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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, MAY 22, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

President Vetoes Ban On Arms Sale To Saudis -- President Reagan yesterday vetoed a congressional ban on the proposed \$354 million arms sale to Saudi Arabia, but a showdown vote to override the veto was delayed until Congress returns from its Memorial Day recess.

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

U.S. Opposes 'Prejudging' Syrian Role In Bombings -- Faced with mounting evidence of Syrian as well as Libyan involvement in four terrorist attacks, Secretary of State George Shultz said yesterday he didn't want to "prejudge" the Damascus regime and refused to say how the United States would respond once all the facts were known.

(Washington Post, Washington Times)

NATIONAL NEWS

PRICES FALL 0.3 PERCENT IN APRIL; 3-MONTH DROP IS STEEPEST IN 37 YEARS -- Consumer prices fell 0.3 percent in April, marking the steepest three-month price decline in 37 years, the Labor Department reported yesterday.

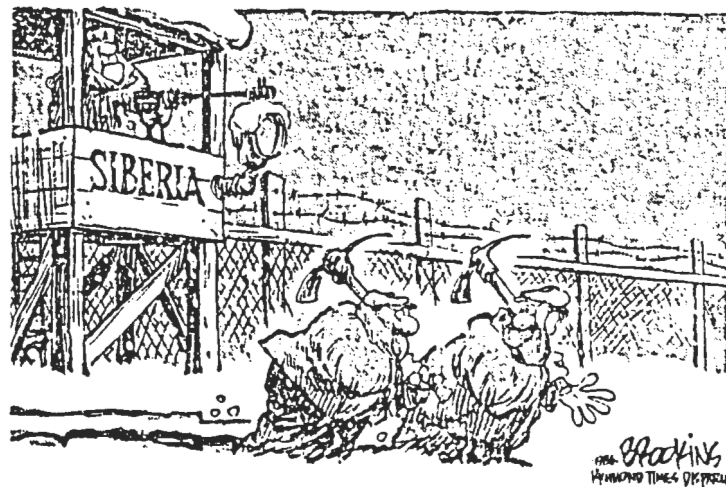
(Washington Post)

NETWORK NEWS (Wednesday Evening)

SAUDI ARMS SALE -- President Reagan vetoed Congress's earlier defeat of his weapons sale to Saudi Arabia.

SYRIA/TERRORISM -- Italy has informed U.S. intelligence there was direct Syrian involvement in the terrorist raid on the Rome airport.

ECONOMY -- Inflation hasn't taken such a beating in 37 years.



"COULD BE WORSE..... WE COULD BE IN KIEV !!..."

INTERNATIONAL NEWS

SAUDI SALE BAN VETOED; VOTE PUT OFF

President Reagan yesterday vetoed a congressional resolution blocking a scaled-down arms sale to Saudi Arabia, but after hours of uncertainty in the Senate, the climactic test on sustaining the veto was put off until next month.

Larry Speakes said Reagan was "terribly disappointed" at the postponement but said the delay would not do "irreparable damage" if the Senate sustained the veto after the recess. Speakes also praised former president Jimmy Carter as "a wise man and patriot of the first order" for making telephone calls in behalf of Reagan's veto.

(Edward Walsh & Lou Cannon, Washington Post, A1)

President Vetoes Ban On Arms Sale To Saudis

President Reagan yesterday vetoed a congressional ban on the proposed \$354 million arms sale to Saudi Arabia, but a showdown vote to override the veto was delayed until Congress returns from its Memorial Day recess.

Senator Robert Dole said he had enough votes to uphold the President's veto, but, under threat of a filibuster by Democrats, agreed to postpone the vote.

(Mary Belcher & Rita McWilliams, Washington Times, A1)

Reagan Uses Veto In Favor Of Sale Of Arms To Saudis

President Reagan today vetoed a congressional resolution that sought to block his request to sell advanced missiles to Saudi Arabia.

The Senate, threatened with a filibuster by lawmakers who oppose the President, postponed a vote on overriding the veto until after the Memorial Day recess, which began tonight. (Steven Roberts, New York Times, A1)

Reagan Vetoes Bill Banning Saudi Arms, Senate Vote Delayed

Senate opponents of President Reagan's controversial sale of advanced U.S. missiles to Saudi Arabia have succeeded in delaying a second key vote on the issue, throwing the final outcome into doubt.

"I cannot permit the Congress to...damage our vital strategic, political and economic interests in the Middle East and undermine our balanced policy in the that region," Reagan said in a message to legislators yesterday.

Reagan's message accompanied his veto yesterday of a measure passed overwhelmingly earlier this month by both the House and Senate killing what was originally a \$354 million, 2,600-missile deal.

(Sue Baker, Reuter)

U.S. IS UNDECIDED ABOUT SYRIA'S ROLE

Despite persistent reports of Syrian involvement in recent terrorist incidents, the Reagan Administration has not reached any conclusions about the accuracy of the allegations or whether they indicate an escalation of Syria's past, selective use of terrorism, U.S. officials said yesterday.

The U.S. officials said continuing British and West German investigations have not yet produced clear evidence of Syrian involvement in the El Al or Berlin incidents. These officials also said that yesterday's New York Times report was what one called an exaggerated account of what Italian authorities have told the United States about the Rome attack.

(John Goshko, Washington Post, A21)

U.S. Opposes 'Prejudging' Syrian Role In Bombings

Faced with mounting evidence of Syrian as well as Libyan involvement in four terrorist attacks, Secretary of State George Shultz said yesterday he didn't want to "prejudge" the Damascus regime and refused to say how the United States would respond once all the facts were known.

Commenting on reports that Syria had a hand in the Rome airport massacre, two bombings in Berlin and an attempt to plant a bomb on an Israeli airliner at London's Heathrow airport, Mr. Shultz responded: "These are investigations. There are several being conducted by different European governments and we are cooperating with the investigations. When the investigations are completed, we will, of course, be very interested in knowing what the results are."

(Bill Kritzberg, Washington Times, A1)

ROME PLAYS DOWN REPORTED SYRIAN AID IN ATTACK

ROME -- Italian officials today sought to play down American press reports, citing U.S. intelligence information supposedly received from Italian authorities, that Syrian agents helped train and guide to their targets a band of Arab terrorists who last December attacked the Rome and Vienna airports.

Senior officials in the government of Prime Minister Bettino Craxi today said they had heard of no information to confirm the report of direct Syrian involvement in the Rome and Vienna attacks Dec. 27 in which 19 persons died and more than 100 others were wounded.

(Loren Jenkins, Washington Post, A23)

ISRAELI ENVOY ASKS SHULTZ TO RESUME HIS MIDEAST ROLE

A special Israeli envoy sought today to win a commitment from Secretary of State George Shultz to make a trip to the Middle East to ease Israeli-Egyptian tensions and revive the effort to bring peace to the region.

But the envoy, Ezer Weizman, said Mr. Shultz had declined to commit himself to a trip and has merely affirmed United States support for closer relations between Israel and Egypt.

(Bernard Gwertzman, New York Times, A1)

REAGAN CALLS DEMOCRATS ANTIDEFENSE

President Reagan last night accused the Democrats of seeking to "dismantle" his Administration's defense buildup and called upon the Republican Party to "stand a lonely vigil to guard the gates of freedom."

In remarks prepared for a GOP congressional dinner, the President used blunt and partisan words to defend his military budget and the tax overhaul bill approved by the Senate Finance Committee.

"The other side still seems to have only two ideas: raise taxes and slash defense," Reagan said. "And they still talk about America's defense as if it were somebody else's special interest. Maybe there's something revealing in that." (Lou Cannon, Washington Post, A7)

Reagan, At Fundraiser, Says Democrats Lack Good Ideas

President Reagan, delivering a fiercely partisan speech in advance of the fall elections, lambasted Democrats as a weakened party "with only two ideas: raise taxes and slash defense."

"The Democratic Party's politics of envy has been consigned to the trash heap of economic history," Reagan said. The President spoke Wednesday at the President's Dinner, a mammoth Washington fundraiser designed to fill campaign coffers for Republican Senate and House candidates in the November elections. (Susanne Schafer, AP)

REAGAN BLASTS HOUSE DEMOCRATS FOR BLOCKING VOTE ON CONTRA AID

President Reagan ripped into House Democrats last night, accusing them of having "twisted the rules" to block an up-or-down vote on his request for aid to the Nicaraguan resistance fighters.

But eight key House Republicans -- who are unhappy with the Administration's own handling of the aid request and say they have been blocked from seeing Mr. Reagan about it -- have scheduled a meeting today with Assistant Secretary of State Elliot Abrams to vent their concerns. (Christopher Simpson & Mary Belcher, Washington Times, A1)

NICARAGUA SAYS CONTADORA WON'T END BLOODSHED

MANAGUA -- Nicaragua's Foreign Minister, Miguel D'Escoto, today said whether his government signed a Central American peace pact or not, the country would continue to face the threat of U.S. intervention.

D'Escoto told a news conference that proposals by the four nation Contadora group would not end the bloodshed because Nicaragua's quarrel was with the United States, not with Central American neighbors participating in the peace talks.

He added this had been made clear by a U.S. Defense Department study, warning a 100,000-member U.S. "containment force" would be necessary in Central America in three years if the Contadora pact is signed on the grounds that Nicaragua could not be trusted to implement its proposals. (Matthew Campbell, Reuter)

U.S. SEEKS TO LIMIT DAMAGE FROM PRETORIA RAIDS

The United States is working to limit damage to its drive for regional peace caused by South Africa's raids on three neighboring black nations as anger against Pretoria mounts in Congress.

Bernard Kalb told reporters yesterday a senior official met Zambian President Kenneth Kaunda "to express U.S. sympathy for the victims of the raids and to underline U.S. rejection of South Africa's resort to force."
(Michael Battye, Reuter)

HOUSE DEMOCRATS GET GOP HELP ON TRADE BILL

House Democrats gained surprising Republican support yesterday to beat back a series of amendments designed to weaken a trade bill the Reagan Administration has attacked as highly protectionist.

As many as half the House Republicans appeared to be voting regional economic interests over the party line to support a broad-based bill crafted by the Democratic leadership.

A final vote is scheduled for today on the bill, which Democrats hope will make the record trade deficits during the five years of the Reagan presidency a major November campaign issue. While its passage by the Democratic-controlled House assured, the White House is trying to cut into the number of Republican defections in order to paint the bill as a partisan measure.
(Stuart Auerbach, Washington Post, E1)

PACTS SOUGHT ON A-ACCIDENTS

VIENNA -- Specialists on nuclear energy from East and West agreed here today to open negotiations on an international system for early notification of nuclear accidents and coordinated assistance in the event they occur.

The agreement came at an emergency meeting of the International Atomic Energy Agency's board, called by West Germany in the wake of the Chernobyl accident in the Ukraine.

(Michael Dobbs, Washington Post, A21)

U.N. Agency Initiates Binding Accords On Nuclear Disasters

VIENNA -- The Soviet Union is to reveal full details of the Chernobyl nuclear disaster and its aftermath at a special meeting of the International Atomic Energy Agency this summer, an agency official said.

The full 35-nation IAEA board, including the Soviet Union, agreed in an emergency session yesterday to seek binding accords on coping with nuclear disasters. A statement adopted unanimously by governors of the U.N. agency called on IAEA chief Hans Blix to set up expert groups to draft a world agreement committing countries to report promptly any nuclear accident that crossed national frontiers.
(Guy Dinmore, Reuter)

U.S. CONDUCTS 4TH ANNOUNCED NUCLEAR TEST OF '86

YUCCA FLAT, Nev. -- The fourth announced underground nuclear explosion of 1986 was detonated today at the Nevada Test Site, the Department of Energy said. The 6:59 a.m. test, code-named Panamint, had an announced explosive force of less than 20 kilotons, equal to a maximum of 20,000 tons of TNT.

Meanwhile, an MX missile carrying a full complement of 10 dummy warheads was launched from Vandenberg Air Force Base in California on a 4,000-mile test flight to the Kwajalein Atoll in the Pacific, the Air Force said.
(News Services story, Washington Post, A25)

U.S. OUSTS 2 NICARAGUAN DIPLOMATS

The United States has ordered two Nicaraguan diplomats to leave the country by Friday, calling the move a response to Nicaragua's claim in March that four U.S. diplomats had engaged in spying in Managua.

(Joanne Omang, Washington Post, A29)

U.S. Expels Two Nicaraguan Diplomats

Two Nicaraguan diplomats have been ordered to leave the United States by Friday in reprisal for charges by the Sandinista government that four U.S. diplomats in Managua were spies, it was reported today.

The State Department made no charges against the two Nicaraguans, and said their expulsion was merely an act of reciprocity for the charges against the Americans in Managua.
(UPI)

REAGAN'S LETTER TO BONNER PLEDGES EFFORTS FOR SAKHAROV

President Reagan has promised Yelena Bonner, wife of dissident Soviet scientist Andrei Sakharov, that the United States "will continue to do everything possible" to win her husband's freedom and "advance the principles for which he has sacrificed so much."

The President also issued a proclamation declaring yesterday "Andrei Sakharov Day" and citing his confinement in the closed city of Gorki as evidence of "the overall grim human rights situation that continues to prevail in the Soviet Union."
(Washington Post, A32)

CIA REVIEWING PELTON ARTICLE, SPEAKES SAYS

The CIA is reviewing an article published yesterday on the Ronald Pelton spy case to determine whether it broke a law barring the disclosure of intelligence secrets, Larry Speakes said.

Speakes said The Washington Post article "is presently being analyzed by the CIA to see if they have any specific problems with it. They have not indicated either way."
(AP story, Washington Post, A24)

ENVOY TO VATICAN DENIES WRONGDOING

ROME -- William Wilson, the U.S. ambassador to the Vatican, today denied any wrongdoing during his five years as President Reagan's representative to the Holy See and said that his resignation, announced yesterday, resulted from his desire to return his previous life as a California real estate and investments magnate.

(Loren Jenkins, Washington Post, A22)

NATIONAL NEWS

PRICES FALL 0.3 PERCENT IN APRIL; 3-MONTH DROP IS STEEPEST IN 37 YEARS

Consumer prices fell 0.3 percent in April, marking the steepest three-month price decline in 37 years, the Labor Department reported yesterday.

Larry Speakes said the recent economic reports help "quantify what millions of Americans have been experiencing for 41 consecutive months -- they're enjoying an economic expansion that shows no signs of diminishing."

(Jane Seaberry, Washington Post, A1)

REAGAN SAYS HUNGRY SUFFER FROM 'LACK OF KNOWLEDGE'

President Reagan said yesterday that the problem of hunger in the United States is caused by "a lack of knowledge" about where to obtain help and added, "I don't believe there is anyone going hungry in America simply by reason of denial or lack of ability to feed them."

Numerous studies have reported that the nation's hunger problem is worsening and a study released this week found that an Administration effort to target food-stamp benefits to the "truly needy" is "a failure."

(David Hoffman, Washington Post, A1)

Reagan, Defending Budget, Says Lack Of Knowledge Hurts Hungry

President Reagan today strongly defended his Administration's budget priorities by asserting that America's hungry are suffering not from an availability of assistance, but from a lack of knowledge of where or how to get help.

The President said that between the efforts of the government and charitable groups, "I don't believe that there is anyone going hungry in America simply by reason of denial or lack of ability to feed them; it is by people not knowing where or how to get this help."

(Gerald Boyd, New York Times, A1)

Reagan: Ignorance, Not Program Cuts, Leaves People Hungry

No one in the United States is going hungry because of cutbacks in government programs, but it is possible that some people might not know how to obtain proper assistance, President Reagan says.

Reagan, speaking Wednesday to high school students from 10 states in a "Close Up Foundation" television interview, also defended his \$1 trillion defense buildup, saying the United States is now "playing catch up" with the Soviet Union.

(Helen Thomas, UPI)

TAX BILL WINS KEY BUSINESS ENDORSEMENTS

The Washington business lobbying community, once expected to oppose the Senate Finance Committee's radical tax-overhaul bill, is rapidly falling in line to support it.

The U.S. Chamber of Commerce is likely to endorse the far-reaching package as early as today, with the National Association of Manufacturers and the Business Roundtable expected to follow suit soon.

(Anne Swardson & Dale Russakoff, Washington Post, A1)

THURMOND PLAN JOLTS WARNER

Sen. Strom Thurmond, in an unexpected blow to Sen. John Warner, has decided to seek the chairmanship of the Armed Services Committee if the Republicans retain control of the Senate in this fall's elections, according to Senate staff sources.

The decision has touched off hopes in Virginia of persuading Warner, the party's senior Republican, to run for governor in 1989 in an effort to end the losses that the party has suffered in the last two statehouse elections.

(Tom Sherwood, Washington Post, A14)

LAWMAKERS WANT TO DETHRONE OMB RULE REVIEWERS

A bipartisan group of members of Congress is working to cut off all funds for a section of the OMB that carries out the President's program of reducing the burden of federal regulations.

Sen. David Durenberger and Sen. Carl Levin are attempting to cut off \$5.4 million for the Office of Information and Regulatory Affairs until the OMB agrees to new disclosure provisions as part of an authorization bill to oversee the rule-making apparatus.

(Judith Havemann, Washington Post, A17)

SENATE PUTS PUNCH IN DRINKING-WATER PROTECTION BILL

With no recorded opposition, the Senate yesterday sent President Reagan a bill to strengthen the Safe Drinking Water Act by creating a national program to protect underground aquifers from pollutants.

With the Senate's 94 to 0 endorsement, the bill became the first important piece of environmental legislation to clear Capitol Hill and go to the White House since the 99th Congress began nearly 17 months ago.

(AP story, Washington Post, A17)

WITNESS BALKS AT QUESTIONS IN LAXALT LIBEL CASE

LOS ANGELES -- A former IRS investigator has testified for the first time about an alleged illegal skimming operation at a Carson City, Nev. casino once owned by Sen. Paul Laxalt, but refused to answer questions Laxalt's attorneys consider crucial to a \$250 million libel case.

In a deposition taken here Feb. 17 and 18, investigator Lawrence Rooker said another IRS investigator and some casino employees told him in 1973 of a scheme, allegedly linked to organized crime, to steal part of the gambling receipts at the Ormsby House Hotel Casino.

(Jay Mathews, Washington Post, A20)

NETWORK NEWS SUMMARY

(Wednesday Evening, May 21)

SAUDI ARMS SALE

CBS's Dan Rather: Despite an agreement to drop controversial Stinger missiles from the package, the battle over President Reagan's big arms sale to Saudi Arabia is not over yet. As Lesley Stahl reports, it was the President himself who set the stage for the bitter new congressional fight ahead.

CBS's Lesley Stahl: Convinced he had the votes, President Reagan today vetoed Congress's earlier defeat of his weapons sale to Saudi Arabia. But the Democrats in the Senate threatened a filibuster and forced a postponement of the vote the President hoped he could push through tonight.

(Sen. Dole voice over: "We have the votes to sustain a veto, to uphold the President's position, and I would like very much to proceed with that forthwith.")

The Democrats said they wanted a delay because several senators opposing the sale were absent.

(Sen. Byrd voice over: "We all know that the Administration delayed until they felt confident that they had the votes.")

The President's original package of weapons to Saudi Arabia faced so much opposition from both parties, he was forced to scale it back by a whopping 92%, first dropping advanced F-15 warplanes from the proposal of \$3 billion, then dropping the shoulder-fired Stinger missiles, ending up with a sale of just \$250 million worth of missiles, all of which are already in the Saudi arsenal. After all that, the Administration still had to apply extraordinary muscle.

(Sen. Johnston: "Well, the Vice President called this morning before I left home, the Secretary of State has called three times; I keep missing him. Former President Jimmy Carter also called.")

Still, members of the President's own party remained opposed.

(Sen. Gorton: "Saudi Arabia simply has not shown itself either to be a faithful ally of the United States or to have contributed to the peace process.")

President Reagan in public today made no appeal for the sale, leaving Senate leaders to complain privately that he had not worked hard enough for the vote.

(TV Coverage: President on stool, speaking to unidentified group.)

(Political consultant David Keene: "I suspect that had he gone out publicly and made the case that he could have carried the day more easily. He didn't do that.")

White House officials expressed deep disappointment that the vote was blocked. There is concern here that once the senators go home tomorrow for a 10-day recess, this issue will become even more politicized, ending up going against the President. (CBS-Lead)

ABC's Peter Jennings: President Reagan and Congress were doing battle today over a major arms package for Saudi Arabia. The latest round began when the President vetoed a resolution blocking the sale altogether. It ended this evening when Senate leaders delayed challenging that veto until next month.

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ABC's Brit Hume reports that even Mr. Carter couldn't get fellow-Democrat Johnston to support the sale, and some Republicans who voted earlier to sell the Saudis AWACS planes remained opposed to this sale.

(Sen. Gorton: "It certainly is a result of five years of disappointment in the failure the Saudis either to contribute to the peace process or to act as a friend of the United States.") (ABC-Lead)

NBC's John Dancy reports the White House says President Carter's help was voluntary, but welcome, since it's the same point Mr. Reagan has been making -- that the U.S. must help Saudi Arabia, a moderate Arab country, as a defense against radical countries like Iran and Libya. But opponents complained Saudi Arabia supports Libya and the PLO. The White House is not very happy about this delay. They said they had the votes this afternoon and this just simply needlessly prolongs the issue. (NBC-2)

NBC's John Chancellor comments: It's sometimes amazing how we tend to forget the recent past. Just a few years ago, this country was mesmerized by Iran, by the Ayatollah Khomeini, by the American hostages in Tehran. Iran today is growing in power and is becoming much more dangerous to American interests, and yet the American Congress seems to have forgotten about it. Saudi Arabia, Iran's neighbor, can't ignore the Ayatollah's regime. Iran is fighting a savage war with Iraq and at the moment, doing well. Iranian helicopters have been attacking tankers in the Persian Gulf that carry Saudi oil. To counter this, the Saudis want to buy American military equipment. The Reagan Administration quite rightly supports that and Israel is not lobbying against it. But the Congress, which some days can't see beyond its nose, voted to stop the sale because Saudi Arabia might someday use the weapons against Israel and because the Saudis didn't like the American raids on Libya. That is senseless Arab-bashing and it misses the point.... (NBC-9)

SYRIA/TERRORISM

Rather reports that according to correspondent Bill McLaughlin, Italy has informed U.S. intelligence there was direct Syrian involvement in the terrorist raid on Rome Airport last December. It's believed Libya provided the terrorists with money and documents but Syria gave them the guns and the training to use them. In the shadowy world of state-sponsored terrorism, said one U.S. official, Syria and Libya are two peas in a pod. (CBS-2)

Jennings: ...For many weeks, it has been widely assumed in this country that Libya is the leading sponsor of recent terrorism in Western Europe. Intelligence sources in Europe now believe otherwise....

ABC's John Laurence reports senior European intelligence police and diplomatic sources say Syrian intelligence agents played a key role in the recent series of terrorist attacks in London and West Berlin. All this new information suggests Libya provided funds for what may have been a Syrian-controlled terrorist operation. A senior West German official says a high-ranking officer of the Syrian Air Force Intelligence Service in Damascus organized and controlled both the La Belle and the German-Arab Friendship Society bombings.

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Laurence continues: Senior Syrian officials in East Berlin, London and Damascus, including President Assad, vigorously deny any Syrian involvement in the terrorist actions in London or West Berlin.

Jennings: And the Syrian trail of footprints goes back even further. The U.S. has been aware for some time of possible Syrian involvement in the Vienna and Rome airport attacks last year. Again, the Reagan Administration tended to accuse Libya....The Reagan Administration, as you know, has been extremely cautious about pointing the finger at Syria.

ABC's John McWethy: Behind the Reagan Administration's reluctance to publicly link Syria to recent terrorist incidents are at least three factors: questions about the validity of the evidence, puzzlement over why the apparent change in Syrian behavior, and perhaps most important, concern that accusing Syria would require the U.S. to react....American officials say that before pointing a finger, they want an airtight case against Syria and full European cooperation should economic or diplomatic cooperation be called for. (ABC-2)

NBC's Tom Brokaw: Now the question is, what will the U.S. do about Syria, if anything, in retaliation for terrorism? That question has a fresh urgency tonight as a result of new claims from the Reagan Administration that a Syrian connection has been established to several of the bloodiest acts of terrorism of the past six months.

NBC's Marvin Kalb reports that, with the accumulation of new evidence, the U.S. is accusing Syria publicly of complicity in the terrorist attacks at the Vienna and Rome airports. To support this charge, U.S. officials say the terrorists were trained in the Bekaa Valley, the portion under Syrian control. They left on their mission from the Damascus airport. And in other recent terrorist actions, there is also Syrian involvement...the German-Arab Friendship Society in West Berlin...the El Al plane in London....As evidence accumulates linking Syria to these acts of terrorism, the U.S. is being pressured to be consistent and take action against Syria. So far, only the Secretary of State's rhetoric is consistent.

(Secretary Shultz: "We have the same attitude toward terrorism from whatever source it comes.")

For the U.S., Libya has always been an easier target. Syria is much more difficult because there are thousands of Soviet troops there and because Syria may yet help get American hostages out of Lebanon.

(NBC-Lead)

ECONOMY

Rather: Inflation hasn't taken such a beating in 37 years. The government reported that consumer prices fell at an annual rate of 4.3% from February through April. That's the sharpest three-month drop since 1949. Topping it off, the report said, was a 0.3% decline in consumer prices last month. The report noted that inflation is sinking in a sea of gasoline with gas prices plummeting 26.5% in the three-month period. But analysts said that plunge in energy prices may be coming to an end. (CBS-3)

ABC's Dan Cordtz reports that as U.S. motorists responded to cheaper gasoline by taking to the road, demand shot up. So now, despite the worldwide glut of crude oil, gasoline is in short supply. That is sending gasoline prices back up. Meanwhile, food prices and other major items in the CPI had already started moving up faster, and now they won't be offset by lower gasoline prices. Even if gasoline keeps moving up, economists agree we are not heading back to double-digit inflation. But it certainly looks as if today's lower living costs are just about over. (ABC-3)

SPACE PROGRAM

Brokaw: Does the future of America's space program lie in manned or unmanned missions? That debate was intensified today when a key group of scientists said the space shuttle program should be scaled back in favor of unmanned rockets.

NBC's Robert Hager reports the Space Board of the National Academy of Sciences said it believes that for space exploration and most scientific experiments, unmanned rockets are a better and safer way to go, a new direction for the space agency. The scientists are not the only ones pushing unmanned rockets. The Defense Department would also like them, to prevent delays in launching intelligence satellites or star wars experiments. But NASA is against spending space agency money to revive the unmanned rocket program. Ultimately President Reagan and Congress must decide whether to spend the money on unmanned rockets, the shuttle or both. (NBC-4)

AT&T RATES

Rather: Under federal order to cut prices even more, AT&T announced a record \$2 billion price reduction in long distance rates effective June 1. (CBS-4)

JACKIE PRESSER

Rather reports the Teamsters re-elected their just-indicted chief, Jackie Presser, to a new term. CBS has been told Presser is facing still more legal troubles.

CBS's John Blackstone reports sources now say Presser and his lawyer and two more FBI agents are all under investigation in the alleged scheme to block Presser's indictment. Investigators in New York reportedly are examining the influence of organized crime in Presser's rise to the Teamsters presidency. (ABC-5, NBC-14, CBS-5)

ORGANIZED LABOR

CBS's Ray Brady looks at the troubles plaguing American unions. Whether it's airlines, steel or autos, some of the nation's biggest, toughest unions have had to give in. Now it's not how much they can get for workers, it's how much they can hang on to. (CBS-6)

NATIONAL PARKS

ABC's Al Dale reports that Americans in record numbers are flocking to U.S. national parks. Park officials are bracing for as much as a 20% increase over last year because of low gasoline prices and fear of terrorism abroad. All this could not come at a worse time for the park system, which has begun to lay off employees, defer maintenance and reduce services because of \$39 million in budget cuts required under Gramm-Rudman. The Forest Service is suffering from the same budget cuts. To make up lost funds, park officials have asked Congress to authorize higher entrance fees, with the money going directly to the parks instead of to the Treasury as it now does. They say if that does not happen and if Gramm-Rudman dictates deeper cuts in '88, the Park Service will have no choice but to close some parks. (ABC-6)

CHILE

Rather: An international group of politicians meeting in Chile called for free elections and the restoration of civil liberties there, and they accused President Pinochet's military regime of "laying siege" to Santiago yesterday, trying to stop an anti-government rally.

CBS's Juan Vasquez reports from Chile it was the first time Pinochet has resorted to using the army to putting down a demonstration. While the soldiers cordoned off the streets, police fired dozens of tear gas canisters. As the opposition began another campaign to oust him, Pinochet served notice that he is neither Marcos nor Duvalier. Pinochet is tightening the screws. Human rights groups say over 100,000 people in working class areas have been roused from their homes this month for identity checks in search of alleged terrorists. The church's appeal for an end to the raid has been met with silence by the government. Now the U.S. may have had enough too. Since his arrival, Ambassador Harry Barnes has made it a point to show support for the democratic opposition. The U.S. fears Pinochet's intransigence will make heroes of those who advocate violence to overthrow him. (CBS-7)

CHERNOBYL

Rather: A Soviet energy spokesman disclosed that experiments were underway at the Chernobyl reactor when it exploded. He didn't say what kind of experiments. The Soviets are widely believed to use their nuclear power plants for nuclear weapons work as well. Moscow denies this. (NBC-5, CBS-8)

CAREER CRIMINALS

Rather: The Justice Department backed legislation in Congress that would expand the definition of career criminals. Such persons now receive mandatory 15-year federal prison terms. The current law applies mostly to habitual burglars and other robbers. The proposed bills would expand it to include those convicted of serious drug offenses and most violent crimes. (CBS-11)

OREGON PRIMARY

Rather reports a little-known anti-abortion Baptist minister did do better than many had expected against Sen. Packwood. Packwood's well-financed opponent got 42% of the vote. (CBS-10)

CORPORATE MURDER

NBC's Fred Briggs reports on negligence in the workplace that leads to death. Prosecutors say they are going after executives because OSHA hasn't been doing its job. Fatalities at work are increasing. Under the Reagan Administration, OSHA no longer makes surprise inspections. It takes the company's word on safety. Corporations say the old system was bad, that OSHA nit-picked employers. (NBC-7)

BRITAIN/EXTRADITION TREATY

NBC's John Cochran reports the Senate is under new pressure to ratify a treaty to extradite IRA suspects. At the Tokyo summit this month, President Reagan was more concerned about Mideast-inspired terrorism, and he got Prime Minister Thatcher's crucial support on that.

(TV Coverage: President and Prime Minister Thatcher together before cameras in Tokyo.)

In return, Mrs. Thatcher got President Reagan's promise to lobby the Senate for passage of the treaty.

(Thatcher: "He is doing his level best to persuade people in Congress to pass that extradition treaty.")

The Senate is trying to decide, are members of the IRA terrorists or freedom fighters? Despite American denials, the British suspect the treaty is in trouble for one simple reason: a lot of American voters think of themselves as Irish-Americans; very few think of themselves as British-Americans. (NBC-8)

AMERICAN-CHINESE VENTURE

CBS's John Sheahan reports on the \$16 million joint AMC-Chinese jeep factory venture, inaugurated last October by Vice President Bush.

(TV Coverage, Vice President: "It's good for China and good for the U.S.A.")

AMC executives sent to teach the Chinese have found themselves saddled with bureaucrats who can overrule the Americans and insist on doing things the old way. The plant should have 500-1,000 workers. It employs 4,000 because employment levels are dictated by the Chinese government. The jeep Cherokee that sells for \$14,000 in the U.S. costs \$19,000 assembled in China. At that price, hundreds remain unsold and none has been exported. When the Chinese reneged on a written agreement to pay in hard currency for the Cherokee assembly kits, which are made in Canada, AMC threatened to pull out. Only the personal intervention of Secretary Baker on a

trip to China moved the Chinese to resume those payments. All the other problems remain and the high-visibility joint venture stands as a warning to other Western investors that China's open door can be an open trap. (CBS-15)

SAKHAROV

Rather reports Andrei Sakharov is 65 today. His wife was on hand as Sakharov's birthday was marked in Washington. She said she is desperately afraid of returning to Gorky. "I fear for my husband's life," she said. "In Gorky, anything can happen." (CBS-14)

YEAGER/SHUTTLE COMMISSION

Rather: The legendary test pilot of "The Right Stuff," Chuck Yeager, has been told by the space shuttle investigation commission that he didn't do enough stuff for the commission and won't be allowed to sign his name on the commission's final report. Asked if that is true, Yeager told the L.A. Times, "Yup." Asked if it bothers him, Yeager said, "Nope." (CBS-16)

ROSE BIRD

CBS's Terry Drinkwater reports on efforts in California to remove Chief Justice Rose Bird from the State Supreme Court for finding flaws in every death penalty verdict that has come before the court. In 58 cases, she has voted to spare convicted murderers from the gas chamber. There have been no executions in the nine years she has been chief justice. (CBS-11)

STOCKS

Jennings reports the Dow lost almost 9 points in light trading. (ABC-4)

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EDITORIALS/COLUMNISTS

TAX REFORM (editorials compiled by UPI)

"Special tax treatment for capital gains implies a basic economic or social distinction between capital gains and other types of income. The Senate tax bill makes a sounder assumption: Taxes should fall evenly on a taxpayers' whole income, regardless of how it is acquired or spent. Otherwise, different taxpayers with similar incomes end up with widely divergent tax burdens. The present tax exemption for 60% of capital-gains income is a major violation of that ideal....Congress should approve the proposal and be glad to stop tinkering with a capital-gains preference."

(Minneapolis Star and Tribune)

"The tax-amnesty provision sneaked into the Senate Finance Committee's new tax reform bill should be summarily kicked out. The bill is basically a good overhaul of the federal tax code, but it would let tax cheats escape criminal penalties if they confessed before being caught. That is an affront to every honest taxpayer. "

(Houston Post)

"If the new Senate tax reform plan can be shown to be as fair as it appears at first blush -- and that fairness can be maintained through final passage -- then America's taxpayers just may be witnessing one of their greatest triumphs in years....It has always seemed to us that some of these individuals and businesses, who pay so much to tax lawyers and accountants to find loopholes, would be no worse off if they simply paid what they owe. Establishment of a minimum corporate tax is a big plus, both in terms of closing loopholes and in the perception of fairness. We're not at all sure about effectively gutting most Individual Retirement Accounts....Why doesn't the Senate, instead, cut further into the loophole business by ending the incredible misuse of tax-free bonds?"

(Manchester Union Leader)

NUCLEAR TESTING

Mixing two nuclear issues -- "Unfortunately, [Gorbachev's] defensive posture about the Chernobyl accident has obscured a significant and positive decision to continue a Soviet unilateral moratorium on nuclear tests until August 6 (Hiroshima Day) in hopes that the United States will follow suit....What a stunning and effective blow Mr. Reagan could strike for nuclear peace if he would call Gorbachev's hand by declaring his own moratorium until August 6. It would be impossible for either the United States or the Soviet Union to resume testing after that date and convince the rest of the world that it was not the major threat to a global nuclear peace."

(Arkansas Gazette, 5/15)

PRESIDENTIAL LIBRARIES

Let Reagan start it off -- "Our President should sign a bill limiting taxpayers' costs for maintaining presidential libraries and then ask the Ronald Reagan Presidential Foundation to voluntarily comply with its provisions....The President would set an example for the nation by urging the foundation to meet the endowment requirement. The money saved would help to lower the national debt."

(Ft. Myers News Press, 5/18)

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