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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JULY 8, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

U.S. Denounces Attempt To Overthrow Aquino -- The Reagan Administration, rebuking former Philippine president Ferdinand Marcos in the sharpest terms since he was deposed last February, yesterday denounced Sunday's abortive coup by his backers and warned that Marcos' political activity "is inconsistent with his status as a guest in the United States." (New York Times, Wall Street Journal, Washington Post, Washington Times, AP, UPI, Reuter)

Gorbachev And Mitterrand To Discuss Superpower Summit -- French President Francois Mitterrand, fresh from talks with President Reagan in New York, will discuss the prospects for a new U.S.-Soviet summit when he meets Soviet leader Mikhail Gorbachev today. (Reuter)

NATIONAL NEWS

Reagan: Gramm-Rudman Ruling Poses 'Difficult Choices' -- President Reagan, responding to the Supreme Court's rejection of a key provision of the Gramm-Rudman balanced budget law, is urging Congress to keep its promise and work to reduce the federal deficit. (New York Times, Washington Post, Washington Times, AP, UPI, Reuter)

NETWORK NEWS (Monday Evening)

GRAMM-RUDMAN -- The Supreme Court struck down a key provision of the balanced-budget law.

MITTERRAND -- President Mitterrand is expected to pass on President Reagan's latest word on arms control and another possible summit to Mikhail Gorbachev.

U.S.-SOVIET SUMMIT -- There were more positive indications of a superpower summit.

freedom.

One by one last week the new citizens spoke the word "freedom" like some kind of refrain. As that most native of Americans, Robert Frost, once put it: "We've got a pretty good country here. We're minding our own business a certain amount, and we're minding each other's business a certain amount. I say what I damn please here."

NEWSWEEK: JULY 14, 1986

INTERNATIONAL NEWS

BRIEF REVOLT COLLAPSES IN MANILA

MANILA -- A political challenge to President Corazon Aquino by an ally of former president Ferdinand Marcos collapsed today as supporters of Arturo Tolentino, under pressure from a government deadline, left a luxury hotel they had taken over on Sunday.

In Washington, the Reagan Administration rebuked Marcos in the sharpest terms it has used since he was deposed in February and warned that Marcos' political activity "is inconsistent with his status as a guest in the United States." White House and State Department officials also said they did not know whether Marcos had incited the rebellion. Pending further investigation, they said the Administration does not intend to renege on Reagan's pledge of refuge for Marcos or oust him from his exile in Hawaii.

(Abby Tan, Washington Post, A1)

Marcos Loyalists End Hotel Siege; Troops Are Promised No Reprisal

MANILA -- Hundreds of rebel soldiers and civilian supporters of former President Ferdinand Marcos left the Manila Hotel early today, ending a two-day occupation.

Later, receiving the rebel soldiers in the gymnasium of an army camp, Defense Minister Juan Ponce Enrile said: "We are not going to humiliate, punish or embarrass any of you. There will be no retaliation against you."

(Seth Mydans, New York Times, A1)

Bizarre Takeover Attempt Could Signal A Coup-Prone Era For The Philippines

MANILA -- The short-lived grab for power by Arturo Tolentino, the running mate of deposed President Ferdinand Marcos, has shaken the political calm that has existed here since Mr. Marcos was ousted in February.

"This little incident," says a Western diplomat, "ushers the Philippines into a group of countries, including Thailand, where coups do happen."

(Anthony Spaeth, Wall Street Journal, A33)

U.S. Denounces Attempt To Overthrow Aquino

The Reagan Administration, rebuking former Philippine president Ferdinand Marcos in the sharpest terms since he was deposed last February, yesterday denounced Sunday's abortive coup by his backers and warned that Marcos' political activity "is inconsistent with his status as a guest in the United States."

Bernard Kalb and Larry Speakes went out of their way to warn Marcos that continued attempts to interfere in Philippine affairs could force the Administration to reevaluate his status.

(John Goshko, Washington Post, A10)

Tuesday, July 8, 1986 -- A-3

Administration Chastizes Marcos' Backers For Challenging Aquino Government

The Reagan Administration, chastizing backers of former Philippines President Ferdinand Marcos for challenging Corazon Aquino's government, says the exiled leader should be considered "part of the past."

Larry Speakes also said Monday the Administration would investigate whether the deposed Philippines leader -- now living in Hawaii -- had played a role in the latest attempt to oust the fledgling Aquino government.

But Speakes left unclear whether the United States would take any action against Marcos if it found he had incited the Manila uprising by Arturo Tolentino, a Marcos running mate in the fraud-tainted February presidential election.
(Susanne Schafer, AP)

Officials Respond To Marcos' 'Meddling'

U.S. officials suspect deposed Philippines President Ferdinand Marcos was involved in an aborted revolt in his nation, but the White House stands by its promise to allow him to stay in the United States.

White House and State Department spokesmen put Marcos on notice Monday that continued political meddling in the Philippines "is inconsistent with his status as a guest in the United States."

But Larry Speakes told reporters the Administration would "stand by our commitment," made by President Reagan in February, that Marcos be allowed to stay in the United States as long as he wants.

A State Department official said Marcos "knows we're not going to throw him out" and may feel he can act with immunity.

(Matthew Quinn, UPI)

Marcos Loyalists Meet Deadline, Leave Manila Hotel

MANILA -- Supporters of deposed leader Ferdinand Marcos bowed to a government deadline early today and left the luxurious Manila hotel which they had seized Sunday night in an abortive coup attempt.

In Washington, the White House said yesterday it would state its views strongly to Marcos about any attempt to undermine the Aquino administration.

U.S. officials who asked not to be identified said they were convinced Marcos was behind the takeover attempt by Arturo Tolentino but acknowledged that they had no proof of this. (Rajendra Bajpai, Reuter)

SOVIET GENERAL CITES 'COMPROMISE' ON SDI

LONDON -- A senior Soviet military official said here today that Moscow's recent arms control proposals contain "a very specific compromise" providing for continued U.S. research into space defense systems, and urged Western Europe to consider this and other Soviet offers in taking sides on weapons negotiations with Washington.

Gen. Nikolai Chervov, head of the Soviet armed forces general staff directorate, said that "Europeans cannot stand on one side on these issues." Britain in particular, he said, "can exert more active influence in a positive way" over U.S. arms control negotiating postures.

(Karen DeYoung, Washington Post, A9)

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GORBACHEV TURNS ANEW TO W. EUROPE

MOSCOW -- Soviet leader Mikhail Gorbachev called today for the renewal of detente in Europe in what appeared to mark the start of a new Soviet diplomatic offensive toward the West to coincide with a four-day visit here by French President Francois Mitterrand.

Political analysts here were struck by the conciliatory tone of Gorbachev's remarks at a Kremlin banquet for Mitterrand, who flew to Moscow today following talks with President Reagan in New York last week. The French leader's visit is being viewed here as part of the diplomatic buildup to a planned, but so far unconfirmed, summit between Gorbachev and Reagan this year.

(Michael Dobbs, Washington Post, A9)

GORBACHEV AND MITTERRAND TO DISCUSS SUPERPOWER SUMMIT

MOSCOW -- French President Francois Mitterrand, fresh from talks with President Reagan in New York, will discuss the prospects for a new U.S.-Soviet summit when he meets Soviet leader Mikhail Gorbachev today.

Mitterrand's first round of Kremlin talks with Gorbachev yesterday focused on questions of arms control. That issue has emerged as a central one in efforts to arrange a second Reagan-Gorbachev meeting before the end of the year.

Soviet Foreign Ministry spokesman Gennady Gerasimov told reporters after the talks that the summit issue would come up in today's session, which will be followed by a third round tomorrow.

(Mary Ellen Bortin, Reuter)

U.S. CONCERNED OVER CYPRUS

The State Department expressed concern yesterday over the recent closings of the buffer zone separating the Greek and Turkish sectors of the Mediterranean island of Cyprus.

"Such measures complicate the operation of the U.N. force on Cyprus and prevent the movement of those with responsibilities on both sides of the green line," said State Department spokesman Ted Feifer.

(Zeynep Alemdar, Washington Post, A10)

U.S. POLICY CRITIC CLOSE TO MARK, CARTER SAYS

Former president Jimmy Carter, who led U.S. diplomats in a July 4th walkout at a diplomatic reception after a Zimbabwean official attacked U.S. policy on South Africa, said yesterday that the African's criticism reflected world opinion.

"It wasn't what he said," Carter said, "it was the way and the time that he said it."

Carter, appearing on NBC's "Today" show from Chicago, said the remarks that caused the walkout "weren't off the mark...much."

(AP story, Washington Post, A12)

U.S. RECONSIDERS ZIMBABWE AID PACKAGE
IN WAKE OF OFFICIAL'S VERBAL ATTACK

The Reagan Administration, striking back at Zimbabwe for a Fourth of July attack on U.S. policy, has decided to reconsider a \$20.5 million aid program for the African country which gained independence and black rule six years ago.

The State Department, noting there had been no apology from the Harare government, said Monday a formal protest had been presented to Zimbabwe for what spokesman Bernard Kalb called a "breach of propriety." At the end of the day, the department's press office distributed a brief announcement that said "hostile diplomatic behavior by Zimbabwean leaders had led to a further review of our aid efforts in that country."

(Barry Schweid, AP)

DOLLAR HITS LOW AGAINST YEN, THEN RALLIES

The dollar plunged to a post-World War II low against the yen in Tokyo yesterday following a landslide election victory by Japan's ruling party, but it rallied in Europe and the U.S. to finish higher on the day.

Similarly, the dollar fell in Tokyo against most other major currencies but later rebounded. In late New York trading, the dollar was near its levels of a week ago.

(Charles Stevens, Wall Street Journal, A2)

NATIONAL NEWS

BUDGET LAW REJECTED BY HIGH COURT

The Supreme Court, acting on the last day of its 1985 term, struck down the key element of the Gramm-Rudman-Hollings budget-balancing law yesterday, ruling that its novel provision for automatic budget cuts was unconstitutional.

The court, in a 7-to-2 ruling, said that Congress' unprecedented attempt to control soaring budget deficits violated constitutional separation-of-powers principles, improperly vesting executive branch authority in a legislative branch officer, the comptroller general.

(Al Kamen, Washington Post, A1)

Ruling Opposes Delegation Of Executive Power

The Supreme Court yesterday struck down a key provision of the Gramm-Rudman balanced-budget law, the landmark effort by Congress and the Reagan Administration to tame the nation's spiraling budget deficit.

The court, in a 7-2 ruling, said the heart of the law violates the Constitution because it gives presidential powers to the comptroller general, an official of Congress.

On Capitol Hill yesterday, one of the main sponsors of the law -- Sen. Phil Gramm -- vowed to get a revamped version of the law through Congress by mid-August.

(David Sellers, Washington Times, A1)

High Court Voids Major Step In Law That Cuts Deficit

The Supreme Court today struck down the central provision of the most sweeping measure Congress has devised to curb soaring federal deficits.

In a 7-to-2 decision, the court held that the automatic mechanism for cutting spending that is at the heart of the new law violated the Constitution's separation of powers by encroaching on the President's authority to execute the laws.

(Stuart Taylor, New York Times, A1)

Court Trims Budget Law; Reagan Calls For Restraint

The Reagan Administration, claiming victory after the Supreme Court struck down a key provision of the Gramm-Rudman deficit-reduction law, yesterday urged Congress to honor the measure's original promise of reducing the deficit to zero by 1991.

"We were both elected by the American people to make these choices," President Reagan said of deficit-cutting decisions facing the White House and Congress.

Mr. Reagan said the court's 7-2 decision "brings the focus of compliance with the Gramm-Rudman-Hollings deficit-reduction targets back to where it belongs: on the Congress."

(Christopher Simpson & Mary Belcher, Washington Times, A1)

Lawmakers Vow To Honor Deficit Target

Congressional leaders promised yesterday to live by the stringent deficit-cutting mandates of the Gramm-Rudman-Hollings budget law after the Supreme Court nullified its automatic enforcement provision and thrust the responsibility for enforcing budget cuts back on Congress.

But the leaders hedged on how to meet the law's deficit target of \$144 billion for next year, and some key lawmakers were skeptical that Congress can summon the courage in an election year to order sweeping spending cuts that could be required under a fallback provision.

Sen. Pete Domenici said the first test of congressional commitment to the law will be ratification of relatively modest cuts that were imposed last March and invalidated by yesterday's Supreme Court decision. "I'm not terribly upbeat...but we'll try," he said.

(Helen Dewar, Washington Post, A1)

Budget Battles Looming In Wake Of Supreme Court Ruling

Congress and President Reagan are heading for "a long, hot summer of budget battles" -- possibly including skirmishes over increasing taxes -- following a Supreme Court ruling striking down the key enforcement provision of a new budget-balancing law.

There is agreement on Capitol Hill and at the White House to stick with the statute's annual deficit targets that are supposed to lead to a balanced federal budget by 1991, but how to get there remains a problem.

"With the cover of mandatory cuts removed, we will see if the President and Congress have the guts to make the tough decisions both sought to accomplish by automatic pilot," said Rep. Leon Panetta.

(Cliff Haas, AP)

Reagan: Gramm-Rudman Ruling Poses 'Difficult Choices'

President Reagan, responding to the Supreme Court's rejection of a key provision of the Gramm-Rudman balanced budget law, is urging Congress to keep its promise and work to reduce the federal deficit.

In a written statement, Reagan insisted Monday that the high court ruling on Gramm-Rudman "should change little" but forces Congress to "make the difficult choices" on budget priorities.

"We were both elected by the American people to make these choices," he told lawmakers, "and I call upon Congress to discharge its responsibilities and redeem its pledge."

(Helen Thomas, UPI)

Supreme Court Guts Budget-Balancing Law, But Goals Remain

The Supreme Court has nullified a key section of the Gramm-Rudman budget-balancing law, but the goal of the seven-month-old statute, to eliminate budget deficits by 1991, remains in effect.

President Reagan and members of Congress said the law's basic goals of cutting targets of lower deficits "were and are a promise to the American people by their government."

Sen. Bob Dole, in a typical congressional reaction, said: "What may be the real story here is that Congress can't hide. We thought we had an umbrella and that we could duck the downpour, but now, at least temporarily, that's not going to happen."

(Michael Posner, Reuter)

HOW PRIME FORCES OF GOVERNMENT KILLED A CUTBACK

It was among the most dramatic of the Gramm-Rudman-Hollings budget cuts, and its brief history illustrates the workings of a powerful confluence of Washington forces that eventually killed it.

Required to save \$15.6 million, the Agriculture Department announced a nine-day furlough for its 7,000 meat and poultry inspectors in February. The action was lobbied against in March, sued over in April, altered in May, refinanced in June, virtually eliminated in July and yesterday was declared unconstitutional by the Supreme Court.

In the meantime, the Agriculture Department's Food Safety and Inspection Service saved the taxpayers some money.

(Judith Havemann, Washington Post, A7)

STUDENTS' RIGHTS RESTRICTED

The Supreme Court, restricting the First Amendment rights of public school students, yesterday gave school officials broad leeway to discipline students for using "vulgar and offensive" language.

The court ruled 7 to 2 that Spanaway, Wash., school administrators did not violate the First Amendment rights of a high school student when they suspended him for giving an assembly speech laden with sexual allusions.

(Ruth Marcus, Washington Post, A1)

SUPREME COURT TO HEAR DEATH PENALTY BIAS CASE

The Supreme Court, acting in a case that may affect the fate of hundreds of death-row inmates nationwide, said yesterday that it would decide next term whether the death penalty in Georgia is meted out in a discriminatory fashion.

The justices, who this year rejected one broad challenge to imposition of the penalty, said they would hear arguments that the death penalty is more likely to be imposed in cases where the victim is white.

The court also agreed yesterday to hear two affirmative action cases that could clarify questions remaining after its rulings last week affirming the legality of affirmative action.

(Al Kamen & Ruth Marcus, Washington Post, A5)

DEPOSITION TIES IRS HESITANCY IN CASINO PROBE TO LAXALT ROLE

LOS ANGELES -- A former investigator for the IRS has testified that the agency's failure to pursue investigation of alleged illegal skimming at a Nevada casino was motivated in part by the fact that Sen. Paul Laxalt was a co-owner of the Carson City hotel-gambling operation.

In a deposition taken here Feb. 17-18, Laurence Rooker told attorneys involved in a major libel case stemming from the allegation that "there was hesitancy to pursue an investigation against someone in his political position without having an airtight case."

(Jay Mathews, Washington Post, A4)

DINGELL PROBES DEAVER -- TRADE OFFICE TIES

A congressional probe of Michael Deaver will examine links between his lobbying firm and the Office of the United States Trade Representative.

Investigators for a House Energy and Commerce subcommittee, who are looking into allegations of conflict-of-interest violations by Mr. Deaver and members of his firm, have interviewed about 30 people at the trade office, including U.S. Trade Representative Clayton Yeutter, according to Michael Barrett, the panel's chief counsel.

"We have found enough that the committee is going to hold hearings on the USTR operation," Mr. Barrett said.

(George Archibald, Washington Times, A4)

STOCK MARKET INDEX PLUNGES 61.87 POINTS

The stock market declined sharply yesterday with the Dow Jones industrial average falling 61.87 points, the greatest one-day point loss in the history of the closely watched measure of stock prices.

Pessimism and anxiety over the health of the economy and the outlook for stocks overwhelmed the bullish climate of the market as the prices of six stocks fell for every one that advanced.

(Stan Hinden, Washington Post, A1)

REAGAN'S NIGHT OUT WITHOUT THE MEDIA

President Reagan and his wife, Nancy, quietly slipped away for a private birthday dinner Sunday night at the Jockey Club without the small group of reporters who customarily accompany the President whenever he leaves the White House.

The decision not to assemble a press "pool" to ride in the President's motorcade drew protests from some correspondents yesterday.

Larry Speakes said he did not know about the decision until after the Reagans had left the White House. "I guess that whatever commitment we have made to you in the past, we cannot make it anymore because if they decide to do it again, they will do it," he said. The Reagans made the decision to go alone because they wanted privacy, he added.

(David Hoffman, Washington Post, A13)

FIRST LADY TO WRITE MEMOIR

Nancy Reagan and Random House agreed yesterday that she will write her memoir for an undisclosed sum, to be published after she leaves the White House.

A spokesman for the First Lady said she will receive no money, however, until after her husband's term of office ends.

In making the announcement, Random House said the book will tell "the full story of her early life and of what has become the most admired and powerful husband-and-wife partnership of our time."

(Donnie Radcliffe, Washington Post, C1)

NETWORK NEWS SUMMARY

(Monday Evening, July 7, 1986)

GRAMM-RUDMAN

CBS's Dan Rather: The latest Supreme Court decision struck down the latest Congressional effort to shift some final budget-cutting responsibility away from Congress and onto future Presidents

CBS's Fred Graham: Congress had enacted Gramm-Rudman with the high hope that if Congress couldn't meet budget targets automatic spending cuts would finally rein in runaway deficits. Today the Supreme Court said the automatic feature of the law is unconstitutional. The Democratic Congressman who challenged the law in court said Congress will now have to cut spending the old fashioned way.

(Rep. Synar: "The Court said today no more gimmicks, no more tricks, no more easy answers. Congress must do its job and it can not give its responsibility away.")

The Supreme Court ruled 7-2 that Gramm-Rudman violated the separation of powers by giving an officer of Congress, the Comptroller General, the authority to order the President to cut spending.

(Sen. Rudman: "I think what needs to be fixed will be fixed, and I think the American people shouldn't get despondent over the fact that we're going to continue to have record deficits. I think that this bill is working and will continue to work.")

Congress must vote once again on this year's cuts if it wishes to keep reductions in programs like food stamps, farm price-supports, school lunches and military projects in effect.

(Sen. Gramm: "Let me say that for those of us who have fought so long to put the federal government on a budget like everybody else, that we have no intention of letting Congress off the hook.")

Norman Ornstein, American Enterprise Institute: "This doesn't eliminate Gramm-Rudman. Instead, ironically, it increases the pressure on Congress which will be under the spotlight in an election year, at the height of the campaign, to deal with the deficit.")

There had been some optimism that the deficit might decline on its own due to low inflation and interest rates, but the Congressional Budget Office says that that hasn't happened and that more cuts may be necessary if the deficit is to be kept in control. Today's Court decision means that those cuts, if they are to happen, would have to be voted by Congress. (CBS-Lead)

ABC's Peter Jennings: Some investors may have been reacting to a ruling from the Supreme Court this morning -- a ruling the Court finally got around to making public. The Justices did find a key part of the Gramm-Rudman law to balance the budget unconstitutional.

ABC's Tim O'Brien: The Gramm-Rudman-Hollings Act established a five-year timetable for reducing the deficit, setting a budget cutting target for each year.

(TV coverage: The President shaking hands on Dec. 18, 1985)

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O'Brien continues: The ruling was written by Warren Burger, his last as U.S. Chief Justice.... Justice White, one of two dissenters, accused the majority of a misguided and distressingly formalistic view. The ruling leaves the five-year timetable for erasing the deficit intact, only now Congress must vote on spending cuts each year.

ABC's Charles Gibson: Ironically, this decision had both sides seemingly pleased. The congressman who sought to overturn Gramm-Rudman...

(Rep. Synar: "This is a victory for every American.")

And even Rudman of Gramm-Rudman.

(Sen. Rudman: "The law is alive and well. Ninety-five percent of it is intact. It is working.")

Few really feel that [the current] budget is realistic or that the deficit target can be met.

(Rep. Porter: "Mr. Speaker, we won't meet those targets. We'll fall about thirty billion dollars short.")

Under the Gramm-Rudman ruled unconstitutional, the additional cuts would have been automatic. Now Congress will have to vote the cuts. Easier said than done.

(Sen. Dole: "Congress can't hide. We felt we had an umbrella called Gramm-Rudman-Hollings that we could sort of duck the downpour. But now, at least temporarily, that's not going to happen.")

All this puts the President in an enviable political position. He can simply blame the Congress now if it fails to meet the Gramm-Rudman targets.

(Larry Speakes: "The President believes that deficit targets for Gramm-Rudman-Hollings were, and are, a promise to the American people by their government.")

Gramm and Rudman have already said they'll introduce a rewrite of their bill to meet Supreme Court objections, but that probably will bring another court challenge to their budget cutting approach. Budget cutting is never easy around here. Never. (ABC-2)

NBC's Tom Brokaw: The U.S. Supreme Court today struck down a key provision of the Gramm-Rudman law. Critics of Gramm-Rudman have always argued it became a law only because Congress didn't have the political courage to make the spending cuts itself, and they said the law violates the constitutional responsibility of the Congressional and executive branches of government by placing the budget cuts in the hands of an unelected official. The Court agreed 7-2.

NBC's Carl Stern: The Court said the Congress and the President could not duck the responsibility of imposing the budget cuts themselves by leaving the job to an obscure and little-known official, the Comptroller General of the U.S.

(TV coverage: The President shaking hands with Tip O'Neill before a joint session.)

Chief Justice Burger pointed out that under the constitution, the laws must be carried out by the executive branch not Congress. He said Congress' use of its own employee to enforce the law, even at a time of unprecedented fiscal problems, violated the separation of powers.

(TV coverage: The President shaking hands with budget leaders on Dec. 18, 1985.) (NBC-Lead)

MITTERRAND

Rather: Fresh from Liberty Weekend in New York and talks with President Reagan, French President Mitterrand arrived today in Moscow to meet with Soviet leader Gorbachev. Officials deny Mitterrand is any go-between, but he is expected to pass on President Reagan's latest word on arms control and another possible summit. (CBS-11)

Brokaw: In Moscow today Soviet leader Gorbachev welcomed French President Mitterrand to the Kremlin, and then the two men got down to business, Gorbachev asking Mitterrand to press the United States for arms talks progress, adding, Europeans are sick and tired of nerve-racking confrontation and tension. (NBC-8)

U.S.-SOVIET SUMMIT

Brokaw: There were more indications today that a superpower summit meeting may be in the offing. The chief Soviet arms negotiator, Viktor Karpov, said that Moscow's conditions for a summit included what he called a positive atmosphere in the arms talks. At the White House meanwhile, spokesman Larry Speakes said, "We want the Soviets to understand that we are serious," adding that the U.S. now was drafting a very carefully thought-out reply to the Soviet arms proposals. (NBC-7)

STOCKS

Jennings: The stock market came down harder and faster than ever before. It has been climbing almost without a pause for months. Today it was down more than 61 points. Is it just a bad jolt, a correction? Or is it something more basic?

ABC's Dan Cordtz: Today the Dow set another record when it plummeted almost 62 points the biggest one-day decline in history.... On a percentage basis, today's drop was just 3.2% -- a one-day loss that has been topped several times in the past. One reason for the drop is this man's published forecast that a downturn in the market is coming soon.

(John Mendelson, Dean Witter: "I thought that the second leg of the Bull market is ending in this immediate area. Secondly, I felt the stock market was making its high for the year in this immediate area. Third, I was looking for a 15 to 20 percent correction in the stock market.")

Monte Gordon, Dreyfus: "What you're looking at is the culmination of a series of dashed hopes -- primarily that the economy would be strong in the second half of the year -- instead it closed the first half of the year virtually dead in the water.")

Investors will be watching nervously when the market opens tomorrow. (ABC-Lead)

Rather: On Wall Street today, a burst of pessimism among some top analysts contributed to a plunge of almost 62 points in the Dow Jones Industrial Average.

CBS's Jane Bryant Quinn: It was five respected Wall Street analysts who all chose this weekend to voice their opinion that the stock market was ready to fall. And as that news flashed through the wires this morning investors dumped stocks in large amounts. One analyst told me this afternoon that he thinks the stock market is going to be lower for the rest of this year. Behind the pessimism is a much slower economy than many investors expected. It is also of interest that company executives have been selling their own stocks very heavily. (CBS-2)

Brokaw: This news [of Gramm-Rudman] helped generate a record loss on Wall Street as investors apparently were worried that if nothing is done about the deficit the government will be forced to borrow more and that will drive up interest rates. (NBC-2)

PHILIPPINES

Jennings: In the Philippines today, what started out as a counter-revolution has pretty much ended up in retreat from a luxury hotel. The support for Tolentino dissolved very quickly.

ABC's Mark Litke: From the moment President Aquino returned from the provinces today, she was in full control. The military establishment firmly behind her including Defense Minister Juan Ponce Enrile who led the revolt against Marcos four months ago. (Enrile: "This government is not a pushover government.") Aquino blamed Marcos for instigating this attempt against her government.... President Aquino has vowed to take stronger action against the Marcos loyalists to stop their violence, but this time she can also give them thanks for helping her prove dramatically that both the government and the military are united, for now, behind her leadership.

ABC's John McWethy: Though U.S. government officials say in public they lack hard evidence, in private they claim there is little doubt that from Hawaii Marcos was deeply involved in supporting the attempted coup in Manila -- as he has been involved in backing increasingly violent demonstrations against the Aquino government over the last few months.

(Bernard Kalb: "The United States has repeatedly made clear to him privately and publicly that his participation in partisan political activity is inconsistent with his status as a guest in the United States.")

So will Marcos be asked to leave? American officials say that is doubtful. First, President Reagan promised Marcos safe haven in the U.S. if the Filipino leader would step down, and Marcos did so. Second, the Aquino government has asked the U.S. not to let Marcos go so court action can be more easily pursued against his financial holdings. And third, perhaps most important, no other government will take him. From the American perspective, the attempted coup could prove to be a blessing in disguise. It never really threatened the government, its execution was weak and incompetent. By contrast, the Aquino government looked very much in control -- an image which analysts say could go a long way toward preventing any future attempts. (ABC-7)

Brokaw: An attempted coup in the Philippines by Arturo Tolentino... collapsed today as the new Manila government got tough and Tolentino's military backers got out.... At his home in exile in Hawaii Marcos denied he had anything to do with Tolentino's attempted counter revolution. In Washington, the State Department strongly warned Marcos that better be the truth -- a spokesman saying Marcos now is part of the past. And if he wants to stay in the U.S. he must stay out of Philippine politics. (NBC-5)

Rather: A short-lived attempt to overthrow President Aquino has fizzled out. It allegedly was engineered by exiled Philippine President Marcos. The remaining civilian and military supporters of Marcos' ally Tolentino now have left the Manila Hotel. It was there that Tolentino, who was Marcos' running mate in last February's election, took his own oath of office yesterday as the Philippines acting President. (CBS-5)

JAPANESE ELECTIONS

Rather: U.S. government officials are pleased and Japanese Prime Minister Nakasone is basking in his conservative ruling party's biggest post-war election victory. The showing in yesterday's vote means the party likely will change its rules to allow Nakasone to serve another term. One of the things Nakasone has been trying to instill a new sense of patriotism in Japan. Some Japanese don't think he's going far enough.

CBS's Barry Peterson: In Japan when the rising sun flies, so do passions over a rising tide of nationalism -- passion that boils over between those who believe the flag symbolizes a militaristic pre-war Japan that should never again exist, and Japan's increasingly influential right wing that sees the flag and the national anthem as the touchstone of Japan's new nationalism. (CBS-6)

Jennings: President Reagan today called Japan's Prime Minister Nakasone to congratulate him on the landslide victory for his liberal democratic party in Japan's parliamentary elections. The vote was seen as a mandate for Nakasone's strong pro-American policies and his plans for economic change at home. (ABC-8, NBC-6)

SOUTH AFRICA

Jennings: The South African government today without explanation lifted all restrictions on the black activist leader Winnie Mandela. For the past 20 years Mrs. Mandela has been legally restricted as to where she could live, where she could visit, and to whom she could speak. (ABC-9, NBC-9)

STATEN ISLAND FERRY SLAYINGS

Rather: With the party officially over now, the lady with the lamp was witness to a bloodbath.
(TV coverage: The President and First Lady with Francois Mitterrand.)

Tuesday, July 8, 1986 -- B-6

CBS's Anthony Mason: This morning, as the Staten Island Ferry resumed its regular commuter run, a man carrying a two-foot sword went on a rampage stabbing two people to death and wounding nine others. (CBS-8, ABC-3, NBC-12)

MALAYSIAN DRUG SMUGGLERS

Jennings: In the Pacific nation of Malaysia today, the ultimate price for drug trafficking. Two Australians were hanged by the Malaysian authorities. They had been convicted of trying to smuggle only a small amount of heroin out of the country. The two men were the first westerners to die for that crime there. The penalty is automatic. (ABC-4)

SUPREME COURT

Rather: The Supreme Court today also ruled that a public school may suspend a student for using what was described as vulgar and offensive language. And the Court agreed to hear and decide arguments later on whether the death penalty is handed out in a racially discriminatory way. (CBS-9)

Jennings: The Court said the public schools do have a duty to teach, "the habits and manners of civility." And that school boards can impose limits on the degree of free speech. (ABC-12, NBC-10)

DRUG TESTING

Jennings: The National Football League today became the first professional sports league to require random drug testing for its players. (ABC-6, CBS-3, NBC-3)

COLLEGE DRUGS

Rather: University of Michigan researchers today said that with one important exception overall illegal drug use by college students has actually declined since 1980. The exception is cocaine. (CBS-4)

Jennings: A major new study on drug use among college students finds that by the end of their senior year about 30% of all students will have tried cocaine. (ABC-5, NBC-4)

SMOKING

Rather: A new federal study out today found that almost twice as many college women as college men smoke cigarettes daily. (CBS-10)

YOUTH HEALTH

ABC's Gary Shepard: While adults are toughening up, America's youth is going soft. The President's Council on Youth Fitness says in the last 20 years young Americans have shown no improvement at all in their physical development, and a recent national test indicates in some cases there's been a noticeable decline. (ABC-12)

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EDITORIALS/COLUMNISTS

LIBERTY WEEKEND

Liberty Weekend -- "As we celebrated our 210th birthday of independence from Great Britain, the Philippines was celebrating its 40th birthday of independence from the United States. The occasion was marked by a violent protest outside the U.S. embassy against the presence of huge U.S. air and naval bases in that one-time colony. Historians of the future would be wise to focus on Liberty Weekend as an explosion of feeling good, Reagan-style. But they would be wise, too, to take note of the Philippines asterisk." (Baltimore Sun, 7/5)

Stepping Out For Liberty's Birthday Party -- "Iacocca and his ilk are capitalizing on patriotism and optimism, the critics grump. Well, so what? Do they think everyone who has a good time at the celebration will not think about the basic meaning of the concepts the statue represents? Those concepts are clear to the 100 million Americans descended from 17 million immigrants who passed under Liberty's glowing torch in the past century. No amount of fireworks, bands and commercialization can dim the understanding of those Americans who trace their roots to those "huddled masses yearning to breathe free." (New York City Tribune, 7/2)

Liberty: For Sale -- "Millions of Americans contributed to the fund to rejuvenate the gracious statue. They honored the reminiscence of a grandparent who told of the emotions felt upon entering New York Harbor and seeing the universally known Lady for the first time. They honored the opportunity for life, liberty, and the pursuit of happiness implicit in that relative's quest. They honored the symbol of the best qualities of America. They got considerably less in return." (Miami Herald, 6/30)

Liberty: Look beyond the schlock and recall the ideals -- "Yet, our national greatness lies in that diversity and tolerance that allow us to accept -- not always gracefully, not always peacefully -- many different notions and ways of life.... What is so remarkable is that the Statue of Liberty has remained a universal symbol of hope for a stream of immigrants since the French presented it to us 100 years ago." (Detroit Free Press, 7/3)

SUPREME COURT DECISIONS

Affirming affirmative action -- "Even the Reagan administration should find it difficult to misinterpret the latest two Supreme Court rulings on affirmative action.... Attorney General Edwin Meese said that the Administration will "continue to hold to the moral position." That is not encouraging news from the nation's highest law enforcement officer. The Meese-Reagan moral position has been to find ways to misinterpret Supreme Court rulings or to brazenly bend the law to conform to Administration policy. Meese and Reagan have certainly never been too moral about enforcing civil rights law.... The Supreme Court has ruled, and affirmative action is the law of the land. The court's message is clear. Meese and Reagan should now be truly moral and see that the law is upheld." (Boston Globe, 7/6)

EDITORIALS/COLUMNISTS (continued)

Court sends Reagan blunt message -- "Best of all, they [the Supreme Court] explicitly dismantle several key arguments the Administration has trotted out in its fight against affirmative-action programs.... Thankfully, the court has told it to stop. Now perhaps the nation can get back to the business of healing old wounds and repairing ancient mistakes. Perhaps it can return to the salubrious task it had chosen -- before it was so rudely interrupted."
(Atlanta Constitution, 7/7)

NICARAGUA

Down Payment on Democracy -- "The success of American foreign policy can be measured almost in direct ratio to the rhetorical excess of Marxist dictators: The more strident the protests, the better the policy.... It therefore behooves the Administration to create an oversight authority to ensure the appropriation actually goes to buy weapons and equipment for the guerrillas. Nor should the false hope be held out that this single appropriation will enable the contras to win their war against the largest and most heavily equipped army in Central America. In comparison to the billions of dollars of military equipment being poured into Nicaragua by the Soviets, \$100 million is only a down payment on democracy."
(Arizona Republic, 6/27)

No more tolerance -- "Ortega's bluster overshadows common sense. He can up the ante, but he cannot win the game. It is fashionable to compare Nicaragua to Vietnam, but the similarity will be seen as very artificial indeed as Americans gradually come to realize they are dealing with another Cuba in their backyard."
(Bangor Daily News, 7/2)

Ignoring World Court ill-serves US -- "If the White House is unhappy that the United States was censured by the World Court in a case brought by Nicaragua, the Administration has only itself to blame. And the State Department, which appears arrogant and unconvincing in its criticism of the court's verdict, also has only itself to blame.... The Reagan Administration, which recently has repudiated arms-control treaties or subjected them to preposterous interpretations, now has insulted and ignored the World Court. International law has always been a frail and imperfect instrument, but it is one of the influences that help preserve civility and justice in an otherwise chaotic world. The rule of law deserves better treatment than it has received lately from the world's greatest democracy."
(Milwaukee Journal, 6/30)

Widening the war -- "Nicaragua's civil war is entering a grinding new phase in which the key powers of decision are moving into the hands of hard-liners.... Our judgement remains that this is a wrong course for the United States and that its chances of working in the way its patrons intend are small. The United States did not ignite the Nicaraguan civil war, but it is playing a part in widening it rather than joining the hemisphere's other democracies in their now-lagging effort to cool the conflict and divert it to political channels."
(Washington Post, 7/7)

FOREIGN MEDIA REACTION

LIBERTY CENTENNIAL

"The main show of all times was dedicated to all the emigrants who made the United States what it is now, but it was also dedicated to the glory of 'Reaganism.'... What a feast.... Celebrations were for Miss Liberty but the guest of honor was undoubtedly Ronald Reagan. The gigantic Hollywoodian show was a tribute to a presidency which liberated America from its old ghosts.... Everything was carefully orchestrated to the glory of Reaganism."
(Figaro, France)

"It was a festive event and a historical musical, a confession of faith in America, and joyful, perfectly staged Hollywood pomp."
(Die Welt, West Germany)

Cultural historians who, a few decades from now, may critically watch the tapes of this big birthday party may possibly detect a connection between the hypocrisy with which the current Administration is dealing with the immigrant issue and the gigantic kitsch staged by the organizers which is really anything but amusing.... The entire celebration had been staged as a mere TV show with massive participation of Hollywood, tailored to the needs of the advertisement industry. President Mitterrand's suffering face reflected this sometimes."

(Sueddeutsche Zeitung, West Germany)

"To us Germans, Miss Liberty is the symbol of liberation and protection. As long as its torch is there, the world can rest assured that freedom stands on a firm ground."
(Bild Zeitung, West Germany)

"A Hollywood superproduction with superstar Reonald Reagan playing the role of President of the United States, surrounded by a galaxy of stars of his epoch."
(Le Matin, Switzerland)

"The reinauguration of the Statue of Liberty...was a beautifully radiant, American -- and actually rather moving -- event."
(Dagens Nyheter, Sweden)

"The feverish celebrations may be the demonstration of a new conservatism that the United States is still the number one nation which is prospering under the Reagan Administration."
(Hankook Ilbo, South Korea)

"That fourth-generation Irish immigrant Ronald Reagan can become the U.S. President is a persuasive example that this country is full of opportunities. However, if it is said to be the dream or paradise of all people, that is not realistic."
(New Evening Post, Hong Kong)

"Reagan is using this 'renovation celebration' of the Statue of Liberty to propagandize to the world about the superiority of the U.S. economic system and the affluence of the U.S. life-style."
(Ta Kung Pao, Hong Kong)