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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JULY 21, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

U.S. Reply On Arms Is Said Not To Link Defenses To Cuts -- President Reagan, in a draft of his response to the latest Soviet arms proposals, has decided against including any explicit overall formula to limit defenses against missile attacks in return for deep cuts in offensive nuclear forces, Administration officials said today. (New York Times, Washington Post, Washington Times, AP, Reuter)

NATIONAL NEWS

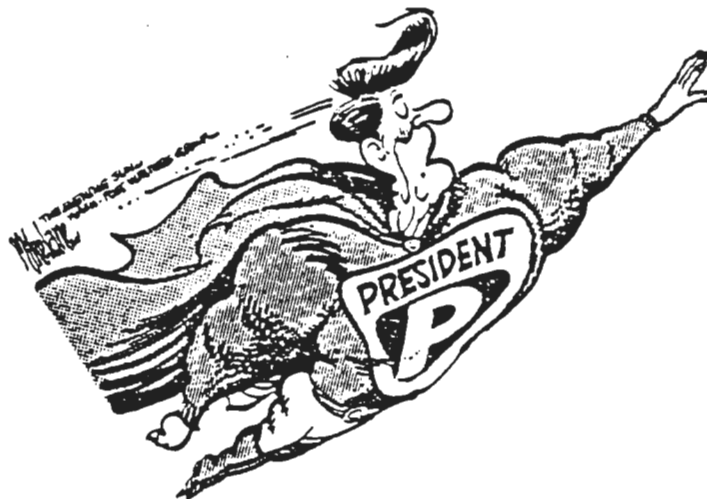
Taxing Of Industries Splits Conferees Sharply -- When congressional conferees begin work in earnest this week on piecing together a compromise tax overhaul plan, the most contentious issue they will face is which segments of corporate America should bear a larger tax burden. (New York Times)

NETWORK NEWS (Sunday Evening)

SOUTH AFRICA/BROWN -- The Administration's first choice as the first black ambassador to South Africa is off the list.

BOLIVIAN DRUG OPERATION -- Too much rain forced the cancellation of a planned narcotics strike by Bolivian troops and U.S. helicopter crews.

CHILE -- Senator Jesse Helms continued his criticism of the U.S. ambassador to Chile.



Here are approval ratings for recent second-term Presidents in May of the second year of their second term. (Gallup)

Reagan	68%
Nixon	25
Johnson	48
Eisenhower	53
Truman	37

INTERNATIONAL NEWS

SOVIET ARMS BIDS ARE FULLY NEGOTIABLE, REAGAN DRAFT SAYS

President Reagan has approved the draft of a personal reply to Soviet leader Mikhail Gorbachev in which he expresses willingness to negotiate on all aspects of nuclear arms control raised by recent Soviet proposals, senior Administration officials said yesterday.

Reagan's proposed reply could open the way to negotiation on Soviet proposals to tighten language in the 1972 Antiballistic Missile Treaty that affects testing and development, and possibly delay for several years the deployment of a U.S. "Star Wars" missile defense system, an official said.

(Lou Cannon & Walter Pincus, Washington Post, A1)

'Star Wars' Imperiled By Treaty Push

The State Department is preparing a recommendation that President Reagan agree to extend the 1972 Anti-Ballistic Missile Treaty five to seven years in response to a Soviet proposal for a 15 to 20-year extension, government sources said yesterday.

One official said it was "premature" to say what the President's response would be, though in the past the President has firmly rejected suggestions to use SDI as a bargaining chip in arms control negotiations.

(Walter Andrews, Washington Times, A1)

U.S. Reply On Arms Is Said Not To Link Defenses To Cuts

President Reagan, in a draft of his response to the latest Soviet arms proposals, has decided against including any explicit overall formula to limit defenses against missile attacks in return for deep cuts in offensive nuclear forces, Administration officials said today.

"The President emphasizes his agenda, mainly big cuts in offensive forces, his commitment to defenses, but gets across the idea that he knows Gorbachev needs a quid pro quo to buy time for competition with us on defenses," a high-ranking official said.

(Leslie Gelb, New York Times, A1)

Reagan Draft Letter Said To Express Willingness For Full Negotiations

President Reagan has endorsed the draft of a letter to Soviet leader Mikhail Gorbachev, expressing willingness to negotiate on all aspects of nuclear arms control, according to published reports.

The New York Times said the President has decided against including any explicit overall formula to limit defenses against missile attacks in return for deep cuts in offensive nuclear forces. The Washington Post said the Pentagon and the State Department were still at odds on the subject.

(AP)

Reagan Does Not Link 'Star Wars' To Arms Reductions

NEW YORK -- President Reagan, in a draft response to Soviet arms reduction proposals, has decided not to directly link a missile defense system to an overall reduction in offensive nuclear weapons, The New York Times reported today.

The New York Times quoted Administration officials as saying Reagan's reply to a letter from Soviet leader Mikhail Gorbachev nevertheless contained several counterproposals, including some "new ideas."
(Reuter)

Two Sides Still Differ On Key Issues

MOSCOW -- Three times in the past week Soviet leader Mikhail Gorbachev ushered private U.S. citizens into his Kremlin office, on each occasion stressing different points of interest between the United States and the Soviet Union -- from sports to space weapons to a moratorium on nuclear testing.

But as the ice between Washington and Moscow breaks, lasting disputes are laid bare. The differences between the two sides on Reagan's SDI, the nuclear test ban and other key issues appear as wide as they were when President Reagan and Gorbachev met last November in Geneva.
(Gary Lee, News Analysis, Washington Post, A1)

A DO-NOTHING POLICY ON PRETORIA

In private discussions with Senate leaders, White House officials have come to the realization that President Reagan can no longer prevent congressional sanctions against the racist South Africa regime of P. W. Botha. Reagan's strategists say the best he can expect is an accommodation with Senate leaders that would stave off sweeping sanctions along the line of the total embargo required by a House-passed bill.

The President has eloquently declared that "freedom's fight is our fight." He is under no illusions that the Marxist governments in Nicaragua and Afghanistan will bargain away their power. He has employed economic sanctions against Libya, Poland and Nicaragua not because they could bring these governments down but because they make the moral case for freedom. The same case could be made for South Africa.

Congress is on the verge of resolving these contradictions but not necessarily in a way that will be palatable to the President. Thanks to the realism of the Republican Senate leadership, Reagan may soon be forced to extend the same strict standards of political morality to South Africa that he applies to leftist regimes.

(Lou Cannon, Washington Post, A2)

Reagan To Disclose New Plans To Exert Pressure On Pretoria

President Reagan, while defending his opposition to economic sanctions, is expected to announce new plans to pressure the South African government to end apartheid in a major speech tomorrow.

His 2 p.m. address in the White House East Room to the World Affairs Council and the Foreign Policy Association is expected to focus on several carrot-and-stick initiatives, while adhering to the "constructive engagement" policy by which the Administration hopes to play a role in bringing South Africa's white government and black majority together to prevent the outbreak of a racial war.

(Jeremiah O'Leary & Rita McWilliams, Washington Times, A3)

Reagan's South Africa Speech To Avoid Sanctions, Ambassador Nominee

President Reagan will make a speech addressed to the crisis in South Africa this week, but he has ruled out new U.S. sanctions and his symbolic gesture of naming a black ambassador is in doubt.

He is expected to reiterate his opposition to apartheid, call for increased U.S. ties to black nationalist groups, including the outlawed African National Congress, and urge Western allies to make a concerted drive to persuade the white minority regime to move toward racial equality.

(Ira Allen, UPI)

U.S. Said To Keep Plan For A Black As Pretoria Envoy

Senior Administration officials, after deciding not to go ahead with the naming of Robert Brown as the new ambassador to South Africa, said today that they would try to find another black candidate for the post.

The officials said they expected Mr. Brown to issue a statement Monday officially removing himself from consideration.

In policy terms, the episode had apparently left the Administration without a major new announcement for Mr. Reagan's speech on South Africa, scheduled for Tuesday. As the speech is now drafted, Mr. Reagan will express moral outrage at apartheid in South Africa but reaffirm his opposition to severe economic sanctions.

(Bernard Gwertzman, New York Times, A1)

GOP Senators Question Reagan On South Africa Policy

Congress' midsummer pace is heating up as legislators push on with an overhaul of the federal tax code, continue the battle against federal red ink and move toward a possible confrontation with President Reagan over U.S. policy toward South Africa.

Republican senators, wary of election-year fallout from Reagan's refusal to impose economic sanctions against the white minority government of South Africa, planned to meet with the President today to discuss the issue.

"We want to make it clear to the President on Monday that there's a lot of bipartisan concern," Sen. Bob Dole said Sunday.

(Cliff Haas, AP)

DRUG RAIDS RAISE DOUBTS IN BOLIVIA

COCHABAMBA, Bolivia -- The sudden and much publicized arrival of U.S. troops on an anticocaine mission has stunned and offended many Bolivians, throwing President Victor Paz Estenssoro on the political defensive and engendering widespread skepticism about the operation's ability to stem the drug trade here.

Politicians on the left and right have attacked the U.S.-Bolivian venture, accusing the Paz Estenssoro government of compromising national sovereignty by inviting American troops and of violating the Constitution by failing to consult Congress beforehand.

(Bradley Graham, Washington Post, A1)

U.S., PAKISTAN PUZZLED OVER SOVIET MOVE

A month after the Soviet Union issued a strongly worded and unusual warning to Pakistan about that country's nuclear program, U.S. and Pakistani officials are still puzzled about the timing, tactics and main purpose of Moscow's move.

No U.S.-Pakistani consensus has been reached about what lay behind Moscow's move, according to U.S. officials who participated in last week's talks. There is widespread agreement that the injection of this element adds to the complexity of the volatile geopolitics of southwest Asia.

Washington officials say they hope they will learn more about Soviet views on July 28, at the next meeting of U.S. and Soviet antiproliferation experts.

(Don Oberdorfer, Washington Post, A11)

HELMS, ABRAMS DISAGREE ON HOW TO REACT TO CHILE

Although Chile has begun an investigation into the burning alive of a Washington-area resident in Santiago earlier this month, the detainment of 25 Chilean soldiers in connection with the incident does not go far enough, a senior State Department official said yesterday.

"It's a step forward, but it's not the kind of investigation and prosecution that we would like to see," said Elliott Abrams, assistant secretary of state for inter-American affairs.

"I was amazed at the State Department rather sanctimoniously calling for an investigation of this horrible incident down there," said Sen. Jesse Helms.

"Unlike Elliott Abrams, I think the surest way to pitch that country back into communism is for us to be too heavy-handed," Mr. Helms said.

(Warren Strobel, Washington Times, A5)

LIBYA WATCHERS SEE QADDAFI'S HOLD SLIP

CAIRO -- Power is slipping from the hands of Libya's Col. Muammar Qaddafi as that country moves toward a system of collective leadership, Egyptian sources say.

"We have not written him off yet," a well-informed Egyptian official said. "But there is no doubt that he [Col. Qaddafi] has lost much of his prestige, influence and control."

According to reports available here, since the raid, Col. Qaddafi "has not been himself" and has been living "like a hunted animal, changing lairs every night."
(Andrew Boroweic, Washington Times, A1)

COMMODITY PRODUCERS JOIN AGAINST EXPORT SUBSIDIES

BANGKOK -- Food-exporting nations will this week discuss ways to combat what they see as trade protectionism by the United States, the European Community and Japan.

Thai Foreign Ministry officials said a three-day meeting of non-subsidizing commodity producers at Pattaya, southeast of Bangkok, would consider ways to counter trade policies which impede their agricultural exports.
(Vithoon Amorn, Reuter)

BICKERING FINALLY ENDS WITH NAMING OF NOLAN

President Reagan is expected to nominate James Nolan as ambassador to the State Department's Office of Foreign Missions, ending several years of political squabbling between officials of the National Security Council and career Foreign Service officers, according to Administration sources.

The White House announcement should come within the next few days, possibly as early as today, the sources said.

(Bill Gertz, Washington Times, A1)

EDITOR'S NOTE: "Elliott Abrams, 'Tough Guy' Of Convictions On Reagan's Team At State," by John Goshko, appears in The Washington Post, A13.

NATIONAL NEWS

TAXING OF INDUSTRIES SPLITS CONFEREES SHARPLY

When congressional conferees begin work in earnest this week on piecing together a compromise tax overhaul plan, the most contentious issue they will face is which segments of corporate America should bear a larger tax burden.

All sides have already agreed to look for ways to raise more taxes from business in order to finance greater tax relief for the middle class. But which industries should bear the burden, and how much more they should be made to pay, is likely to be the most politically divisive issue that the conferees will have to resolve in the weeks ahead.

(Gary Klott, New York Times, A1)

REAGAN'S BRIEF FUND-RAISING SWING COULD EARN \$2 MILLION FOR GOP

President Reagan, the nation's most potent political fund-raiser, will make a two-day swing through Texas, Florida and South Carolina this week that could generate more than \$2 million for Republican candidates.

"Everybody wants the President," said Hayley Barbour, director of Mr. Reagan's political affairs office. "He is a dynamite fund-raiser because he's so popular."

"Without the Senate, the President could be relegated to playing defense the last two years," Mr. Barbour said. "Nobody wants Ronald Reagan to be a goaltender."

(Mary Belcher, Washington Times, A1)

IF CAMPAIGN CATCHES FIRE, DOLE MAY RESIGN AS LEADER OF THE SENATE

Sen. Robert Dole said yesterday he may resign as majority leader at some future date to focus on campaigning for president.

"If I happen to catch on [as a presidential candidate] and do very well then I might have a second thought about the leadership," the Kansas Republican said in a television interview broadcast yesterday.

(Thomas Brandt, Washington Times, A2)

CONTINUED ECONOMIC WOES PREDICTED

The already weak economy will deteriorate further in coming months, a prominent economist and the chairman of LTV Corp., one of the largest companies to request federal bankruptcy protection, predicted yesterday.

"We have had all of the elements which...now should be affecting the American economy in a positive way," Alan Greenspan said. "The fact that they are not raises some very serious questions about whether we are looking at the fundamental forces that are driving the economy. It's too early to say we're on the edge of a recession, but there is no question [that] the underlying framework is deteriorating."

Sen. Robert Dole, appearing on CBS' "Face The Nation," urged the Fed to reduce interest rates under its control to stimulate economic growth.

(Anne Swardson, Washington Post, A7)

THE BUDGET AND THE CHOPPERS

The world's largest helicopter fleet -- the U.S. Army's force of 8,240 choppers -- and the military doctrine justifying its existence are hovering between a stall and a climb.

Why this is so and the dilemma it presents illustrate what the armed services will be facing for the rest of President Reagan's term as they scale down five-year plans to fit tighter budgets and reassess strategy to match weaponry they will have in the 1990s.

(George Wilson, Washington Post, A3)

ARMS TECHNOLOGY BOGGLING TROOPS?

Rapidly advancing technology is overwhelming the abilities of military personnel, and the situation will worsen as the complexity of weapons increases and the pool of bright young recruits shrinks, a study released yesterday said.

"By the early 1990s, the nation's armed forces could be caught between a growing requirement for skilled people to operate and maintain sophisticated weaponry and a diminishing supply of youthful recruits," said the 143-page report by Martin Binkin, a senior fellow at the Brookings Institution.

(UPI story, Washington Times, A4)

ARMY OPENS TRAVEL BIDDING TO PRIVATE FIRMS

The Army announced Friday that it will soon solicit competitive bids from private companies to handle travel arrangements for individual soldiers.

The decision will, for the first time, allow commercial agents to operate on all Army bases in the United States. They would be allowed to handle both official and private travel ticketing and other arrangements worth an estimated \$390 million a year. (AP story, Washington Post, A13)

EDITOR'S NOTE: "Competitors Treat Robertson Gingerly," by Ralph Hallow, appears in The Washington Times, A2.

NETWORK NEWS SUMMARY

(Sunday Evening, July 20, 1986)

SOUTH AFRICA/BROWN

CBS's Susan Spencer: North Carolina businessman Robert Brown, said to have been the Administration's choice as the first black ambassador to South Africa is off the list tonight. Dropped by the White House just days before Mr. Reagan is to give a major speech on U.S. policy towards South Africa. The decision leaves little new to announce.

CBS's Debra Potter: Questions about Robert Brown's past business dealings led the Administration to shelve plans to name him as ambassador. And today, some politicians who had warmly endorsed Brown's selection were backing off.

(Sen. Helms: "I scarcely know Mr. Brown. He is a Republican in North Carolina. I was not consulted by the State Department. I think the facts ought to come out on any nominee including Mr. Brown.")

Critics of Administration policy said it was probably all for the best.

(Rev. Jackson: "It would not be effective to change the messenger without changing the message.")

The Brown nomination was to have been the centerpiece of a Presidential speech on Tuesday. Now officials say it will include some tough rhetoric but little in the way of action. Mr. Reagan is expected to promise stepped up contacts with South African blacks and more diplomatic pressure on the white minority government to open negotiations. But it probably won't be enough to stave off a move in Congress to impose sanctions.

(Sen. Dole: "If we're going to defend the Administration policy, and perhaps we should, then we need to know precisely what's happened in the past several months that would give us rise to stand up and say, "Well, we shouldn't change anything."

Sen. McConnell: "Clearly now it's time for the President to move this issue to the front of his agenda and to address it in a very forceful way. Otherwise Congress is going to do it for him.")

One change that apparently is being considered: the removal of Chester Crocker, the State Department official known as the architect of constructive engagement. But critics say that would be just an empty gesture unless the policy changes too. And so far there's no indication of that. (CBS-Lead)

ABC's Sam Donaldson: The White House plan to name Robert Brown to be the first black U.S. Ambassador to South Africa has apparently been scrapped. Until Friday Brown seemed headed for the nomination to the post -- a decision that was to have been announced by President Reagan in his Tuesday speech on South Africa. But no longer.

ABC's Sheilah Kast: At home in High Point, North Carolina, Robert Brown said no one from the Administration had told him he's out of the running to be Ambassador to South Africa.

(Mr. Brown: "I'll be talking to the White House and others tomorrow, and I'm just honored that the President would consider me. Whatever happens I will continue to work on behalf of freedom for black people in South Africa.")

Kast continues: But Administration officials indicated that Brown's nomination has foundered. In the week since Brown's name surfaced as President Reagan's preferred candidate for the Pretoria post, news reports have called into question a contract Brown won when he worked in the Nixon White House, as well as business dealings of Brown's firm B & C Enterprises as a public relations representative for companies resisting organizing by labor unions. There was no chance to ask President Reagan about his plans as he went to the Vice President's house for lunch.

(TV coverage: The President in motorcade.)

Naming a black man as ambassador was to have been a focal point in the speech the President will give Tuesday -- a symbol of his Administration's interest in ending South Africa's system of apartheid. The state of emergency there has heightened pressure on Mr. Reagan to toughen his stance against South Africa. But the President remains opposed to what he calls punitive sanctions. He met last week with the British foreign secretary and is expected to call in his speech for concerted allied pressure on the Botha government to open dialogue with black groups including the ANC. Mr. Reagan will iron out some of his speech in a meeting tomorrow with top Senate foreign relations experts.

(Sen. Dole: I think we ought to hear what the President has to say. We want to make it clear to the President on Monday that there's a lot of bipartisan concern.")

Some senators have also suggested the President should send a personal envoy to put pressure on the Botha government and should step up the United States' own contact with South African blacks. Still others say nothing short of a Presidential threat of sanctions will keep the Senate from trying to write them into law. (ABC-Lead)

NBC's Chris Wallace: The Reagan Administration has been reviewing its South African policy for weeks trying to figure some way to continue opposing economic sanctions while heading off congressional pressure for tough action. The White House came up with a dramatic idea: appointment of a black ambassador to South Africa. But tonight that nomination appears to be dead. And that leaves U.S. policy on South Africa in disarray.

NBC's Robin Lloyd: As President Reagan left the White House this afternoon for a hastily arranged luncheon with the Vice President, his aides acknowledged that he has virtually ruled out naming Robert Brown to be the new U.S. Ambassador to South Africa.

(TV coverage: The President in motorcade.)

That possibility was floated early last week, but now officials say Brown is too controversial. There are concerns, they say, about his past business dealings with a reportedly corrupt Nigerian official who fled that country after an aborted coup. Reaction to the news was mixed. Senator Jesse Helms who had warmly supported Brown's nomination today appeared to be less enthusiastic.

(Sen. Helms: "This nomination, like all others, ought to be judged on its merits or lack of.")

Jesse Jackson had advised Brown against taking the job.

(Rev. Jackson: "What we need in South Africa is a new message not just a new messenger. And if Bob Brown, or anyone that would go down there and could talk with Botha but could not talk with Mandela or could not talk with Oliver Tambo, it would not work.")

-more-

Lloyd continues: Meanwhile, Brown himself was quoted in the New York Times as saying he was reconsidering whether he would even accept the position. All of this was embarrassing stuff for the Administration. The White House had hoped to make Brown's nomination the centerpiece of the President's address on South Africa this Tuesday.

(TV coverage: The President walking into a news conference.)

What scared off officials from naming Brown was the possibility of a congressional investigation. Some key Democrats already were lining up to fight the nomination on other grounds.

(Rep. Solarz: "Without sanctions it doesn't matter whom we send as our ambassador to South Africa. It will accomplish very little.")

Aides say White House Communications Director, Pat Buchanan, already is reworking the speech to take out any mention of Brown. In his address officials say the President will call for greater U.S. diplomatic contact with the outlawed ANC, and with certain opposition leaders such as Buthelezi who claims to have the support of 6 million Zulus. They say the President may also speak out in support of Nelson Mandela, but aides emphasize the President will announce no major change in U.S. policy.

(The President at White House: "I am very much opposed to punitive sanctions.")

The White House hopes the President's speech will win over some of its critics on Capitol Hill, but even leading Republicans warn that the Senate will vote for punitive sanctions unless the President takes more direct action. Senate Majority Leader Dole on "Face The Nation":

(Sen. Dole: "There's a lot of pressure, some of it may be political. I see this as sort of becoming a civil rights issue, very frankly -- a domestic civil rights issue.")

Sen. Pressler: "It may well be that unless the President goes along with some kind of a sanctions bill there'll be a dam. The water will rush in, so to speak.")

White House officials admit they're concerned that without the nomination of Brown the President's speech will lose some of its political appeal. And some officials here already are talking about a fall-back position, naming a special envoy to start up talks immediately with black leaders.

Wallace: There was more trouble in South Africa today. Opposition leader Alan Boesak said police in Capetown held his church congregation at gunpoint trying to halt his sermon, and later fired teargas into his car. The Reagan Administration opposes economic sanctions on the grounds that they would hurt the very people the U.S. wants to help. That view has now been bolstered by a South African woman who runs a food relief program there. She says U.S. sanctions would cause an economic depression and cause another 50,000 young blacks to starve to death. (NBC-Lead)

BOLIVIAN DRUG OPERATION

Donaldson: The problem in Bolivia was too much rain, forcing cancellation of a planned narcotics strike by Bolivian troops and U.S. helicopter crews -- the latest setback in an operation designed to deal a crippling blow to Bolivia's cocaine producers.

ABC's James Wooten: ...General Julio Vargas commander of Bolivia's U.S.-trained special forces. He says the operation is now of an indefinite duration, therefore, no departure date for the U.S. troops. Other Bolivian officials have objected to the size of the U.S. presence. A Normandy invasion one called it. But in Washington on ABC's "This Week With David Brinkley," Elliott Abrams reasserted U.S support for the mission.

(Elliott Abrams: "But I think it's important as a step in showing we are willing to use military assets in this fight and that there are Latin American governments that want us to.")

...Since the coca leaf crop itself is definitely not a target of this operation, nobody here in...the Amazon Basin sees it as anything more or less than a brief interruption in the process -- a band-aid on a very serious wound. (ABC-6)

Wallace: A senior Bolivian official said today that the U.S. should provide money and helicopters but let Bolivia wage its own war on drug trafficking. So far the big U.S.-backed operation using troops and helicopters to find cocaine labs has mainly turned up ranches.

NBC's Dennis Murphy: ...After three days of operations the Americans and Bolivians have arrested only one person: a teenager who was found lingering at a cocaine lab that had been dismantled five days earlier.... Bolivian officials are grumbling privately that the Americans arrival with transport planes and troops has given the impression that Bolivia has turned drug enforcement over to the Yankees.... Today in Washington Elliott Abrams denied allegations that the American military has been heavy-handed presence.

(Elliott Abrams: "This was worked out over a period of months with the government of Bolivia -- months in a series of meetings in Washington and in La Paz, and if they didn't want it they could have said no. That'd be the end of it.")

...After three days it's apparent here that C-130 Transports, state-of-the-art helicopters, and American drug enforcement agents can do little more than cause the drug lords some temporary inconvenience. (NBC-3)

CHILE

Donaldson: Senator Jesse Helms continued his criticism of the U.S.

Ambassador to Chile today, Harry Barnes, for attending the funeral of Rodrico Rojas. Appearing on ABC's "This Week With David Brinkley" Helms said the only people at the funeral were the U.S. Ambassador, the French Ambassador and communists. He declined to say how he knew that. But Barnes continued to be strongly defended by the State Department. Assistant Secretary of State Elliott Abrams in the same broadcast said Barnes is a terrific ambassador following instructions from Washington, and there is 100% support for him. (ABC-7)

SOUTH AFRICA/BRITAIN

Donaldson: Britain's refusal to impose economic sanctions against South Africa has drawn another protest within its Commonwealth today. India has become the 24th country to boycott the Commonwealth games this year because of London's anti-sanction policy. And on that point of British government policy, there's a major flap this Sunday involving Queen Elizabeth and Margaret Thatcher. The London Times reports that the Queen is dismayed by many of Mrs. Thatcher's policies -- South Africa for one, but also her lack of compassion for the less privileged class and her agreement to allow U.S. planes to use British airbases in their attack on Libya. Buckingham Palace has issued a strong denial of the story saying it is without foundation.

(ABC-3, CBS-2, NBC-2)

SOUTH AFRICA/LABOR LEADERS

Spencer: Three Western labor leaders, including AFL-CIO President Lane Kirkland, say police detained them for thirty minutes today when they tried to leave a black township. The three are part of an international labor delegation seeking the release of more than 200 detained black labor leaders.

(CBS-3)

Donaldson: Western trade union leaders including AFL-CIO President Lane Kirkland from the United States met today with South African Anglican Bishop Desmond Tutu, producing more pressure for economic sanctions against the South African government.

(ABC-2)

NICARAGUA

Spencer: Nicaragua's Sandinista government has revealed that one of its Soviet-made army helicopters crashed on takeoff this weekend killing sixteen soldiers. It happened in an area where U.S.-backed Contra rebels are active. A Sandinista official did not say if Contra fire caused the crash, but rebels did shoot down an army helicopter last November.

(CBS-4)

CHINA/U.S. REPORTER

Spencer: In Peking detained New York Times correspondent John Burns will be allowed to receive visitors tomorrow -- visits from his wife and a diplomat. He's been held incommunicado by security police for four days now. He's accused of having spied during a recent motorcycle trip through central China.

CBS's David Jackson: New York Times officials arrived in Peking this weekend trying to unravel the case of their correspondent John Burns who is being held in detention for traveling in a part of China normally closed to foreigners. The Chinese say he may have been involved in espionage.... The U.S. Ambassador Winston Lord cut short a tour of outlying provinces when he heard about the detention. The State Department says it is very concerned. The British Embassy is involved too -- Burns is a British nationalist.

(CBS-5)

DROUGHT

Wallace: A sizzling heat wave entered its third week in the southern part of the country worsening a long drought there. The dry spell is taking a terrible toll on farms and businesses.

(ABC-5, CBS-9, NBC-4)

MORTGAGE CRUNCH

Donaldson: Lower interest rates this year have produced a stampede of people trying to refinance their home mortgages or buy a home. But this stampede in turn has produced a jam-up in the mortgage process that is resulting in higher costs and angry feelings. (ABC-8)

FIRST LADY

Wallace: Nancy Reagan arrived in London today. She will attend Wednesday's wedding of Prince Andrew and Sarah Ferguson.

(TV coverage: The First Lady deplaning in London.)

The First Lady's visit also includes tea with Prime Minister Thatcher and lunch with Queen Elizabeth. (NBC-6)

EARTHQUAKE

Donaldson: For the third time in two weeks a moderate earthquake hit California early today, this time shaking the Sierra Nevada and a 200 mile stretch of the San Joaquin Valley. The quake measured 4.7 on the Richter scale and was centered about 250 miles north of Los Angeles. No injuries reported, there was little damage, but several thousand homes were without electric power. (ABC-9)

BASKETBALL TITLE

Spencer: In Madrid the U.S. beat the Soviet Union tonight to win the world basketball championship. It was a squeaker. The score: 87-85. (ABC-10, CBS-7)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Guests: Senator Jesse Helms; Elliott Abrams; Representative Bruce Morrison; Ariel Dorfman, Chilean Author.
Panel: Sam Donaldson, George Will.

Guests: Mr. Dorfman and Rep. Morrison.

Brinkley: First let us deal with the charges and denials about the burning of the Rojas boy. What do you know?

Dorfman: ...There are just so many lies piled one on top of another that I think at times that the lies are more vicious than the violence.

Donaldson: The government has now come forward and detained some officers and enlisted men in connection with these deaths.

Dorfman: I think this is like the Aquino murder. In other words, I think that there may be or there may not be a cover up.

Will: Mr. Morrison, when you were in Chile what sense did you get that the military...might want to change horses [change rulers]?

Morrison: Not nearly as much as I would have liked to have seen. There is rumor to that effect, and certainly, the U.S. Embassy likes to think along those lines, but the behavior of the military was reported. This tragic event was not something unfortunately, that was a surprise.

Will: What could Chile do that would convince you that we ought to go ahead with the loans?

Morrison: Put itself on a very clear timetable for a return to democracy... It means the legalization of political parties...setting up of election laws and election of a national assembly.

Donaldson: ...If the United States moved forcibly to deny loans, to impose other economic sanctions, would it not hurt the average Chilean?

Morrison: ...The average Chilean and people in the opposition say...that the loans don't reach them at all, and all the loans are being used for is balance of payment...

Donaldson: Would sanctions from the United States topple Pinochet?

Dorfman: The only thing that will topple Pinochet is enough people in Chile saying, "Basta".... But this is not a problem of the U.S. intervening, the problem is the U.S. is propping this man up.

Will: Should it be American policy to encourage the military to change the government of this country?

Morrison: It shouldn't be American policy to support the kind of dictatorship and oppression that we have in Chile, and that's really the distinction.

THIS WEEK (continued)

Will: What about isolating the communists? Should that be our policy?

Dorfman: ...The communist Party in Chile is a very special one. It has had a long democratic tradition. It has only started with armed resistance, and I would say gradually, as of four years ago.

Guest: Mr. Abrams.

Brinkley: There is talk of the U.S....changing the government or encouraging a change of government in Chile. Our record in this field is not very good, is it?

Abrams: I think our record, certainly under President Reagan, in promoting a return to democracy in Latin American is fantastic.... I'm not saying that we did it, but it certainly has happened under President Reagan and with the cooperation and help of the U.S.

Brinkley: Isn't it possible if Pinochet leaves we will wind up with a Communist government again?

Abrams: Anything is possible. And we are not in favor of a transition to chaos; we are in favor of a transition to democracy.

Donaldson: Does the Communist Party have a democratic tradition as Mr. Dorfman said?

Abrams: I would say that's just baloney -- I mean, it's a contradiction in terms: if you are a democrat, you are not a communist.

Donaldson: Are we moving towards sanctions?

Abrams: Voting against the loans isn't sanctions.... That's really going to depend on what happens in Chile between now and October.

Will: Mr. Dorfman indicated that perhaps 1989 is too long, that the lid could not be kept on. Are you confident that it can be?

Abrams: I don't know what's going to happen in Chile.... I do want to say one thing about what Mr. Dorfman said and what Congressman Morrison said. The notion that we are the main support of the Pinochet government is ludicrous; the notion that we are sustaining that government and keeping it in place is just absolutely false. Chileans know that. And if he read the newspapers, he'd know it, too.

Donaldson: What [kind of investigation in the Rojas murder] do you want to see?

Abrams: We'd like to see a full and complete investigation; we'd like to see that whoever did this is found then prosecuted and punished.

Donaldson: Is the President concerned about Ambassador Harry Barnes?

Abrams: He's a terrific ambassador, he's not freelancing, he is following instructions from Washington -- there is 100% support of him.

-more-

THIS WEEK (continued)

Donaldson: What can you tell us about the operation going on, switching to South America, in Bolivia. Is the operation a failure?

Abrams: We don't know yet.... I think it's silly to put to people the thought that you can land one of those gigantic C-5A's in Bolivia, which hasn't ever seen one before, and not have really everybody know about it.

Guest: Senator Helms.

Will: Should it be American policy, and would you support it being American policy for us to insist and make loans contingent upon them having not just a yes or plebiscite, but a multi-party election?

Helms: Unlike Elliott Abrams, I think the surest way to pitch that country back into communism is for us to be too heavy-handed. Bear in mind that Chile is the only nation in history to overthrow a communist government.

FREE-FOR-ALL DISCUSSION (Morton Kondracke joins Panel)

On Bolivia Drug Operation:

Brinkley: ...All the narcotics people were tipped off in advance and managed to disappear before the helicopters got there.

Will: I think the operation was useful to underscore the metaphor that we are at war with drugs.

Donaldson: We can't send American military power in all the countries that are a problem with drugs.

Kondracke: If we are invited...and they want our help, we should give it to them.

Will: The danger of this approach is that it again shifts us back to focusing on the supply side as though we can dry up, before it gets to the United States, the supply of drugs.... The only way to start attacking drugs seriously is to attack the demand in this country.

On Banning Cigarette Advertising

Donaldson: It's not a good idea.

Will: It is also a basic doctrine enunciated a month or so ago on a 5-4 decision by the Supreme Court that said it is permissible to regulate or even ban the truthful advertising of a legal product if the government has a sufficiently large interest in doing so.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Mike Jensen, NBC News; Hobart Rowen, The Washington Post.

Guests: Beryl W. Sprinkel, Chairman, Council of Economic Advisers; Alan Greenspan, Economist; Raymond Hay, Chairman, LTV Corporation.

Kalb: ...A number of people are using the word recession as a possibility for the future. Do you share that kind of estimate?

Sprinkel: I do not. The conditions leading to recession in the past are not around today.

Kalb: Don't you have a sense of where it [economic growth] is going to go?

Sprinkel: We do not have a good sense.

Rowen: In the view of the Administration does the Fed have to cut interest rates more?

Sprinkel: ...If we continue to make progress on inflation, and interest rates come down further, I'm quite confident they will cut further.

Jensen: Notwithstanding your relative optimism, we're getting a very different view also from the private sector.... How can you be as optimistic as you are?

Sprinkel: Because all of the factors that, in the past have been dependable, are pointing toward additional expansion.

Rowen: How does the Administration come out with this optimism all the time without being able to support it?

Sprinkel: ...This one [this year's economic growth estimate] clearly has been too high, based on what's happened in the first half of the year. The sharp decline in oil prices was not anticipated.

Kalb: ...You have just heard Mr. Sprinkel give what I think is a fairly optimistic appraisal of the state of the American economy right now. Would you share that?

Greenspan: No. I think that the very facts which Beryl Sprinkel has been elucidating as the crucial positive elements are ironically what's been bothering me.... It's too early to say we're on the edge of a recession.... There's no question that the underlying framework is deteriorating.

Jensen: ...Are there some fundamental things wrong in the industrial sector of which yours is simply the current...example?

Hay: It seems pretty clear to me that the major problems that the steel industry has are not limited to only the steel industry.

MEET THE PRESS (continued)

Rowen: ...Are you, in effect, telling us, Dr. Greenspan, that we've run out of solutions? That we can't see what policies now to put in place?

Greenspan: I think that's right. What we have got to focus on is getting the budget deficit down, not in a rhetorical way, but in terms in which the markets are convinced that we've resolved that particular issue.

Kalb: Mr. Sprinkel, I know that part of your job description may be to be optimistic for the Administration, but we just heard a couple of very serious critiques of the state of the economy.

Sprinkel: The problem essentially is that we're all very impatient for instant results.... I'm quite confident that the actions that have been taken will substantially improve the economy over the last half. However, we're still not seeing a significant improvement in the balance of payments problems.

Kalb: Is the Administration expecting that [the tax bill] to be a considerable boost to the economy in the second half of this year?

Sprinkel: We expect that over the next several years, economic growth will be better than it would have been without the tax bill. I wouldn't want to argue that in the second half of the year it will be a major stimulant.

Rowen: In your first response to Marvin, you seemed to imply that the short-term effect of the tax bill will be negative.

Sprinkel: It depends on how it comes out.... We're hopeful that it will not be a deterrent in the short-run.

Rowen: Mr. Hay...how do you see the tax reform bill affecting your particular company in your particular circumstances?

Hay: There are many factors in this tax bill that are particularly favorable from my perception. The thing that disturbs me about the tax bill is that nowhere in it does there seem to be a focus on improving American business competitiveness vis-a-vis our international competitors.

Jensen: ...Can you tell us what you think will be the situation in the second half of this year...for the average American?

Greenspan: ...I think we're probably likely to see the layoff rate start to rise....For the moment, I think the job situation will become slightly worse but not a good deal, but it's going to be in the context in which real economic growth is poor, and the consumers will have a slightly negative environment in which to function.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Senator Robert Dole; Albert Hunt,
The Wall Street Journal; Don Oberdorfer, The Washington Post.

Stahl: We...asked [Senator Dole] what the Senate Republicans hope President Reagan will say in his speech on Tuesday about South Africa.

Dole:...What we really need to know -- and we support the President by and large -- is just what is constructive engagement, what has it accomplished, and what will it accomplish in the next... six to eight months.... There's a lot of pressure. Some of it may be political. I see this as sort of becoming...a domestic civil rights issue -- but, in any event, I think it's significant the President will address it. I think that's an expression in itself of his concern.

Stahl: Would you like to see President Reagan announce that he is willing to meet with the head of the outlawed ANC as a symbol and a gesture to show that the U.S. is ready to deal directly with blacks in South Africa?

Dole: I'm not certain I'd want the President to meet with that organization...but it would seem to me that we are not going to be able to resolve the serious problem there unless there is some dialogue.

Stahl: We already have some dialogue.... Are you talking about Shultz?

Dole: Secretary Shultz is going to be testifying on Wednesday of next week, and I think he'll be giving some fairly strong indication of Administration policy.

Stahl: Is the President losing clout in the Republican Senate as we come up to this election season?

Dole: No, I don't believe so.... We don't have the lopsided margin "Tip" O'Neill has in the House.

Stahl: You will be successful on the Manion vote?

Dole: Yes.... I would hope to do it [bring up the Manion vote] this coming week. In my view we ought to bring it up and dispose of it.

Stahl: I understand you have some problems with his [the President's] agriculture policy, is that true?

Dole: We know that he is spending a lot of money...on agriculture. But we've got to do a little bit more. We've got to export some of this product -- and, yes, I have a little different view than the Administration.

Stahl: What do you want?

Dole: We have an export enhancement program, and it says that we should give countries a bonus if they buy additional grain...except we can't give the bonus to the Soviet Union. My view is if we are going to trade with the Soviet Union, let's trade with them.

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FACE THE NATION (continued)

Stahl: Do you think it's (the economy] going to end up being a negative issue for Republicans this year?

Dole: I don't believe it will be a negative.... The tax reform bill is going to be a plus.... So I think the overall performance of the President, along with the tax bill, along with...a fairly sound economy, will add up to a plus for Republican candidates in November.

Stahl: What have you learned from Ronald Reagan?

Dole: I've learned one thing from Ronald Reagan, and that is if you stick to your guns and don't walk all over the place, you're going to have the respect of the American people. And that's the President's strength. You go back and read his speeches, read his Inaugural Addresses -- he's been consistent.

Guests: Al Hunt and Don Oberdorfer.

Stahl: Don, you had a story...today saying that President Reagan is not going to name Robert Brown as the first black U.S. ambassador to South Africa. What is the story?

Oberdorfer: ...They have heard some things about Mr. Brown's business dealings and other activities of his in the past. I don't know exactly what it is that they've found that they don't like.

Stahl: That was supposed to be the major announcement in this speech. Is there anything left for the President to say that's new?

Oberdorfer: ...As far as something new of substance, as far as I know there's not going to be in his speech.

Stahl: ...Is this going to be enough...sort of rhetorical flourishes like that, to head off a move for sanctions in the Senate?

Hunt: ...The problem with this Administration is...that they're always behind the curve on this, and I think that's why those Republicans are so nervous.

Stahl: ...Do you think that this is a major embarrassment to the President, this Brown situation?

Oberdorfer: I think it's going to be an embarrassment. I don't think the black community is going to like it, to have one of their own put up there and then pulled back.

Hunt: I think it can be a negative.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Robert Novak, Morton Kondracke, and Eleanor Clift of The Los Angeles Times.

On Bolivia Drug Operation:

McLaughlin: Does this action foreshadow a wider use of American troops abroad to stamp out drug trafficking?

Clift: ...I think the President has the public support for this kind of action. If there were a poll taken today you would find a lot more support for this action than you would for using U.S. troops in other roles overseas, like assisting the Contras.

Novak: The corrupt governments of South America permit the drug trade to go on. We're never going to wipe it out until we say, "You get no foreign aid, you get no help unless you get out the corruption." And we're not prepared to do that.

Germond: ...I don't think it's a smart use of American troops.

Kondracke: This thing was a fiasco. This was George Bush's first step out of the Reagan pocket in order to set forth his own kind of policy.

Clift: More has to be done on the demand side. To have Nancy Reagan as the only Administration official taking lead on that is a sad commentary.

McLaughlin: Don't you think this action taken by the Administration gets the Administration off the hook on the drug issue, and that politically it is a sound move for that reason?

Germond: It's always politically sound for this Administration to send troops in to some small country -- the country seems to love that right now. That doesn't mean it's a wise thing.

On SALT:

McLaughlin: Will the talks in Geneva be a propaganda forum for the Soviet and American charges...or will there be constructive progress made towards an agreement?

Kondracke: I think there's some possibility of constructive progress.

Novak: ...The Administration is coming to a fateful decision on whether the President is going to send a letter to Gorbachev proposing a five or six year extension of the ABM treaty. If he does that you can kiss SDI goodbye, you can kiss congressional support for it goodbye, you can kiss President Reagan's entire defense posture goodbye.

McLaughlin: Does this mean that George Shultz has won again?

Novak: If that letter is sent he will have won.

MCLAUGHLIN GROUP (continued)

On South Africa Ambassador:

McLaughlin: What's behind the appointment of a black to a country ruled by whites and that practices apartheid?

Germond: This is one of the most laughable attempts to paper over a lack of a policy with a symbol.

Kondracke: This is tokenism if I've ever seen it. Any human being who can appeal to both Jesse Jackson and Jesse Helms can not be anybody who stands for anything in particular.

Clift: I think the Administration, if they do nominate him, they're going to have to back it up with some stiffer sanctions.

McLaughlin: Will the Administration begin negotiations with the ANC?

Clift, Kondracke, Germond, McLaughlin: Yes. Novak: No.

On Don Regan's Statement:

McLaughlin: Was this a fair rap or a bum rap against Donald Regan?

Clift: ...It was a flip remark but I think it reflects the Administration's position, and that is that any hardship that impacts on the American people is not going to make them embrace sanctions.

Novak: ...He [Regan] wasn't being serious. I think the Wall Street Journal put this on the proper page on Friday -- page 34.

Predictions:

Clift: In an effort to put some teeth in his South African policy, the President will announce next week that he is cutting back the number of U.S. personnel in the Embassy in Pretoria and he will also sever landing rights for South African airlines.

Novak: Senator Dole...will bring it [the Manion vote] up Tuesday. It will carry with Senator Goldwater voting "yes."

Germond: The Southern regional primary...has...12 states involved. A great many of the southern Democratic politicians are coming to the realization that what this may do in the long run...is help the Republicans more than the Democrats.

Kondracke: The Administration has long had a three summit strategy. This fits in with Gorbachev's plans because 1987 is the 70th anniversary of the October revolution...and we will have two world statesmen meeting in that third summit.

McLaughlin: Guy Vander Jagt is fully in command of the National Republican Congressional Committee and his latest effort is an attempt to jettison the 22nd Amendment which bars Ronald Reagan from seeking a third term. Before the November elections, the incumbent Assistant Secretary of State for African Affairs will be replaced.

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Carl Rowan, James Kilpatrick, Strobe Talbott, Elizabeth Drew.

On Bolivia Drug Operation:

Agronsky: Do you think it's wise to use American soldiers?

Rowan: ...It won't make any difference as long as they're throwing nickels and dimes at the demand for drugs inside the United States.

Kilpatrick: I'm all for it.

Talbott: ...What really matters and what we've gotta watch for next is how the Reagan Administration deals with the demand side.

Drew: ...I'm uneasy about it mainly because there's so much about it we don't know.... If this is sort of a showy derring-do to make up for frustration it won't accomplish very much.

Talbott: ...This action has to be seen in the same context as the attack on Libya and the invasion of Grenada. The Administration is saying that whatever form it takes, a threat to the security of the United States is going to be met with force.

Agronsky: Is this move effective and is it as important as doing something at home?

Talbott: If you could pro rate what it costs to use the military abroad on this problem and take that money and spend it instead at home we'd be better off.

On South Africa:

Agronsky: Is this a response that is adequate to hold off the pressure to have sanctions against South Africa?

Kilpatrick: ...I don't see anything changed in the South African situation in the past month or so.

Agronsky: Do you see any hypocrisy on the part of the President to divert those who are calling for...a stronger U.S. policy against South Africa by the appointment of a black ambassador?

Drew: ...The President really doesn't believe in sanctions. Mr. Shultz doesn't believe in them either...

Agronsky: What do you think of the observation of "Diamond Don" Regan?

Drew: ...I love when they do things like this because it tells us how these people really think.... It does show you how very high people in the White House really think about this.

AGRONSKY & CO. (continued)

On Tax Reform:

Agronsky: Will we end up with a tax bill generally the way we anticipated?

Drew: Yes.... It might not be ready for the President by Labor Day.

On Arms Control:

Agronsky: Where's that [arms control] moving now?

Talbott: ...There's a real knock-down, drag-out fight going on between the Defense Department and the State Department. The issue of the moment is how President Reagan should reply to a very positive upbeat letter he got from Gorbachev last month.... My guess is that the State Department will probably prevail...

Kilpatrick: ...Kenneth Adelman was very much on an "up" about where things are going on arms control negotiations.

Rowan: I say it's mostly blue smoke with no mirrors.

On Tobacco Advertising Ban:

Kilpatrick: I do not believe that the First Amendment permits the Congress to prohibit the advertising of a legal product.... The federal government has no business getting into this.

On Pentagon Procurement:

Agronsky: The Secretary of the Navy made a rather remarkable statement talking about a former Assistant Secretary of Defense criticizing Naval contract procedures. How do you feel about that?

Drew: I find it unnerving.

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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JULY 21, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

U.S. Reply On Arms Is Said Not To Link Defenses To Cuts -- President Reagan, in a draft of his response to the latest Soviet arms proposals, has decided against including any explicit overall formula to limit defenses against missile attacks in return for deep cuts in offensive nuclear forces, Administration officials said today. (New York Times, Washington Post, Washington Times, AP, Reuter)

NATIONAL NEWS

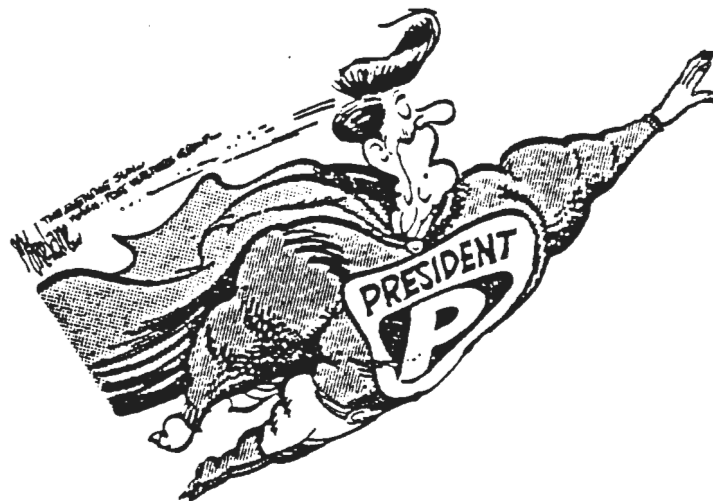
Taxing Of Industries Splits Conferees Sharply -- When congressional conferees begin work in earnest this week on piecing together a compromise tax overhaul plan, the most contentious issue they will face is which segments of corporate America should bear a larger tax burden. (New York Times)

NETWORK NEWS (Sunday Evening)

SOUTH AFRICA/BROWN -- The Administration's first choice as the first black ambassador to South Africa is off the list.

BOLIVIAN DRUG OPERATION -- Too much rain forced the cancellation of a planned narcotics strike by Bolivian troops and U.S. helicopter crews.

CHILE -- Senator Jesse Helms continued his criticism of the U.S. ambassador to Chile.



Here are approval ratings for recent second-term Presidents in May of the second year of their second term. (Gallup)

Reagan	68%
Nixon	25
Johnson	48
Eisenhower	53
Truman	37

INTERNATIONAL NEWS

SOVIET ARMS BIDS ARE FULLY NEGOTIABLE, REAGAN DRAFT SAYS

President Reagan has approved the draft of a personal reply to Soviet leader Mikhail Gorbachev in which he expresses willingness to negotiate on all aspects of nuclear arms control raised by recent Soviet proposals, senior Administration officials said yesterday.

Reagan's proposed reply could open the way to negotiation on Soviet proposals to tighten language in the 1972 Antiballistic Missile Treaty that affects testing and development, and possibly delay for several years the deployment of a U.S. "Star Wars" missile defense system, an official said.

(Lou Cannon & Walter Pincus, Washington Post, A1)

'Star Wars' Imperiled By Treaty Push

The State Department is preparing a recommendation that President Reagan agree to extend the 1972 Anti-Ballistic Missile Treaty five to seven years in response to a Soviet proposal for a 15 to 20-year extension, government sources said yesterday.

One official said it was "premature" to say what the President's response would be, though in the past the President has firmly rejected suggestions to use SDI as a bargaining chip in arms control negotiations.

(Walter Andrews, Washington Times, A1)

U.S. Reply On Arms Is Said Not To Link Defenses To Cuts

President Reagan, in a draft of his response to the latest Soviet arms proposals, has decided against including any explicit overall formula to limit defenses against missile attacks in return for deep cuts in offensive nuclear forces, Administration officials said today.

"The President emphasizes his agenda, mainly big cuts in offensive forces, his commitment to defenses, but gets across the idea that he knows Gorbachev needs a quid pro quo to buy time for competition with us on defenses," a high-ranking official said.

(Leslie Gelb, New York Times, A1)

Reagan Draft Letter Said To Express Willingness For Full Negotiations

President Reagan has endorsed the draft of a letter to Soviet leader Mikhail Gorbachev, expressing willingness to negotiate on all aspects of nuclear arms control, according to published reports.

The New York Times said the President has decided against including any explicit overall formula to limit defenses against missile attacks in return for deep cuts in offensive nuclear forces. The Washington Post said the Pentagon and the State Department were still at odds on the subject. (AP)

Reagan Does Not Link 'Star Wars' To Arms Reductions

NEW YORK -- President Reagan, in a draft response to Soviet arms reduction proposals, has decided not to directly link a missile defense system to an overall reduction in offensive nuclear weapons, The New York Times reported today.

The New York Times quoted Administration officials as saying Reagan's reply to a letter from Soviet leader Mikhail Gorbachev nevertheless contained several counterproposals, including some "new ideas."
(Reuter)

Two Sides Still Differ On Key Issues

MOSCOW -- Three times in the past week Soviet leader Mikhail Gorbachev ushered private U.S. citizens into his Kremlin office, on each occasion stressing different points of interest between the United States and the Soviet Union -- from sports to space weapons to a moratorium on nuclear testing.

But as the ice between Washington and Moscow breaks, lasting disputes are laid bare. The differences between the two sides on Reagan's SDI, the nuclear test ban and other key issues appear as wide as they were when President Reagan and Gorbachev met last November in Geneva.
(Gary Lee, News Analysis, Washington Post, A1)

A DO-NOTHING POLICY ON PRETORIA

In private discussions with Senate leaders, White House officials have come to the realization that President Reagan can no longer prevent congressional sanctions against the racist South Africa regime of P. W. Botha. Reagan's strategists say the best he can expect is an accommodation with Senate leaders that would stave off sweeping sanctions along the line of the total embargo required by a House-passed bill.

The President has eloquently declared that "freedom's fight is our fight." He is under no illusions that the Marxist governments in Nicaragua and Afghanistan will bargain away their power. He has employed economic sanctions against Libya, Poland and Nicaragua not because they could bring these governments down but because they make the moral case for freedom. The same case could be made for South Africa.

Congress is on the verge of resolving these contradictions but not necessarily in a way that will be palatable to the President. Thanks to the realism of the Republican Senate leadership, Reagan may soon be forced to extend the same strict standards of political morality to South Africa that he applies to leftist regimes.

(Lou Cannon, Washington Post, A2)

Reagan To Disclose New Plans To Exert Pressure On Pretoria

President Reagan, while defending his opposition to economic sanctions, is expected to announce new plans to pressure the South African government to end apartheid in a major speech tomorrow.

His 2 p.m. address in the White House East Room to the World Affairs Council and the Foreign Policy Association is expected to focus on several carrot-and-stick initiatives, while adhering to the "constructive engagement" policy by which the Administration hopes to play a role in bringing South Africa's white government and black majority together to prevent the outbreak of a racial war.

(Jeremiah O'Leary & Rita McWilliams, Washington Times, A3)

Reagan's South Africa Speech To Avoid Sanctions, Ambassador Nominee

President Reagan will make a speech addressed to the crisis in South Africa this week, but he has ruled out new U.S. sanctions and his symbolic gesture of naming a black ambassador is in doubt.

He is expected to reiterate his opposition to apartheid, call for increased U.S. ties to black nationalist groups, including the outlawed African National Congress, and urge Western allies to make a concerted drive to persuade the white minority regime to move toward racial equality.

(Ira Allen, UPI)

U.S. Said To Keep Plan For A Black As Pretoria Envoy

Senior Administration officials, after deciding not to go ahead with the naming of Robert Brown as the new ambassador to South Africa, said today that they would try to find another black candidate for the post.

The officials said they expected Mr. Brown to issue a statement Monday officially removing himself from consideration.

In policy terms, the episode had apparently left the Administration without a major new announcement for Mr. Reagan's speech on South Africa, scheduled for Tuesday. As the speech is now drafted, Mr. Reagan will express moral outrage at apartheid in South Africa but reaffirm his opposition to severe economic sanctions.

(Bernard Gwertzman, New York Times, A1)

GOP Senators Question Reagan On South Africa Policy

Congress' midsummer pace is heating up as legislators push on with an overhaul of the federal tax code, continue the battle against federal red ink and move toward a possible confrontation with President Reagan over U.S. policy toward South Africa.

Republican senators, wary of election-year fallout from Reagan's refusal to impose economic sanctions against the white minority government of South Africa, planned to meet with the President today to discuss the issue.

"We want to make it clear to the President on Monday that there's a lot of bipartisan concern," Sen. Bob Dole said Sunday.

(Cliff Haas, AP)

DRUG RAIDS RAISE DOUBTS IN BOLIVIA

COCHABAMBA, Bolivia -- The sudden and much publicized arrival of U.S. troops on an anticocaine mission has stunned and offended many Bolivians, throwing President Victor Paz Estenssoro on the political defensive and engendering widespread skepticism about the operation's ability to stem the drug trade here.

Politicians on the left and right have attacked the U.S.-Bolivian venture, accusing the Paz Estenssoro government of compromising national sovereignty by inviting American troops and of violating the Constitution by failing to consult Congress beforehand.

(Bradley Graham, Washington Post, A1)

U.S., PAKISTAN PUZZLED OVER SOVIET MOVE

A month after the Soviet Union issued a strongly worded and unusual warning to Pakistan about that country's nuclear program, U.S. and Pakistani officials are still puzzled about the timing, tactics and main purpose of Moscow's move.

No U.S.-Pakistani consensus has been reached about what lay behind Moscow's move, according to U.S. officials who participated in last week's talks. There is widespread agreement that the injection of this element adds to the complexity of the volatile geopolitics of southwest Asia.

Washington officials say they hope they will learn more about Soviet views on July 28, at the next meeting of U.S. and Soviet antiproliferation experts.

(Don Oberdorfer, Washington Post, A11)

HELMS, ABRAMS DISAGREE ON HOW TO REACT TO CHILE

Although Chile has begun an investigation into the burning alive of a Washington-area resident in Santiago earlier this month, the detainment of 25 Chilean soldiers in connection with the incident does not go far enough, a senior State Department official said yesterday.

"It's a step forward, but it's not the kind of investigation and prosecution that we would like to see," said Elliott Abrams, assistant secretary of state for inter-American affairs.

"I was amazed at the State Department rather sanctimoniously calling for an investigation of this horrible incident down there," said Sen. Jesse Helms.

"Unlike Elliott Abrams, I think the surest way to pitch that country back into communism is for us to be too heavy-handed," Mr. Helms said.

(Warren Strobel, Washington Times, A5)

LIBYA WATCHERS SEE QADDAFI'S HOLD SLIP

CAIRO -- Power is slipping from the hands of Libya's Col. Muammar Qaddafi as that country moves toward a system of collective leadership, Egyptian sources say.

"We have not written him off yet," a well-informed Egyptian official said. "But there is no doubt that he [Col. Qaddafi] has lost much of his prestige, influence and control."

According to reports available here, since the raid, Col. Qaddafi "has not been himself" and has been living "like a hunted animal, changing lairs every night."
(Andrew Boroweic, Washington Times, A1)

COMMODITY PRODUCERS JOIN AGAINST EXPORT SUBSIDIES

BANGKOK -- Food-exporting nations will this week discuss ways to combat what they see as trade protectionism by the United States, the European Community and Japan.

Thai Foreign Ministry officials said a three-day meeting of non-subsidizing commodity producers at Pattaya, southeast of Bangkok, would consider ways to counter trade policies which impede their agricultural exports.
(Vithoon Amorn, Reuter)

BICKERING FINALLY ENDS WITH NAMING OF NOLAN .

President Reagan is expected to nominate James Nolan as ambassador to the State Department's Office of Foreign Missions, ending several years of political squabbling between officials of the National Security Council and career Foreign Service officers, according to Administration sources.

The White House announcement should come within the next few days, possibly as early as today, the sources said.

(Bill Gertz, Washington Times, A1)

EDITOR'S NOTE: "Elliott Abrams, 'Tough Guy' Of Convictions On Reagan's Team At State," by John Goshko, appears in The Washington Post, A13.

NATIONAL NEWS

TAXING OF INDUSTRIES SPLITS CONFEREES SHARPLY

When congressional conferees begin work in earnest this week on piecing together a compromise tax overhaul plan, the most contentious issue they will face is which segments of corporate America should bear a larger tax burden.

All sides have already agreed to look for ways to raise more taxes from business in order to finance greater tax relief for the middle class. But which industries should bear the burden, and how much more they should be made to pay, is likely to be the most politically divisive issue that the conferees will have to resolve in the weeks ahead.

(Gary Klott, New York Times, A1)

REAGAN'S BRIEF FUND-RAISING SWING COULD EARN \$2 MILLION FOR GOP

President Reagan, the nation's most potent political fund-raiser, will make a two-day swing through Texas, Florida and South Carolina this week that could generate more than \$2 million for Republican candidates.

"Everybody wants the President," said Hayley Barbour, director of Mr. Reagan's political affairs office. "He is a dynamite fund-raiser because he's so popular."

"Without the Senate, the President could be relegated to playing defense the last two years," Mr. Barbour said. "Nobody wants Ronald Reagan to be a goaltender."

(Mary Belcher, Washington Times, A1)

IF CAMPAIGN CATCHES FIRE, DOLE MAY RESIGN AS LEADER OF THE SENATE

Sen. Robert Dole said yesterday he may resign as majority leader at some future date to focus on campaigning for president.

"If I happen to catch on [as a presidential candidate] and do very well then I might have a second thought about the leadership," the Kansas Republican said in a television interview broadcast yesterday.

(Thomas Brandt, Washington Times, A2)

CONTINUED ECONOMIC WOES PREDICTED

The already weak economy will deteriorate further in coming months, a prominent economist and the chairman of LTV Corp., one of the largest companies to request federal bankruptcy protection, predicted yesterday.

"We have had all of the elements which...now should be affecting the American economy in a positive way," Alan Greenspan said. "The fact that they are not raises some very serious questions about whether we are looking at the fundamental forces that are driving the economy. It's too early to say we're on the edge of a recession, but there is no question [that] the underlying framework is deteriorating."

Sen. Robert Dole, appearing on CBS' "Face The Nation," urged the Fed to reduce interest rates under its control to stimulate economic growth.

(Anne Swardson, Washington Post, A7)

THE BUDGET AND THE CHOPPERS

The world's largest helicopter fleet -- the U.S. Army's force of 8,240 choppers -- and the military doctrine justifying its existence are hovering between a stall and a climb.

Why this is so and the dilemma it presents illustrate what the armed services will be facing for the rest of President Reagan's term as they scale down five-year plans to fit tighter budgets and reassess strategy to match weaponry they will have in the 1990s.

(George Wilson, Washington Post, A3)

ARMS TECHNOLOGY BOGGLING TROOPS?

Rapidly advancing technology is overwhelming the abilities of military personnel, and the situation will worsen as the complexity of weapons increases and the pool of bright young recruits shrinks, a study released yesterday said.

"By the early 1990s, the nation's armed forces could be caught between a growing requirement for skilled people to operate and maintain sophisticated weaponry and a diminishing supply of youthful recruits," said the 143-page report by Martin Binkin, a senior fellow at the Brookings Institution.

(UPI story, Washington Times, A4)

ARMY OPENS TRAVEL BIDDING TO PRIVATE FIRMS

The Army announced Friday that it will soon solicit competitive bids from private companies to handle travel arrangements for individual soldiers.

The decision will, for the first time, allow commercial agents to operate on all Army bases in the United States. They would be allowed to handle both official and private travel ticketing and other arrangements worth an estimated \$390 million a year. (AP story, Washington Post, A13)

EDITOR'S NOTE: "Competitors Treat Robertson Gingerly," by Ralph Hallow, appears in The Washington Times, A2.

NETWORK NEWS SUMMARY

(Sunday Evening, July 20, 1986)

SOUTH AFRICA/BROWN

CBS's Susan Spencer: North Carolina businessman Robert Brown, said to have been the Administration's choice as the first black ambassador to South Africa is off the list tonight. Dropped by the White House just days before Mr. Reagan is to give a major speech on U.S. policy towards South Africa. The decision leaves little new to announce.

CBS's Debra Potter: Questions about Robert Brown's past business dealings led the Administration to shelve plans to name him as ambassador. And today, some politicians who had warmly endorsed Brown's selection were backing off.

(Sen. Helms: "I scarcely know Mr. Brown. He is a Republican in North Carolina. I was not consulted by the State Department. I think the facts ought to come out on any nominee including Mr. Brown.")

Critics of Administration policy said it was probably all for the best.

(Rev. Jackson: "It would not be effective to change the messenger without changing the message.")

The Brown nomination was to have been the centerpiece of a Presidential speech on Tuesday. Now officials say it will include some tough rhetoric but little in the way of action. Mr. Reagan is expected to promise stepped up contacts with South African blacks and more diplomatic pressure on the white minority government to open negotiations. But it probably won't be enough to stave off a move in Congress to impose sanctions.

(Sen. Dole: "If we're going to defend the Administration policy, and perhaps we should, then we need to know precisely what's happened in the past several months that would give us rise to stand up and say, "Well, we shouldn't change anything.")

Sen. McConnell: "Clearly now it's time for the President to move this issue to the front of his agenda and to address it in a very forceful way. Otherwise Congress is going to do it for him.")

One change that apparently is being considered: the removal of Chester Crocker, the State Department official known as the architect of constructive engagement. But critics say that would be just an empty gesture unless the policy changes too. And so far there's no indication of that. (CBS-Lead)

ABC's Sam Donaldson: The White House plan to name Robert Brown to be the first black U.S. Ambassador to South Africa has apparently been scrapped. Until Friday Brown seemed headed for the nomination to the post -- a decision that was to have been announced by President Reagan in his Tuesday speech on South Africa. But no longer.

ABC's Sheilah Kast: At home in High Point, North Carolina, Robert Brown said no one from the Administration had told him he's out of the running to be Ambassador to South Africa.

(Mr. Brown: "I'll be talking to the White House and others tomorrow, and I'm just honored that the President would consider me. Whatever happens I will continue to work on behalf of freedom for black people in South Africa.")

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Kast continues: But Administration officials indicated that Brown's nomination has foundered. In the week since Brown's name surfaced as President Reagan's preferred candidate for the Pretoria post, news reports have called into question a contract Brown won when he worked in the Nixon White House, as well as business dealings of Brown's firm B & C Enterprises as a public relations representative for companies resisting organizing by labor unions. There was no chance to ask President Reagan about his plans as he went to the Vice President's house for lunch.

(TV coverage: The President in motorcade.)

Naming a black man as ambassador was to have been a focal point in the speech the President will give Tuesday -- a symbol of his Administration's interest in ending South Africa's system of apartheid. The state of emergency there has heightened pressure on Mr. Reagan to toughen his stance against South Africa. But the President remains opposed to what he calls punitive sanctions. He met last week with the British foreign secretary and is expected to call in his speech for concerted allied pressure on the Botha government to open dialogue with black groups including the ANC. Mr. Reagan will iron out some of his speech in a meeting tomorrow with top Senate foreign relations experts.

(Sen. Dole: I think we ought to hear what the President has to say. We want to make it clear to the President on Monday that there's a lot of bipartisan concern.)

Some senators have also suggested the President should send a personal envoy to put pressure on the Botha government and should step up the United States' own contact with South African blacks. Still others say nothing short of a Presidential threat of sanctions will keep the Senate from trying to write them into law. (ABC-Lead)

NBC's Chris Wallace: The Reagan Administration has been reviewing its South African policy for weeks trying to figure some way to continue opposing economic sanctions while heading off congressional pressure for tough action. The White House came up with a dramatic idea: appointment of a black ambassador to South Africa. But tonight that nomination appears to be dead. And that leaves U.S. policy on South Africa in disarray.

NBC's Robin Lloyd: As President Reagan left the White House this afternoon for a hastily arranged luncheon with the Vice President, his aides acknowledged that he has virtually ruled out naming Robert Brown to be the new U.S. Ambassador to South Africa.

(TV coverage: The President in motorcade.)

That possibility was floated early last week, but now officials say Brown is too controversial. There are concerns, they say, about his past business dealings with a reportedly corrupt Nigerian official who fled that country after an aborted coup. Reaction to the news was mixed. Senator Jesse Helms who had warmly supported Brown's nomination today appeared to be less enthusiastic.

(Sen. Helms: "This nomination, like all others, ought to be judged on its merits or lack of.")

Jesse Jackson had advised Brown against taking the job.

(Rev. Jackson: "What we need in South Africa is a new message not just a new messenger. And if Bob Brown, or anyone that would go down there and could talk with Botha but could not talk with Mandela or could not talk with Oliver Tambo, it would not work.")

-more-

Lloyd continues: Meanwhile, Brown himself was quoted in the New York Times as saying he was reconsidering whether he would even accept the position. All of this was embarrassing stuff for the Administration. The White House had hoped to make Brown's nomination the centerpiece of the President's address on South Africa this Tuesday.

(TV coverage: The President walking into a news conference.)

What scared off officials from naming Brown was the possibility of a congressional investigation. Some key Democrats already were lining up to fight the nomination on other grounds.

(Rep. Solarz: "Without sanctions it doesn't matter whom we send as our ambassador to South Africa. It will accomplish very little.")

Aides say White House Communications Director, Pat Buchanan, already is reworking the speech to take out any mention of Brown. In his address officials say the President will call for greater U.S. diplomatic contact with the outlawed ANC, and with certain opposition leaders such as Buthelezi who claims to have the support of 6 million Zulus. They say the President may also speak out in support of Nelson Mandela, but aides emphasize the President will announce no major change in U.S. policy.

(The President at White House: "I am very much opposed to punitive sanctions.")

The White House hopes the President's speech will win over some of its critics on Capitol Hill, but even leading Republicans warn that the Senate will vote for punitive sanctions unless the President takes more direct action. Senate Majority Leader Dole on "Face The Nation":

(Sen. Dole: "There's a lot of pressure, some of it may be political. I see this as sort of becoming a civil rights issue, very frankly -- a domestic civil rights issue.")

Sen. Pressler: "It may well be that unless the President goes along with some kind of a sanctions bill there'll be a dam. The water will rush in, so to speak.")

White House officials admit they're concerned that without the nomination of Brown the President's speech will lose some of its political appeal. And some officials here already are talking about a fall-back position, naming a special envoy to start up talks immediately with black leaders.

Wallace: There was more trouble in South Africa today. Opposition leader Alan Boesak said police in Capetown held his church congregation at gunpoint trying to halt his sermon, and later fired teargas into his car. The Reagan Administration opposes economic sanctions on the grounds that they would hurt the very people the U.S. wants to help. That view has now been bolstered by a South African woman who runs a food relief program there. She says U.S. sanctions would cause an economic depression and cause another 50,000 young blacks to starve to death. (NBC-Lead)

BOLIVIAN DRUG OPERATION

Donaldson: The problem in Bolivia was too much rain, forcing cancellation of a planned narcotics strike by Bolivian troops and U.S. helicopter crews -- the latest setback in an operation designed to deal a crippling blow to Bolivia's cocaine producers.

ABC's James Wooten: ...General Julio Vargas commander of Bolivia's U.S.-trained special forces. He says the operation is now of an indefinite duration, therefore, no departure date for the U.S. troops. Other Bolivian officials have objected to the size of the U.S. presence. A Normandy invasion one called it. But in Washington on ABC's "This Week With David Brinkley," Elliott Abrams reasserted U.S. support for the mission.

(Elliott Abrams: "But I think it's important as a step in showing we are willing to use military assets in this fight and that there are Latin American governments that want us to.")

...Since the coca leaf crop itself is definitely not a target of this operation, nobody here in...the Amazon Basin sees it as anything more or less than a brief interruption in the process -- a band-aid on a very serious wound. (ABC-6)

Wallace: A senior Bolivian official said today that the U.S. should provide money and helicopters but let Bolivia wage its own war on drug trafficking. So far the big U.S.-backed operation using troops and helicopters to find cocaine labs has mainly turned up ranches.

NBC's Dennis Murphy: ...After three days of operations the Americans and Bolivians have arrested only one person: a teenager who was found lingering at a cocaine lab that had been dismantled five days earlier.... Bolivian officials are grumbling privately that the Americans arrival with transport planes and troops has given the impression that Bolivia has turned drug enforcement over to the Yankees.... Today in Washington Elliott Abrams denied allegations that the American military has been heavy-handed presence.

(Elliott Abrams: "This was worked out over a period of months with the government of Bolivia -- months in a series of meetings in Washington and in La Paz, and if they didn't want it they could have said no. That'd be the end of it.")

...After three days it's apparent here that C-130 Transports, state-of-the-art helicopters, and American drug enforcement agents can do little more than cause the drug lords some temporary inconvenience. (NBC-3)

CHILE

Donaldson: Senator Jesse Helms continued his criticism of the U.S.

Ambassador to Chile today, Harry Barnes, for attending the funeral of Rodrico Rojas. Appearing on ABC's "This Week With David Brinkley" Helms said the only people at the funeral were the U.S. Ambassador, the French Ambassador and communists. He declined to say how he knew that. But Barnes continued to be strongly defended by the State Department. Assistant Secretary of State Elliott Abrams in the same broadcast said Barnes is a terrific ambassador following instructions from Washington, and there is 100% support for him. (ABC-7)

SOUTH AFRICA/BRITAIN

Donaldson: Britain's refusal to impose economic sanctions against South Africa has drawn another protest within its Commonwealth today. India has become the 24th country to boycott the Commonwealth games this year because of London's anti-sanction policy. And on that point of British government policy, there's a major flap this Sunday involving Queen Elizabeth and Margaret Thatcher. The London Times reports that the Queen is dismayed by many of Mrs. Thatcher's policies -- South Africa for one, but also her lack of compassion for the less privileged class and her agreement to allow U.S. planes to use British airbases in their attack on Libya. Buckingham Palace has issued a strong denial of the story saying it is without foundation.
(ABC-3, CBS-2, NBC-2)

SOUTH AFRICA/LABOR LEADERS

Spencer: Three Western labor leaders, including AFL-CIO President Lane Kirkland, say police detained them for thirty minutes today when they tried to leave a black township. The three are part of an international labor delegation seeking the release of more than 200 detained black labor leaders.
(CBS-3)

Donaldson: Western trade union leaders including AFL-CIO President Lane Kirkland from the United States met today with South African Anglican Bishop Desmond Tutu, producing more pressure for economic sanctions against the South African government.
(ABC-2)

NICARAGUA

Spencer: Nicaragua's Sandinista government has revealed that one of its Soviet-made army helicopters crashed on takeoff this weekend killing sixteen soldiers. It happened in an area where U.S.-backed Contra rebels are active. A Sandinista official did not say if Contra fire caused the crash, but rebels did shoot down an army helicopter last November.
(CBS-4)

CHINA/U.S. REPORTER

Spencer: In Peking detained New York Times correspondent John Burns will be allowed to receive visitors tomorrow -- visits from his wife and a diplomat. He's been held incommunicado by security police for four days now. He's accused of having spied during a recent motorcycle trip through central China.

CBS's David Jackson: New York Times officials arrived in Peking this weekend trying to unravel the case of their correspondent John Burns who is being held in detention for traveling in a part of China normally closed to foreigners. The Chinese say he may have been involved in espionage.... The U.S. Ambassador Winston Lord cut short a tour of outlying provinces when he heard about the detention. The State Department says it is very concerned. The British Embassy is involved too -- Burns is a British nationalist.
(CBS-5)

DROUGHT

Wallace: A sizzling heat wave entered its third week in the southern part of the country worsening a long drought there. The dry spell is taking a terrible toll on farms and businesses.

(ABC-5, CBS-9, NBC-4)

MORTGAGE CRUNCH

Donaldson: Lower interest rates this year have produced a stampede of people trying to refinance their home mortgages or buy a home. But this stampede in turn has produced a jam-up in the mortgage process that is resulting in higher costs and angry feelings. (ABC-8)

FIRST LADY

Wallace: Nancy Reagan arrived in London today. She will attend Wednesday's wedding of Prince Andrew and Sarah Ferguson. (TV coverage: The First Lady deplaning in London.) The First Lady's visit also includes tea with Prime Minister Thatcher and lunch with Queen Elizabeth. (NBC-6)

EARTHQUAKE

Donaldson: For the third time in two weeks a moderate earthquake hit California early today, this time shaking the Sierra Nevada and a 200 mile stretch of the San Joaquin Valley. The quake measured 4.7 on the Richter scale and was centered about 250 miles north of Los Angeles. No injuries reported, there was little damage, but several thousand homes were without electric power. (ABC-9)

BASKETBALL TITLE

Spencer: In Madrid the U.S. beat the Soviet Union tonight to win the world basketball championship. It was a squeaker. The score: 87-85. (ABC-10, CBS-7)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Guests: Senator Jesse Helms; Elliott Abrams; Representative Bruce Morrison; Ariel Dorfman, Chilean Author.
Panel: Sam Donaldson, George Will.

Guests: Mr. Dorfman and Rep. Morrison.

Brinkley: First let us deal with the charges and denials about the burning of the Rojas boy. What do you know?

Dorfman: ...There are just so many lies piled one on top of another that I think at times that the lies are more vicious than the violence.

Donaldson: The government has now come forward and detained some officers and enlisted men in connection with these deaths.

Dorfman: I think this is like the Aquino murder. In other words, I think that there may be or there may not be a cover up.

Will: Mr. Morrison, when you were in Chile what sense did you get that the military...might want to change horses [change rulers]?

Morrison: Not nearly as much as I would have liked to have seen. There is rumor to that effect, and certainly, the U.S. Embassy likes to think along those lines, but the behavior of the military was reported. This tragic event was not something unfortunately, that was a surprise.

Will: What could Chile do that would convince you that we ought to go ahead with the loans?

Morrison: Put itself on a very clear timetable for a return to democracy... It means the legalization of political parties...setting up of election laws and election of a national assembly.

Donaldson: ...If the United States moved forcibly to deny loans, to impose other economic sanctions, would it not hurt the average Chilean?

Morrison: ...The average Chilean and people in the opposition say...that the loans don't reach them at all, and all the loans are being used for is balance of payment...

Donaldson: Would sanctions from the United States topple Pinochet?

Dorfman: The only thing that will topple Pinochet is enough people in Chile saying, "Basta".... But this is not a problem of the U.S. intervening, the problem is the U.S. is propping this man up.

Will: Should it be American policy to encourage the military to change the government of this country?

Morrison: It shouldn't be American policy to support the kind of dictatorship and oppression that we have in Chile, and that's really the distinction.

THIS WEEK (continued)

Will: What about isolating the communists? Should that be our policy?

Dorfman: ...The communist Party in Chile is a very special one. It has had a long democratic tradition. It has only started with armed resistance, and I would say gradually, as of four years ago.

Guest: Mr. Abrams.

Brinkley: There is talk of the U.S....changing the government or encouraging a change of government in Chile. Our record in this field is not very good, is it?

Abrams: I think our record, certainly under President Reagan, in promoting a return to democracy in Latin American is fantastic.... I'm not saying that we did it, but it certainly has happened under President Reagan and with the cooperation and help of the U.S.

Brinkley: Isn't it possible if Pinochet leaves we will wind up with a Communist government again?

Abrams: Anything is possible. And we are not in favor of a transition to chaos; we are in favor of a transition to democracy.

Donaldson: Does the Communist Party have a democratic tradition as Mr. Dorfman said?

Abrams: I would say that's just baloney -- I mean, it's a contradiction in terms: if you are a democrat, you are not a communist.

Donaldson: Are we moving towards sanctions?

Abrams: Voting against the loans isn't sanctions.... That's really going to depend on what happens in Chile between now and October.

Will: Mr. Dorfman indicated that perhaps 1989 is too long, that the lid could not be kept on. Are you confident that it can be?

Abrams: I don't know what's going to happen in Chile.... I do want to say one thing about what Mr. Dorfman said and what Congressman Morrison said. The notion that we are the main support of the Pinochet government is ludicrous; the notion that we are sustaining that government and keeping it in place is just absolutely false. Chileans know that. And if he read the newspapers, he'd know it, too.

Donaldson: What [kind of investigation in the Rojas murder] do you want to see?

Abrams: We'd like to see a full and complete investigation; we'd like to see that whoever did this is found then prosecuted and punished.

Donaldson: Is the President concerned about Ambassador Harry Barnes?

Abrams: He's a terrific ambassador, he's not freelancing, he is following instructions from Washington -- there is 100% support of him.

THIS WEEK (continued)

Donaldson: What can you tell us about the operation going on, switching to South America, in Bolivia. Is the operation a failure?

Abrams: We don't know yet.... I think it's silly to put to people the thought that you can land one of those gigantic C-5A's in Bolivia, which hasn't ever seen one before, and not have really everybody know about it.

Guest: Senator Helms.

Will: Should it be American policy, and would you support it being American policy for us to insist and make loans contingent upon them having not just a yes or plebiscite, but a multi-party election?

Helms: Unlike Elliott Abrams, I think the surest way to pitch that country back into communism is for us to be too heavy-handed. Bear in mind that Chile is the only nation in history to overthrow a communist government.

FREE-FOR-ALL DISCUSSION (Morton Kondracke joins Panel)

On Bolivia Drug Operation:

Brinkley: ...All the narcotics people were tipped off in advance and managed to disappear before the helicopters got there.

Will: I think the operation was useful to underscore the metaphor that we are at war with drugs.

Donaldson: We can't send American military power in all the countries that are a problem with drugs.

Kondracke: If we are invited...and they want our help, we should give it to them.

Will: The danger of this approach is that it again shifts us back to focusing on the supply side as though we can dry up, before it gets to the United States, the supply of drugs.... The only way to start attacking drugs seriously is to attack the demand in this country.

On Banning Cigarette Advertising

Donaldson: It's not a good idea.

Will: It is also a basic doctrine enunciated a month or so ago on a 5-4 decision by the Supreme Court that said it is permissible to regulate or even ban the truthful advertising of a legal product if the government has a sufficiently large interest in doing so.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Mike Jensen, NBC News; Hobart Rowen, The Washington Post.

Guests: Beryl W. Sprinkel, Chairman, Council of Economic Advisers; Alan Greenspan, Economist; Raymond Hay, Chairman, LTV Corporation.

Kalb: ...A number of people are using the word recession as a possibility for the future. Do you share that kind of estimate?

Sprinkel: I do not. The conditions leading to recession in the past are not around today.

Kalb: Don't you have a sense of where it [economic growth] is going to go?

Sprinkel: We do not have a good sense.

Rowen: In the view of the Administration does the Fed have to cut interest rates more?

Sprinkel: ...If we continue to make progress on inflation, and interest rates come down further, I'm quite confident they will cut further.

Jensen: Notwithstanding your relative optimism, we're getting a very different view also from the private sector.... How can you be as optimistic as you are?

Sprinkel: Because all of the factors that, in the past have been dependable, are pointing toward additional expansion.

Rowen: How does the Administration come out with this optimism all the time without being able to support it?

Sprinkel: ...This one [this year's economic growth estimate] clearly has been too high, based on what's happened in the first half of the year. The sharp decline in oil prices was not anticipated.

Kalb: ...You have just heard Mr. Sprinkel give what I think is a fairly optimistic appraisal of the state of the American economy right now. Would you share that?

Greenspan: No. I think that the very facts which Beryl Sprinkel has been elucidating as the crucial positive elements are ironically what's been bothering me.... It's too early to say we're on the edge of a recession.... There's no question that the underlying framework is deteriorating.

Jensen: ...Are there some fundamental things wrong in the industrial sector of which yours is simply the current...example?

Hay: It seems pretty clear to me that the major problems that the steel industry has are not limited to only the steel industry.

MEET THE PRESS (continued)

Rowen: ...Are you, in effect, telling us, Dr. Greenspan, that we've run out of solutions? That we can't see what policies now to put in place?

Greenspan: I think that's right. What we have got to focus on is getting the budget deficit down, not in a rhetorical way, but in terms in which the markets are convinced that we've resolved that particular issue.

Kalb: Mr. Sprinkel, I know that part of your job description may be to be optimistic for the Administration, but we just heard a couple of very serious critiques of the state of the economy.

Sprinkel: The problem essentially is that we're all very impatient for instant results.... I'm quite confident that the actions that have been taken will substantially improve the economy over the last half. However, we're still not seeing a significant improvement in the balance of payments problems.

Kalb: Is the Administration expecting that [the tax bill] to be a considerable boost to the economy in the second half of this year?

Sprinkel: We expect that over the next several years, economic growth will be better than it would have been without the tax bill. I wouldn't want to argue that in the second half of the year it will be a major stimulant.

Rowen: In your first response to Marvin, you seemed to imply that the short-term effect of the tax bill will be negative.

Sprinkel: It depends on how it comes out.... We're hopeful that it will not be a deterrent in the short-run.

Rowen: Mr. Hay...how do you see the tax reform bill affecting your particular company in your particular circumstances?

Hay: There are many factors in this tax bill that are particularly favorable from my perception. The thing that disturbs me about the tax bill is that nowhere in it does there seem to be a focus on improving American business competitiveness vis-a-vis our international competitors.

Jensen: ...Can you tell us what you think will be the situation in the second half of this year...for the average American?

Greenspan: ...I think we're probably likely to see the layoff rate start to rise....For the moment, I think the job situation will become slightly worse but not a good deal, but it's going to be in the context in which real economic growth is poor, and the consumers will have a slightly negative environment in which to function.

CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Senator Robert Dole; Albert Hunt, The Wall Street Journal; Don Oberdorfer, The Washington Post.

Stahl: We...asked [Senator Dole] what the Senate Republicans hope President Reagan will say in his speech on Tuesday about South Africa.

Dole:...What we really need to know -- and we support the President by and large -- is just what is constructive engagement, what has it accomplished, and what will it accomplish in the next... six to eight months.... There's a lot of pressure. Some of it may be political. I see this as sort of becoming...a domestic civil rights issue -- but, in any event, I think it's significant the President will address it. I think that's an expression in itself of his concern.

Stahl: Would you like to see President Reagan announce that he is willing to meet with the head of the outlawed ANC as a symbol and a gesture to show that the U.S. is ready to deal directly with blacks in South Africa?

Dole: I'm not certain I'd want the President to meet with that organization...but it would seem to me that we are not going to be able to resolve the serious problem there unless there is some dialogue.

Stahl: We already have some dialogue.... Are you talking about Shultz?

Dole: Secretary Shultz is going to be testifying on Wednesday of next week, and I think he'll be giving some fairly strong indication of Administration policy.

Stahl: Is the President losing clout in the Republican Senate as we come up to this election season?

Dole: No, I don't believe so.... We don't have the lopsided margin "Tip" O'Neill has in the House.

Stahl: You will be successful on the Manion vote?

Dole: Yes.... I would hope to do it [bring up the Manion vote] this coming week. In my view we ought to bring it up and dispose of it.

Stahl: I understand you have some problems with his [the President's] agriculture policy, is that true?

Dole: We know that he is spending a lot of money...on agriculture. But we've got to do a little bit more. We've got to export some of this product -- and, yes, I have a little different view than the Administration.

Stahl: What do you want?

Dole: We have an export enhancement program, and it says that we should give countries a bonus if they buy additional grain...except we can't give the bonus to the Soviet Union. My view is if we are going to trade with the Soviet Union, let's trade with them.

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FACE THE NATION (continued)

Stahl: Do you think it's (the economy] going to end up being a negative issue for Republicans this year?

Dole: I don't believe it will be a negative.... The tax reform bill is going to be a plus.... So I think the overall performance of the President, along with the tax bill, along with...a fairly sound economy, will add up to a plus for Republican candidates in November.

Stahl: What have you learned from Ronald Reagan?

Dole: I've learned one thing from Ronald Reagan, and that is if you stick to your guns and don't walk all over the place, you're going to have the respect of the American people. And that's the President's strength. You go back and read his speeches, read his Inaugural Addresses -- he's been consistent.

Guests: Al Hunt and Don Oberdorfer.

Stahl: Don, you had a story...today saying that President Reagan is not going to name Robert Brown as the first black U.S. ambassador to South Africa. What is the story?

Oberdorfer: ...They have heard some things about Mr. Brown's business dealings and other activities of his in the past. I don't know exactly what it is that they've found that they don't like.

Stahl: That was supposed to be the major announcement in this speech. Is there anything left for the President to say that's new?

Oberdorfer: ...As far as something new of substance, as far as I know there's not going to be in his speech.

Stahl: ...Is this going to be enough...sort of rhetorical flourishes like that, to head off a move for sanctions in the Senate?

Hunt: ...The problem with this Administration is...that they're always behind the curve on this, and I think that's why those Republicans are so nervous.

Stahl: ...Do you think that this is a major embarrassment to the President, this Brown situation?

Oberdorfer: I think it's going to be an embarrassment. I don't think the black community is going to like it, to have one of their own put up there and then pulled back.

Hunt: I think it can be a negative.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Robert Novak, Morton Kondracke, and Eleanor Clift of The Los Angeles Times.

On Bolivia Drug Operation:

McLaughlin: Does this action foreshadow a wider use of American troops abroad to stamp out drug trafficking?

Clift: ...I think the President has the public support for this kind of action. If there were a poll taken today you would find a lot more support for this action than you would for using U.S. troops in other roles overseas, like assisting the Contras.

Novak: The corrupt governments of South America permit the drug trade to go on. We're never going to wipe it out until we say, "You get no foreign aid, you get no help unless you get out the corruption." And we're not prepared to do that.

Germond: ...I don't think it's a smart use of American troops.

Kondracke: This thing was a fiasco. This was George Bush's first step out of the Reagan pocket in order to set forth his own kind of policy.

Clift: More has to be done on the demand side. To have Nancy Reagan as the only Administration official taking lead on that is a sad commentary.

McLaughlin: Don't you think this action taken by the Administration gets the Administration off the hook on the drug issue, and that politically it is a sound move for that reason?

Germond: It's always politically sound for this Administration to send troops in to some small country -- the country seems to love that right now. That doesn't mean it's a wise thing.

On SALT:

McLaughlin: Will the talks in Geneva be a propaganda forum for the Soviet and American charges...or will there be constructive progress made towards an agreement?

Kondracke: I think there's some possibility of constructive progress.

Novak: ...The Administration is coming to a fateful decision on whether the President is going to send a letter to Gorbachev proposing a five or six year extension of the ABM treaty. If he does that you can kiss SDI goodbye, you can kiss congressional support for it goodbye, you can kiss President Reagan's entire defense posture goodbye.

McLaughlin: Does this mean that George Shultz has won again?

Novak: If that letter is sent he will have won.

MCLAUGHLIN GROUP (continued)

On South Africa Ambassador:

McLaughlin: What's behind the appointment of a black to a country ruled by whites and that practices apartheid?

Germond: This is one of the most laughable attempts to paper over a lack of a policy with a symbol.

Kondracke: This is tokenism if I've ever seen it. Any human being who can appeal to both Jesse Jackson and Jesse Helms can not be anybody who stands for anything in particular.

Clift: I think the Administration, if they do nominate him, they're going to have to back it up with some stiffer sanctions.

McLaughlin: Will the Administration begin negotiations with the ANC?

Clift, Kondracke, Germond, McLaughlin: Yes. Novak: No.

On Don Regan's Statement:

McLaughlin: Was this a fair rap or a bum rap against Donald Regan?

Clift: ...It was a flip remark but I think it reflects the Administration's position, and that is that any hardship that impacts on the American people is not going to make them embrace sanctions.

Novak: ...He [Regan] wasn't being serious. I think the Wall Street Journal put this on the proper page on Friday -- page 34.

Predictions:

Clift: In an effort to put some teeth in his South African policy, the President will announce next week that he is cutting back the number of U.S. personnel in the Embassy in Pretoria and he will also sever landing rights for South African airlines.

Novak: Senator Dole...will bring it [the Manion vote] up Tuesday. It will carry with Senator Goldwater voting "yes."

Germond: The Southern regional primary...has...12 states involved. A great many of the southern Democratic politicians are coming to the realization that what this may do in the long run...is help the Republicans more than the Democrats.

Kondracke: The Administration has long had a three summit strategy. This fits in with Gorbachev's plans because 1987 is the 70th anniversary of the October revolution...and we will have two world statesmen meeting in that third summit.

McLaughlin: Guy Vander Jagt is fully in command of the National Republican Congressional Committee and his latest effort is an attempt to jettison the 22nd Amendment which bars Ronald Reagan from seeking a third term. Before the November elections, the incumbent Assistant Secretary of State for African Affairs will be replaced.

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Carl Rowan, James Kilpatrick, Strobe Talbott, Elizabeth Drew.

On Bolivia Drug Operation:

Agronsky: Do you think it's wise to use American soldiers?

Rowan: ...It won't make any difference as long as they're throwing nickels and dimes at the demand for drugs inside the United States.

Kilpatrick: I'm all for it.

Talbott: ...What really matters and what we've gotta watch for next is how the Reagan Administration deals with the demand side.

Drew: ...I'm uneasy about it mainly because there's so much about it we don't know.... If this is sort of a showy derring-do to make up for frustration it won't accomplish very much.

Talbott: ...This action has to be seen in the same context as the attack on Libya and the invasion of Grenada. The Administration is saying that whatever form it takes, a threat to the security of the United States is going to be met with force.

Agronsky: Is this move effective and is it as important as doing something at home?

Talbott: If you could pro rate what it costs to use the military abroad on this problem and take that money and spend it instead at home we'd be better off.

On South Africa:

Agronsky: Is this a response that is adequate to hold off the pressure to have sanctions against South Africa?

Kilpatrick: ...I don't see anything changed in the South African situation in the past month or so.

Agronsky: Do you see any hypocrisy on the part of the President to divert those who are calling for...a stronger U.S. policy against South Africa by the appointment of a black ambassador?

Drew: ...The President really doesn't believe in sanctions. Mr. Shultz doesn't believe in them either...

Agronsky: What do you think of the observation of "Diamond Don" Regan?

Drew: ...I love when they do things like this because it tells us how these people really think.... It does show you how very high people in the White House really think about this.

AGRONSKY & CO. (continued)

On Tax Reform:

Agronsky: Will we end up with a tax bill generally the way we anticipated?

Drew: Yes.... It might not be ready for the President by Labor Day.

On Arms Control:

Agronsky: Where's that [arms control] moving now?

Talbott: ...There's a real knock-down, drag-out fight going on between the Defense Department and the State Department. The issue of the moment is how President Reagan should reply to a very positive upbeat letter he got from Gorbachev last month.... My guess is that the State Department will probably prevail...

Kilpatrick: ...Kenneth Adelman was very much on an "up" about where things are going on arms control negotiations.

Rowan: I say it's mostly blue smoke with no mirrors.

On Tobacco Advertising Ban:

Kilpatrick: I do not believe that the First Amendment permits the Congress to prohibit the advertising of a legal product.... The federal government has no business getting into this.

On Pentagon Procurement:

Agronsky: The Secretary of the Navy made a rather remarkable statement talking about a former Assistant Secretary of Defense criticizing Naval contract procedures. How do you feel about that?

Drew: I find it unnerving.

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