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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, MARCH 6, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan, Contra Chiefs Push Aid Package -- The rebel war against the Sandinista government could collapse and endanger future U.S. national security if Congress blocks aid to the Nicaraguan resistance, President Reagan and leaders of the insurgency warned yesterday.

(Washington Post, Washington Times)

Pentagon Official Accuses Democrats Of Harming Test Ban Progress -- Some House Democrats "should be ashamed of themselves" for legislation that hinders American negotiators seeking to reach arms control agreements with the Soviets, says one of the Reagan Administration's most outspoken arms control hard-liners.

(Washington Times, AP)

NATIONAL NEWS

Commission Members Surprised At Language In Drug Test -- Two members of the President's Commission on Organized Crime said they didn't see the panel's final recommendation that all federal employees and federal contractors be tested for drug use, while a third panelist said the proposal raises serious civil liberties concerns.

(Washington Post, AP)

NETWORK NEWS (Wednesday Evening)

CONTRA AID -- Today, two House Committees voted against the President's plan.

BUDGET BATTLE -- In the Senate, the hot topic was trying to raise revenue by letting cheats go free, if they pay up.

ECONOMY -- Sales of new homes jumped 4.4 percent in January, spurred by interest rates that have dropped to their lowest level since 1978.



It's Ron over Rocky

The USA's greatest hero?

Ronald Reagan wins hands down, with 50%. Very distant seconds among the other 100 people mentioned: Sylvester Stallone (3%) and Jesse Jackson (4%).

INTERNATIONAL NEWS

CONTRA AID REJECTED BY TWO PANELS

Two House panels yesterday rejected President Reagan's request for \$100 million in aid to the Nicaraguan contras, even as the President warned that final rejection could mean a "sea of red, eventually lapping at our own borders."

The House Permanent Select Committee on Intelligence voted 9 to 7 against the aid package, which would include \$30 million in non-military aid and \$70 million in covert military aid to be handled through the CIA and the Defense Department. About one hour later, the House Foreign Affairs subcommittee on Western Hemisphere affairs rejected the measure 8 to 5 along party lines.

(Joanne Omang, Washington Post, A1)

Contras' Aid Scuttled Twice By Democrats

Democrats on two House panels yesterday rejected President Reagan's \$100 million aid request for the Nicaraguan resistance, but party leaders hinted there may be room for compromise.

The most serious setback to the President's plan came when the House Intelligence Committee scuttled the request on a 9-7 party-line vote. Hours later, a key House subcommittee also rejected Mr. Reagan's proposal but, despite the committee's action, it is guaranteed a floor vote later this month.

(Christopher Simpson, Washington Times, A1)

Reagan, Contra Chiefs Push Aid Package

The rebel war against the Sandinista government could collapse and endanger future U.S. national security if Congress blocks aid to the Nicaraguan resistance, President Reagan and leaders of the insurgency warned yesterday.

Mr. Reagan underscored his promise that U.S. troops will not be sent to Nicaragua, but other Administration officials were less certain what role the American government would play if the resistance were defeated.

(Christopher Simpson, Washington Times, A10)

HONDURAS WILL NOT HELP AID CONTRAS

TEGUCIGALPA -- Honduras will not funnel aid to the Nicaraguan rebels if the U.S. Congress approves \$100 million in aid for the anti-Sandinista guerrillas, Honduran Foreign Minister Carlos Lopez Contreras said.

"The Honduran government has not authorized any group or foreign government to channel any type of aid to insurgents in neighboring countries," Lopez told reporters following a Honduran National Security Council meeting last night.

(Gustavo Palencia, Reuter)

SOURCES OF MARCOS' FORTUNE DOCUMENTED

Reagan Administration officials said yesterday that documents brought to the United States by deposed president Marcos and his close associates detail not only the size of their fortunes but how they amassed them.

Within the sheaves of documents are "paper trails" of vast, worldwide holdings by Marcos and other prominent Filipinos who traveled to this country with him, including coconut magnate Eduardo Cojuangco, the officials said. The value of those properties dwarfs that of the jewels and 22 crates of freshly printed pesos that the Marcos party brought to Hawaii, the officials said.

(Dale Russakoff & Keith Richburg, Washington Post, A1)

REAGAN TURNS COLD SHOULDER TO MARCOS AND HIS COMPLAINTS

President Reagan is distancing himself from Ferdinand Marcos as details of the former Philippine president's financial dealings continue to surface.

Monday night, according to a witness, Mr. and Mrs. Reagan made it clear in a conversation with Sen. Paul Laxalt that they increasingly regard Mr. Marcos as a headache they don't need.

(Jeremiah O'Leary & Warren Strobel, Washington Times, A1)

PERLE CRITICIZES HOUSE DEMOCRATS FOR UNDERMINING U.S. NEGOTIATORS

The Pentagon's top arms control official yesterday accused House Democrats of undermining U.S. negotiators and probably "killing" the first promising development in years for better verification procedures.

Richard Perle said that "several days ago we began to get some faint diplomatic signals that maybe they [the Soviets] would consider some improved verification arrangement" in response to a U.S. request to send experts to the Soviet Union to monitor underground nuclear tests.

Mr. Perle said this promising opening was closed when the Democratic-led House last week approved a resolution urging President Reagan to resume negotiations aimed at a ban on all nuclear tests. The resolution was supported by 49 Republicans.

(Walter Andrews, Washington Times, A5)

Pentagon Official Accuses Democrats Of Harming Test Ban Progress

Some House Democrats "should be ashamed of themselves" for legislation that hinders American negotiators seeking to reach arms control agreements with the Soviets, says one of the Reagan Administration's most outspoken arms control hard-liners.

The comments Wednesday by Richard Perle drew immediate fire from three Democratic lawmakers, one of whom called Perle's argument "patently absurd."

(AP)

REAGAN LIFTS SUPPORT FOR OIL-IMPORT FEE

President Reagan yesterday withdrew his tentative support of an oil-import fee as part of the pending tax-revision bill and turned aside pleas from Senate Republicans that he negotiate a compromise on the budget before asking them to vote on the tax bill.

In a group interview with reporters, Reagan said some of the "compromises" suggested in a letter Tuesday from 50 senators involved a "total repudiation" of his position, and reiterated that there was "just no way" he would approve a tax increase as part of any budget deal.

(David Broder & Helen Dewar, Washington Post, A1)

Reagan Rejects Oil Tax

President Reagan, having dealt a possibly fatal blow to the idea of an import oil tax, is also brushing aside the wishes of half the Senate that tax reform be delayed until the budget problem is solved.

Reagan used an analogy to reject a letter signed by 50 Senators which said the deficit was the nation's most pressing problem and the Senate should put off tax reform until there is a budget agreement between Congress and the White House.

"I happen to believe that every cook's stove has two front burners," Reagan said. "And there's no reason why the United States Senate or the United States Congress can't be on both burners."

(Joseph Mianowany, UPI)

PRESIDENT INSISTS GORBACHEV COME TO U.S. FOR '86 SUMMIT

President Reagan, displaying growing impatience with jockeying over a date for the next superpower summit, warned Mikhail Gorbachev yesterday that if he wants Reagan to come to Moscow in 1987, he must come to the United States this year.

White House officials said a Gorbachev visit is still likely. But Reagan told reporters at a breakfast meeting, "If it does slip through our fingers, I've got news for them. There won't be an '87 summit in Moscow."

(David Hoffman & Walter Pincus, Washington Post, A1)

Reagan Insists Summit Precede '86 Campaign

President Reagan yesterday issued an unusually blunt message to Soviet leader Gorbachev: Come to Washington this summer or forget plans for a 1987 summit in Moscow.

Mr. Reagan said he was sticking to his summer proposal because of the long election campaign during which there would be considerable White House travel and other activities.

(Jeremiah O'Leary, Washington Times, A2)

REAGAN ASKS \$250 MILLION AID TO ULSTER

President Reagan formally proposed a five-year, \$250 million aid program for Northern Ireland yesterday, and Speaker O'Neill urged Congress to support the plan as "a promise of peace for the people" of that strife torn land.

(John Goshko, Washington Post, A3)

O'Neill And Reagan Agree On Irish Aid

House Speaker O'Neill and President Reagan -- often political opponents, but with similar Irish roots -- joined to support an aid package to Northern Ireland, but at least one lawmaker wants some changes in the proposal.

"The President and I have had our differences on many issues over the past five years," the Democratic Speaker said Wednesday in a rare appearance before a House subcommittee to support the five-year \$250 million package of economic assistance.

But O'Neill said he and the President "have no differences on the need to end the violence in Northern Ireland and bring about political progress there in a peaceful and constitutional fashion."

(Leon Daniel, UPI)

REAGAN SAYS HE WILL PRESS SAUDI ARMS SALE

President Reagan has signaled his intent to press ahead with a missile sale to Saudi Arabia "to further the cause of peace" -- a signal that worries Jewish leaders and may place him on an uphill track in congress.

Reagan came face to face Wednesday with a sample of the opposition that awaits his expected \$350 million Saudi arms package proposal.

(Norman Sandler, UPI)

SENATORS GET ASSURANCES ON ANGOLA REBELS

Secretary Shultz succeeded yesterday in assuring a group of senators led by Robert Dole that the Administration has decided to send "effective" weapons to the anticommunist guerrilla movement fighting the Marxist government in Angola, according to several participants.

After a 70-minute meeting between Shultz and a dozen senators, Sen. Mitch McConnell (R-Kan) said he was satisfied by the secretary's briefing on Administration plans for aid to Jonas Savimbi's forces.

(Patrick Tyler & David Ottaway, Washington Post, A7)

U.S., OTHERS SEEKING AID FOR HAITIANS

PORT-AU-PRINCE, Haiti -- The United States and other friendly countries are seeking urgent international aid to prevent Haiti's recent political triumph from sinking in the economic morass left behind by the ouster of president Jean-Claude Duvalier.

(Edward Cody, Washington Post, A25)

YURCHENKO REPORTED SLAIN

The State Department declined to comment yesterday on a broadcast report that the Soviets had executed Vitaly Yurchenko, a former KGB agent who redefected to the Soviet Union in November after giving Soviet secrets to the United States.

National Public Radio quoted an unidentified Reagan Administration source as saying that he had received two unconfirmed reports that Soviet authorities executed Yurchenko before a firing squad and billed his family for the bullets. (AP story, Washington Post, A7)

U.S. Can't Verify Yurchenko Execution

The United States has no independent confirmation of a report that Vitaly Yurchenko was executed as a traitor by a firing squad in the Soviet Union, a White House spokesman said Wednesday.

Edward Djerejian said the Yurchenko report is "an old story" put out some three weeks ago by European sources. "We have no independent confirmation," he said. (Washington Times, A5)

SPAIN'S LAST NATO POLLS SHOW MAJORITY AGAINST MEMBERSHIP

MADRID -- A majority of Spaniards will vote against their country remaining in NATO, according to the last opinion polls published before next Wednesday's referendum.

The polls forecast voters would reject by margins ranging from four to 10 percent the Socialist government's call to uphold Spain's 1982 membership of NATO. Another poll released yesterday put the margin at more than 14 percent. (Reuter)

U.S. SENATE REDUCES FUNDING FOR FARM EXPORT PLAN

The Senate, searching for ways to pay the rising cost of government support payments to farmers, has cut in half funding for an agricultural export subsidy program which had drawn drawn protests from trade competitors such as the European Community and Australia.

(Greg McCune, Reuter)

NATIONAL NEWS

SENATE BUDGET PANEL, REJECTING REAGAN, TO START DRAFTING OWN

The Senate Budget Committee, indicating a willingness to consider tax increases, was moving to reject President Reagan's fiscal 1987 budget and start drafting its own plan for meeting a \$144 billion deficit target.

"I've concluded that there's no way to get to the \$144 (billion)...unless we have some revenues," Sen. Pete Domenici, the committee chairman, said Wednesday as the panel began work on a spending plan for the fiscal year beginning Oct. 1. (Cliff Haas, AP)

EX-NASA HEAD FAVORED TO TAKE OVER AGENCY

The White House, searching for a new administrator to lead NASA through its most difficult time in many years, is still focusing on James Fletcher, who retired from the job in 1977, a White House official said yesterday.

Fletcher, however, has said repeatedly in public that he does not want the job. If he cannot be persuaded to accept it, the backup candidate is Gen. Lew Allen Jr., former head of the Air Force, a senior Administration official said.

(Boyce Rensberger & Lou Cannon, Washington Post, A3)

REAGAN NOMINATES CHALLENGER PILOT FOR POSTHUMOUS MILITARY PROMOTION

President Reagan has nominated Navy Cmdr. Michael Smith, who died in the explosion of the space shuttle Challenger, for posthumous promotion to the rank of captain, the Defense Department announced yesterday.

(Washington Post, A3)

PACKWOOD MAY ASK CURB ON INTEREST DEDUCTION

Senate Finance Committee Chairman Bob Packwood (R-Ore) said yesterday that his tax-revision package could include tougher limits on deductions for consumer interest payments than those approved last year by the House.

In a rare public preview of the draft tax plan that the senator and his staff are close to completing, Packwood also said the proposal would cut back on tax-deferred retirement savings plans, but by less than the House measure did. He also said write-offs for investment expenses would be more generous than those in the House bill and as beneficial to business as President Reagan wanted.

(Anne Swardson, Washington Post, A9)

DRUG-TEST PLAN SURPRISED 2 ON PANEL

Two members of the President's Commission on Organized Crime complained yesterday that they were not shown the final draft of a report released this week and were unaware of its controversial recommendation that all federal employees and federal contractors undergo mandatory drug testing.

Commission member Thomas McBride said that a draft of the report that he reviewed in late January did not contain much of the language dealing with drug testing and that he was never given a final report or informed of changes. He added that he strongly objects to the new language.
(Mary Thornton, Washington Post, A11)

Commission Members Surprised At Language In Drug Test

Two members of the President's Commission on Organized Crime said they didn't see the panel's final recommendation that all federal employees and federal contractors be tested for drug use, while a third panelist said the proposal raises serious civil liberties concerns.

Commissioners Eugene Methvin and Charles Rogovin said Wednesday they were surprised at the language in the recommendations and that before the final report came out last week, commissioners had suggested qualifying the proposal on drug testing.
(Donna Cassata, AP)

SENATORS ASSAIL GRANT TO ACTIVIST

The head of the Justice Department's juvenile justice office was showered with bipartisan criticism yesterday for awarding a \$186,710 grant to conservative activist James McClellan while the rest of the unit's grant programs remain frozen.
(Howard Kurtz, Washington Post, A17)

VALUE OF U.S. OIL RESERVE FALLS

The government has lost \$3 billion in the oil business since November without lifting a finger. Plunging international oil prices have eroded the value of the Strategic Petroleum Reserve (SPR) from \$14 billion to \$11 billion, and prices are still dropping.

(Judith Havemann, Washington Post, A21)

GAO PLANS TO SUE ENERGY DEPARTMENT FOR HOLDING BACK PETROLEUM FUNDS

The GAO notified Congress Tuesday that it intends to sue the Energy Department for refusing to spend money that Congress twice ordered to be used for the Strategic Petroleum Reserve.

The GAO suit, only the second such action in the history of the agency, signals a new escalation of the fight between Congress and the Administration over White House "deferrals" of spending ordered by Congress.
(Washington Post, A21)

FEC RULING MAY LIMIT TURF OF "MULTICANDIDATE" PACs

Can a "multicandidate" political action committee working for a potential 1988 presidential contender participate in the selection of delegates to a national nominating convention? And can the PAC still claim "non-candidate" status under federal election laws?

The legal staff of the FEC says "no". But curiously, the group that posed the question to the FEC -- Vice President Bush's PAC -- does not seem disturbed by that development.

(Dave Doubrava, Washington Times, A2)

FIRST LADY ELIMINATED FROM ROCK CONCERT BILL

Promoters of a rock concert pulled Nancy Reagan from the program yesterday saying the First Lady wanted to turn the international event into a debate about offensive lyrics and music censorship.

The promoters blamed the falling-out on requests by the First Lady's office to eliminate some performers because of offensive lyrics on previous recordings.

(UPI story, Washington Times, A10)

NEW RULES FOR LAFAYETTE PARK RESTRICTS SIGNS AND STRUCTURES

The National Parks Service issued final, more restrictive regulations yesterday governing protests in Lafayette Park and said it will begin removing the billboard-type signs, large permanent protest displays and other "dump-like" items from the park early next month.

(Karlyn Barker, Washington Post, A1)

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NETWORK NEWS SUMMARY

(Wednesday, March 5, 1986)

CONTRA AID

CBS's Dan Rather: Despite President Reagan's strongly-worded and repeated personal pitches, the first test votes -- these are not conclusive -- test votes on aid to the contras are in tonight from two separate panels, and both voted no. No to Mr. Reagan's request for \$100 million for additional military and other aid to the contras fighting the Sandinista government. The expected no votes came in the House Intelligence Committee and House Foreign Affairs Subcommittee. Tonight President Reagan was angry. (President Reagan: "As the members of Congress hide their heads in the sand, and pretend the strategic threat in Nicaragua will go away, they are courting disaster and history will hold them accountable. If we don't want to see the map of Central America covered in a sea of red, eventually lapping at our own borders, we must act now.") More votes in the House and the Senate will decide later whether the contras aid money lives or dies. (CBS-6)

ABC's Peter Jennings: Not in a very long time has President Reagan been so passionate as he is now, on what he regards as the threat of communism in Central America. Today the President suggested that if there were not aid for the Nicaraguan contras, there could be American troops in Central America, and that his opponents were playing into the hands of the communists. Today, the first hard results from the President's current campaign: Two House committees voted against his plan.

ABC's Sam Donaldson: Appearing before a group of Jewish leaders who had been assembled by the White House to provide a forum for his remarks, President Reagan suggested that American troops might some day have to be sent to Central America if Congress turns down his request for aid to the contras.

(President: "If we give them the aid they need, the Nicaraguan people can win this battle for freedom on their own. American troops have not been asked for, and are not needed. We must make sure they never are needed. We send money and material now, so we'll never have to send our own American boys.")

If the threat that American boys might some day have to be sent, if aid was turned down, wasn't enough to unnerve the opposition, the White House heated up another theme: giving aid and comfort to the communists. At a breakfast meeting with reporters, Mr. Reagan said it was hard not to agree that opponents were giving support to the communist Sandinistas, whether intended or not. And when asked if congressional opponents were being used unwittingly by the Sandinistas, the President replied, "Oh, yes." But it was left to Mr. Reagan's communications director, Patrick J. Buchanan, writing in The Washington Post, to really swing hard in the communist connection. Buchanan charged that the Democratic party had joined Moscow in guaranteeing the continuance of a communist regime in Central America. "With the vote on the contra aid," wrote Buchanan, the Democratic party will reveal whether it stands with Ronald Reagan and the resistance, or Daniel Ortega and the communists."

-more-

Donaldson continues:

Trying to frame the debate in terms of who is for or against the communists has a ring of the Senator Joseph McCarthy era about it. But the White House intensity of feeling on the contra issue is extremely high. And before the debate is over, it could get a lot meaner.

ABC's Charles Gibson reports from Capitol Hill that Administration spokesmen used the same theme here as the President: threatening that failure to send military aid to the contras could lead to U.S. troops fighting in Nicaragua.

(Rep. Floyd Spence (R-S.C.): "I hear that this will be the last chance. If we don't appropriate the money, the only alternative might be for us to intervene ourselves more directly in Central and South America.")

(Secretary Weinberger: "I think that ultimately that could indeed be the case, and again, our goal is certainly not to have any form of combat for our own forces. We don't think it's necessary now, and it isn't.")

Not necessary now, but Weinberger left no doubt he thought U.S. troops might be needed later, unless there's aid to the contras.

(Weinberger: "What we're asking for are the funds to prevent a war.")

Democrats argue the opposite. That only if we give to the contras, would American troops be brought into the fight.

(Rep. Coelho: "The Republicans want to spook us into believing that a vote against military aid is political suicide. It's not.")

(Rep. Mel Levine: "The President's policy leads to increasing military activity, and its logical result will be direct American military involvement in Nicaragua.")

The full House votes two weeks from today, and doubtless the rhetoric from both sides about U.S. troops in Nicaragua will get far tougher by then. (ABC-Lead)

NBC's Tom Brokaw: President Reagan today raised the possibility that the Ayatollah Khomeini, among others, will be operating out of Central America, if the United States Congress does not approve \$100 million in American aid to the contras, the rebels trying to overthrow Nicaragua's Sandinista government. The President's ominous prediction came before an audience of White House visitors.

(President: "If the Sandinistas are allowed to consolidate their hold on Nicaragua, we'll have a permanent staging ground for terrorism. A home away from home for Muommar Khadafy, Arafat and the Ayatollah. Just three hours by air from the U.S. border. If we don't want to see the map of Central America covered in a sea of red, eventually lapping at our own borders, we must act now.")

The President's grim warning came just before two House committees voted against his contra request. And government auditors today reported that the Administration cannot account for all the money in non-military aid that was sent to the contras last year.

NBC's Bob Kur reports from Capitol Hill that it was not a good day for Nicaragua's contra leaders, who were here at the Capitol, lobbying for military aid.

Kur continues:

The testimony of a government auditor could mean defeat in the House of the Reagan Administration's current aid request for the contras. At issue, what the auditor said about his futile attempt to account for most of the non-lethal aid approved by Congress last fall and sent to the contras.

(GAO's Frank Conahan: "The assistant's office cannot assess the validity of the regional receipts, is unable to check out many suppliers, has difficulty establishing reasonableness of prices, and cannot verify actual delivery or receipt of the items.")

Government investigators could not account for \$7 million. That's more than half of the aid money spent for the contras since last fall. In the Armed Services Committee, a key Southern Republican, and some conservative Democrats who have supported aid in the past, were disturbed by today's report.

(Rep. Dyson (D-Md.): "If we're going to spend money, we want to see it do what we intend it to do. I don't want to see it get lost somewhere.")

Secretary Weinberger denies the money was lost, but like the GAO, he can't account for it.

(Weinberger: "It's a little difficult for GAO auditors to wander in to Nicaragua and be able to give us a line-by-line, green eyeshade high school accounting; where each shoe went, and where each package of food went.")

A contra leader insisted the money was spent properly, but House Democrats didn't buy it, and seized the opportunity to criticize the Administration.

(Rep. Panetta: "The problem we have today is that we're dealing with a failed policy, and what we're being asked to do is to continue to subsidize a failed policy.")

The House vote is March 19, and today's action here is not a good sign for the White House.

Brokaw: Despite today's setbacks, there is nothing to indicate that the President will give up his fight to get this additional money for the contras. Chris Wallace, for all of the tough talk, the White House is not off to a fast start tonight.

NBC's Chris Wallace: Well, no, they're not off to a fast start, but there's no sense of panic here, either. Officials here understandably are trying to play today's developments down. They're dismissing those committee votes, saying the only vote they're working on is the one on the House floor, and they argue that the reason for those GAO problems is the system that Congress set up: Overt aid through Honduras, which is blocking shipments to the contras. The Administration says, let us do it our way -- covertly through the CIA -- and then we'll account for that money just fine.

Brokaw: Chris, there is that strong talk from the President today, and his aide, Pat Buchanan, was writing in The Washington Post, saying, whose side are you on? Saying that if the Democrats vote against the President, they're siding with the communists and Daniel Ortega. Isn't that kind of language liable to set off a backlash against the White House?

Wallace: It is tough talk, and some foreign policy advisers here believe that Buchanan went too far. That you don't start linking the Democrats to Daniel Ortega at the same time that you are looking for Democratic votes. But the White House does want to make this vote as dramatic as possible. What's interesting tonight is that the Democrats appear ready to take on that challenge. (NBC-Lead)

BUDGET BATTLE

Jennings: The people who divvy up all the taxpayers' money have been having a difficult time today. Instead of figuring out how much money to spend in 1987, the Senate Budget Committee has been squirming and fidgeting about how much they are forced to save. All because of Gramm, Rudman and Hollings. If you do not think there is pressure, look at what's happening on the streets of Washington.

ABC's Brit Hume reports that one magazine has called it the 'Gramm-Rudman pig squealing contest,' to see which group can object loudest to being stuck by the spending cuts that took effect last Saturday. Today outside the White House, federal workers made a solid entry.

(TV Coverage: Sign-wielding protesters picketing.)

Over in the Senate, as the Budget Committee got down to business, a hot topic was trying to raise added revenue by letting tax cheats go free, if they pay up. Senators Lautenberg and Moynihan also want to raise money by selling off the government's loan portfolio; anything, it seems, to avert painful cuts. In that regard, good news today: in a report from the Congressional Budget Office. Thanks to the Gramm-Rudman cuts already made and the huge drop in world oil prices, the deficit is already going down, and will be half its present size in five years, even if Congress does nothing more. Unfortunately for Congress, next year's projections show the deficit much higher than Gramm-Rudman allows. So the immediate need to make a painful choice between higher taxes and cutting spending still remains. (AEC-7)

SUMMIT POLITICS

Rather: At the November Geneva summit, President Reagan and Soviet leader Gorbachev agreed to two more summits. In Washington this year, and in Moscow next year. Recently, Gorbachev threatened he won't come here in 1986, unless there is progress, as he sees it, on arms control first. Today, President Reagan threatened right back. "If Gorbachev doesn't come here," the President said, and I quote, "I've got news for them. There won't be any '87 summit in Moscow." (CBS-9)

HOME SALES

Rather: The Commerce Department reported today that sales of new homes jumped 4.4 percent in January. That's their highest level in some two years. Analysts said the surge was spurred by interest rates that have dropped to their lowest level since 1978.

(CBS-10; ABC-8; NBC-9)

INTEREST RATES

NBC's Mike Jensen reports that the Southwest Bank of St. Louis, which often leads the way nationally in prime rate changes, lowered its prime to nine and one-quarter percent -- the lowest level since the summer of 1978. A second small bank in Florida lowered its prime to nine percent. (NBC-9)

CHALLENGER

Rather: In the search for the cause of the Challenger disaster, CBS News has been told that weeks before the fatal launch, two of the reusable segments of the suspect right solid rocket booster -- segments that normally can be fitted together in a few hours -- instead took technicians a whole day to fit together. (CBS-Lead; NBC-7)

AIR SAFETY

Rather: Word tonight of new concerns for the safety of our nation's whole air travel system. Here are details of a yet-to-be made public federal report; an official report that warns there is too much air traffic for too few air traffic controllers to keep track of safely.

CBS's Peter Van Sant reports the GAO's year-long study concluded that the nation's air traffic control system is in trouble; that controllers are overworked and that the skies are overcrowded. The GAO report, obtained by CBS News, recommends that the F.A.A. limit airline flights before conditions worsen. F.A.A. officials acknowledge there are problems with the air traffic control system, but they deny that safety is threatened. The GAO report also found that the F.A.A. will have a hard time solving its air traffic problems, because hundreds of its most experienced controllers are expected to retire within the next two years. (CBS-2)

AQUINO/COMMUNISTS

Rather: Against the advice of her generals, President Cory Aquino today freed four top Filipino communist leaders. They had been jailed by former president Marcos. (CBS-7; ABC-3; NBC-3)

MARCOS LAWSUIT/MONEY

ABC's John Martin reports some Filipinos have made claims of torture. Yesterday in San Francisco, 13 Filipinos sued Marcos for \$55 million for false imprisonment and torture. Today in New York, a judge extended for two weeks a ban on selling five properties worth \$350 million. Whether Mr. Marcos will ever have to pay the claims is clouded by confusion. What were the terms by which he was offered asylum?

-more-

Martin continues:

(State Dept. Spokesman Bernard Kalb: "If you want me to sort of jot down what falls under the heading of the offer to President Marcos by the United States to stay in the U.S. as long as he so desires, I don't have anything to draw for you.")

Unless there is a secret agreement, Marcos could face a long, costly battle to keep his possessions. (ABC-4)

BENIGNO AQUINO ASSASSINATION

NBC's Tom Brokaw reports that when Benigno Aquino was gunned down at the Manila airport two and one-half years ago, there was a lot of speculation that the plot was hatched in the Philippines presidential palace. Now, with Marcos forced into to flee into exile, there is new finger-pointing, and it is aimed at the ousted president and his wife, Imelda. (NBC-2)

MARCOS IN EXILE

Brokaw: It now looks as if Marcos will call Hawaii his home in exile.

Honolulu's mayor said today that it was now 99 percent certain that Marcos would settle there. (NBC-3)

SUPREME COURT

Brokaw The U.S. Supreme Court today rejected an appeal from many of the nation's police for greater protection from being sued. It said a Rhode Island couple, cleared of narcotics charges, could sue the state trooper who arrested them. (NBC-12)

Editor's Note: CBS aired the third of its five-part series on "Poverty in America." Tonight's subject: the federal Head Start program.

(CBS-14)

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EDITORIALS/COLUMNISTS

DEFENSE BUDGET

Defending Defense -- "Prevailing in war. The President's address Wednesday was a prime example of just how he should be defending defense -- by speaking the unvarnished truth about the U.S.-Soviet military balance and by taking his case to the people when Congress shirks its duty.... If Congress won't listen, the President should do what he did Wednesday evening -- take his compelling case directly to the public." (San Diego Union, 3/1)

High Defense Costs Keep U.S. Prepared -- "Without question, Reagan is facing the probability of going back on his vow not to increase taxes if he can't locate some areas of reduction in the defense budget.... But (Rep. Wright's) statement that the budget increase Reagan wants for defense is 'a misplaced priority' reflects a false sense of security that could cost the taxpayers more than money in the end." (Milwaukee Sentinel, 2/28)

Reckless, Dangerous and Wrong -- "Since President Reagan took office in 1981, the nation has appropriated more than a trillion dollars in the most massive military buildup in history, and, simultaneously, has added nearly \$900 billion to its deficit.... The Pentagon will not get the vast amounts it seeks. Not this time, not with the deficit that threatens the nation's future. The White House must realize that, and make the best of it." (Cleveland Plain Dealer, 2/28)

Rattling the Pentagon -- "President Reagan's appointment of a Commission on Defense Management was greeted last July with understandable skepticism. After all, the pattern is for the findings of presidential study commissions to be announced with great fanfare -- and promptly forgotten. And the new commission was created by an Administration that denied in advance the need for fundamental reforms in the way the Pentagon is run.... It is vital to take advantage of the existing momentum for reform by enacting corrective legislation this year." (Los Angeles Times, 3/5)

Is Anyone Ready To Manage The Pentagon? -- "It's hard to tell whether last week's report by the President's Blue Ribbon Commission on Defense Management was good news or bad. But regardless of which, there's no doubt at all that Congress ought to act forcefully on the commission's recommendations.... Some of these recommendations are essential; all are at least worth trying. Better defense management could save billions that the nation can't afford to waste." (Newsday, 3/5)

FARM POLICY

Time For 'Farmfare Reform'? -- "The point is obvious: Farming is a business, with all the hazards and risks that entails. It's no accident that two-thirds of all agriculture that still operates as a business, without subsidies, is in good, sound, economic shape, while the third that has become 'welfare dependent' is not only becoming an enormous burden to the taxpayers, but is destroying itself with unpayable debt. The exploding farm budget indicates that 'farmfare reform' is just an urgent agenda as 'welfare reform.' They are two sides of the same coin."

(Detroit News, 2/28)

ARMS CONTROL

Reagan's Time Is Short On Arms Control -- "If there's such a thing as a moment of truth in arms control negotiations, President Ronald Reagan is rapidly approaching it. After that moment, unless talks with the Soviet Union lead to visible progress, they will veer into irrelevance and Reagan's power to direct them will ebb beyond recall.... In any case, once the Soviet party congress is over, it's time to get moving at Geneva. Gorbachev has suggested that there's no point in holding a summit this year unless some significant agreement can be reached -- perhaps on a nuclear test ban if not on missiles in Europe. Certainly there's no reason for another media circus to mark a complete lack of substantive progress on arms control. The issue is not the Pentagon's budget but the White House's resolve. And if there's no progress by next year, you can expect Gorbachev to be looking beyond Reagan to his next negotiating partner."

(Newsday, 2/28)

MARCOS' WEALTH

Recovering The Loot -- "The United States is deeply involved in the recovery of the assets that belong to the Filipino people just as it was in the revolution that brought Mrs. Aquino to power. After doing so well in rolling with the revolution, the Reagan Administration must not appear as the protector of ill-gotten loot. American prestige in the Philippines is at stake."

(Baltimore Sun, 3/5)

Treasure Hunt -- "Problem or not, no effort at recovery should be spared. Larceny is a universal crime, and it is simply wrong that the Marcoses, the Duvaliers and others of that ilk should be allowed to live luxuriously ever after on what they stole. It is a complicated issue, but the same legal standard that applies to purse snatchers, bank robbers and tax evaders certainly ought to apply to felons who once practiced their trade from presidential palaces. Morally they are all the same, and that is how the law and society ought to regard them."

(Los Angeles Times, 3/5)

CARIBBEAN POLICY

A Disappointing Initiative -- "Disappointing is a word often used to describe the results so far of President Reagan's Caribbean Basin Initiative, which took force 26 months ago and has nearly 10 more years to run.... The U.S. government ought to provide further technical assistance for potential Caribbean entrepreneurs on production and marketing. Establishing an inter-agency group in Washington to help guide Caribbean businessmen through the U.S. bureaucracy would be welcomed. Bureaucratic and economic reform in the Caribbean nations is another must. A few governments -- Jamaica, the Dominican Republic and Costa Rica, among them -- are on an encouraging path. With time, enlightened policies, steadily pursued, could make the Caribbean Basin a shining example of economic cooperation."

(Journal of Commerce, 3/4)

Haiti Needs U.S. Help -- "The honeymoon of freedom must not be allowed to come to an end. The U.S., which helped ease Haiti from dictator Duvalier's grip, must act to ensure that crushing realities do not plunge the people into new despair. This the Reagan Administration has taken the first steps to do.... The United States can play a further helpful role by encouraging democracy...."

(Los Angeles Times, 3/5)