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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, FEBRUARY 24, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan To Cut Off Marcos Arms If Attacks Persist -- President Reagan has threatened to cut off military aid to the Philippines promptly if troops loyal to disputed President Marcos attack opposition civilians and military rebels there. (Baltimore Sun, New York Times, Washington Post, Wall Street Journal, Washington Times, AP, Reuter, UPI)

Reagan/Arms Offer -- President Reagan has proposed to Soviet leader Gorbachev the elimination of medium-range missiles from Europe and Asia over the next three years, a White House spokesman confirmed Sunday. (Washington Post, UPI)

NATIONAL NEWS

ACLU Says Pornography Commission Recommendations Will Not Be Credible -- A federal commission on pornography is collecting biased testimony and dwelling so much on bizarre sexual techniques that its recommendations on dealing with child pornography and other problems may not be credible, the ACLU says. (Washington Post, AP)

Governors Meet With Reagan -- The nation's governors have turned their attention from black tie festivities to a brass tacks meeting on budget cutting and tax reform with President Reagan at the White House. (UPI)

NETWORK NEWS (Sunday Evening)

PHILIPPINES -- The war of nerves between Marcos and his opponents has turned bloody.

REAGAN ARMS PROPOSAL -- President Reagan has responded to a Soviet arms proposal with a new offer of his own.

NATIONAL GOVERNORS' CONFERENCE -- The nation's governors are gathered in Washington, and they have money on their minds.

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INTERNATIONAL NEWS

U.S. THREATENS TO LIMIT AID AND OFFERS TO FLY MARCOS OUT

President Reagan threatened President Marcos late yesterday with a cutoff of U.S. military aid as U.S. sources disclosed that the State Department was negotiating secretly with intermediaries close to Marcos on the possibility of flying him out of the Philippines in a U.S. Air Force plane.

Reagan decided to threaten the military aid cutoff at an extraordinary Sunday afternoon National Security Council meeting where he received a report from special U.S. emissary Philip Habib, who had just returned from a week-long fact-finding mission. "Everyone agreed there is not much Marcos can do to hang on" to power for very long, said a participant in the meeting. (David Hoffman & George Wilson, Washington Post, A1)

Reagan Threatens To Cut Off Military Aid To Philippines

President Reagan, in his strongest message yet to embattled President Marcos, threatened Sunday to cut off U.S. military aid if he uses force against his opponents.

As Marcos vowed to stay in office, a congressional source said the United States offered Sunday to help him leave the island nation in a U.S. aircraft, and that special envoy Philip Habib would return to the Philippines as early as Monday to "help arrange a transfer of power." The source, who has been involved in U.S.-Philippines diplomatic efforts, spoke on condition of anonymity. (Susanne Schafer, AP)

Reagan May Cut Off Aid To Philippines

President Reagan has threatened to cut off all U.S. military aid to the Philippines if embattled President Marcos attacks the rebel forces supporting opposition leader Corazon Aquino.

In his strongest warning to date, Reagan signaled Marcos Sunday that he is "assessing the situation" and will promptly suspend support for Filipino armed forces if Marcos uses government troops to resolve the current crisis. At a state dinner for the nation's governors Sunday night, Reagan refused comment when asked if he would ask Marcos to resign. (Helen Thomas, UPI)

Opposition To Marcos Rises On Hill

Congressional opposition to Filipino President Marcos escalated yesterday as the Reagan Administration threatened to cut off military aid to the Philippines.

"I think this Administration has known all along that at some point in time, the unique ability of Ronald Reagan and his personal touch would be a decisive factor in bringing peace to the Philippines," [Sen. David Durenberger] said. (Rita McWilliams, Washington Times, A1)

Reagan Focuses On Quelling Violence

As reports of troop movements in the Philippines reached the White House yesterday, President Reagan threatened to immediately cut off military aid if the Marcos government uses it to attack other Filipinos.

Mr. Reagan fell short of demanding Marcos' resignation, moving instead to quell the mounting potential for violence. The President relayed his warning to Mr. Marcos through diplomatic channels, according to Larry Speakes. (Jeremiah O'Leary & Mary Belcher, Washington Times, A1)

Reagan To Cut Off Marcos Arms If Attacks Persist

Larry Speakes told reporters the warning was conveyed to Marcos yesterday through diplomatic channels and should send a strong signal. After Reagan's message was sent, troops loyal to Marcos fired teargas at rebel troops and at civilians forming a human shield around a rebel military camp in suburban Manila, witnesses in the Philippines said.

Unless such actions stopped, military aid -- about \$55 million this year or 10 percent of the Philippines military budget -- could be cut off early today, Speakes said. (Christopher Hanson, Reuter)

Philippine Military Mutiny Leaves Marcos With Even More Slippery Grip On Power

Prompted by earlier reports on the use of force, the Reagan Administration warned that the U.S. would cut off military aid to the Philippines if Marcos troops attacked Mr. Marcos's opponents.

Larry Speakes said the use of force by the Philippine leader would "only do untold damage to the relationship between the U.S. and the Philippines." He said President Reagan had appealed directly to the Marcos government to avoid bloodshed. Mr. Marcos responded: "If we have to use violence, we will. (Wall Street Journal, A3)

U.S. Hints At Aid Halt If Rebels Are Attacked

The White House threatened yesterday to cut off military aid to the Philippines if President Marcos attacked military elements in rebellion against his regime. Increasing pressure on the Marcos regime without explicitly urging the Philippine president to step down, the White House appealed for a halt to violence and urged "Filipinos of good will to work to resolve the ongoing crisis."

Larry Speakes indicated that the threat could become reality in a matter of hours, as U.S. officials assessed the level of violence in the Philippines. (Mark Matthews & Stephens Broening, Baltimore Sun, A1)

Reagan Warns Marcos On Force; Threatens Immediate Aid Cutoff

Larry Speakes said Mr. Reagan had sent a message to Mr. Marcos urging him "to avoid an attack against other elements of the Philippines armed forces."

But as reports came in that such an attack had begun, Mr. Speakes said the United States "cannot continue our existing military assistance if the Government uses the aid against other elements of the Philippine military that enjoy popular backing." He said Reagan was ready to suspend the multimillion-dollar aid program as early as tonight if Mr. Marcos did not heed the warning.

(Bernard Gwertzman, New York Times, A1)

U.S. PLAN WOULD ABOLISH INTERMEDIATE-RANGE ARMS

President Reagan has responded to Soviet leader Gorbachev's Jan. 15 arms-reduction offers by proposing to eliminate all U.S. and Soviet intermediate-range nuclear weapons worldwide within three years, but suggesting two different ways to do it.

Administration sources said yesterday that a letter from Reagan outlining his proposal has been dispatched to Moscow in time for Gorbachev to receive it before the opening of the Soviet Communist Party Congress on Tuesday.

The new U.S. positions are outlined in general terms in the letter to Gorbachev and conveyed in greater detail in new instructions sent over the weekend to U.S. negotiators in the Geneva arms talks, officials said.

(Don Oberdorfer, Washington Post, A1)

Reagan/Arms Offer

President Reagan has proposed to Soviet leader Gorbachev the elimination of medium-range missiles from Europe and Asia over the next three years, a White House spokesman confirmed Sunday.

The New York Times, published Reagan's proposal and White House spokesman Larry Speakes told reporters he would not steer them away from that report, attributed to Administration officials. The Times quoted one official as saying that Reagan indicated to Gorbachev that it was "a good idea" to eliminate nuclear weapons by the year 2000. (UPI)

LATINS FAVOR CONTRA AID FROM U.S., POLL SHOWS

A majority of the residents in four countries near Nicaragua support continued U.S. involvement and aid to the anti-Marxist rebels fighting that country's Sandinista regime, according to a public opinion survey conducted for the U.S. government.

More than half of the respondents in El Salvador, Guatemala, Honduras and Costa Rica approved of assistance to the rebel forces, according to the survey conducted by Interdisciplinary Consultants on Development Inc. -- an affiliate of the George Gallop polling organization -- for the U.S. Information Agency.

(Thomas Brandt, Washington Times, A1)

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NATIONAL NEWS

STATES GET MIXED BUDGET PREVIEW

The chairman of the Senate Budget Committee told the nation's governors yesterday they cannot expect to be spared from major domestic cutbacks either by slashes in defense spending or a federal tax increase.

In a discussion with the executive committee of the National Governors' Association, Sen. Pete Domenici (R-N.M.) said that members of Congress have accepted President Reagan's judgment that the problems of agriculture, mining, timber and heavy manufacturing, "can't be solved" simply by restoring some budget cuts.

(David Broder & Bill Peterson, Washington Post, A5)

ACLU SAYS PANEL PLANS ANTIPORNOGRAPHY DRIVE

The Attorney General's Commission on Pornography has tentatively decided to recommend a wide-ranging government crackdown on obscene material, including an attack on X-rated films using the laws against pandering and prostitution, according to a highly critical report released yesterday.

The ACLU, which has frequently questioned the commission's objectivity, described its proceedings as biased, unfair and "intellectually indefensible" and said the chairman, Arlington County Prosecutor Henry Hudson, has advocated "extreme measures" while slighting privacy and freedom of speech.

(Howard Kurtz, Washington Post, A6)

ACLU Says Pornography Commission Recommendations Will Not Be Credible

A federal commission on pornography is collecting biased testimony and dwelling so much on bizarre sexual techniques that its recommendations on dealing with child pornography and other problems may not be credible, the ACLU says.

Hearings in six cities in the past 11 months have featured biased witnesses, "limited" social science data and "inordinate attention to aberrant sexual practices," the civil liberties group said Sunday.

(Mike Robinson, AP)

GORTON'S HEATED DEFENSE OF FIRE ADMINISTRATION

In reacting to the President's 1987 budget, some members of Congress are dispensing with politics as usual. Last Thursday Sen. Slade Gorton (R-Wash) sat inside a smokey trailer and waited for an emergency sprinkler system to douse the flames spreading quickly from a paper-filled wastebasket.

Gorton had arranged for his discomfort in a park near the U.S. Capitol to dramatize the value of the U.S. Fire Administration, a part of FEMA that the Reagan Administration wants to abolish in the 1987 budget.

(James Rowley, Washington Post, A9)

THE REAGAN WAR ON WASTE, FRAUD IS FAR SHORT OF TARGET

Ronald Reagan promised in his 1980 presidential campaign "to go after the \$100 billion waste and fraud problem in government." And soon after entering the White House, he promised to appoint federal inspectors general "who are meaner than junkyard dogs" to do the job.

But overall, the jury is still out on the Reagan Administration's campaign against waste and fraud. Some experts say the Administration's effort hasn't been as successful as it could be. In particular, the question the effectiveness of the inspectors general. With one exception, they say, the IGs have generally been too timid in their efforts to stop illegal or unneeded federal expenditures.

(Mark Tapscott, Washington Times, A1)

LOWER OIL PRICES TO PROVIDE BOOST TO U.S. ECONOMY, ECONOMISTS SAY

The United States will enjoy stronger growth this year, with little danger of a recession as falling oil prices help to hold inflation at low levels, the nation's business economists predicted today.

The National Association of Business Economists said its latest survey of 300 of its members found them decidedly more optimistic about future growth. A major reason for the new-found optimism has been the steep drop in oil prices, which the economists believe will boost economic growth and help to lower inflation.

(Martin Crutsinger, AP)

GOVERNORS MEET WITH REAGAN

The nation's governors have turned their attention from black tie festivities to a brass tacks meeting on budget cutting and tax reform with President Reagan at the White House. The 45 state and territorial chief executives attending the National Governors Association winter meeting observed the social amenities Sunday night as guests of the President and Mrs. Reagan at a state dinner.

The officials were to meet with Reagan for about 75 minutes today for their annual working session at the White House. In his toast, Reagan said he and the governors should work "to restore the balance between state and federal prerogatives to bring government closer to the people."

(Arnold Sawislak, UPI)

THE ARMS BUILDUP'S BACKLASH

Reagan's exploitation of Carter's naivete and the frustration Americans felt in 1980 about the failed rescue of the hostages in Iran helped make U.S. military spending fashionable for the first time since the Vietnam war.

This public mood gave Reagan a boost in his first term. While failing in his avowed goal of modernizing U.S. strategic forces because he refused to accept Carter's sensible plan for deploying the MX missile, Reagan persuaded Congress to spend an extra trillion dollars on defense. Now that deficit reduction has become a central goal, it is the perception of Reagan's success that imperils his defense budget.

(Lou Cannon, Washington Post, A2)

-end of A-Section-

NETWORK NEWS SUMMARY

(Sunday Evening, February 23, 1986)

PHILIPPINES

NBC's Chris Wallace: The war of nerves between Ferdinand Marcos and his opponents has turned bloody. In the pre-dawn hours of Manila, soldiers loyal to Marcos have advanced on a base held by rebellious military units. And firing tear gas and swinging clubs, they've attacked anti-Marcos demonstrators.

NBC's Steve Mallory reports that about 1,000 unarmed people raised clinched fists and sung the national anthem. As the Marcos troops, reportedly led by Gen. Fabian Ver, advanced, thousands of people fell to the ground as they tried to escape. Earlier, these same civilians had stood in the path of government troops. It was like a crusade.

(TV Coverage: Singing, chanting anti-Marcos Filipinos gathered in solidarity.) They formed a human barricade, professing non-violence, as church leaders had urged. But the government soldiers didn't seem eager to fight. On Philippine TV, Marcos said he would not resign -- and repeated it on American TV. President Marcos accused the rebel leaders of serving their own interests. Marcos said he will crush the rebellion, if the mutineers don't surrender. So far, threats haven't swayed the rebels.

(ALL NETS LEAD)

Wallace: At the White House, President Reagan has followed the situation closely. He called a meeting of his National Security Council this afternoon, to hear from special envoy Philip Habib, just back from the Philippines. And afterward, he sent a tough message to Marcos.

NBC's Robin Lloyd reports that at the NSC meeting, the decision was made to threaten Marcos with a cutoff of all U.S. military aid to the Philippines, unless the violence stopped immediately.

(Spokesman Larry Speakes: "The President is assessing the current situation, which is ongoing at this moment, and if he makes a determination that our military aid is being used improperly, by the Filipino government, being used against other Filipinos, then the aid will be stopped.")

Speakes also warned that if there is further bloodshed, this would cause untold damage between the two governments. But again, he stopped short of calling for Marcos to step down. The President had returned from Camp David earlier this afternoon. Officials said he appealed to Marcos earlier -- through diplomatic channels -- not to use force. It was clear then that there was a sense of urgency, as shortly before that, the President had summoned the members of the National Security Council. Meanwhile, Congressional pressure for more direct involvement by the Administration continues to build. Sen. Lugar called on President Reagan to ask Marcos to leave. Lugar said the people in the Philippines want the U.S. to get more involved.

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Wallace continues:

(Sen. Lugar: "Both sides have said the United States has got to settle this....")

Sen. Durenberger echoed these sentiments on 'Meet The Press.'

(Durenberger: "I think this Administration has known all along that at some point in time, the unique ability of Ronald Reagan, and his personal touch would be a decisive factor in bringing peace to the Philippines.")

White House officials say there are no plans for President Reagan to call Marcos directly, but they are sending special envoy Philip Habib back to the Philippines this coming week. Clearly, they would like Marcos to step down, today indicating that they would grant him asylum if he asked for it. (ALL NETS LEAD)

CBS's Jacqueline Adams reports that President Reagan today offered frank and candid advice to Ferdinand Marcos to avoid attacking rebelling military leaders. But after a rare, 90-minute Sunday meeting with his top National Security advisers, the President warned, in the strongest terms possible, that he would cut off all military aid to the Philippines immediately, if U.S. Embassy personnel in Manila confirmed media reports of an ongoing attack against the rebel's stronghold.

(Speakes: "We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military, which enjoys substantial popular backing. The President urges -- in the strongest possible terms -- that violence be avoided as Filipinos of good will work to resolve the ongoing crisis.")

In the U.S., pressure grew for President Reagan to prevent bloodshed, by explicitly asking Marcos to step aside.

(Sen. Lugar: "There will be persons -- very shortly -- in our government, who will be indicating to President Marcos that it would be humane for his country for him to step down.")

There is still reluctance here for the President to step in and explicitly dictate Marcos's departure from office. But Speakes did indicate that Mr. Reagan was willing to offer political asylum to Marcos, if it would lead to a peaceful resolution to the crisis.

ABC's Sheilah Kast reports that spokesman Larry Speakes told reporters that President Reagan will make a decision very soon, possibly overnight, about cutting off \$55 million in military aid to the Philippines.

(Speakes: "The President appealed earlier today to President Marcos to avoid an attack against other elements of the Philippine armed forces. Regretably, there are now reports of an attack. An attempt to resolve this situation by force will surely result in bloodshed and casualties from the polarized Philippine society, and cause untold damage to the relationship between our governments. We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military, which enjoys substantial popular backing.")

That message went from President Reagan to President Marcos through diplomatic channels; they did not speak on the telephone.

Kast continues:

On the important question of whether President Reagan intends to tell President Marcos to resign, Larry Speakes said it's not our prerogative to tell him to step down. But Speakes said the U.S. would offer frank and friendly advice, and implied that might include discussions of asylum in the U.S. for President Marcos.

Donaldson: If President Marcos does step down, Sen. Lugar said today he believes the U.S. should offer Marcos asylum.

CHALLENGER COMMISSION

Wallace: The Presidential Commission investigating the space shuttle tragedy now believes that the crucial O-Rings on the solid rocket boosters were frozen, which may have caused the explosion.

NBC's Robert Hager reports that commission member Richard Feynman said in an NBC interview that the investigators believe the instruments used for temperature readings were off, reading about nine degrees too low. At Cape Canaveral today, a big piece of the liquid fuel tank was recovered and brought to shore. But the important pieces from the booster rocket, which failed, remain at the bottom. (NBC-2)

REAGAN ARMS PROPOSAL

Wallace: President Reagan has responded to a Soviet arms proposal with a new offer of his own: to free Europe and Asia of all medium-range missiles.

NBC's Jim Miklaszewski: The Administration's latest arms-control proposal was finalized aboard air force one, by President Reagan, Secretary Shultz and Secretary Weinberger, on their trip back from Grenada last week. The President's letter went to Soviet leader Gorbachev this weekend, with a straightforward proposal: Eliminate all U.S. and Soviet intermediate nuclear forces within three years. U.S. Pershings and cruise missiles, now deployed in Europe, and Soviet SS-20s in both Europe and Asia. The Reagan proposal rejects the Soviet attempts to include British and French missiles in any arms-control package, and would dismantle those SS-20s in Asia aimed at China and Japan. Administration officials acknowledge this latest offer is to regain the arms-control initiative, and call the Soviet's bluff. Gorbachev surprised the White House last month, with his proposal to eliminate all nuclear weapons by the year 2000. The White House calls the Reagan letter a "serious proposal." But former arms-control negotiator Paul Warnke rejects it, as more Superpower posturing, and preparation for the next Reagan-Gorbachev summit. (Warnke: " ... This is a sideshow ... ")

Others believe the Soviets may take up the offer, because it would bolster their conventional superiority in Europe. The Reagan proposal does not deal with the larger issue of long-range strategic missiles. But arms-control experts believe that it may be the only kind of arms agreement this Administration could get. (NBC-3)

ABC's Rick Inderfurth reports that the President's proposal calls on both nations to eliminate all medium-range nuclear missiles within three years. A few years ago, a similar Presidential proposal was called the Zero Option. Both Gorbachev's January 15 proposal, and now the President's counter-offer, have one thing in common: each calls for the removal of all medium-range missiles from Europe. For the U.S., that would mean dismantling almost 230 Pershing II and ground-launch cruise missiles; for the Soviets about 240 SS-20 rockets, each with three warheads. But the President's response takes Gorbachev's offer one step further, and calls on the Soviets to phase out the 170 SS-20s they now have deployed in Asia. In his letter to Gorbachev, the President also rejected a key Soviet demand: namely, that the British and French freeze their nuclear forces.

(ABC-2)

CBS's Susan Spencer said a Soviet commentator said tonight that based on Western news reports, President Reagan's new arms proposal, as he put it, "contains almost nothing constructive." The proposal has not been made public. Reagan advisers see an agreement on medium-range missiles as possibly paving the way toward an overall arms treaty in Geneva.

(CBS-4)

SPANISH NATO DENUNCIATION

Wallace: A poll published in a Madrid newspaper shows Spaniards leaning against their country's membership in NATO, with a referendum on that issue just three weeks from now. In Madrid, hundreds of thousands of people marched through the streets today, denouncing NATO. Protesters chanted, "Bases -- out, NATO -- No!," and they carried banners denouncing President Reagan.

(NBC-6)

NATIONAL GOVERNORS' CONFERENCE

Wallace: The nation's governors are gathered in Washington, and they have money on their minds. The federal budget is the prime topic at the governors' conference.

NBC's Ken Bode reports that the governors used this mid-winter meeting to find out what the government in Washington has planned that might affect their lives back home. This year, they're interested mainly in the budget battle -- which cuts might be coming under Gramm-Rudman-Hollings. Today they were briefed by Sen. Domenici. The governors have been absorbing federal budget cuts ever since the Reagan era began. They know more are coming, and most want the President to get this message:

(Ohio Gov. Celeste: "Be as tough on the Defense Department as you're being on state capitals and city halls.")

Conference chairman Lamar Alexander (R-Tenn.) wants Washington to turn back some responsibilities to the states.

(Gov. Alexander: "We might consider asking the national government to give us back the nine-cent gasoline tax, and let us just take care of 99 percent of the nation's roads.")

Bode continues:

One thing the governors agree about, Democrats and Republicans alike, is they want fewer federal strings on how they spend the money. After a black-tie dinner with the Reagans tonight, the governors will be back at the White House tomorrow, asking the President to help them cut federal strings -- a subject that Governor Ronald Reagan used to preach about himself. (NBC-9)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley.

Panel: Sam Donaldson, George Will.

Guests: Sen. Lugar, Rep. Solarz, Juan Ponce Enrile (Philippine ex-Defense Minister), Blas Ople (Labor Minister of the Philippines).

Brinkley: Sen. Lugar ... is Marcos going to survive this?

Lugar: No, I don't believe that he will. President Marcos must come to the same conclusion our President arrived at yesterday, that given an election of fraudulent results, no legitimacy, it is difficult to see how this regime can continue; he ought to step down.

Will: Some minds in Washington go back to the removal of Diem in Vietnam, which committed the U.S. to Vietnam.... Mr. Habib goes to the Philippines and events certainly accelerated after he got there. Is that coincidence or cause and effect?

Lugar: I think it is cause and effect. Mr. Habib was in the situation of having advocates on his doorstep.

Will: You are not saying, are you, that Habib went there with instructions to or an intention to accelerate these events --

Lugar: He did not. He went there to listen.

Donaldson: Well, surely, Senator, Mr. Habib ... must have laid down the law in a sense, by suggesting that the U.S. could not further back his regime.

Lugar: Well, to the extent that the President's message yesterday states that, I presume that does not go beyond what Habib had to say before that.

Brinkley: President Reagan has effectively disowned Marcos, saying the election is crooked, and so on. Could he have done that without knowing that he was going to leave office? If he did not leave office, he would not be able to do any business with him in the future, and --

Lugar: There is no possibility of effective governance, I think, given the statements our President has made, and the effective situation, as we observe it today in Manila.

Donaldson: Why did it take the President so long to reach this conclusion? You recall, at his news conference, he said that there was fraud on both sides, which created quite a stir. And then he seemed to want to continue to cling to Marcos long after other observers, including yourself, had concluded that Marcos had committed the fraud.

Lugar: I think that's not altogether fair he was trying to cling to Marcos. I think the President was attempting to be as calmly assessful of the situation as possible. He didn't want to jump and leap and I think that was all to the good. He ought to receive all the advice he could get. He sent Habib and he probably is going to get a bit more.

Donaldson: Minister Enrile ... when you and General Ramos took your move, did you have any idea that in fact the U.S. was going to back you? Did you have any information from Ambassador Habib or other sources that the U.S. would back this movement?

Enrile: None whatsoever. We only depended on the perception that the United States is a fair country.

Brinkley: Marcos has lost the support of President Reagan and lost the support of the U.S. Congress. What does he say about this?

Enrile: I do not know.

Donaldson: Gen. Ramos, Now that you are no longer part of the Marcos establishment, do you have any information as to whether President Marcos was involved in the assassination of Benigno Aquino?

Ramos: I do not have any information on that personally. But we are morally convinced that the orders that led to the assassination must have come from the highest authority.... the man at the very top, Marcos himself.

Brinkley: Do you support Mrs. Aquino to succeed Mr. Marcos?

Ramos: Yes, we do.

FREE FOR ALL DISCUSSION

Participants: David Brinkley, George Will, Sam Donaldson, Rep. Solarz, and Philippines Labor Minister Blas Ople.

Brinkley: Can Mr. Marcos survive all of this?

Ople: Yes. I have no doubt that the Philippine leadership of both sides are groping right now for the right compromises and peaceful settlement....

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Donaldson: Can you tell us that you've found any support in the councils of the Reagan Administration for Marcos continuing in power?

Ople: I think some of the perceptions here are too far gone for me to be able to introduce meaningful inputs.

Solarz: I would have to say ... the support for Marcos in Washington and indeed, throughout the United States at the present time, is probably somewhere between nil and negligible. I think he's lost his legitimacy. I think the statement issued by the White House yesterday indicates that even the President has moved solidly into the camp of the opposition.

Will: Mr. Solarz, is not the U.S. -- and the Congress, and you in particular -- are you not playing with fire, that the United States seems to be almost in the business of encouraging civil disobedience, even unto military mutiny, in an important country?

Solarz: From our point of view, I think it's very clear that the longer Marcos remains in power, the greater the prospects for the eventual triumph of communism in that country.... The only way to prevent massive bloodshed, and possibly civil war at the same time, is for Marcos to step aside.

Donaldson: What should our government's attitude be if the Marcos forces fire on the Filipino people, or use force to try and overcome this situation?

Brinkley: Mr. Minister, would you care to respond to that?

Ople: I would like to paraphrase ... Jeane Kirkpatrick, who warned against a foreign policy of the U.S. dedicated to the subjugation of a friendly nation. This is not the business of U.S. foreign policy; the U.S. is not supposed to be in the business of licensing rebellions in friendly countries. I'm afraid the situation in the Philippines today is strongly suggestive of that situation; where the power of the American people is literally enlisted in order to stabilize a friendly government, legitimately elected, in an election ... which was really an outstanding triumph of democracy. And the U.S. should not be denied a large portion of the inspiration for this democratic process....

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FREE FOR ALL DISCUSSION

Participants: David Brinkley, Sam Donaldson, George Will, Jody Powell.

On the Philippines situation:

Brinkley: Can Marcos survive?

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Monday, February 24, 1986 -- B-9

Will: ... This is an example of the inescapably central role of the U.S. in the world.

Donaldson: I think Marcos is through.... while the U.S. at the moment ... is backing the Aquino forces, we did not take the lead on this....

Powell: Because it is so dangerous, there is a tendency for administrations ... to let things rock along, to go with the status quo; to stay with the government that is friendly to us at the moment.... I hope that this has been somewhat of a lesson to us, if indeed it works out well.... The Administration is coming a long, long way from 1984, when the President was saying the choice in the Philippines is between Marcos ... and communism.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Juan Ponce Enrile, Gen. Fidel Ramos, Senator Richard Lugar, and Blas Ople, Philippine Minister of Labor.

Lesley Stahl: Mr. Marcos has said on television that if you do not negotiate a peaceful conclusion to this standoff, then, "Let the blood that flows be on your conscience."

Minister Enrile: I think if he wants to make to blood of Filipinos flow, it will be his responsibility. We do not want blood, but if blood must be spilled in order to regain the freedom of our people, then so be it. We will not be the first country nor the last to do that, because we want our -- the freedom of our people, true people, and not freedom given at the dictation of one man.

Stahl: Have you been led to believe that the U.S. Government is behind what you are doing, and did they in any way encourage you?

Enrile: We are not at this moment in contact with the U.S. Government, but if they should find our just cause to be an opportunity to help us, we would welcome that.

Stahl: Mr. Marcos is saying that blood will flow if you do not enter negotiations with him....

Gen. Ramos: Any violence, that will come only from Mr. Marcos. Our people and our troops will only act in self-defense.... I have no doubt that we will succeed in this movement to topple Mr. Marcos.... We are now supporting Mrs. Aquino and Mr. Laurel. We have joined forces with them, although our movement is multi-sectoral.

Stahl: We asked (Labor Minister Blas) Ople what Marcos would do now.

Minister Ople: The President has called for a peaceful solution to this stalemate. He has ordered explicitly his military commanders not to start any hostilities. At the same time the bargain of upholding the Philippine Constitution rests on him. He is the legitimately elected leader of the nation. I think from the standpoint of the U.S., she must be conscious of her role as the guardian of legitimacy, and very often the enforcer of that in the world....

Stahl: Do you think the U.S. should play a mediating role in this situation? Should we be a negotiating force?

Sen. Lugar: I'm not sure we should be the negotiating force. I think we have a role to play, and my own judgment is that it ought to come fairly soon.... Our President has said yesterday that the election that was held he now finds was so fraudulent as to question the legitimacy of the election, and to question the ability, really, of President Marcos to rule effectively. Now, those are very serious words. They are far beyond anything our President has said before....

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FACE THE NATION (continued)

Stahl: Is there any chance the U.S. will just completely back away and play no role there?

Lugar: I think we're playing a role.... It may be possible for people in the Philippines to work out their destiny. I think all along we've felt that would be the superior way of doing it, as a matter of fact. Now, I would just question, given this current confrontation, how that can all be unraveled without bloodshed or without a change in political circumstances.

Stahl: ...Is that the position that we're taking now, that whoever is the one to leave we will protect and help?

Lugar: Let me just say, I think that we are in a position in which we would like to be helpful in attempting to have a situation without bloodshed. We've indicated that clearly in the President's statement.

Stahl: Sen. Lugar seems pretty confident that -- that it's all but over for Marcos. Is that the general view in the Reagan Administration?

Don Oberdorfer: I think the general view, at least up until a few minutes ago when you had your interview there, was that it's a very unpredictable situation, and Marcos has lost his legitimacy as a leader, but that the -- lots of things could happen and a lot of people get killed before this thing is over. To me the most interesting thing that we just heard was Gen. Ramos saying that he has, or he and Mr. Enrile have pledges of support from the 13 military commanders of the Philippines in difference regions. If that is true, it's all over for Marcos.

Stahl: Is the U.S. military doing anything extraordinary in this situation?

David Martin: I think what the U.S. military is doing right now more than anything else, is that the defense attache in Manila is trying to check out this claim by Ramos, that the 13 regional commanders have indicated they will support him. If you translate that to American terms, that is the equivalent of, say, the commander in chief Pacific, the commander in chief Europe saying they no longer support the President of the United States.

Stahl: Are we losing influence, at least over Marcos, to bring this to a peaceful conclusion, given the fact that we're obviously tilted so much toward the opposition at this point?

Oberdorfer: That is one of the concerns in the Administration, about going too far in the direction of the opposition that you do lose your influence with Marcos.

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NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Robert Novak and Andrea Mitchell.

Guests: Sen. Lugar; Sen. Durenberger; Juan Ponce Enrile, Philippine Ex-Defense Minister; Lt. Gen. Fidel Ramos, Ex-Acting Chief of Staff of the Philippines; President Marcos.

Kalb: Without the president stepping down, do you believe that the crisis can be resolved without violence, without bloodshed?

Enrile: We hope so but we anticipate there will be some amount of violence.

Ramos: ...We are very much in favor of achieving a nonviolent solution to this present crisis....

Kalb: Do you believe, General, that you have the tanks, the planes, to repel any kind of attack that President Marcos may feel it necessary to launch?

Ramos: We do not have the military hardware to resist the attacks that we feel are forthcoming or are being contemplated by Mr. Marcos. However, we are utilizing people's power.

Kalb: ...Minister Enrile...what would you like the United States of America to do now?

Enrile: We would hope that the United States could exert pressure on Mr. Marcos to study the condition of the country, the attitude of the people, and the reality of the fact that the election results were not in his favor, so that we can settle this as quickly as possible without bloodshed. But if he's going to remain in position and he'll not at all listen to the voice of the people, then it might be most unfortunate.

Guest: President Marcos.

Kalb: Mr. President, we have just talked to Gen. Ramos, and he says that they are charged with people power, that they feel that they can topple your regime through the use of the Filipino people. What do you say to that?

Marcos: They are now limited to a small corner of one constabulary court and they talk about toppling the president. Well, as you know, they don't have vast military power with them. All they have is about 400 men, and the moment we hit them, they'll be wiped out. And secondly, with respect to people's power, well, on my inauguration and oath-taking, we will hold rallies in every capital of every province -- 73 -- and possibly about 60 cities, and this shows to you that there is no comparison about our power base among the people and their power base....And I would like to say that this Enrile, former defense minister, is organizing a new power group, trying to get me to resign so he can take over as chairman of a new junta, or council; even now this council is working. They are not going to work for Cory Aquino; they're working for themselves.

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MEET THE PRESS (continued)

Kalb: The White House put out a statement about 12 hours ago saying in effect that your government has lost credibility and legitimacy....How are you going to rule in that case without any kind of American support?

Marcos: Look, that is not the message that I got from President Reagan. The message that I got from President Reagan this noon was that he hopes that the Filipino people will be able to decide this without bloodshed, and we are hoping that we can do so, but I have asked that we negotiate. I've offered the most generous terms to them....

Mitchell: Do you plan to arrest Cory Aquino?...

Marcos: Well, it may not even be necessary. The way the junta or the council is being organized, Aquino is not the president under Enrile....

Kalb: ...Do you still regard President Reagan as a friend?

Marcos: Well, yes, I still think that his perceptions are better than most, especially to members of the Congress and the media....

Guests: Sens. Durenberger and Lugar.

Kalb: If you were President Reagan and sitting in the White House right now, what would you be doing?

Durenberger: Getting the facts under me, as I know the President has been since, particularly since Phil Habib came back, and then deciding exactly what I'm going to say to the President of the Philippines when I pick up the phone, and ask him to make probably the greatest decision of his life on behalf of the people of the Philippines.

Novak: You're saying that President Reagan should ask President Marcos to quit?

Durenberger: Yes. (Lugar agrees.)

Mitchell: And if he resists, what should the Reagan White House do? Should they protect the rebels, if you will? Should they offer protection to Aquino? What role should the United States play in this?

Lugar: Do you have any sense that the Administration has changed its policy and is not simply going to try to buy time, but will step in and have President Reagan try to get President Marcos to step down?

Durenberger: ...One of the things this Administration does very well is implement their policy of democratic evolution or revolution, as the case may be, and I think this Administration has known all along that at some point in time the unique ability of Ronald Reagan and his personal touch would be a decisive factor in bringing peace to the Philippines.

Mitchell: Sen. Lugar, briefly, do you share that view? Is it going to be the President's charm that will end this?

Lugar: Not the President's charm but his realistic assessment backed by everybody else that he's got around him gathering some good advice.

AGRONSKY & COMPANY

Moderator: Martin Agronsky.

Panel: Strobe Talbott, Carl Rowan, James Kilpatrick and Tom Oliphant of The Boston Globe.

On aid to the Philippines:

Agronsky: Is this the beginning of the end for Marcos?

Rowan: It could be, Martin. The main thing that has kept Marcos in power these last few years is the military. And he has kept the military under his thumb with goodies in the form of aid from the U.S. You cut the goodies off, and I think you'll see the military turn against him.

Kilpatrick: How do you get rid of Marcos, and who do you put in his place? Until we have thought through those things more carefully than we've thought so far, I don't think much is going to happen.

Talbott: I think he's a goner. But it could be a very tricky thing.... when President Reagan sends a signal to Marcos that American policy is no longer behind him, that's not going to be the end of the drama.

Oliphant: I think what ultimately happens to Marcos is up to the forces within the Philippines, and it's still not clear yet how they can get together to force him to leave.

Agronsky: Sen. Durenberger feels that what happens to Marcos is not as important inside of the Philippines as it is in the White House. He says if Marcos doesn't make the decision to leave office, only Ronald Reagan can make it.

Rowan: I think that puts an excessive burden on the President, and attributes to him powers he doesn't have, and if he had them, could not use them wisely. The President has made some bad mistakes; he's been all over the lot.

Talbott: It's rather ironic that the only government to congratulate Marcos on his so-called victory is the Soviet Union....

Oliphant: It's important to get Marcos out sooner or later.

Kilpatrick: This resolution passed the Senate 85 to 9. But ... if I had been sitting in the Senate, I would have made the tenth to vote against it. Mrs. Aquino's party is formally on record three times for getting us out of the Clark and Subic bases.

Agronsky: Sen. Durenberger also said that the Habib mission is about the transition to a post-Marcos government. Did he carry the word from the White House?

Kilpatrick: Time after time you go from a bad tyrant to a worse one.

Agronsky: Our President, in Grenada, using a speech sort of commemorating the wonderful victory we had in Grenada to save it from the Communists ... making a pitch though not mentioning a number for the renewal and the increase of American aid for the Contras to overturn the government in Nicaragua. Talk about swapping one government for another

Talbott: The overthrow or departure of Marcos is a virtual certainty. The triumph of the Contras in Nicaragua is a virtual impossibility.

Kilpatrick: I don't accept that.

On Jonas Savimbi:

Kilpatrick: Savimbi has been fighting ... for more than ten years. He has 60,000 troops that have stayed loyal to him. He effectively controls about one third of the country. He's running schools, has got a little hospital going. And ... in will come these Soviet tanks ... and they could wipe him out. And then you've got a communist government there.

Oliphant He's a loser.

Rowan: Savimbi is South Africa's stooge.

On the Challenger investigation:

Agronsky: How do you feel about it -- what are we moving toward here?

Talbott: It has the look of something that was almost foreordained. The pressure on NASA ... led them to override warnings about the thing failing.

Rowan: This is one of those questions of classic bureaucratic failure. What in the name of heaven do the three top guys do?

Oliphant: I think ... we'll be talking about a scandal here.

On the economy:

Agronsky: Is this optimism justified?

Oliphant: The great news is in the decline of oil prices. But there are some things that trouble me. It was very significant that Secretary Baker and Paul Volcker differed publicly over whether the dollar should fall further, which is Baker's view, to improve the trade deficit; Volcker's view is it's fallen enough, and you could have inflation if it keeps going....

Kilpatrick: By and large, the indicators are just going great right now.

Rowan: Those guys on the Hill, who never have wanted to show any guts; never wanted to bite the bullet in terms of cuts ... they're gonna look at this euphoria and say, "hooray! I've been rescued again. I don't have to do anything" -- and that's the worst thing that could happen.

Agronsky: I worry about it.

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin.

Panel: Jack Germond, Robert Novak, Morton Kondracke, and Susie Garman of the Wall Street Journal.

On the Challenger Commission findings:

McLaughlin: Is Jesse Moore right? Do you think the investigation has become a "witch hunt," as he says, a head hunt?

Garman: There's sure a lot of people out there trying to make it one.

Novak: It's an absolute witch hunt.

Germond: Sure it's a witch hunt. The space program now, no matter ... who takes the blame, is in very serious trouble for the long haul....

Kondracke: This happens every time something like this happens.

McLaughlin: Do you think that there's a negative rub-off, even in the defense budget -- in the sense that in the popular mind there's kind of a blurring of space with defense?

Kondracke: Since this was really a simple problem, those people who want to declare that all these programs ought to be scrapped, are going to be overcome by the President and by the American people's fundamental faith in technology.

On the President's request for aid to the Contras:

Kondracke: The Administration has played this very badly. When the President signed a letter to Rep. McCurdy, by which he got humanitarian aid to the Contras, he promised that he would make a diplomatic effort to try and solve the problems in Central America. He has not done it.

McLaughlin: Was anybody surprised that Larry Speakes said -- for the first time -- on behalf of the Administration, that we want the overthrow of the Sandinistas?

Garman: Yes.

Novak: Not a bit surprised. The point is ... the Contras have not had any military help from the U.S. in over two years. You give them some weapons

McLaughlin: Will Ronald Reagan get military aid for the Contras during this calendar year?

Garman: Not much. A little.

Novak: He'll get some.

Germond: Some.

Kondracke: A token amount.

McLaughlin: None. Humanitarian only.

On the Philippines Election:

Novak: There's a huge fight going on in the State Department, in the Administration right now, but I'd put my money on George Shultz; he usually wins out. And Mr. Shultz happens to have a very low opinion of Mrs. Aquino. These self-righteous people, like Sen. Kennedy, who are going to tell a government which is legitimate and which isn't, what are they going to say about a country such as Mexico, which is rife with corruption?

McLaughlin: You mean, this Congress is proposing, and Ronald Reagan is disposing?

Garman: The Administration did get itself into the position, in which this election meant everything -- and they lost.

Germond: The Administration handled this thing so badly at the outset, that a lot of people in Congress overreacted, and some of those people who overreacted enlisted some people who ordinarily might not have gone as they had.

McLaughlin: Will this Congress escrow military funds for Marcos?

Garman, Germond, Kondracke: No.

McLaughlin, Novak: Yes.

On the falling oil prices:

McLaughlin: Is the boom about to bloom again?

Kondracke: It does look very good.

Garman: It looks good, unless you start having all the banks fall over in Texas and in Mexico.

McLaughlin: Do you know that prominent economists are now saying growth right through 1988? Which means -- George H.W. Bush, III -- the forty-first President of the United States

Novak: May I interrupt this political commercial

Predictions

Garman: The violence is going to come sooner, rather than later, in the Philippines, and the U.S. is going to come out on the short end of the stick.

Novak: The Contras in Nicaragua -- with or without U.S. arms -- are going to launch an offensive, and are going to score some very good local successes against the Sandinistas.

Germond: NASA's image problem is so serious that the Administration is going to have to find someone above criticism to head the thing.

Kondracke: Complicating -- but not for very long -- the rush to the presidency of Vice President Bush, there will be discussion about the prospect of having as a member of the 1988 Republican ticket, Secretary Baker. But I don't think he'll do anything.

McLaughlin: A Russian pole vaulter will meet the equivalent of the four-minute-mile, he will go over the 20-foot barrier.

-End of B-Section-



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, FEBRUARY 24, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan To Cut Off Marcos Arms If Attacks Persist -- President Reagan has threatened to cut off military aid to the Philippines promptly if troops loyal to disputed President Marcos attack opposition civilians and military rebels there. (Baltimore Sun, New York Times, Washington Post, Wall Street Journal, Washington Times, AP, Reuter, UPI)

Reagan/Arms Offer -- President Reagan has proposed to Soviet leader Gorbachev the elimination of medium-range missiles from Europe and Asia over the next three years, a White House spokesman confirmed Sunday. (Washington Post, UPI)

NATIONAL NEWS

ACLU Says Pornography Commission Recommendations Will Not Be Credible -- A federal commission on pornography is collecting biased testimony and dwelling so much on bizarre sexual techniques that its recommendations on dealing with child pornography and other problems may not be credible, the ACLU says. (Washington Post, AP)

Governors Meet With Reagan -- The nation's governors have turned their attention from black tie festivities to a brass tacks meeting on budget cutting and tax reform with President Reagan at the White House. (UPI)

NETWORK NEWS (Sunday Evening)

PHILIPPINES -- The war of nerves between Marcos and his opponents has turned bloody.

REAGAN ARMS PROPOSAL -- President Reagan has responded to a Soviet arms proposal with a new offer of his own.

NATIONAL GOVERNORS' CONFERENCE -- The nation's governors are gathered in Washington, and they have money on their minds.

INTERNATIONAL NEWS...A-2

NATIONAL NEWS.....A-5

NETWORK NEWS.....B-1

INTERNATIONAL NEWS

U.S. THREATENS TO LIMIT AID AND OFFERS TO FLY MARCOS OUT

President Reagan threatened President Marcos late yesterday with a cutoff of U.S. military aid as U.S. sources disclosed that the State Department was negotiating secretly with intermediaries close to Marcos on the possibility of flying him out of the Philippines in a U.S. Air Force plane.

Reagan decided to threaten the military aid cutoff at an extraordinary Sunday afternoon National Security Council meeting where he received a report from special U.S. emissary Philip Habib, who had just returned from a week-long fact-finding mission. "Everyone agreed there is not much Marcos can do to hang on" to power for very long, said a participant in the meeting. (David Hoffman & George Wilson, Washington Post, A1)

Reagan Threatens To Cut Off Military Aid To Philippines

President Reagan, in his strongest message yet to embattled President Marcos, threatened Sunday to cut off U.S. military aid if he uses force against his opponents.

As Marcos vowed to stay in office, a congressional source said the United States offered Sunday to help him leave the island nation in a U.S. aircraft, and that special envoy Philip Habib would return to the Philippines as early as Monday to "help arrange a transfer of power." The source, who has been involved in U.S.-Philippines diplomatic efforts, spoke on condition of anonymity. (Susanne Schafer, AP)

Reagan May Cut Off Aid To Philippines

President Reagan has threatened to cut off all U.S. military aid to the Philippines if embattled President Marcos attacks the rebel forces supporting opposition leader Corazon Aquino.

In his strongest warning to date, Reagan signaled Marcos Sunday that he is "assessing the situation" and will promptly suspend support for Filipino armed forces if Marcos uses government troops to resolve the current crisis. At a state dinner for the nation's governors Sunday night, Reagan refused comment when asked if he would ask Marcos to resign. (Helen Thomas, UPI)

Opposition To Marcos Rises On Hill

Congressional opposition to Filipino President Marcos escalated yesterday as the Reagan Administration threatened to cut off military aid to the Philippines.

"I think this Administration has known all along that at some point in time, the unique ability of Ronald Reagan and his personal touch would be a decisive factor in bringing peace to the Philippines," [Sen. David Durenberger] said. (Rita McWilliams, Washington Times, A1)

Reagan Focuses On Quelling Violence

As reports of troop movements in the Philippines reached the White House yesterday, President Reagan threatened to immediately cut off military aid if the Marcos government uses it to attack other Filipinos.

Mr. Reagan fell short of demanding Marcos' resignation, moving instead to quell the mounting potential for violence. The President relayed his warning to Mr. Marcos through diplomatic channels, according to Larry Speakes. (Jeremiah O'Leary & Mary Belcher, Washington Times, A1)

Reagan To Cut Off Marcos Arms If Attacks Persist

Larry Speakes told reporters the warning was conveyed to Marcos yesterday through diplomatic channels and should send a strong signal. After Reagan's message was sent, troops loyal to Marcos fired teargas at rebel troops and at civilians forming a human shield around a rebel military camp in suburban Manila, witnesses in the Philippines said.

Unless such actions stopped, military aid -- about \$55 million this year or 10 percent of the Philippines military budget -- could be cut off early today, Speakes said. (Christopher Hanson, Reuter)

Philippine Military Mutiny Leaves Marcos With Even More Slippery Grip On Power

Prompted by earlier reports on the use of force, the Reagan Administration warned that the U.S. would cut off military aid to the Philippines if Marcos troops attacked Mr. Marcos's opponents.

Larry Speakes said the use of force by the Philippine leader would "only do untold damage to the relationship between the U.S. and the Philippines." He said President Reagan had appealed directly to the Marcos government to avoid bloodshed. Mr. Marcos responded: "If we have to use violence, we will. (Wall Street Journal, A3)

U.S. Hints At Aid Halt If Rebels Are Attacked

The White House threatened yesterday to cut off military aid to the Philippines if President Marcos attacked military elements in rebellion against his regime. Increasing pressure on the Marcos regime without explicitly urging the Philippine president to step down, the White House appealed for a halt to violence and urged "Filipinos of good will to work to resolve the ongoing crisis."

Larry Speakes indicated that the threat could become reality in a matter of hours, as U.S. officials assessed the level of violence in the Philippines. (Mark Matthews & Stephens Broening, Baltimore Sun, A1)

Reagan Warns Marcos On Force; Threatens Immediate Aid Cutoff

Larry Speakes said Mr. Reagan had sent a message to Mr. Marcos urging him "to avoid an attack against other elements of the Philippines armed forces."

But as reports came in that such an attack had begun, Mr. Speakes said the United States "cannot continue our existing military assistance if the Government uses the aid against other elements of the Philippine military that enjoy popular backing." He said Reagan was ready to suspend the multimillion-dollar aid program as early as tonight if Mr. Marcos did not heed the warning.

(Bernard Gwertzman, New York Times, A1)

U.S. PLAN WOULD ABOLISH INTERMEDIATE-RANGE ARMS

President Reagan has responded to Soviet leader Gorbachev's Jan. 15 arms-reduction offers by proposing to eliminate all U.S. and Soviet intermediate-range nuclear weapons worldwide within three years, but suggesting two different ways to do it.

Administration sources said yesterday that a letter from Reagan outlining his proposal has been dispatched to Moscow in time for Gorbachev to receive it before the opening of the Soviet Communist Party Congress on Tuesday.

The new U.S. positions are outlined in general terms in the letter to Gorbachev and conveyed in greater detail in new instructions sent over the weekend to U.S. negotiators in the Geneva arms talks, officials said.

(Don Oberdorfer, Washington Post, A1)

Reagan/Arms Offer

President Reagan has proposed to Soviet leader Gorbachev the elimination of medium-range missiles from Europe and Asia over the next three years, a White House spokesman confirmed Sunday.

The New York Times, published Reagan's proposal and White House spokesman Larry Speakes told reporters he would not steer them away from that report, attributed to Administration officials. The Times quoted one official as saying that Reagan indicated to Gorbachev that it was "a good idea" to eliminate nuclear weapons by the year 2000. (UPI)

LATINS FAVOR CONTRA AID FROM U.S., POLL SHOWS

A majority of the residents in four countries near Nicaragua support continued U.S. involvement and aid to the anti-Marxist rebels fighting that country's Sandinista regime, according to a public opinion survey conducted for the U.S. government.

More than half of the respondents in El Salvador, Guatemala, Honduras and Costa Rica approved of assistance to the rebel forces, according to the survey conducted by Interdisciplinary Consultants on Development Inc. -- an affiliate of the George Gallop polling organization -- for the U.S. Information Agency.

(Thomas Brandt, Washington Times, A1)

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NATIONAL NEWS

STATES GET MIXED BUDGET PREVIEW

The chairman of the Senate Budget Committee told the nation's governors yesterday they cannot expect to be spared from major domestic cutbacks either by slashes in defense spending or a federal tax increase.

In a discussion with the executive committee of the National Governors' Association, Sen. Pete Domenici (R-N.M.) said that members of Congress have accepted President Reagan's judgment that the problems of agriculture, mining, timber and heavy manufacturing, "can't be solved" simply by restoring some budget cuts.

(David Broder & Bill Peterson, Washington Post, A5)

ACLU SAYS PANEL PLANS ANTIPORNOGRAPHY DRIVE

The Attorney General's Commission on Pornography has tentatively decided to recommend a wide-ranging government crackdown on obscene material, including an attack on X-rated films using the laws against pandering and prostitution, according to a highly critical report released yesterday.

The ACLU, which has frequently questioned the commission's objectivity, described its proceedings as biased, unfair and "intellectually indefensible" and said the chairman, Arlington County Prosecutor Henry Hudson, has advocated "extreme measures" while slighting privacy and freedom of speech.

(Howard Kurtz, Washington Post, A6)

ACLU Says Pornography Commission Recommendations Will Not Be Credible

A federal commission on pornography is collecting biased testimony and dwelling so much on bizarre sexual techniques that its recommendations on dealing with child pornography and other problems may not be credible, the ACLU says.

Hearings in six cities in the past 11 months have featured biased witnesses, "limited" social science data and "inordinate attention to aberrant sexual practices," the civil liberties group said Sunday.

(Mike Robinson, AP)

GORTON'S HEATED DEFENSE OF FIRE ADMINISTRATION

In reacting to the President's 1987 budget, some members of Congress are dispensing with politics as usual. Last Thursday Sen. Slade Gorton (R-Wash) sat inside a smokey trailer and waited for an emergency sprinkler system to douse the flames spreading quickly from a paper-filled wastebasket.

Gorton had arranged for his discomfort in a park near the U.S. Capitol to dramatize the value of the U.S. Fire Administration, a part of FEMA that the Reagan Administration wants to abolish in the 1987 budget.

(James Rowley, Washington Post, A9)

THE REAGAN WAR ON WASTE, FRAUD IS FAR SHORT OF TARGET

Ronald Reagan promised in his 1980 presidential campaign "to go after the \$100 billion waste and fraud problem in government." And soon after entering the White House, he promised to appoint federal inspectors general "who are meaner than junkyard dogs" to do the job.

But overall, the jury is still out on the Reagan Administration's campaign against waste and fraud. Some experts say the Administration's effort hasn't been as successful as it could be. In particular, the question the effectiveness of the inspectors general. With one exception, they say, the IGs have generally been too timid in their efforts to stop illegal or unneeded federal expenditures.

(Mark Tapscott, Washington Times, A1)

LOWER OIL PRICES TO PROVIDE BOOST TO U.S. ECONOMY, ECONOMISTS SAY

The United States will enjoy stronger growth this year, with little danger of a recession as falling oil prices help to hold inflation at low levels, the nation's business economists predicted today.

The National Association of Business Economists said its latest survey of 300 of its members found them decidedly more optimistic about future growth. A major reason for the new-found optimism has been the steep drop in oil prices, which the economists believe will boost economic growth and help to lower inflation.

(Martin Crutsinger, AP)

GOVERNORS MEET WITH REAGAN

The nation's governors have turned their attention from black tie festivities to a brass tacks meeting on budget cutting and tax reform with President Reagan at the White House. The 45 state and territorial chief executives attending the National Governors Association winter meeting observed the social amenities Sunday night as guests of the President and Mrs. Reagan at a state dinner.

The officials were to meet with Reagan for about 75 minutes today for their annual working session at the White House. In his toast, Reagan said he and the governors should work "to restore the balance between state and federal prerogatives to bring government closer to the people."

(Arnold Sawislak, UPI)

THE ARMS BUILDUP'S BACKLASH

Reagan's exploitation of Carter's naivete and the frustration Americans felt in 1980 about the failed rescue of the hostages in Iran helped make U.S. military spending fashionable for the first time since the Vietnam war.

This public mood gave Reagan a boost in his first term. While failing in his avowed goal of modernizing U.S. strategic forces because he refused to accept Carter's sensible plan for deploying the MX missile, Reagan persuaded Congress to spend an extra trillion dollars on defense. Now that deficit reduction has become a central goal, it is the perception of Reagan's success that imperils his defense budget.

(Lou Cannon, Washington Post, A2)

-end of A-Section-

NETWORK NEWS SUMMARY

(Sunday Evening, February 23, 1986)

PHILIPPINES

NBC's Chris Wallace: The war of nerves between Ferdinand Marcos and his opponents has turned bloody. In the pre-dawn hours of Manila, soldiers loyal to Marcos have advanced on a base held by rebellious military units. And firing tear gas and swinging clubs, they've attacked anti-Marcos demonstrators.

NBC's Steve Mallory reports that about 1,000 unarmed people raised clinched fists and sung the national anthem. As the Marcos troops, reportedly led by Gen. Fabian Ver, advanced, thousands of people fell to the ground as they tried to escape. Earlier, these same civilians had stood in the path of government troops. It was like a crusade.

(TV Coverage: Singing, chanting anti-Marcos Filipinos gathered in solidarity.) They formed a human barricade, professing non-violence, as church leaders had urged. But the government soldiers didn't seem eager to fight. On Philippine TV, Marcos said he would not resign -- and repeated it on American TV. President Marcos accused the rebel leaders of serving their own interests. Marcos said he will crush the rebellion, if the mutineers don't surrender. So far, threats haven't swayed the rebels.

(ALL NETS LEAD)

Wallace: At the White House, President Reagan has followed the situation closely. He called a meeting of his National Security Council this afternoon, to hear from special envoy Philip Habib, just back from the Philippines. And afterward, he sent a tough message to Marcos.

NBC's Robin Lloyd reports that at the NSC meeting, the decision was made to threaten Marcos with a cutoff of all U.S. military aid to the Philippines, unless the violence stopped immediately.

(Spokesman Larry Speakes: "The President is assessing the current situation, which is ongoing at this moment, and if he makes a determination that our military aid is being used improperly, by the Filipino government, being used against other Filipinos, then the aid will be stopped.")

Speakes also warned that if there is further bloodshed, this would cause untold damage between the two governments. But again, he stopped short of calling for Marcos to step down. The President had returned from Camp David earlier this afternoon. Officials said he appealed to Marcos earlier -- through diplomatic channels -- not to use force. It was clear then that there was a sense of urgency, as shortly before that, the President had summoned the members of the National Security Council. Meanwhile, Congressional pressure for more direct involvement by the Administration continues to build. Sen. Lugar called on President Reagan to ask Marcos to leave. Lugar said the people in the Philippines want the U.S. to get more involved.

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Wallace continues:

(Sen. Lugar: "Both sides have said the United States has got to settle this.... ")

Sen. Durenberger echoed these sentiments on 'Meet The Press.'

(Durenberger: "I think this Administration has known all along that at some point in time, the unique ability of Ronald Reagan, and his personal touch would be a decisive factor in bringing peace to the Philippines.")

White House officials say there are no plans for President Reagan to call Marcos directly, but they are sending special envoy Philip Habib back to the Philippines this coming week. Clearly, they would like Marcos to step down, today indicating that they would grant him asylum if he asked for it. (ALL NETS LEAD)

CBS's Jacqueline Adams reports that President Reagan today offered frank and candid advice to Ferdinand Marcos to avoid attacking rebelling military leaders. But after a rare, 90-minute Sunday meeting with his top National Security advisers, the President warned, in the strongest terms possible, that he would cut off all military aid to the Philippines immediately, if U.S. Embassy personnel in Manila confirmed media reports of an ongoing attack against the rebel's stronghold.

(Speakes: "We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military, which enjoys substantial popular backing. The President urges -- in the strongest possible terms -- that violence be avoided as Filipinos of good will work to resolve the ongoing crisis.")

In the U.S., pressure grew for President Reagan to prevent bloodshed, by explicitly asking Marcos to step aside.

(Sen. Lugar: "There will be persons -- very shortly -- in our government, who will be indicating to President Marcos that it would be humane for his country for him to step down.")

There is still reluctance here for the President to step in and explicitly dictate Marcos's departure from office. But Speakes did indicate that Mr. Reagan was willing to offer political asylum to Marcos, if it would lead to a peaceful resolution to the crisis.

ABC's Sheilah Kast reports that spokesman Larry Speakes told reporters that President Reagan will make a decision very soon, possibly overnight, about cutting off \$55 million in military aid to the Philippines.

(Speakes: "The President appealed earlier today to President Marcos to avoid an attack against other elements of the Philippine armed forces. Regretably, there are now reports of an attack. An attempt to resolve this situation by force will surely result in bloodshed and casualties from the polarized Philippine society, and cause untold damage to the relationship between our governments. We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military, which enjoys substantial popular backing.")

That message went from President Reagan to President Marcos through diplomatic channels; they did not speak on the telephone.

Kast continues:

On the important question of whether President Reagan intends to tell President Marcos to resign, Larry Speakes said it's not our prerogative to tell him to step down. But Speakes said the U.S. would offer frank and friendly advice, and implied that might include discussions of asylum in the U.S. for President Marcos.

Donaldson: If President Marcos does step down, Sen. Lugar said today he believes the U.S. should offer Marcos asylum.

CHALLENGER COMMISSION

Wallace: The Presidential Commission investigating the space shuttle tragedy now believes that the crucial O-Rings on the solid rocket boosters were frozen, which may have caused the explosion.

NBC's Robert Hager reports that commission member Richard Feynman said in an NBC interview that the investigators believe the instruments used for temperature readings were off, reading about nine degrees too low. At Cape Canaveral today, a big piece of the liquid fuel tank was recovered and brought to shore. But the important pieces from the booster rocket, which failed, remain at the bottom. (NBC-2)

REAGAN ARMS PROPOSAL

Wallace: President Reagan has responded to a Soviet arms proposal with a new offer of his own: to free Europe and Asia of all medium-range missiles.

NBC's Jim Miklaszewski: The Administration's latest arms-control proposal was finalized aboard air force one, by President Reagan, Secretary Shultz and Secretary Weinberger, on their trip back from Grenada last week. The President's letter went to Soviet leader Gorbachev this weekend, with a straightforward proposal: Eliminate all U.S. and Soviet intermediate nuclear forces within three years. U.S. Pershings and cruise missiles, now deployed in Europe, and Soviet SS-20s in both Europe and Asia. The Reagan proposal rejects the Soviet attempts to include British and French missiles in any arms-control package, and would dismantle those SS-20s in Asia aimed at China and Japan. Administration officials acknowledge this latest offer is to regain the arms-control initiative, and call the Soviet's bluff. Gorbachev surprised the White House last month, with his proposal to eliminate all nuclear weapons by the year 2000. The White House calls the Reagan letter a "serious proposal." But former arms-control negotiator Paul Warnke rejects it, as more Superpower posturing, and preparation for the next Reagan-Gorbachev summit. (Warnke: " ... This is a sideshow ... ")

Others believe the Soviets may take up the offer, because it would bolster their conventional superiority in Europe. The Reagan proposal does not deal with the larger issue of long-range strategic missiles. But arms-control experts believe that it may be the only kind of arms agreement this Administration could get. (NBC-3)

ABC's Rick Inderfurth reports that the President's proposal calls on both nations to eliminate all medium-range nuclear missiles within three years. A few years ago, a similar Presidential proposal was called the Zero Option. Both Gorbachev's January 15 proposal, and now the President's counter-offer, have one thing in common: each calls for the removal of all medium-range missiles from Europe. For the U.S., that would mean dismantling almost 230 Pershing II and ground-launch cruise missiles; for the Soviets about 240 SS-20 rockets, each with three warheads. But the President's response takes Gorbachev's offer one step further, and calls on the Soviets to phase out the 170 SS-20s they now have deployed in Asia. In his letter to Gorbachev, the President also rejected a key Soviet demand: namely, that the British and French freeze their nuclear forces.

(ABC-2)

CBS's Susan Spencer said a Soviet commentator said tonight that based on Western news reports, President Reagan's new arms proposal, as he put it, "contains almost nothing constructive." The proposal has not been made public. Reagan advisers see an agreement on medium-range missiles as possibly paving the way toward an overall arms treaty in Geneva.

(CBS-4)

SPANISH NATO DENUNCIATION

Wallace: A poll published in a Madrid newspaper shows Spaniards leaning against their country's membership in NATO, with a referendum on that issue just three weeks from now. In Madrid, hundreds of thousands of people marched through the streets today, denouncing NATO. Protesters chanted, "Bases -- out, NATO -- No!," and they carried banners denouncing President Reagan.

(NBC-6)

NATIONAL GOVERNORS' CONFERENCE

Wallace: The nation's governors are gathered in Washington, and they have money on their minds. The federal budget is the prime topic at the governors' conference.

NBC's Ken Bode reports that the governors used this mid-winter meeting to find out what the government in Washington has planned that might affect their lives back home. This year, they're interested mainly in the budget battle -- which cuts might be coming under Gramm-Rudman-Hollings. Today they were briefed by Sen. Domenici. The governors have been absorbing federal budget cuts ever since the Reagan era began. They know more are coming, and most want the President to get this message:

(Ohio Gov. Celeste: "Be as tough on the Defense Department as you're being on state capitals and city halls.")

Conference chairman Lamar Alexander (R-Tenn.) wants Washington to turn back some responsibilities to the states.

(Gov. Alexander: "We might consider asking the national government to give us back the nine-cent gasoline tax, and let us just take care of 99 percent of the nation's roads.")

Bode continues:

One thing the governors agree about, Democrats and Republicans alike, is they want fewer federal strings on how they spend the money. After a black-tie dinner with the Reagans tonight, the governors will be back at the White House tomorrow, asking the President to help them cut federal strings -- a subject that Governor Ronald Reagan used to preach about himself. (NBC-9)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley.

Panel: Sam Donaldson, George Will.

Guests: Sen. Lugar, Rep. Solarz, Juan Ponce Enrile (Philippine ex-Defense Minister), Blas Ople (Labor Minister of the Philippines).

Brinkley: Sen. Lugar ... is Marcos going to survive this?

Lugar: No, I don't believe that he will. President Marcos must come to the same conclusion our President arrived at yesterday, that given an election of fraudulent results, no legitimacy, it is difficult to see how this regime can continue; he ought to step down.

Will: Some minds in Washington go back to the removal of Diem in Vietnam, which committed the U.S. to Vietnam.... Mr. Habib goes to the Philippines and events certainly accelerated after he got there. Is that coincidence or cause and effect?

Lugar: I think it is cause and effect. Mr. Habib was in the situation of having advocates on his doorstep.

Will: You are not saying, are you, that Habib went there with instructions to or an intention to accelerate these events --

Lugar: He did not. He went there to listen.

Donaldson: Well, surely, Senator, Mr. Habib ... must have laid down the law in a sense, by suggesting that the U.S. could not further back his regime.

Lugar: Well, to the extent that the President's message yesterday states that, I presume that does not go beyond what Habib had to say before that.

Brinkley: President Reagan has effectively disowned Marcos, saying the election is crooked, and so on. Could he have done that without knowing that he was going to leave office? If he did not leave office, he would not be able to do any business with him in the future, and --

Lugar: There is no possibility of effective governance, I think, given the statements our President has made, and the effective situation, as we observe it today in Manila.

Donaldson: Why did it take the President so long to reach this conclusion? You recall, at his news conference, he said that there was fraud on both sides, which created quite a stir. And then he seemed to want to continue to cling to Marcos long after other observers, including yourself, had concluded that Marcos had committed the fraud.

Lugar: I think that's not altogether fair he was trying to cling to Marcos. I think the President was attempting to be as calmly assessful of the situation as possible. He didn't want to jump and leap and I think that was all to the good. He ought to receive all the advice he could get. He sent Habib and he probably is going to get a bit more.

Donaldson: Minister Enrile ... when you and General Ramos took your move, did you have any idea that in fact the U.S. was going to back you? Did you have any information from Ambassador Habib or other sources that the U.S. would back this movement?

Enrile: None whatsoever. We only depended on the perception that the United States is a fair country.

Brinkley: Marcos has lost the support of President Reagan and lost the support of the U.S. Congress. What does he say about this?

Enrile: I do not know.

Donaldson: Gen. Ramos, Now that you are no longer part of the Marcos establishment, do you have any information as to whether President Marcos was involved in the assassination of Benigno Aquino?

Ramos: I do not have any information on that personally. But we are morally convinced that the orders that led to the assassination must have come from the highest authority.... the man at the very top, Marcos himself.

Brinkley: Do you support Mrs. Aquino to succeed Mr. Marcos?

Ramos: Yes, we do.

FREE FOR ALL DISCUSSION

Participants: David Brinkley, George Will, Sam Donaldson, Rep. Solarz, and Philippines Labor Minister Blas Ople.

Brinkley: Can Mr. Marcos survive all of this?

Ople: Yes. I have no doubt that the Philippine leadership of both sides are groping right now for the right compromises and peaceful settlement....

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Donaldson: Can you tell us that you've found any support in the councils of the Reagan Administration for Marcos continuing in power?

Ople: I think some of the perceptions here are too far gone for me to be able to introduce meaningful inputs.

Solarz: I would have to say ... the support for Marcos in Washington and indeed, throughout the United States at the present time, is probably somewhere between nil and negligible. I think he's lost his legitimacy. I think the statement issued by the White House yesterday indicates that even the President has moved solidly into the camp of the opposition.

Will: Mr. Solarz, is not the U.S. -- and the Congress, and you in particular -- are you not playing with fire, that the United States seems to be almost in the business of encouraging civil disobedience, even unto military mutiny, in an important country?

Solarz: From our point of view, I think it's very clear that the longer Marcos remains in power, the greater the prospects for the eventual triumph of communism in that country.... The only way to prevent massive bloodshed, and possibly civil war at the same time, is for Marcos to step aside.

Donaldson: What should our government's attitude be if the Marcos forces fire on the Filipino people, or use force to try and overcome this situation?

Brinkley: Mr. Minister, would you care to respond to that?

Ople: I would like to paraphrase ... Jeane Kirkpatrick, who warned against a foreign policy of the U.S. dedicated to the subjugation of a friendly nation. This is not the business of U.S. foreign policy; the U.S. is not supposed to be in the business of licensing rebellions in friendly countries. I'm afraid the situation in the Philippines today is strongly suggestive of that situation; where the power of the American people is literally enlisted in order to stabilize a friendly government, legitimately elected, in an election ... which was really an outstanding triumph of democracy. And the U.S. should not be denied a large portion of the inspiration for this democratic process....

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FREE FOR ALL DISCUSSION

Participants: David Brinkley, Sam Donaldson, George Will, Jody Powell.

On the Philippines situation:

Brinkley: Can Marcos survive?

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Monday, February 24, 1986 -- B-9

Will: ... This is an example of the inescapably central role of the U.S. in the world.

Donaldson: I think Marcos is through.... while the U.S. at the moment ... is backing the Aquino forces, we did not take the lead on this....

Powell: Because it is so dangerous, there is a tendency for administrations ... to let things rock along, to go with the status quo; to stay with the government that is friendly to us at the moment.... I hope that this has been somewhat of a lesson to us, if indeed it works out well.... The Administration is coming a long, long way from 1984, when the President was saying the choice in the Philippines is between Marcos ... and communism.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Juan Ponce Enrile, Gen. Fidel Ramos, Senator Richard Lugar, and Blas Ople, Philippine Minister of Labor.

Lesley Stahl: Mr. Marcos has said on television that if you do not negotiate a peaceful conclusion to this standoff, then, "Let the blood that flows be on your conscience."

Minister Enrile: I think if he wants to make to blood of Filipinos flow, it will be his responsibility. We do not want blood, but if blood must be spilled in order to regain the freedom of our people, then so be it. We will not be the first country nor the last to do that, because we want our -- the freedom of our people, true people, and not freedom given at the dictation of one man.

Stahl: Have you been led to believe that the U.S. Government is behind what you are doing, and did they in any way encourage you?

Enrile: We are not at this moment in contact with the U.S. Government, but if they should find our just cause to be an opportunity to help us, we would welcome that.

Stahl: Mr. Marcos is saying that blood will flow if you do not enter negotiations with him....

Gen. Ramos: Any violence, that will come only from Mr. Marcos. Our people and our troops will only act in self-defense.... I have no doubt that we will succeed in this movement to topple Mr. Marcos.... We are now supporting Mrs. Aquino and Mr. Laurel. We have joined forces with them, although our movement is multi-sectoral.

Stahl: We asked (Labor Minister Blas) Ople what Marcos would do now.

Minister Ople: The President has called for a peaceful solution to this stalemate. He has ordered explicitly his military commanders not to start any hostilities. At the same time the bargain of upholding the Philippine Constitution rests on him. He is the legitimately elected leader of the nation. I think from the standpoint of the U.S., she must be conscious of her role as the guardian of legitimacy, and very often the enforcer of that in the world....

Stahl: Do you think the U.S. should play a mediating role in this situation? Should we be a negotiating force?

Sen. Lugar: I'm not sure we should be the negotiating force. I think we have a role to play, and my own judgment is that it ought to come fairly soon.... Our President has said yesterday that the election that was held he now finds was so fraudulent as to question the legitimacy of the election, and to question the ability, really, of President Marcos to rule effectively. Now, those are very serious words. They are far beyond anything our President has said before....

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FACE THE NATION (continued)

Stahl: Is there any chance the U.S. will just completely back away and play no role there?

Lugar: I think we're playing a role.... It may be possible for people in the Philippines to work out their destiny. I think all along we've felt that would be the superior way of doing it, as a matter of fact. Now, I would just question, given this current confrontation, how that can all be unraveled without bloodshed or without a change in political circumstances.

Stahl: ...Is that the position that we're taking now, that whoever is the one to leave we will protect and help?

Lugar: Let me just say, I think that we are in a position in which we would like to be helpful in attempting to have a situation without bloodshed. We've indicated that clearly in the President's statement.

Stahl: Sen. Lugar seems pretty confident that -- that it's all but over for Marcos. Is that the general view in the Reagan Administration?

Don Oberdorfer: I think the general view, at least up until a few minutes ago when you had your interview there, was that it's a very unpredictable situation, and Marcos has lost his legitimacy as a leader, but that the -- lots of things could happen and a lot of people get killed before this thing is over. To me the most interesting thing that we just heard was Gen. Ramos saying that he has, or he and Mr. Enrile have pledges of support from the 13 military commanders of the Philippines in difference regions. If that is true, it's all over for Marcos.

Stahl: Is the U.S. military doing anything extraordinary in this situation?

David Martin: I think what the U.S. military is doing right now more than anything else, is that the defense attache in Manila is trying to check out this claim by Ramos, that the 13 regional commanders have indicated they will support him. If you translate that to American terms, that is the equivalent of, say, the commander in chief Pacific, the commander in chief Europe saying they no longer support the President of the United States.

Stahl: Are we losing influence, at least over Marcos, to bring this to a peaceful conclusion, given the fact that we're obviously tilted so much toward the opposition at this point?

Oberdorfer: That is one of the concerns in the Administration, about going too far in the direction of the opposition that you do lose your influence with Marcos.

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NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Robert Novak and Andrea Mitchell.
Guests: Sen. Lugar; Sen. Durenberger; Juan Ponce Enrile, Philippine Ex-Defense Minister; Lt. Gen. Fidel Ramos, Ex-Acting Chief of Staff of the Philippines; President Marcos.

Kalb: Without the president stepping down, do you believe that the crisis can be resolved without violence, without bloodshed?

Enrile: We hope so but we anticipate there will be some amount of violence.

Ramos: ...We are very much in favor of achieving a nonviolent solution to this present crisis....

Kalb: Do you believe, General, that you have the tanks, the planes, to repel any kind of attack that President Marcos may feel it necessary to launch?

Ramos: We do not have the military hardware to resist the attacks that we feel are forthcoming or are being contemplated by Mr. Marcos. However, we are utilizing people's power.

Kalb: ...Minister Enrile...what would you like the United States of America to do now?

Enrile: We would hope that the United States could exert pressure on Mr. Marcos to study the condition of the country, the attitude of the people, and the reality of the fact that the election results were not in his favor, so that we can settle this as quickly as possible without bloodshed. But if he's going to remain in position and he'll not at all listen to the voice of the people, then it might be most unfortunate.

Guest: President Marcos.

Kalb: Mr. President, we have just talked to Gen. Ramos, and he says that they are charged with people power, that they feel that they can topple your regime through the use of the Filipino people. What do you say to that?

Marcos: They are now limited to a small corner of one constabulary court and they talk about toppling the president. Well, as you know, they don't have vast military power with them. All they have is about 400 men, and the moment we hit them, they'll be wiped out. And secondly, with respect to people's power, well, on my inauguration and oath-taking, we will hold rallies in every capital of every province -- 73 - and possibly about 60 cities, and this shows to you that there is no comparison about our power base among the people and their power base....And I would like to say that this Enrile, former defense minister, is organizing a new power group, trying to get me to resign so he can take over as chairman of a new junta, or council; even now this council is working. They are not going to work for Cory Aquino; they're working for themselves.

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MEET THE PRESS (continued)

Kalb: The White House put out a statement about 12 hours ago saying in effect that your government has lost credibility and legitimacy....How are you going to rule in that case without any kind of American support?

Marcos: Look, that is not the message that I got from President Reagan. The message that I got from President Reagan this noon was that he hopes that the Filipino people will be able to decide this without bloodshed, and we are hoping that we can do so, but I have asked that we negotiate. I've offered the most generous terms to them....

Mitchell: Do you plan to arrest Cory Aquino?...

Marcos: Well, it may not even be necessary. The way the junta or the council is being organized, Aquino is not the president under Enrile....

Kalb: ...Do you still regard President Reagan as a friend?

Marcos: Well, yes, I still think that his perceptions are better than most, especially to members of the Congress and the media....

Guests: Sens. Durenberger and Lugar.

Kalb: If you were President Reagan and sitting in the White House right now, what would you be doing?

Durenberger: Getting the facts under me, as I know the President has been since, particularly since Phil Habib came back, and then deciding exactly what I'm going to say to the President of the Philippines when I pick up the phone, and ask him to make probably the greatest decision of his life on behalf of the people of the Philippines.

Novak: You're saying that President Reagan should ask President Marcos to quit?

Durenberger: Yes. (Lugar agrees.)

Mitchell: And if he resists, what should the Reagan White House do? Should they protect the rebels, if you will? Should they offer protection to Aquino? What role should the United States play in this?

Lugar: Do you have any sense that the Administration has changed its policy and is not simply going to try to buy time, but will step in and have President Reagan try to get President Marcos to step down?

Durenberger: ...One of the things this Administration does very well is implement their policy of democratic evolution or revolution, as the case may be, and I think this Administration has known all along that at some point in time the unique ability of Ronald Reagan and his personal touch would be a decisive factor in bringing peace to the Philippines.

Mitchell: Sen. Lugar, briefly, do you share that view? Is it going to be the President's charm that will end this?

Lugar: Not the President's charm but his realistic assessment backed by everybody else that he's got around him gathering some good advice.

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AGRONSKY & COMPANY

Moderator: Martin Agronsky.

Panel: Strobe Talbott, Carl Rowan, James Kilpatrick and Tom Oliphant of The Boston Globe.

On aid to the Philippines:

Agronsky: Is this the beginning of the end for Marcos?

Rowan: It could be, Martin. The main thing that has kept Marcos in power these last few years is the military. And he has kept the military under his thumb with goodies in the form of aid from the U.S. You cut the goodies off, and I think you'll see the military turn against him.

Kilpatrick: How do you get rid of Marcos, and who do you put in his place? Until we have thought through those things more carefully than we've thought so far, I don't think much is going to happen.

Talbott: I think he's a goner. But it could be a very tricky thing.... when President Reagan sends a signal to Marcos that American policy is no longer behind him, that's not going to be the end of the drama.

Oliphant: I think what ultimately happens to Marcos is up to the forces within the Philippines, and it's still not clear yet how they can get together to force him to leave.

Agronsky: Sen. Durenberger feels that what happens to Marcos is not as important inside of the Philippines as it is in the White House. He says if Marcos doesn't make the decision to leave office, only Ronald Reagan can make it.

Rowan: I think that puts an excessive burden on the President, and attributes to him powers he doesn't have, and if he had them, could not use them wisely. The President has made some bad mistakes; he's been all over the lot.

Talbott: It's rather ironic that the only government to congratulate Marcos on his so-called victory is the Soviet Union....

Oliphant: It's important to get Marcos out sooner or later.

Kilpatrick: This resolution passed the Senate 85 to 9. But ... if I had been sitting in the Senate, I would have made the tenth to vote against it. Mrs. Aquino's party is formally on record three times for getting us out of the Clark and Subic bases.

Agronsky: Sen. Durenberger also said that the Habib mission is about the transition to a post-Marcos government. Did he carry the word from the White House?

Kilpatrick: Time after time you go from a bad tyrant to a worse one.

Agronsky: Our President, in Grenada, using a speech sort of commemorating the wonderful victory we had in Grenada to save it from the Communists ... making a pitch though not mentioning a number for the renewal and the increase of American aid for the Contras to overturn the government in Nicaragua. Talk about swapping one government for another

Talbott: The overthrow or departure of Marcos is a virtual certainty. The triumph of the Contras in Nicaragua is a virtual impossibility.

Kilpatrick: I don't accept that.

On Jonas Savimbi:

Kilpatrick: Savimbi has been fighting ... for more than ten years. He has 60,000 troops that have stayed loyal to him. He effectively controls about one third of the country. He's running schools, has got a little hospital going. And ... in will come these Soviet tanks ... and they could wipe him out. And then you've got a communist government there.

Oliphant He's a loser.

Rowan: Savimbi is South Africa's stooge.

On the Challenger investigation:

Agronsky: How do you feel about it -- what are we moving toward here?

Talbott: It has the look of something that was almost foreordained. The pressure on NASA ... led them to override warnings about the thing failing.

Rowan: This is one of those questions of classic bureaucratic failure. What in the name of heaven do the three top guys do?

Oliphant: I think ... we'll be talking about a scandal here.

On the economy:

Agronsky: Is this optimism justified?

Oliphant: The great news is in the decline of oil prices. But there are some things that trouble me. It was very significant that Secretary Baker and Paul Volcker differed publicly over whether the dollar should fall further, which is Baker's view, to improve the trade deficit; Volcker's view is it's fallen enough, and you could have inflation if it keeps going....

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Kilpatrick: By and large, the indicators are just going great right now.

Rowan: Those guys on the Hill, who never have wanted to show any guts; never wanted to bite the bullet in terms of cuts ... they're gonna look at this euphoria and say, "hooray! I've been rescued again. I don't have to do anything" -- and that's the worst thing that could happen.

Agronsky: I worry about it.

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin.

Panel: Jack Germond, Robert Novak, Morton Kondracke, and Susie Garman of the Wall Street Journal.

On the Challenger Commission findings:

McLaughlin: Is Jesse Moore right? Do you think the investigation has become a "witch hunt," as he says, a head hunt?

Garman: There's sure a lot of people out there trying to make it one.

Novak: It's an absolute witch hunt.

Germond: Sure it's a witch hunt. The space program now, no matter ... who takes the blame, is in very serious trouble for the long haul....

Kondracke: This happens every time something like this happens.

McLaughlin: Do you think that there's a negative rub-off, even in the defense budget -- in the sense that in the popular mind there's kind of a blurring of space with defense?

Kondracke: Since this was really a simple problem, those people who want to declare that all these programs ought to be scrapped, are going to be overcome by the President and by the American people's fundamental faith in technology.

On the President's request for aid to the Contras:

Kondracke: The Administration has played this very badly. When the President signed a letter to Rep. McCurdy, by which he got humanitarian aid to the Contras, he promised that he would make a diplomatic effort to try and solve the problems in Central America. He has not done it.

McLaughlin: Was anybody surprised that Larry Speakes said -- for the first time -- on behalf of the Administration, that we want the overthrow of the Sandinistas?

Garman: Yes.

Novak: Not a bit surprised. The point is ... the Contras have not had any military help from the U.S. in over two years. You give them some weapons

McLaughlin: Will Ronald Reagan get military aid for the Contras during this calendar year?

Garman: Not much. A little.

Novak: He'll get some.

Germond: Some.

Kondracke: A token amount.

McLaughlin: None. Humanitarian only.

On the Philippines Election:

Novak: There's a huge fight going on in the State Department, in the Administration right now, but I'd put my money on George Shultz; he usually wins out. And Mr. Shultz happens to have a very low opinion of Mrs. Aquino. These self-righteous people, like Sen. Kennedy, who are going to tell a government which is legitimate and which isn't, what are they going to say about a country such as Mexico, which is rife with corruption?

McLaughlin: You mean, this Congress is proposing, and Ronald Reagan is disposing?

Garman: The Administration did get itself into the position, in which this election meant everything -- and they lost.

Germond: The Administration handled this thing so badly at the outset, that a lot of people in Congress overreacted, and some of those people who overreacted enlisted some people who ordinarily might not have gone as they had.

McLaughlin: Will this Congress escrow military funds for Marcos?

Garman, Germond, Kondracke: No.

McLaughlin, Novak: Yes.

On the falling oil prices:

McLaughlin: Is the boom about to bloom again?

Kondracke: It does look very good.

Garman: It looks good, unless you start having all the banks fall over in Texas and in Mexico.

McLaughlin: Do you know that prominent economists are now saying growth right through 1988? Which means -- George H.W. Bush, III -- the forty-first President of the United States

Novak: May I interrupt this political commercial

Predictions

Garman: The violence is going to come sooner, rather than later, in the Philippines, and the U.S. is going to come out on the short end of the stick.

Novak: The Contras in Nicaragua -- with or without U.S. arms -- are going to launch an offensive, and are going to score some very good local successes against the Sandinistas.

Germond: NASA's image problem is so serious that the Administration is going to have to find someone above criticism to head the thing.

Kondracke: Complicating -- but not for very long -- the rush to the presidency of Vice President Bush, there will be discussion about the prospect of having as a member of the 1988 Republican ticket, Secretary Baker. But I don't think he'll do anything.

McLaughlin: A Russian pole vaulter will meet the equivalent of the four-minute-mile, he will go over the 20-foot barrier.

-End of B-Section-



News Summary

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TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan To Cut Off Marcos Arms If Attacks Persist -- President Reagan has threatened to cut off military aid to the Philippines promptly if troops loyal to disputed President Marcos attack opposition civilians and military rebels there. (Baltimore Sun, New York Times, Washington Post, Wall Street Journal, Washington Times, AP, Reuter, UPI)

Reagan/Arms Offer -- President Reagan has proposed to Soviet leader Gorbachev the elimination of medium-range missiles from Europe and Asia over the next three years, a White House spokesman confirmed Sunday. (Washington Post, UPI)

NATIONAL NEWS

ACLU Says Pornography Commission Recommendations Will Not Be Credible -- A federal commission on pornography is collecting biased testimony and dwelling so much on bizarre sexual techniques that its recommendations on dealing with child pornography and other problems may not be credible, the ACLU says. (Washington Post, AP)

Governors Meet With Reagan -- The nation's governors have turned their attention from black tie festivities to a brass tacks meeting on budget cutting and tax reform with President Reagan at the White House. (UPI)

NETWORK NEWS (Sunday Evening)

PHILIPPINES -- The war of nerves between Marcos and his opponents has turned bloody.

REAGAN ARMS PROPOSAL -- President Reagan has responded to a Soviet arms proposal with a new offer of his own.

NATIONAL GOVERNORS' CONFERENCE -- The nation's governors are gathered in Washington, and they have money on their minds.

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INTERNATIONAL NEWS

U.S. THREATENS TO LIMIT AID AND OFFERS TO FLY MARCOS OUT

President Reagan threatened President Marcos late yesterday with a cutoff of U.S. military aid as U.S. sources disclosed that the State Department was negotiating secretly with intermediaries close to Marcos on the possibility of flying him out of the Philippines in a U.S. Air Force plane.

Reagan decided to threaten the military aid cutoff at an extraordinary Sunday afternoon National Security Council meeting where he received a report from special U.S. emissary Philip Habib, who had just returned from a week-long fact-finding mission. "Everyone agreed there is not much Marcos can do to hang on" to power for very long, said a participant in the meeting. (David Hoffman & George Wilson, Washington Post, A1)

Reagan Threatens To Cut Off Military Aid To Philippines

President Reagan, in his strongest message yet to embattled President Marcos, threatened Sunday to cut off U.S. military aid if he uses force against his opponents.

As Marcos vowed to stay in office, a congressional source said the United States offered Sunday to help him leave the island nation in a U.S. aircraft, and that special envoy Philip Habib would return to the Philippines as early as Monday to "help arrange a transfer of power." The source, who has been involved in U.S.-Philippines diplomatic efforts, spoke on condition of anonymity. (Susanne Schafer, AP)

Reagan May Cut Off Aid To Philippines

President Reagan has threatened to cut off all U.S. military aid to the Philippines if embattled President Marcos attacks the rebel forces supporting opposition leader Corazon Aquino.

In his strongest warning to date, Reagan signaled Marcos Sunday that he is "assessing the situation" and will promptly suspend support for Filipino armed forces if Marcos uses government troops to resolve the current crisis. At a state dinner for the nation's governors Sunday night, Reagan refused comment when asked if he would ask Marcos to resign. (Helen Thomas, UPI)

Opposition To Marcos Rises On Hill

Congressional opposition to Filipino President Marcos escalated yesterday as the Reagan Administration threatened to cut off military aid to the Philippines.

"I think this Administration has known all along that at some point in time, the unique ability of Ronald Reagan and his personal touch would be a decisive factor in bringing peace to the Philippines," [Sen. David Durenberger] said. (Rita McWilliams, Washington Times, A1)

Reagan Focuses On Quelling Violence

As reports of troop movements in the Philippines reached the White House yesterday, President Reagan threatened to immediately cut off military aid if the Marcos government uses it to attack other Filipinos.

Mr. Reagan fell short of demanding Marcos' resignation, moving instead to quell the mounting potential for violence. The President relayed his warning to Mr. Marcos through diplomatic channels, according to Larry Speakes. (Jeremiah O'Leary & Mary Belcher, Washington Times, A1)

Reagan To Cut Off Marcos Arms If Attacks Persist

Larry Speakes told reporters the warning was conveyed to Marcos yesterday through diplomatic channels and should send a strong signal. After Reagan's message was sent, troops loyal to Marcos fired teargas at rebel troops and at civilians forming a human shield around a rebel military camp in suburban Manila, witnesses in the Philippines said.

Unless such actions stopped, military aid -- about \$55 million this year or 10 percent of the Philippines military budget -- could be cut off early today, Speakes said. (Christopher Hanson, Reuter)

Philippine Military Mutiny Leaves Marcos With Even More Slippery Grip On Power

Prompted by earlier reports on the use of force, the Reagan Administration warned that the U.S. would cut off military aid to the Philippines if Marcos troops attacked Mr. Marcos's opponents.

Larry Speakes said the use of force by the Philippine leader would "only do untold damage to the relationship between the U.S. and the Philippines." He said President Reagan had appealed directly to the Marcos government to avoid bloodshed. Mr. Marcos responded: "If we have to use violence, we will. (Wall Street Journal, A3)

U.S. Hints At Aid Halt If Rebels Are Attacked

The White House threatened yesterday to cut off military aid to the Philippines if President Marcos attacked military elements in rebellion against his regime. Increasing pressure on the Marcos regime without explicitly urging the Philippine president to step down, the White House appealed for a halt to violence and urged "Filipinos of good will to work to resolve the ongoing crisis."

Larry Speakes indicated that the threat could become reality in a matter of hours, as U.S. officials assessed the level of violence in the Philippines. (Mark Matthews & Stephens Broening, Baltimore Sun, A1)

Reagan Warns Marcos On Force; Threatens Immediate Aid Cutoff

Larry Speakes said Mr. Reagan had sent a message to Mr. Marcos urging him "to avoid an attack against other elements of the Philippines armed forces."

But as reports came in that such an attack had begun, Mr. Speakes said the United States "cannot continue our existing military assistance if the Government uses the aid against other elements of the Philippine military that enjoy popular backing." He said Reagan was ready to suspend the multimillion-dollar aid program as early as tonight if Mr. Marcos did not heed the warning.

(Bernard Gwertzman, New York Times, A1)

U.S. PLAN WOULD ABOLISH INTERMEDIATE-RANGE ARMS

President Reagan has responded to Soviet leader Gorbachev's Jan. 15 arms-reduction offers by proposing to eliminate all U.S. and Soviet intermediate-range nuclear weapons worldwide within three years, but suggesting two different ways to do it.

Administration sources said yesterday that a letter from Reagan outlining his proposal has been dispatched to Moscow in time for Gorbachev to receive it before the opening of the Soviet Communist Party Congress on Tuesday.

The new U.S. positions are outlined in general terms in the letter to Gorbachev and conveyed in greater detail in new instructions sent over the weekend to U.S. negotiators in the Geneva arms talks, officials said.

(Don Oberdorfer, Washington Post, A1)

Reagan/Arms Offer

President Reagan has proposed to Soviet leader Gorbachev the elimination of medium-range missiles from Europe and Asia over the next three years, a White House spokesman confirmed Sunday.

The New York Times, published Reagan's proposal and White House spokesman Larry Speakes told reporters he would not steer them away from that report, attributed to Administration officials. The Times quoted one official as saying that Reagan indicated to Gorbachev that it was "a good idea" to eliminate nuclear weapons by the year 2000. (UPI)

LATINS FAVOR CONTRA AID FROM U.S., POLL SHOWS

A majority of the residents in four countries near Nicaragua support continued U.S. involvement and aid to the anti-Marxist rebels fighting that country's Sandinista regime, according to a public opinion survey conducted for the U.S. government.

More than half of the respondents in El Salvador, Guatemala, Honduras and Costa Rica approved of assistance to the rebel forces, according to the survey conducted by Interdisciplinary Consultants on Development Inc. -- an affiliate of the George Gallop polling organization -- for the U.S. Information Agency.

(Thomas Brandt, Washington Times, A1)

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NATIONAL NEWS

STATES GET MIXED BUDGET PREVIEW

The chairman of the Senate Budget Committee told the nation's governors yesterday they cannot expect to be spared from major domestic cutbacks either by slashes in defense spending or a federal tax increase.

In a discussion with the executive committee of the National Governors' Association, Sen. Pete Domenici (R-N.M.) said that members of Congress have accepted President Reagan's judgment that the problems of agriculture, mining, timber and heavy manufacturing, "can't be solved" simply by restoring some budget cuts.

(David Broder & Bill Peterson, Washington Post, A5)

ACLU SAYS PANEL PLANS ANTIPORNOGRAPHY DRIVE

The Attorney General's Commission on Pornography has tentatively decided to recommend a wide-ranging government crackdown on obscene material, including an attack on X-rated films using the laws against pandering and prostitution, according to a highly critical report released yesterday.

The ACLU, which has frequently questioned the commission's objectivity, described its proceedings as biased, unfair and "intellectually indefensible" and said the chairman, Arlington County Prosecutor Henry Hudson, has advocated "extreme measures" while slighting privacy and freedom of speech.

(Howard Kurtz, Washington Post, A6)

ACLU Says Pornography Commission Recommendations Will Not Be Credible

A federal commission on pornography is collecting biased testimony and dwelling so much on bizarre sexual techniques that its recommendations on dealing with child pornography and other problems may not be credible, the ACLU says.

Hearings in six cities in the past 11 months have featured biased witnesses, "limited" social science data and "inordinate attention to aberrant sexual practices," the civil liberties group said Sunday.

(Mike Robinson, AP)

GORTON'S HEATED DEFENSE OF FIRE ADMINISTRATION

In reacting to the President's 1987 budget, some members of Congress are dispensing with politics as usual. Last Thursday Sen. Slade Gorton (R-Wash) sat inside a smokey trailer and waited for an emergency sprinkler system to douse the flames spreading quickly from a paper-filled wastebasket.

Gorton had arranged for his discomfort in a park near the U.S. Capitol to dramatize the value of the U.S. Fire Administration, a part of FEMA that the Reagan Administration wants to abolish in the 1987 budget.

(James Rowley, Washington Post, A9)

THE REAGAN WAR ON WASTE, FRAUD IS FAR SHORT OF TARGET

Ronald Reagan promised in his 1980 presidential campaign "to go after the \$100 billion waste and fraud problem in government." And soon after entering the White House, he promised to appoint federal inspectors general "who are meaner than junkyard dogs" to do the job.

But overall, the jury is still out on the Reagan Administration's campaign against waste and fraud. Some experts say the Administration's effort hasn't been as successful as it could be. In particular, the question the effectiveness of the inspectors general. With one exception, they say, the IGs have generally been too timid in their efforts to stop illegal or unneeded federal expenditures.

(Mark Tapscott, Washington Times, A1)

LOWER OIL PRICES TO PROVIDE BOOST TO U.S. ECONOMY, ECONOMISTS SAY

The United States will enjoy stronger growth this year, with little danger of a recession as falling oil prices help to hold inflation at low levels, the nation's business economists predicted today.

The National Association of Business Economists said its latest survey of 300 of its members found them decidedly more optimistic about future growth. A major reason for the new-found optimism has been the steep drop in oil prices, which the economists believe will boost economic growth and help to lower inflation.

(Martin Crutsinger, AP)

GOVERNORS MEET WITH REAGAN

The nation's governors have turned their attention from black tie festivities to a brass tacks meeting on budget cutting and tax reform with President Reagan at the White House. The 45 state and territorial chief executives attending the National Governors Association winter meeting observed the social amenities Sunday night as guests of the President and Mrs. Reagan at a state dinner.

The officials were to meet with Reagan for about 75 minutes today for their annual working session at the White House. In his toast, Reagan said he and the governors should work "to restore the balance between state and federal prerogatives to bring government closer to the people."

(Arnold Sawislak, UPI)

THE ARMS BUILDUP'S BACKLASH

Reagan's exploitation of Carter's naivete and the frustration Americans felt in 1980 about the failed rescue of the hostages in Iran helped make U.S. military spending fashionable for the first time since the Vietnam war.

This public mood gave Reagan a boost in his first term. While failing in his avowed goal of modernizing U.S. strategic forces because he refused to accept Carter's sensible plan for deploying the MX missile, Reagan persuaded Congress to spend an extra trillion dollars on defense. Now that deficit reduction has become a central goal, it is the perception of Reagan's success that imperils his defense budget.

(Lou Cannon, Washington Post, A2)

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NETWORK NEWS SUMMARY

(Sunday Evening, February 23, 1986)

PHILIPPINES

NBC's Chris Wallace: The war of nerves between Ferdinand Marcos and his opponents has turned bloody. In the pre-dawn hours of Manila, soldiers loyal to Marcos have advanced on a base held by rebellious military units. And firing tear gas and swinging clubs, they've attacked anti-Marcos demonstrators.

NBC's Steve Mallory reports that about 1,000 unarmed people raised clinched fists and sung the national anthem. As the Marcos troops, reportedly led by Gen. Fabian Ver, advanced, thousands of people fell to the ground as they tried to escape. Earlier, these same civilians had stood in the path of government troops. It was like a crusade.

(TV Coverage: Singing, chanting anti-Marcos Filipinos gathered in solidarity.) They formed a human barricade, professing non-violence, as church leaders had urged. But the government soldiers didn't seem eager to fight. On Philippine TV, Marcos said he would not resign -- and repeated it on American TV. President Marcos accused the rebel leaders of serving their own interests. Marcos said he will crush the rebellion, if the mutineers don't surrender. So far, threats haven't swayed the rebels.

(ALL NETS LEAD)

Wallace: At the White House, President Reagan has followed the situation closely. He called a meeting of his National Security Council this afternoon, to hear from special envoy Philip Habib, just back from the Philippines. And afterward, he sent a tough message to Marcos.

NBC's Robin Lloyd reports that at the NSC meeting, the decision was made to threaten Marcos with a cutoff of all U.S. military aid to the Philippines, unless the violence stopped immediately.

(Spokesman Larry Speakes: "The President is assessing the current situation, which is ongoing at this moment, and if he makes a determination that our military aid is being used improperly, by the Filipino government, being used against other Filipinos, then the aid will be stopped.")

Speakes also warned that if there is further bloodshed, this would cause untold damage between the two governments. But again, he stopped short of calling for Marcos to step down. The President had returned from Camp David earlier this afternoon. Officials said he appealed to Marcos earlier -- through diplomatic channels -- not to use force. It was clear then that there was a sense of urgency, as shortly before that, the President had summoned the members of the National Security Council. Meanwhile, Congressional pressure for more direct involvement by the Administration continues to build. Sen. Lugar called on President Reagan to ask Marcos to leave. Lugar said the people in the Philippines want the U.S. to get more involved.

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Wallace continues:

(Sen. Lugar: "Both sides have said the United States has got to settle this....")

Sen. Durenberger echoed these sentiments on 'Meet The Press.'

(Durenberger: "I think this Administration has known all along that at some point in time, the unique ability of Ronald Reagan, and his personal touch would be a decisive factor in bringing peace to the Philippines.")

White House officials say there are no plans for President Reagan to call Marcos directly, but they are sending special envoy Philip Habib back to the Philippines this coming week. Clearly, they would like Marcos to step down, today indicating that they would grant him asylum if he asked for it. (ALL NETS LEAD)

CBS's Jacqueline Adams reports that President Reagan today offered frank and candid advice to Ferdinand Marcos to avoid attacking rebelling military leaders. But after a rare, 90-minute Sunday meeting with his top National Security advisers, the President warned, in the strongest terms possible, that he would cut off all military aid to the Philippines immediately, if U.S. Embassy personnel in Manila confirmed media reports of an ongoing attack against the rebel's stronghold.

(Speakes: "We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military, which enjoys substantial popular backing. The President urges -- in the strongest possible terms -- that violence be avoided as Filipinos of good will work to resolve the ongoing crisis.")

In the U.S., pressure grew for President Reagan to prevent bloodshed, by explicitly asking Marcos to step aside.

(Sen. Lugar: "There will be persons -- very shortly -- in our government, who will be indicating to President Marcos that it would be humane for his country for him to step down.")

There is still reluctance here for the President to step in and explicitly dictate Marcos's departure from office. But Speakes did indicate that Mr. Reagan was willing to offer political asylum to Marcos, if it would lead to a peaceful resolution to the crisis.

ABC's Sheilah Kast reports that spokesman Larry Speakes told reporters that President Reagan will make a decision very soon, possibly overnight, about cutting off \$55 million in military aid to the Philippines.

(Speakes: "The President appealed earlier today to President Marcos to avoid an attack against other elements of the Philippine armed forces. Regretably, there are now reports of an attack. An attempt to resolve this situation by force will surely result in bloodshed and casualties from the polarized Philippine society, and cause untold damage to the relationship between our governments. We cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military, which enjoys substantial popular backing.")

That message went from President Reagan to President Marcos through diplomatic channels; they did not speak on the telephone.

Kast continues:

On the important question of whether President Reagan intends to tell President Marcos to resign, Larry Speakes said it's not our prerogative to tell him to step down. But Speakes said the U.S. would offer frank and friendly advice, and implied that might include discussions of asylum in the U.S. for President Marcos.

Donaldson: If President Marcos does step down, Sen. Lugar said today he believes the U.S. should offer Marcos asylum.

CHALLENGER COMMISSION

Wallace: The Presidential Commission investigating the space shuttle tragedy now believes that the crucial O-Rings on the solid rocket boosters were frozen, which may have caused the explosion.

NBC's Robert Hager reports that commission member Richard Feynman said in an NBC interview that the investigators believe the instruments used for temperature readings were off, reading about nine degrees too low. At Cape Canaveral today, a big piece of the liquid fuel tank was recovered and brought to shore. But the important pieces from the booster rocket, which failed, remain at the bottom. (NBC-2)

REAGAN ARMS PROPOSAL

Wallace: President Reagan has responded to a Soviet arms proposal with a new offer of his own: to free Europe and Asia of all medium-range missiles.

NBC's Jim Miklaszewski: The Administration's latest arms-control proposal was finalized aboard air force one, by President Reagan, Secretary Shultz and Secretary Weinberger, on their trip back from Grenada last week. The President's letter went to Soviet leader Gorbachev this weekend, with a straightforward proposal: Eliminate all U.S. and Soviet intermediate nuclear forces within three years. U.S. Pershings and cruise missiles, now deployed in Europe, and Soviet SS-20s in both Europe and Asia. The Reagan proposal rejects the Soviet attempts to include British and French missiles in any arms-control package, and would dismantle those SS-20s in Asia aimed at China and Japan. Administration officials acknowledge this latest offer is to regain the arms-control initiative, and call the Soviet's bluff. Gorbachev surprised the White House last month, with his proposal to eliminate all nuclear weapons by the year 2000. The White House calls the Reagan letter a "serious proposal." But former arms-control negotiator Paul Warnke rejects it, as more Superpower posturing, and preparation for the next Reagan-Gorbachev summit. (Warnke: " ... This is a sideshow ... ")

Others believe the Soviets may take up the offer, because it would bolster their conventional superiority in Europe. The Reagan proposal does not deal with the larger issue of long-range strategic missiles. But arms-control experts believe that it may be the only kind of arms agreement this Administration could get. (NBC-3)

ABC's Rick Inderfurth reports that the President's proposal calls on both nations to eliminate all medium-range nuclear missiles within three years. A few years ago, a similar Presidential proposal was called the Zero Option. Both Gorbachev's January 15 proposal, and now the President's counter-offer, have one thing in common: each calls for the removal of all medium-range missiles from Europe. For the U.S., that would mean dismantling almost 230 Pershing II and ground-launch cruise missiles; for the Soviets about 240 SS-20 rockets, each with three warheads. But the President's response takes Gorbachev's offer one step further, and calls on the Soviets to phase out the 170 SS-20s they now have deployed in Asia. In his letter to Gorbachev, the President also rejected a key Soviet demand: namely, that the British and French freeze their nuclear forces.

(ABC-2)

CBS's Susan Spencer said a Soviet commentator said tonight that based on Western news reports, President Reagan's new arms proposal, as he put it, "contains almost nothing constructive." The proposal has not been made public. Reagan advisers see an agreement on medium-range missiles as possibly paving the way toward an overall arms treaty in Geneva.

(CBS-4)

SPANISH NATO DENUNCIATION

Wallace: A poll published in a Madrid newspaper shows Spaniards leaning against their country's membership in NATO, with a referendum on that issue just three weeks from now. In Madrid, hundreds of thousands of people marched through the streets today, denouncing NATO. Protesters chanted, "Bases -- out, NATO -- No!," and they carried banners denouncing President Reagan.

(NBC-6)

NATIONAL GOVERNORS' CONFERENCE

Wallace: The nation's governors are gathered in Washington, and they have money on their minds. The federal budget is the prime topic at the governors' conference.

NBC's Ken Bode reports that the governors used this mid-winter meeting to find out what the government in Washington has planned that might affect their lives back home. This year, they're interested mainly in the budget battle -- which cuts might be coming under Gramm-Rudman-Hollings. Today they were briefed by Sen. Domenici. The governors have been absorbing federal budget cuts ever since the Reagan era began. They know more are coming, and most want the President to get this message:

(Ohio Gov. Celeste: "Be as tough on the Defense Department as you're being on state capitals and city halls.")

Conference chairman Lamar Alexander (R-Tenn.) wants Washington to turn back some responsibilities to the states.

(Gov. Alexander: "We might consider asking the national government to give us back the nine-cent gasoline tax, and let us just take care of 99 percent of the nation's roads.")

Bode continues:

One thing the governors agree about, Democrats and Republicans alike, is they want fewer federal strings on how they spend the money. After a black-tie dinner with the Reagans tonight, the governors will be back at the White House tomorrow, asking the President to help them cut federal strings -- a subject that Governor Ronald Reagan used to preach about himself. (NBC-9)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley.

Panel: Sam Donaldson, George Will.

Guests: Sen. Lugar, Rep. Solarz, Juan Ponce Enrile (Philippine ex-Defense Minister), Blas Ople (Labor Minister of the Philippines).

Brinkley: Sen. Lugar ... is Marcos going to survive this?

Lugar: No, I don't believe that he will. President Marcos must come to the same conclusion our President arrived at yesterday, that given an election of fraudulent results, no legitimacy, it is difficult to see how this regime can continue; he ought to step down.

Will: Some minds in Washington go back to the removal of Diem in Vietnam, which committed the U.S. to Vietnam.... Mr. Habib goes to the Philippines and events certainly accelerated after he got there. Is that coincidence or cause and effect?

Lugar: I think it is cause and effect. Mr. Habib was in the situation of having advocates on his doorstep.

Will: You are not saying, are you, that Habib went there with instructions to or an intention to accelerate these events --

Lugar: He did not. He went there to listen.

Donaldson: Well, surely, Senator, Mr. Habib ... must have laid down the law in a sense, by suggesting that the U.S. could not further back his regime.

Lugar: Well, to the extent that the President's message yesterday states that, I presume that does not go beyond what Habib had to say before that.

Brinkley: President Reagan has effectively disowned Marcos, saying the election is crooked, and so on. Could he have done that without knowing that he was going to leave office? If he did not leave office, he would not be able to do any business with him in the future, and --

Lugar: There is no possibility of effective governance, I think, given the statements our President has made, and the effective situation, as we observe it today in Manila.

Donaldson: Why did it take the President so long to reach this conclusion? You recall, at his news conference, he said that there was fraud on both sides, which created quite a stir. And then he seemed to want to continue to cling to Marcos long after other observers, including yourself, had concluded that Marcos had committed the fraud.

Lugar: I think that's not altogether fair he was trying to cling to Marcos. I think the President was attempting to be as calmly assessful of the situation as possible. He didn't want to jump and leap and I think that was all to the good. He ought to receive all the advice he could get. He sent Habib and he probably is going to get a bit more.

Donaldson: Minister Enrile ... when you and General Ramos took your move, did you have any idea that in fact the U.S. was going to back you? Did you have any information from Ambassador Habib or other sources that the U.S. would back this movement?

Enrile: None whatsoever. We only depended on the perception that the United States is a fair country.

Brinkley: Marcos has lost the support of President Reagan and lost the support of the U.S. Congress. What does he say about this?

Enrile: I do not know.

Donaldson: Gen. Ramos, Now that you are no longer part of the Marcos establishment, do you have any information as to whether President Marcos was involved in the assassination of Benigno Aquino?

Ramos: I do not have any information on that personally. But we are morally convinced that the orders that led to the assassination must have come from the highest authority.... the man at the very top, Marcos himself.

Brinkley: Do you support Mrs. Aquino to succeed Mr. Marcos?

Ramos: Yes, we do.

FREE FOR ALL DISCUSSION

Participants: David Brinkley, George Will, Sam Donaldson, Rep. Solarz, and Philippines Labor Minister Blas Ople.

Brinkley: Can Mr. Marcos survive all of this?

Ople: Yes. I have no doubt that the Philippine leadership of both sides are groping right now for the right compromises and peaceful settlement....

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Donaldson: Can you tell us that you've found any support in the councils of the Reagan Administration for Marcos continuing in power?

Ople: I think some of the perceptions here are too far gone for me to be able to introduce meaningful inputs.

Solarz: I would have to say ... the support for Marcos in Washington and indeed, throughout the United States at the present time, is probably somewhere between nil and negligible. I think he's lost his legitimacy. I think the statement issued by the White House yesterday indicates that even the President has moved solidly into the camp of the opposition.

Will: Mr. Solarz, is not the U.S. -- and the Congress, and you in particular -- are you not playing with fire, that the United States seems to be almost in the business of encouraging civil disobedience, even unto military mutiny, in an important country?

Solarz: From our point of view, I think it's very clear that the longer Marcos remains in power, the greater the prospects for the eventual triumph of communism in that country.... The only way to prevent massive bloodshed, and possibly civil war at the same time, is for Marcos to step aside.

Donaldson: What should our government's attitude be if the Marcos forces fire on the Filipino people, or use force to try and overcome this situation?

Brinkley: Mr. Minister, would you care to respond to that?

Ople: I would like to paraphrase ... Jeane Kirkpatrick, who warned against a foreign policy of the U.S. dedicated to the subjugation of a friendly nation. This is not the business of U.S. foreign policy; the U.S. is not supposed to be in the business of licensing rebellions in friendly countries. I'm afraid the situation in the Philippines today is strongly suggestive of that situation; where the power of the American people is literally enlisted in order to stabilize a friendly government, legitimately elected, in an election ... which was really an outstanding triumph of democracy. And the U.S. should not be denied a large portion of the inspiration for this democratic process....

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FREE FOR ALL DISCUSSION

Participants: David Brinkley, Sam Donaldson, George Will, Jody Powell.

On the Philippines situation:

Brinkley: Can Marcos survive?

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Will: ... This is an example of the inescapably central role of the U.S. in the world.

Donaldson: I think Marcos is through.... while the U.S. at the moment ... is backing the Aquino forces, we did not take the lead on this....

Powell: Because it is so dangerous, there is a tendency for administrations ... to let things rock along, to go with the status quo; to stay with the government that is friendly to us at the moment.... I hope that this has been somewhat of a lesson to us, if indeed it works out well.... The Administration is coming a long, long way from 1984, when the President was saying the choice in the Philippines is between Marcos ... and communism.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Juan Ponce Enrile, Gen. Fidel Ramos, Senator Richard Lugar, and Blas Ople, Philippine Minister of Labor.

Lesley Stahl: Mr. Marcos has said on television that if you do not negotiate a peaceful conclusion to this standoff, then, "Let the blood that flows be on your conscience."

Minister Enrile: I think if he wants to make to blood of Filipinos flow, it will be his responsibility. We do not want blood, but if blood must be spilled in order to regain the freedom of our people, then so be it. We will not be the first country nor the last to do that, because we want our -- the freedom of our people, true people, and not freedom given at the dictation of one man.

Stahl: Have you been led to believe that the U.S. Government is behind what you are doing, and did they in any way encourage you?

Enrile: We are not at this moment in contact with the U.S. Government, but if they should find our just cause to be an opportunity to help us, we would welcome that.

Stahl: Mr. Marcos is saying that blood will flow if you do not enter negotiations with him....

Gen. Ramos: Any violence, that will come only from Mr. Marcos. Our people and our troops will only act in self-defense.... I have no doubt that we will succeed in this movement to topple Mr. Marcos.... We are now supporting Mrs. Aquino and Mr. Laurel. We have joined forces with them, although our movement is multi-sectoral.

Stahl: We asked (Labor Minister Blas) Ople what Marcos would do now.

Minister Ople: The President has called for a peaceful solution to this stalemate. He has ordered explicitly his military commanders not to start any hostilities. At the same time the bargain of upholding the Philippine Constitution rests on him. He is the legitimately elected leader of the nation. I think from the standpoint of the U.S., she must be conscious of her role as the guardian of legitimacy, and very often the enforcer of that in the world....

Stahl: Do you think the U.S. should play a mediating role in this situation? Should we be a negotiating force?

Sen. Lugar: I'm not sure we should be the negotiating force. I think we have a role to play, and my own judgment is that it ought to come fairly soon.... Our President has said yesterday that the election that was held he now finds was so fraudulent as to question the legitimacy of the election, and to question the ability, really, of President Marcos to rule effectively. Now, those are very serious words. They are far beyond anything our President has said before....

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FACE THE NATION (continued)

Stahl: Is there any chance the U.S. will just completely back away and play no role there?

Lugar: I think we're playing a role.... It may be possible for people in the Philippines to work out their destiny. I think all along we've felt that would be the superior way of doing it, as a matter of fact. Now, I would just question, given this current confrontation, how that can all be unraveled without bloodshed or without a change in political circumstances.

Stahl: ...Is that the position that we're taking now, that whoever is the one to leave we will protect and help?

Lugar: Let me just say, I think that we are in a position in which we would like to be helpful in attempting to have a situation without bloodshed. We've indicated that clearly in the President's statement.

Stahl: Sen. Lugar seems pretty confident that -- that it's all but over for Marcos. Is that the general view in the Reagan Administration?

Don Oberdorfer: I think the general view, at least up until a few minutes ago when you had your interview there, was that it's a very unpredictable situation, and Marcos has lost his legitimacy as a leader, but that the -- lots of things could happen and a lot of people get killed before this thing is over. To me the most interesting thing that we just heard was Gen. Ramos saying that he has, or he and Mr. Enrile have pledges of support from the 13 military commanders of the Philippines in difference regions. If that is true, it's all over for Marcos.

Stahl: Is the U.S. military doing anything extraordinary in this situation?

David Martin: I think what the U.S. military is doing right now more than anything else, is that the defense attache in Manila is trying to check out this claim by Ramos, that the 13 regional commanders have indicated they will support him. If you translate that to American terms, that is the equivalent of, say, the commander in chief Pacific, the commander in chief Europe saying they no longer support the President of the United States.

Stahl: Are we losing influence, at least over Marcos, to bring this to a peaceful conclusion, given the fact that we're obviously tilted so much toward the opposition at this point?

Oberdorfer: That is one of the concerns in the Administration, about going too far in the direction of the opposition that you do lose your influence with Marcos.

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NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Robert Novak and Andrea Mitchell.
Guests: Sen. Lugar; Sen. Durenberger; Juan Ponce Enrile, Philippine Ex-Defense Minister; Lt. Gen. Fidel Ramos, Ex-Acting Chief of Staff of the Philippines; President Marcos.

Kalb: Without the president stepping down, do you believe that the crisis can be resolved without violence, without bloodshed?

Enrile: We hope so but we anticipate there will be some amount of violence.

Ramos: ...We are very much in favor of achieving a nonviolent solution to this present crisis....

Kalb: Do you believe, General, that you have the tanks, the planes, to repel any kind of attack that President Marcos may feel it necessary to launch?

Ramos: We do not have the military hardware to resist the attacks that we feel are forthcoming or are being contemplated by Mr. Marcos. However, we are utilizing people's power.

Kalb: ...Minister Enrile...what would you like the United States of America to do now?

Enrile: We would hope that the United States could exert pressure on Mr. Marcos to study the condition of the country, the attitude of the people, and the reality of the fact that the election results were not in his favor, so that we can settle this as quickly as possible without bloodshed. But if he's going to remain in position and he'll not at all listen to the voice of the people, then it might be most unfortunate.

Guest: President Marcos.

Kalb: Mr. President, we have just talked to Gen. Ramos, and he says that they are charged with people power, that they feel that they can topple your regime through the use of the Filipino people. What do you say to that?

Marcos: They are now limited to a small corner of one constabulary count and they talk about toppling the president. Well, as you know, they don't have vast military power with them. All they have is about 400 men, and the moment we hit them, they'll be wiped out. And secondly, with respect to people's power, well, on my inauguration and oath-taking, we will hold rallies in every capital of every province -- 73 - and possibly about 60 cities, and this shows to you that there is no comparison about our power base among the people and their power base....And I would like to say that this Enrile, former defense minister, is organizing a new power group, trying to get me to resign so he can take over as chairman of a new junta, or council; even now this council is working. They are not going to work for Cory Aquino; they're working for themselves.

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MEET THE PRESS (continued)

Kalb: The White House put out a statement about 12 hours ago saying in effect that your government has lost credibility and legitimacy....How are you going to rule in that case without any kind of American support?

Marcos: Look, that is not the message that I got from President Reagan. The message that I got from President Reagan this noon was that he hopes that the Filipino people will be able to decide this without bloodshed, and we are hoping that we can do so, but I have asked that we negotiate. I've offered the most generous terms to them....

Mitchell: Do you plan to arrest Cory Aquino?...

Marcos: Well, it may not even be necessary. The way the junta or the council is being organized, Aquino is not the president under Enrile....

Kalb: ...Do you still regard President Reagan as a friend?

Marcos: Well, yes, I still think that his perceptions are better than most, especially to members of the Congress and the media....

Guests: Sens. Durenberger and Lugar.

Kalb: If you were President Reagan and sitting in the White House right now, what would you be doing?

Durenberger: Getting the facts under me, as I know the President has been since, particularly since Phil Habib came back, and then deciding exactly what I'm going to say to the President of the Philippines when I pick up the phone, and ask him to make probably the greatest decision of his life on behalf of the people of the Philippines.

Novak: You're saying that President Reagan should ask President Marcos to quit?

Durenberger: Yes. (Lugar agrees.)

Mitchell: And if he resists, what should the Reagan White House do? Should they protect the rebels, if you will? Should they offer protection to Aquino? What role should the United States play in this?

Lugar: Do you have any sense that the Administration has changed its policy and is not simply going to try to buy time, but will step in and have President Reagan try to get President Marcos to step down?

Durenberger: ...One of the things this Administration does very well is implement their policy of democratic evolution or revolution, as the case may be, and I think this Administration has known all along that at some point in time the unique ability of Ronald Reagan and his personal touch would be a decisive factor in bringing peace to the Philippines.

Mitchell: Sen. Lugar, briefly, do you share that view? Is it going to be the President's charm that will end this?

Lugar: Not the President's charm but his realistic assessment backed by everybody else that he's got around him gathering some good advice.

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AGRONSKY & COMPANY

Moderator: Martin Agronsky.

Panel: Strobe Talbott, Carl Rowan, James Kilpatrick and Tom Oliphant of The Boston Globe.

On aid to the Philippines:

Agronsky: Is this the beginning of the end for Marcos?

Rowan: It could be, Martin. The main thing that has kept Marcos in power these last few years is the military. And he has kept the military under his thumb with goodies in the form of aid from the U.S. You cut the goodies off, and I think you'll see the military turn against him.

Kilpatrick: How do you get rid of Marcos, and who do you put in his place? Until we have thought through those things more carefully than we've thought so far, I don't think much is going to happen.

Talbott: I think he's a goner. But it could be a very tricky thing.... when President Reagan sends a signal to Marcos that American policy is no longer behind him, that's not going to be the end of the drama.

Oliphant: I think what ultimately happens to Marcos is up to the forces within the Philippines, and it's still not clear yet how they can get together to force him to leave.

Agronsky: Sen. Durenberger feels that what happens to Marcos is not as important inside of the Philippines as it is in the White House. He says if Marcos doesn't make the decision to leave office, only Ronald Reagan can make it.

Rowan: I think that puts an excessive burden on the President, and attributes to him powers he doesn't have, and if he had them, could not use them wisely. The President has made some bad mistakes; he's been all over the lot.

Talbott: It's rather ironic that the only government to congratulate Marcos on his so-called victory is the Soviet Union....

Oliphant: It's important to get Marcos out sooner or later.

Kilpatrick: This resolution passed the Senate 85 to 9. But ... if I had been sitting in the Senate, I would have made the tenth to vote against it. Mrs. Aquino's party is formally on record three times for getting us out of the Clark and Subic bases.

Agronsky: Sen. Durenberger also said that the Habib mission is about the transition to a post-Marcos government. Did he carry the word from the White House?

Kilpatrick: Time after time you go from a bad tyrant to a worse one.

Agronsky: Our President, in Grenada, using a speech sort of commemorating the wonderful victory we had in Grenada to save it from the Communists ... making a pitch though not mentioning a number for the renewal and the increase of American aid for the Contras to overturn the government in Nicaragua. Talk about swapping one government for another

Talbott: The overthrow or departure of Marcos is a virtual certainty. The triumph of the Contras in Nicaragua is a virtual impossibility.

Kilpatrick: I don't accept that.

On Jonas Savimbi:

Kilpatrick: Savimbi has been fighting ... for more than ten years. He has 60,000 troops that have stayed loyal to him. He effectively controls about one third of the country. He's running schools, has got a little hospital going. And ... in will come these Soviet tanks ... and they could wipe him out. And then you've got a communist government there.

Oliphant He's a loser.

Rowan: Savimbi is South Africa's stooge.

On the Challenger investigation:

Agronsky: How do you feel about it -- what are we moving toward here?

Talbott: It has the look of something that was almost foreordained. The pressure on NASA ... led them to override warnings about the thing failing.

Rowan: This is one of those questions of classic bureaucratic failure. What in the name of heaven do the three top guys do?

Oliphant: I think ... we'll be talking about a scandal here.

On the economy:

Agronsky: Is this optimism justified?

Oliphant: The great news is in the decline of oil prices. But there are some things that trouble me. It was very significant that Secretary Baker and Paul Volcker differed publicly over whether the dollar should fall further, which is Baker's view, to improve the trade deficit; Volcker's view is it's fallen enough, and you could have inflation if it keeps going....

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Kilpatrick: By and large, the indicators are just going great right now.

Rowan: Those guys on the Hill, who never have wanted to show any guts; never wanted to bite the bullet in terms of cuts ... they're gonna look at this euphoria and say, "hooray! I've been rescued again. I don't have to do anything" -- and that's the worst thing that could happen.

Agronsky: I worry about it.

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin.

Panel: Jack Germond, Robert Novak, Morton Kondracke, and Susie Garman of the Wall Street Journal.

On the Challenger Commission findings:

McLaughlin: Is Jesse Moore right? Do you think the investigation has become a "witch hunt," as he says, a head hunt?

Garman: There's sure a lot of people out there trying to make it one.

Novak: It's an absolute witch hunt.

Germond: Sure it's a witch hunt. The space program now, no matter ... who takes the blame, is in very serious trouble for the long haul....

Kondracke: This happens every time something like this happens.

McLaughlin: Do you think that there's a negative rub-off, even in the defense budget -- in the sense that in the popular mind there's kind of a blurring of space with defense?

Kondracke: Since this was really a simple problem, those people who want to declare that all these programs ought to be scrapped, are going to be overcome by the President and by the American people's fundamental faith in technology.

On the President's request for aid to the Contras:

Kondracke: The Administration has played this very badly. When the President signed a letter to Rep. McCurdy, by which he got humanitarian aid to the Contras, he promised that he would make a diplomatic effort to try and solve the problems in Central America. He has not done it.

McLaughlin: Was anybody surprised that Larry Speakes said -- for the first time -- on behalf of the Administration, that we want the overthrow of the Sandinistas?

Garman: Yes.

Novak: Not a bit surprised. The point is ... the Contras have not had any military help from the U.S. in over two years. You give them some weapons

McLaughlin: Will Ronald Reagan get military aid for the Contras during this calendar year?

Garman: Not much. A little.

Novak: He'll get some.

Germond: Some.

Kondracke: A token amount.

McLaughlin: None. Humanitarian only.

On the Philippines Election:

Novak: There's a huge fight going on in the State Department, in the Administration right now, but I'd put my money on George Shultz; he usually wins out. And Mr. Shultz happens to have a very low opinion of Mrs. Aquino. These self-righteous people, like Sen. Kennedy, who are going to tell a government which is legitimate and which isn't, what are they going to say about a country such as Mexico, which is rife with corruption?

McLaughlin: You mean, this Congress is proposing, and Ronald Reagan is disposing?

Garman: The Administration did get itself into the position, in which this election meant everything -- and they lost.

Germond: The Administration handled this thing so badly at the outset, that a lot of people in Congress overreacted, and some of those people who overreacted enlisted some people who ordinarily might not have gone as they had.

McLaughlin: Will this Congress escrow military funds for Marcos?

Garman, Germond, Kondracke: No.

McLaughlin, Novak: Yes.

On the falling oil prices:

McLaughlin: Is the boom about to bloom again?

Kondracke: It does look very good.

Garman: It looks good, unless you start having all the banks fall over in Texas and in Mexico.

McLaughlin: Do you know that prominent economists are now saying growth right through 1988? Which means -- George H.W. Bush, III -- the forty-first President of the United States

Novak: May I interrupt this political commercial

Predictions

Garman: The violence is going to come sooner, rather than later, in the Philippines, and the U.S. is going to come out on the short end of the stick.

Novak: The Contras in Nicaragua -- with or without U.S. arms -- are going to launch an offensive, and are going to score some very good local successes against the Sandinistas.

Germond: NASA's image problem is so serious that the Administration is going to have to find someone above criticism to head the thing.

Kondracke: Complicating -- but not for very long -- the rush to the presidency of Vice President Bush, there will be discussion about the prospect of having as a member of the 1988 Republican ticket, Secretary Baker. But I don't think he'll do anything.

McLaughlin: A Russian pole vaulter will meet the equivalent of the four-minute-mile, he will go over the 20-foot barrier.

-End of B-Section-