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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, SEPTEMBER 11, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Gorbachev Is Reported To Tell Reagan He Wants To Resolve Danilooff Case -- Soviet leader Mikhail Gorbachev has responded to President Reagan's letter protesting the jailing of American journalist Nicholas Danilooff by saying that he wants the case promptly resolved, Administration sources said last night.

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

Reagan Greet's Brazil's Chief, Stresses Free Trade -- President Reagan welcomed Brazilian President Jose Sarney here yesterday as head of an emerging world power but spoke bluntly to him about the need to play by world-power rules of free trade.

(Washington Post)

NATIONAL NEWS

House Opens Debate On Massive Anti-Drug Bill -- The rush to get in the lead on the politically popular "war on drugs" in advance of the November elections escalated Wednesday as the House began debate on its sweeping anti-drug bill and the White House and Senate Republicans scrambled to complete their drug-fighting packages.

(New York Times, Washington Post, AP, Copley)

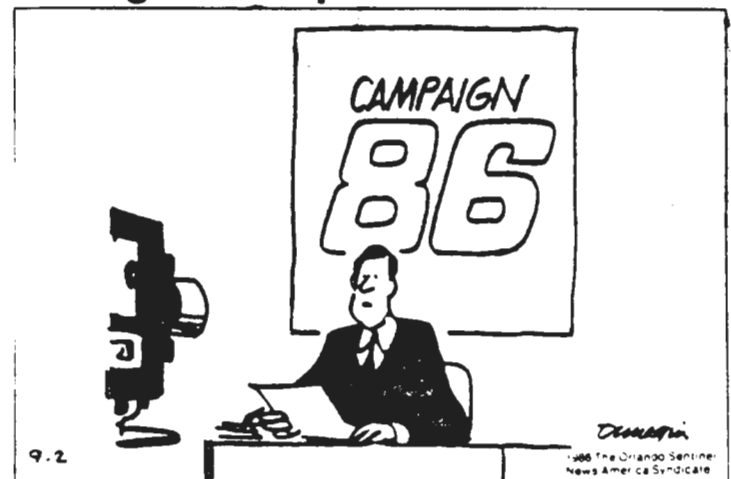
NETWORK NEWS (Wednesday Evening)

DANILOFF/ZAKHAROV -- The Soviets sent a message to the White House that they want to make a deal.

TERRORISM -- Both the Istanbul massacre and Pakistan hijacking appear to be the work of a well known Palestinian faction.

ISRAEL-EGYPT SUMMIT -- Prime Minister Shimon Peres and President Hosni Mubarak are expected to meet tomorrow.

Dunagin's People



'Voter apathy continues in this race ... with 20% of the vote counted, our computer doesn't care who wins.'

INTERNATIONAL NEWS

DANILOFF PROPOSES 'COOLING-OFF PERIOD' Wife Says Idea Not A 'Spy Swap'

MOSCOW -- Jailed American correspondent Nicholas Daniloff has proposed that he and Gennadi Zakharov, a Soviet U.N. employe detained in New York for spying, be released on bail to the custody of their respective ambassadors for "a cooling-off period," his wife, Ruth, said today.

Daniloff, she said, "would not see this as a spy swap but as a possible face-saving compromise for both sides which would not torpedo U.S.-Soviet relations." (Gary Lee, Washington Post, A1)

U.S. Tests Possibility Of Deal For Reporter

The Reagan Administration is exploring the possibility of a deal with the Soviet Union that would involve releasing journalist Nicholas Daniloff in return for a compromise in the handling of an accused Soviet spy now in a New York jail and establishment of "rules and procedures" for future spy cases, according to an Administration source.

State Department spokesman Bernard Kalb yesterday refused to say whether the Administration would favor the simultaneous release of Daniloff and Zakharov into the custody of their respective ambassadors. But he did confirm that "diplomatic maneuvers" and "discussions" were under way here and in Moscow to obtain the swift release of Daniloff.

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

Soviet Is Given New U.S. Offer In Daniloff Case

The United States, in a new proposal, has suggested that an American journalist in Moscow and a Soviet employe of the United Nations in New York who are being held on espionage charges be turned over to their respective ambassadors and that the American then be allowed to return home without trial, Administration officials said today.

Amid discussions on resolving the latest crisis in Soviet-American relations, State Department and White House officials said they could not predict whether the Soviet Union would agree.

(Bernard Gwertzman, New York Times, A1)

Moscow Hints Deal To Release Daniloff

The White House was studying an indirect offer from the Soviets yesterday to release imprisoned American correspondent Nicholas Daniloff to the custody of the U.S. ambassador in Moscow.

But officials said it is not clear what conditions the Soviets might set. "I don't know the terms of the offer or whether we have accepted it or not," said White House spokesman Larry Speakes.

(Jeremiah O'Leary & Richard Beeston, Washington Times, A1)

Gorbachev Is Reported To Tell Reagan He Wants To Resolve Daniloff Case
U.S. Keeps Contents Of Letter Secret

Soviet leader Mikhail Gorbachev has responded to President Reagan's letter protesting the jailing of American journalist Nicholas Daniloff by saying that he wants the case promptly resolved, Administration sources said last night.

"It isn't safe to comment on it. We're doing all we can," Reagan told reporters when asked about the reply. "I'm not going to talk about it. I don't want to rock the boat." (Lou Cannon, Washington Post, A1)

Gorbachev Responds To Reagan Letter On Daniloff

Soviet leader Mikhail Gorbachev has replied to President Reagan's appeal for the release of jailed American reporter Nicholas Daniloff, but the President says "it isn't safe" to discuss the delicate issue publicly.

Reagan revealed for the first time Wednesday night that Gorbachev responded to a letter he wrote appealing for Daniloff's freedom and assuring the Soviet leader that the journalist is not a U.S. spy.

(Helen Thomas, UPI)

Reagan Says Has Gorbachev Reply On Daniloff

President Reagan says he has Soviet leader Mikhail Gorbachev's reply to his request for American reporter Nicholas Daniloff's freedom, but will give no details for fear of spoiling a deal.

"I don't want to rock the boat," Reagan told reporters when asked for details. "It isn't safe to discuss the matter." (Jim Adams, Reuter)

SOVIET BLOC WEAPONS POUR INTO NICARAGUA

The Soviet bloc has accelerated arms shipments to Nicaragua in anticipation of a fall offensive by the anti-Sandinista resistance, Administration sources say.

The resistance forces, widely called contras, will begin to receive the first installment of a \$100 million aid package from the Reagan Administration next month.

The deliveries are "regular and steady," said Defense Secretary Caspar Weinberger. (Roger Fontaine, Washington Times, A1)

REAGAN GREET'S BRAZIL'S CHIEF, STRESSES FREE TRADE

Sarney Suggests Easing Terms Of Nation's
Debt Repayment To Foster Commerce

President Reagan welcomed Brazilian President Jose Sarney here yesterday as head of an emerging world power but spoke bluntly to him about the need to play by world-power rules of free trade.

Aides on both sides called Sarney's 90-minute session at the White House "candid" but "extremely warm," stressing the two president's desire to smooth their differences and establish a personal relationship during Sarney's five-day state visit.

(Joanne Omang, Washington Post, A34)

U.S., BRAZIL PLAN JOINT VENTURE TO DEVELOP SCIENCE, TECHNOLOGY

The presidents of the two largest nations in the Western hemisphere have agreed to establish a high-level panel of scientists, engineers and officials to promote cooperation in science and technology, White House officials announced yesterday.

The panel's first meeting, in 60 days, will provide the agenda for convening the joint commission under the U.S.-Brazil Bilateral Agreement in Science and Technology, the officials said.

(Jeremiah O'Leary, Washington Times, A4)

EGYPT, ISRAEL CLEAR THE WAY FOR SUMMIT MEETING TODAY

CAIRO -- Egypt and Israel reached agreement last night on the terms of arbitration for a longstanding border dispute, paving the way for a summit meeting today between President Hosni Mubarak and Prime Minister Shimon Peres.

The State Department said Wednesday night it welcomed news of the breakthrough. "We are confident that completion of the agreement on Taba arbitration will significantly further Egyptian-Israeli relations and enhance the atmosphere for the broader peace process," a spokeswoman said.

(Jeffrey Bartholet, Washington Post, A1)

PLANNED NAVY MISSILE SUB WORK COULD VIOLATE SALT ARMS LIMITS

In a move that may lead to U.S. violation of the unratified SALT II arms treaty, the Navy has announced it will modernize two more Poseidon ballistic missile submarines this fall.

Administration officials said that the decision, which apparently was made last month, means that the number of strategic weapons systems in the U.S. arsenal will exceed the SALT II limit in mid-December, when the Air Force deploys the 131st bomber equipped with air-launched cruise missiles.

(Jeffrey Smith, Washington Post, A30)

NATIONAL NEWS

PANEL URGES WIDE FEDERAL DRUG TESTING

The White House Domestic Policy Council recommended yesterday that President Reagan approve mandatory drug tests for the 1.1 million government employees in sensitive positions -- roughly half the federal work force.

The Cabinet-level advisory body, headed by Attorney General Edwin Meese, failed to agree on whether to recommend that all government job applicants be tested or whether the tests should be limited to persons seeking sensitive positions. The President is expected to decide that issue today when he reviews the council's recommendations for the first time.

(Judith Havemann & Edward Walsh, Washington Post, A1)

Liberals Object To Some Measures As House Debates Anti-Drug Bill

The House is rushing to pass a bill to reinvigorate the war on drugs, but liberals say they are being betrayed by a bipartisan agreement allowing votes on the death penalty and other issues.

Scores of Democrats and Republicans spoke in favor of the bill Wednesday, but as the day wore on, differences grew among a once-united army of supporters.

(Larry Margasak, AP)

House Opens Debate On Massive Anti-Drug Bill

The rush to get in the lead on the politically popular "war on drugs" in advance of the November elections escalated Wednesday as the House began debate on its sweeping anti-drug bill and the White House and Senate Republicans scrambled to complete their drug-fighting packages.

President Reagan's Domestic Policy Council, led by Attorney General Edwin Meese, was scheduled to complete drafting of the anti-drug program the President is expected to unveil in his nationally televised speech Sunday.

(Otto Kreisher, Copley)

Administration Aides Back Tests Of Federal Employees For Drugs

Top Reagan Administration officials generally agreed today on widespread drug testing of federal employees but could not agree on whether to dismiss second offenders, Administration officials said today.

President Reagan is expected to decide Thursday on this and other details of his drive to control drug abuse. With polls showing high public concern, and with an election approaching, Congress, too, is moving rapidly toward action on the issue. The House began debate today on its bipartisan \$1.5 billion plan.

(Bernard Weinraub, New York Times, A1)

REAGAN TO CAMPAIGN IN MIDWEST

President Reagan will travel to Detroit and Omaha, Neb., Sept. 24, in his autumn marathon for Republican candidates, the White House announced yesterday.

White House spokesman Larry Speakes said the President was "encouraged" by the results of Tuesday's primaries, which produced "strong candidates" for Republican tickets.

(Mary Belcher, Washington Times, A2)

MILLER PREDICTS AVOIDANCE OF ACROSS-THE-BOARD CUTS Fiscal '87 Deficit \$20 Billion Over Limit

President Reagan's budget director said yesterday that he thinks that the White House and Congress will constrain spending enough this fall to avoid a nearly \$20 billion, across-the-board cut threatened next year under the Gramm-Rudman-Hollings budget law.

James Miller, director of the Office of Management and Budget, delivered that assessment as congressional budget committees prepared to trigger the across-the-board cutback process, both to comply with the law and as leverage to force selective savings.

(Helen Dewar, Washington Post, A8)

ONLY NEW HOME-EQUITY LOANS TARGETED BY TAX BILL

Interest-deduction limitations in the pending tax overhaul bill on borrowing against a home would only cover taxpayers who take out new home equity loans, congressional sources said yesterday.

If the restriction had included all such loans, many Americans holding second mortgages would have found a portion of their interest payments nondeductible. The crackdown on home equity loans -- intended to close a loophole opened by the bill's repeal of the deduction for consumer interest -- is expected to cover loans made after mid-August, although the exact date has not been decided.

(Anne Swardson, Washington Post, A8)

DEMOCRATS URGE STEPS TO SHARPEN NATION'S TRADE EDGE

Sharpening America's competitive edge requires better schools and high-tech development as well as a partnership between business and labor, according to a Senate Democratic study group.

"The alternative, which is going out of work, is becoming increasingly clear," Sen. John Rockefeller told a news conference Wednesday called by the Senate Democratic Working Group on Economic Competitiveness.

(Mike Robinson, AP)

SHUTTLE FUNDING SOUGHT FROM PENTAGON SAVINGS Senator Says Plan Would Obey Budget Cap

The Pentagon would use \$2.96 billion in suggested savings for construction of the next space shuttle under a controversial package of proposals to be unveiled today before a Senate subcommittee by Sen. Ted Stevens.

Stevens said last night that money could be obtained for a new fourth orbiter without breaching congressionally mandated budget ceilings by reducing the production rates of planes and tanks, requiring defense contractors to pay for tools used in the manufacturing process and reducing their installment payments from 80 percent to 70 percent of costs incurred.

(George Wilson, Washington Post, A30)

U.S. TROOPS SAID POORLY PREPARED TO DEFEND AGAINST CHEMICAL ASSAULT

U.S. troops, hampered by inadequate equipment and training, are poorly prepared to defend themselves against chemical warfare assault, according to a report by the General Accounting Office.

The Pentagon, five years into a program to upgrade its defenses against chemical warfare, is still lagging in efforts to issue proper guidelines and equipment to troops for combatting a chemical warfare attack, the report said.

(Molly Moore, Washington Post, A30)

SENATE OKs FUNDS TO HELP AIDS VICTIMS

The experimental drug AZT would be provided to 10,000 patients dying of AIDS by the National Cancer Institute under legislation approved by the Senate.

"At least 10,000 people can live six extra months, and I'm not coming off the floor of the United States Senate until I get the money to see that that happens," Sen. Lowell Weicker said Wednesday in urging the plan.

(Mike Robinson, AP)

EDITOR'S NOTE: "20 Women Win Senate, House, Governor Primaries," by James Dickenson, appears in The Washington Post, A10.

NETWORK NEWS SUMMARY

(Wednesday Evening, September 10, 1986)

DANILOFF/ZAKHAROV

NBC's Tom Brokaw: Nicholas Daniloff...is working on his own case, and he has recommended a plan that might move this dispute between the superpowers off dead-center. It is a form of bail for him and for the Soviet official arrested in this country on espionage charges.

NBC's Chris Wallace: Soviet Ambassador Dubinin leaving a meeting with Secretary of State Shultz this afternoon on the Daniloff case. Dubinin wasn't talking, but U.S.-Soviet diplomacy has clearly reached a critical stage. That diplomacy got an unusual push today when the Soviets allowed Daniloff to call his wife from prison. He told her the KGB likes his idea of a joint prisoner release: Daniloff turned over to the U.S. Ambassador there, pending trial -- accused spy Gennadi Zakharov released to the Soviet Ambassador here.

(Ruth Daniloff: "What he was saying was, you know, 'Let's cool this situation.' And one way to deal with the situation is to let both the quote-unquote 'spies' out of jail into the custody of their respective ambassadors.")

The President held off on any retaliation against the Soviets to pursue a deal. Aides say he doesn't want Daniloff equated with a spy, but also doesn't want to damage U.S.-Soviet relations. They say a joint release could be an interim step in the now intense effort to free Daniloff.

(Bernard Kalb: "There are diplomatic maneuvers, actions under way, discussions -- whatever the proper noun is -- to bring about that release both here and in Moscow.")

An American delegation is supposed to leave tomorrow for privately sponsored town meetings in the Soviet Union. The President has not yet cancelled the participation of U.S. officials. But organizers say this cultural exchange is now impossible with Daniloff in jail.

(Daniel Bratton, Chautauqua Institute: "We obviously will not go to the Soviet Union as long as this remains the case.")

Meanwhile the House voted 394-0 joining the Senate in demanding Daniloff's release. But conservatives said the President cannot compromise too much with the Soviets to end this case.

(Rep. Broomfield: "Our government must not be manipulated into exchanging an accused spy for an innocent journalist.")

Officials here say the President is holding off on retaliation because diplomacy now seems to be working. And while they don't want to give up too much to the Soviets, they are anxious to get this incident behind them.

Brokaw: Marvin Kalb, what are the chances tonight that this latest arrangement will go through?

NBC's Marvin Kalb: There are indications tonight that there may be a deal within the next 24 to 48 hours but nothing is set as yet. The first part of that deal you've already touched on.... The U.S. wants more than that. The U.S. wants a timetable for Daniloff's release, and they want that timetable built in to the entire agreement.

-more-

Kalb continues: The Russians, on the other hand, are insisting upon reciprocity. They argue that if the U.S. gets Daniloff they want to get Zakharov.... All the official contacts between the two sides are still on course.... Much depends, really, on a resolution of this Daniloff case. There's progress but no deal as yet. (NBC-Lead)

CBS's Dan Rather: The Soviets sent a message today that they want to make a deal. A deal that would get American journalist Nick Daniloff out of a Moscow jail. The Soviets sent their message quietly to the White House, and publicly through Daniloff himself.

CBS's Bill Plante: The first sign of a break in the stand-off between Washington and Moscow over reporter Nicholas Daniloff and Soviet official Gennadi Zakharov. Sources say the Soviets have now made it clear in a reply to President Reagan's message that they are ready to de-escalate and find a way out. And in Moscow today, a very unusual phone call from Daniloff to his wife. It was what he said -- so unlike her husband, according to Ruth Daniloff -- that made it evident his captors were sending a message. "There has to be some cooling of rhetoric," said Daniloff. "It's up to clever, intelligent diplomats to work something better. There is no need for a swap. Let us first get ourselves into a more comfortable spot." The U.S. held off retaliating against the Soviets as Secretary of State Shultz met with Soviet Ambassador Dubinin today. But a private organization which planned to take 270 government officials and private citizens to a meeting in the Soviet Union next week made it plain they were ready to call off their trip. There are now signs that the formula both sides are looking for may not even require the appearance of a Daniloff-Zakharov swap. For the first time in this case there is real optimism. (CBS-6)

ABC's Peter Jennings: ...The Reagan Administration and the Soviets have been talking and the question is a fairly simple one: Are they cutting a deal by which the American reporter...and the Soviet scientist... will at least get out of their respective prisons?

ABC's John McWethy: Late today Soviet Ambassador Yuri Dubinin had an unscheduled meeting with Secretary of State Shultz. The subject: Nick Daniloff. Two days ago negotiations to free Daniloff appeared to be going nowhere. Now, officials say, they are at a critical stage. The Reagan Administration has resisted, for another day, taking any overt steps to retaliate so as not to upset the delicate negotiations.

(Bernard Kalb: "The objective is to free Nick rather than engage in retaliatory actions. The effort is being made and there are diplomatic maneuvers to bring about that release both here and in Moscow.")

...Throughout the day, high-ranking officials who commonly do not miss a chance to take a pot-shot at the Russians were unusually restrained. Defense Secretary Weinberger, CIA Director Casey, Attorney General Meese, and White House Chief of Staff Regan were all attending a meeting of the American Business Conference. And the impact on U.S.-Soviet relations?

(Donald Regan: "It hasn't helped them at all.")

Despite restraint in the Executive Branch, pressure for action was building on Capitol Hill.... Though there are few details, it appears tonight that both sides are working intensely to find a way to lower the temperature. (ABC-Lead)

TERRORISM

Rather: Both the synagogue massacre and the hijack last week of the Pan Am plane in Pakistan appeared to be the work of a well-known Palestinian faction, but the search for hard evidence is still going on.

CBS's David Martin: Investigators swarmed over the shot-up Pan Am 747 today searching for clues to who was behind the killings in Pakistan. Defense Secretary Weinberger says there are, "strong indications" it was the work of the infamous Abu Nidal who is supported by Libya's Moammar Gadhafi, and who has been blamed for several bloody attacks.... However, U.S. officials caution the evidence linking Abu Nidal to the Pan Am hijacking is strictly circumstantial. In fact, CBS News has been told one of the hijackers claims he is a member of a rival terrorist group. But U.S. officials do not believe his story and are waiting to question the leader who is still too badly wounded to talk.... The Director of Police in West Berlin was quoted as saying there are intelligence warnings of more terrorist attacks like the blast which killed two Americans at this night club and led directly to U.S. retaliation against Libya. (CBS-2)

ISRAEL-EGYPT/SUMMIT

Rather: There was also a sign of hope in the Mideast today. Israeli and Egyptian negotiators worked down to the wire on a border dispute and made enough progress to clear the way for the first summit conference between the two countries in five years. Pending final approval by the Egyptian Cabinet, Prime Minister Peres and President Mubarak are expected to meet tomorrow in Alexandria, Egypt.

(ABC-5, CBS-3, NBC-4)

CHILE

Jennings: There was a funeral in Chile today for a journalist. The journalist was an opponent of the military government and he was found to have been murdered. The funeral was thus a political event.... There was violence once again. (ABC-3, NBC-5)

Rather: In Chile more of the military government's critics have been kidnapped and murdered. This in violent backlash after the assassination attempt on President Pinochet. (CBS-5)

AGRICULTURE/PRICE SUPPORTS

Jennings: In St. Louis today some of the nation's farmers and ranchers got together for yet another discussion of what, if anything, can be done to help them address a whole bushel-full of farming problems. For many years now the federal government has paid the farmers price support: subsidies.... By all accounts the system isn't working. Big farms are getting themselves a lot of money and the are still not world-competitive. The smaller farms are getting less.

ABC's Ken Kashiwahara: For half a century American taxpayers have subsidized their farmers helping the smaller farms to survive. But this year, for the first time, the giant corporate farms are being subsidized too.

Kashiwahara continues: And that has sent farm subsidies skyrocketing -- \$35 billion by some estimates -- double last year's amount.... In order to compete and to survive, farmers say they have to sell their crops for less than it costs to grow them, and Washington has to help by making up the difference.... Although few in Congress would argue against helping the farmer, some now say the current farm bill was a mistake, ineffective, and much too expensive.

(Sen. Harkin: "It's making welfare queens out of our large farmers in America. We're simply pouring money down a rat hole.")

Sen. Wilson: "This program is costing the American taxpayer a bundle -- I mean a frightful amount of money -- and it's not working.)

...Until this year, Everett Rank ran the government's farm subsidy program. Now a farmer himself, he says it's time for the government to get out of farming.

(Everett Rank: "We've got to somehow get the farmer back on relying for the marketplace for his income.")

Historically the American farmer has always had a special place in America's heart -- an indispensable part of its heritage to be preserved at all costs. But the question now is, can we afford to subsidize all of America's farms, or must a part of our heritage -- the smaller, less-profitable, family farm -- become a part of our history.

ABC's Chris Bury: America's crumbling rural heritage: the disappearing family farm. These are the images invoked to justify expensive subsidies. But the farmers who need help the most are getting the least. According to the Agricultural Department only 18% of its payments go to struggling family farmers.... (ABC-6)

WAR ON DRUGS

Jennings: On Capitol Hill today the House began debate on a comprehensive \$3 billion bill to fight illegal drugs. It is expected to be overwhelmingly approved later this week.... (ABC-9)

TUESDAY'S PRIMARIES

Rather: The largest primary day of campaign '86 is still being called super Tuesday but today it's for a different reason.

CBS's Bob Schieffer: What it was was a super Tuesday for women. Yesterday's nine state primaries resulted in 32 women winning nominations for state and federal offices -- the most ever by a long shot.... The results mean a record nine women-only races this fall, none promising more fireworks than the Senate contest in Maryland that pits former White House aide Linda Chavez against Democratic Congresswoman Barbara Mikulski, who immediately stressed that unlike her opponent she's no newcomer to the state.

(Rep. Mikulski: "Barbara Mikulski is a definite Marylander.")

Linda Chavez: "Barbara Mikulski is a San Francisco-style, George McGovern liberal Democrat.")

Chavez got Presidential congratulations today, but her mention of San Francisco set off the campaign's first controversy.

(TV coverage: The President greeting and hugging Chavez in the Oval Office.)

Schieffer continues: Since that city has a large gay population reporters bombarded her with questions about whether her remark had a sexual connotation. She said no.

(Chavez: "We were talking about philosophical differences and that she represents the National Democratic party.")

(ABC-7, CBS-8, NBC-8)

REHNQUIST

Brokaw: More than 100 law professors have written a letter to the U.S.

Senate charging that, in their words, there are serious questions of intellectual honesty that have been raised about Chief Justice nominee William Rehnquist. Consideration of the Rehnquist nomination begins in the Senate tomorrow.

(NBC-9)

CUBA/POLITICAL PRISONERS

Rather: Cuba reportedly plans to free about 100 of what it calls political prisoners next week and send them to the United States. The State Department said today that final details of this prisoner release are still being worked out.

(CBS-14)

ISRAELI BOMBING

Rather: Israeli warplanes bombed Palestinian targets in Lebanon today but Israel said it was not a routine strike. It said it wasn't a retaliation for the Istanbul terror attack either. The targets were ammunition stockpiles used by Palestinian guerillas near Sidon. The bombs also struck a nearby commercial area. Three Arab women were reported killed and 13 other civilians wounded. Ninety shops were destroyed.

(ABC-4, CBS-3, NBC-3)

BOSTON PUBLIC SCHOOLS/CORPORATE DONATIONS

Jennings: An ambitious promise. In Boston some of the city's business leaders have said that for every student in the city who graduates from high school and wants to go on to college, money will not be an obstacle. As you can imagine that has caught a lot of folks' attention.

ABC's Bill O'Reilly: ...To discourage dropping out and to encourage college attendance, 50 private Boston companies have come up with a novel idea: Contributing to a \$5 million superfund designed to provide college tuition and to give motivated students first crack at private sector jobs upon completion of their education.

(ABC-11, CBS-11, NBC-6)

CBS TELEVISION STATION

Rather: The CBS, Inc. Board met today.... The Chairman of the Board and Chief Executive Officer, Thomas Wyman, is reported to be out. The former Chairman, William Paley, has been named a temporary Chairman of the Board while a search is made for a new Chairman and Chief Executive Officer. While that search is being made...the new acting Chief Executive Officer of CBS, Inc. will be Larry Tisch.

(CBS-15, NBC-7)

EDITORIALS/COLUMNISTS

NICHOLAS DANILOFF

Soviets Reviving A Dark Side With Grab Of U.S. Reporter -- "Perhaps the Russian leader decided it was time to play Mr. Reagan's game and act tough. Maybe he had to placate the hard-liners within the Politburo. After all, in at least one sense, Mr. Reagan and Mr. Gorbachev are not so different. They're both politicians, and they've both got to walk through a mine field of competing points of view within the power structures of their respective countries." (Salt Lake Tribune, 9/4)

Moscow's Latest Blunder -- "If the Politburo wants to believe that Danilooff is a spy, Soviet justice easily will oblige with the necessary conviction for espionage." (Cleveland Plain Dealer, 9/9)

A Foreign Policy Framework -- "Moscow's best decision would be to release Mr. Danilooff at once, without conditions. Washington's best decision would be to show full attention to the business of doing business with Moscow." (Christian Science Monitor, 9/9)

Spy vs. Journalist: The U.S. Shouldn't Give In To Soviet Blackmail -- "The White House has moral, political and pragmatic reasons to hang tough in the Danilooff case. When Soviet authorities realize that their scheme won't work, they will move to resolve the crisis quickly and quietly. After all, Mr. Gorbachev needs better East-West relations no less than Mr. Reagan -- even if, in true Bolshevik tradition, his understanding of civility in international relations is a bit different from ours." (Detroit Free Press, 9/4)

Entrapped In The Cold War -- "Americans are entitled to feel indignant at the Soviet's cynical gambit in the Lenin Hills. but there is no excuse for naivete -- neither about the Soviet police state nor about the comportment of U.S. intelligence.... The anguish of the Danilooff family comes as a reminder no only of the Politburo's unaltered indifference to fair play, but also of the collective pathology that is the Cold War." (Boston Globe, 9/5)

Have The Soviets Given Up On A Summit? -- "State Department officials have admitted that if there had been better communication within the Administration, Gennady Zakharov, the Soviet physicist recently arrested as a spy, would have been released in the custody of the Soviet ambassador. Without even referring to the Danilooff case, that should still be done. It's worth taking another step to allow Gorbachev, iron teeth and all, a chance to resolve the matter." (Newsday, 9/10)

Let Mr. Danilooff Go -- "President Reagan is taking a hard line in the matter, and he should. He has warned of U.S. retaliation.... Neither scenario reflects well on the Soviet leader. If Mr. Gorbachev isn't in charge, then why bother to negotiate with them? If he ordered Mr. Danilooff's arrest in retaliation against Mr. Zakharov's arrest, then Mr. Gorbachev is not the 'new' Soviet leader he claims to be. He is as sinister and conniving as his predecessors." (Hartford Courant, 9/10)

EDITORIALS/COLUMNISTS (continued)

Proposed Deal For Daniloff Is A Surrender To Terrorism -- "It is bad enough that the Administration has even allowed Daniloff's case to be linked with the Soviet spy matter; that's an insult to Daniloff's innocence and to the integrity of American journalists everywhere. To propose an actual swap, however, is an incomprehensible move."

(Atlanta Journal, 9/5)

Outrageous Soviet Action -- "The most encouraging aspect of this miserable affair is the reported attitude of President Reagan. After an initial reaction that political, economic and cultural pressures could be brought against the Soviet Union, Reagan was said to be unwilling to let Daniloff's arrest interfere with summit planning."

(Des Moines Register, 9/3)

No Summit, Period -- "The Reagan Administration seemed to regain its composure Saturday when Secretary of State George Shultz told an audience at Harvard University that the United States would make no deals to gain the release of an innocent journalist. That's the appropriate response, and the only wonder is that the Reagan Administration would take so long to figure it out."

(Detroit News, 9/9)

WAR ON DRUGS

Solving The Problem Of Illegal Drugs -- "There is that just to begin with, quickly followed by the question, 'How often would testing be needed? Every year? Six months? Six weeks?' That, multiplied by 1.5 million, is a whole lot of urinalysis, and could just unbalance the budget. But then, of course, a lot of people aren't going to volunteer for the tests, and what do we conclude about them? Well, the White House says, we conclude absolutely nothing about them.... We regretfully conclude that the problem has not been thought through by the White House, and maybe Jack Kilpatrick is right, the only thing to do is hang 'em all."

(William F. Buckley, Jr., Buffalo News, 9/2)

More Money Needed To Fight Drugs, And It Can Be Found -- "We have consistently urged Congress to review old spending programs and cut out some that are no longer needed. Compared with the Administration and the Senate, the House has done the least to make it possible for government to address today's problems through clearing away the debris of old programs that no longer address real needs."

(Atlanta Journal, 9/4)

'We Have Met The Enemy...' -- "Our nation, our freedom, our civilization can fall as a result of self-induced conquest by drugs. How helpless we feel if someone dear to us is involved. How hopeless so many cases become. The question is not whether we 'crack down on drug dealers' but whether we crack down on ourselves to condemn and discourage the drug menace. Right now, the danger is growing at a rapid pace, beyond all reason. Will we reach a point of no return? Or will we establish spiritual and moral principles in time to create within our young and old sufficient values of character to reject this destroyer before it defeats us all?"

(Chattanooga News-Free Press, 9/3)

FOREIGN MEDIA REACTION

NICHOLAS DANILOFF

"The clear implication was that it could imperil plans for a second Reagan-Gorbachev summit.... One option being urged on the President by hardliners in his Administration was to begin expelling Soviets attached to the United Nations, a few at a time, until the Kremlin agrees to release Mr. Daniloff. But no consensus was emerging on the level of American retaliation and Mr. George Shultz...was described as being tugged in two or three directions."
(Daily Telegraph, Britain)

"The Soviet leadership now has to be convinced that the political cost of keeping Mr. Daniloff in detention outweighs that of letting him go. If Mr. Gorbachev has decided that the summit is to be sacrificed for the sake of his personal authority at home, this is one less bargaining counter President Reagan has at his disposal.... Mr. Daniloff may be in Soviet hands; but the advantage is still with President Reagan." (Times, Britain)

"The decision to indict Daniloff is likely a deliberate attempt to humiliate Reagan.... The Kremlin is showing that it is perhaps thinking of postponing the summit."
(Le Monde, France)

"People in Washington expect the Department of State to take countermeasures outside the summit field, for instance in the form of restricting cultural exchange. However, it is doubtful that such measures would soothe the American public."
(Die Welt, West Germany)

"If the United States and the USSR are really interested in a summit meeting and in serious discussions on reducing the arms arsenals, playing up such a marginal case (Daniloff) is entirely inadequate."
(Stuttgarter Zeitung, West Germany)

"People are beginning to say that the Soviets no longer want the summit."
(La Repubblica, Italy)

"The American side is trying to transfer the Daniloff case from the level of espionage to the political level.... Many Western correspondents to the Socialist countries...become maniacs poking around in backyards...for conspiratorial information."
(Pogled, Bulgaria)

"A raging anti-Soviet campaign has broken loose in Washington and is being whipped up to a hysterical pitch (over U.S. spy Nicholas Daniloff). The tone-setters are Administration officials themselves, up to and including such a high-ranking figure as Secretary of State George Shultz."
(TASS, Soviet Union)

"Moscow's decision to file charges against journalist Nicholas Daniloff casts doubts on the future of American-Soviet relations.... Gorbachev announces time and again that he wants to improve U.S.-Soviet relations. The question is whether his position has drastically changed and why, or whether the KGB has much more weight in the present Soviet regime than has been thought."
(Haaretz, Israel)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, SEPTEMBER 11, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Gorbachev Is Reported To Tell Reagan He Wants To Resolve Daniloff Case -- Soviet leader Mikhail Gorbachev has responded to President Reagan's letter protesting the jailing of American journalist Nicholas Daniloff by saying that he wants the case promptly resolved, Administration sources said last night.

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

Reagan Greet's Brazil's Chief, Stresses Free Trade -- President Reagan welcomed Brazilian President Jose Sarney here yesterday as head of an emerging world power but spoke bluntly to him about the need to play by world-power rules of free trade.

(Washington Post)

NATIONAL NEWS

House Opens Debate On Massive Anti-Drug Bill -- The rush to get in the lead on the politically popular "war on drugs" in advance of the November elections escalated Wednesday as the House began debate on its sweeping anti-drug bill and the White House and Senate Republicans scrambled to complete their drug-fighting packages.

(New York Times, Washington Post, AP, Copley)

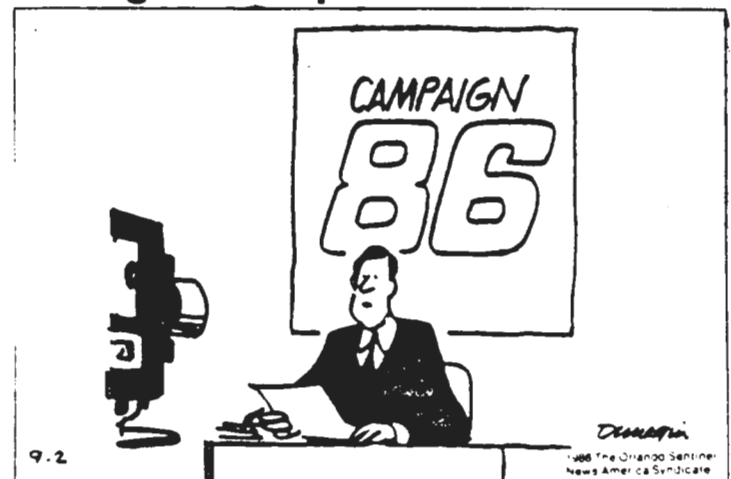
NETWORK NEWS (Wednesday Evening)

DANILOFF/ZAKHAROV -- The Soviets sent a message to the White House that they want to make a deal.

TERRORISM -- Both the Istanbul massacre and Pakistan hijacking appear to be the work of a well known Palestinian faction.

ISRAEL-EGYPT SUMMIT -- Prime Minister Shimon Peres and President Hosni Mubarak are expected to meet tomorrow.

Dunagin's People



'Voter apathy continues in this race ... with 20% of the vote counted, our computer doesn't care who wins.'

INTERNATIONAL NEWS

DANILOFF PROPOSES 'COOLING-OFF PERIOD'

Wife Says Idea Not A 'Spy Swap'

MOSCOW -- Jailed American correspondent Nicholas Daniloff has proposed that he and Gennadi Zakharov, a Soviet U.N. employe detained in New York for spying, be released on bail to the custody of their respective ambassadors for "a cooling-off period," his wife, Ruth, said today.

Daniloff, she said, "would not see this as a spy swap but as a possible face-saving compromise for both sides which would not torpedo U.S.-Soviet relations."

(Gary Lee, Washington Post, A1)

U.S. Tests Possibility Of Deal For Reporter

The Reagan Administration is exploring the possibility of a deal with the Soviet Union that would involve releasing journalist Nicholas Daniloff in return for a compromise in the handling of an accused Soviet spy now in a New York jail and establishment of "rules and procedures" for future spy cases, according to an Administration source.

State Department spokesman Bernard Kalb yesterday refused to say whether the Administration would favor the simultaneous release of Daniloff and Zakharov into the custody of their respective ambassadors. But he did confirm that "diplomatic maneuvers" and "discussions" were under way here and in Moscow to obtain the swift release of Daniloff.

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

Soviet Is Given New U.S. Offer In Daniloff Case

The United States, in a new proposal, has suggested that an American journalist in Moscow and a Soviet employe of the United Nations in New York who are being held on espionage charges be turned over to their respective ambassadors and that the American then be allowed to return home without trial, Administration officials said today.

Amid discussions on resolving the latest crisis in Soviet-American relations, State Department and White House officials said they could not predict whether the Soviet Union would agree.

(Bernard Gwertzman, New York Times, A1)

Moscow Hints Deal To Release Daniloff

The White House was studying an indirect offer from the Soviets yesterday to release imprisoned American correspondent Nicholas Daniloff to the custody of the U.S. ambassador in Moscow.

But officials said it is not clear what conditions the Soviets might set. "I don't know the terms of the offer or whether we have accepted it or not," said White House spokesman Larry Speakes.

(Jeremiah O'Leary & Richard Beeston, Washington Times, A1)

Gorbachev Is Reported To Tell Reagan He Wants To Resolve Daniloﬀ Case
U.S. Keeps Contents Of Letter Secret

Soviet leader Mikhail Gorbachev has responded to President Reagan's letter protesting the jailing of American journalist Nicholas Daniloﬀ by saying that he wants the case promptly resolved, Administration sources said last night.

"It isn't safe to comment on it. We're doing all we can," Reagan told reporters when asked about the reply. "I'm not going to talk about it. I don't want to rock the boat." (Lou Cannon, Washington Post, A1)

Gorbachev Responds To Reagan Letter On Daniloﬀ

Soviet leader Mikhail Gorbachev has replied to President Reagan's appeal for the release of jailed American reporter Nicholas Daniloﬀ, but the President says "it isn't safe" to discuss the delicate issue publicly.

Reagan revealed for the first time Wednesday night that Gorbachev responded to a letter he wrote appealing for Daniloﬀ's freedom and assuring the Soviet leader that the journalist is not a U.S. spy.
(Helen Thomas, UPI)

Reagan Says Has Gorbachev Reply On Daniloﬀ

President Reagan says he has Soviet leader Mikhail Gorbachev's reply to his request for American reporter Nicholas Daniloﬀ's freedom, but will give no details for fear of spoiling a deal.

"I don't want to rock the boat," Reagan told reporters when asked for details. "It isn't safe to discuss the matter." (Jim Adams, Reuter)

SOVIET BLOC WEAPONS POUR INTO NICARAGUA

The Soviet bloc has accelerated arms shipments to Nicaragua in anticipation of a fall offensive by the anti-Sandinista resistance, Administration sources say.

The resistance forces, widely called contras, will begin to receive the first installment of a \$100 million aid package from the Reagan Administration next month.

The deliveries are "regular and steady," said Defense Secretary Caspar Weinberger. (Roger Fontaine, Washington Times, A1)

REAGAN GREET'S BRAZIL'S CHIEF, STRESSES FREE TRADE

Sarney Suggests Easing Terms Of Nation's
Debt Repayment To Foster Commerce

President Reagan welcomed Brazilian President Jose Sarney here yesterday as head of an emerging world power but spoke bluntly to him about the need to play by world-power rules of free trade.

Aides on both sides called Sarney's 90-minute session at the White House "candid" but "extremely warm," stressing the two president's desire to smooth their differences and establish a personal relationship during Sarney's five-day state visit.

(Joanne Omang, Washington Post, A34)

U.S., BRAZIL PLAN JOINT VENTURE TO DEVELOP SCIENCE, TECHNOLOGY

The presidents of the two largest nations in the Western hemisphere have agreed to establish a high-level panel of scientists, engineers and officials to promote cooperation in science and technology, White House officials announced yesterday.

The panel's first meeting, in 60 days, will provide the agenda for convening the joint commission under the U.S.-Brazil Bilateral Agreement in Science and Technology, the officials said.

(Jeremiah O'Leary, Washington Times, A4)

EGYPT, ISRAEL CLEAR THE WAY FOR SUMMIT MEETING TODAY

CAIRO -- Egypt and Israel reached agreement last night on the terms of arbitration for a longstanding border dispute, paving the way for a summit meeting today between President Hosni Mubarak and Prime Minister Shimon Peres.

The State Department said Wednesday night it welcomed news of the breakthrough. "We are confident that completion of the agreement on Tabá arbitration will significantly further Egyptian-Israeli relations and enhance the atmosphere for the broader peace process," a spokeswoman said.

(Jeffrey Bartholet, Washington Post, A1)

PLANNED NAVY MISSILE SUB WORK COULD VIOLATE SALT ARMS LIMITS

In a move that may lead to U.S. violation of the unratified SALT II arms treaty, the Navy has announced it will modernize two more Poseidon ballistic missile submarines this fall.

Administration officials said that the decision, which apparently was made last month, means that the number of strategic weapons systems in the U.S. arsenal will exceed the SALT II limit in mid-December, when the Air Force deploys the 131st bomber equipped with air-launched cruise missiles.

(Jeffrey Smith, Washington Post, A30)

NATIONAL NEWS

PANEL URGES WIDE FEDERAL DRUG TESTING

The White House Domestic Policy Council recommended yesterday that President Reagan approve mandatory drug tests for the 1.1 million government employees in sensitive positions -- roughly half the federal work force.

The Cabinet-level advisory body, headed by Attorney General Edwin Meese, failed to agree on whether to recommend that all government job applicants be tested or whether the tests should be limited to persons seeking sensitive positions. The President is expected to decide that issue today when he reviews the council's recommendations for the first time.

(Judith Havemann & Edward Walsh, Washington Post, A1)

Liberals Object To Some Measures As House Debates Anti-Drug Bill

The House is rushing to pass a bill to reinvigorate the war on drugs, but liberals say they are being betrayed by a bipartisan agreement allowing votes on the death penalty and other issues.

Scores of Democrats and Republicans spoke in favor of the bill Wednesday, but as the day wore on, differences grew among a once-united army of supporters.

(Larry Margasak, AP)

House Opens Debate On Massive Anti-Drug Bill

The rush to get in the lead on the politically popular "war on drugs" in advance of the November elections escalated Wednesday as the House began debate on its sweeping anti-drug bill and the White House and Senate Republicans scrambled to complete their drug-fighting packages.

President Reagan's Domestic Policy Council, led by Attorney General Edwin Meese, was scheduled to complete drafting of the anti-drug program the President is expected to unveil in his nationally televised speech Sunday.

(Otto Kreisher, Copley)

Administration Aides Back Tests Of Federal Employes For Drugs

Top Reagan Administration officials generally agreed today on widespread drug testing of federal employes but could not agree on whether to dismiss second offenders, Administration officials said today.

President Reagan is expected to decide Thursday on this and other details of his drive to control drug abuse. With polls showing high public concern, and with an election approaching, Congress, too, is moving rapidly toward action on the issue. The House began debate today on its bipartisan \$1.5 billion plan.

(Bernard Weinraub, New York Times, A1)

REAGAN TO CAMPAIGN IN MIDWEST

President Reagan will travel to Detroit and Omaha, Neb., Sept. 24, in his autumn marathon for Republican candidates, the White House announced yesterday.

White House spokesman Larry Speakes said the President was "encouraged" by the results of Tuesday's primaries, which produced "strong candidates" for Republican tickets.

(Mary Belcher, Washington Times, A2)

MILLER PREDICTS AVOIDANCE OF ACROSS-THE-BOARD CUTS Fiscal '87 Deficit \$20 Billion Over Limit

President Reagan's budget director said yesterday that he thinks that the White House and Congress will constrain spending enough this fall to avoid a nearly \$20 billion, across-the-board cut threatened next year under the Gramm-Rudman-Hollings budget law.

James Miller, director of the Office of Management and Budget, delivered that assessment as congressional budget committees prepared to trigger the across-the-board cutback process, both to comply with the law and as leverage to force selective savings.

(Helen Dewar, Washington Post, A8)

ONLY NEW HOME-EQUITY LOANS TARGETED BY TAX BILL

Interest-deduction limitations in the pending tax overhaul bill on borrowing against a home would only cover taxpayers who take out new home equity loans, congressional sources said yesterday.

If the restriction had included all such loans, many Americans holding second mortgages would have found a portion of their interest payments nondeductible. The crackdown on home equity loans -- intended to close a loophole opened by the bill's repeal of the deduction for consumer interest -- is expected to cover loans made after mid-August, although the exact date has not been decided.

(Anne Swardson, Washington Post, A8)

DEMOCRATS URGE STEPS TO SHARPEN NATION'S TRADE EDGE

Sharpening America's competitive edge requires better schools and high-tech development as well as a partnership between business and labor, according to a Senate Democratic study group.

"The alternative, which is going out of work, is becoming increasingly clear," Sen. John Rockefeller told a news conference Wednesday called by the Senate Democratic Working Group on Economic Competitiveness.

(Mike Robinson, AP)

SHUTTLE FUNDING SOUGHT FROM PENTAGON SAVINGS Senator Says Plan Would Obey Budget Cap

The Pentagon would use \$2.96 billion in suggested savings for construction of the next space shuttle under a controversial package of proposals to be unveiled today before a Senate subcommittee by Sen. Ted Stevens.

Stevens said last night that money could be obtained for a new fourth orbiter without breaching congressionally mandated budget ceilings by reducing the production rates of planes and tanks, requiring defense contractors to pay for tools used in the manufacturing process and reducing their installment payments from 80 percent to 70 percent of costs incurred.

(George Wilson, Washington Post, A30)

U.S. TROOPS SAID POORLY PREPARED TO DEFEND AGAINST CHEMICAL ASSAULT

U.S. troops, hampered by inadequate equipment and training, are poorly prepared to defend themselves against chemical warfare assault, according to a report by the General Accounting Office.

The Pentagon, five years into a program to upgrade its defenses against chemical warfare, is still lagging in efforts to issue proper guidelines and equipment to troops for combatting a chemical warfare attack, the report said.

(Molly Moore, Washington Post, A30)

SENATE OKs FUNDS TO HELP AIDS VICTIMS

The experimental drug AZT would be provided to 10,000 patients dying of AIDS by the National Cancer Institute under legislation approved by the Senate.

"At least 10,000 people can live six extra months, and I'm not coming off the floor of the United States Senate until I get the money to see that that happens," Sen. Lowell Weicker said Wednesday in urging the plan.

(Mike Robinson, AP)

EDITOR'S NOTE: "20 Women Win Senate, House, Governor Primaries," by James Dickenson, appears in The Washington Post, A10.

NETWORK NEWS SUMMARY

(Wednesday Evening, September 10, 1986)

DANILOFF/ZAKHAROV

NBC's Tom Brokaw: Nicholas Daniloff...is working on his own case, and he has recommended a plan that might move this dispute between the superpowers off dead-center. It is a form of bail for him and for the Soviet official arrested in this country on espionage charges.

NBC's Chris Wallace: Soviet Ambassador Dubinin leaving a meeting with Secretary of State Shultz this afternoon on the Daniloff case. Dubinin wasn't talking, but U.S.-Soviet diplomacy has clearly reached a critical stage. That diplomacy got an unusual push today when the Soviets allowed Daniloff to call his wife from prison. He told her the KGB likes his idea of a joint prisoner release: Daniloff turned over to the U.S. Ambassador there, pending trial -- accused spy Gennadi Zakharov released to the Soviet Ambassador here.

(Ruth Daniloff: "What he was saying was, you know, 'Let's cool this situation.' And one way to deal with the situation is to let both the quote-unquote 'spies' out of jail into the custody of their respective ambassadors.")

The President held off on any retaliation against the Soviets to pursue a deal. Aides say he doesn't want Daniloff equated with a spy, but also doesn't want to damage U.S.-Soviet relations. They say a joint release could be an interim step in the now intense effort to free Daniloff.

(Bernard Kalb: "There are diplomatic maneuvers, actions under way, discussions -- whatever the proper noun is -- to bring about that release both here and in Moscow.")

An American delegation is supposed to leave tomorrow for privately sponsored town meetings in the Soviet Union. The President has not yet cancelled the participation of U.S. officials. But organizers say this cultural exchange is now impossible with Daniloff in jail.

(Daniel Bratton, Chautauqua Institute: "We obviously will not go to the Soviet Union as long as this remains the case.")

Meanwhile the House voted 394-0 joining the Senate in demanding Daniloff's release. But conservatives said the President cannot compromise too much with the Soviets to end this case.

(Rep. Broomfield: "Our government must not be manipulated into exchanging an accused spy for an innocent journalist.")

Officials here say the President is holding off on retaliation because diplomacy now seems to be working. And while they don't want to give up too much to the Soviets, they are anxious to get this incident behind them.

Brokaw: Marvin Kalb, what are the chances tonight that this latest arrangement will go through?

NBC's Marvin Kalb: There are indications tonight that there may be a deal within the next 24 to 48 hours but nothing is set as yet. The first part of that deal you've already touched on.... The U.S. wants more than that. The U.S. wants a timetable for Daniloff's release, and they want that timetable built in to the entire agreement.

-more-

Kalb continues: The Russians, on the other hand, are insisting upon reciprocity. They argue that if the U.S. gets Daniloff they want to get Zakharov.... All the official contacts between the two sides are still on course.... Much depends, really, on a resolution of this Daniloff case. There's progress but no deal as yet. (NBC-Lead)

CBS's Dan Rather: The Soviets sent a message today that they want to make a deal. A deal that would get American journalist Nick Daniloff out of a Moscow jail. The Soviets sent their message quietly to the White House, and publicly through Daniloff himself.

CBS's Bill Plante: The first sign of a break in the stand-off between Washington and Moscow over reporter Nicholas Daniloff and Soviet official Gennadi Zakharov. Sources say the Soviets have now made it clear in a reply to President Reagan's message that they are ready to de-escalate and find a way out. And in Moscow today, a very unusual phone call from Daniloff to his wife. It was what he said -- so unlike her husband, according to Ruth Daniloff -- that made it evident his captors were sending a message. "There has to be some cooling of rhetoric," said Daniloff. "It's up to clever, intelligent diplomats to work something better. There is no need for a swap. Let us first get ourselves into a more comfortable spot." The U.S. held off retaliating against the Soviets as Secretary of State Shultz met with Soviet Ambassador Dubinin today. But a private organization which planned to take 270 government officials and private citizens to a meeting in the Soviet Union next week made it plain they were ready to call off their trip. There are now signs that the formula both sides are looking for may not even require the appearance of a Daniloff-Zakharov swap. For the first time in this case there is real optimism. (CBS-6)

ABC's Peter Jennings: ...The Reagan Administration and the Soviets have been talking and the question is a fairly simple one: Are they cutting a deal by which the American reporter...and the Soviet scientist... will at least get out of their respective prisons?

ABC's John McWethy: Late today Soviet Ambassador Yuri Dubinin had an unscheduled meeting with Secretary of State Shultz. The subject: Nick Daniloff. Two days ago negotiations to free Daniloff appeared to be going nowhere. Now, officials say, they are at a critical stage. The Reagan Administration has resisted, for another day, taking any overt steps to retaliate so as not to upset the delicate negotiations.

(Bernard Kalb: "The objective is to free Nick rather than engage in retaliatory actions. The effort is being made and there are diplomatic maneuvers to bring about that release both here and in Moscow.")

...Throughout the day, high-ranking officials who commonly do not miss a chance to take a pot-shot at the Russians were unusually restrained. Defense Secretary Weinberger, CIA Director Casey, Attorney General Meese, and White House Chief of Staff Regan were all attending a meeting of the American Business Conference. And the impact on U.S.-Soviet relations?

(Donald Regan: "It hasn't helped them at all.")

Despite restraint in the Executive Branch, pressure for action was building on Capitol Hill.... Though there are few details, it appears tonight that both sides are working intensely to find a way to lower the temperature. (ABC-Lead)

TERRORISM

Rather: Both the synagogue massacre and the hijack last week of the Pan Am plane in Pakistan appeared to be the work of a well-known Palestinian faction, but the search for hard evidence is still going on.

CBS's David Martin: Investigators swarmed over the shot-up Pan Am 747 today searching for clues to who was behind the killings in Pakistan. Defense Secretary Weinberger says there are, "strong indications" it was the work of the infamous Abu Nidal who is supported by Libya's Moammar Gadhafi, and who has been blamed for several bloody attacks.... However, U.S. officials caution the evidence linking Abu Nidal to the Pan Am hijacking is strictly circumstantial. In fact, CBS News has been told one of the hijackers claims he is a member of a rival terrorist group. But U.S. officials do not believe his story and are waiting to question the leader who is still too badly wounded to talk.... The Director of Police in West Berlin was quoted as saying there are intelligence warnings of more terrorist attacks like the blast which killed two Americans at this night club and led directly to U.S. retaliation against Libya. (CBS-2)

ISRAEL-EGYPT/SUMMIT

Rather: There was also a sign of hope in the Mideast today. Israeli and Egyptian negotiators worked down to the wire on a border dispute and made enough progress to clear the way for the first summit conference between the two countries in five years. Pending final approval by the Egyptian Cabinet, Prime Minister Peres and President Mubarak are expected to meet tomorrow in Alexandria, Egypt.
(ABC-5, CBS-3, NBC-4)

CHILE

Jennings: There was a funeral in Chile today for a journalist. The journalist was an opponent of the military government and he was found to have been murdered. The funeral was thus a political event.... There was violence once again. (ABC-3, NBC-5)

Rather: In Chile more of the military government's critics have been kidnapped and murdered. This in violent backlash after the assassination attempt on President Pinochet. (CBS-5)

AGRICULTURE/PRICE SUPPORTS

Jennings: In St. Louis today some of the nation's farmers and ranchers got together for yet another discussion of what, if anything, can be done to help them address a whole bushel-full of farming problems. For many years now the federal government has paid the farmers price support: subsidies.... By all accounts the system isn't working. Big farms are getting themselves a lot of money and the are still not world-competitive. The smaller farms are getting less.

ABC's Ken Kashiwahara: For half a century American taxpayers have subsidized their farmers helping the smaller farms to survive. But this year, for the first time, the giant corporate farms are being subsidized too.

Kashiwahara continues: And that has sent farm subsidies skyrocketing -- \$35 billion by some estimates -- double last year's amount.... In order to compete and to survive, farmers say they have to sell their crops for less than it costs to grow them, and Washington has to help by making up the difference.... Although few in Congress would argue against helping the farmer, some now say the current farm bill was a mistake, ineffective, and much too expensive.

(Sen. Harkin: "It's making welfare queens out of our large farmers in America. We're simply pouring money down a rat hole.")

Sen. Wilson: "This program is costing the American taxpayer a bundle -- I mean a frightful amount of money -- and it's not working.)

...Until this year, Everett Rank ran the government's farm subsidy program. Now a farmer himself, he says it's time for the government to get out of farming.

(Everett Rank: "We've got to somehow get the farmer back on relying for the marketplace for his income.")

Historically the American farmer has always had a special place in America's heart -- an indispensable part of its heritage to be preserved at all costs. But the question now is, can we afford to subsidize all of America's farms, or must a part of our heritage -- the smaller, less-profitable, family farm -- become a part of our history.

ABC's Chris Bury: America's crumbling rural heritage: the disappearing family farm. These are the images invoked to justify expensive subsidies. But the farmers who need help the most are getting the least. According to the Agricultural Department only 18% of its payments go to struggling family farmers.... (ABC-6)

WAR ON DRUGS

Jennings: On Capitol Hill today the House began debate on a comprehensive \$3 billion bill to fight illegal drugs. It is expected to be overwhelmingly approved later this week.... (ABC-9)

TUESDAY'S PRIMARIES

Rather: The largest primary day of campaign '86 is still being called super Tuesday but today it's for a different reason.

CBS's Bob Schieffer: What it was was a super Tuesday for women. Yesterday's nine state primaries resulted in 32 women winning nominations for state and federal offices -- the most ever by a long shot.... The results mean a record nine women-only races this fall, none promising more fireworks than the Senate contest in Maryland that pits former White House aide Linda Chavez against Democratic Congresswoman Barbara Mikulski, who immediately stressed that unlike her opponent she's no newcomer to the state.

(Rep. Mikulski: "Barbara Mikulski is a definite Marylander.")

Linda Chavez: "Barbara Mikulski is a San Francisco-style, George McGovern liberal Democrat.")

Chavez got Presidential congratulations today, but her mention of San Francisco set off the campaign's first controversy.

(TV coverage: The President greeting and hugging Chavez in the Oval Office.)

Schieffer continues: Since that city has a large gay population reporters bombarded her with questions about whether her remark had a sexual connotation. She said no.

(Chavez: "We were talking about philosophical differences and that she represents the National Democratic party.")

(ABC-7, CBS-8, NBC-8)

REHNQUIST

Brokaw: More than 100 law professors have written a letter to the U.S.

Senate charging that, in their words, there are serious questions of intellectual honesty that have been raised about Chief Justice nominee William Rehnquist. Consideration of the Rehnquist nomination begins in the Senate tomorrow.

(NBC-9)

CUBA/POLITICAL PRISONERS

Rather: Cuba reportedly plans to free about 100 of what it calls political prisoners next week and send them to the United States. The State Department said today that final details of this prisoner release are still being worked out.

(CBS-14)

ISRAELI BOMBING

Rather: Israeli warplanes bombed Palestinian targets in Lebanon today but Israel said it was not a routine strike. It said it wasn't a retaliation for the Istanbul terror attack either. The targets were ammunition stockpiles used by Palestinian guerillas near Sidon. The bombs also struck a nearby commercial area. Three Arab women were reported killed and 13 other civilians wounded. Ninety shops were destroyed.

(ABC-4, CBS-3, NBC-3)

BOSTON PUBLIC SCHOOLS/CORPORATE DONATIONS

Jennings: An ambitious promise. In Boston some of the city's business leaders have said that for every student in the city who graduates from high school and wants to go on to college, money will not be an obstacle. As you can imagine that has caught a lot of folks' attention.

ABC's Bill O'Reilly: ...To discourage dropping out and to encourage college attendance, 50 private Boston companies have come up with a novel idea: Contributing to a \$5 million superfund designed to provide college tuition and to give motivated students first crack at private sector jobs upon completion of their education.

(ABC-11, CBS-11, NBC-6)

CBS TELEVISION STATION

Rather: The CBS, Inc. Board met today.... The Chairman of the Board and Chief Executive Officer, Thomas Wyman, is reported to be out. The former Chairman, William Paley, has been named a temporary Chairman of the Board while a search is made for a new Chairman and Chief Executive Officer. While that search is being made...the new acting Chief Executive Officer of CBS, Inc. will be Larry Tisch.

(CBS-15, NBC-7)

EDITORIALS/COLUMNISTS

NICHOLAS DANILOFF

Soviets Reviving A Dark Side With Grab Of U.S. Reporter -- "Perhaps the Russian leader decided it was time to play Mr. Reagan's game and act tough. Maybe he had to placate the hard-liners within the Politburo. After all, in at least one sense, Mr. Reagan and Mr. Gorbachev are not so different. They're both politicians, and they've both got to walk through a mine field of competing points of view within the power structures of their respective countries." (Salt Lake Tribune, 9/4)

Moscow's Latest Blunder -- "If the Politburo wants to believe that Daniloff is a spy, Soviet justice easily will oblige with the necessary conviction for espionage." (Cleveland Plain Dealer, 9/9)

A Foreign Policy Framework -- "Moscow's best decision would be to release Mr. Daniloff at once, without conditions. Washington's best decision would be to show full attention to the business of doing business with Moscow." (Christian Science Monitor, 9/9)

Spy vs. Journalist: The U.S. Shouldn't Give In To Soviet Blackmail -- "The White House has moral, political and pragmatic reasons to hang tough in the Daniloff case. When Soviet authorities realize that their scheme won't work, they will move to resolve the crisis quickly and quietly. After all, Mr. Gorbachev needs better East-West relations no less than Mr. Reagan -- even if, in true Bolshevik tradition, his understanding of civility in international relations is a bit different from ours." (Detroit Free Press, 9/4)

Entrapped In The Cold War -- "Americans are entitled to feel indignant at the Soviet's cynical gambit in the Lenin Hills. but there is no excuse for naivete -- neither about the Soviet police state nor about the comportment of U.S. intelligence.... The anguish of the Daniloff family comes as a reminder no only of the Politburo's unaltered indifference to fair play, but also of the collective pathology that is the Cold War." (Boston Globe, 9/5)

Have The Soviets Given Up On A Summit? -- "State Department officials have admitted that if there had been better communication within the Administration, Gennady Zakharov, the Soviet physicist recently arrested as a spy, would have been released in the custody of the Soviet ambassador. Without even referring to the Daniloff case, that should still be done. It's worth taking another step to allow Gorbachev, iron teeth and all, a chance to resolve the matter." (Newsday, 9/10)

Let Mr. Daniloff Go -- "President Reagan is taking a hard line in the matter, and he should. He has warned of U.S. retaliation.... Neither scenario reflects well on the Soviet leader. If Mr. Gorbachev isn't in charge, then why bother to negotiate with them? If he ordered Mr. Daniloff's arrest in retaliation against Mr. Zakharov's arrest, then Mr. Gorbachev is not the 'new' Soviet leader he claims to be. He is as sinister and conniving as his predecessors." (Hartford Courant, 9/10)

EDITORIALS/COLUMNISTS (continued)

Proposed Deal For Danilooff Is A Surrender To Terrorism -- "It is bad enough that the Administration has even allowed Danilooff's case to be linked with the Soviet spy matter; that's an insult to Danilooff's innocence and to the integrity of American journalists everywhere. To propose an actual swap, however, is an incomprehensible move."

(Atlanta Journal, 9/5)

Outrageous Soviet Action -- "The most encouraging aspect of this miserable affair is the reported attitude of President Reagan. After an initial reaction that political, economic and cultural pressures could be brought against the Soviet Union, Reagan was said to be unwilling to let Danilooff's arrest interfere with summit planning."

(Des Moines Register, 9/3)

No Summit, Period -- "The Reagan Administration seemed to regain its composure Saturday when Secretary of State George Shultz told an audience at Harvard University that the United States would make no deals to gain the release of an innocent journalist. That's the appropriate response, and the only wonder is that the Reagan Administration would take so long to figure it out."

(Detroit News, 9/9)

WAR ON DRUGS

Solving The Problem Of Illegal Drugs -- "There is that just to begin with, quickly followed by the question, 'How often would testing be needed? Every year? Six months? Six weeks?' That, multiplied by 1.5 million, is a whole lot of urinalysis, and could just unbalance the budget. But then, of course, a lot of people aren't going to volunteer for the tests, and what do we conclude about them? Well, the White House says, we conclude absolutely nothing about them.... We regretfully conclude that the problem has not been thought through by the White House, and maybe Jack Kilpatrick is right, the only thing to do is hang 'em all."

(William F. Buckley, Jr., Buffalo News, 9/2)

More Money Needed To Fight Drugs, And It Can Be Found -- "We have consistently urged Congress to review old spending programs and cut out some that are no longer needed. Compared with the Administration and the Senate, the House has done the least to make it possible for government to address today's problems through clearing away the debris of old programs that no longer address real needs."

(Atlanta Journal, 9/4)

'We Have Met The Enemy...' -- "Our nation, our freedom, our civilization can fall as a result of self-induced conquest by drugs. How helpless we feel if someone dear to us is involved. How hopeless so many cases become. The question is not whether we 'crack down on drug dealers' but whether we crack down on ourselves to condemn and discourage the drug menace. Right now, the danger is growing at a rapid pace, beyond all reason. Will we reach a point of no return? Or will we establish spiritual and moral principles in time to create within our young and old sufficient values of character to reject this destroyer before it defeats us all?"

(Chattanooga News-Free Press, 9/3)

FOREIGN MEDIA REACTION

NICHOLAS DANILOFF

"The clear implication was that it could imperil plans for a second Reagan-Gorbachev summit.... One option being urged on the President by hardliners in his Administration was to begin expelling Soviets attached to the United Nations, a few at a time, until the Kremlin agrees to release Mr. Danilooff. But no consensus was emerging on the level of American retaliation and Mr. George Shultz...was described as being tugged in two or three directions." (Daily Telegraph, Britain)

"The Soviet leadership now has to be convinced that the political cost of keeping Mr. Danilooff in detention outweighs that of letting him go. If Mr. Gorbachev has decided that the summit is to be sacrificed for the sake of his personal authority at home, this is one less bargaining counter President Reagan has at his disposal.... Mr. Danilooff may be in Soviet hands; but the advantage is still with President Reagan." (Times, Britain)

"The decision to indict Danilooff is likely a deliberate attempt to humiliate Reagan.... The Kremlin is showing that it is perhaps thinking of postponing the summit." (Le Monde, France)

"People in Washington expect the Department of State to take countermeasures outside the summit field, for instance in the form of restricting cultural exchange. However, it is doubtful that such measures would soothe the American public." (Die Welt, West Germany)

"If the United States and the USSR are really interested in a summit meeting and in serious discussions on reducing the arms arsenals, playing up such a marginal case (Daniloff) is entirely inadequate." (Stuttgarter Zeitung, West Germany)

"People are beginning to say that the Soviets no longer want the summit." (La Repubblica, Italy)

"The American side is trying to transfer the Danilooff case from the level of espionage to the political level.... Many Western correspondents to the Socialist countries...become maniacs poking around in backyards...for conspiratorial information." (Pogled, Bulgaria)

"A raging anti-Soviet campaign has broken loose in Washington and is being whipped up to a hysterical pitch (over U.S. spy Nicholas Danilooff). The tone-setters are Administration officials themselves, up to and including such a high-ranking figure as Secretary of State George Shultz." (TASS, Soviet Union)

"Moscow's decision to file charges against journalist Nicholas Danilooff casts doubts on the future of American-Soviet relations.... Gorbachev announces time and again that he wants to improve U.S.-Soviet relations. The question is whether his position has drastically changed and why, or whether the KGB has much more weight in the present Soviet regime than has been thought." (Haaretz, Israel)