Hollings: "He -- Dr. Graham -- has misled, lost all credibility, with the ranking member of the Space Committee in the U.S. Senate.")

Hollings also said the Presidential Commission is flawed, by concentrating on technical, not political problems. (ALL NETS LEAD)

CBS's Eric Engberg reports that the Rogers Commission fanned out today to ask questions at NASA's major facilities around the country. Neil Armstrong and Gen. Donald Catina were at the Marshall Center in Alabama. In Washington, former astronaut Richard Truly, now a Navy Admiral, was asked to take over the shuttle program, a job shift planned before the disaster. One former astronaut told CBS News today that Truly's appointment should restore confidence among astronauts who have privately, sharply criticized top NASA management.

PHILIPPINES

ABC's Ted Koppel: Here in Washington today, new signs of congressional anger over the Filipino election results. Ever since American observers returned from the Philippines, reporting widespread fraud, there had been calls in the Congress for some sort of U.S. response.

ABC's Charles Gibson reports that by a unanimous nine-to-nothing vote, the House Subcommittee on Asian Affairs voted to cut off all aid to the Philippine government. Under terms of the bill, \$70 million in military assistance would be withheld, put in a trust fund, until a "legitimate government has been established in the Philippines." Another \$345 million in economic assistance would be denied to the government, and distributed only through non-governmental organizations like the Catholic Church. There is concern, of course, that moves against the Philippine government will bring Philippine moves against the U.S. That Marcos might start steps to close the two giant U.S. bases in the Philippines. But most in Congress agree with Speaker O'Neill, who said today, "They can't afford to dismiss us."

(ABC-2; NBC-5; CBS-9)

NATION'S ECONOMY

Koppel: The nation's economy grew at 1.2 percent during the final quarter of last year. That was a smaller increase than originally projected.

(ABC-6)

IRAN-IRAQ WAR

ABC's Barrie Dunsmore reports that Iraqi jets today shot down what Iran claims was a civilian aircraft, apparently taking Iranian VIPs to the front. In the United Nations today, the Iranian representative warned they would get even. Whatever the truth, the main point now is that Iraq has made major gains in its new offensive. This makes Arab states nervous; it even makes both the U.S. and the Soviets uneasy. (ABC-7; NBC-3; CBS-5)

LIBYA/U.S. RELATIONS

Rather: President Reagan's visit to Grenada today -- an effort to gain some publicity, show the American flags, to flex some muscle -- has had a rough counterpart recently in the Mediterranean, where two U.S. aircraft carriers were ordered to sail off the Coast of Libya.

CBS's David Martin reports that the Pentagon today released pictures of armed Libyan jets, taken during too-close-for-comfort encounters with American warplanes off the Coast of Libya. These pictures show the U.S. planes also heavily armed. But all this muscle-flexing is not changing Kaddafi's behavior. Today the French released aerial photographs of a Libyan build-up in Northern Chad. The two U.S. aircraft carriers are in port now, but next month they are scheduled to return to the waters off Libya, where they will be joined by a third aircraft carrier for an unprecedented show of force against Kaddafi. (CBS-4)

NEW SOVIET DEFECTOR

Brokaw: A Soviet KGB agent working in Greece has defected to the United States. U.S. officials are delighted with the intelligence catch, but not the problem that might go with it: The agent took with him his eight-year-old son and a woman identified as the boy's Soviet teacher. But he left his wife and another child behind, and there is some fear that Moscow may begin a custody fight over the boy. (NBC-4)

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EDITORIALS/COLUMNISTS

GRENADA VISIT

Grenada: Flawed Victory -- "We hate to rain on President Reagan's parade as he celebrates his status as the liberator of Grenada. After all, he succeeded in throwing out a radical leftist regime that was only too ready to turn the island into a Cuban/Soviet staging base. But a glorious U.S. military victory Grenada was not, and Americans should keep that in mind.... Grenada showed that lower-level, piecemeal attempts to coordinate the individual services are not working. A crash effort at the top is needed to improve inter-service understanding and to put war-fighting capability in a status where joint operations can be carried out smoothly."
(Baltimore Sun, 2/20)

Grenada Revisited -- "While that use of force has never been adequately justified, the invasion has had mostly happy political consequences. Today's celebration ought not, however, to obscure the economic problems that continue to threaten Grenada and other Caribbean states.... Like all the Caribbean economies, Grenada's has been damaged by falling commodity prices and the growing of industrial countries. The gains predicted from President Reagan's Caribbean Basin Initiative have for the most part failed to materialize.... Let America's conquering hero revel in some merited acclaim. But let him also hear the economic undertones that weigh down the people and may yet jeopardize their political progress."
(New York Times, 2/20)

NICARAGUA: AID TO CONTRAS

Reagan's Contra-Productive Policy -- "For the President to prescribe arms assistance as the specific remedy for the contras' present moribund state is plain folly.... The President still hasn't spelled what that objective is and when a limited negotiated compromise was at hand, he pushed it aside. This is not to say the contras should be cut off without a cent. The Administration has taken on a responsibility to them and, by extension, to the Nicaraguan refugees upon whom they draw for recruits. But sustaining them shouldn't mean encouraging them or cynically using them in an impossible quest for victory."
(Atlanta Constitution, 2/19)

Thwarting The Gorbachev Doctrine -- "Let's give the new beast a name: the Gorbachev Doctrine, counterpoise to the Reagan Doctrine. Wherever Reagan offers to support the democratic resistance to communism, Gorbachev, not unexpectedly, redoubles his efforts on behalf of tyranny and bondage. Despite his peaceful representations at Geneva, Gorbachev has shown no restraint. The Gorbachev Doctrine inspires mass murder and tyranny from Angola to Afghanistan, but its prime target is Nicaragua, the Evil Empire's staging area on the North American mainland.... Only the democratic resistance can restore liberty and stop the contagion from spreading outside Nicaragua. Only the resistance can thwart the Gorbachev Doctrine. By all means, let's give it the means."
(Washington Times, 2/20)

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NICARAGUA: AID TO CONTRAS

Holding Military Aid; Try Diplomacy First -- "Some say we can't talk to the Sandinistas. If we can talk to the Soviets and the South Africans, we can talk to Marxists who rule this poor country of 3 million. The USA should sheathe its sabers and make an all-out effort at the negotiating table. Congress should put a hold on military aid to the contras and wait to see if talks work. We've steamed into Central America with flags flying. Instead of damning the torpedoes and bankrolling bombs, let's give diplomacy a decent chance." (USA Today, 2/20)

OIL SURPLUS/MEXICAN ECONOMY

Dollars, Oil and Good Luck -- "It is phenomenally good luck for the U.S. and for the world that oil prices are falling at the same time as the dollar. A lower exchange rate is essential for this country, but it generates troubling side-effects. The most dangerous of them is inflation, caused by imports that suddenly cost more. That threat is now substantially offset by cheaper oil.... But for the present it's enough to say that the dollar is moving in the right direction and by a marvelously happy coincidence the adverse side-effects of it are largely drowned in oil."

(Washington Post, 2/20)

Steps U.S. Should Take To Avert Mexican Collapse -- "The U.S. cannot allow Mexico to slide into economic collapse. That should be the bottom line of U.S. policy as falling oil prices undermine Mexico's economy.... That leaves one alternative as the most likely, if temporary, solution: the slashing by commercial lenders of interest charges to Mexico, in effect writing off part of the debt. Many experts predict this may happen before the end of 1986.... Soon, these issues will demand direct Administration intervention. Better to face them now than to wait passively for disaster to strike."

(Philadelphia Inquirer, 2/20)

SOVIET UNION

The Zilch Option -- "American officials are expected to present their proposals on the elimination of intermediate-range missiles in Europe in Geneva. Soviet leader Gorbachev has called for the European zero option, from the Atlantic Ocean to the Ural mountains, and the time has arrived for a reply.... The zero option isn't piecemeal thing. If there is to be a zero option, it has to be total. That means both sides must be in attendance when the weapons are smashed beyond restoration. And both sides should have to submit to sudden challenge inspections forever after. That isn't going to happen in the real world."

(Detroit News, 2/19)

Real Soviet Policy Please Stand Up? -- "What Shcharansky can tell us after he has had a chance to settle down in Israel is whether Soviet foreign policy is really any different than Soviet internal policy. If it oppressed him at home, it is conceivable that it seeks to oppress others abroad... Shcharansky's testimony might add some credibility to what some skeptics regard as only circumstantial evidence against the Soviet leaders -- the invasion of Afghanistan, Yellow Rain, subversion of Africa, sponsorship of totalitarian regimes in Central America, violations of peace treaties, etc..."

(Dayton Journal Herald, 2/14)

LEE IACOCCA

Hodel Misfire Has Iacocca All Revved-Up -- "Dumping Iacocca is a botch ranking with James Watt's blacklisting of the Beach Boys. And if Watt's blunder enlivened the careers of some no-so-gracefully aging California musicians, imagine what Hodel's gaffe might do for a stunningly resilient Michigan dynamo who just might be revving up for a run at the White House in 1988." (Atlanta Constitution, 2/19)

NASA COMMISSION

The Right Stuff And The Challenger -- "The President's Commission on the Challenger has already achieved one of its purposes. It has pulled apart the shuttle program, NASA itself and public attitudes toward space exploration. It has started a public debate that will lead to a far stronger and safer enterprise.... Someone has to ask the obvious questions. Was the program too ambitious? How did NASA calculate the risks of sending up a civilian mother of two young children? Above all, did NASA politics override the technicians?... If they did, that's because the government and the public asked too much. If officials made the wrong decisions, they will face the consequences. Mechanisms must be set up to make sure it doesn't happen again." (New York Daily News, 2/20)

PRESIDENT MARCOS

Keep The Pressure On Marcos -- "While there remains a democratic alternative to Marcos -- led by Mrs. Aquino and Salvador Laurel -- indeed while there's still time, the Reagan Administration should make every effort to persuade Marcos to step down. And to transfer power in an orderly fashion to the democratic opposition, most of which is still sympathetic to the historic alliance between Washington and Manila." (New York Daily News, 2/20)

All Vote Fraud Is Not Equal, Not Even In The Philippines -- "Secretly, the White House should be offering President Marcos & Co. a one-way ride into exile." (Dayton Daily News, 2/14)

Marcos: Reagan Needs To Move Beyond Tough Talk To Tough Policy -- "Our role ought to be to strengthen those democratic forces represented by Mrs. Aquino. We should begin putting more strings on American aid to Manila and demanding concomitant economic and social reforms.... The Reagan Administration finally has begun to speak out against what happened in the Filipino election. It must talk as well about what is happening in that country from day to day." (Detroit Free Press, 2/19)

Filipino Pressure Can Bring Marcos Down -- "For this country's sake, Ferdinand Marcos should resign as president of the Philippines.... Washington can and should stop supporting Marcos. But it will be up to his own people to bring him down." (Newsday, 2/18)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, FEBRUARY 21, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Reagan Gets Hero's Welcome In Grenada -- President Reagan, greeted as a "national hero" in Grenada for liberating the Caribbean island from Marxist rule, says the Administration does not plan a similar military venture in Nicaragua.

(New York Times, Washington Post, Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

House Panel Votes To Cut Philippine Aid -- Overriding Administration appeals for more time, a House subcommittee unanimously approved a bill yesterday to cut U.S. aid to the Philippines -- putting military funds in escrow and channeling economic assistance through private charities.

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

NATIONAL NEWS

HUD Official Resigns After Justice Department Declines Prosecution -- Gordon Walker, a high-ranking federal housing official, resigned Thursday after the Justice Department declined to prosecute him on conflict of interest charges.

(Washington Post, AP)

NETWORK NEWS (Thursday Evening)

GRENADE VISIT -- The President used the visit to press another of his favorite themes: the need to fight communism in Nicaragua.

PHILIPPINES -- A House subcommittee voted nine-to-nothing to cut off all aid to the Philippine government.

NATION'S ECONOMY -- The economy grew at 1.2 percent during the final quarter of last year.

Not fast enough

The White House, built on a swamp, is sinking at the rate of approximately one inch every 120 years. "At this rate, it should disappear entirely by the year 113,053," notes author George Mair.

— *Washington Times*, July 9, 1985

TRIP NEWS

PRESIDENT WELCOMED IN GRENADA

ST. GEORGE'S, Grenada -- President Reagan today celebrated the 1983 U.S. military intervention here and said that aid to the anti-Sandinista rebels would enable the Nicaraguan people "to free themselves from communist tyranny and win the liberty you now enjoy in Grenada."

Bearing promises of more economic aid for Caribbean countries and a message of unrelenting anticommunism, Reagan told more than 20,000 cheering Grenadians in a cricket stadium on the edge of this steamy port city that the U.S. invasion halted "what appeared to be an attempt to turn your island into a staging area for subversion and aggression."

(Lou Cannon, Washington Post, A1)

Reagan, In Grenada, Is Hailed as "Our Own Hero"

ST. GEORGE'S, Grenada -- President Reagan flew to this Caribbean nation today and told a crowd of thousands of cheering Grenadians that "I will never be sorry" that he ordered an invasion in October 1983.

Mr. Reagan, who was praised in a song by a calypso singer as he sat on a podium with other Caribbean leaders as "Uncle Reagan," was introduced by Prime Minister Herbert Blaize as "our own national hero" and "our rescuer after God."

(Gerald Boyd, New York Times, A5)

Reagan Feted By Islanders, Meets Caribbean Leaders

ST. GEORGE'S, Grenada -- President Reagan was hailed as a liberator by the people of Grenada, the tiny Caribbean nation he sees as the capstone on his efforts to stop the spread of communism in the western hemisphere.

Reagan, during a four-and-a-half hour visit to the island yesterday, reveled in addressing a large, cheering rally at Queens Park, where U.S. forces set up a command post during the October, 1983, invasion that ousted a radical Marxist faction that had overthrown the socialist government. Reagan, cheered on by the partisan crowd, swiped verbally at Cuban leader Fidel Castro and the leftist Sandinista government of Nicaragua.

(Patricia Wilson, Reuter)

Reagan, In Grenada, Says U.S. Has No Plans For Force In Nicaragua

President Reagan, warmly received in his first visit to Grenada since sending invading troops there to block a communist takeover, says he has no thought of similar action in Nicaragua.

"I think it's an entirely different situation," Reagan told reporters Tuesday as he posed for photographs with Sir Paul Scoon, governor general of Grenada, during a four-hour visit to the island nation.

(Dale Nelson, AP)

25,000 Cheering Grenadians Thank Their "Uncle Reagan"

ST. GEORGE'S, Grenada -- President Reagan yesterday told a crowd of about 25,000 cheering Grenadians that he would not be satisfied "until all the people of the Americas have joined us in the warm sunshine of liberty and justice."

The President, who is called "Uncle Reagan" by many of Grenada's 90,000 residents, explained his policy in terms of Edmund Burke's maxim: "When bad men combine, the good must associate; else they will fall one by one...." (Jeremiah O'Leary, Washington Times, A1)

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Reagan Gets Hero's Welcome In Grenada

President Reagan, greeted as a "national hero" in Grenada for liberating the Caribbean island from Marxist rule, says the Administration does not plan a similar military venture in Nicaragua.

The entire population of Grenada appeared to be on hand Thursday for Reagan's triumphal tour of the island nation, which was invaded by U.S. forces on Oct. 25, 1983. His formal address at Queen's Park drew a cheering crowd estimated at 35,000. Banners around the city of St. George's read: "We love you, Mr. President," "Enjoy your stay," and "Thanks to a great hero." (Helen Thomas, UPI)

INTERNATIONAL NEWS

PANEL VOTES TO HALT DIRECT AID TO MANILA

Republican and Democratic members of a House Foreign Affairs subcommittee voted unanimously yesterday to halt direct U.S. aid to the Philippine government until a "legitimate government" is established in that country.

Subcommittee Chairman Stephen Solarz (D-NY) said no final action will be taken by the full Foreign Affairs Committee until there is a chance to hear from [Philip] Habib, probably early next week. Solarz and several other lawmakers said quick action was necessary to "send a signal" that the United States is not supporting Marcos at a time when the political future of the former U.S. colony hangs in the balance.

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

House Subcommittee Votes To Suspend U.S. Military Aid

A House subcommittee has unanimously voted to withhold U.S. military aid from the Philippines until President Reagan certifies a legitimate government there.

The bill, passed yesterday, also would deprive President Marcos' government of some \$125 million in economic, development and humanitarian aid, which would be channeled instead through private groups in the Philippines.

(Sue Baker, Reuter)

House Unit Votes To Restrict Aid To The Philippines

A House subcommittee voted unanimously today to put all military aid to the Philippines into a trust fund until a "legitimate government" has been established in Manila. The bill also says that all economic aid to the Philippines has to be funneled through nongovernmental agencies, such as the Roman Catholic Church or rural cooperatives.

The 9-to-0 vote reflected the pervasive resentment on Capitol Hill against President Marcos of the Philippines and the widespread fraud that has been reported in the Philippine elections two weeks ago. Six Democrats and three Republicans voted for the measure.

(Steven Roberts, New York Times, A1)

House Panel Votes To Cut Philippine Aid

Overriding Administration appeals for more time, a House subcommittee unanimously approved a bill yesterday to cut U.S. aid to the Philippines -- putting military funds in escrow and channeling economic assistance through private charities.

As if to brush aside objections by the Administration witnesses, Mr. Solarz said, "The process has begun. The train is leaving the station. I think it is important that this subcommittee be in the locomotive and not the caboose."

(Stephens Broening, Baltimore Sun, A1)

FOREIGN AID REQUEST SLASHED BY PANEL

The House Foreign Affairs Committee yesterday voted to slash \$2.3 billion from President Reagan's foreign aid request for fiscal 1987, a cut of 13.5 percent that committee leaders said reflects the requirements of the Gramm-Rudman-Hollings budget control act.

The vote also reflected political reality, since congressional criticism of Reagan's proposed budget request earlier this month focused on the fact that he outlined sharp cuts in every area except defense and foreign aid.

(Joanne Omang, Washington Post, A8)

HOUSE DEMOCRATIC LEADERS PROMISE TO FIGHT TWO REBEL AID PROPOSALS

As President Reagan toured Grenada to push his foreign policy objectives, House Democratic leaders served notice yesterday that they will strongly oppose two of Reagan's top priorities: military aid to the rebels fighting the Sandinista government of Nicaragua and covert aid to the forces opposing the Marxist government of Angola.

House Speaker Thomas O'Neill predicted that the congressional approval of a \$100 million military and economic aid package to the Nicaraguan counter-revolutionaries, also known as contras, as sought by the Administration would be followed by "disaster" and the "slaughter" of the rebels by government forces. Eventually, he said, that would lead to the dispatch of U.S. troops to that Central American country.

(Edward Walsh, Washington Post, A15)

REAGAN GIVES GROUND AGAIN BUT STANDS FIRM ON NICARAGUA

The Philippines is the latest case in point: Ronald Reagan can change his mind. While awaiting a report from special U.S. envoy Philip Habib, the President already has shifted his analysis of the election in Manila.

After telling the nation Feb. 11 that fraud and violence may have occurred "on both sides," Reagan directly blamed the party of President Marcos five days later for most of the irregularities. Reagan's reversal added to Marcos' mounting woes. His opponents drew encouragement in their effort to drive him from office. (Barry Schweid, News Analysis, AP)

U.S. MOLE INFILTRATES NICARAGUA LEADERSHIP

The United States infiltrated the top echelons of the Nicaraguan government to obtain a secret document outlining a major disinformation campaign to halt U.S. support for Nicaragua's anti-Marxist rebels, a State Department official said yesterday.

"Only a limited number of people at the top of the Sandinista government had access" to the report, the official said of the ruling party in Nicaragua. He confirmed that the information was leaked from a Sandinista source and said the Reagan Administration, by disclosing the existence of the report, might have jeopardized the U.S. contact. "It may be a mistake to have revealed it," said the official, who asked not to be identified. (Jeremiah O'Leary & James Morrison, Washington Times, A1)

JAPAN SAID TO REJECT PLAN ON SEMICONDUCTOR SALES

American negotiators proposed yesterday that Japan guarantee U.S. semiconductor makers a specific, larger share of its market to settle a trade complaint brought by the domestic industry, Administration sources said yesterday.

The proposal made during "technical discussions" here yesterday, was described as the position of the Administration trade officials in the U.S. Trade Representative's Office and the Commerce Department, sources said yesterday. The proposal reportedly was "politely and firmly rejected" by the Japanese, the sources said (Stuart Auerbach, Washington Post, A9)

GAO: CONSTRUCTION RULES BYPASSED

The Reagan Administration is improperly using training exercises to build millions of dollars worth of facilities in Honduras that have not received the required congressional approval as military construction projects, the GAO has concluded.

The GAO said that many of the air strips, barracks and other facilities constructed during three years of continual maneuvers appear permanent and operationally useful. The Defense Department has said they are temporary and useful only to train the soldiers who build them.

(Fred Hiatt, Washington Post, A15)

U.S. BLAMES PLO CHIEFS FOR END OF JORDAN TALKS

The United States yesterday blamed the breakoff of talks between Jordan's King Hussein and PLO chairman Yasser Arafat on the "failure of the PLO leadership to meet the King's challenge." Officials said the latest event will force "a total reevaluation" of American efforts to revive the stalled Middle East peace process.

They insisted, however, that the process is not dead but has entered what State Department spokesman Charles Redman called "a period of reflection on the part of all the parties" on the goal of peace talks between Israel and a Jordanian-Palestinian delegation. He said the United States would consult with Israel, Jordan and other Mideast allies about how to put the negotiating effort back on track.

(David Ottaway & John Goshko, Washington Post, A29)

U.S.-PLO Differences Sank Hussein's Mideast Peace Effort

The United States has acknowledged that a year-long Middle East peace effort on which it pinned great hopes foundered because of deep differences between Washington and the PLO.

One day after King Hussein announced the collapse of his alliance with PLO leader Arafat, the State Department said yesterday the PLO had failed to seize the opportunity offered and that all parties would now have to find another way to move towards a negotiated peace.

(William Scally, Reuter)

U.S. Says Mideast Needs "Reflection" On Peace Efforts

The United States said today that the breakdown in Middle East peace efforts required that there be an indefinite "period of reflection" by all sides on what to do next.

Administration officials confirmed that in an attempt to get peace talks started, the United States secretly offered last month to allow the PLO to take part in an international conference on the Middle East, if it agreed to American conditions on accepting key United Nations Security Council resolutions, negotiations with Israel and on denouncing terrorism.

(Bernard Gwertzman, New York Times, A1)

OFFICIALS DEBATE DOLLAR DROP,
PREDICT \$10 BILLION DECLINE IN TRADE

Reagan Administration officials say declines in oil prices, interest rates and the dollar's value will boost the U.S. economy, offset damage done by cheap imports and possibly lead to a \$10 billion drop in the trade deficit this year. But the debate is intensifying in Washington over how far the dollar should drop, pitting Federal Reserve Board Chairman Paul Volcker against Secretary Baker and U.S. Trade Representative Yeutter.

Baker and Yeutter told congressional panels an additional decline would help the U.S. trade balance by making U.S. goods cheaper and more competitive, but they denied any fundamental disagreement with the Fed chairman.

(Rick Gladstone, AP)

U.S. Economic Policymakers Sustain Dispute Over Dollar

Secretary Baker has repeated calls for a further drop of the dollar on world markets despite warnings by Fed Chairman Paul Volcker the currency may be near a perilous zone.

And while aides described the differences between Baker and Volcker as minor, currency dealers traded down the dollar down further yesterday on news of the continuing dispute and the release of economic data.

(Peter Torday, Reuter)

"STARTLING" SURGE IS REPORTED IN ILLEGAL ALIENS FROM MEXICO

The Commissioner of the Immigration and Naturalization Service warned today that there had been a "startling" surge of illegal aliens entering the United States from Mexico in recent months.

"We are seeing the greatest surge of people in history across our southern border," Commissioner Alan Nelson said at a news conference called to renew the agency's appeal for tougher immigration laws.

(Philip Shenon, New York Times, A1)

NATIONAL NEWS

HUD OFFICIAL RESIGNS AFTER PROBE OF FINANCES

A senior federal housing official resigned yesterday following an investigation into receipt of at least \$80,000 in fees from a group that sells books and tapes on how to make money in real estate.

Gordon Walker, deputy undersecretary of HUD, announced his resignation a day after the Justice Department declined to pursue criminal charges in the case. HUD Secretary Pierce still must decide whether to seek financial restitution from Walker based on a report by the agency's inspector general.

(Howard Kurtz, Washington Post, A17)

HUD Official Resigns After Justice Department Declines Prosecution

Gordon Walker, a high-ranking federal housing official, resigned Thursday after the Justice Department declined to prosecute him on conflict of interest charges.

Walker had been accused of flying, at government expense, to promote sales of his books and tapes at real estate investment seminars, according to his attorney. A spokesman for the Justice Department said Walker was "cleared of any wrongdoing."

(Dave Skidmore, AP)

FOUR MEMBERS OF CONGRESS, CITIES FILE SUIT OVER BUDGET CUTS

Four Democratic members of Congress and groups representing the nation's cities have asked a federal court to force President Reagan to spend \$7 billion in urban aid he is holding back. In a suit filed Thursday in U.S. District Court, the coalition claimed that Reagan's deficit-cutting move was unconstitutional.

"The Constitution gives control of spending to Congress because it is the branch of government closest to the people. The Administration's proposed deferrals show why," said Rep. Bruce Morrison (D-Conn) who led the list of plaintiffs.

(Daniel Keegan, AP)

MEESE BECOMES ADMINISTRATION POINT MAN ON HEARTLAND ISSUES

The former Alameda County, Calif., district attorney has become the Administration's point man on a string of hot issues, including job quotas, how judges ought to be picked, and a running quarrel with several Supreme Court justices over how the Constitution ought to be interpreted.

Benjamin Civiletti, who served a stint as attorney general under former President Jimmy Carter, says Mr. Meese speaks out on things that are "heartland kind of subjects, rather than just strictly legal or case-oriented subjects."

(David Sellers & John McCaslin, Washington Times, A1)

NATION'S "REPORT CARD" IMPROVING SINCE 1982

The latest report card on the educational performance of the states proves it is possible to increase academic standards without raising the dropout rate, Secretary Bennett said yesterday.

Senior high students in 35 states have improved their academic performance on the SAT and ACT since 1982, the year on which recent comparisons are based. (Carol Innerst, Washington Times, A2)

WHITE HOUSE CHIEF LAWYER RESIGNS EFFECTIVE MARCH 31

Fred Fielding has submitted his resignation as President Reagan's counsel and intends to leave the government at the end of next month, a senior White House official said yesterday.

Mr. Reagan will name a new chief White House lawyer today, when Mr. Fielding formally announces his departure, said the official, who spoke on the condition he not be identified. (AP story, Washington Times, A4)

EDITOR'S NOTE: "In Race For Presidency, George Bush Is Dogged By Hazy Public Image," by Robert Merry appears on page A1 of the Wall Street Journal.

-end of A-section-

NETWORK NEWS SUMMARY

(Thursday Evening, February 20, 1986)

GRENADA TRIP

ABC's Ted Koppel: President Reagan today visited the Caribbean island of Grenada. The President has always considered his decision to send troops into Grenada 2 1/2 years ago to be one of the foreign policy victories of his Administration. And he used the visit today to press another of his favorite themes: the need, as he sees it, to fight communism in Nicaragua.

ABC's Sam Donaldson: (TV Coverage: Singing at the welcoming ceremony; President cheered as he steps onto the stage.) Ronald Reagan, the hero of Grenada, was welcomed this afternoon to Queens Park where over 40,000 people -- almost half the population of the island -- had gathered to pay him personal tribute for moving -- (Governor-General Scoon: " -- to dig Grenada out of the stinking communist hole in which it was." Cheering.)

(President: "My dear friends, I will never be sorry that I made the decision to help you and I made it before the sun came up.")

All around the President today were memories of that dawn October 25, 1983 invasion and combat against some 750 Cuban construction workers. From the airport at Port Salinas, where Air Force One landed -- which the Cubans were building for military purposes -- to the St. George's Medical School, from which 800 American students were evacuated, and where today the President laid a wreath in honor of the 19 U.S. servicemen officially recognized as having been killed in the invasion. (TV Coverage: The airport, motorcade riding by medical school, President laying wreath.) There was of course no visit to the prison, where Grenadian officials who were on the wrong side are still incarcerated, and no visit to the mental hospital mistakenly shelled by U.S. forces. (TV Coverage of prison and bombed out mental hospital.) At Government House, the President conferred with nine leaders of friendly Caribbean nations.

(TV Coverage: President seated with other leaders, smiling.) And how does it feel to be hailed as the hero of Grenada?

(President: "Sam, don't embarrass me." Donaldson: "This is the scene of your greatest military triumph, sir." President: "I didn't fire a shot.")

But no matter who fired them, the precedent established here was on everyone's mind. At a meeting with Grenada's governor-general, Paul Scoon, Mr. Reagan denied he intends to use force in Nicaragua.

(President: "No, we think it's an entirely different situation.") But during his speech at Queens Park, he sounded tough.

(President: "Today in Nicaragua, we see a chain of events similar to what happened here, and that is why the United States must help those struggling for freedom in Nicaragua.")

When it was over, they all sang "Bind Us Together," and held hands -- including Secretaries Shultz and Weinberger. (TV Coverage shows the President singing with other officials.) Grenada is a U.S. success, but today's visit was more than a celebration of events. It was a stage here for the President to send his message: Grenada today, Nicaragua tomorrow.

(ABC-3)

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CBS's Dan Rather: President Reagan today put in a 4,000 mile round trip to Grenada -- a day of photo opportunities and symbols, carefully orchestrated to highlight what the President sees as the success and historical significance of the U.S. invasion there. Somehow during Mr. Reagan's trip today, there was as much talk about Nicaragua as Grenada. It was no accident.

CBS's Bill Plante: (TV coverage of Air Force One arrival.) Ronald Reagan arrived on the tiny island of Grenada via the airport Cubans started and Americans finished after a U.S. invasion which threw the communists out and gave Mr. Reagan his only clear-cut military triumph. (TV coverage: File footage of 1983 rescue mission.) 1,900 American troops landed in the first wave October 25, 1983, to restore order after a leftist coup killed the prime minister and to rescue American students at the St. George's Medical School. Today, at the medical school, there's a memorial to 19 U.S. servicemen who died here. Mr. Reagan paid them silent tribute. (TV coverage of President laying wreath.) But there are other reasons for being here as well.

(Michael Deaver: "By going all the way down to Grenada, which is a story in itself, there is now a new visual for saying the same thing over again.")

For saying what? For saying that military force worked here and might then be used in Nicaragua?

(President during photo op: "No, we think that's an entirely different situation." Reporter: "So you'd rule out any U.S. force in Nicaragua?" President: "We never had any plans.")

In meetings with leaders from Grenada and other Caribbean democracies, the President heard of the region's economic troubles. Grenada's economy with 25-40% unemployment is in worse shape than before the invasion due to declining commodity prices for bananas, nutmeg and cocoa. Only massive foreign aid -- \$74 million from the U.S. -- has kept the economy afloat. Mr. Reagan is enormously popular here, but was embarrassed when asked how it felt to be hailed as a conquering hero. (President: "I didn't fire a shot.") True, but judging by the reception an estimated 20,000 people gave him at a public rally, the President might as well have led the troops ashore. (TV coverage of cheering crowds.) Mr. Reagan was quick to draw a parallel with Nicaragua.

(President: "Today in Nicaragua, we see a chain of events similar to what happened here. We hear the same excuses made for the communists. That's why we came to your aid, and that is why the United States must help those struggling for freedom in Nicaragua.") There's no question that this triumphal visit is intended to send a couple of messages. One: to suggest to Nicaragua that there's a limit to how far the U.S. can be pushed. And another to Congress, which is about the debate the military aid Mr. Reagan wants for the contras who are fighting Nicaragua's government. (CBS-3)

NBC's Tom Brokaw: The people of Grenada turned out in force today to welcome President Reagan during a five-hour visit to that Caribbean island. He used the symbolic tour to campaign against Nicaragua's Sandinista regime. But it is capitalism, not Marxism, that concerns many of Grenada's residents.

NBC's Chris Wallace: The people of Grenada hailed the President as a hero who saved them from dictatorship and they hope, from poverty. Just the picture the White House wanted, to show the need for a strong national defense. In 1983, U.S. troops were on these roads. 6,000 soldiers against 700 Cubans and local communists. Today, the President went to a medical school, from which American students had been evacuated, to honor the 19 servicemen who died here.

(TV Coverage: President placing wreath at grave of soldiers.) The purpose of this trip was to honor democracy. At a rally, they sang about Uncle Sam and "Uncle Reagan." (TV Coverage: Grenadians singing "Uncle Reagan" and dancing.) The President said he'll defend freedom here and elsewhere.

(President: "Today in Nicaragua, we see a chain of events similar to what happened here. That's why we came to your aid. And that's why the United States must help those struggling for freedom in Nicaragua.")

But Mr. Reagan knows many here are more concerned about a job than politics. Linking prosperity and freedom, he said Fidel Castro has destroyed the Cuban economy.

(President: "I think it's time that we, the United States and the Caribbean nations working together, showed Castro and his gang how it's done.")

(TV Coverage: President meeting with Grenadian leaders.) But as the President met with nine Caribbean leaders here, there were signs they are having trouble, too. The U.S. has poured millions into the region, but the value of Caribbean exports to the U.S. dropped 23% last year due to falling prices. Mr. Reagan admitted problems and promised more aid.

(President: "It hasn't worked as well as we hoped, but that's what we're talking about. We're going to improve it.")

One boost to the economy here was the President's trip. The U.S. spent millions sending equipment and staff here weeks in advance for the five-hour visit. And just off the coast, the USS Guam, as a reminder of American force. Of course it will all be worth it if this trip helps the President sell his policy back home, but Mr. Reagan may find what he has before -- that it's much easier having his way on this small island than it is in Congress or Nicaragua. (NBC-2)

ABC's Dennis Murphy reports that when the Marxist-oriented government collapsed in a bloody coup, the U.S. invaded, and assumed the burden of trying to create a climate where free enterprise would flourish. So far the United States has spent \$72 million rebuilding Grenada. In a sense, the President's visit is an announcement to investors that Grenada is now open for business. Today, there is almost no industry in Grenada. Unemployment is running 30 percent. The one American who did set up a factory here, a toy maker, failed after four months. He later pleaded guilty to defrauding the U.S. government of hundreds of thousands of dollars. Tourism is the bright spot in the economy. The expectations of a big boom, and investments from North America, haven't happened yet. But in small ways, Grenadians are starting to believe and invest in themselves. But before the island can be the showcase of democracy that the Reagan Administration wants it to be, it must have a far stronger economy, one built on more than foreign aid and rum punches in the sunset. (NBC-2)

CHALLENGER INVESTIGATION

ABC's Lynn Sherr reports that Allan MacDonald, the Morton Thiokol engineer, said today that he would never sign off on any kind of launch at below 53 degrees. McDonald and other engineers had expressed concern that the rubber seals, which lose their resiliency in the cold, might have gotten too chilled to do their job containing hot gasses inside the rocket. Senator Hollings today joined a group of senators who spoke on a conference call to MacDonald, and later called on acting NASA administrator William Graham to resign.

(Sen. Hollings: "He -- Dr. Graham -- has misled, lost all credibility, with the ranking member of the Space Committee in the U.S. Senate.")

Hollings also said the Presidential Commission is flawed, by concentrating on technical, not political problems. (ALL NETS LEAD)

CBS's Eric Engberg reports that the Rogers Commission fanned out today to ask questions at NASA's major facilities around the country. Neil Armstrong and Gen. Donald Catina were at the Marshall Center in Alabama. In Washington, former astronaut Richard Truly, now a Navy Admiral, was asked to take over the shuttle program, a job shift planned before the disaster. One former astronaut told CBS News today that Truly's appointment should restore confidence among astronauts who have privately, sharply criticized top NASA management.

PHILIPPINES

ABC's Ted Koppel: Here in Washington today, new signs of congressional anger over the Filipino election results. Ever since American observers returned from the Philippines, reporting widespread fraud, there had been calls in the Congress for some sort of U.S. response.

ABC's Charles Gibson reports that by a unanimous nine-to-nothing vote, the House Subcommittee on Asian Affairs voted to cut off all aid to the Philippine government. Under terms of the bill, \$70 million in military assistance would be withheld, put in a trust fund, until a "legitimate government has been established in the Philippines." Another \$345 million in economic assistance would be denied to the government, and distributed only through non-governmental organizations like the Catholic Church. There is concern, of course, that moves against the Philippine government will bring Philippine moves against the U.S. That Marcos might start steps to close the two giant U.S. bases in the Philippines. But most in Congress agree with Speaker O'Neill, who said today, "They can't afford to dismiss us."

(ABC-2; NBC-5; CBS-9)

NATION'S ECONOMY

Koppel: The nation's economy grew at 1.2 percent during the final quarter of last year. That was a smaller increase than originally projected.

(ABC-6)

IRAN-IRAQ WAR

ABC's Barrie Dunsmore reports that Iraqi jets today shot down what Iran claims was a civilian aircraft, apparently taking Iranian VIPs to the front. In the United Nations today, the Iranian representative warned they would get even. Whatever the truth, the main point now is that Iraq has made major gains in its new offensive. This makes Arab states nervous; it even makes both the U.S. and the Soviets uneasy. (ABC-7; NBC-3; CBS-5)

LIBYA/U.S. RELATIONS

Rather: President Reagan's visit to Grenada today -- an effort to gain some publicity, show the American flags, to flex some muscle -- has had a rough counterpart recently in the Mediterranean, where two U.S. aircraft carriers were ordered to sail off the Coast of Libya.

CBS's David Martin reports that the Pentagon today released pictures of armed Libyan jets, taken during too-close-for-comfort encounters with American warplanes off the Coast of Libya. These pictures show the U.S. planes also heavily armed. But all this muscle-flexing is not changing Kaddafi's behavior. Today the French released aerial photographs of a Libyan build-up in Northern Chad. The two U.S. aircraft carriers are in port now, but next month they are scheduled to return to the waters off Libya, where they will be joined by a third aircraft carrier for an unprecedented show of force against Kaddafi. (CBS-4)

NEW SOVIET DEFECTOR

Brokaw: A Soviet KGB agent working in Greece has defected to the United States. U.S. officials are delighted with the intelligence catch, but not the problem that might go with it: The agent took with him his eight-year-old son and a woman identified as the boy's Soviet teacher. But he left his wife and another child behind, and there is some fear that Moscow may begin a custody fight over the boy. (NBC-4)

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EDITORIALS/COLUMNISTS

GRENADA VISIT

Grenada: Flawed Victory -- "We hate to rain on President Reagan's parade as he celebrates his status as the liberator of Grenada. After all, he succeeded in throwing out a radical leftist regime that was only too ready to turn the island into a Cuban/Soviet staging base. But a glorious U.S. military victory Grenada was not, and Americans should keep that in mind.... Grenada showed that lower-level, piecemeal attempts to coordinate the individual services are not working. A crash effort at the top is needed to improve inter-service understanding and to put war-fighting capability in a status where joint operations can be carried out smoothly."
(Baltimore Sun, 2/20)

Grenada Revisited -- "While that use of force has never been adequately justified, the invasion has had mostly happy political consequences. Today's celebration ought not, however, to obscure the economic problems that continue to threaten Grenada and other Caribbean states.... Like all the Caribbean economies, Grenada's has been damaged by falling commodity prices and the growing of industrial countries. The gains predicted from President Reagan's Caribbean Basin Initiative have for the most part failed to materialize.... Let America's conquering hero revel in some merited acclaim. But let him also hear the economic undertones that weigh down the people and may yet jeopardize their political progress."
(New York Times, 2/20)

NICARAGUA: AID TO CONTRAS

Reagan's Contra-Productive Policy -- "For the President to prescribe arms assistance as the specific remedy for the contras' present moribund state is plain folly.... The President still hasn't spelled what that objective is and when a limited negotiated compromise was at hand, he pushed it aside. This is not to say the contras should be cut off without a cent. The Administration has taken on a responsibility to them and, by extension, to the Nicaraguan refugees upon whom they draw for recruits. But sustaining them shouldn't mean encouraging them or cynically using them in an impossible quest for victory."
(Atlanta Constitution, 2/19)

Thwarting The Gorbachev Doctrine -- "Let's give the new beast a name: the Gorbachev Doctrine, counterpoise to the Reagan Doctrine. Wherever Reagan offers to support the democratic resistance to communism, Gorbachev, not unexpectedly, redoubles his efforts on behalf of tyranny and bondage. Despite his peaceful representations at Geneva, Gorbachev has shown no restraint. The Gorbachev Doctrine inspires mass murder and tyranny from Angola to Afghanistan, but its prime target is Nicaragua, the Evil Empire's staging area on the North American mainland.... Only the democratic resistance can restore liberty and stop the contagion from spreading outside Nicaragua. Only the resistance can thwart the Gorbachev Doctrine. By all means, let's give it the means."
(Washington Times, 2/20)

NICARAGUA: AID TO CONTRAS

Holding Military Aid; Try Diplomacy First -- "Some say we can't talk to the Sandinistas. If we can talk to the Soviets and the South Africans, we can talk to Marxists who rule this poor country of 3 million. The USA should sheathe its sabers and make an all-out effort at the negotiating table. Congress should put a hold on military aid to the contras and wait to see if talks work. We've steamed into Central America with flags flying. Instead of damning the torpedoes and bankrolling bombs, let's give diplomacy a decent chance." (USA Today, 2/20)

OIL SURPLUS/MEXICAN ECONOMY

Dollars, Oil and Good Luck -- "It is phenomenally good luck for the U.S. and for the world that oil prices are falling at the same time as the dollar. A lower exchange rate is essential for this country, but it generates troubling side-effects. The most dangerous of them is inflation, caused by imports that suddenly cost more. That threat is now substantially offset by cheaper oil.... But for the present it's enough to say that the dollar is moving in the right direction and by a marvelously happy coincidence the adverse side-effects of it are largely drowned in oil."

(Washington Post, 2/20)

Steps U.S. Should Take To Avert Mexican Collapse -- "The U.S. cannot allow Mexico to slide into economic collapse. That should be the bottom line of U.S. policy as falling oil prices undermine Mexico's economy.... That leaves one alternative as the most likely, if temporary, solution: the slashing by commercial lenders of interest charges to Mexico, in effect writing off part of the debt. Many experts predict this may happen before the end of 1986.... Soon, these issues will demand direct Administration intervention. Better to face them now than to wait passively for disaster to strike."

(Philadelphia Inquirer, 2/20)

SOVIET UNION

The Zilch Option -- "American officials are expected to present their proposals on the elimination of intermediate-range missiles in Europe in Geneva. Soviet leader Gorbachev has called for the European zero option, from the Atlantic Ocean to the Ural mountains, and the time has arrived for a reply.... The zero option isn't piecemeal thing. If there is to be a zero option, it has to be total. That means both sides must be in attendance when the weapons are smashed beyond restoration. And both sides should have to submit to sudden challenge inspections forever after. That isn't going to happen in the real world."

(Detroit News, 2/19)

Real Soviet Policy Please Stand Up? -- "What Shcharansky can tell us after he has had a chance to settle down in Israel is whether Soviet foreign policy is really any different than Soviet internal policy. If it oppressed him at home, it is conceivable that it seeks to oppress others abroad?... Shcharansky's testimony might add some credibility to what some skeptics regard as only circumstantial evidence against the Soviet leaders -- the invasion of Afghanistan, Yellow Rain, subversion of Africa, sponsorship of totalitarian regimes in Central America, violations of peace treaties, etc..."

(Dayton Journal Herald, 2/14)

LEE IACOCCA

Hodel Misfire Has Iacocca All Revved-Up -- "Dumping Iacocca is a botch ranking with James Watt's blacklisting of the Beach Boys. And if Watt's blunder enlivened the careers of some no-so-gracefully aging California musicians, imagine what Hodel's gaffe might do for a stunningly resilient Michigan dynamo who just might be revving up for a run at the White House in 1988." (Atlanta Constitution, 2/19)

NASA COMMISSION

The Right Stuff And The Challenger -- "The President's Commission on the Challenger has already achieved one of its purposes. It has pulled apart the shuttle program, NASA itself and public attitudes toward space exploration. It has started a public debate that will lead to a far stronger and safer enterprise.... Someone has to ask the obvious questions. Was the program too ambitious? How did NASA calculate the risks of sending up a civilian mother of two young children? Above all, did NASA politics override the technicians?... If they did, that's because the government and the public asked too much. If officials made the wrong decisions, they will face the consequences. Mechanisms must be set up to make sure it doesn't happen again." (New York Daily News, 2/20)

PRESIDENT MARCOS

Keep The Pressure On Marcos -- "While there remains a democratic alternative to Marcos -- led by Mrs. Aquino and Salvador Laurel -- indeed while there's still time, the Reagan Administration should make every effort to persuade Marcos to step down. And to transfer power in an orderly fashion to the democratic opposition, most of which is still sympathetic to the historic alliance between Washington and Manila." (New York Daily News, 2/20)

All Vote Fraud Is Not Equal, Not Even In The Philippines -- "Secretly, the White House should be offering President Marcos & Co. a one-way ride into exile." (Dayton Daily News, 2/14)

Marcos: Reagan Needs To Move Beyond Tough Talk To Tough Policy -- "Our role ought to be to strengthen those democratic forces represented by Mrs. Aquino. We should begin putting more strings on American aid to Manila and demanding concomitant economic and social reforms.... The Reagan Administration finally has begun to speak out against what happened in the Filipino election. It must talk as well about what is happening in that country from day to day." (Detroit Free Press, 2/19)

Filipino Pressure Can Bring Marcos Down -- "For this country's sake, Ferdinand Marcos should resign as president of the Philippines.... Washington can and should stop supporting Marcos. But it will be up to his own people to bring him down." (Newsday, 2/18)