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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JUNE 13, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Botha Imposes Harsh Controls To Quell Unrest -- President Pieter Botha declared a national state of emergency yesterday, telling the world that South Africa was prepared to "go it alone" in combating armed revolution and economic warfare. (Washington Post, Washington Times)

Reagan Wants To End SALT Treaty, But House Panel Wants Continued Compliance -- President Reagan says it is time to end compliance with the unratified SALT II arms control treaty and "try to replace it with a better deal," but a House committee wants him to stay within the pact's nuclear weapons limits. (Washington Post, Washington Times, AP, UPI, Reuter)

NATIONAL NEWS

Amendments To Senate Tax Overhaul Bill Falling By Wayside -- The Senate, moving toward passing radical tax overhaul legislation intact, is ducking tough decisions on billions of dollars worth of major provisions and leaving them to congressional negotiators to resolve. (Wall Street Journal, Washington Post, AP)

NETWORK NEWS (Thursday Evening)

SALT II -- SALT II is dead and it no longer will be the basis for U.S. arms control decisions.

TAX REFORM -- The bill is still intact after five days of debate.

NICARAGUA -- President Reagan's latest criticism of the Soviets also includes accusations of growing direct Soviet military help in Nicaragua.



INTERNATIONAL NEWS

S. AFRICA DECLARES EMERGENCY IN ATTEMPT TO QUELL VIOLENCE

JOHANNESBURG -- The South African government, grappling with spiraling violence, today imposed a nationwide state of emergency, and police immediately used its broad new powers to round up hundreds of antiapartheid activists in pre-dawn raids.

The Reagan Administration condemned Pretoria's action as a "serious mistake" that showed a misunderstanding of "the fundamental causes of unrest and violence there." (Glenn Frankel, Washington Post, A1)

Botha Imposes Harsh Controls To Quell Unrest

CAPE TOWN -- President Pieter Botha declared a national state of emergency yesterday, telling the world that South Africa was prepared to "go it alone" in combating armed revolution and economic warfare.

The emergency regulations, which give South African security forces harsh new powers to detain government opponents and declare martial law in areas of unrest, went into effect one minute past midnight. But they were not announced until 12 hours later to give police the element of surprise. (Peter Youngusband, Washington Times, A1)

U.S. DECRIES PRETORIA'S DECLARATION OF EMERGENCY

The Reagan Administration yesterday condemned as a "serious mistake" the South African government's decision to declare a national state of emergency and to arrest scores of black opposition leaders, saying such "repressive measures" showed a lack of understanding about "the fundamental causes of unrest and violence there."

The Administration took no immediate concrete action, however, to show its displeasure. It conveyed the U.S. view through diplomatic channels to the South African government in Pretoria.

Larry Speakes also said there would be no change in the Administration's strong opposition to imposing economic sanctions on the white-ruled South African government.

(David Ottaway, Washington Post, A25)

REAGAN CALLS SALT II DEAD; U.S. TO SEEK A 'BETTER DEAL'

President Reagan yesterday declared the SALT II strategic arms treaty dead, but said the United States would push for a "better deal" with the Soviet Union to reduce superpower arsenals.

In a day marked by repeated White House efforts to clear up confusion caused by the President's remarks at his news conference Wednesday night, Reagan endorsed a statement by his chief spokesman, Larry Speakes, that the SALT II limits "no longer exist."

"If we take future actions in the area of arms control, it would be for reasons other than the SALT agreement," Speakes said. "Our strong preference is to enter into a regime of mutual restraint and reductions with the Soviet Union."

(David Hoffman, Washington Post, A1)

Reagan Seeks 'Better Deal' Replacement For SALT II

President Reagan yesterday repeated his resolve to abandon SALT II, despite continued congressional progress on a non-binding resolution urging him to comply with the unratified arms control agreement.

"We're going to try to replace it with a better deal," Mr. Reagan said when asked if the 7-year-old SALT agreement is dead.

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

Reagan Wants To End SALT Treaty, But House Panel Wants Continued Compliance

President Reagan says it is time to end compliance with the unratified SALT II arms control treaty and "try to replace it with a better deal," but a House committee wants him to stay within the pact's nuclear weapons limits.

"We are proposing to reduce U.S. and Soviet nuclear arms to an equal and verifiable level, and it is in the interest of both the Soviet Union and the United States to do this," he said in an opening statement to a group of high school students in the Cabinet Room.

(Dale Nelson, AP)

Reagan Clears Up Cloudy SALT II Issue

President Reagan says the SALT II nuclear arms treaty is dead and has indicated that any restraints put on the U.S. weapons buildup will depend on Soviet actions.

Thursday he endorsed remarks by chief White House spokesman Larry Speakes, who said the agreement is finished as a foundation for arms control.

"The SALT treaty limits no longer exist," Speakes announced. "If we take future actions in the area of arms control, it would be for reasons other than the SALT agreement."

Reagan later told reporters, "I think you can trust what Larry Speakes told you."

(Helen Thomas, UPI)

SALT Dead, Not Buried, As Reagan And Congress Head For Fight

A major battle between President Reagan and Congress was building today as the President sought to bury the SALT II arms control treaty, and lawmakers fought to save it.

Reagan said yesterday the 1979 treaty, one of the few surviving constraints on the superpower arms race, had ceased to exist but pledged to do his best to clinch a new agreement with the Soviet Union to replace it.

At the same time, the House Foreign Affairs Committee approved 29-11 a Democratic resolution demanding the President abide by the treaty, a legacy from president Jimmy Carter that Reagan has long disliked.

(William Scally, Reuter)

Dropping SALT II Frees Moscow

The Soviet Union, freed from the provisions of the SALT II agreement by President Reagan's decision to consider the pact a dead letter, could now test-fire a dozen of its ICBMs from concealed launchers simultaneously without first informing the United States.

That test, which might look much like a real attack to American satellites and radars, could only have been conducted after Moscow informed Washington under a little-publicized SALT II provision requiring advance notification of any test involving multiple ICBMs or one that sent test warheads outside Soviet borders. The provision was proposed by U.S. negotiators so "neither side would be frightened when they saw more than one missile being launched," according to a former State Department official who was involved in arms control matters.

(Walter Pincus, News Analysis, Washington Post, A16)

NORMALLY PRO-DEFENSE SUBCOMMITTEE CUTS REAGAN'S 'STAR WARS' BUDGET REQUEST

President Reagan's "Star Wars" budget request has been reduced by a Senate panel that normally is friendly to the controversial research program, congressional sources say.

In the first major defense budget vote of the year, the Senate Armed Services strategic and theater nuclear forces subcommittee voted 6-5 late Thursday to reduce Reagan's "Star Wars" budget request by more than 10 percent, said congressional sources speaking only on condition of anonymity.

(Tim Ahern, AP)

REPORTS ON CONTRA AID MISUSE ARE CALLED POLITICALLY TAINTED

A congressional report alleging widespread misuse of U.S. aid to Nicaraguan rebels was a politically motivated effort to discredit the Administration's Central America policy, Secretary of State George Shultz said yesterday.

"I think the track record on the funds we have had available is basically excellent," Shultz said, responding to a GAO report that millions of dollars in aid earmarked for the rebels has been diverted for other purposes.

(AP story, Washington Post, A15)

Shultz: GAO Contra Aid Report 'Concocted' In Congress

Secretary of State George Shultz charged yesterday that a congressional report alleging Nicaraguan resistance forces misused U.S. aid funds is a politically motivated concoction aimed at blocking more aid for the rebels.

"This is just a little side chase that people are trying to conduct to somehow divert attention from the real point here," Mr. Shultz said of the GAO report released Wednesday by Rep. Michael Barnes.

(Bill Kritzberg, Washington Times, A1)

BUSH SEEKS CANADIAN UNDERSTANDING ON TRADE

OTTAWA -- Vice President George Bush says the Reagan Administration wants free trade with Canada but America's northern neighbor must understand that eliminating barriers is a two-way street.

"They've got grievances. We've got grievances," said Bush, who today planned to discuss the current strain in U.S.-Canadian trade relations with Prime Minister Brian Mulroney and other top officials.

(Gene Gibbons, Reuter)

GADHAFI APPEARS DAZED, PUBLIC DISINTERESTED

TRIPOLI -- Almost two months after U.S. planes bombed Tripoli and Benghazi, Libya's two most important cities, the nation's leader, Col. Moammar Gadhafi, has not recovered from the shock. And his subjects are increasingly aware of it.

"One can make all sorts of speculations about that speech [televised speech last night]," said one foreign diplomat here who spoke only on condition he not be named, "but what seems clear is that he was not himself and that people who watched him know it."

(Loren Jenkins, News Analysis, Washington Post, A21)

U.K EXTRADITION PACT REVISED BY SENATE PANEL

The Senate Foreign Relations Committee, after three hours of emotional debate, yesterday approved controversial revisions to the 1972 extradition treaty between Great Britain and the United States that would make it harder for Irish terrorists to win U.S. sanctuary.

The compromise, which still needs approval from the full Senate, pleased the Reagan Administration and delighted the British Embassy, where an official said Prime Minister Margaret Thatcher "will be very pleased." She and President Reagan had lobbied for the treaty in recent weeks, asking senators to pass it in "appreciation" of Britain's help in the U.S. bombing raid against Libya last April.

(Joanne Omang, Washington Post, A21)

U.S. TURNS ITS ATTENTION TO LONG-NEGLECTED ISLANDS OF THE SOUTH PACIFIC

Soviet fishing agreements, rising antinuclear sentiment and muscle-flexing by some tiny island states are forcing the United States to pay closer attention to the South Pacific, a region that U.S. policymakers have long considered "Australia and New Zealand's lake."

The political problems that have arisen in the past few years, according to U.S. officials and diplomats from the region, have allowed Moscow to exploit resentment towards the United States and establish a foothold in a region that has traditionally been pro-Western since World War II.

(Lena Sun, Washington Post, A21)

U.S. SERVING AS MEDIATOR BETWEEN ISRAEL AND SYRIA

The United States has been secretly mediating between Israel and Syria in an attempt to ease tensions and reach an agreement over their respective military forces in southern Lebanon, according to U.S. officials.

The U.S. mediation between the two adversaries, who have fought four wars and recently appeared on the verge of another clash, has been conducted mainly through embassies in Damascus and Tel Aviv, including at least one trip by Assistant Secretary of State Richard Murphy to Damascus in early April. (David Ottaway, Washington Post, A23)

REPORT ON PANAMA GENERAL PRESENTS PREDICAMENT FOR U.S.

The Reagan Administration has been assessing for several weeks a secret new intelligence study showing that Panamanian Gen. Manuel Antonio Noriega is involved in smuggling drugs and weapons, money laundering and contacts with Cuban intelligence personnel, according to informed sources.

The report, one source said, was compiled by the CIA and presents the Administration with a serious policy dilemma about how to handle a longtime diplomatic and intelligence ally at a vital strategic location in Central America.

(Charles Babcock & Bob Woodward, Washington Post, A1)

NATIONAL NEWS

TAX PLAN RETAINS MOMENTUM

With a strategic assist from President Reagan, a Senate bent on passing tax-overhaul legislation cast aside one amendment after another yesterday that could have derailed the bill.

"It is now clear that no major amendment is going to pass," said Sen. Max Baucus, whose amendment to maintain IRA deductions for all Americans was defeated Wednesday.

Senate leaders continued to predict passage of the tax package by early next week.

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

Senate, Leaving Tax Plan Intact, Rejects Proposal To Retain Sales-Tax Deduction

The Senate continued to turn away amendments to the tax-overhaul bill, adding momentum to the drive to pass the legislation intact.

An effort retain the sales-tax deduction, which the bill would eliminate, was soundly defeated by voice vote, drawing opposition even from senators representing high-tax states, who might normally support it.

At the same time, House Speaker Thomas O'Neill cast doubt on the hopes of many senators that a House-Senate conference would preserve the deduction for contributions to IRAs for all taxpayers. The IRA program "looks like a rich man's out," the Massachusetts Democrat complained. "It's a mighty loophole for the wealthy of America."

(Jeffrey Birnbaum, Wall Street Journal, A3)

Amendments To Senate Tax Overhaul Bill Falling By Wayside

The Senate, moving toward passing radical tax overhaul legislation intact, is ducking tough decisions on billions of dollars worth of major provisions and leaving them to congressional negotiators to resolve.

Senators today were debating an amendment offered by Sens. Daniel Inouye and Robert Kasten that would restore the deduction for charitable contributions for people who do not itemize their deductions.

But while the legislation appears to be moving easily toward Senate passage -- possibly by sometime next week -- legislators are making clear that they never want some of the major provisions in the landmark plan to become law.

(Cliff Haas, AP)

WHITE HOUSE DEFICIT IDEA GIVEN ICY RECEPTION

White House officials yesterday suggested selling more government loan portfolios and other federal assets to raise revenues for deficit reduction without increasing taxes. They ran into a chilly response from Republican-led Senate negotiators who intend to keep pushing for tax increases to finance more defense spending.

"Talk of cooperation [between the White House and Senate] has to do with asset sales, and I'm not thrilled about that," said Sen. Pete Domenici after a meeting between bipartisan Senate budget leaders and a White House delegation led by chief of staff Donald Regan. Sen. Lawton Chiles indicated agreement with Domenici.

(Helen Dewar, Washington Post, A8)

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MONEY BILL DISPUTE JEOPARDIZES SOME FEDERAL TRIALS, FARMERS, OTHERS

Some federal trials will be halted beginning Monday because of a congressional dispute over an emergency spending bill, a measure that also contains funds for aid-thirsty farmers and homeowners awaiting government loans.

Those problems, and dozens more, depend for solutions on a multi-billion dollar supplemental spending bill designed to carry an array of federal programs through the Sept. 30 end of the fiscal year.

(Jim Drinkard, AP)

ADMINISTRATION CONSENSUS IS AGAINST NEW SHUTTLE

Despite President Reagan's statement that the United States should build another space shuttle to replace Challenger, there is a growing consensus among senior officials that a fourth orbiter cannot be justified, Administration officials said yesterday.

National security affairs adviser John Poindexter, who is overseeing the preparation of an options paper for Reagan, is described by officials as "rethinking" the need for a fourth orbiter. White House chief of staff Donald Regan has repeatedly questioned the need for it.

"Everybody is coming in that direction," said a White House official who cautioned, however, that the decision could be affected by members of Congress who support the shuttle.

(David Hoffman & Michael Isikoff, Washington Post, A20)

REAGAN TELLING NASA TO IMPLEMENT ROGERS COMMISSION FINDINGS ON SHUTTLE

NASA is getting marching orders from the White House to implement the Rogers commission recommendations on the space shuttle Challenger and to report back to President Reagan with a plan of attack.

Administration officials said Reagan would sign a letter directing NASA to do what the commission said, despite some concern among experts that complying with all the presidential panel's recommendations could increase costs substantially and delay resumption of shuttle flights beyond the July 1987 target date.

(Michael Putzel, AP)

SECURITY AT DULLES DESCRIBED BY FAA OFFICIAL AS 'MARGINAL'

Security guards at Dulles International Airport fail to recognize pistols hidden in carry-on luggage in almost 25 percent of the spot checks conducted by airlines, congressional sources and airline officials said yesterday.

Lawrence Peer, the FAA official responsible for assessing security at Dulles, told members of the House government activities and transportation subcommittee yesterday that earlier this year he rated security at Dulles "marginal" and last year described his agency's commitment to security measures there as "mediocre."

(Michael Specter, Washington Post, A1)

3 COMMERCE EMPLOYEES FIRED FOR PROFITING FROM DATA

The Commerce Department fired three employees yesterday for using their advance knowledge of forthcoming economic statistics to play the market.

The employees' actions came to light during an investigation of leaks of Commerce figures for the gross national product in July and September of last year. The figures became common knowledge among stock, bond and commodity traders at least a day before they were to be released.

(John Berry, Washington Post, A1)

RULINGS BLOCKAGE NAVY PILOT'S BID TO CHALLENGE SEN. RUDMAN

For retiring Navy Cmdr. Bruce Valley, the seemingly simple task of filing to run against Sen. Warren Rudman has turned into a mountain almost too high to climb.

Valley, 42, a test pilot and published poet who has been a Pentagon speech writer and spokesman for President Reagan's SDI, is leaving the Navy on July 1. At the urging of conservative groups in New Hampshire, he has been preparing to challenge the heavily favored Rudman in his bid for a second term.

But wherever Valley has turned, someone seems to throw an unexpected obstacle in his way. (David Broder, Washington Post, A2)

BYRD SAYS HE HAS THE VOTES TO RETAIN LEADERSHIP POST

Senate Minority Leader Robert Byrd, predicting that the Democrats will regain control of the Senate in this year's elections, said yesterday that he has lined up a majority of Senate Democrats behind his bid for a sixth two-year term as the party's Senate leader.

"I have a majority, I have enough," Byrd said at a news conference with Sens. Alan Cranston and Daniel Inouye, to announce their plans to seek reelection to their current leadership posts.

(Edward Walsh, Washington Post, A5)

\$16 BILLION HOUSING BILL WINS APPROVAL IN HOUSE

The House passed a \$16.3 billion housing bill yesterday that would rescue several programs the Reagan Administration wants to kill, authorize sale of public housing units and halt nearly all construction of new public housing.

In a surprise vote, House members approved an amendment authorizing the sale of all the country's public housing units to the tenants living in them for 25 percent of market value. Rep. Jack Kemp, who introduced the amendment, called it "a giant leap forward" for low-income Americans. Kemp said if the bill becomes law, property worth \$14 billion could "immediately" be transferred to public housing residents.

(Ann Mariano, Washington Post, A8)

GAO CRITICISM OF CHEMICAL BOMB DISPUTED

The Defense Department lashed back at the GAO yesterday, describing a critical report on the new Bigeye chemical bomb as flawed and based on outdate information.

"I do not agree with their judgments and conclusions even using the information that they had," which was compiled before the start of operational tests, said John Krings, the Pentagon official responsible for overseeing military testing of new weapons. "I clearly believe that it [the Bigeye] has demonstrated feasibility." (AP story, Washington Post, A8)

PRESIDENT'S INDEX CARDS MISLED HIM AT CONFERENCE

The index cards have become something of a trademark for President Reagan, but in his 37th nationally televised news conference Wednesday night, they were his undoing.

According to a senior assistant, Reagan realized on leaving the podium that he had turned in a bad performance. He turned to his aides and vowed, "I'll never do that again."

What Reagan had done, they discovered, was to devise on his own a new system for selecting the correspondents he wanted to recognize. When the news conference got under way, Reagan got lost, struggling to figure out who he was going to recognize next, and forgetting his answers.

(David Hoffman, Washington Post, A16)

NETWORK NEWS SUMMARY

SALT II

NBC's Tom Brokaw: Salt II is dead and it no longer will be the basis for U.S. arms control decisions. That statement from the White House today came from Larry Speakes, and it followed suggestion from President Reagan last night that no firm decision had been made on the SALT II treaty. SALT was just one of several issues that Mr. Reagan confused at his news conference last night.

NBC's Chris Wallace: Even White House officials are saying the President had a bad night. And some politicians and reporters are calling it one of Mr. Reagan's worst news conferences ever.

(TV coverage: The President at news conference.)

First, policy disarray over ending the SALT II arms treaty. Mr. Reagan was asked repeatedly about breaking the treaty, and said repeatedly he'll give the Soviets more time to change their policy.

(Reporter: "Then why make this decision now?")

The President: "Didn't make it now. I said we've got several months here in which we're going to try to involve them in the things they themselves have been talking about and that is a definite arms reduction program.")

The result: Newspaper headlines that delighted Administration moderates -- no firm decision to end SALT. But this morning the hard-liners were back in charge, spokesman Larry Speakes stating flatly, "The SALT treaty no longer exists." Wallace: Why didn't Mr. Reagan say that? Mr. Speakes: "Maybe he just wasn't clear on what the question was."

(TV coverage: Still photo of Mr. Speakes with words beneath.)

Which relates to another problem: The great communicator often seemed confused. Mr. Reagan was asked why, in a speech this week, he likened Mikhail Gorbachev to Castro, Arafat, and Khadafy.

(The President: "I didn't think I lumped him in with them.")

Two days earlier he did just that -- talking about the Contra rebels.

(The President at Georgetown speech: "Just as the men and women of the resistance have decided what they must do, so too have Gorbachev, Castro, Arafat, and Khadafy.")

The President was so thrown off by that question he didn't hear the next one. On the Supreme Court ruling that day reaffirming abortion rights:

(The President: "Now wait a minute. Hit me again here.")

And when it was repeated, Mr. Reagan's answer was about another court ruling on handicapped infants. The third problem: Controversy. Mr. Reagan got into trouble discussing hunger in America.

(The President: "I find it difficult also to find any cases of starvation and undernourishment.")

Hunger activists were outraged, citing a study based on the Reagan Administration's own data, that there a half a million malnourished children. They said Reagan budget cuts have made the situation worse. The President told aides he was thrown off last night because he was concentrating on a list of unfamiliar reporters that he wanted to call on. Whatever the reason, aides here hope that Mr. Reagan's poor performance is a one-time thing.

(NBC-5)

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CBS's Dan Rather reports that President Reagan and those around him are immersed in confusing, conflicting, and then supposedly clarifying statements about whether President Reagan does or does not consider the SALT II arms control treaty with the Soviets dead. White House correspondent Bill Plante reports on the massive confusion about where President Reagan stands on arms control policy ever since his news conference last night.

CBS's Bill Plante: Has Ronald Reagan scrapped the SALT arms control treaty or not?

(Coverage: The President entering Wednesday's news conference.)

There was massive confusion about that after his news conference in which he seemed to leave the treaty door open a crack in an effort to entice the Soviets in.

(The President: "We've got several months here in which we're going to try to involve them in the things they themselves have been talking about and that is a definite arms reduction program.")

This morning, sources tell CBS News, some of the President's advisors were afraid Mr. Reagan had left the impression he might still abide by SALT. So they sent out spokesman Larry Speakes to say, "The SALT treaty no longer exists," and "The President has definitely decided to go over the treaty's weapon limit next fall with new cruise missiles."

(TV coverage: Still photo of Mr. Speakes with words beneath.)

(The President in Cabinet room: Reporter: "SALT is dead then?)

The President: "We're going to try to replace it with a better deal.... Anyone going into negotiations, I think, has a right to remain silent so that nothing will be used against him.")

And how is all this likely to affect negotiations with the Soviets?

(Paul Warnke: "I mean, anytime the President of the United States has to be corrected by his own subordinates, you have to wonder what that does to America's world position. But it's not the first time this has occurred, and I'm afraid it will not be the last.")

And members of the House Foreign Affairs Committee, still upset by the original decision to scrap the treaty, passed a resolution urging Mr. Reagan to abide by SALT.

(Rep. Fascell: "What's confusing right now it seems to me is, where are we now? Do we go by the President's policy of May 27th, do we go by the President's policy of June 11th?")

The confusion stems from the continuing battle inside the Administration between those who believe arms control with the Soviets is possible, and those who just don't want it period. The problem, said one critic, is that this Administration doesn't know where it's going. (CBS-3)

Jennings: If you watched the President's news conference last night you could have the clear impression that Mr. Reagan had not made up his mind on whether the U.S. would or would not violate the terms of the SALT II treaty with the Soviet Union. Early today the White House said the treaty was dead. But then, the rest of the day went by.

ABC's Sam Donaldson: The latest round of confusing signals on SALT II began last night when the President seemed to tell his news conference that despite his renunciation of the treaty last month it might still be alive, at least in spirit.

(President at news conference: "We will observe the constraints to the same extent that the Soviet Union does.")

But today White House Press Secretary Larry Speakes said flatly, "The SALT treaty no longer exists. The SALT treaty is dead."

(TV Coverage: Still photo of Mr. Speakes with words beneath.)

Last night the President seemed to say no when asked if he had already made the decision to put enough cruise missiles on B-52 bombers this fall to exceed the SALT limits.

(Reporter: What's to replace SALT at this point, and why make this decision now? The President: "Didn't make it now. I said we've got several months here in which we're going to try to involve them. And if nothing is done, then we'll make the decision with regard to that plane.")

But today, Press Secretary Speakes said flatly, "The President has made a decision to deploy cruise missiles above the limits." "He made it. He signed it," said Speakes.

(TV Coverage: Still photo of Mr. Speakes with words beneath.)

But hold on. Late today the President himself weighed in again and stuck to his guns.

(The President in Cabinet room: "No, what I was saying was, we'll make the decision with regard to the ballistic missile or the cruise missile when that time comes.")

Was that the last word? No. What the President meant, later explained a White House official who insisted on anonymity, was he has made a decision to deploy cruises over the limit, but could offset them by dismantling another submarine in order to stay under the limit and that is the decision he has not made. On Capitol Hill the House Foreign Affairs Committee approved a non-binding resolution calling on the President to stay within the SALT II limits as long as the Soviets do, which sounded exactly like what the President said last night, is his policy. The President says he's no longer bound by the SALT II treaty but will continue to honor its numerical restraints as long as the Soviets do. Administration hard-liners say the Soviets aren't, so later this year the President won't. But the bottom line on that seems to be, that decision has not yet been made. SALT II isn't dead yet. (ABC-2)

TAX REFORM

Jennings reports in Washington today the Senate continues to debate and to vote on major sections of the tax reform bill.

ABC's Brit Hume reports that the bill is still intact after five days of debate. Last night several efforts were made to restore the deductibility of IRA contributions. They all failed -- one of them failed on a very close vote. And today, one of the sponsors of an amendment that would have eliminated the tax breaks for abortion facilities, after a talk with the President, decided they weren't going to offer that amendment anyway. So it looks more and more like this bill will pass the Senate intact.

Hume continues: One of the reasons that they wanted to keep this bill intact is that it's a very delicate balance intended to keep the tax rates low, which is the key to the bill's success and all the excitement about it. The House bill is quite different. They expect quite a lot of wrangling in the conference and they're trying to keep the bill intact so when they have to give ground in the conference, as they no doubt will, they won't have to let the rates climb up too high. (ABC-5)

Brokaw reports that the Senate today held the line on another key part of its tax reform bill, voting down a move to restore the deduction for sales taxes. Last night the Senate rejected attempts to restore deductions for all IRA's. Today Tip O'Neill held out little chance that the IRA deductions would be restored when members of the House and Senate meet to work out a final tax reform bill. NBC-7)

NICARAGUA

Rather reports President Reagan's latest criticism of the Soviets also includes accusations of growing direct Soviet military help in Nicaragua. This as the President campaigns hard for congressional approval of \$100 million more in military and other aid for the Contras fighting Nicaragua's government. A meeting and photo opportunity today featured Secretary of State Shultz and three leaders of the U.S. supported Contras. Shultz denounced yesterday's report out of Congress raising questions about how millions in U.S. already earmarked for the Contras was spent. Shultz today called it a concoction of contra foes, and "not a careful and thoughtful effort." Shultz also denounced Nicaragua. (Secretary Shultz: "There's a lot wrong in Nicaragua. There is a move toward totalitarianism. It is a move of the Soviet Union into our hemisphere." Shultz also repeated U.S. charges that some Nicaraguan officials are exporting not only revolution, but illegal drugs. (CBS-4)

Brokaw reports that Secretary of State Shultz today denied charges that the rebels fighting the Nicaraguan government have misused millions of dollars of American aid. Congressional investigators reported that much of that money was diverted to other uses or to off-shore bank accounts. Shultz called that report politically motivated. (NBC-4)

CONTRAS/DRUGS

Rather reports that there long have been accusations that the U.S. supported Contras have ties to drug dealers.

CBS's Mike O'Connor reports that in a Costa Rican drug trial the government presented wire-tapped phone conversations between one defendant and Contra leader Gonzales. The Wire-tap phone calls show the drug dealers have ties to the highest level of Contra leadership in Costa Rica. Privately, Costa Rican officials and U.S. investigators say they know of many connections between drug dealers and some Contras. Costa Rican narcotics officers say much more dope has begun flowing through their country to the U.S since Contras began operating from here, and they don't believe it's a coincidence. (CBS-5)

SOUTH AFRICA

Rather reports the white minority government of South Africa today said in effect, "To hell with what the rest of the world thinks." It ordered a new historic crackdown to defend racial segregation -- an unprecedented nationwide state of emergency -- all power given to white security forces. Many rights taken from citizens. New censorship and intimidation of the press.

Canada today announced new sanctions against South Africa. Among the measures, the Canadian government will no longer buy South African products. President Reagan had a spokesman say today, there will be no new U.S. sanctions. A White House spokesman did call the new increased South African government oppression, "A serious mistake."
(CBS-Lead)

Jennings reports that there has been a negative reaction in many parts of the world to this state of emergency. News has prompted other Africa nations to call for an urgent session of the United Nations Security Council. There's also been a very swift reaction in Washington.

ABC's John McWethy reports the U.S. government quickly condemned South Africa's state of emergency.

(Bernard Kalb: "We believe such repressive measures are a serious mistake.")

Asked if the U.S. was now prepared to back up its criticism with economic pressure against South Africa, spokesman Bernard Kalb said no.

(Kalb: "We still regard punitive economic sanctions as a blunt instrument that will not promote the U.S. goal in South Africa.")

Reagan Administration policy is to stay engaged -- to continue broad contact so the U.S. will have some leverage in South Africa. That policy, however is increasingly under attack. Despite predictions of impending disaster, officials of the Reagan Administration say American policy will not change. There will be no economic sanctions against South Africa unless they are forced upon the White House by Congress.
(ABC-Lead)

Brokaw reports South Africa's white minority government today declared a sweeping state of emergency that gives police unlimited powers. The government said it did this to maintain what it called, "public order," and to protect what it called, "it's heritage." In Washington, after initial hesitation to criticize this crackdown, the Reagan Administration did say that South Africa's repressive measures are a serious mistake. The South African government dismissed all criticism, however, and it took all opposition off the streets.

Some of the sharpest criticism of South Africa came from the Soviet Union which said that the new police powers were modeled after Hitler. Britain called the state of emergency very disappointing, but Thatcher rejected a call by a British Commonwealth committee for tough economic sanctions against South Africa.
(NBC-2)

AIDS

Brokaw reports AIDS is spreading so fast in America that within five years it will have killed 179,000 people. That is just one of many alarming numbers to emerge from a federal government forecast on the disease today. AIDS is out of control in this country and no one knows for sure when the situation will improve.... And the cost of treating all of this is equally staggering. Government health officials figure it will cost between 8 and \$16 billion to treat the 145,000 AIDS victims they expect in 1991. By the time that year rolls around, officials expect more people to die annually of AIDS, 54,000, than died in auto accidents last year, almost 46,000. (NBC-Lead, ABC-8, CBS-2)

INSIDER TRADING/COMMERCE DEPARTMENT

Brokaw reports Secretary Malcolm Baldrige said that three employees in the department's economic analysis bureau were being fired for using government economic data that had not been released. He said two had used the leaks for personal financial gain while the third passed the information on to someone else who made a profit. Baldrige condemned those leaks. (Secretary Baldrige: "There are various kinds of leaks that permeate this town of Washington. I don't condone any of them. But leaks of sensitive economic data rank right up there with national security in my opinion. Fortunes can be unfairly won and lost.") Baldrige said that the profits had been small in the cases of all three employees who used that leaked information. (NBC-6)

ABORTION

Jennings reports in the very same week that the Supreme Court has issued a major decision on abortion, two groups with diametrically opposite views on the subject -- the National Right To Life Committee, and the National Organization for Women -- are both holding their national conventions just five blocks apart in Denver. And as the conventions got underway, a leader of the anti-abortion movement was arrested.

ABC's Greg Dobbs reports NOW says it's pleased by the arrest, but not calling it a victory. They know that Right To Life groups afterall, still have very strong support. Today, they heard a filmed address by President Reagan.

(The President in White House film: "We will continue to oppose abortion as an evil, and to use our influence to stop it.") (ABC-4)

BRITISH EXTRADITION

Jennings reports there was good news today for British-American relations. The Senate Foreign Relations Committee has approved a controversial extradition treaty with Britain. The treaty will make it easier for American courts to send fugitive members of the Irish Republican Army back to Britain to stand trial. The treaty says a suspect may not claim such crimes as murder, kidnapping and bombing are political acts, which would keep a suspect from being extradited. British-American relations have been strained because the British thought approval of that treaty was slow in coming.

(ABC-11)

TERRORISM

NBC's Dennis Murphy did a "Special Segment" that covered the TWA hijacking that happened one year ago this weekend, and where the people are today.

(The President: "We cannot reward their grizzly deeds. We will not cave in.") (NBC-9)

PANAMA

Brokaw reports that high American officials say tonight that they are disturbed about reports linking Panama's military leader Noriega to drug dealing and murder. Those reports raise questions about the support that Noriega has long enjoyed from Washington.

NBC's Marvin Kalb reports General Noriega flew out of Washington after a 24 hour visit highlighted by news reports linking him to murder, drug trafficking and money laundering. The reports are based in part on recent closed-door testimony on Capitol Hill.... The Administration wants to push democratic reform in Latin America, but in the case of Panama, seems to be more concerned about the security of the canal. But there is now some pressure for change -- with the CIA privately arguing that Noriega must go -- that by bringing the country to ruin he may spawn a communist insurgency that could threaten the canal. The Administration's public reaction: So far, cautious.

(Secretary Shultz: "I've seen these reports and of course activities of that kind are obviously of importance and concern to us.")

But it is hard to change U.S. policy. It is easier for the Administration to stick with a known strong-man, especially when the U.S. is concerned about the canal, about the 9,000 troops there, and about the possible spread of communism from Nicaragua. (NBC-3)

Rather reports that relations with Panama are under a new cloud tonight because of news reports alleging Panama's military leader has links to a long list of illegal activities. U.S. government and intelligence sources reportedly link him to drug trafficking, gun running, and money laundering. These sources say the leader gave U.S. secrets to Cuba while he was supposedly helping the CIA spy on Cuba and Nicaragua. These sources also tie him to the murder of a political opponent. Secretary of State Shultz said these charges are, "of importance and concern to us." (CBS-5)

RETAIL SALES

Rather reports the government today reported that retail sales dipped one tenth of one percent in May. That's a small slip, but it signals a stagnant economy. (CBS-7)

EDITORIALS/COLUMNISTS

NASA/COMMISSION REPORT

NASA: Upward Bound -- "The presidential commission report on the Challenger space shuttle disaster is not the end of the controversy.... Tragic as it was, the shuttle disaster now should lead to the long-overdue public debate on national space policy: what we want to do in space, how we want to do it and how much are we willing to pay. The Rogers Commission report provides a substantial beginning."

(Dallas Morning News, 6/11)

Spaceflight: NASA's Mission Is Clear; Make Safety Its Top Priority -- "If the nation's space agency is ever to recover from the Challenger disaster, NASA's original character as an experimental venture must be restored.... NASA has already taken some important steps to revamp its organization and correct its technical problems. But to succeed, those changes need to be crowned with the restoration by Congress and the Reagan Administration of NASA's original status -- that of an exploratory, research agency. Too little is known about the problems of spaceflight and, good as it is, our technology is still too rudimentary to try to commercialize space. Seven Americans paid the price of haste and hype. Their sacrifice will be best honored by giving safety top priority in any further plans for spaceflight."

(Detroit Free Press, 6/11)

Critical Choices In Space -- "The nation wants to continue in space, but this need not mean clinging to a mistake made 15 years ago. The committees of Congress have to take the lead in reaching a proper balance among scientific exploration, commercial ventures, and military and intelligence needs, and also between manned and unmanned space vehicles. Most of what is important in space can be achieved without risking human lives. Any space program is going to be enormously expensive. Spending should not be distorted by continued reliance on the flawed 'shuttle' concept."

(Boston Globe, 6/11)

For NASA, Buck Must Go Straight To Top -- "The report stops short of recommending an outside safety panel, opting instead for an improved system of internal safety checks. For the commission's recommendations to work, that internal system will have to be airtight, with final authority resting right at the top. That is the only way to make sure that the human factor never again puts expediency and prestige before human safety and common sense."

(Idaho Statesman, 6/4)

'A Flawed System' -- "The Rogers commission's recommendations -- re-designing the shuttle boosters, setting up an independent safety review process and eliminating the complex system of decision-making that kept senior personnel in the dark about major technical problems -- make so much sense it is hard to see why it took a special commission to develop them. Now it is up to Congress and the White House to address -- honestly and promptly -- the critical problems revealed."

(Baltimore Sun, 6/12)

FOREIGN MEDIA REACTION

PRESIDENT'S PRESS CONFERENCE

"Apparently trying to calm Western fears, Mr. Reagan seemed to want to soft-pedal his recent statements on the SALT II pact."

(Daily Telegraph, Britain)

"President Reagan last night appeared to back-pedal from his hard-line decision last month to repudiate SALT II when he appealed to the Soviet Union to seize the opportunity of 'the next several months' to reach a deal on nuclear weapons reduction."

(Guardian, Britain)

"The most spectacular chapter of the press conference was on space, the new frontier which is a favored area in Reagan's ideology."

(Europe One Radio, France)

"Concerning his form, he was not in very good shape. Reagan is not terrific these days.... He seemed tired. He made several slips. For example, he could not remember the date of the signing of the SALT II Treaty in Vienna which was one of the main issues in the press conference. When a journalist asked him a question on the last Soviet proposal on conventional forces in Europe, he answered on the negotiations in Geneva on limitation of nuclear armament. All this is not very important because Reagan has never been very good in improvised press conferences and grassroots America is rarely listening to these programs."

(Europe One Radio, France)

"While there is still no comment from Washington on the Budapest summit, President Reagan used very conciliatory language toward the Soviet Union in his press conference yesterday."

(GR-1 Radio, Italy)

"President Ronald Reagan confirmed at a press conference...that the U.S. Administration was not going further -- more to comply with the interim agreement on certain measures with respect to SALT I and SALT II. The White House chief again tried to justify that unilateral denunciation of major U.S. commitments under international treaties by allegations of Soviet 'violations' and by the fact that the treaty had never been ratified by the Senate. President Reagan also called for building another reusable space ship to replace the Challenger.... He noted that there was a backlog of space cargo that was supposed to be up there. It is common knowledge that most of that cargo belongs to the Pentagon...."

(TASS, Soviet Union)

"The President stated that the U.S. is not seeking to achieve superiority over the Soviets, but we are certainly not letting them go on increasing their superiority over us."

(NHK-TV, Japan)

"President Reagan showed some impatience at his news conference, since the Soviets have not abided by SALT II and there has been no progress in convening a U.S.-Soviet summit this year."

(Fuji-TV, Japan)