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# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 4, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Reagan: Saudi Arms Sale 'Necessary' -- President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East. (Washington Post, UPI)

Reagan Gets Pressure On SALT II Stance -- President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

(Washington Post, Washington Times, UPI)

### NATIONAL NEWS

Voters Pick Candidates In 9 States -- Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary. (Washington Post)

### NETWORK NEWS (Tuesday Evening)

MEDIA/LEAKS -- President Reagan and his advisors have decided to take another approach to this problem.

SAUDI ARMS -- President Reagan worked to nail down vital support among Senate Republicans.

TRW LAWSUIT -- The U.S. federal government formally joined in a billion dollar lawsuit against top defense contractors.

#### THE WHEEL OF POLITICS

President Reagan disclosed today he is familiar with at least one of TV's more popular game shows, favorably comparing the first day of television coverage of the Senate to "Wheel of Fortune." Asked what he thought of Monday's debut of the Senate on television, Reagan was beaten to the punch by Senate Republican leader Robert Dole, who replied, "Fabulous." Reagan then offered his review: "It's probably going to beat the 'Wheel of Fortune.'" (UPI, 6/3)

## INTERNATIONAL NEWS

### SUSTAIN VETO, REAGAN URGES

President Reagan said yesterday that a Senate override of his attempt to sell advanced missiles to Saudi Arabia would "seriously undermine" U.S. foreign policy objectives in the Middle East.

In a meeting with Republican congressional leaders, the President appealed for Senate support to sustain his veto of a congressional resolution that would forbid the arms sales.

Senator Robert Dole and White House officials said the Administration is making the Saudi arms sale a test of presidential leadership. Reagan opened the meeting by saying the United States has had a mutual security pact with Saudi Arabia for more than 40 years and stressing the importance he attaches to sustaining the veto.

(Lou Cannon, Washington Post, A10)

#### Reagan: Saudi Arms Sale 'Necessary'

President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East.

During an hour-long White House meeting with congressional leaders Tuesday, Reagan delivered a self-described "impassioned plea" for the arms sale.

"A sale is, clearly and without question, in the interest of the United States," Reagan said. "It's quite simply necessary and indispensable to the execution of our foreign policy, and I'm counting on you in the Senate for your support."

(Helen Thomas, UPI)

### SALT DECISION AROUSES NEW BIPARTISAN CRITICISM

Fresh bipartisan criticism surfaced on both sides of Capitol Hill yesterday over President Reagan's announcement that the United States will end compliance with the unratified SALT II treaty later this year.

At a White House meeting with other Republican congressional leaders, Sen. John Chafee said he voiced his "extreme distress" over the decision, warning Reagan that if the United States scraps the treaty, "they [the Soviets] are going to be way ahead."

While Sens. Robert Dole and Richard Lugar backed the President, GOP moderates such as Sens. David Durenberger and Lowell Weicker said they were concerned about a reversal of the Administration's five-year policy of adhering to the terms of the unratified arms accord with the Soviets.

(Edward Walsh & Lou Cannon, Washington Post, A17)

### Reagan Arms Plea Cites Soviet Buildup

President Reagan called on Congress yesterday to approve his full budget request for modernizing the U.S. strategic nuclear arsenal and pursuing the Strategic Defense Initiative, moves he said are essential to meet a massive Soviet arms buildup and repeated arms control treaty violations.

But congressional critics were gearing up at the same times to use the year's first defense spending bill to tie Mr. Reagan's hands on his decision to turn away from the strategic arms limitation treaties.

(Iris Portny & Jeremiah O'Leary, Washington Times, A1)

### Reagan Gets Pressure On SALT II Stance

President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

Divisions among Republicans over the SALT II issue emerged Tuesday as Democrats -- taking a position similar to those expressed by U.S. allies abroad -- aligned themselves against a final break with the treaty later this year.

White House spokesman Edward Djerejian insisted the Administration position was "abundantly clear," but GOP congressional leaders suggested Reagan was ambiguous enough to soften his stand if the Soviets gave him reason to do so.

(Norman Sandler, UPI)

### POLISH COLONEL LEAKED MARTIAL LAW PLANS TO U.S.

At a secret, high-level meeting in Warsaw during early November 1981, a very agitated Soviet official announced to members of the Polish government and general staff that plans for the upcoming crackdown of the Solidarity trade union were somehow inexplicably leaking to the United States, according to informed sources familiar with U.S. intelligence reports. Everyone at this session voiced dismay, even outrage at the betrayal of such state secrets.

Polish Col. Wladyslaw Kuklinski, a senior staff officer involved in planning the martial law crackdown, joined in, expressing particular shock and distress, the sources said. He then left the meeting and gave a prearranged emergency signal to the CIA station in Warsaw. Within hours the colonel, his wife and at least one son were "exfiltrated," the CIA tradecraft name for the undercover extraction of agents in danger.

(Bob Woodward & Michael Dobbs, Washington Post, A1)

## ADMINISTRATION REVIEWING DISJOINTED POLICY ON MEXICO

The Reagan Administration, alarmed at deteriorating conditions in Mexico, has begun reviewing what officials acknowledge is a fragmented U.S. policy in an attempt to stave off serious damage to both countries.

"The overall policy may be so broadly stated that it's not a policy at all," one key State Department official said. "Right now, Mexico has been discovered again up here. The question is how long will it last."

State Department and White House officials worry that the latest furor over conflicting Administration statements on drug-related corruption in Mexico has exposed a lack of coordination in U.S. policy and diverted Mexican attention from urgently needed internal reforms.

(Joanne Omang, Washington Post, A1)

## REAGAN SAID TO WANT EX-CHIEF OF GOODYEAR FOR AMBASSADOR

President Reagan plans to nominate Charles Pilliod, who was a Goodyear Corp. executive at the time Goodyear admitted to bribing Mexican and other foreign government officials, to be ambassador to Mexico, Administration sources said yesterday.

Pilliod, 67, would succeed former actor John Gavin.

(Washington Post, A10)

## SENATE PANEL TOLD INSURGENCY IS ON THE RISE IN PHILIPPINES

Senior Reagan Administration officials yesterday, in a pessimistic assessment of the Philippine insurgency, said that the Communist rebels are growing stronger and more violent despite President Corazon Aquino's call for a cease-fire and reconciliation.

"The military situation is serious, and getting worse, with the Communists enjoying the initiative and assuming de facto control in areas where government influence has eroded over the years," Richard Armitage, deputy assistant secretary of defense for international security affairs, told the Senate Foreign Relations Committee.

(Keith Richburg, Washington Post, A1)

## U.S. URGED PASTORA NOT TO QUIT, HE SAYS

CARTAGO, Costa Rica -- Nicaraguan guerrilla leader Eden Pastora, who abandoned his 4-year-old war against the Sandinista regime three weeks ago, said senior State Department officials called him four times the day he announced his retirement to try to talk him out of it.

"This after the State Department did everything it could to destroy me," Mr. Pastora said in an interview at police headquarters here, where Costa Rican authorities have been holding him since he led his army out of Nicaragua. "It seems that there is a big fight behind the scenes in the United States government."

(Glenn Garvin, Washington Times, A1)

### SALVADORAN REBELS ACCEPT PEACE TALKS

SAN SALVADOR -- Leftist rebels today accepted President Jose Napoleon Duarte's offer to reopen peace talks to end the 6½-year-old civil war.

A broadcast over the guerrillas' clandestine Radio Venceremos announced their acceptance, named their delegates and said the talks should be held in San Salvador. (AP story, Washington Post, A1)

### U.S. SAYS PELTON TRIED FOR DEAL WITH FBI

BALTIMORE -- Accused spy Ronald Pelton was portrayed by a government attorney in court today as a cunning negotiator who knew he faced prosecution for selling intelligence secrets to the Soviets and who tried in vain to strike a deal with FBI agents during the interrogation sessions that led to his arrest.

In an effort to undercut Pelton's claims that he was tricked into making damaging admissions that are now being used against him in court, prosecutor John Douglass tried to show during cross-examination that Pelton gave FBI agents what he believed was just enough information to show that he was "cooperating" with them.

(Susan Schmidt, Washington Post, A4)

### REAGAN SENDS NOTE OF APOLOGY TO MULRONEY ON CEDAR TARIFFS

President Reagan yesterday apologized in a private note to Prime Minister Brian Mulroney for failing to notify him in advance of a decision to impose duties on Canadian cedar products, but Administration officials insisted that the tariffs were justified by U.S. and international trade laws.

The Reagan note to Mulroney appeared to be an attempt to defuse what threatens to become a major trade war between the United States and Canada, the world's two largest trading partners.

(Stuart Auerbach, Washington Post, G3)

### VIETNAM READY TO RESUME TALKS ON FATE OF MIAs

After a two-month suspension, Vietnam has signaled its willingness to resume talks on the fate of American servicemen still unaccounted for after the Vietnam war.

The Hanoi government had interrupted talks in April to protest the Reagan Administration's bombing of Libya.

Technical talks, which cover decisions on site inspections, are expected to begin in Hanoi June 11. A "policy meeting" in New York between Vietnam's deputy foreign minister and American officials from the National Security Council and the State Department took place last Friday.

(Roger Fontaine, Washington Times, A1)

WALDHEIM'S LAWYERS, U.S TO CONFER

The Justice Department plans to meet with lawyers for Austrian presidential candidate Kurt Waldheim to allow them to rebut allegations that would bar him from entering the United States, a department spokesman said yesterday. The allegations involve his activities with the German army during World War II.

The meeting, probably this week, will clear the way for Attorney General Edwin Meese to make a final decision on whether Waldheim should be placed on a "watch list" of aliens excluded from the United States, spokesman Patrick Korten said.

(Washington Post, A7)

EDITORS NOTE: "Behind SALT Controversy," an explanation of President Reagan's decision on compliance with the unratified SALT II treaty, appears in The Washington Post, A17.

## NATIONAL NEWS

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### VOTERS PICK CANDIDATES IN 9 STATES

Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary.

In another of the nine states holding elections yesterday, the Alabama Democratic gubernatorial primary appeared to be headed for a runoff. In the Democratic Senate primary, conservative Rep. Richard Shelby led Jim Allen, son of the late senator, but not by enough to ensure avoiding a runoff. (James Dickenson & Bill Peterson, Washington Post, A1)

### PRO-AMENDMENT REBELLION MAY BE LOOMING

The Senate opens debate today on a dramatic overhaul of the federal income tax system, amid indications that senators of both parties may rebel against efforts by President Reagan and Republican leaders to whisk the bill through without changes.

"The 20 members of the Finance Committee had an opportunity to protect the special needs of their state," said Sen. Alan Cranston, who said he would propose restoring deductions for IRAs. "Senators not on the Finance Committee didn't have that opportunity, and I think we should have it." (Dale Russakoff & Anne Swardson, Washington Post, A20)

### REVENUE FLUCTUATIONS ALARM SENATORS

The Senate Budget Committee moved yesterday to head off possible use of an early revenue windfall from tax-overhaul legislation to help meet fiscal 1987 deficit targets under the Gramm-Rudman-Hollings budget control act.

Alarmed that revenue gains in fiscal 1986 and 1987 would be exceeded by bigger losses in fiscal 1988 and 1989, the panel warned that deep cuts would be required in defense and domestic spending to meet the budget targets in the latter two years unless the revenue fluctuations are leveled out. (Helen Dewar, Washington Post, A20)

### REAGAN TELLS IT TO THE MARINES

President Reagan has chosen to make his only commencement speech of the graduation season before what is perhaps the toughest physical education school in the world -- the Marine Corps boot camp at Parris Island, S.C.

Although Reagan sent Congress a harsh message Tuesday demanding full budget authority for modern nuclear weapons systems, today's speech was expected to focus less on specifics and more on "pride, patriotism and esprit d'corps," a White House official said. (Ira Allen, UPI)

## SENATE PASSES HIGHER EDUCATION BILL AFTER SUPPORTING END TO BUSING

Expressing support for an end to court-ordered school busing in desegregation cases, the Senate has voted to authorize higher education student loans and grants for the next five years.

The non-binding procedural vote on Sen. Jesse Helms' proposal to curb the power of federal judges to order school busing came Tuesday evening before the Senate voted 93-1 to pass the higher education bill.

(James Rowley, AP)

## CHARGES TRADED OVER HOSPITALS' RELEASE POLICIES

Medicare administrator William Roper and Sen. John Heinz clashed yesterday over Heinz's charges that hospitals are sending Medicare patients home prematurely because of the new Medicare prospective payment system.

At a hearing of the Senate Finance Committee, Heinz said Medicare patients go home "quicker and sicker" these days because hospitals are being paid a flat rate per stay under the new system, which started in fiscal 1984.

Roper did not deny that the new system has led to a reduction in average lengths of stay. But he told the Finance Committee he does not believe that the number of premature discharges of patients who are genuinely ill has increased substantially in recent years.

(Spencer Rich, Washington Post, A16)

## STEALTH COSTS DISCUSSED

Defense Secretary Caspar Weinberger parted the secrecy curtain slightly on the new Stealth bomber yesterday by declaring that it would not cost much more than the existing B1 in inflation-adjusted dollars. But his figures failed to satisfy critics demanding fuller disclosure about Stealth's cost and technical questions.

"The total estimated cost for research and development and procurement of 132 ATB [advanced technology bomber] aircraft is \$36.6 billion in fiscal 1981 dollars" which "compares favorably to the estimated \$26.5 billion" for the B1 in 1981 dollars, Weinberger said.

(George Wilson, Washington Post, A16)

## LAXALT, DU PONT JOIN THE MAYBE FIELD

Sen. Paul Laxalt says he is thinking about running for president, but so far is "neither in nor out" of the race for the 1988 GOP nomination. Former Republican Gov. Pierre du Pont of Delaware says he'll become a candidate in September if he thinks he can win.

In an interview, Laxalt said "old Reaganauts" -- close associates in Ronald Reagan's three campaigns for the presidency -- have asked him to "keep my options open" for 1988. "They're telling me that...I can do the job and that the race is wide open," he said. (Lawrence Knutson, AP)

#### CALIFANO TO HEAD PROBE OF POSTAL SERVICE

The U.S. Postal Service's governing board, stung by the resignation of its vice chairman, who pleaded guilty last Friday to embezzlement, has ordered a wide-ranging review of how the mail service buys everything from mail sorting machines to delivery vans.

The unprecedented investigation of internal corruption in the postal service will be headed by Joseph Califano, the high-profile former Cabinet member who serves as the board's counsel.

(Keith Richburg, Washington Post, A5)

#### U.S CUSTOMS SERVICE SAYS IT WON'T TEST RANDOMLY FOR DRUG USE

The Customs Service, scheduled to start testing workers for drug use this week, has called off the part of the plan that called for the unscheduled, random testing of employees, a spokesman said Monday.

Robert Tobias, president of the National Treasury Employees Union, which represents about 4,000 customs employees, said the decision was a "major victory for all federal employees." The union filed suit in U.S. District Court last week to halt the drug tests.

(UPI story, Washington Post, A8)

#### COURT RESTRICTS STATES ON LIQUOR PRICE CONTROLS

The Supreme Court yesterday struck down portions of liquor price control laws in 21 states, ruling that such laws unconstitutionally restricted interstate commerce.

The 5 to 3 ruling involved a New York law requiring distillers to pledge that the prices they charged New York wholesalers were as low as those charged that month in any other state.

(Al Kamen, Washington Post, A3)

## NEWS FROM THE STATES

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### GREENSBORO PREPARES FOR REAGAN VISIT

GREENSBORO, N.C. (UPI) -- The Senate candidacy of Rep. Jim Broyhill, R-N.C., will reap a windfall of support and money from a Wednesday campaign visit by President Reagan, Broyhill aides said Tuesday.

"The President is the top draw in a political campaign," said Broyhill spokesman Doug Haynes. "If you can get the President to come and campaign for you, you are guaranteed to generate a lot of interest and a lot of money too." As many as 750 people are expected to pay \$500 a plate for tickets to the luncheon at the Greensboro Coliseum. "All I have heard is it is a very strong endorsement of Jim Broyhill," said Haynes of Reagan's text.

Following Reagan's remarks, Broyhill's most well-heeled supporters will attend a private photo session with the President. "There were some who weren't planning to give that much but because of the opportunity to get their picture taken with the man they believe to be the greatest President this century, they are willing to pay the big bucks," said David Benford, Broyhill's finance director. Benford said the price is set by the White House and the session will be limited to 100 couples. Also expected are the entire slate of GOP candidates for the state's 11 congressional seats and a number of the state's top business executives.

"The whole event is being set up like an all-American spectacular," said Haynes. "They're going to have flags, bands, balloons -- it's just going to be a very dramatic setting."

### FEDERAL GOVERNMENT HALTS FUNDS TO SHAW UNIVERSITY

RALEIGH, N.C. (UPI) -- The U.S. Education Department is cutting off all new funding for student financial aid programs to Shaw University, which is in default on more than \$1 million in federal debts, officials said. The cutoff was ordered May 9.

Shaw, which has an annual budget of \$9 million, received more than \$6 million from the federal government in the past two years, mostly for student aid programs. At least 80 percent of Shaw students last year got some form of financial aid, education officials said.

### POLL: NORTH CAROLINIANS FAVOR DEATH PENALTY

CHAPEL HILL, N.C. (UPI) -- Two-thirds of North Carolinians polled support the death penalty, and 37 percent believe it may be appropriate for capital crimes committed by offenders less than 18 years old, a survey says.

Of the 585 respondents to the Spring Carolina Poll, 67 percent said they favored the death penalty, 22 percent were opposed and 11 percent had no opinion. The poll indicated 85 percent of Republicans supported the death penalty, compared to 62 percent of the Democrats and independents. The poll was conducted jointly by the University of North Carolina's School of Journalism and Institute for Research in the Social Sciences.

NEWS FROM THE STATES/CAROLINAS (continued)

INSURANCE RATES

MERRIMON, N.C. (UPI) -- Soaring insurance rates threaten North Carolina's coastal fishermen, who worry insurance expenses could hinder their ability to fish and may drive up the price of seafood.

They blamed the increases on high injury payments and a decline in competition as insurance companies cease to offer maritime coverage. "There are a lot of boats operating without insurance because they can't pay it," Pittman said. Smith said many insurance carriers pay claims too easily, which increases the cost of insurance coverage. James Cooper III, a Morehead City attorney, blamed higher damage awards for the insurance rate hike.

WOMEN'S GROUP DECRIES NUCLEAR ARMS

CHARLOTTE, N.C. (UPI) -- More than 300 people attended a conference of Women's Action for Nuclear Disarmament and discussed strategies for avoiding nuclear annihilation. WAND's founder, Dr. Helen Caldicott, and Ted Turner, Atlanta broadcasting executive, were featured panelists at discussions on the nuclear arms race. Caldicott said the United States must convince its leaders that nuclear annihilation is inevitable.

"I'd get in Air Force One and fly over to the Soviet Union and fix the arms race in one day," Caldicott said. "I'd negotiate 50 percent reduction (of nuclear weapons) by 1990 and total elimination by the year 2000." The world spends \$1 trillion a year on weapons, 25 times more than on education, she said Saturday at Queens College.

Caldicott, an Australian-born pediatrician and an anti-nuclear activist for more than a decade, founded WAND in 1980 to encourage public awareness of the nuclear arms race. She says she will retire this year from the 20,000-member organization, which is based in Boston.

Turner, chairman and president of the Turner Broadcasting System, recently visited the Soviet Union to coordinate the Goodwill Games, a multi-event athletic contest which is scheduled for July. Turner said the Soviets are willing to halt nuclear weapons production if the United States does the same.

SENATE PASSES ANTI-APARTHEID BILL

COLUMBIA, S.C. (UPI) -- The State Senate Tuesday passed a bill to sever state government business ties with the apartheid regime of South Africa, but the measure's sponsor gave it little chance of passing the House. The bill by Sen. Theo Mitchell, D-Greenville, would prohibit state purchases from companies that do business in South Africa and also ban the state from investing in such companies.

The Senate passed the bill on a voice vote after Sen. Ryan Shealy, R-Lexington, dropped an effort to block it. Shealy said he opposed the bill because he believes divestment will hurt black South Africans more than help.

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## *NETWORK NEWS SUMMARY*

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(Tuesday Evening, June 3, 1986)

### MEDIA/LEAKS

NBC's Tom Brokaw: For several weeks now the Reagan Administration has been threatening to take strong legal action against news organizations in an effort to plug leaks of classified information. But tonight Chris Wallace can report that President Reagan and his advisors have privately decided to take another approach to this problem.

NBC's Chris Wallace reports that today the President took a hard line on press leaks today saying his Administration is legally bound to prosecute reporters who disclose certain classified information.

(President Reagan in Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed, not just about the media, it's about anyone who makes public information which could be dangerous to our national security and I would think that all of us are bound by that law.")

But for all the tough talk, officials say the White House has decided for now to back away from a battle with the press and concentrate on plugging Administration leaks. And even there it's going slowly. The Administration will hold off on a blanket use of lie-detectors to investigate leaks, which had been recommended by a task force. Each department will cut access to classified material but within existing guidelines. However, sources say creation of a special FBI unit to probe leaks is still a live option. All this is at least a temporary defeat for CIA Director Casey, who wants a new crack-down, and a victory for White House Chief of Staff Regan and others who worry that battling the media will hurt the rest of the President's agenda. Vice President Bush said the Administration must police itself first.

(Vice President Bush: "I don't think we ever want to be in a fight with the press. We're certainly a long way to go before we can claim victory on controlling the information that is leaked out for one reason or another.")

Officials say the recent campaign against leaks happened largely by chance. The Administration was first upset by disclosure of fleet movements before the raid on Libya, then further upset by detailed reports on U.S. intercepts on Libyan communications. But the real spark, they say, was concern that stories about the Ronald Pelton spy trial might disclose new secrets. The head of a reporters' group says the government may never prosecute the media, instead using threats to intimidate the press.

(Reporters' group spokeswoman Kirtley said, "What they're doing is creating a climate of fear for the media, and they're doing it in a very effective way.")

At least for now, officials here say they've gone far enough -- that in dealing with leaks they don't want to create an even worse problem. Aides say Mr. Reagan has never been known as a press basher, and they don't want him to be seen as one now. (NBC-Lead)

## MEDIA/LEAKS

Jennings reports that at the White House today President Reagan was asked whether he agreed with the director of the CIA, that members of the press should be prosecuted for publishing or broadcasting those leaks.

(TV Coverage, President at Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed -- I believe it was 1954 -- that's very specific -- not just about the media, it's about anyone who makes public information which can be dangerous to our national security. And I would think that all of us are bound by that law.") (ABC-4)

## SAUDI ARMS

Jennings: And now the question of arms for Saudi Arabia....Opponents will try to override the veto this Thursday, which makes this a very busy week of lobbying for President Reagan and for his supporters.

ABC's Sam Donaldson: President Reagan worked to nail down vital support among Senate Republicans today for the Saudi arms sale package by telling GOP Congressional leaders, U.S. influence in the entire Mideast is at stake.

(President at Cabinet meeting: "I want all of you to understand that this vote will have a profound effect upon our relations with the Arab world, not just with Saudi Arabia. If the veto isn't sustained, it will seriously undermine our foreign policy objectives throughout the region.")

But if the President was making his appeal on foreign policy, the leader of the Senate Republicans was making his on party loyalty.

(Sen. Dole: "I think the President's leadership is on the line. Particularly as far as Republicans are concerned. We're all running around the country praising Ronald Reagan for his great leadership and his 68% approval rating, and if we really believe what we say then we ought to be voting with him on a critical issue like this.")

Not all Senate Republicans agree.

(Sen. Pete Wilson: "I think when you have this many members of the Senate voting as they have, it is for a reason that they think important. And it isn't that anybody seeks to embarrass the President or to frustrate him in his exercise of foreign policy.")

(Sen. Gorton: "I was opposed to this arms sale when it was initially announced, and I'm opposed to it now." Reporter: "Even if Ronald Reagan calls you on the phone?" Gorton: "Even if the President calls me on the phone.")

The President will make some calls in the next two days but Senate Republican leaders say they already have the thirty-four votes necessary to sustain his veto, which would allow the Saudi arms sale to proceed. If so, it may be another victory for that most persuasive of arguments in this Administration: Let's win one more for the Gipper. (ABC-5)

## TRW LAWSUIT

CBS's Dan Rather: The U.S. federal government formally joined in a billion dollar plus lawsuit against top defense contractors. The action charges that TRW and other companies cheated the public by jacking up prices on fat Pentagon contracts.

CBS's David Martin reports that in papers filed today with the federal court in Cleveland, the Justice Department in effect jumped on the bandwagon of a \$1.2 billion suit already brought by three mid-level employees fired by TRW. The suit covers the years 1979-1984 but one of the former employees claims the price-fixing has been going on for nearly 20 years. A spokesman for TRW denied the charges.

(CBS-Lead)

## CHALLENGER

Rather reports that the special Presidential Commission report on the Challenger disaster will call for a drastic redesign -- not just of the shuttle craft, but the whole space agency as well.

CBS's Eric Engberg reports that the Rogers Commission report will call for an almost total change in the way NASA runs the shuttle from design decisions to launch decisions. The report includes a chapter calling the Challenger loss an accident rooted in history, because it followed eight years of warnings that were largely ignored. One chapter of the report entitled "A Silent Safety Program" points to the lack of shuttle quality control. Recommendation: That NASA create a safety reliability and quality assurance unit reporting directly to the head of the agency. The commission says the shuttle should not be the only way for the country to get into space. Chairman William Rogers, declining comment on the report's substance, did tell CBS News the report is in the best American tradition: That when a mistake is made, an accident happens, that there be full disclosure of the facts and then we get on with the job.

(CBS-2)

ABC's Peter Jennings: We are going to begin this evening by taking you back to the 28th of January, to that moment when the Challenger exploded. Until today, we have never been able to share the experience of what actually went on in Mission Control at Houston when the accident happened. Tonight we have film and audio tape of what was going on in that room during that moment of crisis.

ABC's James Walker reports on film footage from NASA of Houston Control during Challenger's explosion.

Jennings reports that Morton Thiokol announced today that the three company vice-presidents who agreed to launch over engineers' objections have been transferred or retired.

(ABC-Lead)

-more-

## SALT II

Rather reports that in the face of increasing pressure, President Reagan assured Republican leaders today that his decision to scrap the SALT II weapons reduction treaty with the Soviets is not final and could be reversed. The President's assurances came after he faced considerable opposition within his own party. One Republican leader said Mr. Reagan's decision seems to be hurting his chances for increased defense spending and that this could be the best argument against abandoning the treaty. (CBS-3)

Jennings reports that in London today another influential Soviet official has been very outspoken on President Reagan's stated intention to abandon the SALT II treaty.

ABC's Barrie Dunsmore reports that Leonid Zamyatin, Ambassador to Britain, said today it is hardly possible to continue a dialogue if the U.S. abrogates the SALT agreement. He warned of a new arms race and scoffed at the idea the U.S. was scrapping SALT II because the Soviets were violating the treaty.

(Lord Whitelaw, who headed a British delegation to the Soviet Union: "It may not be a perfect agreement, but it's the best we've got.")

(Denis Healey of the Labour Party: "They (the Soviets) have found themselves forced to the conclusion that it won't be possible to make any agreement so long as President Reagan is President in the U.S.")

(ABC-3)

Brokaw reports that the Soviet Union continued its campaign against President Reagan's decision to scrap the unratified SALT II arms agreement. Pravda charged that this is designed to scuttle future superpower summits and to "poison U.S.-Soviet relations." Pravda called the decision extremely dangerous.

NBC's John Chancellor commentary: One of the questions raised by the President's new stand on the SALT II treaty is why he seems to have changed his mind about it. For more than five years Mr. Reagan supported the voluntary limits on nuclear weapons outlined by the treaty. Last fall he told the New York Times he had a good reason for observing the treaty. He said that without it, the Soviets could increase their weaponry much faster than the U.S. So why does he say he may give up on the SALT limits? His new position gave him some problems -- it caused a crisis in the NATO alliance, it gave the Soviets a propaganda bonus, it is bad domestic politics. The Democrats will say the Republicans are against arms control, and there are elections this year. Keep in mind that the President is not dropping the treaty now -- that won't happen until the end of the year when the American nuclear arsenal could exceed the SALT II limits. And in fact, it may not happen at all, if the Soviets make a few adjustments to comply with the treaty. There is still the possibility, despite what Pravda said today, of a Soviet-American summit meeting in November. But if that produces some modest progress on arms control the President could then say the U.S. will stay with the treaty based on Soviet behavior. That could be done even without a summit conference.

Chancellor continues: What the President said last week may be more of a threat than a decision -- a threat to force the Soviets into some concessions and some moves towards arms control. It's a dangerous roll of the dice. The Soviets could start a buildup which would have to be matched here. The President may be betting that they'll see things his way. And we'll know in six months if he's won his bet.

(NBC-8)

## CONTRAS

NBC's Tom Brokaw reports that there are indications from Congress tonight that U.S. aid to the contras was abused more than previously thought. This comes less than a month after a Congressional subcommittee subpoenaed the records of more than a dozen banks that handle the contra money.

NBC's Bob Kerr reports that today, subcommittee Chairman Michael Barnes, after reviewing bank records, predicted the public would be outraged.

(Rep. Barnes: "It's clear there have been substantial abuses of the funds. It's clear we're going to have to issue additional subpoenas to bank accounts...to which funds have gone.")

A congressional source says money disappeared from bank accounts set up for aid, bank checks went to people who should not have received the money. In light of this new information, the GAO will update its report on contra aid. Phillip Mabry, a Texan who raised money for the contras from private sources, accuses some contra leaders of misusing U.S. aid.

(Mabry: "They have betrayed their cause...")

Results of the bank investigation will be examined in detail in a House hearing next week, a hearing that may jeopardize the President's current request for contra aid, scheduled for a vote here later this month.

(NBC-3)

## BUDGET

Brokaw reports that in the Capitol today House and Senate conferees voted on a budget -- voting to recommend a change in Social Security benefits. They recommended that people receiving Social Security benefits get a cost of living increase every year equal to the rate of inflation.

(NBC-10)

## LIABILITY INSURANCE

ABC's Gary Shepard reports on California's Proposition 51 being voted on today, which would change the law so that in liability cases payment is based on sharing the blame, not on ability to pay -- the so-called deep-pockets approach now on the books.

(ABC-8)

## ITALY/LIBYA

CBS's Mark Phillips reports that there are signs of the end of the once cozy Italian-Libyan connection. Fiat Corporation's attempt to sever its links with the Khadafy regime is just one example of how Italy has undergone Europe's most dramatic turnaround on Libya.

(CBS-7)

## BERUIT

Rather reports that Muslim fought against Muslim today in the streets of West Beirut -- the heaviest fighting in that bloodied city in weeks.

CBS's Burt Quint reports that only Syria has the power to call off the Amal forces and it's unlikely to do that until it's certain Arafat's bid to reestablish power in Lebanon has been defeated. (CBS-6)

Jennings reports that there has been three-way fighting in Beirut described by Lebanese state radio as the worst in six months. The fighting is a serious setback for Syria which has been trying to force the various militias into a cease-fire. (NBC-4, ABC-6)

## PHILIPPINES

CBS's David Jansen reports that Corazon Aquino is out campaigning again -- not for votes, but for time. Some think it's running out. She is hard-pressed to tell average Filipinos what she's done for them. Aquino's second big problem is the growing communist insurgency. (CBS-12)

## CHERNOBYL

Rather reports a Soviet doctor said today two more people have died from effects of the Chernobyl accident. That brings the official Soviet total to 25. (ABC-2, NBC-7, CBS-13)

## 55 MPH SPEED LIMIT

ABC's Andrea Naverson reports the Transportation Department will cut as much as \$7 million in highway aid to Arizona and Vermont for not cracking down hard enough on speeders. It's the first time the federal government has gotten tough on states since the lower limit was adopted a dozen years ago. (Driver: "I don't feel like it's fair that somebody who's sittin' behind a desk back east should tell those out west how we should be drivin'.") (ABC-10)

## JOBS

Rather reports that the National Planning Association today predicted there will be 26 million new jobs for Americans by the century's turn. (CBS-11)

## DRUGS

Rather reports that a new federal study out tonight found 56% of people tested at the time of their arrests for serious crimes in New York and Washington, D.C. were using illegal drugs. That's two to three times higher than earlier estimates. (CBS-5)

## STOCKS

On Wall Street the Dow Jones Industrial Average gained 8½ points. The trading is still very slow. (ABC-11)

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## EDITORIALS/COLUMNISTS

### U.S.-SOVIET RELATIONS/SALT II

The (Very) Last Mile -- "Arms control means not just counting numbers of this weapon or that but maintaining a stable and effective balance. Balance requires mutual compliance or, alternatively, mutual non-compliance. Soviet violations of both Salt II and the anti-ballistic missile treaty have put the superpower balance, offensive and defensive, seriously out of kilter. It's time the United States went its very last mile in unilateral compliance with the Salt II treaty. It's past time the Soviet Union got its last mileage out of unilateral non-compliance."

(Richmond Times-Dispatch, 6/1)

When Is It Supposed To START? -- "No arms control is better, and safer, than misguided arms control. But President Reagan's own record during his first five years in office indicates that he did not really believe that SALT II was worse than no agreement. The man has abided by its terms for half a decade, which is about all the agreement was expected to extend. And he was right to do so. A failure to achieve something better to follow SALT II will go down as one of the greatest flaws in Mr. Reagan's Presidency."

(Chicago Tribune, 5/30)

Reagan Made Right Move In Abiding By SALT Treaty -- "Unless the evidence of Soviet cheating is much more persuasive than it is now, the decision should be easy. SALT II puts needed limits on the size of both sides' nuclear arsenals. Without it, an arms race now limited to qualitative improvements would expand to include sheer numbers, as well - leaving America less secure and alienating our already nervous allies."

(The Courier-Journal, 5/29)

World Without SALT -- "It took a little time for the gravity of the action to sink in, but it becomes increasingly evident that President Reagan's decision to abandon the SALT II arms agreement represents the most ominous step of his presidency and may turn out to be the one on which history judges him most sharply.... We are on the verge of an unstoppable arms race, and there seems to be nothing anyone can do about it but two men - Ronald Reagan and Mikhail Gorbachev. And each in his own way seems answerable to no one."

(Baltimore Evening Sun, 6/3)

U.S. Playing with fire on SALT II -- "To make a point about Moscow's suspected cheating, to put further pressure on Russian leadership and possibly to placate his own hard-right supporters, Reagan proposes to kick one of the remaining props out from under the delicately balanced U.S.-Soviet relationship - and in the name of a more secure America, yet. Look who's playing fast and loose with our national security."

(The Atlanta Constitution, 5/30)

It's Time To Stop Moscow From Pouring SALT In U.S. Wounds -- "It's about time that the administration woke up. SALT has been a one-way street -- and a dangerous one at that."

(New York Post, 5/28)

EDITORIALS/COLUMNISTS (continued)

SALT II: Yes or No? -- "If he intends to drop SALT II in a justifiable retaliation for Soviet misconduct, Mr. Reagan should get on with it. The United States can always leave open the possibility of dismantling weapons, if the Soviets do the same. But history shows that the Kremlin almost never gives anything away at a bargaining table unless it has been bullied into doing so in the field. The only possible way to influence Soviet policy is to take a crisp, unambiguous position that notifies the Kremlin by deeds rather than words that we no longer will accept treaty violations."

(The Detroit News, 6/2)

Reneging on SALT II -- "Giving up on SALT further detracts from the administration's credibility on arms control. It plays to those around the President who think that the United States can out race the Soviets on arms, or that the superpower relationship is so fundamentally fixed as to be impervious to negotiations. If the Administration can show how reneging on SALT can lead to a more positive Reagan-Gorbachev summit agenda or to arms control progress in Geneva, we look forward to seeing it."

(The Christian Science Monitor, 6/3)

Junking Arms Control -- "President Reagan's SALT II announcement suggests that after years of ambivalence Reagan has lurched toward the position that arms control is unnecessary because America, with its wealth and know-how, can win any arms race anyway. The corollary to this view is that SALT treaties negotiated by Presidents Nixon, Ford and Carter can be junked.... President Reagan's announcement should trigger an uproar in Congress, in NATO and anywhere else that arms control is regarded as an important route to national security. If the uproar is sufficient, no doubt the decision will be reversed. If not - goodbye, arms control."

(The Boston Globe, 5/29)

The Battle Has Started For Arms Control Future -- "The Soviets have made several interesting arms proposals - the latest only last week - that have aroused little apparent interest from the administration. The test of the Mr. Reagan's intentions will be whether these overtures are explored with a vigor that offers Soviet bargainers a carrot as well as a stick. Otherwise the frightening conclusion may be that he - like his most ideological supporters - believes that dropping arms limits may pave the way to 'victory' over Soviet communism." (The Philadelphia Inquirer, 6/3)

Mr. Reagan's Reckless Gamble -- "At the next summit meeting, he could have pressed Soviet leader Mikhail S. Gorbachev for greater cooperation on arms control. That would have been the statesmanlike approach. Instead, Mr Reagan threw out the bath water and indicated that the baby is about to meet the same fate. The world is less safe because of what he has done, and its inhabitants more worried."

(The Hartford Courant, 6/1)

End of the SALT Charade -- "So ends a chapter of make-believe arms control. The decision to base our national strategic arms policy on the Soviet threat rather than on an unobserved, unworkable, and unratified treaty is another major step in meeting the still growing Soviet threat. If the U.S. had continued observing SALT II, it would have had to stop the nation's urgently - needed strategic re-armament program, and it would have foolishly allowed the Soviets to gain dangerous new military advantages over this country."

(St. Louis Globe, 5/30)



# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 4, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Reagan: Saudi Arms Sale 'Necessary' -- President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East. (Washington Post, UPI)

Reagan Gets Pressure On SALT II Stance -- President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

(Washington Post, Washington Times, UPI)

### NATIONAL NEWS

Voters Pick Candidates In 9 States -- Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary. (Washington Post)

### NETWORK NEWS (Tuesday Evening)

**MEDIA/LEAKS** -- President Reagan and his advisors have decided to take another approach to this problem.

**SAUDI ARMS** -- President Reagan worked to nail down vital support among Senate Republicans.

**TRW LAWSUIT** -- The U.S. federal government formally joined in a billion dollar lawsuit against top defense contractors.

#### THE WHEEL OF POLITICS

President Reagan disclosed today he is familiar with at least one of TV's more popular game shows, favorably comparing the first day of television coverage of the Senate to "Wheel of Fortune." Asked what he thought of Monday's debut of the Senate on television, Reagan was beaten to the punch by Senate Republican leader Robert Dole, who replied, "Fabulous." Reagan then offered his review: "It's probably going to beat the 'Wheel of Fortune.'" (UPI, 6/3)

## INTERNATIONAL NEWS

### SUSTAIN VETO, REAGAN URGES

President Reagan said yesterday that a Senate override of his attempt to sell advanced missiles to Saudi Arabia would "seriously undermine" U.S. foreign policy objectives in the Middle East.

In a meeting with Republican congressional leaders, the President appealed for Senate support to sustain his veto of a congressional resolution that would forbid the arms sales.

Senator Robert Dole and White House officials said the Administration is making the Saudi arms sale a test of presidential leadership. Reagan opened the meeting by saying the United States has had a mutual security pact with Saudi Arabia for more than 40 years and stressing the importance he attaches to sustaining the veto.

(Lou Cannon, Washington Post, A10)

#### Reagan: Saudi Arms Sale 'Necessary'

President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East.

During an hour-long White House meeting with congressional leaders Tuesday, Reagan delivered a self-described "impassioned plea" for the arms sale.

"A sale is, clearly and without question, in the interest of the United States," Reagan said. "It's quite simply necessary and indispensable to the execution of our foreign policy, and I'm counting on you in the Senate for your support."

(Helen Thomas, UPI)

### SALT DECISION AROUSES NEW BIPARTISAN CRITICISM

Fresh bipartisan criticism surfaced on both sides of Capitol Hill yesterday over President Reagan's announcement that the United States will end compliance with the unratified SALT II treaty later this year.

At a White House meeting with other Republican congressional leaders, Sen. John Chafee said he voiced his "extreme distress" over the decision, warning Reagan that if the United States scraps the treaty, "they [the Soviets] are going to be way ahead."

While Sens. Robert Dole and Richard Lugar backed the President, GOP moderates such as Sens. David Durenberger and Lowell Weicker said they were concerned about a reversal of the Administration's five-year policy of adhering to the terms of the unratified arms accord with the Soviets.

(Edward Walsh & Lou Cannon, Washington Post, A17)

### Reagan Arms Plea Cites Soviet Buildup

President Reagan called on Congress yesterday to approve his full budget request for modernizing the U.S. strategic nuclear arsenal and pursuing the Strategic Defense Initiative, moves he said are essential to meet a massive Soviet arms buildup and repeated arms control treaty violations.

But congressional critics were gearing up at the same times to use the year's first defense spending bill to tie Mr. Reagan's hands on his decision to turn away from the strategic arms limitation treaties.

(Iris Portny & Jeremiah O'Leary, Washington Times, A1)

### Reagan Gets Pressure On SALT II Stance

President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

Divisions among Republicans over the SALT II issue emerged Tuesday as Democrats -- taking a position similar to those expressed by U.S. allies abroad -- aligned themselves against a final break with the treaty later this year.

White House spokesman Edward Djerejian insisted the Administration position was "abundantly clear," but GOP congressional leaders suggested Reagan was ambiguous enough to soften his stand if the Soviets gave him reason to do so.

(Norman Sandler, UPI)

### POLISH COLONEL LEAKED MARTIAL LAW PLANS TO U.S.

At a secret, high-level meeting in Warsaw during early November 1981, a very agitated Soviet official announced to members of the Polish government and general staff that plans for the upcoming crackdown of the Solidarity trade union were somehow inexplicably leaking to the United States, according to informed sources familiar with U.S. intelligence reports. Everyone at this session voiced dismay, even outrage at the betrayal of such state secrets.

Polish Col. Wladyslaw Kuklinski, a senior staff officer involved in planning the martial law crackdown, joined in, expressing particular shock and distress, the sources said. He then left the meeting and gave a prearranged emergency signal to the CIA station in Warsaw. Within hours the colonel, his wife and at least one son were "exfiltrated," the CIA tradecraft name for the undercover extraction of agents in danger.

(Bob Woodward & Michael Dobbs, Washington Post, A1)

## ADMINISTRATION REVIEWING DISJOINTED POLICY ON MEXICO

The Reagan Administration, alarmed at deteriorating conditions in Mexico, has begun reviewing what officials acknowledge is a fragmented U.S. policy in an attempt to stave off serious damage to both countries.

"The overall policy may be so broadly stated that it's not a policy at all," one key State Department official said. "Right now, Mexico has been discovered again up here. The question is how long will it last."

State Department and White House officials worry that the latest furor over conflicting Administration statements on drug-related corruption in Mexico has exposed a lack of coordination in U.S. policy and diverted Mexican attention from urgently needed internal reforms.

(Joanne Omang, Washington Post, A1)

## REAGAN SAID TO WANT EX-CHIEF OF GOODYEAR FOR AMBASSADOR

President Reagan plans to nominate Charles Pilliod, who was a Goodyear Corp. executive at the time Goodyear admitted to bribing Mexican and other foreign government officials, to be ambassador to Mexico, Administration sources said yesterday.

Pilliod, 67, would succeed former actor John Gavin.

(Washington Post, A10)

## SENATE PANEL TOLD INSURGENCY IS ON THE RISE IN PHILIPPINES

Senior Reagan Administration officials yesterday, in a pessimistic assessment of the Philippine insurgency, said that the Communist rebels are growing stronger and more violent despite President Corazon Aquino's call for a cease-fire and reconciliation.

"The military situation is serious, and getting worse, with the Communists enjoying the initiative and assuming de facto control in areas where government influence has eroded over the years," Richard Armitage, deputy assistant secretary of defense for international security affairs, told the Senate Foreign Relations Committee.

(Keith Richburg, Washington Post, A1)

## U.S. URGED PASTORA NOT TO QUIT, HE SAYS

CARTAGO, Costa Rica -- Nicaraguan guerrilla leader Eden Pastora, who abandoned his 4-year-old war against the Sandinista regime three weeks ago, said senior State Department officials called him four times the day he announced his retirement to try to talk him out of it.

"This after the State Department did everything it could to destroy me," Mr. Pastora said in an interview at police headquarters here, where Costa Rican authorities have been holding him since he led his army out of Nicaragua. "It seems that there is a big fight behind the scenes in the United States government."

(Glenn Garvin, Washington Times, A1)

### SALVADORAN REBELS ACCEPT PEACE TALKS

SAN SALVADOR -- Leftist rebels today accepted President Jose Napoleon Duarte's offer to reopen peace talks to end the 6½-year-old civil war.

A broadcast over the guerrillas' clandestine Radio Venceremos announced their acceptance, named their delegates and said the talks should be held in San Salvador. (AP story, Washington Post, A1)

### U.S. SAYS PELTON TRIED FOR DEAL WITH FBI

BALTIMORE -- Accused spy Ronald Pelton was portrayed by a government attorney in court today as a cunning negotiator who knew he faced prosecution for selling intelligence secrets to the Soviets and who tried in vain to strike a deal with FBI agents during the interrogation sessions that led to his arrest.

In an effort to undercut Pelton's claims that he was tricked into making damaging admissions that are now being used against him in court, prosecutor John Douglass tried to show during cross-examination that Pelton gave FBI agents what he believed was just enough information to show that he was "cooperating" with them.

(Susan Schmidt, Washington Post, A4)

### REAGAN SENDS NOTE OF APOLOGY TO MULRONEY ON CEDAR TARIFFS

President Reagan yesterday apologized in a private note to Prime Minister Brian Mulroney for failing to notify him in advance of a decision to impose duties on Canadian cedar products, but Administration officials insisted that the tariffs were justified by U.S. and international trade laws.

The Reagan note to Mulroney appeared to be an attempt to defuse what threatens to become a major trade war between the United States and Canada, the world's two largest trading partners.

(Stuart Auerbach, Washington Post, G3)

### VIETNAM READY TO RESUME TALKS ON FATE OF MIAs

After a two-month suspension, Vietnam has signaled its willingness to resume talks on the fate of American servicemen still unaccounted for after the Vietnam war.

The Hanoi government had interrupted talks in April to protest the Reagan Administration's bombing of Libya.

Technical talks, which cover decisions on site inspections, are expected to begin in Hanoi June 11. A "policy meeting" in New York between Vietnam's deputy foreign minister and American officials from the National Security Council and the State Department took place last Friday.

(Roger Fontaine, Washington Times, A1)

WALDHEIM'S LAWYERS, U.S TO CONFER

The Justice Department plans to meet with lawyers for Austrian presidential candidate Kurt Waldheim to allow them to rebut allegations that would bar him from entering the United States, a department spokesman said yesterday. The allegations involve his activities with the German army during World War II.

The meeting, probably this week, will clear the way for Attorney General Edwin Meese to make a final decision on whether Waldheim should be placed on a "watch list" of aliens excluded from the United States, spokesman Patrick Korten said. (Washington Post, A7)

EDITORS NOTE: "Behind SALT Controversy," an explanation of President Reagan's decision on compliance with the unratified SALT II treaty, appears in The Washington Post, A17.

## NATIONAL NEWS

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### VOTERS PICK CANDIDATES IN 9 STATES

Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary.

In another of the nine states holding elections yesterday, the Alabama Democratic gubernatorial primary appeared to be headed for a runoff. In the Democratic Senate primary, conservative Rep. Richard Shelby led Jim Allen, son of the late senator, but not by enough to ensure avoiding a runoff.  
(James Dickenson & Bill Peterson, Washington Post, A1)

### PRO-AMENDMENT REBELLION MAY BE LOOMING

The Senate opens debate today on a dramatic overhaul of the federal income tax system, amid indications that senators of both parties may rebel against efforts by President Reagan and Republican leaders to whisk the bill through without changes.

"The 20 members of the Finance Committee had an opportunity to protect the special needs of their state," said Sen. Alan Cranston, who said he would propose restoring deductions for IRAs. "Senators not on the Finance Committee didn't have that opportunity, and I think we should have it."  
(Dale Russakoff & Anne Swardson, Washington Post, A20)

### REVENUE FLUCTUATIONS ALARM SENATORS

The Senate Budget Committee moved yesterday to head off possible use of an early revenue windfall from tax-overhaul legislation to help meet fiscal 1987 deficit targets under the Gramm-Rudman-Hollings budget control act.

Alarmed that revenue gains in fiscal 1986 and 1987 would be exceeded by bigger losses in fiscal 1988 and 1989, the panel warned that deep cuts would be required in defense and domestic spending to meet the budget targets in the latter two years unless the revenue fluctuations are leveled out.  
(Helen Dewar, Washington Post, A20)

### REAGAN TELLS IT TO THE MARINES

President Reagan has chosen to make his only commencement speech of the graduation season before what is perhaps the toughest physical education school in the world -- the Marine Corps boot camp at Parris Island, S.C.

Although Reagan sent Congress a harsh message Tuesday demanding full budget authority for modern nuclear weapons systems, today's speech was expected to focus less on specifics and more on "pride, patriotism and esprit d'corps," a White House official said.  
(Ira Allen, UPI)

## SENATE PASSES HIGHER EDUCATION BILL AFTER SUPPORTING END TO BUSING

Expressing support for an end to court-ordered school busing in desegregation cases, the Senate has voted to authorize higher education student loans and grants for the next five years.

The non-binding procedural vote on Sen. Jesse Helms' proposal to curb the power of federal judges to order school busing came Tuesday evening before the Senate voted 93-1 to pass the higher education bill.

(James Rowley, AP)

## CHARGES TRADED OVER HOSPITALS' RELEASE POLICIES

Medicare administrator William Roper and Sen. John Heinz clashed yesterday over Heinz's charges that hospitals are sending Medicare patients home prematurely because of the new Medicare prospective payment system.

At a hearing of the Senate Finance Committee, Heinz said Medicare patients go home "quicker and sicker" these days because hospitals are being paid a flat rate per stay under the new system, which started in fiscal 1984.

Roper did not deny that the new system has led to a reduction in average lengths of stay. But he told the Finance Committee he does not believe that the number of premature discharges of patients who are genuinely ill has increased substantially in recent years.

(Spencer Rich, Washington Post, A16)

## STEALTH COSTS DISCUSSED

Defense Secretary Caspar Weinberger parted the secrecy curtain slightly on the new Stealth bomber yesterday by declaring that it would not cost much more than the existing B1 in inflation-adjusted dollars. But his figures failed to satisfy critics demanding fuller disclosure about Stealth's cost and technical questions.

"The total estimated cost for research and development and procurement of 132 ATB [advanced technology bomber] aircraft is \$36.6 billion in fiscal 1981 dollars" which "compares favorably to the estimated \$26.5 billion" for the B1 in 1981 dollars, Weinberger said.

(George Wilson, Washington Post, A16)

## LAXALT, DU PONT JOIN THE MAYBE FIELD

Sen. Paul Laxalt says he is thinking about running for president, but so far is "neither in nor out" of the race for the 1988 GOP nomination. Former Republican Gov. Pierre du Pont of Delaware says he'll become a candidate in September if he thinks he can win.

In an interview, Laxalt said "old Reaganauts" -- close associates in Ronald Reagan's three campaigns for the presidency -- have asked him to "keep my options open" for 1988. "They're telling me that...I can do the job and that the race is wide open," he said. (Lawrence Knutson, AP)

### CALIFANO TO HEAD PROBE OF POSTAL SERVICE

The U.S. Postal Service's governing board, stung by the resignation of its vice chairman, who pleaded guilty last Friday to embezzlement, has ordered a wide-ranging review of how the mail service buys everything from mail sorting machines to delivery vans.

The unprecedented investigation of internal corruption in the postal service will be headed by Joseph Califano, the high-profile former Cabinet member who serves as the board's counsel.

(Keith Richburg, Washington Post, A5)

### U.S CUSTOMS SERVICE SAYS IT WON'T TEST RANDOMLY FOR DRUG USE

The Customs Service, scheduled to start testing workers for drug use this week, has called off the part of the plan that called for the unscheduled, random testing of employees, a spokesman said Monday.

Robert Tobias, president of the National Treasury Employees Union, which represents about 4,000 customs employees, said the decision was a "major victory for all federal employees." The union filed suit in U.S. District Court last week to halt the drug tests.

(UPI story, Washington Post, A8)

### COURT RESTRICTS STATES ON LIQUOR PRICE CONTROLS

The Supreme Court yesterday struck down portions of liquor price control laws in 21 states, ruling that such laws unconstitutionally restricted interstate commerce.

The 5 to 3 ruling involved a New York law requiring distillers to pledge that the prices they charged New York wholesalers were as low as those charged that month in any other state.

(Al Kamen, Washington Post, A3)

## NEWS FROM THE STATES

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### GREENSBORO PREPARES FOR REAGAN VISIT

GREENSBORO, N.C. (UPI) -- The Senate candidacy of Rep. Jim Broyhill, R-N.C., will reap a windfall of support and money from a Wednesday campaign visit by President Reagan, Broyhill aides said Tuesday.

"The President is the top draw in a political campaign," said Broyhill spokesman Doug Haynes. "If you can get the President to come and campaign for you, you are guaranteed to generate a lot of interest and a lot of money too." As many as 750 people are expected to pay \$500 a plate for tickets to the luncheon at the Greensboro Coliseum. "All I have heard is it is a very strong endorsement of Jim Broyhill," said Haynes of Reagan's text.

Following Reagan's remarks, Broyhill's most well-heeled supporters will attend a private photo session with the President. "There were some who weren't planning to give that much but because of the opportunity to get their picture taken with the man they believe to be the greatest President this century, they are willing to pay the big bucks," said David Benford, Broyhill's finance director. Benford said the price is set by the White House and the session will be limited to 100 couples. Also expected are the entire slate of GOP candidates for the state's 11 congressional seats and a number of the state's top business executives.

"The whole event is being set up like an all-American spectacular," said Haynes. "They're going to have flags, bands, balloons -- it's just going to be a very dramatic setting."

### FEDERAL GOVERNMENT HALTS FUNDS TO SHAW UNIVERSITY

RALEIGH, N.C. (UPI) -- The U.S. Education Department is cutting off all new funding for student financial aid programs to Shaw University, which is in default on more than \$1 million in federal debts, officials said. The cutoff was ordered May 9.

Shaw, which has an annual budget of \$9 million, received more than \$6 million from the federal government in the past two years, mostly for student aid programs. At least 80 percent of Shaw students last year got some form of financial aid, education officials said.

### POLL: NORTH CAROLINIANS FAVOR DEATH PENALTY

CHAPEL HILL, N.C. (UPI) -- Two-thirds of North Carolinians polled support the death penalty, and 37 percent believe it may be appropriate for capital crimes committed by offenders less than 18 years old, a survey says.

Of the 585 respondents to the Spring Carolina Poll, 67 percent said they favored the death penalty, 22 percent were opposed and 11 percent had no opinion. The poll indicated 85 percent of Republicans supported the death penalty, compared to 62 percent of the Democrats and independents. The poll was conducted jointly by the University of North Carolina's School of Journalism and Institute for Research in the Social Sciences.

## NEWS FROM THE STATES/CAROLINAS (continued)

### INSURANCE RATES

MERRIMON, N.C. (UPI) -- Soaring insurance rates threaten North Carolina's coastal fishermen, who worry insurance expenses could hinder their ability to fish and may drive up the price of seafood.

They blamed the increases on high injury payments and a decline in competition as insurance companies cease to offer maritime coverage. "There are a lot of boats operating without insurance because they can't pay it," Pittman said. Smith said many insurance carriers pay claims too easily, which increases the cost of insurance coverage. James Cooper III, a Morehead City attorney, blamed higher damage awards for the insurance rate hike.

### WOMEN'S GROUP DECRIES NUCLEAR ARMS

CHARLOTTE, N.C. (UPI) -- More than 300 people attended a conference of Women's Action for Nuclear Disarmament and discussed strategies for avoiding nuclear annihilation. WAND's founder, Dr. Helen Caldicott, and Ted Turner, Atlanta broadcasting executive, were featured panelists at discussions on the nuclear arms race. Caldicott said the United States must convince its leaders that nuclear annihilation is inevitable.

"I'd get in Air Force One and fly over to the Soviet Union and fix the arms race in one day," Caldicott said. "I'd negotiate 50 percent reduction (of nuclear weapons) by 1990 and total elimination by the year 2000." The world spends \$1 trillion a year on weapons, 25 times more than on education, she said Saturday at Queens College.

Caldicott, an Australian-born pediatrician and an anti-nuclear activist for more than a decade, founded WAND in 1980 to encourage public awareness of the nuclear arms race. She says she will retire this year from the 20,000-member organization, which is based in Boston.

Turner, chairman and president of the Turner Broadcasting System, recently visited the Soviet Union to coordinate the Goodwill Games, a multi-event athletic contest which is scheduled for July. Turner said the Soviets are willing to halt nuclear weapons production if the United States does the same.

### SENATE PASSES ANTI-APARTHEID BILL

COLUMBIA, S.C. (UPI) -- The State Senate Tuesday passed a bill to sever state government business ties with the apartheid regime of South Africa, but the measure's sponsor gave it little chance of passing the House. The bill by Sen. Theo Mitchell, D-Greenville, would prohibit state purchases from companies that do business in South Africa and also ban the state from investing in such companies.

The Senate passed the bill on a voice vote after Sen. Ryan Shealy, R-Lexington, dropped an effort to block it. Shealy said he opposed the bill because he believes divestment will hurt black South Africans more than help.

## *NETWORK NEWS SUMMARY*

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(Tuesday Evening, June 3, 1986)

### MEDIA/LEAKS

NBC's Tom Brokaw: For several weeks now the Reagan Administration has been threatening to take strong legal action against news organizations in an effort to plug leaks of classified information. But tonight Chris Wallace can report that President Reagan and his advisors have privately decided to take another approach to this problem.

NBC's Chris Wallace reports that today the President took a hard line on press leaks today saying his Administration is legally bound to prosecute reporters who disclose certain classified information.

(President Reagan in Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed, not just about the media, it's about anyone who makes public information which could be dangerous to our national security and I would think that all of us are bound by that law.")

But for all the tough talk, officials say the White House has decided for now to back away from a battle with the press and concentrate on plugging Administration leaks. And even there it's going slowly. The Administration will hold off on a blanket use of lie-detectors to investigate leaks, which had been recommended by a task force. Each department will cut access to classified material but within existing guidelines. However, sources say creation of a special FBI unit to probe leaks is still a live option. All this is at least a temporary defeat for CIA Director Casey, who wants a new crack-down, and a victory for White House Chief of Staff Regan and others who worry that battling the media will hurt the rest of the President's agenda. Vice President Bush said the Administration must police itself first.

(Vice President Bush: "I don't think we ever want to be in a fight with the press. We're certainly a long way to go before we can claim victory on controlling the information that is leaked out for one reason or another.")

Officials say the recent campaign against leaks happened largely by chance. The Administration was first upset by disclosure of fleet movements before the raid on Libya, then further upset by detailed reports on U.S. intercepts on Libyan communications. But the real spark, they say, was concern that stories about the Ronald Pelton spy trial might disclose new secrets. The head of a reporters' group says the government may never prosecute the media, instead using threats to intimidate the press.

(Reporters' group spokeswoman Kirtley said, "What they're doing is creating a climate of fear for the media, and they're doing it in a very effective way.")

At least for now, officials here say they've gone far enough -- that in dealing with leaks they don't want to create an even worse problem. Aides say Mr. Reagan has never been known as a press basher, and they don't want him to be seen as one now. (NBC-Lead)

## MEDIA/LEAKS

Jennings reports that at the White House today President Reagan was asked whether he agreed with the director of the CIA, that members of the press should be prosecuted for publishing or broadcasting those leaks.

(TV Coverage, President at Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed -- I believe it was 1954 -- that's very specific -- not just about the media, it's about anyone who makes public information which can be dangerous to our national security. And I would think that all of us are bound by that law.") (ABC-4)

## SAUDI ARMS

Jennings: And now the question of arms for Saudi Arabia....Opponents will try to override the veto this Thursday, which makes this a very busy week of lobbying for President Reagan and for his supporters.

ABC's Sam Donaldson: President Reagan worked to nail down vital support among Senate Republicans today for the Saudi arms sale package by telling GOP Congressional leaders, U.S. influence in the entire Mideast is at stake.

(President at Cabinet meeting: "I want all of you to understand that this vote will have a profound effect upon our relations with the Arab world, not just with Saudi Arabia. If the veto isn't sustained, it will seriously undermine our foreign policy objectives throughout the region.")

But if the President was making his appeal on foreign policy, the leader of the Senate Republicans was making his on party loyalty.

(Sen. Dole: "I think the President's leadership is on the line. Particularly as far as Republicans are concerned. We're all running around the country praising Ronald Reagan for his great leadership and his 68% approval rating, and if we really believe what we say then we ought to be voting with him on a critical issue like this.")

Not all Senate Republicans agree.

(Sen. Pete Wilson: "I think when you have this many members of the Senate voting as they have, it is for a reason that they think important. And it isn't that anybody seeks to embarrass the President or to frustrate him in his exercise of foreign policy.")

(Sen. Gorton: "I was opposed to this arms sale when it was initially announced, and I'm opposed to it now." Reporter: "Even if Ronald Reagan calls you on the phone?" Gorton: "Even if the President calls me on the phone.")

The President will make some calls in the next two days but Senate Republican leaders say they already have the thirty-four votes necessary to sustain his veto, which would allow the Saudi arms sale to proceed. If so, it may be another victory for that most persuasive of arguments in this Administration: Let's win one more for the Gipper. (ABC-5)

## TRW LAWSUIT

CBS's Dan Rather: The U.S. federal government formally joined in a billion dollar plus lawsuit against top defense contractors. The action charges that TRW and other companies cheated the public by jacking up prices on fat Pentagon contracts.

CBS's David Martin reports that in papers filed today with the federal court in Cleveland, the Justice Department in effect jumped on the bandwagon of a \$1.2 billion suit already brought by three mid-level employees fired by TRW. The suit covers the years 1979-1984 but one of the former employees claims the price-fixing has been going on for nearly 20 years. A spokesman for TRW denied the charges.

(CBS-Lead)

## CHALLENGER

Rather reports that the special Presidential Commission report on the Challenger disaster will call for a drastic redesign -- not just of the shuttle craft, but the whole space agency as well.

CBS's Eric Engberg reports that the Rogers Commission report will call for an almost total change in the way NASA runs the shuttle from design decisions to launch decisions. The report includes a chapter calling the Challenger loss an accident rooted in history, because it followed eight years of warnings that were largely ignored. One chapter of the report entitled "A Silent Safety Program" points to the lack of shuttle quality control. Recommendation: That NASA create a safety reliability and quality assurance unit reporting directly to the head of the agency. The commission says the shuttle should not be the only way for the country to get into space. Chairman William Rogers, declining comment on the report's substance, did tell CBS News the report is in the best American tradition: That when a mistake is made, an accident happens, that there be full disclosure of the facts and then we get on with the job.

(CBS-2)

ABC's Peter Jennings: We are going to begin this evening by taking you back to the 28th of January, to that moment when the Challenger exploded. Until today, we have never been able to share the experience of what actually went on in Mission Control at Houston when the accident happened. Tonight we have film and audio tape of what was going on in that room during that moment of crisis.

ABC's James Walker reports on film footage from NASA of Houston Control during Challenger's explosion.

Jennings reports that Morton Thiokol announced today that the three company vice-presidents who agreed to launch over engineers' objections have been transferred or retired.

(ABC-Lead)

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## SALT II

Rather reports that in the face of increasing pressure, President Reagan assured Republican leaders today that his decision to scrap the SALT II weapons reduction treaty with the Soviets is not final and could be reversed. The President's assurances came after he faced considerable opposition within his own party. One Republican leader said Mr. Reagan's decision seems to be hurting his chances for increased defense spending and that this could be the best argument against abandoning the treaty. (CBS-3)

Jennings reports that in London today another influential Soviet official has been very outspoken on President Reagan's stated intention to abandon the SALT II treaty.

ABC's Barrie Dunsmore reports that Leonid Zamyatin, Ambassador to Britain, said today it is hardly possible to continue a dialogue if the U.S. abrogates the SALT agreement. He warned of a new arms race and scoffed at the idea the U.S. was scrapping SALT II because the Soviets were violating the treaty.

(Lord Whitelaw, who headed a British delegation to the Soviet Union: "It may not be a perfect agreement, but it's the best we've got.")

(Denis Healey of the Labour Party: "They (the Soviets) have found themselves forced to the conclusion that it won't be possible to make any agreement so long as President Reagan is President in the U.S.")

(ABC-3)

Brokaw reports that the Soviet Union continued its campaign against President Reagan's decision to scrap the unratified SALT II arms agreement. Pravda charged that this is designed to scuttle future superpower summits and to "poison U.S.-Soviet relations." Pravda called the decision extremely dangerous.

NBC's John Chancellor commentary: One of the questions raised by the President's new stand on the SALT II treaty is why he seems to have changed his mind about it. For more than five years Mr. Reagan supported the voluntary limits on nuclear weapons outlined by the treaty. Last fall he told the New York Times he had a good reason for observing the treaty. He said that without it, the Soviets could increase their weaponry much faster than the U.S. So why does he say he may give up on the SALT limits? His new position gave him some problems -- it caused a crisis in the NATO alliance, it gave the Soviets a propaganda bonus, it is bad domestic politics. The Democrats will say the Republicans are against arms control, and there are elections this year. Keep in mind that the President is not dropping the treaty now -- that won't happen until the end of the year when the American nuclear arsenal could exceed the SALT II limits. And in fact, it may not happen at all, if the Soviets make a few adjustments to comply with the treaty. There is still the possibility, despite what Pravda said today, of a Soviet-American summit meeting in November. But if that produces some modest progress on arms control the President could then say the U.S. will stay with the treaty based on Soviet behavior. That could be done even without a summit conference.

Chancellor continues: What the President said last week may be more of a threat than a decision -- a threat to force the Soviets into some concessions and some moves towards arms control. It's a dangerous roll of the dice. The Soviets could start a buildup which would have to be matched here. The President may be betting that they'll see things his way. And we'll know in six months if he's won his bet.

(NBC-8)

## CONTRAS

NBC's Tom Brokaw reports that there are indications from Congress tonight that U.S. aid to the contras was abused more than previously thought. This comes less than a month after a Congressional subcommittee subpoenaed the records of more than a dozen banks that handle the contra money.

NBC's Bob Kerr reports that today, subcommittee Chairman Michael Barnes, after reviewing bank records, predicted the public would be outraged.

(Rep. Barnes: "It's clear there have been substantial abuses of the funds. It's clear we're going to have to issue additional subpoenas to bank accounts...to which funds have gone.")

A congressional source says money disappeared from bank accounts set up for aid, bank checks went to people who should not have received the money. In light of this new information, the GAO will update its report on contra aid. Phillip Mabry, a Texan who raised money for the contras from private sources, accuses some contra leaders of misusing U.S. aid.

(Mabry: "They have betrayed their cause...")

Results of the bank investigation will be examined in detail in a House hearing next week, a hearing that may jeopardize the President's current request for contra aid, scheduled for a vote here later this month.

(NBC-3)

## BUDGET

Brokaw reports that in the Capitol today House and Senate conferees voted on a budget -- voting to recommend a change in Social Security benefits. They recommended that people receiving Social Security benefits get a cost of living increase every year equal to the rate of inflation.

(NBC-10)

## LIABILITY INSURANCE

ABC's Gary Shepard reports on California's Proposition 51 being voted on today, which would change the law so that in liability cases payment is based on sharing the blame, not on ability to pay -- the so-called deep-pockets approach now on the books.

(ABC-8)

## ITALY/LIBYA

CBS's Mark Phillips reports that there are signs of the end of the once cozy Italian-Libyan connection. Fiat Corporation's attempt to sever its links with the Khadafy regime is just one example of how Italy has undergone Europe's most dramatic turnaround on Libya.

(CBS-7)

## BERUIT

Rather reports that Muslim fought against Muslim today in the streets of West Beirut -- the heaviest fighting in that bloodied city in weeks.

CBS's Burt Quint reports that only Syria has the power to call off the Amal forces and it's unlikely to do that until it's certain Arafat's bid to reestablish power in Lebanon has been defeated. (CBS-6)

Jennings reports that there has been three-way fighting in Beirut described by Lebanese state radio as the worst in six months. The fighting is a serious setback for Syria which has been trying to force the various militias into a cease-fire. (NBC-4, ABC-6)

## PHILIPPINES

CBS's David Jansen reports that Corazon Aquino is out campaigning again -- not for votes, but for time. Some think it's running out. She is hard-pressed to tell average Filipinos what she's done for them. Aquino's second big problem is the growing communist insurgency. (CBS-12)

## CHERNOBYL

Rather reports a Soviet doctor said today two more people have died from effects of the Chernobyl accident. That brings the official Soviet total to 25. (ABC-2, NBC-7, CBS-13)

## 55 MPH SPEED LIMIT

ABC's Andrea Naverson reports the Transportation Department will cut as much as \$7 million in highway aid to Arizona and Vermont for not cracking down hard enough on speeders. It's the first time the federal government has gotten tough on states since the lower limit was adopted a dozen years ago. (Driver: "I don't feel like it's fair that somebody who's sittin' behind a desk back east should tell those out west how we should be drivin'.") (ABC-10)

## JOBS

Rather reports that the National Planning Association today predicted there will be 26 million new jobs for Americans by the century's turn. (CBS-11)

## DRUGS

Rather reports that a new federal study out tonight found 56% of people tested at the time of their arrests for serious crimes in New York and Washington, D.C. were using illegal drugs. That's two to three times higher than earlier estimates. (CBS-5)

## STOCKS

On Wall Street the Dow Jones Industrial Average gained 8½ points. The trading is still very slow. (ABC-11)

## EDITORIALS/COLUMNISTS

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### U.S.-SOVIET RELATIONS/SALT II

The (Very) Last Mile -- "Arms control means not just counting numbers of this weapon or that but maintaining a stable and effective balance. Balance requires mutual compliance or, alternatively, mutual non-compliance. Soviet violations of both Salt II and the anti-ballistic missile treaty have put the superpower balance, offensive and defensive, seriously out of kilter. It's time the United States went its very last mile in unilateral compliance with the Salt II treaty. It's past time the Soviet Union got its last mileage out of unilateral non-compliance."

(Richmond Times-Dispatch, 6/1)

When Is It Supposed To START? -- "No arms control is better, and safer, than misguided arms control. But President Reagan's own record during his first five years in office indicates that he did not really believe that SALT II was worse than no agreement. The man has abided by its terms for half a decade, which is about all the agreement was expected to extend. And he was right to do so. A failure to achieve something better to follow SALT II will go down as one of the greatest flaws in Mr. Reagan's Presidency."

(Chicago Tribune, 5/30)

Reagan Made Right Move In Abiding By SALT Treaty -- "Unless the evidence of Soviet cheating is much more persuasive than it is now, the decision should be easy. SALT II puts needed limits on the size of both sides' nuclear arsenals. Without it, an arms race now limited to qualitative improvements would expand to include sheer numbers, as well - leaving America less secure and alienating our already nervous allies."

(The Courier-Journal, 5/29)

World Without SALT -- "It took a little time for the gravity of the action to sink in, but it becomes increasingly evident that President Reagan's decision to abandon the SALT II arms agreement represents the most ominous step of his presidency and may turn out to be the one on which history judges him most sharply.... We are on the verge of an unstoppable arms race, and there seems to be nothing anyone can do about it but two men - Ronald Reagan and Mikhail Gorbachev. And each in his own way seems answerable to no one."

(Baltimore Evening Sun, 6/3)

U.S. Playing with fire on SALT II -- "To make a point about Moscow's suspected cheating, to put further pressure on Russian leadership and possibly to placate his own hard-right supporters, Reagan proposes to kick one of the remaining props out from under the delicately balanced U.S.-Soviet relationship - and in the name of a more secure America, yet. Look who's playing fast and loose with our national security."

(The Atlanta Constitution, 5/30)

It's Time To Stop Moscow From Pouring SALT In U.S. Wounds -- "It's about time that the administration woke up. SALT has been a one-way street -- and a dangerous one at that."

(New York Post, 5/28)

EDITORIALS/COLUMNISTS (continued)

SALT II: Yes or No? -- "If he intends to drop SALT II in a justifiable retaliation for Soviet misconduct, Mr. Reagan should get on with it. The United States can always leave open the possibility of dismantling weapons, if the Soviets do the same. But history shows that the Kremlin almost never gives anything away at a bargaining table unless it has been bullied into doing so in the field. The only possible way to influence Soviet policy is to take a crisp, unambiguous position that notifies the Kremlin by deeds rather than words that we no longer will accept treaty violations."

(The Detroit News, 6/2)

Reneging on SALT II -- "Giving up on SALT further detracts from the administration's credibility on arms control. It plays to those around the President who think that the United States can out race the Soviets on arms, or that the superpower relationship is so fundamentally fixed as to be impervious to negotiations. If the Administration can show how reneging on SALT can lead to a more positive Reagan-Gorbachev summit agenda or to arms control progress in Geneva, we look forward to seeing it."

(The Christian Science Monitor, 6/3)

Junking Arms Control -- "President Reagan's SALT II announcement suggests that after years of ambivalence Reagan has lurched toward the position that arms control is unnecessary because America, with its wealth and know-how, can win any arms race anyway. The corollary to this view is that SALT treaties negotiated by Presidents Nixon, Ford and Carter can be junked.... President Reagan's announcement should trigger an uproar in Congress, in NATO and anywhere else that arms control is regarded as an important route to national security. If the uproar is sufficient, no doubt the decision will be reversed. If not - goodbye, arms control."

(The Boston Globe, 5/29)

The Battle Has Started For Arms Control Future -- "The Soviets have made several interesting arms proposals - the latest only last week - that have aroused little apparent interest from the administration. The test of the Mr. Reagan's intentions will be whether these overtures are explored with a vigor that offers Soviet bargainers a carrot as well as a stick. Otherwise the frightening conclusion may be that he - like his most ideological supporters - believes that dropping arms limits may pave the way to 'victory' over Soviet communism." (The Philadelphia Inquirer, 6/3)

Mr. Reagan's Reckless Gamble -- "At the next summit meeting, he could have pressed Soviet leader Mikhail S. Gorbachev for greater cooperation on arms control. That would have been the statesmanlike approach. Instead, Mr Reagan threw out the bath water and indicated that the baby is about to meet the same fate. The world is less safe because of what he has done, and its inhabitants more worried."

(The Hartford Courant, 6/1)

End of the SALT Charade -- "So ends a chapter of make-believe arms control. The decision to base our national strategic arms policy on the Soviet threat rather than on an unobserved, unworkable, and unratified treaty is another major step in meeting the still growing Soviet threat. If the U.S. had continued observing SALT II, it would have had to stop the nation's urgently - needed strategic re-armament program, and it would have foolishly allowed the Soviets to gain dangerous new military advantages over this country."

(St. Louis Globe, 5/30)



# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 4, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Reagan: Saudi Arms Sale 'Necessary' -- President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East. (Washington Post, UPI)

Reagan Gets Pressure On SALT II Stance -- President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

(Washington Post, Washington Times, UPI)

### NATIONAL NEWS

Voters Pick Candidates In 9 States -- Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary. (Washington Post)

### NETWORK NEWS (Tuesday Evening)

MEDIA/LEAKS -- President Reagan and his advisors have decided to take another approach to this problem.

SAUDI ARMS -- President Reagan worked to nail down vital support among Senate Republicans.

TRW LAWSUIT -- The U.S. federal government formally joined in a billion dollar lawsuit against top defense contractors.

#### THE WHEEL OF POLITICS

President Reagan disclosed today he is familiar with at least one of TV's more popular game shows, favorably comparing the first day of television coverage of the Senate to "Wheel of Fortune." Asked what he thought of Monday's debut of the Senate on television, Reagan was beaten to the punch by Senate Republican leader Robert Dole, who replied, "Fabulous." Reagan then offered his review: "It's probably going to beat the 'Wheel of Fortune.'" (UPI, 6/3)

## INTERNATIONAL NEWS

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### SUSTAIN VETO, REAGAN URGES

President Reagan said yesterday that a Senate override of his attempt to sell advanced missiles to Saudi Arabia would "seriously undermine" U.S. foreign policy objectives in the Middle East.

In a meeting with Republican congressional leaders, the President appealed for Senate support to sustain his veto of a congressional resolution that would forbid the arms sales.

Senator Robert Dole and White House officials said the Administration is making the Saudi arms sale a test of presidential leadership. Reagan opened the meeting by saying the United States has had a mutual security pact with Saudi Arabia for more than 40 years and stressing the importance he attaches to sustaining the veto.

(Lou Cannon, Washington Post, A10)

#### Reagan: Saudi Arms Sale 'Necessary'

President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East.

During an hour-long White House meeting with congressional leaders Tuesday, Reagan delivered a self-described "impassioned plea" for the arms sale.

"A sale is, clearly and without question, in the interest of the United States," Reagan said. "It's quite simply necessary and indispensable to the execution of our foreign policy, and I'm counting on you in the Senate for your support."

(Helen Thomas, UPI)

### SALT DECISION AROUSES NEW BIPARTISAN CRITICISM

Fresh bipartisan criticism surfaced on both sides of Capitol Hill yesterday over President Reagan's announcement that the United States will end compliance with the unratified SALT II treaty later this year.

At a White House meeting with other Republican congressional leaders, Sen. John Chafee said he voiced his "extreme distress" over the decision, warning Reagan that if the United States scraps the treaty, "they [the Soviets] are going to be way ahead."

While Sens. Robert Dole and Richard Lugar backed the President, GOP moderates such as Sens. David Durenberger and Lowell Weicker said they were concerned about a reversal of the Administration's five-year policy of adhering to the terms of the unratified arms accord with the Soviets.

(Edward Walsh & Lou Cannon, Washington Post, A17)

### Reagan Arms Plea Cites Soviet Buildup

President Reagan called on Congress yesterday to approve his full budget request for modernizing the U.S. strategic nuclear arsenal and pursuing the Strategic Defense Initiative, moves he said are essential to meet a massive Soviet arms buildup and repeated arms control treaty violations.

But congressional critics were gearing up at the same times to use the year's first defense spending bill to tie Mr. Reagan's hands on his decision to turn away from the strategic arms limitation treaties.

(Iris Portny & Jeremiah O'Leary, Washington Times, A1)

### Reagan Gets Pressure On SALT II Stance

President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

Divisions among Republicans over the SALT II issue emerged Tuesday as Democrats -- taking a position similar to those expressed by U.S. allies abroad -- aligned themselves against a final break with the treaty later this year.

White House spokesman Edward Djerejian insisted the Administration position was "abundantly clear," but GOP congressional leaders suggested Reagan was ambiguous enough to soften his stand if the Soviets gave him reason to do so.

(Norman Sandler, UPI)

### POLISH COLONEL LEAKED MARTIAL LAW PLANS TO U.S.

At a secret, high-level meeting in Warsaw during early November 1981, a very agitated Soviet official announced to members of the Polish government and general staff that plans for the upcoming crackdown of the Solidarity trade union were somehow inexplicably leaking to the United States, according to informed sources familiar with U.S. intelligence reports. Everyone at this session voiced dismay, even outrage at the betrayal of such state secrets.

Polish Col. Wladyslaw Kuklinski, a senior staff officer involved in planning the martial law crackdown, joined in, expressing particular shock and distress, the sources said. He then left the meeting and gave a prearranged emergency signal to the CIA station in Warsaw. Within hours the colonel, his wife and at least one son were "exfiltrated," the CIA tradecraft name for the undercover extraction of agents in danger.

(Bob Woodward & Michael Dobbs, Washington Post, A1)

## ADMINISTRATION REVIEWING DISJOINTED POLICY ON MEXICO

The Reagan Administration, alarmed at deteriorating conditions in Mexico, has begun reviewing what officials acknowledge is a fragmented U.S. policy in an attempt to stave off serious damage to both countries.

"The overall policy may be so broadly stated that it's not a policy at all," one key State Department official said. "Right now, Mexico has been discovered again up here. The question is how long will it last."

State Department and White House officials worry that the latest furor over conflicting Administration statements on drug-related corruption in Mexico has exposed a lack of coordination in U.S. policy and diverted Mexican attention from urgently needed internal reforms.

(Joanne Omang, Washington Post, A1)

## REAGAN SAID TO WANT EX-CHIEF OF GOODYEAR FOR AMBASSADOR

President Reagan plans to nominate Charles Pilliod, who was a Goodyear Corp. executive at the time Goodyear admitted to bribing Mexican and other foreign government officials, to be ambassador to Mexico, Administration sources said yesterday.

Pilliod, 67, would succeed former actor John Gavin.

(Washington Post, A10)

## SENATE PANEL TOLD INSURGENCY IS ON THE RISE IN PHILIPPINES

Senior Reagan Administration officials yesterday, in a pessimistic assessment of the Philippine insurgency, said that the Communist rebels are growing stronger and more violent despite President Corazon Aquino's call for a cease-fire and reconciliation.

"The military situation is serious, and getting worse, with the Communists enjoying the initiative and assuming de facto control in areas where government influence has eroded over the years," Richard Armitage, deputy assistant secretary of defense for international security affairs, told the Senate Foreign Relations Committee.

(Keith Richburg, Washington Post, A1)

## U.S. URGED PASTORA NOT TO QUIT, HE SAYS

CARTAGO, Costa Rica -- Nicaraguan guerrilla leader Eden Pastora, who abandoned his 4-year-old war against the Sandinista regime three weeks ago, said senior State Department officials called him four times the day he announced his retirement to try to talk him out of it.

"This after the State Department did everything it could to destroy me," Mr. Pastora said in an interview at police headquarters here, where Costa Rican authorities have been holding him since he led his army out of Nicaragua. "It seems that there is a big fight behind the scenes in the United States government."

(Glenn Garvin, Washington Times, A1)

### SALVADORAN REBELS ACCEPT PEACE TALKS

SAN SALVADOR -- Leftist rebels today accepted President Jose Napoleon Duarte's offer to reopen peace talks to end the 6½-year-old civil war.

A broadcast over the guerrillas' clandestine Radio Venceremos announced their acceptance, named their delegates and said the talks should be held in San Salvador. (AP story, Washington Post, A1)

### U.S. SAYS PELTON TRIED FOR DEAL WITH FBI

BALTIMORE -- Accused spy Ronald Pelton was portrayed by a government attorney in court today as a cunning negotiator who knew he faced prosecution for selling intelligence secrets to the Soviets and who tried in vain to strike a deal with FBI agents during the interrogation sessions that led to his arrest.

In an effort to undercut Pelton's claims that he was tricked into making damaging admissions that are now being used against him in court, prosecutor John Douglass tried to show during cross-examination that Pelton gave FBI agents what he believed was just enough information to show that he was "cooperating" with them.

(Susan Schmidt, Washington Post, A4)

### REAGAN SENDS NOTE OF APOLOGY TO MULRONEY ON CEDAR TARIFFS

President Reagan yesterday apologized in a private note to Prime Minister Brian Mulroney for failing to notify him in advance of a decision to impose duties on Canadian cedar products, but Administration officials insisted that the tariffs were justified by U.S. and international trade laws.

The Reagan note to Mulroney appeared to be an attempt to defuse what threatens to become a major trade war between the United States and Canada, the world's two largest trading partners.

(Stuart Auerbach, Washington Post, G3)

### VIETNAM READY TO RESUME TALKS ON FATE OF MIAs

After a two-month suspension, Vietnam has signaled its willingness to resume talks on the fate of American servicemen still unaccounted for after the Vietnam war.

The Hanoi government had interrupted talks in April to protest the Reagan Administration's bombing of Libya.

Technical talks, which cover decisions on site inspections, are expected to begin in Hanoi June 11. A "policy meeting" in New York between Vietnam's deputy foreign minister and American officials from the National Security Council and the State Department took place last Friday.

(Roger Fontaine, Washington Times, A1)

# WALDHEIM'S LAWYERS, U.S TO CONFER

The Justice Department plans to meet with lawyers for Austrian presidential candidate Kurt Waldheim to allow them to rebut allegations that would bar him from entering the United States, a department spokesman said yesterday. The allegations involve his activities with the German army during World War II.

The meeting, probably this week, will clear the way for Attorney General Edwin Meese to make a final decision on whether Waldheim should be placed on a "watch list" of aliens excluded from the United States, spokesman Patrick Korten said. (Washington Post, A7)

EDITORS NOTE: "Behind SALT Controversy," an explanation of President Reagan's decision on compliance with the unratified SALT II treaty, appears in The Washington Post, A17.

## NATIONAL NEWS

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### VOTERS PICK CANDIDATES IN 9 STATES

Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary.

In another of the nine states holding elections yesterday, the Alabama Democratic gubernatorial primary appeared to be headed for a runoff. In the Democratic Senate primary, conservative Rep. Richard Shelby led Jim Allen, son of the late senator, but not by enough to ensure avoiding a runoff. (James Dickenson & Bill Peterson, Washington Post, A1)

### PRO-AMENDMENT REBELLION MAY BE LOOMING

The Senate opens debate today on a dramatic overhaul of the federal income tax system, amid indications that senators of both parties may rebel against efforts by President Reagan and Republican leaders to whisk the bill through without changes.

"The 20 members of the Finance Committee had an opportunity to protect the speical needs of their state," said Sen. Alan Cranston, who said he would propose restoring deductions for IRAs. "Senators not on the Finance Committee didn't have that opportunity, and I think we should have it." (Dale Russakoff & Anne Swardson, Washington Post, A20)

### REVENUE FLUCTUATIONS ALARM SENATORS

The Senate Budget Committee moved yesterday to head off possible use of an early revenue windfall from tax-overhaul legislation to help meet fiscal 1987 deficit targets under the Gramm-Rudman-Hollings budget control act.

Alarmed that revenue gains in fiscal 1986 and 1987 would be exceeded by bigger losses in fiscal 1988 and 1989, the panel warned that deep cuts would be required in defense and domestic spending to meet the budget targets in the latter two years unless the revenue fluctuations are leveled out. (Helen Dewar, Washington Post, A20)

### REAGAN TELLS IT TO THE MARINES

President Reagan has chosen to make his only commencement speech of the graduation season before what is perhaps the toughest physical education school in the world -- the Marine Corps boot camp at Parris Island, S.C.

Although Reagan sent Congress a harsh message Tuesday demanding full budget authority for modern nuclear weapons systems, today's speech was expected to focus less on specifics and more on "pride, patriotism and esprit d'corps," a White House official said. (Ira Allen, UPI)

## SENATE PASSES HIGHER EDUCATION BILL AFTER SUPPORTING END TO BUSING

Expressing support for an end to court-ordered school busing in desegregation cases, the Senate has voted to authorize higher education student loans and grants for the next five years.

The non-binding procedural vote on Sen. Jesse Helms' proposal to curb the power of federal judges to order school busing came Tuesday evening before the Senate voted 93-1 to pass the higher education bill.

(James Rowley, AP)

## CHARGES TRADED OVER HOSPITALS' RELEASE POLICIES

Medicare administrator William Roper and Sen. John Heinz clashed yesterday over Heinz's charges that hospitals are sending Medicare patients home prematurely because of the new Medicare prospective payment system.

At a hearing of the Senate Finance Committee, Heinz said Medicare patients go home "quicker and sicker" these days because hospitals are being paid a flat rate per stay under the new system, which started in fiscal 1984.

Roper did not deny that the new system has led to a reduction in average lengths of stay. But he told the Finance Committee he does not believe that the number of premature discharges of patients who are genuinely ill has increased substantially in recent years.

(Spencer Rich, Washington Post, A16)

## STEALTH COSTS DISCUSSED

Defense Secretary Caspar Weinberger parted the secrecy curtain slightly on the new Stealth bomber yesterday by declaring that it would not cost much more than the existing B1 in inflation-adjusted dollars. But his figures failed to satisfy critics demanding fuller disclosure about Stealth's cost and technical questions.

"The total estimated cost for research and development and procurement of 132 ATB [advanced technology bomber] aircraft is \$36.6 billion in fiscal 1981 dollars" which "compares favorably to the estimated \$26.5 billion" for the B1 in 1981 dollars, Weinberger said.

(George Wilson, Washington Post, A16)

## LAXALT, DU PONT JOIN THE MAYBE FIELD

Sen. Paul Laxalt says he is thinking about running for president, but so far is "neither in nor out" of the race for the 1988 GOP nomination. Former Republican Gov. Pierre du Pont of Delaware says he'll become a candidate in September if he thinks he can win.

In an interview, Laxalt said "old Reaganauts" -- close associates in Ronald Reagan's three campaigns for the presidency -- have asked him to "keep my options open" for 1988. "They're telling me that...I can do the job and that the race is wide open," he said. (Lawrence Knutson, AP)

### CALIFANO TO HEAD PROBE OF POSTAL SERVICE

The U.S. Postal Service's governing board, stung by the resignation of its vice chairman, who pleaded guilty last Friday to embezzlement, has ordered a wide-ranging review of how the mail service buys everything from mail sorting machines to delivery vans.

The unprecedented investigation of internal corruption in the postal service will be headed by Joseph Califano, the high-profile former Cabinet member who serves as the board's counsel.

(Keith Richburg, Washington Post, A5)

### U.S CUSTOMS SERVICE SAYS IT WON'T TEST RANDOMLY FOR DRUG USE

The Customs Service, scheduled to start testing workers for drug use this week, has called off the part of the plan that called for the unscheduled, random testing of employees, a spokesman said Monday.

Robert Tobias, president of the National Treasury Employees Union, which represents about 4,000 customs employees, said the decision was a "major victory for all federal employees." The union filed suit in U.S. District Court last week to halt the drug tests.

(UPI story, Washington Post, A8)

### COURT RESTRICTS STATES ON LIQUOR PRICE CONTROLS

The Supreme Court yesterday struck down portions of liquor price control laws in 21 states, ruling that such laws unconstitutionally restricted interstate commerce.

The 5 to 3 ruling involved a New York law requiring distillers to pledge that the prices they charged New York wholesalers were as low as those charged that month in any other state.

(Al Kamen, Washington Post, A3)

## NEWS FROM THE STATES

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### GREENSBORO PREPARES FOR REAGAN VISIT

GREENSBORO, N.C. (UPI) -- The Senate candidacy of Rep. Jim Broyhill, R-N.C., will reap a windfall of support and money from a Wednesday campaign visit by President Reagan, Broyhill aides said Tuesday.

"The President is the top draw in a political campaign," said Broyhill spokesman Doug Haynes. "If you can get the President to come and campaign for you, you are guaranteed to generate a lot of interest and a lot of money too." As many as 750 people are expected to pay \$500 a plate for tickets to the luncheon at the Greensboro Coliseum. "All I have heard is it is a very strong endorsement of Jim Broyhill," said Haynes of Reagan's text.

Following Reagan's remarks, Broyhill's most well-heeled supporters will attend a private photo session with the President. "There were some who weren't planning to give that much but because of the opportunity to get their picture taken with the man they believe to be the greatest President this century, they are willing to pay the big bucks," said David Benford, Broyhill's finance director. Benford said the price is set by the White House and the session will be limited to 100 couples. Also expected are the entire slate of GOP candidates for the state's 11 congressional seats and a number of the state's top business executives.

"The whole event is being set up like an all-American spectacular," said Haynes. "They're going to have flags, bands, balloons -- it's just going to be a very dramatic setting."

### FEDERAL GOVERNMENT HALTS FUNDS TO SHAW UNIVERSITY

RALEIGH, N.C. (UPI) -- The U.S. Education Department is cutting off all new funding for student financial aid programs to Shaw University, which is in default on more than \$1 million in federal debts, officials said. The cutoff was ordered May 9.

Shaw, which has an annual budget of \$9 million, received more than \$6 million from the federal government in the past two years, mostly for student aid programs. At least 80 percent of Shaw students last year got some form of financial aid, education officials said.

### POLL: NORTH CAROLINIANS FAVOR DEATH PENALTY

CHAPEL HILL, N.C. (UPI) -- Two-thirds of North Carolinians polled support the death penalty, and 37 percent believe it may be appropriate for capital crimes committed by offenders less than 18 years old, a survey says.

Of the 585 respondents to the Spring Carolina Poll, 67 percent said they favored the death penalty, 22 percent were opposed and 11 percent had no opinion. The poll indicated 85 percent of Republicans supported the death penalty, compared to 62 percent of the Democrats and independents. The poll was conducted jointly by the University of North Carolina's School of Journalism and Institute for Research in the Social Sciences.

NEWS FROM THE STATES/CAROLINAS (continued)

INSURANCE RATES

MERRIMON, N.C. (UPI) -- Soaring insurance rates threaten North Carolina's coastal fishermen, who worry insurance expenses could hinder their ability to fish and may drive up the price of seafood.

They blamed the increases on high injury payments and a decline in competition as insurance companies cease to offer maritime coverage. "There are a lot of boats operating without insurance because they can't pay it," Pittman said. Smith said many insurance carriers pay claims too easily, which increases the cost of insurance coverage. James Cooper III, a Morehead City attorney, blamed higher damage awards for the insurance rate hike.

WOMEN'S GROUP DECRIES NUCLEAR ARMS

CHARLOTTE, N.C. (UPI) -- More than 300 people attended a conference of Women's Action for Nuclear Disarmament and discussed strategies for avoiding nuclear annihilation. WAND's founder, Dr. Helen Caldicott, and Ted Turner, Atlanta broadcasting executive, were featured panelists at discussions on the nuclear arms race. Caldicott said the United States must convince its leaders that nuclear annihilation is inevitable.

"I'd get in Air Force One and fly over to the Soviet Union and fix the arms race in one day," Caldicott said. "I'd negotiate 50 percent reduction (of nuclear weapons) by 1990 and total elimination by the year 2000." The world spends \$1 trillion a year on weapons, 25 times more than on education, she said Saturday at Queens College.

Caldicott, an Australian-born pediatrician and an anti-nuclear activist for more than a decade, founded WAND in 1980 to encourage public awareness of the nuclear arms race. She says she will retire this year from the 20,000-member organization, which is based in Boston.

Turner, chairman and president of the Turner Broadcasting System, recently visited the Soviet Union to coordinate the Goodwill Games, a multi-event athletic contest which is scheduled for July. Turner said the Soviets are willing to halt nuclear weapons production if the United States does the same.

SENATE PASSES ANTI-APARTHEID BILL

COLUMBIA, S.C. (UPI) -- The State Senate Tuesday passed a bill to sever state government business ties with the apartheid regime of South Africa, but the measure's sponsor gave it little chance of passing the House. The bill by Sen. Theo Mitchell, D-Greenville, would prohibit state purchases from companies that do business in South Africa and also ban the state from investing in such companies.

The Senate passed the bill on a voice vote after Sen. Ryan Shealy, R-Lexington, dropped an effort to block it. Shealy said he opposed the bill because he believes divestment will hurt black South Africans more than help.

## *NETWORK NEWS SUMMARY*

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(Tuesday Evening, June 3, 1986)

### MEDIA/LEAKS

NBC's Tom Brokaw: For several weeks now the Reagan Administration has been threatening to take strong legal action against news organizations in an effort to plug leaks of classified information. But tonight Chris Wallace can report that President Reagan and his advisors have privately decided to take another approach to this problem.

NBC's Chris Wallace reports that today the President took a hard line on press leaks today saying his Administration is legally bound to prosecute reporters who disclose certain classified information.

(President Reagan in Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed, not just about the media, it's about anyone who makes public information which could be dangerous to our national security and I would think that all of us are bound by that law.")

But for all the tough talk, officials say the White House has decided for now to back away from a battle with the press and concentrate on plugging Administration leaks. And even there it's going slowly. The Administration will hold off on a blanket use of lie-detectors to investigate leaks, which had been recommended by a task force. Each department will cut access to classified material but within existing guidelines. However, sources say creation of a special FBI unit to probe leaks is still a live option. All this is at least a temporary defeat for CIA Director Casey, who wants a new crack-down, and a victory for White House Chief of Staff Regan and others who worry that battling the media will hurt the rest of the President's agenda. Vice President Bush said the Administration must police itself first.

(Vice President Bush: "I don't think we ever want to be in a fight with the press. We're certainly a long way to go before we can claim victory on controlling the information that is leaked out for one reason or another.")

Officials say the recent campaign against leaks happened largely by chance. The Administration was first upset by disclosure of fleet movements before the raid on Libya, then further upset by detailed reports on U.S. intercepts on Libyan communications. But the real spark, they say, was concern that stories about the Ronald Pelton spy trial might disclose new secrets. The head of a reporters' group says the government may never prosecute the media, instead using threats to intimidate the press.

(Reporters' group spokeswoman Kirtley said, "What they're doing is creating a climate of fear for the media, and they're doing it in a very effective way.")

At least for now, officials here say they've gone far enough -- that in dealing with leaks they don't want to create an even worse problem. Aides say Mr. Reagan has never been known as a press basher, and they don't want him to be seen as one now. (NBC-Lead)

## MEDIA/LEAKS

Jennings reports that at the White House today President Reagan was asked whether he agreed with the director of the CIA, that members of the press should be prosecuted for publishing or broadcasting those leaks.

(TV Coverage, President at Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed -- I believe it was 1954 -- that's very specific -- not just about the media, it's about anyone who makes public information which can be dangerous to our national security. And I would think that all of us are bound by that law.") (ABC-4)

## SAUDI ARMS

Jennings: And now the question of arms for Saudi Arabia....Opponents will try to override the veto this Thursday, which makes this a very busy week of lobbying for President Reagan and for his supporters.

ABC's Sam Donaldson: President Reagan worked to nail down vital support among Senate Republicans today for the Saudi arms sale package by telling GOP Congressional leaders, U.S. influence in the entire Mideast is at stake.

(President at Cabinet meeting: "I want all of you to understand that this vote will have a profound effect upon our relations with the Arab world, not just with Saudi Arabia. If the veto isn't sustained, it will seriously undermine our foreign policy objectives throughout the region.")

But if the President was making his appeal on foreign policy, the leader of the Senate Republicans was making his on party loyalty.

(Sen. Dole: "I think the President's leadership is on the line. Particularly as far as Republicans are concerned. We're all running around the country praising Ronald Reagan for his great leadership and his 68% approval rating, and if we really believe what we say then we ought to be voting with him on a critical issue like this.")

Not all Senate Republicans agree.

(Sen. Pete Wilson: "I think when you have this many members of the Senate voting as they have, it is for a reason that they think important. And it isn't that anybody seeks to embarrass the President or to frustrate him in his exercise of foreign policy.")

(Sen. Gorton: "I was opposed to this arms sale when it was initially announced, and I'm opposed to it now." Reporter: "Even if Ronald Reagan calls you on the phone?" Gorton: "Even if the President calls me on the phone.")

The President will make some calls in the next two days but Senate Republican leaders say they already have the thirty-four votes necessary to sustain his veto, which would allow the Saudi arms sale to proceed. If so, it may be another victory for that most persuasive of arguments in this Administration: Let's win one more for the Gipper. (ABC-5)

## TRW LAWSUIT

CBS's Dan Rather: The U.S. federal government formally joined in a billion dollar plus lawsuit against top defense contractors. The action charges that TRW and other companies cheated the public by jacking up prices on fat Pentagon contracts.

CBS's David Martin reports that in papers filed today with the federal court in Cleveland, the Justice Department in effect jumped on the bandwagon of a \$1.2 billion suit already brought by three mid-level employees fired by TRW. The suit covers the years 1979-1984 but one of the former employees claims the price-fixing has been going on for nearly 20 years. A spokesman for TRW denied the charges.

(CBS-Lead)

## CHALLENGER

Rather reports that the special Presidential Commission report on the Challenger disaster will call for a drastic redesign -- not just of the shuttle craft, but the whole space agency as well.

CBS's Eric Engberg reports that the Rogers Commission report will call for an almost total change in the way NASA runs the shuttle from design decisions to launch decisions. The report includes a chapter calling the Challenger loss an accident rooted in history, because it followed eight years of warnings that were largely ignored. One chapter of the report entitled "A Silent Safety Program" points to the lack of shuttle quality control. Recommendation: That NASA create a safety reliability and quality assurance unit reporting directly to the head of the agency. The commission says the shuttle should not be the only way for the country to get into space. Chairman William Rogers, declining comment on the report's substance, did tell CBS News the report is in the best American tradition: That when a mistake is made, an accident happens, that there be full disclosure of the facts and then we get on with the job.

(CBS-2)

ABC's Peter Jennings: We are going to begin this evening by taking you back to the 28th of January, to that moment when the Challenger exploded. Until today, we have never been able to share the experience of what actually went on in Mission Control at Houston when the accident happened. Tonight we have film and audio tape of what was going on in that room during that moment of crisis.

ABC's James Walker reports on film footage from NASA of Houston Control during Challenger's explosion.

Jennings reports that Morton Thiokol announced today that the three company vice-presidents who agreed to launch over engineers' objections have been transferred or retired.

(ABC-Lead)

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## SALT II

Rather reports that in the face of increasing pressure, President Reagan assured Republican leaders today that his decision to scrap the SALT II weapons reduction treaty with the Soviets is not final and could be reversed. The President's assurances came after he faced considerable opposition within his own party. One Republican leader said Mr. Reagan's decision seems to be hurting his chances for increased defense spending and that this could be the best argument against abandoning the treaty. (CBS-3)

Jennings reports that in London today another influential Soviet official has been very outspoken on President Reagan's stated intention to abandon the SALT II treaty.

ABC's Barrie Dunsmore reports that Leonid Zamyatin, Ambassador to Britain, said today it is hardly possible to continue a dialogue if the U.S. abrogates the SALT agreement. He warned of a new arms race and scoffed at the idea the U.S. was scrapping SALT II because the Soviets were violating the treaty.

(Lord Whitelaw, who headed a British delegation to the Soviet Union: "It may not be a perfect agreement, but it's the best we've got.")

(Denis Healey of the Labour Party: "They (the Soviets) have found themselves forced to the conclusion that it won't be possible to make any agreement so long as President Reagan is President in the U.S.") (ABC-3)

Brokaw reports that the Soviet Union continued its campaign against President Reagan's decision to scrap the unratified SALT II arms agreement. Pravda charged that this is designed to scuttle future superpower summits and to "poison U.S.-Soviet relations." Pravda called the decision extremely dangerous.

NBC's John Chancellor commentary: One of the questions raised by the President's new stand on the SALT II treaty is why he seems to have changed his mind about it. For more than five years Mr. Reagan supported the voluntary limits on nuclear weapons outlined by the treaty. Last fall he told the New York Times he had a good reason for observing the treaty. He said that without it, the Soviets could increase their weaponry much faster than the U.S. So why does he say he may give up on the SALT limits? His new position gave him some problems -- it caused a crisis in the NATO alliance, it gave the Soviets a propaganda bonus, it is bad domestic politics. The Democrats will say the Republicans are against arms control, and there are elections this year. Keep in mind that the President is not dropping the treaty now -- that won't happen until the end of the year when the American nuclear arsenal could exceed the SALT II limits. And in fact, it may not happen at all, if the Soviets make a few adjustments to comply with the treaty. There is still the possibility, despite what Pravda said today, of a Soviet-American summit meeting in November. But if that produces some modest progress on arms control the President could then say the U.S. will stay with the treaty based on Soviet behavior. That could be done even without a summit conference.

Chancellor continues: What the President said last week may be more of a threat than a decision -- a threat to force the Soviets into some concessions and some moves towards arms control. It's a dangerous roll of the dice. The Soviets could start a buildup which would have to be matched here. The President may be betting that they'll see things his way. And we'll know in six months if he's won his bet.

(NBC-8)

## CONTRAS

NBC's Tom Brokaw reports that there are indications from Congress tonight that U.S. aid to the contras was abused more than previously thought. This comes less than a month after a Congressional subcommittee subpoenaed the records of more than a dozen banks that handle the contra money.

NBC's Bob Kerr reports that today, subcommittee Chairman Michael Barnes, after reviewing bank records, predicted the public would be outraged.

(Rep. Barnes: "It's clear there have been substantial abuses of the funds. It's clear we're going to have to issue additional subpoenas to bank accounts...to which funds have gone.")

A congressional source says money disappeared from bank accounts set up for aid, bank checks went to people who should not have received the money. In light of this new information, the GAO will update its report on contra aid. Phillip Mabry, a Texan who raised money for the contras from private sources, accuses some contra leaders of misusing U.S. aid.

(Mabry: "They have betrayed their cause...")

Results of the bank investigation will be examined in detail in a House hearing next week, a hearing that may jeopardize the President's current request for contra aid, scheduled for a vote here later this month.

(NBC-3)

## BUDGET

Brokaw reports that in the Capitol today House and Senate conferees voted on a budget -- voting to recommend a change in Social Security benefits. They recommended that people receiving Social Security benefits get a cost of living increase every year equal to the rate of inflation.

(NBC-10)

## LIABILITY INSURANCE

ABC's Gary Shepard reports on California's Proposition 51 being voted on today, which would change the law so that in liability cases payment is based on sharing the blame, not on ability to pay -- the so-called deep-pockets approach now on the books.

(ABC-8)

## ITALY/LIBYA

CBS's Mark Phillips reports that there are signs of the end of the once cozy Italian-Libyan connection. Fiat Corporation's attempt to sever its links with the Khadafy regime is just one example of how Italy has undergone Europe's most dramatic turnaround on Libya.

(CBS-7)

## BERUIT

Rather reports that Muslim fought against Muslim today in the streets of West Beirut -- the heaviest fighting in that bloodied city in weeks.

CBS's Burt Quint reports that only Syria has the power to call off the Amal forces and it's unlikely to do that until it's certain Arafat's bid to reestablish power in Lebanon has been defeated. (CBS-6)

Jennings reports that there has been three-way fighting in Beirut described by Lebanese state radio as the worst in six months. The fighting is a serious setback for Syria which has been trying to force the various militias into a cease-fire. (NBC-4, ABC-6)

## PHILIPPINES

CBS's David Jansen reports that Corazon Aquino is out campaigning again -- not for votes, but for time. Some think it's running out. She is hard-pressed to tell average Filipinos what she's done for them. Aquino's second big problem is the growing communist insurgency. (CBS-12)

## CHERNOBYL

Rather reports a Soviet doctor said today two more people have died from effects of the Chernobyl accident. That brings the official Soviet total to 25. (ABC-2, NBC-7, CBS-13)

## 55 MPH SPEED LIMIT

ABC's Andrea Naverson reports the Transportation Department will cut as much as \$7 million in highway aid to Arizona and Vermont for not cracking down hard enough on speeders. It's the first time the federal government has gotten tough on states since the lower limit was adopted a dozen years ago. (Driver: "I don't feel like it's fair that somebody who's sittin' behind a desk back east should tell those out west how we should be drivin'.") (ABC-10)

## JOBS

Rather reports that the National Planning Association today predicted there will be 26 million new jobs for Americans by the century's turn. (CBS-11)

## DRUGS

Rather reports that a new federal study out tonight found 56% of people tested at the time of their arrests for serious crimes in New York and Washington, D.C. were using illegal drugs. That's two to three times higher than earlier estimates. (CBS-5)

## STOCKS

On Wall Street the Dow Jones Industrial Average gained 8½ points. The trading is still very slow. (ABC-11)

## EDITORIALS/COLUMNISTS

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### U.S.-SOVIET RELATIONS/SALT II

The (Very) Last Mile -- "Arms control means not just counting numbers of this weapon or that but maintaining a stable and effective balance. Balance requires mutual compliance or, alternatively, mutual non-compliance. Soviet violations of both Salt II and the anti-ballistic missile treaty have put the superpower balance, offensive and defensive, seriously out of kilter. It's time the United States went its very last mile in unilateral compliance with the Salt II treaty. It's past time the Soviet Union got its last mileage out of unilateral non-compliance."

(Richmond Times-Dispatch, 6/1)

When Is It Supposed To START? -- "No arms control is better, and safer, than misguided arms control. But President Reagan's own record during his first five years in office indicates that he did not really believe that SALT II was worse than no agreement. The man has abided by its terms for half a decade, which is about all the agreement was expected to extend. And he was right to do so. A failure to achieve something better to follow SALT II will go down as one of the greatest flaws in Mr. Reagan's Presidency."

(Chicago Tribune, 5/30)

Reagan Made Right Move In Abiding By SALT Treaty -- "Unless the evidence of Soviet cheating is much more persuasive than it is now, the decision should be easy. SALT II puts needed limits on the size of both sides' nuclear arsenals. Without it, an arms race now limited to qualitative improvements would expand to include sheer numbers, as well - leaving America less secure and alienating our already nervous allies."

(The Courier-Journal, 5/29)

World Without SALT -- "It took a little time for the gravity of the action to sink in, but it becomes increasingly evident that President Reagan's decision to abandon the SALT II arms agreement represents the most ominous step of his presidency and may turn out to be the one on which history judges him most sharply.... We are on the verge of an unstoppable arms race, and there seems to be nothing anyone can do about it but two men - Ronald Reagan and Mikhail Gorbachev. And each in his own way seems answerable to no one."

(Baltimore Evening Sun, 6/3)

U.S. Playing with fire on SALT II -- "To make a point about Moscow's suspected cheating, to put further pressure on Russian leadership and possibly to placate his own hard-right supporters, Reagan proposes to kick one of the remaining props out from under the delicately balanced U.S.-Soviet relationship - and in the name of a more secure America, yet. Look who's playing fast and loose with our national security."

(The Atlanta Constitution, 5/30)

It's Time To Stop Moscow From Pouring SALT In U.S. Wounds -- "It's about time that the administration woke up. SALT has been a one-way street -- and a dangerous one at that."

(New York Post, 5/28)

EDITORIALS/COLUMNISTS (continued)

SALT II: Yes or No? -- "If he intends to drop SALT II in a justifiable retaliation for Soviet misconduct, Mr. Reagan should get on with it. The United States can always leave open the possibility of dismantling weapons, if the Soviets do the same. But history shows that the Kremlin almost never gives anything away at a bargaining table unless it has been bullied into doing so in the field. The only possible way to influence Soviet policy is to take a crisp, unambiguous position that notifies the Kremlin by deeds rather than words that we no longer will accept treaty violations."

(The Detroit News, 6/2)

Reneging on SALT II -- "Giving up on SALT further detracts from the administration's credibility on arms control. It plays to those around the President who think that the United States can out race the Soviets on arms, or that the superpower relationship is so fundamentally fixed as to be impervious to negotiations. If the Administration can show how reneging on SALT can lead to a more positive Reagan-Gorbachev summit agenda or to arms control progress in Geneva, we look forward to seeing it."

(The Christian Science Monitor, 6/3)

Junking Arms Control -- "President Reagan's SALT II announcement suggests that after years of ambivalence Reagan has lurched toward the position that arms control is unnecessary because America, with its wealth and know-how, can win any arms race anyway. The corollary to this view is that SALT treaties negotiated by Presidents Nixon, Ford and Carter can be junked.... President Reagan's announcement should trigger an uproar in Congress, in NATO and anywhere else that arms control is regarded as an important route to national security. If the uproar is sufficient, no doubt the decision will be reversed. If not - goodbye, arms control."

(The Boston Globe, 5/29)

The Battle Has Started For Arms Control Future -- "The Soviets have made several interesting arms proposals - the latest only last week - that have aroused little apparent interest from the administration. The test of the Mr. Reagan's intentions will be whether these overtures are explored with a vigor that offers Soviet bargainers a carrot as well as a stick. Otherwise the frightening conclusion may be that he - like his most ideological supporters - believes that dropping arms limits may pave the way to 'victory' over Soviet communism." (The Philadelphia Inquirer, 6/3)

Mr. Reagan's Reckless Gamble -- "At the next summit meeting, he could have pressed Soviet leader Mikhail S. Gorbachev for greater cooperation on arms control. That would have been the statesmanlike approach. Instead, Mr Reagan threw out the bath water and indicated that the baby is about to meet the same fate. The world is less safe because of what he has done, and its inhabitants more worried."

(The Hartford Courant, 6/1)

End of the SALT Charade -- "So ends a chapter of make-believe arms control. The decision to base our national strategic arms policy on the Soviet threat rather than on an unobserved, unworkable, and unratified treaty is another major step in meeting the still growing Soviet threat. If the U.S. had continued observing SALT II, it would have had to stop the nation's urgently - needed strategic re-armament program, and it would have foolishly allowed the Soviets to gain dangerous new military advantages over this country."

(St. Louis Globe, 5/30)



# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 4, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Reagan: Saudi Arms Sale 'Necessary' -- President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East. (Washington Post, UPI)

Reagan Gets Pressure On SALT II Stance -- President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

(Washington Post, Washington Times, UPI)

### NATIONAL NEWS

Voters Pick Candidates In 9 States -- Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary. (Washington Post)

### NETWORK NEWS (Tuesday Evening)

MEDIA/LEAKS -- President Reagan and his advisors have decided to take another approach to this problem.

SAUDI ARMS -- President Reagan worked to nail down vital support among Senate Republicans.

TRW LAWSUIT -- The U.S. federal government formally joined in a billion dollar lawsuit against top defense contractors.

#### THE WHEEL OF POLITICS

President Reagan disclosed today he is familiar with at least one of TV's more popular game shows, favorably comparing the first day of television coverage of the Senate to "Wheel of Fortune." Asked what he thought of Monday's debut of the Senate on television, Reagan was beaten to the punch by Senate Republican leader Robert Dole, who replied, "Fabulous." Reagan then offered his review: "It's probably going to beat the 'Wheel of Fortune.'" (UPI, 6/3)

## **INTERNATIONAL NEWS**

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### **SUSTAIN VETO, REAGAN URGES**

President Reagan said yesterday that a Senate override of his attempt to sell advanced missiles to Saudi Arabia would "seriously undermine" U.S. foreign policy objectives in the Middle East.

In a meeting with Republican congressional leaders, the President appealed for Senate support to sustain his veto of a congressional resolution that would forbid the arms sales.

Senator Robert Dole and White House officials said the Administration is making the Saudi arms sale a test of presidential leadership. Reagan opened the meeting by saying the United States has had a mutual security pact with Saudi Arabia for more than 40 years and stressing the importance he attaches to sustaining the veto.

(Lou Cannon, Washington Post, A10)

#### **Reagan: Saudi Arms Sale 'Necessary'**

President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East.

During an hour-long White House meeting with congressional leaders Tuesday, Reagan delivered a self-described "impassioned plea" for the arms sale.

"A sale is, clearly and without question, in the interest of the United States," Reagan said. "It's quite simply necessary and indispensable to the execution of our foreign policy, and I'm counting on you in the Senate for your support."

(Helen Thomas, UPI)

### **SALT DECISION AROUSES NEW BIPARTISAN CRITICISM**

Fresh bipartisan criticism surfaced on both sides of Capitol Hill yesterday over President Reagan's announcement that the United States will end compliance with the unratified SALT II treaty later this year.

At a White House meeting with other Republican congressional leaders, Sen. John Chafee said he voiced his "extreme distress" over the decision, warning Reagan that if the United States scraps the treaty, "they [the Soviets] are going to be way ahead."

While Sens. Robert Dole and Richard Lugar backed the President, GOP moderates such as Sens. David Durenberger and Lowell Weicker said they were concerned about a reversal of the Administration's five-year policy of adhering to the terms of the unratified arms accord with the Soviets.

(Edward Walsh & Lou Cannon, Washington Post, A17)

### Reagan Arms Plea Cites Soviet Buildup

President Reagan called on Congress yesterday to approve his full budget request for modernizing the U.S. strategic nuclear arsenal and pursuing the Strategic Defense Initiative, moves he said are essential to meet a massive Soviet arms buildup and repeated arms control treaty violations.

But congressional critics were gearing up at the same times to use the year's first defense spending bill to tie Mr. Reagan's hands on his decision to turn away from the strategic arms limitation treaties.

(Iris Portny & Jeremiah O'Leary, Washington Times, A1)

### Reagan Gets Pressure On SALT II Stance

President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

Divisions among Republicans over the SALT II issue emerged Tuesday as Democrats -- taking a position similar to those expressed by U.S. allies abroad -- aligned themselves against a final break with the treaty later this year.

White House spokesman Edward Djerejian insisted the Administration position was "abundantly clear," but GOP congressional leaders suggested Reagan was ambiguous enough to soften his stand if the Soviets gave him reason to do so.

(Norman Sandler, UPI)

### POLISH COLONEL LEAKED MARTIAL LAW PLANS TO U.S.

At a secret, high-level meeting in Warsaw during early November 1981, a very agitated Soviet official announced to members of the Polish government and general staff that plans for the upcoming crackdown of the Solidarity trade union were somehow inexplicably leaking to the United States, according to informed sources familiar with U.S. intelligence reports. Everyone at this session voiced dismay, even outrage at the betrayal of such state secrets.

Polish Col. Wladyslaw Kuklinski, a senior staff officer involved in planning the martial law crackdown, joined in, expressing particular shock and distress, the sources said. He then left the meeting and gave a prearranged emergency signal to the CIA station in Warsaw. Within hours the colonel, his wife and at least one son were "exfiltrated," the CIA tradecraft name for the undercover extraction of agents in danger.

(Bob Woodward & Michael Dobbs, Washington Post, A1)

#### ADMINISTRATION REVIEWING DISJOINTED POLICY ON MEXICO

The Reagan Administration, alarmed at deteriorating conditions in Mexico, has begun reviewing what officials acknowledge is a fragmented U.S. policy in an attempt to stave off serious damage to both countries.

"The overall policy may be so broadly stated that it's not a policy at all," one key State Department official said. "Right now, Mexico has been discovered again up here. The question is how long will it last."

State Department and White House officials worry that the latest furor over conflicting Administration statements on drug-related corruption in Mexico has exposed a lack of coordination in U.S. policy and diverted Mexican attention from urgently needed internal reforms.

(Joanne Omang, Washington Post, A1)

#### REAGAN SAID TO WANT EX-CHIEF OF GOODYEAR FOR AMBASSADOR

President Reagan plans to nominate Charles Pilliod, who was a Goodyear Corp. executive at the time Goodyear admitted to bribing Mexican and other foreign government officials, to be ambassador to Mexico, Administration sources said yesterday.

Pilliod, 67, would succeed former actor John Gavin.

(Washington Post, A10)

#### SENATE PANEL TOLD INSURGENCY IS ON THE RISE IN PHILIPPINES

Senior Reagan Administration officials yesterday, in a pessimistic assessment of the Philippine insurgency, said that the Communist rebels are growing stronger and more violent despite President Corazon Aquino's call for a cease-fire and reconciliation.

"The military situation is serious, and getting worse, with the Communists enjoying the initiative and assuming de facto control in areas where government influence has eroded over the years," Richard Armitage, deputy assistant secretary of defense for international security affairs, told the Senate Foreign Relations Committee.

(Keith Richburg, Washington Post, A1)

#### U.S. URGED PASTORA NOT TO QUIT, HE SAYS

CARTAGO, Costa Rica -- Nicaraguan guerrilla leader Eden Pastora, who abandoned his 4-year-old war against the Sandinista regime three weeks ago, said senior State Department officials called him four times the day he announced his retirement to try to talk him out of it.

"This after the State Department did everything it could to destroy me," Mr. Pastora said in an interview at police headquarters here, where Costa Rican authorities have been holding him since he led his army out of Nicaragua. "It seems that there is a big fight behind the scenes in the United States government."

(Glenn Garvin, Washington Times, A1)

### SALVADORAN REBELS ACCEPT PEACE TALKS

SAN SALVADOR -- Leftist rebels today accepted President Jose Napoleon Duarte's offer to reopen peace talks to end the 6½-year-old civil war.

A broadcast over the guerrillas' clandestine Radio Venceremos announced their acceptance, named their delegates and said the talks should be held in San Salvador. (AP story, Washington Post, A1)

### U.S. SAYS PELTON TRIED FOR DEAL WITH FBI

BALTIMORE -- Accused spy Ronald Pelton was portrayed by a government attorney in court today as a cunning negotiator who knew he faced prosecution for selling intelligence secrets to the Soviets and who tried in vain to strike a deal with FBI agents during the interrogation sessions that led to his arrest.

In an effort to undercut Pelton's claims that he was tricked into making damaging admissions that are now being used against him in court, prosecutor John Douglass tried to show during cross-examination that Pelton gave FBI agents what he believed was just enough information to show that he was "cooperating" with them.

(Susan Schmidt, Washington Post, A4)

### REAGAN SENDS NOTE OF APOLOGY TO MULRONEY ON CEDAR TARIFFS

President Reagan yesterday apologized in a private note to Prime Minister Brian Mulroney for failing to notify him in advance of a decision to impose duties on Canadian cedar products, but Administration officials insisted that the tariffs were justified by U.S. and international trade laws.

The Reagan note to Mulroney appeared to be an attempt to defuse what threatens to become a major trade war between the United States and Canada, the world's two largest trading partners.

(Stuart Auerbach, Washington Post, G3)

### VIETNAM READY TO RESUME TALKS ON FATE OF MIAs

After a two-month suspension, Vietnam has signaled its willingness to resume talks on the fate of American servicemen still unaccounted for after the Vietnam war.

The Hanoi government had interrupted talks in April to protest the Reagan Administration's bombing of Libya.

Technical talks, which cover decisions on site inspections, are expected to begin in Hanoi June 11. A "policy meeting" in New York between Vietnam's deputy foreign minister and American officials from the National Security Council and the State Department took place last Friday.

(Roger Fontaine, Washington Times, A1)

WALDHEIM'S LAWYERS, U.S TO CONFER

The Justice Department plans to meet with lawyers for Austrian presidential candidate Kurt Waldheim to allow them to rebut allegations that would bar him from entering the United States, a department spokesman said yesterday. The allegations involve his activities with the German army during World War II.

The meeting, probably this week, will clear the way for Attorney General Edwin Meese to make a final decision on whether Waldheim should be placed on a "watch list" of aliens excluded from the United States, spokesman Patrick Korten said. (Washington Post, A7)

EDITORS NOTE: "Behind SALT Controversy," an explanation of President Reagan's decision on compliance with the unratified SALT II treaty, appears in The Washington Post, A17.

## NATIONAL NEWS

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### VOTERS PICK CANDIDATES IN 9 STATES

Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary.

In another of the nine states holding elections yesterday, the Alabama Democratic gubernatorial primary appeared to be headed for a runoff. In the Democratic Senate primary, conservative Rep. Richard Shelby led Jim Allen, son of the late senator, but not by enough to ensure avoiding a runoff. (James Dickenson & Bill Peterson, Washington Post, A1)

### PRO-AMENDMENT REBELLION MAY BE LOOMING

The Senate opens debate today on a dramatic overhaul of the federal income tax system, amid indications that senators of both parties may rebel against efforts by President Reagan and Republican leaders to whisk the bill through without changes.

"The 20 members of the Finance Committee had an opportunity to protect the special needs of their state," said Sen. Alan Cranston, who said he would propose restoring deductions for IRAs. "Senators not on the Finance Committee didn't have that opportunity, and I think we should have it." (Dale Russakoff & Anne Swardson, Washington Post, A20)

### REVENUE FLUCTUATIONS ALARM SENATORS

The Senate Budget Committee moved yesterday to head off possible use of an early revenue windfall from tax-overhaul legislation to help meet fiscal 1987 deficit targets under the Gramm-Rudman-Hollings budget control act.

Alarmed that revenue gains in fiscal 1986 and 1987 would be exceeded by bigger losses in fiscal 1988 and 1989, the panel warned that deep cuts would be required in defense and domestic spending to meet the budget targets in the latter two years unless the revenue fluctuations are leveled out. (Helen Dewar, Washington Post, A20)

### REAGAN TELLS IT TO THE MARINES

President Reagan has chosen to make his only commencement speech of the graduation season before what is perhaps the toughest physical education school in the world -- the Marine Corps boot camp at Parris Island, S.C.

Although Reagan sent Congress a harsh message Tuesday demanding full budget authority for modern nuclear weapons systems, today's speech was expected to focus less on specifics and more on "pride, patriotism and esprit d'corps," a White House official said. (Ira Allen, UPI)

## SENATE PASSES HIGHER EDUCATION BILL AFTER SUPPORTING END TO BUSING

Expressing support for an end to court-ordered school busing in desegregation cases, the Senate has voted to authorize higher education student loans and grants for the next five years.

The non-binding procedural vote on Sen. Jesse Helms' proposal to curb the power of federal judges to order school busing came Tuesday evening before the Senate voted 93-1 to pass the higher education bill.

(James Rowley, AP)

## CHARGES TRADED OVER HOSPITALS' RELEASE POLICIES

Medicare administrator William Roper and Sen. John Heinz clashed yesterday over Heinz's charges that hospitals are sending Medicare patients home prematurely because of the new Medicare prospective payment system.

At a hearing of the Senate Finance Committee, Heinz said Medicare patients go home "quicker and sicker" these days because hospitals are being paid a flat rate per stay under the new system, which started in fiscal 1984.

Roper did not deny that the new system has led to a reduction in average lengths of stay. But he told the Finance Committee he does not believe that the number of premature discharges of patients who are genuinely ill has increased substantially in recent years.

(Spencer Rich, Washington Post, A16)

## STEALTH COSTS DISCUSSED

Defense Secretary Caspar Weinberger parted the secrecy curtain slightly on the new Stealth bomber yesterday by declaring that it would not cost much more than the existing B1 in inflation-adjusted dollars. But his figures failed to satisfy critics demanding fuller disclosure about Stealth's cost and technical questions.

"The total estimated cost for research and development and procurement of 132 ATB [advanced technology bomber] aircraft is \$36.6 billion in fiscal 1981 dollars" which "compares favorably to the estimated \$26.5 billion" for the B1 in 1981 dollars, Weinberger said.

(George Wilson, Washington Post, A16)

## LAXALT, DU PONT JOIN THE MAYBE FIELD

Sen. Paul Laxalt says he is thinking about running for president, but so far is "neither in nor out" of the race for the 1988 GOP nomination. Former Republican Gov. Pierre du Pont of Delaware says he'll become a candidate in September if he thinks he can win.

In an interview, Laxalt said "old Reaganauts" -- close associates in Ronald Reagan's three campaigns for the presidency -- have asked him to "keep my options open" for 1988. "They're telling me that...I can do the job and that the race is wide open," he said.

(Lawrence Knutson, AP)

### CALIFANO TO HEAD PROBE OF POSTAL SERVICE

The U.S. Postal Service's governing board, stung by the resignation of its vice chairman, who pleaded guilty last Friday to embezzlement, has ordered a wide-ranging review of how the mail service buys everything from mail sorting machines to delivery vans.

The unprecedented investigation of internal corruption in the postal service will be headed by Joseph Califano, the high-profile former Cabinet member who serves as the board's counsel.

(Keith Richburg, Washington Post, A5)

### U.S CUSTOMS SERVICE SAYS IT WON'T TEST RANDOMLY FOR DRUG USE

The Customs Service, scheduled to start testing workers for drug use this week, has called off the part of the plan that called for the unscheduled, random testing of employees, a spokesman said Monday.

Robert Tobias, president of the National Treasury Employees Union, which represents about 4,000 customs employees, said the decision was a "major victory for all federal employees." The union filed suit in U.S. District Court last week to halt the drug tests.

(UPI story, Washington Post, A8)

### COURT RESTRICTS STATES ON LIQUOR PRICE CONTROLS

The Supreme Court yesterday struck down portions of liquor price control laws in 21 states, ruling that such laws unconstitutionally restricted interstate commerce.

The 5 to 3 ruling involved a New York law requiring distillers to pledge that the prices they charged New York wholesalers were as low as those charged that month in any other state.

(Al Kamen, Washington Post, A3)

## NEWS FROM THE STATES

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### GREENSBORO PREPARES FOR REAGAN VISIT

GREENSBORO, N.C. (UPI) -- The Senate candidacy of Rep. Jim Broyhill, R-N.C., will reap a windfall of support and money from a Wednesday campaign visit by President Reagan, Broyhill aides said Tuesday.

"The President is the top draw in a political campaign," said Broyhill spokesman Doug Haynes. "If you can get the President to come and campaign for you, you are guaranteed to generate a lot of interest and a lot of money too." As many as 750 people are expected to pay \$500 a plate for tickets to the luncheon at the Greensboro Coliseum. "All I have heard is it is a very strong endorsement of Jim Broyhill," said Haynes of Reagan's text.

Following Reagan's remarks, Broyhill's most well-heeled supporters will attend a private photo session with the President. "There were some who weren't planning to give that much but because of the opportunity to get their picture taken with the man they believe to be the greatest President this century, they are willing to pay the big bucks," said David Benford, Broyhill's finance director. Benford said the price is set by the White House and the session will be limited to 100 couples. Also expected are the entire slate of GOP candidates for the state's 11 congressional seats and a number of the state's top business executives.

"The whole event is being set up like an all-American spectacular," said Haynes. "They're going to have flags, bands, balloons -- it's just going to be a very dramatic setting."

### FEDERAL GOVERNMENT HALTS FUNDS TO SHAW UNIVERSITY

RALEIGH, N.C. (UPI) -- The U.S. Education Department is cutting off all new funding for student financial aid programs to Shaw University, which is in default on more than \$1 million in federal debts, officials said. The cutoff was ordered May 9.

Shaw, which has an annual budget of \$9 million, received more than \$6 million from the federal government in the past two years, mostly for student aid programs. At least 80 percent of Shaw students last year got some form of financial aid, education officials said.

### POLL: NORTH CAROLINIANS FAVOR DEATH PENALTY

CHAPEL HILL, N.C. (UPI) -- Two-thirds of North Carolinians polled support the death penalty, and 37 percent believe it may be appropriate for capital crimes committed by offenders less than 18 years old, a survey says.

Of the 585 respondents to the Spring Carolina Poll, 67 percent said they favored the death penalty, 22 percent were opposed and 11 percent had no opinion. The poll indicated 85 percent of Republicans supported the death penalty, compared to 62 percent of the Democrats and independents. The poll was conducted jointly by the University of North Carolina's School of Journalism and Institute for Research in the Social Sciences.

NEWS FROM THE STATES/CAROLINAS (continued)

INSURANCE RATES

MERRIMON, N.C. (UPI) -- Soaring insurance rates threaten North Carolina's coastal fishermen, who worry insurance expenses could hinder their ability to fish and may drive up the price of seafood.

They blamed the increases on high injury payments and a decline in competition as insurance companies cease to offer maritime coverage. "There are a lot of boats operating without insurance because they can't pay it," Pittman said. Smith said many insurance carriers pay claims too easily, which increases the cost of insurance coverage. James Cooper III, a Morehead City attorney, blamed higher damage awards for the insurance rate hike.

WOMEN'S GROUP DECRIES NUCLEAR ARMS

CHARLOTTE, N.C. (UPI) -- More than 300 people attended a conference of Women's Action for Nuclear Disarmament and discussed strategies for avoiding nuclear annihilation. WAND's founder, Dr. Helen Caldicott, and Ted Turner, Atlanta broadcasting executive, were featured panelists at discussions on the nuclear arms race. Caldicott said the United States must convince its leaders that nuclear annihilation is inevitable.

"I'd get in Air Force One and fly over to the Soviet Union and fix the arms race in one day," Caldicott said. "I'd negotiate 50 percent reduction (of nuclear weapons) by 1990 and total elimination by the year 2000." The world spends \$1 trillion a year on weapons, 25 times more than on education, she said Saturday at Queens College.

Caldicott, an Australian-born pediatrician and an anti-nuclear activist for more than a decade, founded WAND in 1980 to encourage public awareness of the nuclear arms race. She says she will retire this year from the 20,000-member organization, which is based in Boston.

Turner, chairman and president of the Turner Broadcasting System, recently visited the Soviet Union to coordinate the Goodwill Games, a multi-event athletic contest which is scheduled for July. Turner said the Soviets are willing to halt nuclear weapons production if the United States does the same.

SENATE PASSES ANTI-APARTHEID BILL

COLUMBIA, S.C. (UPI) -- The State Senate Tuesday passed a bill to sever state government business ties with the apartheid regime of South Africa, but the measure's sponsor gave it little chance of passing the House. The bill by Sen. Theo Mitchell, D-Greenville, would prohibit state purchases from companies that do business in South Africa and also ban the state from investing in such companies.

The Senate passed the bill on a voice vote after Sen. Ryan Shealy, R-Lexington, dropped an effort to block it. Shealy said he opposed the bill because he believes divestment will hurt black South Africans more than help.

## NETWORK NEWS SUMMARY

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(Tuesday Evening, June 3, 1986)

### MEDIA/LEAKS

NBC's Tom Brokaw: For several weeks now the Reagan Administration has been threatening to take strong legal action against news organizations in an effort to plug leaks of classified information. But tonight Chris Wallace can report that President Reagan and his advisors have privately decided to take another approach to this problem.

NBC's Chris Wallace reports that today the President took a hard line on press leaks today saying his Administration is legally bound to prosecute reporters who disclose certain classified information.

(President Reagan in Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed, not just about the media, it's about anyone who makes public information which could be dangerous to our national security and I would think that all of us are bound by that law.")

But for all the tough talk, officials say the White House has decided for now to back away from a battle with the press and concentrate on plugging Administration leaks. And even there it's going slowly. The Administration will hold off on a blanket use of lie-detectors to investigate leaks, which had been recommended by a task force. Each department will cut access to classified material but within existing guidelines. However, sources say creation of a special FBI unit to probe leaks is still a live option. All this is at least a temporary defeat for CIA Director Casey, who wants a new crack-down, and a victory for White House Chief of Staff Regan and others who worry that battling the media will hurt the rest of the President's agenda. Vice President Bush said the Administration must police itself first.

(Vice President Bush: "I don't think we ever want to be in a fight with the press. We're certainly a long way to go before we can claim victory on controlling the information that is leaked out for one reason or another.")

Officials say the recent campaign against leaks happened largely by chance. The Administration was first upset by disclosure of fleet movements before the raid on Libya, then further upset by detailed reports on U.S. intercepts on Libyan communications. But the real spark, they say, was concern that stories about the Ronald Pelton spy trial might disclose new secrets. The head of a reporters' group says the government may never prosecute the media, instead using threats to intimidate the press.

(Reporters' group spokeswoman Kirtley said, "What they're doing is creating a climate of fear for the media, and they're doing it in a very effective way.")

At least for now, officials here say they've gone far enough -- that in dealing with leaks they don't want to create an even worse problem. Aides say Mr. Reagan has never been known as a press basher, and they don't want him to be seen as one now. (NBC-Lead)

## MEDIA/LEAKS

Jennings reports that at the White House today President Reagan was asked whether he agreed with the director of the CIA, that members of the press should be prosecuted for publishing or broadcasting those leaks.

(TV Coverage, President at Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed -- I believe it was 1954 -- that's very specific -- not just about the media, it's about anyone who makes public information which can be dangerous to our national security. And I would think that all of us are bound by that law.") (ABC-4)

## SAUDI ARMS

Jennings: And now the question of arms for Saudi Arabia....Opponents will try to override the veto this Thursday, which makes this a very busy week of lobbying for President Reagan and for his supporters.

ABC's Sam Donaldson: President Reagan worked to nail down vital support among Senate Republicans today for the Saudi arms sale package by telling GOP Congressional leaders, U.S. influence in the entire Mideast is at stake.

(President at Cabinet meeting: "I want all of you to understand that this vote will have a profound effect upon our relations with the Arab world, not just with Saudi Arabia. If the veto isn't sustained, it will seriously undermine our foreign policy objectives throughout the region.")

But if the President was making his appeal on foreign policy, the leader of the Senate Republicans was making his on party loyalty.

(Sen. Dole: "I think the President's leadership is on the line. Particularly as far as Republicans are concerned. We're all running around the country praising Ronald Reagan for his great leadership and his 68% approval rating, and if we really believe what we say then we ought to be voting with him on a critical issue like this.")

Not all Senate Republicans agree.

(Sen. Pete Wilson: "I think when you have this many members of the Senate voting as they have, it is for a reason that they think important. And it isn't that anybody seeks to embarrass the President or to frustrate him in his exercise of foreign policy.")

(Sen. Gorton: "I was opposed to this arms sale when it was initially announced, and I'm opposed to it now." Reporter: "Even if Ronald Reagan calls you on the phone?" Gorton: "Even if the President calls me on the phone.")

The President will make some calls in the next two days but Senate Republican leaders say they already have the thirty-four votes necessary to sustain his veto, which would allow the Saudi arms sale to proceed. If so, it may be another victory for that most persuasive of arguments in this Administration: Let's win one more for the Gipper. (ABC-5)

## TRW LAWSUIT

CBS's Dan Rather: The U.S. federal government formally joined in a billion dollar plus lawsuit against top defense contractors. The action charges that TRW and other companies cheated the public by jacking up prices on fat Pentagon contracts.

CBS's David Martin reports that in papers filed today with the federal court in Cleveland, the Justice Department in effect jumped on the bandwagon of a \$1.2 billion suit already brought by three mid-level employees fired by TRW. The suit covers the years 1979-1984 but one of the former employees claims the price-fixing has been going on for nearly 20 years. A spokesman for TRW denied the charges.

(CBS-Lead)

## CHALLENGER

Rather reports that the special Presidential Commission report on the Challenger disaster will call for a drastic redesign -- not just of the shuttle craft, but the whole space agency as well.

CBS's Eric Engberg reports that the Rogers Commission report will call for an almost total change in the way NASA runs the shuttle from design decisions to launch decisions. The report includes a chapter calling the Challenger loss an accident rooted in history, because it followed eight years of warnings that were largely ignored. One chapter of the report entitled "A Silent Safety Program" points to the lack of shuttle quality control. Recommendation: That NASA create a safety reliability and quality assurance unit reporting directly to the head of the agency. The commission says the shuttle should not be the only way for the country to get into space. Chairman William Rogers, declining comment on the report's substance, did tell CBS News the report is in the best American tradition: That when a mistake is made, an accident happens, that there be full disclosure of the facts and then we get on with the job.

(CBS-2)

ABC's Peter Jennings: We are going to begin this evening by taking you back to the 28th of January, to that moment when the Challenger exploded. Until today, we have never been able to share the experience of what actually went on in Mission Control at Houston when the accident happened. Tonight we have film and audio tape of what was going on in that room during that moment of crisis.

ABC's James Walker reports on film footage from NASA of Houston Control during Challenger's explosion.

Jennings reports that Morton Thiokol announced today that the three company vice-presidents who agreed to launch over engineers' objections have been transferred or retired.

(ABC-Lead)

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## SALT II

Rather reports that in the face of increasing pressure, President Reagan assured Republican leaders today that his decision to scrap the SALT II weapons reduction treaty with the Soviets is not final and could be reversed. The President's assurances came after he faced considerable opposition within his own party. One Republican leader said Mr. Reagan's decision seems to be hurting his chances for increased defense spending and that this could be the best argument against abandoning the treaty. (CBS-3)

Jennings reports that in London today another influential Soviet official has been very outspoken on President Reagan's stated intention to abandon the SALT II treaty.

ABC's Barrie Dunsmore reports that Leonid Zamyatin, Ambassador to Britain, said today it is hardly possible to continue a dialogue if the U.S. abrogates the SALT agreement. He warned of a new arms race and scoffed at the idea the U.S. was scrapping SALT II because the Soviets were violating the treaty.

(Lord Whitelaw, who headed a British delegation to the Soviet Union: "It may not be a perfect agreement, but it's the best we've got.")

(Denis Healey of the Labour Party: "They (the Soviets) have found themselves forced to the conclusion that it won't be possible to make any agreement so long as President Reagan is President in the U.S.")

(ABC-3)

Brokaw reports that the Soviet Union continued its campaign against President Reagan's decision to scrap the unratified SALT II arms agreement. Pravda charged that this is designed to scuttle future superpower summits and to "poison U.S.-Soviet relations." Pravda called the decision extremely dangerous.

NBC's John Chancellor commentary: One of the questions raised by the President's new stand on the SALT II treaty is why he seems to have changed his mind about it. For more than five years Mr. Reagan supported the voluntary limits on nuclear weapons outlined by the treaty. Last fall he told the New York Times he had a good reason for observing the treaty. He said that without it, the Soviets could increase their weaponry much faster than the U.S. So why does he say he may give up on the SALT limits? His new position gave him some problems -- it caused a crisis in the NATO alliance, it gave the Soviets a propaganda bonus, it is bad domestic politics. The Democrats will say the Republicans are against arms control, and there are elections this year. Keep in mind that the President is not dropping the treaty now -- that won't happen until the end of the year when the American nuclear arsenal could exceed the SALT II limits. And in fact, it may not happen at all, if the Soviets make a few adjustments to comply with the treaty. There is still the possibility, despite what Pravda said today, of a Soviet-American summit meeting in November. But if that produces some modest progress on arms control the President could then say the U.S. will stay with the treaty based on Soviet behavior. That could be done even without a summit conference.

Chancellor continues: What the President said last week may be more of a threat than a decision -- a threat to force the Soviets into some concessions and some moves towards arms control. It's a dangerous roll of the dice. The Soviets could start a buildup which would have to be matched here. The President may be betting that they'll see things his way. And we'll know in six months if he's won his bet.

(NBC-8)

## CONTRAS

NBC's Tom Brokaw reports that there are indications from Congress tonight that U.S. aid to the contras was abused more than previously thought. This comes less than a month after a Congressional subcommittee subpoenaed the records of more than a dozen banks that handle the contra money.

NBC's Bob Kerr reports that today, subcommittee Chairman Michael Barnes, after reviewing bank records, predicted the public would be outraged.

(Rep. Barnes: "It's clear there have been substantial abuses of the funds. It's clear we're going to have to issue additional subpoenas to bank accounts...to which funds have gone.")

A congressional source says money disappeared from bank accounts set up for aid, bank checks went to people who should not have received the money. In light of this new information, the GAO will update its report on contra aid. Phillip Mabry, a Texan who raised money for the contras from private sources, accuses some contra leaders of misusing U.S. aid.

(Mabry: "They have betrayed their cause...")

Results of the bank investigation will be examined in detail in a House hearing next week, a hearing that may jeopardize the President's current request for contra aid, scheduled for a vote here later this month.

(NBC-3)

## BUDGET

Brokaw reports that in the Capitol today House and Senate conferees voted on a budget -- voting to recommend a change in Social Security benefits. They recommended that people receiving Social Security benefits get a cost of living increase every year equal to the rate of inflation.

(NBC-10)

## LIABILITY INSURANCE

ABC's Gary Shepard reports on California's Proposition 51 being voted on today, which would change the law so that in liability cases payment is based on sharing the blame, not on ability to pay -- the so-called deep-pockets approach now on the books.

(ABC-8)

## ITALY/LIBYA

CBS's Mark Phillips reports that there are signs of the end of the once cozy Italian-Libyan connection. Fiat Corporation's attempt to sever its links with the Khadafy regime is just one example of how Italy has undergone Europe's most dramatic turnaround on Libya.

(CBS-7)

## BEIRUT

Rather reports that Muslim fought against Muslim today in the streets of West Beirut -- the heaviest fighting in that bloodied city in weeks.

CBS's Burt Quint reports that only Syria has the power to call off the Amal forces and it's unlikely to do that until it's certain Arafat's bid to reestablish power in Lebanon has been defeated. (CBS-6)

Jennings reports that there has been three-way fighting in Beirut described by Lebanese state radio as the worst in six months. The fighting is a serious setback for Syria which has been trying to force the various militias into a cease-fire. (NBC-4, ABC-6)

## PHILIPPINES

CBS's David Jansen reports that Corazon Aquino is out campaigning again -- not for votes, but for time. Some think it's running out. She is hard-pressed to tell average Filipinos what she's done for them. Aquino's second big problem is the growing communist insurgency. (CBS-12)

## CHERNOBYL

Rather reports a Soviet doctor said today two more people have died from effects of the Chernobyl accident. That brings the official Soviet total to 25. (ABC-2, NBC-7, CBS-13)

## 55 MPH SPEED LIMIT

ABC's Andrea Naverson reports the Transportation Department will cut as much as \$7 million in highway aid to Arizona and Vermont for not cracking down hard enough on speeders. It's the first time the federal government has gotten tough on states since the lower limit was adopted a dozen years ago. (Driver: "I don't feel like it's fair that somebody who's sittin' behind a desk back east should tell those out west how we should be drivin'.") (ABC-10)

## JOBS

Rather reports that the National Planning Association today predicted there will be 26 million new jobs for Americans by the century's turn. (CBS-11)

## DRUGS

Rather reports that a new federal study out tonight found 56% of people tested at the time of their arrests for serious crimes in New York and Washington, D.C. were using illegal drugs. That's two to three times higher than earlier estimates. (CBS-5)

## STOCKS

On Wall Street the Dow Jones Industrial Average gained 8½ points. The trading is still very slow. (ABC-11)

## EDITORIALS/COLUMNISTS

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### U.S.-SOVIET RELATIONS/SALT II

The (Very) Last Mile -- "Arms control means not just counting numbers of this weapon or that but maintaining a stable and effective balance. Balance requires mutual compliance or, alternatively, mutual non-compliance. Soviet violations of both Salt II and the anti-ballistic missile treaty have put the superpower balance, offensive and defensive, seriously out of kilter. It's time the United States went its very last mile in unilateral compliance with the Salt II treaty. It's past time the Soviet Union got its last mileage out of unilateral non-compliance."

(Richmond Times-Dispatch, 6/1)

When Is It Supposed To START? -- "No arms control is better, and safer, than misguided arms control. But President Reagan's own record during his first five years in office indicates that he did not really believe that SALT II was worse than no agreement. The man has abided by its terms for half a decade, which is about all the agreement was expected to extend. And he was right to do so. A failure to achieve something better to follow SALT II will go down as one of the greatest flaws in Mr. Reagan's Presidency."

(Chicago Tribune, 5/30)

Reagan Made Right Move In Abiding By SALT Treaty -- "Unless the evidence of Soviet cheating is much more persuasive than it is now, the decision should be easy. SALT II puts needed limits on the size of both sides' nuclear arsenals. Without it, an arms race now limited to qualitative improvements would expand to include sheer numbers, as well - leaving America less secure and alienating our already nervous allies."

(The Courier-Journal, 5/29)

World Without SALT -- "It took a little time for the gravity of the action to sink in, but it becomes increasingly evident that President Reagan's decision to abandon the SALT II arms agreement represents the most ominous step of his presidency and may turn out to be the one on which history judges him most sharply.... We are on the verge of an unstoppable arms race, and there seems to be nothing anyone can do about it but two men - Ronald Reagan and Mikhail Gorbachev. And each in his own way seems answerable to no one."

(Baltimore Evening Sun, 6/3)

U.S. Playing with fire on SALT II -- "To make a point about Moscow's suspected cheating, to put further pressure on Russian leadership and possibly to placate his own hard-right supporters, Reagan proposes to kick one of the remaining props out from under the delicately balanced U.S.-Soviet relationship - and in the name of a more secure America, yet. Look who's playing fast and loose with our national security."

(The Atlanta Constitution, 5/30)

It's Time To Stop Moscow From Pouring SALT In U.S. Wounds -- "It's about time that the administration woke up. SALT has been a one-way street -- and a dangerous one at that."

(New York Post, 5/28)

EDITORIALS/COLUMNISTS (continued)

SALT II: Yes or No? -- "If he intends to drop SALT II in a justifiable retaliation for Soviet misconduct, Mr. Reagan should get on with it. The United States can always leave open the possibility of dismantling weapons, if the Soviets do the same. But history shows that the Kremlin almost never gives anything away at a bargaining table unless it has been bullied into doing so in the field. The only possible way to influence Soviet policy is to take a crisp, unambiguous position that notifies the Kremlin by deeds rather than words that we no longer will accept treaty violations."

(The Detroit News, 6/2)

Reneging on SALT II -- "Giving up on SALT further detracts from the administration's credibility on arms control. It plays to those around the President who think that the United States can out race the Soviets on arms, or that the superpower relationship is so fundamentally fixed as to be impervious to negotiations. If the Administration can show how reneging on SALT can lead to a more positive Reagan-Gorbachev summit agenda or to arms control progress in Geneva, we look forward to seeing it."

(The Christian Science Monitor, 6/3)

Junking Arms Control -- "President Reagan's SALT II announcement suggests that after years of ambivalence Reagan has lurched toward the position that arms control is unnecessary because America, with its wealth and know-how, can win any arms race anyway. The corollary to this view is that SALT treaties negotiated by Presidents Nixon, Ford and Carter can be junked.... President Reagan's announcement should trigger an uproar in Congress, in NATO and anywhere else that arms control is regarded as an important route to national security. If the uproar is sufficient, no doubt the decision will be reversed. If not - goodbye, arms control."

(The Boston Globe, 5/29)

The Battle Has Started For Arms Control Future -- "The Soviets have made several interesting arms proposals - the latest only last week - that have aroused little apparent interest from the administration. The test of the Mr. Reagan's intentions will be whether these overtures are explored with a vigor that offers Soviet bargainers a carrot as well as a stick. Otherwise the frightening conclusion may be that he - like his most ideological supporters - believes that dropping arms limits may pave the way to 'victory' over Soviet communism." (The Philadelphia Inquirer, 6/3)

Mr. Reagan's Reckless Gamble -- "At the next summit meeting, he could have pressed Soviet leader Mikhail S. Gorbachev for greater cooperation on arms control. That would have been the statesmanlike approach. Instead, Mr Reagan threw out the bath water and indicated that the baby is about to meet the same fate. The world is less safe because of what he has done, and its inhabitants more worried."

(The Hartford Courant, 6/1)

End of the SALT Charade -- "So ends a chapter of make-believe arms control. The decision to base our national strategic arms policy on the Soviet threat rather than on an unobserved, unworkable, and unratified treaty is another major step in meeting the still growing Soviet threat. If the U.S. had continued observing SALT II, it would have had to stop the nation's urgently - needed strategic re-armament program, and it would have foolishly allowed the Soviets to gain dangerous new military advantages over this country."

(St. Louis Globe, 5/30)

-end of B-Section-



# News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 4, 1986 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

Reagan: Saudi Arms Sale 'Necessary' -- President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East. (Washington Post, UPI)

Reagan Gets Pressure On SALT II Stance -- President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

(Washington Post, Washington Times, UPI)

### NATIONAL NEWS

Voters Pick Candidates In 9 States -- Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary. (Washington Post)

### NETWORK NEWS (Tuesday Evening)

MEDIA/LEAKS -- President Reagan and his advisors have decided to take another approach to this problem.

SAUDI ARMS -- President Reagan worked to nail down vital support among Senate Republicans.

TRW LAWSUIT -- The U.S. federal government formally joined in a billion dollar lawsuit against top defense contractors.

#### THE WHEEL OF POLITICS

President Reagan disclosed today he is familiar with at least one of TV's more popular game shows, favorably comparing the first day of television coverage of the Senate to "Wheel of Fortune." Asked what he thought of Monday's debut of the Senate on television, Reagan was beaten to the punch by Senate Republican leader Robert Dole, who replied, "Fabulous." Reagan then offered his review: "It's probably going to beat the 'Wheel of Fortune.'" (UPI, 6/3)

## **INTERNATIONAL NEWS**

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### **SUSTAIN VETO, REAGAN URGES**

President Reagan said yesterday that a Senate override of his attempt to sell advanced missiles to Saudi Arabia would "seriously undermine" U.S. foreign policy objectives in the Middle East.

In a meeting with Republican congressional leaders, the President appealed for Senate support to sustain his veto of a congressional resolution that would forbid the arms sales.

Senator Robert Dole and White House officials said the Administration is making the Saudi arms sale a test of presidential leadership. Reagan opened the meeting by saying the United States has had a mutual security pact with Saudi Arabia for more than 40 years and stressing the importance he attaches to sustaining the veto.

(Lou Cannon, Washington Post, A10)

#### **Reagan: Saudi Arms Sale 'Necessary'**

President Reagan is putting his leadership on the line to win Senate approval of his proposed missile sale to Saudi Arabia, declaring a defeat would undermine U.S. foreign policy goals in the Middle East.

During an hour-long White House meeting with congressional leaders Tuesday, Reagan delivered a self-described "impassioned plea" for the arms sale.

"A sale is, clearly and without question, in the interest of the United States," Reagan said. "It's quite simply necessary and indispensable to the execution of our foreign policy, and I'm counting on you in the Senate for your support."

(Helen Thomas, UPI)

### **SALT DECISION AROUSES NEW BIPARTISAN CRITICISM**

Fresh bipartisan criticism surfaced on both sides of Capitol Hill yesterday over President Reagan's announcement that the United States will end compliance with the unratified SALT II treaty later this year.

At a White House meeting with other Republican congressional leaders, Sen. John Chafee said he voiced his "extreme distress" over the decision, warning Reagan that if the United States scraps the treaty, "they [the Soviets] are going to be way ahead."

While Sens. Robert Dole and Richard Lugar backed the President, GOP moderates such as Sens. David Durenberger and Lowell Weicker said they were concerned about a reversal of the Administration's five-year policy of adhering to the terms of the unratified arms accord with the Soviets.

(Edward Walsh & Lou Cannon, Washington Post, A17)

### Reagan Arms Plea Cites Soviet Buildup

President Reagan called on Congress yesterday to approve his full budget request for modernizing the U.S. strategic nuclear arsenal and pursuing the Strategic Defense Initiative, moves he said are essential to meet a massive Soviet arms buildup and repeated arms control treaty violations.

But congressional critics were gearing up at the same times to use the year's first defense spending bill to tie Mr. Reagan's hands on his decision to turn away from the strategic arms limitation treaties.

(Iris Portny & Jeremiah O'Leary, Washington Times, A1)

### Reagan Gets Pressure On SALT II Stance

President Reagan, who pushed the SALT II treaty to the brink of abandonment, is feeling pressure from Democrats, U.S. allies and even Republicans in Congress to uphold the 7-year-old arms limitation agreement.

Divisions among Republicans over the SALT II issue emerged Tuesday as Democrats -- taking a position similar to those expressed by U.S. allies abroad -- aligned themselves against a final break with the treaty later this year.

White House spokesman Edward Djerejian insisted the Administration position was "abundantly clear," but GOP congressional leaders suggested Reagan was ambiguous enough to soften his stand if the Soviets gave him reason to do so.

(Norman Sandler, UPI)

### POLISH COLONEL LEAKED MARTIAL LAW PLANS TO U.S.

At a secret, high-level meeting in Warsaw during early November 1981, a very agitated Soviet official announced to members of the Polish government and general staff that plans for the upcoming crackdown of the Solidarity trade union were somehow inexplicably leaking to the United States, according to informed sources familiar with U.S. intelligence reports. Everyone at this session voiced dismay, even outrage at the betrayal of such state secrets.

Polish Col. Wladyslaw Kuklinski, a senior staff officer involved in planning the martial law crackdown, joined in, expressing particular shock and distress, the sources said. He then left the meeting and gave a prearranged emergency signal to the CIA station in Warsaw. Within hours the colonel, his wife and at least one son were "exfiltrated," the CIA tradecraft name for the undercover extraction of agents in danger.

(Bob Woodward & Michael Dobbs, Washington Post, A1)

#### ADMINISTRATION REVIEWING DISJOINTED POLICY ON MEXICO

The Reagan Administration, alarmed at deteriorating conditions in Mexico, has begun reviewing what officials acknowledge is a fragmented U.S. policy in an attempt to stave off serious damage to both countries.

"The overall policy may be so broadly stated that it's not a policy at all," one key State Department official said. "Right now, Mexico has been discovered again up here. The question is how long will it last."

State Department and White House officials worry that the latest furor over conflicting Administration statements on drug-related corruption in Mexico has exposed a lack of coordination in U.S. policy and diverted Mexican attention from urgently needed internal reforms.

(Joanne Omang, Washington Post, A1)

#### REAGAN SAID TO WANT EX-CHIEF OF GOODYEAR FOR AMBASSADOR

President Reagan plans to nominate Charles Pilliod, who was a Goodyear Corp. executive at the time Goodyear admitted to bribing Mexican and other foreign government officials, to be ambassador to Mexico, Administration sources said yesterday.

Pilliod, 67, would succeed former actor John Gavin.

(Washington Post, A10)

#### SENATE PANEL TOLD INSURGENCY IS ON THE RISE IN PHILIPPINES

Senior Reagan Administration officials yesterday, in a pessimistic assessment of the Philippine insurgency, said that the Communist rebels are growing stronger and more violent despite President Corazon Aquino's call for a cease-fire and reconciliation.

"The military situation is serious, and getting worse, with the Communists enjoying the initiative and assuming de facto control in areas where government influence has eroded over the years," Richard Armitage, deputy assistant secretary of defense for international security affairs, told the Senate Foreign Relations Committee.

(Keith Richburg, Washington Post, A1)

#### U.S. URGED PASTORA NOT TO QUIT, HE SAYS

CARTAGO, Costa Rica -- Nicaraguan guerrilla leader Eden Pastora, who abandoned his 4-year-old war against the Sandinista regime three weeks ago, said senior State Department officials called him four times the day he announced his retirement to try to talk him out of it.

"This after the State Department did everything it could to destroy me," Mr. Pastora said in an interview at police headquarters here, where Costa Rican authorities have been holding him since he led his army out of Nicaragua. "It seems that there is a big fight behind the scenes in the United States government."

(Glenn Garvin, Washington Times, A1)

### SALVADORAN REBELS ACCEPT PEACE TALKS

SAN SALVADOR -- Leftist rebels today accepted President Jose Napoleon Duarte's offer to reopen peace talks to end the 6½-year-old civil war.

A broadcast over the guerrillas' clandestine Radio Venceremos announced their acceptance, named their delegates and said the talks should be held in San Salvador. (AP story, Washington Post, A1)

### U.S. SAYS PELTON TRIED FOR DEAL WITH FBI

BALTIMORE -- Accused spy Ronald Pelton was portrayed by a government attorney in court today as a cunning negotiator who knew he faced prosecution for selling intelligence secrets to the Soviets and who tried in vain to strike a deal with FBI agents during the interrogation sessions that led to his arrest.

In an effort to undercut Pelton's claims that he was tricked into making damaging admissions that are now being used against him in court, prosecutor John Douglass tried to show during cross-examination that Pelton gave FBI agents what he believed was just enough information to show that he was "cooperating" with them.

(Susan Schmidt, Washington Post, A4)

### REAGAN SENDS NOTE OF APOLOGY TO MULRONEY ON CEDAR TARIFFS

President Reagan yesterday apologized in a private note to Prime Minister Brian Mulroney for failing to notify him in advance of a decision to impose duties on Canadian cedar products, but Administration officials insisted that the tariffs were justified by U.S. and international trade laws.

The Reagan note to Mulroney appeared to be an attempt to defuse what threatens to become a major trade war between the United States and Canada, the world's two largest trading partners.

(Stuart Auerbach, Washington Post, G3)

### VIETNAM READY TO RESUME TALKS ON FATE OF MIAs

After a two-month suspension, Vietnam has signaled its willingness to resume talks on the fate of American servicemen still unaccounted for after the Vietnam war.

The Hanoi government had interrupted talks in April to protest the Reagan Administration's bombing of Libya.

Technical talks, which cover decisions on site inspections, are expected to begin in Hanoi June 11. A "policy meeting" in New York between Vietnam's deputy foreign minister and American officials from the National Security Council and the State Department took place last Friday.

(Roger Fontaine, Washington Times, A1)

# WALDHEIM'S LAWYERS, U.S TO CONFER

The Justice Department plans to meet with lawyers for Austrian presidential candidate Kurt Waldheim to allow them to rebut allegations that would bar him from entering the United States, a department spokesman said yesterday. The allegations involve his activities with the German army during World War II.

The meeting, probably this week, will clear the way for Attorney General Edwin Meese to make a final decision on whether Waldheim should be placed on a "watch list" of aliens excluded from the United States, spokesman Patrick Korten said. (Washington Post, A7)

EDITORS NOTE: "Behind SALT Controversy," an explanation of President Reagan's decision on compliance with the unratified SALT II treaty, appears in The Washington Post, A17.

## NATIONAL NEWS

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### VOTERS PICK CANDIDATES IN 9 STATES

Rep. Peter Rodino, who presided over the impeachment hearings of former president Richard Nixon, easily defeated a black challenger in his Democratic primary in New Jersey last night, while Sen. James Abdnor had a slight lead over Gov. William Janklow in early returns from the South Dakota Republican Senate primary.

In another of the nine states holding elections yesterday, the Alabama Democratic gubernatorial primary appeared to be headed for a runoff. In the Democratic Senate primary, conservative Rep. Richard Shelby led Jim Allen, son of the late senator, but not by enough to ensure avoiding a runoff. (James Dickenson & Bill Peterson, Washington Post, A1)

### PRO-AMENDMENT REBELLION MAY BE LOOMING

The Senate opens debate today on a dramatic overhaul of the federal income tax system, amid indications that senators of both parties may rebel against efforts by President Reagan and Republican leaders to whisk the bill through without changes.

"The 20 members of the Finance Committee had an opportunity to protect the special needs of their state," said Sen. Alan Cranston, who said he would propose restoring deductions for IRAs. "Senators not on the Finance Committee didn't have that opportunity, and I think we should have it." (Dale Russakoff & Anne Swardson, Washington Post, A20)

### REVENUE FLUCTUATIONS ALARM SENATORS

The Senate Budget Committee moved yesterday to head off possible use of an early revenue windfall from tax-overhaul legislation to help meet fiscal 1987 deficit targets under the Gramm-Rudman-Hollings budget control act.

Alarmed that revenue gains in fiscal 1986 and 1987 would be exceeded by bigger losses in fiscal 1988 and 1989, the panel warned that deep cuts would be required in defense and domestic spending to meet the budget targets in the latter two years unless the revenue fluctuations are leveled out. (Helen Dewar, Washington Post, A20)

### REAGAN TELLS IT TO THE MARINES

President Reagan has chosen to make his only commencement speech of the graduation season before what is perhaps the toughest physical education school in the world -- the Marine Corps boot camp at Parris Island, S.C.

Although Reagan sent Congress a harsh message Tuesday demanding full budget authority for modern nuclear weapons systems, today's speech was expected to focus less on specifics and more on "pride, patriotism and esprit d'corps," a White House official said. (Ira Allen, UPI)

## SENATE PASSES HIGHER EDUCATION BILL AFTER SUPPORTING END TO BUSING

Expressing support for an end to court-ordered school busing in desegregation cases, the Senate has voted to authorize higher education student loans and grants for the next five years.

The non-binding procedural vote on Sen. Jesse Helms' proposal to curb the power of federal judges to order school busing came Tuesday evening before the Senate voted 93-1 to pass the higher education bill.

(James Rowley, AP)

## CHARGES TRADED OVER HOSPITALS' RELEASE POLICIES

Medicare administrator William Roper and Sen. John Heinz clashed yesterday over Heinz's charges that hospitals are sending Medicare patients home prematurely because of the new Medicare prospective payment system.

At a hearing of the Senate Finance Committee, Heinz said Medicare patients go home "quicker and sicker" these days because hospitals are being paid a flat rate per stay under the new system, which started in fiscal 1984.

Roper did not deny that the new system has led to a reduction in average lengths of stay. But he told the Finance Committee he does not believe that the number of premature discharges of patients who are genuinely ill has increased substantially in recent years.

(Spencer Rich, Washington Post, A16)

## STEALTH COSTS DISCUSSED

Defense Secretary Caspar Weinberger parted the secrecy curtain slightly on the new Stealth bomber yesterday by declaring that it would not cost much more than the existing B1 in inflation-adjusted dollars. But his figures failed to satisfy critics demanding fuller disclosure about Stealth's cost and technical questions.

"The total estimated cost for research and development and procurement of 132 ATB [advanced technology bomber] aircraft is \$36.6 billion in fiscal 1981 dollars" which "compares favorably to the estimated \$26.5 billion" for the B1 in 1981 dollars, Weinberger said.

(George Wilson, Washington Post, A16)

## LAXALT, DU PONT JOIN THE MAYBE FIELD

Sen. Paul Laxalt says he is thinking about running for president, but so far is "neither in nor out" of the race for the 1988 GOP nomination. Former Republican Gov. Pierre du Pont of Delaware says he'll become a candidate in September if he thinks he can win.

In an interview, Laxalt said "old Reaganauts" -- close associates in Ronald Reagan's three campaigns for the presidency -- have asked him to "keep my options open" for 1988. "They're telling me that...I can do the job and that the race is wide open," he said.

(Lawrence Knutson, AP)

#### CALIFANO TO HEAD PROBE OF POSTAL SERVICE

The U.S. Postal Service's governing board, stung by the resignation of its vice chairman, who pleaded guilty last Friday to embezzlement, has ordered a wide-ranging review of how the mail service buys everything from mail sorting machines to delivery vans.

The unprecedented investigation of internal corruption in the postal service will be headed by Joseph Califano, the high-profile former Cabinet member who serves as the board's counsel.

(Keith Richburg, Washington Post, A5)

#### U.S CUSTOMS SERVICE SAYS IT WON'T TEST RANDOMLY FOR DRUG USE

The Customs Service, scheduled to start testing workers for drug use this week, has called off the part of the plan that called for the unscheduled, random testing of employees, a spokesman said Monday.

Robert Tobias, president of the National Treasury Employees Union, which represents about 4,000 customs employees, said the decision was a "major victory for all federal employees." The union filed suit in U.S. District Court last week to halt the drug tests.

(UPI story, Washington Post, A8)

#### COURT RESTRICTS STATES ON LIQUOR PRICE CONTROLS

The Supreme Court yesterday struck down portions of liquor price control laws in 21 states, ruling that such laws unconstitutionally restricted interstate commerce.

The 5 to 3 ruling involved a New York law requiring distillers to pledge that the prices they charged New York wholesalers were as low as those charged that month in any other state.

(Al Kamen, Washington Post, A3)

## NEWS FROM THE STATES

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### GREENSBORO PREPARES FOR REAGAN VISIT

GREENSBORO, N.C. (UPI) -- The Senate candidacy of Rep. Jim Broyhill, R-N.C., will reap a windfall of support and money from a Wednesday campaign visit by President Reagan, Broyhill aides said Tuesday.

"The President is the top draw in a political campaign," said Broyhill spokesman Doug Haynes. "If you can get the President to come and campaign for you, you are guaranteed to generate a lot of interest and a lot of money too." As many as 750 people are expected to pay \$500 a plate for tickets to the luncheon at the Greensboro Coliseum. "All I have heard is it is a very strong endorsement of Jim Broyhill," said Haynes of Reagan's text.

Following Reagan's remarks, Broyhill's most well-heeled supporters will attend a private photo session with the President. "There were some who weren't planning to give that much but because of the opportunity to get their picture taken with the man they believe to be the greatest President this century, they are willing to pay the big bucks," said David Benford, Broyhill's finance director. Benford said the price is set by the White House and the session will be limited to 100 couples. Also expected are the entire slate of GOP candidates for the state's 11 congressional seats and a number of the state's top business executives.

"The whole event is being set up like an all-American spectacular," said Haynes. "They're going to have flags, bands, balloons -- it's just going to be a very dramatic setting."

### FEDERAL GOVERNMENT HALTS FUNDS TO SHAW UNIVERSITY

RALEIGH, N.C. (UPI) -- The U.S. Education Department is cutting off all new funding for student financial aid programs to Shaw University, which is in default on more than \$1 million in federal debts, officials said. The cutoff was ordered May 9.

Shaw, which has an annual budget of \$9 million, received more than \$6 million from the federal government in the past two years, mostly for student aid programs. At least 80 percent of Shaw students last year got some form of financial aid, education officials said.

### POLL: NORTH CAROLINIANS FAVOR DEATH PENALTY

CHAPEL HILL, N.C. (UPI) -- Two-thirds of North Carolinians polled support the death penalty, and 37 percent believe it may be appropriate for capital crimes committed by offenders less than 18 years old, a survey says.

Of the 585 respondents to the Spring Carolina Poll, 67 percent said they favored the death penalty, 22 percent were opposed and 11 percent had no opinion. The poll indicated 85 percent of Republicans supported the death penalty, compared to 62 percent of the Democrats and independents. The poll was conducted jointly by the University of North Carolina's School of Journalism and Institute for Research in the Social Sciences.

NEWS FROM THE STATES/CAROLINAS (continued)

INSURANCE RATES

MERRIMON, N.C. (UPI) -- Soaring insurance rates threaten North Carolina's coastal fishermen, who worry insurance expenses could hinder their ability to fish and may drive up the price of seafood.

They blamed the increases on high injury payments and a decline in competition as insurance companies cease to offer maritime coverage. "There are a lot of boats operating without insurance because they can't pay it," Pittman said. Smith said many insurance carriers pay claims too easily, which increases the cost of insurance coverage. James Cooper III, a Morehead City attorney, blamed higher damage awards for the insurance rate hike.

WOMEN'S GROUP DECRIES NUCLEAR ARMS

CHARLOTTE, N.C. (UPI) -- More than 300 people attended a conference of Women's Action for Nuclear Disarmament and discussed strategies for avoiding nuclear annihilation. WAND's founder, Dr. Helen Caldicott, and Ted Turner, Atlanta broadcasting executive, were featured panelists at discussions on the nuclear arms race. Caldicott said the United States must convince its leaders that nuclear annihilation is inevitable.

"I'd get in Air Force One and fly over to the Soviet Union and fix the arms race in one day," Caldicott said. "I'd negotiate 50 percent reduction (of nuclear weapons) by 1990 and total elimination by the year 2000." The world spends \$1 trillion a year on weapons, 25 times more than on education, she said Saturday at Queens College.

Caldicott, an Australian-born pediatrician and an anti-nuclear activist for more than a decade, founded WAND in 1980 to encourage public awareness of the nuclear arms race. She says she will retire this year from the 20,000-member organization, which is based in Boston.

Turner, chairman and president of the Turner Broadcasting System, recently visited the Soviet Union to coordinate the Goodwill Games, a multi-event athletic contest which is scheduled for July. Turner said the Soviets are willing to halt nuclear weapons production if the United States does the same.

SENATE PASSES ANTI-APARTHEID BILL

COLUMBIA, S.C. (UPI) -- The State Senate Tuesday passed a bill to sever state government business ties with the apartheid regime of South Africa, but the measure's sponsor gave it little chance of passing the House. The bill by Sen. Theo Mitchell, D-Greenville, would prohibit state purchases from companies that do business in South Africa and also ban the state from investing in such companies.

The Senate passed the bill on a voice vote after Sen. Ryan Shealy, R-Lexington, dropped an effort to block it. Shealy said he opposed the bill because he believes divestment will hurt black South Africans more than help.

## NETWORK NEWS SUMMARY

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(Tuesday Evening, June 3, 1986)

### MEDIA/LEAKS

NBC's Tom Brokaw: For several weeks now the Reagan Administration has been threatening to take strong legal action against news organizations in an effort to plug leaks of classified information. But tonight Chris Wallace can report that President Reagan and his advisors have privately decided to take another approach to this problem.

NBC's Chris Wallace reports that today the President took a hard line on press leaks today saying his Administration is legally bound to prosecute reporters who disclose certain classified information.

(President Reagan in Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed, not just about the media, it's about anyone who makes public information which could be dangerous to our national security and I would think that all of us are bound by that law.")

But for all the tough talk, officials say the White House has decided for now to back away from a battle with the press and concentrate on plugging Administration leaks. And even there it's going slowly. The Administration will hold off on a blanket use of lie-detectors to investigate leaks, which had been recommended by a task force. Each department will cut access to classified material but within existing guidelines. However, sources say creation of a special FBI unit to probe leaks is still a live option. All this is at least a temporary defeat for CIA Director Casey, who wants a new crack-down, and a victory for White House Chief of Staff Regan and others who worry that battling the media will hurt the rest of the President's agenda. Vice President Bush said the Administration must police itself first.

(Vice President Bush: "I don't think we ever want to be in a fight with the press. We're certainly a long way to go before we can claim victory on controlling the information that is leaked out for one reason or another.")

Officials say the recent campaign against leaks happened largely by chance. The Administration was first upset by disclosure of fleet movements before the raid on Libya, then further upset by detailed reports on U.S. intercepts on Libyan communications. But the real spark, they say, was concern that stories about the Ronald Pelton spy trial might disclose new secrets. The head of a reporters' group says the government may never prosecute the media, instead using threats to intimidate the press.

(Reporters' group spokeswoman Kirtley said, "What they're doing is creating a climate of fear for the media, and they're doing it in a very effective way.")

At least for now, officials here say they've gone far enough -- that in dealing with leaks they don't want to create an even worse problem. Aides say Mr. Reagan has never been known as a press basher, and they don't want him to be seen as one now. (NBC-Lead)

## MEDIA/LEAKS

Jennings reports that at the White House today President Reagan was asked whether he agreed with the director of the CIA, that members of the press should be prosecuted for publishing or broadcasting those leaks.

(TV Coverage, President at Cabinet meeting: "It isn't a case of what we may think. There is a law that was passed -- I believe it was 1954 -- that's very specific -- not just about the media, it's about anyone who makes public information which can be dangerous to our national security. And I would think that all of us are bound by that law.") (ABC-4)

## SAUDI ARMS

Jennings: And now the question of arms for Saudi Arabia....Opponents will try to override the veto this Thursday, which makes this a very busy week of lobbying for President Reagan and for his supporters.

ABC's Sam Donaldson: President Reagan worked to nail down vital support among Senate Republicans today for the Saudi arms sale package by telling GOP Congressional leaders, U.S. influence in the entire Mideast is at stake.

(President at Cabinet meeting: "I want all of you to understand that this vote will have a profound effect upon our relations with the Arab world, not just with Saudi Arabia. If the veto isn't sustained, it will seriously undermine our foreign policy objectives throughout the region.")

But if the President was making his appeal on foreign policy, the leader of the Senate Republicans was making his on party loyalty.

(Sen. Dole: "I think the President's leadership is on the line. Particularly as far as Republicans are concerned. We're all running around the country praising Ronald Reagan for his great leadership and his 68% approval rating, and if we really believe what we say then we ought to be voting with him on a critical issue like this.")

Not all Senate Republicans agree.

(Sen. Pete Wilson: "I think when you have this many members of the Senate voting as they have, it is for a reason that they think important. And it isn't that anybody seeks to embarrass the President or to frustrate him in his exercise of foreign policy.")

(Sen. Gorton: "I was opposed to this arms sale when it was initially announced, and I'm opposed to it now." Reporter: "Even if Ronald Reagan calls you on the phone?" Gorton: "Even if the President calls me on the phone.")

The President will make some calls in the next two days but Senate Republican leaders say they already have the thirty-four votes necessary to sustain his veto, which would allow the Saudi arms sale to proceed. If so, it may be another victory for that most persuasive of arguments in this Administration: Let's win one more for the Gipper. (ABC-5)

## TRW LAWSUIT

CBS's Dan Rather: The U.S. federal government formally joined in a billion dollar plus lawsuit against top defense contractors. The action charges that TRW and other companies cheated the public by jacking up prices on fat Pentagon contracts.

CBS's David Martin reports that in papers filed today with the federal court in Cleveland, the Justice Department in effect jumped on the bandwagon of a \$1.2 billion suit already brought by three mid-level employees fired by TRW. The suit covers the years 1979-1984 but one of the former employees claims the price-fixing has been going on for nearly 20 years. A spokesman for TRW denied the charges.

(CBS-Lead)

## CHALLENGER

Rather reports that the special Presidential Commission report on the Challenger disaster will call for a drastic redesign -- not just of the shuttle craft, but the whole space agency as well.

CBS's Eric Engberg reports that the Rogers Commission report will call for an almost total change in the way NASA runs the shuttle from design decisions to launch decisions. The report includes a chapter calling the Challenger loss an accident rooted in history, because it followed eight years of warnings that were largely ignored. One chapter of the report entitled "A Silent Safety Program" points to the lack of shuttle quality control. Recommendation: That NASA create a safety reliability and quality assurance unit reporting directly to the head of the agency. The commission says the shuttle should not be the only way for the country to get into space. Chairman William Rogers, declining comment on the report's substance, did tell CBS News the report is in the best American tradition: That when a mistake is made, an accident happens, that there be full disclosure of the facts and then we get on with the job.

(CBS-2)

ABC's Peter Jennings: We are going to begin this evening by taking you back to the 28th of January, to that moment when the Challenger exploded. Until today, we have never been able to share the experience of what actually went on in Mission Control at Houston when the accident happened. Tonight we have film and audio tape of what was going on in that room during that moment of crisis.

ABC's James Walker reports on film footage from NASA of Houston Control during Challenger's explosion.

Jennings reports that Morton Thiokol announced today that the three company vice-presidents who agreed to launch over engineers' objections have been transferred or retired.

(ABC-Lead)

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## SALT II

Rather reports that in the face of increasing pressure, President Reagan assured Republican leaders today that his decision to scrap the SALT II weapons reduction treaty with the Soviets is not final and could be reversed. The President's assurances came after he faced considerable opposition within his own party. One Republican leader said Mr. Reagan's decision seems to be hurting his chances for increased defense spending and that this could be the best argument against abandoning the treaty. (CBS-3)

Jennings reports that in London today another influential Soviet official has been very outspoken on President Reagan's stated intention to abandon the SALT II treaty.

ABC's Barrie Dunsmore reports that Leonid Zamyatin, Ambassador to Britain, said today it is hardly possible to continue a dialogue if the U.S. abrogates the SALT agreement. He warned of a new arms race and scoffed at the idea the U.S. was scrapping SALT II because the Soviets were violating the treaty.

(Lord Whitelaw, who headed a British delegation to the Soviet Union: "It may not be a perfect agreement, but it's the best we've got.")

(Denis Healey of the Labour Party: "They (the Soviets) have found themselves forced to the conclusion that it won't be possible to make any agreement so long as President Reagan is President in the U.S.")

(ABC-3)

Brokaw reports that the Soviet Union continued its campaign against President Reagan's decision to scrap the unratified SALT II arms agreement. Pravda charged that this is designed to scuttle future superpower summits and to "poison U.S.-Soviet relations." Pravda called the decision extremely dangerous.

NBC's John Chancellor commentary: One of the questions raised by the President's new stand on the SALT II treaty is why he seems to have changed his mind about it. For more than five years Mr. Reagan supported the voluntary limits on nuclear weapons outlined by the treaty. Last fall he told the New York Times he had a good reason for observing the treaty. He said that without it, the Soviets could increase their weaponry much faster than the U.S. So why does he say he may give up on the SALT limits? His new position gave him some problems -- it caused a crisis in the NATO alliance, it gave the Soviets a propaganda bonus, it is bad domestic politics. The Democrats will say the Republicans are against arms control, and there are elections this year. Keep in mind that the President is not dropping the treaty now -- that won't happen until the end of the year when the American nuclear arsenal could exceed the SALT II limits. And in fact, it may not happen at all, if the Soviets make a few adjustments to comply with the treaty. There is still the possibility, despite what Pravda said today, of a Soviet-American summit meeting in November. But if that produces some modest progress on arms control the President could then say the U.S. will stay with the treaty based on Soviet behavior. That could be done even without a summit conference.

Chancellor continues: What the President said last week may be more of a threat than a decision -- a threat to force the Soviets into some concessions and some moves towards arms control. It's a dangerous roll of the dice. The Soviets could start a buildup which would have to be matched here. The President may be betting that they'll see things his way. And we'll know in six months if he's won his bet.

(NBC-8)

## CONTRAS

NBC's Tom Brokaw reports that there are indications from Congress tonight that U.S. aid to the contras was abused more than previously thought. This comes less than a month after a Congressional subcommittee subpoenaed the records of more than a dozen banks that handle the contra money.

NBC's Bob Kerr reports that today, subcommittee Chairman Michael Barnes, after reviewing bank records, predicted the public would be outraged.

(Rep. Barnes: "It's clear there have been substantial abuses of the funds. It's clear we're going to have to issue additional subpoenas to bank accounts...to which funds have gone.")

A congressional source says money disappeared from bank accounts set up for aid, bank checks went to people who should not have received the money. In light of this new information, the GAO will update its report on contra aid. Phillip Mabry, a Texan who raised money for the contras from private sources, accuses some contra leaders of misusing U.S. aid.

(Mabry: "They have betrayed their cause...")

Results of the bank investigation will be examined in detail in a House hearing next week, a hearing that may jeopardize the President's current request for contra aid, scheduled for a vote here later this month.

(NBC-3)

## BUDGET

Brokaw reports that in the Capitol today House and Senate conferees voted on a budget -- voting to recommend a change in Social Security benefits. They recommended that people receiving Social Security benefits get a cost of living increase every year equal to the rate of inflation.

(NBC-10)

## LIABILITY INSURANCE

ABC's Gary Shepard reports on California's Proposition 51 being voted on today, which would change the law so that in liability cases payment is based on sharing the blame, not on ability to pay -- the so-called deep-pockets approach now on the books.

(ABC-8)

## ITALY/LIBYA

CBS's Mark Phillips reports that there are signs of the end of the once cozy Italian-Libyan connection. Fiat Corporation's attempt to sever its links with the Khadafy regime is just one example of how Italy has undergone Europe's most dramatic turnaround on Libya.

(CBS-7)

## BERUIT

Rather reports that Muslim fought against Muslim today in the streets of West Beirut -- the heaviest fighting in that bloodied city in weeks.

CBS's Burt Quint reports that only Syria has the power to call off the Amal forces and it's unlikely to do that until it's certain Arafat's bid to reestablish power in Lebanon has been defeated. (CBS-6)

Jennings reports that there has been three-way fighting in Beirut described by Lebanese state radio as the worst in six months. The fighting is a serious setback for Syria which has been trying to force the various militias into a cease-fire. (NBC-4, ABC-6)

## PHILIPPINES

CBS's David Jansen reports that Corazon Aquino is out campaigning again -- not for votes, but for time. Some think it's running out. She is hard-pressed to tell average Filipinos what she's done for them. Aquino's second big problem is the growing communist insurgency. (CBS-12)

## CHERNOBYL

Rather reports a Soviet doctor said today two more people have died from effects of the Chernobyl accident. That brings the official Soviet total to 25. (ABC-2, NBC-7, CBS-13)

## 55 MPH SPEED LIMIT

ABC's Andrea Naverson reports the Transportation Department will cut as much as \$7 million in highway aid to Arizona and Vermont for not cracking down hard enough on speeders. It's the first time the federal government has gotten tough on states since the lower limit was adopted a dozen years ago. (Driver: "I don't feel like it's fair that somebody who's sittin' behind a desk back east should tell those out west how we should be drivin'.") (ABC-10)

## JOBS

Rather reports that the National Planning Association today predicted there will be 26 million new jobs for Americans by the century's turn. (CBS-11)

## DRUGS

Rather reports that a new federal study out tonight found 56% of people tested at the time of their arrests for serious crimes in New York and Washington, D.C. were using illegal drugs. That's two to three times higher than earlier estimates. (CBS-5)

## STOCKS

On Wall Street the Dow Jones Industrial Average gained 8½ points. The trading is still very slow. (ABC-11)

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## EDITORIALS/COLUMNISTS

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### U.S.-SOVIET RELATIONS/SALT II

The (Very) Last Mile -- "Arms control means not just counting numbers of this weapon or that but maintaining a stable and effective balance. Balance requires mutual compliance or, alternatively, mutual non-compliance. Soviet violations of both Salt II and the anti-ballistic missile treaty have put the superpower balance, offensive and defensive, seriously out of kilter. It's time the United States went its very last mile in unilateral compliance with the Salt II treaty. It's past time the Soviet Union got its last mileage out of unilateral non-compliance."

(Richmond Times-Dispatch, 6/1)

When Is It Supposed To START? -- "No arms control is better, and safer, than misguided arms control. But President Reagan's own record during his first five years in office indicates that he did not really believe that SALT II was worse than no agreement. The man has abided by its terms for half a decade, which is about all the agreement was expected to extend. And he was right to do so. A failure to achieve something better to follow SALT II will go down as one of the greatest flaws in Mr. Reagan's Presidency."

(Chicago Tribune, 5/30)

Reagan Made Right Move In Abiding By SALT Treaty -- "Unless the evidence of Soviet cheating is much more persuasive than it is now, the decision should be easy. SALT II puts needed limits on the size of both sides' nuclear arsenals. Without it, an arms race now limited to qualitative improvements would expand to include sheer numbers, as well - leaving America less secure and alienating our already nervous allies."

(The Courier-Journal, 5/29)

World Without SALT -- "It took a little time for the gravity of the action to sink in, but it becomes increasingly evident that President Reagan's decision to abandon the SALT II arms agreement represents the most ominous step of his presidency and may turn out to be the one on which history judges him most sharply.... We are on the verge of an unstoppable arms race, and there seems to be nothing anyone can do about it but two men - Ronald Reagan and Mikhail Gorbachev. And each in his own way seems answerable to no one."

(Baltimore Evening Sun, 6/3)

U.S. Playing with fire on SALT II -- "To make a point about Moscow's suspected cheating, to put further pressure on Russian leadership and possibly to placate his own hard-right supporters, Reagan proposes to kick one of the remaining props out from under the delicately balanced U.S.-Soviet relationship - and in the name of a more secure America, yet. Look who's playing fast and loose with our national security."

(The Atlanta Constitution, 5/30)

It's Time To Stop Moscow From Pouring SALT In U.S. Wounds -- "It's about time that the administration woke up. SALT has been a one-way street -- and a dangerous one at that."

(New York Post, 5/28)

EDITORIALS/COLUMNISTS (continued)

SALT II: Yes or No? -- "If he intends to drop SALT II in a justifiable retaliation for Soviet misconduct, Mr. Reagan should get on with it. The United States can always leave open the possibility of dismantling weapons, if the Soviets do the same. But history shows that the Kremlin almost never gives anything away at a bargaining table unless it has been bullied into doing so in the field. The only possible way to influence Soviet policy is to take a crisp, unambiguous position that notifies the Kremlin by deeds rather than words that we no longer will accept treaty violations."

(The Detroit News, 6/2)

Reneging on SALT II -- "Giving up on SALT further detracts from the administration's credibility on arms control. It plays to those around the President who think that the United States can out race the Soviets on arms, or that the superpower relationship is so fundamentally fixed as to be impervious to negotiations. If the Administration can show how reneging on SALT can lead to a more positive Reagan-Gorbachev summit agenda or to arms control progress in Geneva, we look forward to seeing it."

(The Christian Science Monitor, 6/3)

Junking Arms Control -- "President Reagan's SALT II announcement suggests that after years of ambivalence Reagan has lurched toward the position that arms control is unnecessary because America, with its wealth and know-how, can win any arms race anyway. The corollary to this view is that SALT treaties negotiated by Presidents Nixon, Ford and Carter can be junked.... President Reagan's announcement should trigger an uproar in Congress, in NATO and anywhere else that arms control is regarded as an important route to national security. If the uproar is sufficient, no doubt the decision will be reversed. If not - goodbye, arms control."

(The Boston Globe, 5/29)

The Battle Has Started For Arms Control Future -- "The Soviets have made several interesting arms proposals - the latest only last week - that have aroused little apparent interest from the administration. The test of the Mr. Reagan's intentions will be whether these overtures are explored with a vigor that offers Soviet bargainers a carrot as well as a stick. Otherwise the frightening conclusion may be that he - like his most ideological supporters - believes that dropping arms limits may pave the way to 'victory' over Soviet communism." (The Philadelphia Inquirer, 6/3)

Mr. Reagan's Reckless Gamble -- "At the next summit meeting, he could have pressed Soviet leader Mikhail S. Gorbachev for greater cooperation on arms control. That would have been the statesmanlike approach. Instead, Mr Reagan threw out the bath water and indicated that the baby is about to meet the same fate. The world is less safe because of what he has done, and its inhabitants more worried."

(The Hartford Courant, 6/1)

End of the SALT Charade -- "So ends a chapter of make-believe arms control. The decision to base our national strategic arms policy on the Soviet threat rather than on an unobserved, unworkable, and unratified treaty is another major step in meeting the still growing Soviet threat. If the U.S. had continued observing SALT II, it would have had to stop the nation's urgently - needed strategic re-armament program, and it would have foolishly allowed the Soviets to gain dangerous new military advantages over this country."

(St. Louis Globe, 5/30)