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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, SEPTEMBER 22, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Shultz Finds 'Hope' For Freeing Daniloff -- Despite failure of top-level U.S.-Soviet talks here to free Nicholas Daniloff, Secretary of State George Shultz yesterday expressed hope that a further meeting in New York might resolve the issue, which is blocking a superpower summit.

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

Reagan To Scold Soviets In His U.N. Speech Today -- President Reagan, hoping to deflect criticism of the Administration's handling of the Daniloff affair, will take the Soviet Union to task today in his annual address to the U.N. General Assembly.

(Washington Times, AP, Reuter)

NATIONAL NEWS

Pentagon Officials Say Drug-Test Order Flawed -- Drug tests could be falsified and innocent workers could suffer because of a major flaw in President Reagan's executive order requiring such tests for certain federal employees, Pentagon sources say.

(UPI)

NETWORK NEWS (Sunday Evening)

U.S./SOVIET RELATIONS -- U.S. officials are talking tougher than ever, all but ruling out a summit meeting unless the Soviets release Nicholas Daniloff.

STOCKHOLM SECURITY CONFERENCE

-- Agreement was reached at a security conference in Stockholm on measures to make accidental war in Europe less likely.

TERROR WARNING -- There is a full security alert at London's Heathrow Airport after Israeli intelligence warned that Arab terrorists planned to attack a U.S. jet in the next few days.



BY MIKE PETERS FOR THE DAYTON DAILY NEWS

*This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.*

INTERNATIONAL NEWS

U.S. FIRM ON OUSTING 25 SOVIETS Shultz Seems To Bar Compromise In Deal For Daniloﬀ Release

Secretary of State George Shultz, saying the Administration is determined to stop the Soviet Union from using its mission to the United Nations in New York as "a base for spying in the United States," insisted yesterday that the 25 Soviet diplomats ordered expelled last week must leave the country by Oct. 1.

After two days of talks here with Soviet Foreign Minister Eduard Shevardnadze, Shultz appeared to rule out any compromise over the 25 Soviets named in the U.S. expulsion order as part of a possible deal with Moscow for the release of American reporter Nicholas Daniloﬀ.

At the same time, Soviet Foreign Ministry spokesman Gennadi Gerasimov, speaking on CBS News' "Face the Nation," expressed optimism that "some kind of solution" can be found to free Daniloﬀ before he goes on trial on espionage charges. But he indicated that any solution would have to be linked to a reversal of the U.S. order to expel the Soviets.

(David Ottaway & Lou Cannon, Washington Post, A1)

21 Expelled Soviet Diplomats Depart

Twenty-one of the 25 Soviet U.N. diplomats expelled last week as suspected spies left the United States yesterday, and the remaining officials will depart by Oct. 1, according to Soviet officials.

"We hoped the United States government would alter the decision," Soviet U.N. mission press secretary Anatoly Khudiakov said. "We still hope they would. But still...we are on the territory of the United States, on United States soil."

(Bill Gertz, Washington Times, A4)

Shultz Sees Hope In Soviet Comment On Daniloﬀ Case Is Encouraged By Suggestion From Shevardnadze About Meeting This Week

Secretary of State George Shultz said today that he was encouraged at a suggestion by the Soviet Foreign Minister that they might be able to resolve at meetings in New York this week the case of the American journalist held in Moscow on espionage charges.

"He is charged, and usually he is going to be put to trial," Mr. Gerasimov said of Mr. Daniloﬀ, Moscow correspondent for U.S. News & World Report. "But because we don't want this particular case to be an obstacle in our relations, we can find some kind of solution and let him free."

(Neil Lewis, New York Times, A1)

Shultz Finds 'Hope' For Freeing Daniloﬀ

Despite failure of top-level U.S.-Soviet talks here to free Nicholas Daniloﬀ, Secretary of State George Shultz yesterday expressed hope that a further meeting in New York might resolve the issue, which is blocking a superpower summit.

Mr. Shultz refused to say point-blank that no summit would be held unless Mr. Daniloﬀ were freed, but he said it would be "very hard to imagine a fruitful summit meeting" without the matter being resolved.

(Richard Beeston, Washington Times, A1)

U.S., Soviet Officials Express Hope On Settling Daniloff Case

The Soviet arrest of American reporter Nicholas Daniloff dogged two days of high-level U.S.-Soviet talks, but officials from both sides were optimistic it could be resolved to clear the way for a summit.

Soviet Foreign Ministry spokesman Gennady Gerasimov said on the CBS News program "Face the Nation" that prompt "diplomatic accommodation" to the spy case could be found.

"I don't see any big obstacle in finding a solution to this particular (Daniloff) problem," Gerasimov said, adding that it could come in time for another meeting between Shultz and Shevardnadze at the United Nations later this week.
(Peter Szekely, Reuter)

Cautious Hope For Summit Future

U.S. and Soviet officials pledged to keep working toward a superpower summit, but a weekend of negotiations failed to lift the pall cast by continued Soviet detention of American journalist Nicholas Daniloff.

Secretary of State Shultz, however, said President Reagan and Gorbachev appear to agree their next meeting should produce "some substantive result," and he spoke with measured optimism about possible narrowing of differences at arms talks in Geneva, Switzerland.

(Norman Sandler, UPI)

Summit Path: Clearer Now?

Daniloff Case Holds The Key To Progress

After months of sharp disputes, the United States and the Soviet Union seem suddenly on the road to both a summit meeting and conclusion of a major arms control agreement.

Both sides agree, however, that further progress depends on a prompt resolution of the Daniloff affair.

Secretary of State George Shultz and the Soviet Foreign Minister Eduard Shevardnadze, ended two days of talks Saturday on a note of expectation about a summit meeting later this year.

(Bernard Gwertzman, News Analysis, New York Times, A1)

Frustration Building In U.S.-Soviet Relations

Daniloff Case Is Major Challenge For Reagan

As reporters shouted questions to President Reagan last week about the latest charges from Soviet leader Mikhail Gorbachev, Reagan responded cryptically, "Never heard of him." When he climbed into his limousine, aides asked Reagan what he meant. The President responded, half-jokingly, "He's not the same smiling Gorbachev I knew in Geneva."

Reagan's remark revealed much about his deepening frustration in grappling with one of the major foreign policy challenges of his presidency, the arrest in Moscow of American reporter Nicholas Daniloff. The episode has pinned Reagan between his longstanding suspicion and criticism of the Soviet Union and his hopes for improved superpower relations, culminating in an arms control agreement, as a capstone to his presidency.
(David Hoffman, Washington Post, A1)

Parallel Seen In Response On Danilooff, KAL
Soviet Defensive Stance Found In Charges of U.S. Espionage

MOSCOW -- The Soviet Union is putting the best face on last week's ministerial meetings in Washington, signaling its readiness to move U.S.-Soviet relations forward toward a summit.

At the same time, Moscow is invoking defensive tactics similar to those used by the Soviets in their defense of the shooting down of a South Korean airliner in 1983 in an attempt to shift the burden to Washington for obstacles on the path to better relations.

The Soviets, while condemning Danilooff as a spy caught redhanded, have been trying to deflect attention from the case, representing it as a minor episode blown out of proportion by anti-Soviet hysteria.

(Celestine Bohlen, News Analysis, Washington Post, A23)

SOVIET TV SHOW DEALS FRANKLY WITH LIFE IN WEST

MOSCOW -- For an hour and one half, Soviet television tonight gave viewers a picture of Soviet emigre life in the United States -- not all of it negative.

The show's conclusion was that emigration from the Soviet Union was a "tragic mistake," and that life in the United States is bleak, friendless and devoted to the pursuit of the dollar.

But in treating what has been a taboo subject, the show aired surprisingly frank criticisms of Soviet society and gave a glimpse of the complexities -- positive and negative -- of life in the West.

(Celestine Bohlen, Washington Post, A23)

HOUSE, SENATE DIVIDED ON RANGE OF ARMS POLICIES

Much of the world's attention was focused last week on arms negotiations in Geneva and Washington between the United States and the Soviet Union, but at the same time an equally important set of arms talks was under way on Capitol Hill.

In this case, the two antagonists are the Senate and the House, and the issues that divide them include nuclear testing, chemical weapons, the Strategic Defense Initiative or "Star Wars," antisatellite weapons and compliance with the SALT II arms treaty.

On each of these topics, the House in particular has exhibited unusual independence. Its legislative proposals would effectively rewrite arms control policies of the executive branch. As such, they would set a precedent for expanded congressional power and influence.

(R. Jeffrey Smith, Washington Post, A14)

REAGAN OUTLINING U.S. STAND ON ARMS CONTROL IN UNITED NATIONS SPEECH

President Reagan, on his fifth visit to the United Nations, is responding today to the latest Soviet arms control proposals and seeking to assure the world he is determined to work with Mikhail Gorbachev.

But with U.S.-Soviet relations strained by the espionage charges against American journalist Nicholas Daniloff, Reagan in his speech also will "put considerable emphasis on human rights, and he will underscore the (Daniloff) case...with what I would emphasize is straight talk on the matter," presidential spokesman Larry Speakes told reporters in Washington. (Barry Schweid, AP)

Reagan And Aquino Address United Nations General Assembly

President Reagan is expected to focus heavily on East-West relations when he heads a stellar cast of speakers in the U.N. General Assembly today.

Reagan's speech is certain to include an assessment of the troubled state of U.S.-Soviet relations and prospects for a second summit meeting with Soviet leader Mikhail Gorbachev following their encounter in Geneva last November. (Anthony Goodman, Reuter)

Reagan To Scold Soviets In His U.N. Speech Today

President Reagan, hoping to deflect criticism of the Administration's handling of the Daniloff affair, will take the Soviet Union to task today in his annual address to the U.N. General Assembly.

The President's address -- which senior U.S. officials say also will include Mr. Reagan's assessment of arms control talks and regional conflicts involving the superpowers -- comes against the backdrop of criticism from the Administration's conservative supporters about the Daniloff affair. (Jeremiah O'Leary, News Analysis, Washington Times, A1)

EAST, WEST SETTLE EUROPEAN SECURITY PACT 3 Years of Negotiations End With Accord Intended To Lessen Chances of Accidental War

STOCKHOLM -- After nearly three years of negotiations, the 35-nation security conference here reached final agreement today on the first accord governing the use of conventional military forces in Europe since World War II.

Scheduled for formal adoption at a ceremony here Monday morning, the Stockholm document also marks the first military accord concluded between the Soviet Union and the United States under the Reagan Administration. (Karen DeYoung, Washington Post, A21)

East, West Agree On Monitoring Of Troops

STOCKHOLM, Sweden -- Delegates to the 35-nation East-West security conference agreed yesterday on a package of information-sharing measures designed to reduce the risk of accidental war in Europe.

The agreement stipulates that members of the North Atlantic Treaty Organization and the Warsaw Pact must notify each other at least 42 days in advance when planning military activities involving more than 13,000 soldiers or 300 tanks.

Both U.S. and Soviet delegates praised the accord as contributing to a more stable military situation in Europe and improving East-West relations in general.
(AP story, Washington Times, A6)

East-West Accord Reached On A Plan To Cut Risk Of War
Formal Approval Likely -- Warning Required For Land Exercises

STOCKHOLM -- Negotiators from NATO and the Warsaw Pact finally agreed today on a major new security package designed to lessen the risk of war in Europe.

For the first time, the two alliances have undertaken to give each other advance warning of all significant military exercises and similar activity across an area of Europe stretching from the Atlantic to the Ural Mountains. The agreement will also allow foreign inspection of each side's forces to establish that neither is preparing a surprise attack.

(Paul Lewis, New York Times, A1)

SHULTZ TO SEE ANC LEADER IN ZAMBIA

LONDON -- A senior official of the African National Congress yesterday said the president of the South African black guerrilla group would meet with Secretary of State George Shultz next month in Zambia.

In a British Broadcasting Corp. radio interview, Aziz Pahad also discussed the Saturday meetings ANC President Oliver Tambo had here with U.S. envoy Chester Crocker and British Foreign Secretary Sir Geoffrey Howe.
(AP story, Washington Times, A7)

CANADIANS SEE U.S. HAND IN DRUG EFFORT
Critics Charge Mulroney Found 'Epidemic' by Looking South,
Then Imported Remedy

TORONTO -- Prime Minister Brian Mulroney startled then riled many Canadians with his declaration early last week that Canada is afflicted with a drug "epidemic."

The jeers were even louder when Mulroney volunteered to submit to a urinalysis, as Reagan had done and seemed to indicate that he favored mandatory drug testing for Canadian government employees, as had been advocated within the Reagan Administration.

(Herbert Denton, Washington Post, A19)

CONTRA CHIEF SEEKS 'MORAL SUPPORT'

LAS VEGAS, Nev. -- The Nicaraguan resistance needs "the moral support of the American people" if it is to succeed, a key resistance leader told the 7th Annual Soldier of Fortune convention over the weekend.

Those opposing Nicaragua's Marxist regime need "the support of public opinion, not U.S. troops," said Enrique Bermudez, military commander of the Nicaraguan Democratic Front -- the major resistance group fighting the Sandinista government.

(Greg Kaza, Washington Times, A5)

REPORT: TRADE DEFICIT COULD BE WORSE THAN ESTIMATED

The burgeoning U.S. trade deficit is "even worse than the figures indicate" because recent monthly estimates were distorted by Japanese gold purchases, a congressional economic panel reports.

The Joint Economic Committee released results of a staff investigation Sunday showing the United States faces a trade deficit approaching \$200 billion this year -- up sharply from last year's record \$148.5 billion.

(Leon Daniel, UPI)

SANCTIONS ISSUE SPLITS CHILEANS U.S. Move On Loans Divides Opposition

SANTIAGO, Chile -- As the Reagan Administration nears a decision on its stance toward new international bank loans to the military government of Gen. Augusto Pinochet, Chilean opposition leaders are divided over whether economic sanctions would help or hurt their campaign for a return to democracy.

Those encouraging the United States to vote against future World Bank and Inter-American Development Bank assistance argue that only under such pressure will President Pinochet restore civil liberties and agree to free presidential elections.

(Bradley Graham, Washington Post, A19)

PRESS SCORED FOR COVERAGE ON TERRORISM

Western news organizations contribute to worldwide terrorism by over-reporting specific incidents and misreporting the overall nature of the world, an American authority on terrorism told the World Media Conference yesterday at the Shoreham.

"Most of the failures of the media come not from malice but from ignorance," said Michael Ledeen, a senior fellow at the Georgetown Center for Strategic and International Studies. (AP story, Washington Times, A2)

MUBARAK PLANS U.S. VISIT

CAIRO, Egypt -- President Hosni Mubarak said he will visit the United States in January or February to promote an international Middle East peace conference and seek relief for Egypt's battered economy.

The U.S trip had been scheduled for next month but Mubarak said he decided to postpone it to avoid conflict with U.S. congressional elections in November. (UPI)

PALAU TO HOLD ANOTHER PLEBISCITE ON COMPACT WITH U.S.

KOROR, Palau -- Palau President Lazarus Salii said today he would order a fourth plebiscite to help override the island's anti-nuclear laws blocking a Compact of Free Association with the United States.

Palau's Supreme Court ruled in July that the Compact, which would give the island nation semi-independence in exchange for U.S. Military rights, violated its strict anti-nuclear constitution. (Reuter)

EDITOR'S NOTE: "In This Deadly Serious 'Game,' Color The Defensive Players Red," by Warren Strobel, appears in The Washington Times, A1.

NATIONAL NEWS

BIG GOVERNMENT AGAINST DRUGS

Most of us who are parents are grateful to First Lady Nancy Reagan for the "just say no" campaign she has waged against drugs for the past five years. And it is also commendable that she enlisted her husband, the President, to use the power of his office and his considerable communicative powers in a "national crusade" against drug use.

President Reagan, a supporter of the all-volunteer Army, ought to have known better than to use a military standard for civil freedom. He ought also to have remembered his qualms about "centralization of authority in the national government." Instead of a creative society, the President has opted for a coercive one in which the central government will have enhanced power to invade the lives of ordinary Americans.

(Lou Cannon, Washington Post, A2)

PENTAGON OFFICIALS SAY DRUG-TEST ORDER FLAWED

Drug tests could be falsified and innocent workers could suffer because of a major flaw in President Reagan's executive order requiring such tests for certain federal employees, Pentagon sources say.

Defense officials warn that because a privacy provision of the order calls for employees to provide urine samples without an observer present, drug users could tamper with specimens to elude detection.

(Neil Roland, UPI)

GOP SENATORS ADD MORE CRIMES TO DEATH PENALTY LIST IN DRUG BILL

Senate Republicans, joining the legislative stampede to wipe out drug abuse, have added a new twist to their anti-drug bill, calling for the death penalty in a broad array of non-drug related crimes.

Like other anti-drug measures, the Senate Republican package includes the death penalty for murders committed by "drug kingpins" -- but also would allow the death penalty for the assassination of the President, treason, espionage and the murder of Americans taken hostage outside the United States. (Jennifer Spevacek, Washington Times, A3)

TAX REPORT PROVIDES EFFECTIVE DATES FOR IRAs AND DEPRECIATION SCHEDULES

A report released over the weekend by congressional tax writers offers new details on how provisions of the tax-overhaul bill would go into effect for such things as Individual Retirement Accounts and depreciation schedules.

Most provisions of the sweeping bill have previously been reported, but the new document does answer some questions on when and how provisions would take effect. (Alan Murray, Wall Street Journal, A2)

BUDGET LAWMAKERS ALREADY FEARFUL OF '88 DEFICIT TARGETS

With Congress expected to approve a gimmick-filled budget compromise to meet Gramm-Rudman targets for 1987, lawmakers are looking ahead to 1988, when the budget law's deficit targets are far more austere.

"We're not getting the long-term deficit reduction for 1988 and 1989," House Budget Committee Chairman William Gray said.

"If we haven't got the guts to come up with \$8 billion in savings [in 1987], how can we come up with \$80 billion next year?" asked Sen. William Armstrong of Colorado. (Damon Thompson, Washington Times, A3)

EDITOR'S NOTE: "Democrats Seize On Judicial Nominations As Campaign Issue," by Thomas Brandt, appears in The Washington Times, A1.

NETWORK NEWS SUMMARY

(Sunday evening, September 21, 1986)

(CBS did not air a newscast)

U.S./SOVIET RELATIONS

ABC's Sam Donaldson: The Soviet Union bowed to the inevitable today and moved to comply with Washington's order that 25 of its diplomats at the United Nations leave the United States by October 1st. The senior councilor of the Soviet mission in New York told ABC's Lou Cioffi the diplomats named by the U.S. might begin leaving as early as today and would all be gone by the deadline. Earlier the Soviets called the order illegal and vowed to fight it. This move comes against the background of this weekend's meetings between Secretary Shultz and Eduard Shevardnadze, meetings which made progress towards a summit, but still there is a big catch.

ABC's Karen Stone: Secretary of State Shultz, speaking on "This Week with David Brinkley," made clear the potential for progress in U.S.-Soviet relations will not be realized until the Soviet detention of Nicholas Daniloff has ended.

(TV coverage of Secretary Shultz: "I think it is most unlikely that you could have a fruitful meeting in the conditions that we have today. What we must do is get this case settled.")

Shultz says he is encouraged by Foreign Minister Shevardnadze apparent intension to meet him again this week in New York.

(TV coverage of Secretary Shultz: "If there was anything substantial to talk about that he might have, I'm ready to meet.")

The Soviets claim to want the Daniloff affair resolved also.

(TV coverage of Gennadi Gerasimov: "I want this case to be behind us.")

If the Daniloff case can be resolved both sides say progress in other areas, especially arms control, may still warrant a summit meeting.

(TV coverage of Secretary Shultz: "It is desirable in these meetings to have a substantive result and there is a variety of places where it might come and I think it is desirable to try to get there.")

But there are still those who argue President Reagan, because of the Daniloff spy charges, should not sit down with Gorbachev.

(TV coverage of Sen. Patrick Moynihan: "If the President wants to go meet the man who has called him a liar that's the President's choice.")

But it is the President's choice to keep the dialogue going despite the Soviets threat of retaliation after the U.S.-ordered expulsion of 25 Soviet employees from the United Nations for alleged espionage activities.

(TV coverage of Secretary Shultz: "We are not going to permit the use of the U.N. mission as a base for spying on the United States and we have to make that clear and we are trying to make that clear.")

Making the U.S. position clear is what both President Reagan and Secretary Shultz are expected to continue to do when they travel to the United Nations tomorrow. President Reagan, during a speech to the General Assembly is expected to hit on the Daniloff detention once again, while Shultz stands ready to listen to any serious Soviet proposal to end it.

(ABC-1)

NBC's Chris Wallace: In public U.S. officials are talking tougher than ever tonight, all but ruling out a summit meeting unless the Soviets release Nicholas Daniloff. But behind the scenes there is some feeling that a deal may be worked out. Two days of talks between Secretary of State Shultz and Soviet Foreign Minister Shevardnadze seemed to have settled very little.

NBC's Robin Lloyd: Aides say the President will continue to place the Daniloff case at the top of the agenda with the Soviets making Daniloff's release a virtual precondition for a summit to take place. Secretary of State Shultz on ABC's "This Week:"

(TV coverage of Secretary Shultz: "Most unlikely that you could have a fruitful meeting in the conditions that we have today.")

After two days of what were described as businesslike talks, aides say the Soviet position on Daniloff didn't budge. The Soviets continued to demand a swap with accused spy Gennadi Zakharov. But top U.S. officials suggested that there appeared to be some flexibility for the first time. These officials mentioning a possible arrangement, Daniloff would be given a speedy trial, convicted, and then sent home. Zakharov later could be tried and traded for a group of Soviet dissidents, thus avoiding any appearance of a swap. A Soviet spokesman on CBS's "Face the Nation" appeared optimistic about setting Daniloff free.

(TV coverage of Gennadi Gerasimov: "I don't see big obstacles in finding the solution to this particular problem.")

But Daniloff is not the only major sticking point in U.S.-Soviet relations now. The other is the U.S. decision to kick out 25 Soviets from the United Nations because they are believed to be spies. Soviet Foreign Minister Shevardnadze has threatened retaliation, but the U.S. is standing firm.

(TV coverage of Secretary Shultz: "We are not going to tolerate the use of the United Nations mission or staffing as a way to spy on the United States.")

All this is happening as U.S. and Soviet arms negotiators are moving closer toward an agreement reducing medium-range missiles in Europe. And Soviet leader Gorbachev has replied to the latest U.S. arms proposal in what officials are calling a serious response. But despite this movement, conservatives are urging that there be no summit.

(TV coverage of Rep. Jack Kemp: "I do not however believe that a summit is as important as the principle involved in getting Daniloff out of imprisonment in the Soviet Union.")

The President plans to highlight the Daniloff case again when he addresses the United Nations tomorrow. Aides say he will sharply criticize the Soviet for continuing to hold Daniloff. The U.S.-Soviet dispute over Daniloff may well continue at the United Nations this week. Soviet Foreign Minister Shevardnadze has said that he would like to meet with Secretary Shultz again, and Shultz has said if Shevardnadze has anything substantial to talk about, he is willing to meet with him.

(NBC-1)

STOCKHOLM SECURITY CONFERENCE

Donaldson: While the superpowers continued to faceoff over Nicholas Daniloff, they did make some progress this weekend on another front. Agreement was reached at a security conference at Stockholm on measures to make accidental war in Europe less likely.

ABC's Rick Inderfurth reports the deadline the two-and-a-half year security conference ran out at midnight Friday, so the official conference clock was stopped at the eleventh hour to allow extra negotiating time, and the delegates put it to good use. Tonight the deal was struck, both NATO and the Warsaw Pact will now be required to give advance notice of all major military maneuvers, allow inspectors from other nations to observe them and for the first time in an international arms accord, agreed to mandatory on-site inspection if either side suspects the other of cheating. Prospects for the Stockholm conference were enhanced at last November's superpower summit where President Reagan and Soviet leader Gorbachev called for a successful completion of the work. Now the agreement at Stockholm may be able to return the favor by helping to reverse the downward slide in U.S.-Soviet relations.

(ABC-2, NBC-2)

TERROR WARNING

Wallace: There is a full security alert at London's Heathrow airport after Israeli intelligence warned that Arab terrorists planned to attack a U.S. jet in the next few days. The Daily Mail newspaper reports that American airliners have been told to watch out for black or grey suit cases that may contain explosives. No comment from Scotland Yard which is in charge of security at Heathrow airport. (NBC-4)

GOVERNORS RACES

Donaldson: In gubernatorial elections this fall the Democrats appear to have the most to lose.

ABC's Rebecca Chase reports 36 states will be electing governors this year, 27 of those seats are currently held by Democrats and according to an ABC News survey, as many as 17 of those states are considered in jeopardy. The reason for the optimism is that in states like South Carolina the incumbent Democratic governor cannot run again. President Reagan has already made one campaign visit there to support the Republican candidate former congressman Carol Campbell.

(TV coverage of the President at the campaign event.)

So what is at stake is not only control of the state house but control of the political light house which can determine the direction of national politics. (ABC-4)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: George Will and Sam Donaldson.
Guests: George Shultz, Jeane Kirkpatrick and Paul Warnke.

Brinkley: Ambassador Kirkpatrick, Mr. Warnke, thank you both very much for coming in. From what you have seen, do you think the prospects for a summit have been improved by the meetings and by the discussions of Daniloff?

Kirkpatrick: I think the likelihood of a summit is greater than if the meetings had been cancelled. That's about what we can say.

Warnke: I think there will be a summit. I have the feeling that neither Gorbachev nor President Reagan wants to be responsible for putting an end to the summit process. I'm not sure the summit is going to be of a particular value, because I think that unless the Daniloff case is resolved, that this will, in fact, hamper any sort of substantive discussions.

Will: Should the Administration say, if Daniloff isn't home unconditionally, then there is no summit?

Kirkpatrick: Well, I don't think they should say that, George. I don't think we should set conditions for conversations with the Soviets.

Will: But Mr. Warnke, isn't Gorbachev setting the terms for a summit? In Geneva, the two sides agreed that he would come to the United States. Now he's saying, I'll come if you're ready to pay the following price, if you have certain agreements ready, all that. Aren't we buying his ticket here?

Warnke: Well, I would not accept that if I were the President of the United States. I would accept no conditions of any kind.

Donaldson: Mrs. Kirkpatrick, how do we solve the Daniloff affair?

Kirkpatrick: We have to keep making it perfectly clear that this is an outrage, that it's an outrage that defines the character of the Soviet Union, moreover.

Warnke: I think there'll be a deal. In the first place, let me say, I don't regard this as having been a triumph of negotiating skill. I don't think you can have a straight swap, because I think that equates the Zakharov situation with that of Mr. Daniloff. But there can be sweeteners. There can be some way in which the Soviet Union can be persuaded that they don't look as though they have made all the concessions.

Brinkley: Secretary Shultz, thanks very much for coming in today. Give us your assessment of your meetings with Mr. Shevardnadze over the last two days and what came out of it, what might come of it, what do you think of it?

THIS WEEK WITH DAVID BRINKLEY (continued)

Shultz: I think it was quite worthwhile for him to see how strongly we all feel about about their unjustified seizing of Mr. Daniloff and the determination that I think is practically universal in this country that he must be released. And I made that point to him a great length, and the President in a very direct, private way couldn't have been more forceful on the subject.

Will: You have said many things but have stopped short of saying that if Daniloff is not back, there will be no summit. Is that because you don't want to set preconditions?

Shultz: We believe -- I do and the President does -- that we want to have a meeting with Mr. Gorbachev that's a fruitful meeting, that's well prepared, and that accomplishes something. I think that it is unlikely that you could have a fruitful meeting in the conditions that we have today.

Will: Is not Mr. Gorbachev insisting on a precondition when he says, in effect, no summit without agreements?

Shultz: He's saying basically that there needs to be some substantive result. That's something that we have long felt, that it is desirable in these meetings to have a substantive result. And there are a variety of places where it might come. And I think it's desirable to try to get there.

Donaldson: By the way, have we thought through what we're going to do if the Soviets, as they have hinted now, retaliate for naming 25 of their employees that must leave?

Shultz: Well, I'll simply say what I said yesterday in response to a similar question, that I can assure you that the President's powder is dry.

Donaldson: Well, what does that mean, that's a cliché Mr. Secretary?

Shultz: That's for you to worry about, and for other people to worry about.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Andrea Mitchell and Barry Schweid.
Guests: Henry Kissinger and Sen. Daniel Patrick Moynihan.

Kalb: Dr. Kissinger, let's begin. Do you think there is going to a summit before the year is up?

Kissinger: I think there will be a summit, whether before the year is up or early in the next year, that depends on the preparations for the summit it seems to me. But I think there'll be an early summit, yes.

Schweid: Dr. Kissinger, are you alarmed that the personal message from the President wasn't sufficient to get Daniloff released? Does it tell us something about the way that the Administration has handled the case?

Kissinger: One can argue that the Administration made some tactical mistakes in giving the Zakharov arrest such high visibility and in down playing the arrest of Daniloff at the very beginning. But those are mistakes of bureaucratic management. On the Soviet side we have this problem that you, Barry mentioned, namely, here's a letter by the President to Gorbachev saying Daniloff is not an intelligence agent. And nevertheless they persist in calling him a spy. Whatever they think, normally the assurances of the President should have been enough to get off this problem. I conclude from this that the KGB is a major influence in Soviet policy making and that Gorbachev is very reluctant to cross them.

Mitchell: How would you rate the crisis management by this Administration?

Kissinger: I would say that after the first few days of confusion which was in part caused by the fact that the government was dispersed, the Administration has handled it properly and calmly.

Schweid: I feel I must ask you, Dr. Kissinger, if you think this Administration really wants agreements with the Soviets. It seems to me every time we're on the eve of a major meeting, there is some blast, either accusations of Soviet cheating, or the other day, the to-do about 25 Soviet diplomats. If fact, evidently, the Soviets were below the figure already. What is the Administration doing?

Kissinger: I think you might argue that there may be some elements in the Administration that are very dubious about negotiations with the Soviets, but you could also argue that there are other elements in the Administration that are maybe too eager for the fact of a summit and that the difficulty has been to reconcile the various points of view. I have no doubt that President Reagan and Secretary of State Shultz want a meeting and I believe that the real debate in America should address the substance of what we want to negotiate with the Soviets rather than the mechanics of how we get to the negotiations.

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MEET THE PRESS (continued)

Kalb: Sen. Moynihan, do you feel that if we are now seeing a possible deal involving the release of Nicholas Daniloff --

Moynihan: Marvin, stop right there. No deal. What is this talk of a deal? The Soviets have arrested an American journalist, accused him of espionage, for which the penalty is death. The President has solemnly assured Mr. Gorbachev this is not so. Two days after his letter they indict him. Now Mr. Gorbachev has twice called, in effect, the President a liar. No. No deal.

Mitchell: So, you think at this point we should not proceed on summitry, on arms control or anything else?

Moynihan: Oh, arms control? Yeah. But summitry? If the President wants to go meet the man who's called him a liar, that's the President's choice. But no decent interval. No deal. We stand for something in the world and the world has to see us do it.

Kalb: Do you think the club room talk also has it that President Reagan is really not as tough on the Soviet Union as his rhetoric would suggest?

Moynihan: Yeah. And that's been a friendly understanding for, oh, four or five years. I mean, that's what he says. He's actually a decent man, not an aggressive man. Well, you can be a decent man and be aggressive, but we want to strengthen the President in this situation, because we think he needs it.

CBS -- FACE THE NATION

HOST: Lesley Stahl GUESTS: Soviet Foreign Ministry spokesman Gennadi Gerasimov, Sen. Christopher Dodd and Rep. Jack Kemp.

Stahl: Foreign Minister Shevardnadze hinted very strongly that a resolution to the Daniloff case is fairly imminent.... Exactly what was he talking about?

Gennadi Gerasimov: As far as I see, it's not a time-consuming process -- this resolution; it's just a question of will. It's not very difficult.

Stahl: Well, what is the resolution?

Gerasimov: Some kind of diplomatic accommodation.... I don't want to be too specific, it's premature specifically. At least, as we see it, it's not a very big problem at all.

Stahl: Well, what is the resolution?

Gerasimov: He is -- I mean Daniloff -- he is under investigation; he is charged. And usually he is going to be put to trial. But because we don't want this particular case to be an obstacle in our relations, we can find some kind of solution and let him free.... Which doesn't mean that he is not guilty, in our eyes.

Stahl: Well, he is guilty in your eyes?

Gerasimov: He's not guilty until he's proven guilty in the court. But he is charged.... There is an assumption of innocence until it is proven in the court. But the case against him is very strong indeed.

Stahl: Both sides indicated in their news conferences that great progress has been made and that a serious summit could possibly be held.

Gerasimov: That's the main result of the meetings, that we registered some movement forward in certain fields which can bring us closer to the summit. And, as I understand, both sides are cautiously optimistic in evaluating the results of this particular meeting in Washington.

Stahl: Was any progress made on...SDI, or "Star Wars"?

Gerasimov: Not to my knowledge. This is the favorite idea of your President, and I am not sure he is ready to part with it or modify it. This is one of the biggest problems.... I can also say that the other obstacle is your unwillingness to join us to stop nuclear tests.

Stahl: If you didn't resolve that, what was the main progress?

Gerasimov: We want to see the next summit not just as another handshake session, but as a...put-our-heads-together session which can produce some kind of results. The best result, in our view, is that we can stop nuclear testing and begin negotiating to conclude a nuclear test ban treaty.... Well, you are not yet ready. Then we can find something else. Something else may be missiles in Europe.

-more-

INTERVIEW with Sen. Dodd and Rep. Kemp.

Stahl: You have said that Shultz and Shevardnadze shouldn't even meet as long as Daniloff was still in the Soviet Union. But now it looks as though that situation might be resolved and we might have a summit as well. Were you wrong?

Rep. Kemp: I said earlier that no summit is as important as the principle involved in the relationship between the USSR and the U.S. with regard to the Soviets creating a hostage, framing a U.S. journalist, which creates the potential for them to do that to any tourist or businessman in the Soviet Union.... So from my standpoint, since the pre-summit talks have gone on -- I was glad to see that George Shultz made that the very uppermost -- now we hear the Soviet spokesman suggest that we are the stumbling block to better relations with the Soviet Union. It's an outrage. They frame Daniloff, and now we are the stumbling block?

Sen. Dodd: I don't think there is going to be a summit. I think the Soviets don't want a summit right now, and I think they've used, unfortunately, my good friend Jack Kemp and others as a very effective tool in that goal of theirs. They are going to come out of this thing with the best of all worlds: They don't want a summit right now, and we are going to be the ones that look as though we avoided having a summit because of the linkage we have insisted upon with the Daniloff case.... What they want to try and do is achieve some sort of an agreement with the People's Republic of China.

Kemp: The Soviets need us more than we need them: They need access to western credit; they need access to western markets; they need access to western technology; their economy is a shambles; their proposals for third world economic and other development politically is a joke.... They need us more than we need them, from my standpoint, and we ought not to allow them to hold a U.S. journalist or any American citizen hostage.

Dodd: I would predict to you there will be no summit, and the Soviets will actually use this to their advantage.

Kemp: I think there will be a summit; there has been progress, or pseudo-progress, in Stockholm, Geneva, MBFR talks, and of course, the way Shevardnadze and Shultz are talking right now, it looks to me like there is almost an inexorable course towards a summit.

Stahl: I must ask Congressman Kemp, why are the conservatives going after President Reagan in such a personal way?

Kemp: They are not going after the President in a personal way.

Stahl: They are calling him weaker than Carter --

Dodd: And that's playing right into the Soviets' hands.

Kemp: I'm not going after President Reagan.... I'm going to speak for myself -- I can't speak for every conservative -- and my view is that there should be no summit that is more important than certain principles of relationship between ourselves. And the Soviets should unconditionally release Daniloff and we should expel all of those spies from the U.N. mission of the Soviet Union.

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THE McLAUGHLIN GROUP

MODERATOR: John McLaughlin. PANEL: Robert Novak, Jack Germond, Morton Kondracke and Kenneth Walker.

DANILOFF/SUMMIT

McLaughlin: What does the Reagan Administration want? Does it want a summit regardless of Danilooff or is it no Danilooff, no summit?

Walker: The President's desire for a summit remains undiminished even by Danilooff's arrest.

Novak: I wouldn't call it a desire, I would call it an obsession. The President not only wants a summit but he wants people like me and others to say he didn't blink. Well he did blink.

Germond: There isn't any point in having a summit now. A summit meeting, to be productive and worthwhile, requires a certain element of good will and mutual trust or mutual understanding, some kind of rapport between the two parties. What the Russians have done has made that impossible for now. I think we ought to tell them to go peddle their papers for a while.

Kondracke: What the Administration has done is give Gorbachev the incentive to hang tough. They have agreed to a straight deal, Zakharov and Danilooff, and now the Soviets will settle for nothing less.

TERRORISM:

McLaughlin: Is the U.S. doing enough to prevent terrorism inside our borders?

Kondracke: I don't see in the immediate future any great danger.

Walker: Our extraordinary luck in this matter, as opposed to expertise, I think is about to run out.

Novak: I don't think it's luck, I think that there is one reason they have gone after the French and that is the very soft attitude toward terrorists by the Mitterrand government.

DUPONT FOR PRESIDENT:

McLaughlin: What are the pluses and minuses of the DuPont candidacy?

Walker: The main plus is that such will be the identity crisis of the Republican party after Ronald Reagan, who can say that some obscure governor of some small state might not go in and grab all the marbles.

Kondracke: He's got Jack Kemp's ideology and George Bush's J. Press suit and I don't think you can put the two together and win.

Germond: He is the first candidate in a long time who announces and blows himself up at the same time. The civilian mandatory drug testing thing is crazy. ...###

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Carl Rowan, Elizabeth Drew, Hugh Sidey and Tom Oliphant.

DANILOFF:

Agronsky: Sen. Daniel Moynihan says that Gorbachev is, in effect, calling the President a liar. Is Sen. Moynihan right?

Rowan: Well at first blush it would appear he is saying Ronald Reagan is a liar, but there is one other possibility. He could be saying Mr. Reagan doesn't know what his CIA and other intelligence operatives are doing.

Drew: For two weeks now I have been giving the Administration the benefit of the doubt on the Danilooff matter. Something may still be worked out in the very near future, but it has made a total mess of this and it's in a terrible situation which it should not have got in.

Sidey: I couldn't disagree more. I don't think we created this situation, the Soviet Union is out there, an evil empire as has been described before, in which they lie, cheat, do anything publicly to get their way.

Oliphant: Well I think the evidence is that President Reagan and Secretary of State Shultz don't believe that Sen. Moynihan is right and that they still believe there is way to handle the Danilooff outrage over on one side while continuing to move ahead with the relationship.

Agronsky: I too have a feeling that a certain amount of optimism is justified at the moment.

THE PHILIPPINES:

Agronsky: Mrs. Aquino got \$200 million in aid voted for the Philippines and one of our members of Congress said that this was a demonstration of hearts over minds. Well if it is a demonstration of hearts over minds, I think that we are totally ignoring the gravity and the size of the problem Mrs. Aquino faces and we are not facing it ourselves.

Rowan: I said many months ago that we need to be pumping a lot more money into the Philippines than we've been pumping in, but we have this habit of never wanting to spend much money until the crisis has become flames, then we spend bundles for arms and even sending American troops.

Drew: What that comment reflected is that foreign aid is about the bottom of the priorities on Capitol Hill and in the era of Gramm-Rudman it really is far more difficult to get anything out of Congress on that.

Oliphant: I thought that President Reagan handled the visit magnificently in being so forthcoming and not just using this.



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, SEPTEMBER 22, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Shultz Finds 'Hope' For Freeing Daniloff -- Despite failure of top-level U.S.-Soviet talks here to free Nicholas Daniloff, Secretary of State George Shultz yesterday expressed hope that a further meeting in New York might resolve the issue, which is blocking a superpower summit.

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

Reagan To Scold Soviets In His U.N. Speech Today -- President Reagan, hoping to deflect criticism of the Administration's handling of the Daniloff affair, will take the Soviet Union to task today in his annual address to the U.N. General Assembly.

(Washington Times, AP, Reuter)

NATIONAL NEWS

Pentagon Officials Say Drug-Test Order Flawed -- Drug tests could be falsified and innocent workers could suffer because of a major flaw in President Reagan's executive order requiring such tests for certain federal employees, Pentagon sources say.

(UPI)

NETWORK NEWS (Sunday Evening)

U.S./SOVIET RELATIONS -- U.S. officials are talking tougher than ever, all but ruling out a summit meeting unless the Soviets release Nicholas Daniloff.

STOCKHOLM SECURITY CONFERENCE -- Agreement was reached at a security conference in Stockholm on measures to make accidental war in Europe less likely.

TERROR WARNING -- There is a full security alert at London's Heathrow Airport after Israeli intelligence warned that Arab terrorists planned to attack a U.S. jet in the next few days.



BY MIKE PETERS FOR THE DAYTON DAILY NEWS

INTERNATIONAL NEWS

U.S. FIRM ON OUSTING 25 SOVIETS Shultz Seems To Bar Compromise In Deal For Daniloff Release

Secretary of State George Shultz, saying the Administration is determined to stop the Soviet Union from using its mission to the United Nations in New York as "a base for spying in the United States," insisted yesterday that the 25 Soviet diplomats ordered expelled last week must leave the country by Oct. 1.

After two days of talks here with Soviet Foreign Minister Eduard Shevardnadze, Shultz appeared to rule out any compromise over the 25 Soviets named in the U.S. expulsion order as part of a possible deal with Moscow for the release of American reporter Nicholas Daniloff.

At the same time, Soviet Foreign Ministry spokesman Gennadi Gerasimov, speaking on CBS News' "Face the Nation," expressed optimism that "some kind of solution" can be found to free Daniloff before he goes on trial on espionage charges. But he indicated that any solution would have to be linked to a reversal of the U.S. order to expel the Soviets.

(David Ottaway & Lou Cannon, Washington Post, A1)

21 Expelled Soviet Diplomats Depart

Twenty-one of the 25 Soviet U.N. diplomats expelled last week as suspected spies left the United States yesterday, and the remaining officials will depart by Oct. 1, according to Soviet officials.

"We hoped the United States government would alter the decision," Soviet U.N. mission press secretary Anatoly Khudiakov said. "We still hope they would. But still...we are on the territory of the United States, on United States soil."

(Bill Gertz, Washington Times, A4)

Shultz Sees Hope In Soviet Comment On Daniloff Case Is Encouraged By Suggestion From Shevardnadze About Meeting This Week

Secretary of State George Shultz said today that he was encouraged at a suggestion by the Soviet Foreign Minister that they might be able to resolve at meetings in New York this week the case of the American journalist held in Moscow on espionage charges.

"He is charged, and usually he is going to be put to trial," Mr. Gerasimov said of Mr. Daniloff, Moscow correspondent for U.S. News & World Report. "But because we don't want this particular case to be an obstacle in our relations, we can find some kind of solution and let him free."

(Neil Lewis, New York Times, A1)

Shultz Finds 'Hope' For Freeing Daniloff

Despite failure of top-level U.S.-Soviet talks here to free Nicholas Daniloff, Secretary of State George Shultz yesterday expressed hope that a further meeting in New York might resolve the issue, which is blocking a superpower summit.

Mr. Shultz refused to say point-blank that no summit would be held unless Mr. Daniloff were freed, but he said it would be "very hard to imagine a fruitful summit meeting" without the matter being resolved.

(Richard Beeston, Washington Times, A1)

U.S., Soviet Officials Express Hope On Settling Daniloff Case

The Soviet arrest of American reporter Nicholas Daniloff dogged two days of high-level U.S.-Soviet talks, but officials from both sides were optimistic it could be resolved to clear the way for a summit.

Soviet Foreign Ministry spokesman Gennady Gerasimov said on the CBS News program "Face the Nation" that prompt "diplomatic accommodation" to the spy case could be found.

"I don't see any big obstacle in finding a solution to this particular (Daniloff) problem," Gerasimov said, adding that it could come in time for another meeting between Shultz and Shevardnadze at the United Nations later this week.
(Peter Szekely, Reuter)

Cautious Hope For Summit Future

U.S. and Soviet officials pledged to keep working toward a superpower summit, but a weekend of negotiations failed to lift the pall cast by continued Soviet detention of American journalist Nicholas Daniloff.

Secretary of State Shultz, however, said President Reagan and Gorbachev appear to agree their next meeting should produce "some substantive result," and he spoke with measured optimism about possible narrowing of differences at arms talks in Geneva, Switzerland.

(Norman Sandler, UPI)

Summit Path: Clearer Now?

Daniloff Case Holds The Key To Progress

After months of sharp disputes, the United States and the Soviet Union seem suddenly on the road to both a summit meeting and conclusion of a major arms control agreement.

Both sides agree, however, that further progress depends on a prompt resolution of the Daniloff affair.

Secretary of State George Shultz and the Soviet Foreign Minister Eduard Shevardnadze, ended two days of talks Saturday on a note of expectation about a summit meeting later this year.

(Bernard Gwertzman, News Analysis, New York Times, A1)

Frustration Building In U.S.-Soviet Relations

Daniloff Case Is Major Challenge For Reagan

As reporters shouted questions to President Reagan last week about the latest charges from Soviet leader Mikhail Gorbachev, Reagan responded cryptically, "Never heard of him." When he climbed into his limousine, aides asked Reagan what he meant. The President responded, half-jokingly, "He's not the same smiling Gorbachev I knew in Geneva."

Reagan's remark revealed much about his deepening frustration in grappling with one of the major foreign policy challenges of his presidency, the arrest in Moscow of American reporter Nicholas Daniloff. The episode has pinned Reagan between his longstanding suspicion and criticism of the Soviet Union and his hopes for improved superpower relations, culminating in an arms control agreement, as a capstone to his presidency.
(David Hoffman, Washington Post, A1)

Parallel Seen In Response On Daniloff, KAL
Soviet Defensive Stance Found In Charges of U.S. Espionage

MOSCOW -- The Soviet Union is putting the best face on last week's ministerial meetings in Washington, signaling its readiness to move U.S.-Soviet relations forward toward a summit.

At the same time, Moscow is invoking defensive tactics similar to those used by the Soviets in their defense of the shooting down of a South Korean airliner in 1983 in an attempt to shift the burden to Washington for obstacles on the path to better relations.

The Soviets, while condemning Daniloff as a spy caught redhanded, have been trying to deflect attention from the case, representing it as a minor episode blown out of proportion by anti-Soviet hysteria.

(Celestine Bohlen, News Analysis, Washington Post, A23)

SOVIET TV SHOW DEALS FRANKLY WITH LIFE IN WEST

MOSCOW -- For an hour and one half, Soviet television tonight gave viewers a picture of Soviet emigre life in the United States -- not all of it negative.

The show's conclusion was that emigration from the Soviet Union was a "tragic mistake," and that life in the United States is bleak, friendless and devoted to the pursuit of the dollar.

But in treating what has been a taboo subject, the show aired surprisingly frank criticisms of Soviet society and gave a glimpse of the complexities -- positive and negative -- of life in the West.

(Celestine Bohlen, Washington Post, A23)

HOUSE, SENATE DIVIDED ON RANGE OF ARMS POLICIES

Much of the world's attention was focused last week on arms negotiations in Geneva and Washington between the United States and the Soviet Union, but at the same time an equally important set of arms talks was under way on Capitol Hill.

In this case, the two antagonists are the Senate and the House, and the issues that divide them include nuclear testing, chemical weapons, the Strategic Defense Initiative or "Star Wars," antisatellite weapons and compliance with the SALT II arms treaty.

On each of these topics, the House in particular has exhibited unusual independence. Its legislative proposals would effectively rewrite arms control policies of the executive branch. As such, they would set a precedent for expanded congressional power and influence.

(R. Jeffrey Smith, Washington Post, A14)

REAGAN OUTLINING U.S. STAND ON ARMS CONTROL IN UNITED NATIONS SPEECH

President Reagan, on his fifth visit to the United Nations, is responding today to the latest Soviet arms control proposals and seeking to assure the world he is determined to work with Mikhail Gorbachev.

But with U.S.-Soviet relations strained by the espionage charges against American journalist Nicholas Daniloff, Reagan in his speech also will "put considerable emphasis on human rights, and he will underscore the (Daniloff) case...with what I would emphasize is straight talk on the matter," presidential spokesman Larry Speakes told reporters in Washington. (Barry Schweid, AP)

Reagan And Aquino Address United Nations General Assembly

President Reagan is expected to focus heavily on East-West relations when he heads a stellar cast of speakers in the U.N. General Assembly today.

Reagan's speech is certain to include an assessment of the troubled state of U.S.-Soviet relations and prospects for a second summit meeting with Soviet leader Mikhail Gorbachev following their encounter in Geneva last November. (Anthony Goodman, Reuter)

Reagan To Scold Soviets In His U.N. Speech Today

President Reagan, hoping to deflect criticism of the Administration's handling of the Daniloff affair, will take the Soviet Union to task today in his annual address to the U.N. General Assembly.

The President's address -- which senior U.S. officials say also will include Mr. Reagan's assessment of arms control talks and regional conflicts involving the superpowers -- comes against the backdrop of criticism from the Administration's conservative supporters about the Daniloff affair. (Jeremiah O'Leary, News Analysis, Washington Times, A1)

EAST, WEST SETTLE EUROPEAN SECURITY PACT 3 Years of Negotiations End With Accord Intended To Lessen Chances of Accidental War

STOCKHOLM -- After nearly three years of negotiations, the 35-nation security conference here reached final agreement today on the first accord governing the use of conventional military forces in Europe since World War II.

Scheduled for formal adoption at a ceremony here Monday morning, the Stockholm document also marks the first military accord concluded between the Soviet Union and the United States under the Reagan Administration. (Karen DeYoung, Washington Post, A21)

East, West Agree On Monitoring Of Troops

STOCKHOLM, Sweden -- Delegates to the 35-nation East-West security conference agreed yesterday on a package of information-sharing measures designed to reduce the risk of accidental war in Europe.

The agreement stipulates that members of the North Atlantic Treaty Organization and the Warsaw Pact must notify each other at least 42 days in advance when planning military activities involving more than 13,000 soldiers or 300 tanks.

Both U.S. and Soviet delegates praised the accord as contributing to a more stable military situation in Europe and improving East-West relations in general.

(AP story, Washington Times, A6)

East-West Accord Reached On A Plan To Cut Risk Of War
Formal Approval Likely -- Warning Required For Land Exercises

STOCKHOLM -- Negotiators from NATO and the Warsaw Pact finally agreed today on a major new security package designed to lessen the risk of war in Europe.

For the first time, the two alliances have undertaken to give each other advance warning of all significant military exercises and similar activity across an area of Europe stretching from the Atlantic to the Ural Mountains. The agreement will also allow foreign inspection of each side's forces to establish that neither is preparing a surprise attack.

(Paul Lewis, New York Times, A1)

SHULTZ TO SEE ANC LEADER IN ZAMBIA

LONDON -- A senior official of the African National Congress yesterday said the president of the South African black guerrilla group would meet with Secretary of State George Shultz next month in Zambia.

In a British Broadcasting Corp. radio interview, Aziz Pahad also discussed the Saturday meetings ANC President Oliver Tambo had here with U.S. envoy Chester Crocker and British Foreign Secretary Sir Geoffrey Howe.

(AP story, Washington Times, A7)

CANADIANS SEE U.S. HAND IN DRUG EFFORT
Critics Charge Mulroney Found 'Epidemic' by Looking South,
Then Imported Remedy

TORONTO -- Prime Minister Brian Mulroney startled then riled many Canadians with his declaration early last week that Canada is afflicted with a drug "epidemic."

The jeers were even louder when Mulroney volunteered to submit to a urinalysis, as Reagan had done and seemed to indicate that he favored mandatory drug testing for Canadian government employees, as had been advocated within the Reagan Administration.

(Herbert Denton, Washington Post, A19)

CONTRA CHIEF SEEKS 'MORAL SUPPORT'

LAS VEGAS, Nev. -- The Nicaraguan resistance needs "the moral support of the American people" if it is to succeed, a key resistance leader told the 7th Annual Soldier of Fortune convention over the weekend.

Those opposing Nicaragua's Marxist regime need "the support of public opinion, not U.S. troops," said Enrique Bermudez, military commander of the Nicaraguan Democratic Front -- the major resistance group fighting the Sandinista government.

(Greg Kaza, Washington Times, A5)

REPORT: TRADE DEFICIT COULD BE WORSE THAN ESTIMATED

The burgeoning U.S. trade deficit is "even worse than the figures indicate" because recent monthly estimates were distorted by Japanese gold purchases, a congressional economic panel reports.

The Joint Economic Committee released results of a staff investigation Sunday showing the United States faces a trade deficit approaching \$200 billion this year -- up sharply from last year's record \$148.5 billion.

(Leon Daniel, UPI)

SANCTIONS ISSUE SPLITS CHILEANS U.S. Move On Loans Divides Opposition

SANTIAGO, Chile -- As the Reagan Administration nears a decision on its stance toward new international bank loans to the military government of Gen. Augusto Pinochet, Chilean opposition leaders are divided over whether economic sanctions would help or hurt their campaign for a return to democracy.

Those encouraging the United States to vote against future World Bank and Inter-American Development Bank assistance argue that only under such pressure will President Pinochet restore civil liberties and agree to free presidential elections.

(Bradley Graham, Washington Post, A19)

PRESS SCORED FOR COVERAGE ON TERRORISM

Western news organizations contribute to worldwide terrorism by over-reporting specific incidents and misreporting the overall nature of the world, an American authority on terrorism told the World Media Conference yesterday at the Shoreham.

"Most of the failures of the media come not from malice but from ignorance," said Michael Ledeen, a senior fellow at the Georgetown Center for Strategic and International Studies. (AP story, Washington Times, A2)

MUBARAK PLANS U.S. VISIT

CAIRO, Egypt -- President Hosni Mubarak said he will visit the United States in January or February to promote an international Middle East peace conference and seek relief for Egypt's battered economy.

The U.S trip had been scheduled for next month but Mubarak said he decided to postpone it to avoid conflict with U.S. congressional elections in November. (UPI)

PALAU TO HOLD ANOTHER PLEBISCITE ON COMPACT WITH U.S.

KOROR, Palau -- Palau President Lazarus Salii said today he would order a fourth plebiscite to help override the island's anti-nuclear laws blocking a Compact of Free Association with the United States.

Palau's Supreme Court ruled in July that the Compact, which would give the island nation semi-independence in exchange for U.S. Military rights, violated its strict anti-nuclear constitution. (Reuter)

EDITOR'S NOTE: "In This Deadly Serious 'Game,' Color The Defensive Players Red," by Warren Strobel, appears in The Washington Times, A1.

NATIONAL NEWS

BIG GOVERNMENT AGAINST DRUGS

Most of us who are parents are grateful to First Lady Nancy Reagan for the "just say no" campaign she has waged against drugs for the past five years. And it is also commendable that she enlisted her husband, the President, to use the power of his office and his considerable communicative powers in a "national crusade" against drug use.

President Reagan, a supporter of the all-volunteer Army, ought to have known better than to use a military standard for civil freedom. He ought also to have remembered his qualms about "centralization of authority in the national government." Instead of a creative society, the President has opted for a coercive one in which the central government will have enhanced power to invade the lives of ordinary Americans.

(Lou Cannon, Washington Post, A2)

PENTAGON OFFICIALS SAY DRUG-TEST ORDER FLAWED

Drug tests could be falsified and innocent workers could suffer because of a major flaw in President Reagan's executive order requiring such tests for certain federal employees, Pentagon sources say.

Defense officials warn that because a privacy provision of the order calls for employees to provide urine samples without an observer present, drug users could tamper with specimens to elude detection.

(Neil Roland, UPI)

GOP SENATORS ADD MORE CRIMES TO DEATH PENALTY LIST IN DRUG BILL

Senate Republicans, joining the legislative stampede to wipe out drug abuse, have added a new twist to their anti-drug bill, calling for the death penalty in a broad array of non-drug related crimes.

Like other anti-drug measures, the Senate Republican package includes the death penalty for murders committed by "drug kingpins" -- but also would allow the death penalty for the assassination of the President, treason, espionage and the murder of Americans taken hostage outside the United States. (Jennifer Spevacek, Washington Times, A3)

TAX REPORT PROVIDES EFFECTIVE DATES FOR IRAs AND DEPRECIATION SCHEDULES

A report released over the weekend by congressional tax writers offers new details on how provisions of the tax-overhaul bill would go into effect for such things as Individual Retirement Accounts and depreciation schedules.

Most provisions of the sweeping bill have previously been reported, but the new document does answer some questions on when and how provisions would take effect. (Alan Murray, Wall Street Journal, A2)

BUDGET LAWMAKERS ALREADY FEARFUL OF '88 DEFICIT TARGETS

With Congress expected to approve a gimmick-filled budget compromise to meet Gramm-Rudman targets for 1987, lawmakers are looking ahead to 1988, when the budget law's deficit targets are far more austere.

"We're not getting the long-term deficit reduction for 1988 and 1989," House Budget Committee Chairman William Gray said.

"If we haven't got the guts to come up with \$8 billion in savings [in 1987], how can we come up with \$80 billion next year?" asked Sen. William Armstrong of Colorado. (Damon Thompson, Washington Times, A3)

EDITOR'S NOTE: "Democrats Seize On Judicial Nominations As Campaign Issue," by Thomas Brandt, appears in The Washington Times, A1.

NETWORK NEWS SUMMARY

(Sunday evening, September 21, 1986)

(CBS did not air a newscast)

U.S./SOVIET RELATIONS

ABC's Sam Donaldson: The Soviet Union bowed to the inevitable today and moved to comply with Washington's order that 25 of its diplomats at the United Nations leave the United States by October 1st. The senior councilor of the Soviet mission in New York told ABC's Lou Cioffi the diplomats named by the U.S. might begin leaving as early as today and would all be gone by the deadline. Earlier the Soviets called the order illegal and vowed to fight it. This move comes against the background of this weekend's meetings between Secretary Shultz and Eduard Shevardnadze, meetings which made progress towards a summit, but still there is a big catch.

ABC's Karen Stone: Secretary of State Shultz, speaking on "This Week with David Brinkley," made clear the potential for progress in U.S.-Soviet relations will not be realized until the Soviet detention of Nicholas Daniloff has ended.

(TV coverage of Secretary Shultz: "I think it is most unlikely that you could have a fruitful meeting in the conditions that we have today. What we must do is get this case settled.")

Shultz says he is encouraged by Foreign Minister Shevardnadze apparent intension to meet him again this week in New York.

(TV coverage of Secretary Shultz: "If there was anything substantial to talk about that he might have, I'm ready to meet.")

The Soviets claim to want the Daniloff affair resolved also.

(TV coverage of Gennadi Gerasimov: "I want this case to be behind us.")

If the Daniloff case can be resolved both sides say progress in other areas, especially arms control, may still warrant a summit meeting.

(TV coverage of Secretary Shultz: "It is desirable in these meetings to have a substantive result and there is a variety of places where it might come and I think it is desirable to try to get there.")

But there are still those who argue President Reagan, because of the Daniloff spy charges, should not sit down with Gorbachev.

(TV coverage of Sen. Patrick Moynihan: "If the President wants to go meet the man who has called him a liar that's the President's choice.")

But it is the President's choice to keep the dialogue going despite the Soviets threat of retaliation after the U.S.-ordered expulsion of 25 Soviet employees from the United Nations for alleged espionage activities.

(TV coverage of Secretary Shultz: "We are not going to permit the use of the U.N. mission as a base for spying on the United States and we have to make that clear and we are trying to make that clear.")

Making the U.S. position clear is what both President Reagan and Secretary Shultz are expected to continue to do when they travel to the United Nations tomorrow. President Reagan, during a speech to the General Assembly is expected to hit on the Daniloff detention once again, while Shultz stands ready to listen to any serious Soviet proposal to end it.

(ABC-1)

NBC's Chris Wallace: In public U.S. officials are talking tougher than ever tonight, all but ruling out a summit meeting unless the Soviets release Nicholas Daniloff. But behind the scenes there is some feeling that a deal may be worked out. Two days of talks between Secretary of State Shultz and Soviet Foreign Minister Shevardnadze seemed to have settled very little.

NBC's Robin Lloyd: Aides say the President will continue to place the Daniloff case at the top of the agenda with the Soviets making Daniloff's release a virtual precondition for a summit to take place. Secretary of State Shultz on ABC's "This Week:"

(TV coverage of Secretary Shultz: "Most unlikely that you could have a fruitful meeting in the conditions that we have today.")

After two days of what were described as businesslike talks, aides say the Soviet position on Daniloff didn't budge. The Soviets continued to demand a swap with accused spy Gennadi Zakharov. But top U.S. officials suggested that there appeared to be some flexibility for the first time. These officials mentioning a possible arrangement, Daniloff would be given a speedy trial, convicted, and then sent home. Zakharov later could be tried and traded for a group of Soviet dissidents, thus avoiding any appearance of a swap. A Soviet spokesman on CBS's "Face the Nation" appeared optimistic about setting Daniloff free.

(TV coverage of Gennadi Gerasimov: "I don't see big obstacles in finding the solution to this particular problem.")

But Daniloff is not the only major sticking point in U.S.-Soviet relations now. The other is the U.S. decision to kick out 25 Soviets from the United Nations because they are believed to be spies. Soviet Foreign Minister Shevardnadze has threatened retaliation, but the U.S. is standing firm.

(TV coverage of Secretary Shultz: "We are not going to tolerate the use of the United Nations mission or staffing as a way to spy on the United States.")

All this is happening as U.S. and Soviet arms negotiators are moving closer toward an agreement reducing medium-range missiles in Europe. And Soviet leader Gorbachev has replied to the latest U.S. arms proposal in what officials are calling a serious response. But despite this movement, conservatives are urging that there be no summit.

(TV coverage of Rep. Jack Kemp: "I do not however believe that a summit is as important as the principle involved in getting Daniloff out of imprisonment in the Soviet Union.")

The President plans to highlight the Daniloff case again when he addresses the United Nations tomorrow. Aides say he will sharply criticize the Soviet for continuing to hold Daniloff. The U.S.-Soviet dispute over Daniloff may well continue at the United Nations this week. Soviet Foreign Minister Shevardnadze has said that he would like to meet with Secretary Shultz again, and Shultz has said if Shevardnadze has anything substantial to talk about, he is willing to meet with him.

(NBC-1)

STOCKHOLM SECURITY CONFERENCE

Donaldson: While the superpowers continued to faceoff over Nicholas Daniloff, they did make some progress this weekend on another front. Agreement was reached at a security conference at Stockholm on measures to make accidental war in Europe less likely.

ABC's Rick Inderfurth reports the deadline the two-and-a-half year security conference ran out at midnight Friday, so the official conference clock was stopped at the eleventh hour to allow extra negotiating time, and the delegates put it to good use. Tonight the deal was struck, both NATO and the Warsaw Pact will now be required to give advance notice of all major military maneuvers, allow inspectors from other nations to observe them and for the first time in an international arms accord, agreed to mandatory on-site inspection if either side suspects the other of cheating. Prospects for the Stockholm conference were enhanced at last November's superpower summit where President Reagan and Soviet leader Gorbachev called for a successful completion of the work. Now the agreement at Stockholm may be able to return the favor by helping to reverse the downward slide in U.S.-Soviet relations.

(ABC-2, NBC-2)

TERROR WARNING

Wallace: There is a full security alert at London's Heathrow airport after Israeli intelligence warned that Arab terrorists planned to attack a U.S. jet in the next few days. The Daily Mail newspaper reports that American airliners have been told to watch out for black or grey suit cases that may contain explosives. No comment from Scotland Yard which is incharge of security at Heathrow airport. (NBC-4)

GOVERNORS RACES

Donaldson: In gubernatorial elections this fall the Democrats appear to have the most to loose.

ABC's Rebecca Chase reports 36 states will be electing governors this year, 27 of those seats are currently held by Democrats and according to an ABC News survey, as many as 17 of those states are considered in jeopardy. The reason for the optimism is that in states like South Carolina the incumbent Democratic governor cannot run again. President Reagan has already made one campaign visit there to support the Republican candidate former congressman Carol Campbell.

(TV coverage of the President at the campaign event.)

So what is at stake is not only control of the state house but control of the political light house which can determine the direction of national politics. (ABC-4)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: George Will and Sam Donaldson.
Guests: George Shultz, Jeane Kirkpatrick and Paul Warnke.

Brinkley: Ambassador Kirkpatrick, Mr. Warnke, thank you both very much for coming in. From what you have seen, do you think the prospects for a summit have been improved by the meetings and by the discussions of Daniloff?

Kirkpatrick: I think the likelihood of a summit is greater than if the meetings had been cancelled. That's about what we can say.

Warnke: I think there will be a summit. I have the feeling that neither Gorbachev nor President Reagan wants to be responsible for putting an end to the summit process. I'm not sure the summit is going to be of a particular value, because I think that unless the Daniloff case is resolved, that this will, in fact, hamper any sort of substantive discussions.

Will: Should the Administration say, if Daniloff isn't home unconditionally, then there is no summit?

Kirkpatrick: Well, I don't think they should say that, George. I don't think we should set conditions for conversations with the Soviets.

Will: But Mr. Warnke, isn't Gorbachev setting the terms for a summit? In Geneva, the two sides agreed that he would come to the United States. Now he's saying, I'll come if you're ready to pay the following price, if you have certain agreements ready, all that. Aren't we buying his ticket here?

Warnke: Well, I would not accept that if I were the President of the United States. I would accept no conditions of any kind.

Donaldson: Mrs. Kirkpatrick, how do we solve the Daniloff affair?

Kirkpatrick: We have to keep making it perfectly clear that this is an outrage, that it's an outrage that defines the character of the Soviet Union, moreover.

Warnke: I think there'll be a deal. In the first place, let me say, I don't regard this as having been a triumph of negotiating skill. I don't think you can have a straight swap, because I think that equates the Zakharov situation with that of Mr. Daniloff. But there can be sweeteners. There can be some way in which the Soviet Union can be persuaded that they don't look as though they have made all the concessions.

Brinkley: Secretary Shultz, thanks very much for coming in today. Give us your assessment of your meetings with Mr. Shevardnadze over the last two days and what came out of it, what might come of it, what do you think of it?

THIS WEEK WITH DAVID BRINKLEY (continued)

Shultz: I think it was quite worthwhile for him to see how strongly we all feel about about their unjustified seizing of Mr. Daniloff and the determination that I think is practically universal in this country that he must be released. And I made that point to him a great length, and the President in a very direct, private way couldn't have been more forceful on the subject.

Will: You have said many things but have stopped short of saying that if Daniloff is not back, there will be no summit. Is that because you don't want to set preconditions?

Shultz: We believe -- I do and the President does -- that we want to have a meeting with Mr. Gorbachev that's a fruitful meeting, that's well prepared, and that accomplishes something. I think that it is unlikely that you could have a fruitful meeting in the conditions that we have today.

Will: Is not Mr. Gorbachev insisting on a precondition when he says, in effect, no summit without agreements?

Shultz: He's saying basically that there needs to be some substantive result. That's something that we have long felt, that it is desirable in these meetings to have a substantive result. And there are a variety of places where it might come. And I think it's desirable to try to get there.

Donaldson: By the way, have we thought through what we're going to do if the Soviets, as they have hinted now, retaliate for naming 25 of their employees that must leave?

Shultz: Well, I'll simply say what I said yesterday in response to a similar question, that I can assure you that the President's powder is dry.

Donaldson: Well, what does that mean, that's a cliché Mr. Secretary?

Shultz: That's for you to worry about, and for other people to worry about.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Andrea Mitchell and Barry Schweid.
Guests: Henry Kissinger and Sen. Daniel Patrick Moynihan.

Kalb: Dr. Kissinger, let's begin. Do you think there is going to a summit before the year is up?

Kissinger: I think there will be a summit, whether before the year is up or early in the next year, that depends on the preparations for the summit it seems to me. But I think there'll be an early summit, yes.

Schweid: Dr. Kissinger, are you alarmed that the personal message from the President wasn't sufficient to get Daniloff released? Does it tell us something about the way that the Administration has handled the case?

Kissinger: One can argue that the Administration made some tactical mistakes in giving the Zakharov arrest such high visibility and in down playing the arrest of Daniloff at the very beginning. But those are mistakes of bureaucratic management. On the Soviet side we have this problem that you, Barry mentioned, namely, here's a letter by the President to Gorbachev saying Daniloff is not an intelligence agent. And nevertheless they persist in calling him a spy. Whatever they think, normally the assurances of the President should have been enough to get off this problem. I conclude from this that the KGB is a major influence in Soviet policy making and that Gorbachev is very reluctant to cross them.

Mitchell: How would you rate the crisis management by this Administration?

Kissinger: I would say that after the first few days of confusion which was in part caused by the fact that the government was dispersed, the Administration has handled it properly and calmly.

Schweid: I feel I must ask you, Dr. Kissinger, if you think this Administration really wants agreements with the Soviets. It seems to me every time we're on the eve of a major meeting, there is some blast, either accusations of Soviet cheating, or the other day, the to-do about 25 Soviet diplomats. If fact, evidently, the Soviets were below the figure already. What is the Administration doing?

Kissinger: I think you might argue that there may be some elements in the Administration that are very dubious about negotiations with the Soviets, but you could also argue that there are other elements in the Administration that are maybe too eager for the fact of a summit and that the difficulty has been to reconcile the various points of view. I have no doubt that President Reagan and Secretary of State Shultz want a meeting and I believe that the real debate in America should address the substance of what we want to negotiate with the Soviets rather than the mechanics of how we get to the negotiations.

-more-

MEET THE PRESS (continued)

Kalb: Sen. Moynihan, do you feel that if we are now seeing a possible deal involving the release of Nicholas Daniloff --

Moynihan: Marvin, stop right there. No deal. What is this talk of a deal? The Soviets have arrested an American journalist, accused him of espionage, for which the penalty is death. The President has solemnly assured Mr. Gorbachev this is not so. Two days after his letter they indict him. Now Mr. Gorbachev has twice called, in effect, the President a liar. No. No deal.

Mitchell: So, you think at this point we should not proceed on summitry, on arms control or anything else?

Moynihan: Oh, arms control? Yeah. But summitry? If the President wants to go meet the man who's called him a liar, that's the President's choice. But no decent interval. No deal. We stand for something in the world and the world has to see us do it.

Kalb: Do you think the club room talk also has it that President Reagan is really not as tough on the Soviet Union as his rhetoric would suggest?

Moynihan: Yeah. And that's been a friendly understanding for, oh, four or five years. I mean, that's what he says. He's actually a decent man, not an aggressive man. Well, you can be a decent man and be aggressive, but we want to strengthen the President in this situation, because we think he needs it.

CBS -- FACE THE NATION

HOST: Lesley Stahl **GUESTS:** Soviet Foreign Ministry spokesman Gennadi Gerasimov, Sen. Christopher Dodd and Rep. Jack Kemp.

Stahl: Foreign Minister Shevardnadze hinted very strongly that a resolution to the Daniloff case is fairly imminent.... Exactly what was he talking about?

Gennadi Gerasimov: As far as I see, it's not a time-consuming process -- this resolution; it's just a question of will. It's not very difficult.

Stahl: Well, what is the resolution?

Gerasimov: Some kind of diplomatic accommodation.... I don't want to be too specific, it's premature specifically. At least, as we see it, it's not a very big problem at all.

Stahl: Well, what is the resolution?

Gerasimov: He is -- I mean Daniloff -- he is under investigation; he is charged. And usually he is going to be put to trial. But because we don't want this particular case to be an obstacle in our relations, we can find some kind of solution and let him free.... Which doesn't mean that he is not guilty, in our eyes.

Stahl: Well, he is guilty in your eyes?

Gerasimov: He's not guilty until he's proven guilty in the court. But he is charged.... There is an assumption of innocence until it is proven in the court. But the case against him is very strong indeed.

Stahl: Both sides indicated in their news conferences that great progress has been made and that a serious summit could possibly be held.

Gerasimov: That's the main result of the meetings, that we registered some movement forward in certain fields which can bring us closer to the summit. And, as I understand, both sides are cautiously optimistic in evaluating the results of this particular meeting in Washington.

Stahl: Was any progress made on...SDI, or "Star Wars"?

Gerasimov: Not to my knowledge. This is the favorite idea of your President, and I am not sure he is ready to part with it or modify it. This is one of the biggest problems.... I can also say that the other obstacle is your unwillingness to join us to stop nuclear tests.

Stahl: If you didn't resolve that, what was the main progress?

Gerasimov: We want to see the next summit not just as another handshake session, but as a...put-our-heads-together session which can produce some kind of results. The best result, in our view, is that we can stop nuclear testing and begin negotiating to conclude a nuclear test ban treaty.... Well, you are not yet ready. Then we can find something else. Something else may be missiles in Europe.

INTERVIEW with Sen. Dodd and Rep. Kemp.

Stahl: You have said that Shultz and Shevardnadze shouldn't even meet as long as Daniloff was still in the Soviet Union. But now it looks as though that situation might be resolved and we might have a summit as well. Were you wrong?

Rep. Kemp: I said earlier that no summit is as important as the principle involved in the relationship between the USSR and the U.S. with regard to the Soviets creating a hostage, framing a U.S. journalist, which creates the potential for them to do that to any tourist or businessman in the Soviet Union.... So from my standpoint, since the pre-summit talks have gone on -- I was glad to see that George Shultz made that the very uppermost -- now we hear the Soviet spokesman suggest that we are the stumbling block to better relations with the Soviet Union. It's an outrage. They frame Daniloff, and now we are the stumbling block?

Sen. Dodd: I don't think there is going to be a summit. I think the Soviets don't want a summit right now, and I think they've used, unfortunately, my good friend Jack Kemp and others as a very effective tool in that goal of theirs. They are going to come out of this thing with the best of all worlds: They don't want a summit right now, and we are going to be the ones that look as though we avoided having a summit because of the linkage we have insisted upon with the Daniloff case.... What they want to try and do is achieve some sort of an agreement with the People's Republic of China.

Kemp: The Soviets need us more than we need them: They need access to western credit; they need access to western markets; they need access to western technology; their economy is a shambles; their proposals for third world economic and other development politically is a joke.... They need us more than we need them, from my standpoint, and we ought not to allow them to hold a U.S. journalist or any American citizen hostage.

Dodd: I would predict to you there will be no summit, and the Soviets will actually use this to their advantage.

Kemp: I think there will be a summit; there has been progress, or pseudo-progress, in Stockholm, Geneva, MBFR talks, and of course, the way Shevardnadze and Shultz are talking right now, it looks to me like there is almost an inexorable course towards a summit.

Stahl: I must ask Congressman Kemp, why are the conservatives going after President Reagan in such a personal way?

Kemp: They are not going after the President in a personal way.

Stahl: They are calling him weaker than Carter --

Dodd: And that's playing right into the Soviets' hands.

Kemp: I'm not going after President Reagan.... I'm going to speak for myself -- I can't speak for every conservative -- and my view is that there should be no summit that is more important than certain principles of relationship between ourselves. And the Soviets should unconditionally release Daniloff and we should expel all of those spies from the U.N. mission of the Soviet Union.

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THE McLAUGHLIN GROUP

MODERATOR: John McLaughlin. PANEL: Robert Novak, Jack Germond, Morton Kondracke and Kenneth Walker.

DANILOFF/SUMMIT

McLaughlin: What does the Reagan Administration want? Does it want a summit regardless of Daniloff or is it no Daniloff, no summit?

Walker: The President's desire for a summit remains undiminished even by Daniloff's arrest.

Novak: I wouldn't call it a desire, I would call it an obsession. The President not only wants a summit but he wants people like me and others to say he didn't blink. Well he did blink.

Germond: There isn't any point in having a summit now. A summit meeting, to be productive and worthwhile, requires a certain element of good will and mutual trust or mutual understanding, some kind of rapport between the two parties. What the Russians have done has made that impossible for now. I think we ought to tell them to go peddle their papers for a while.

Kondracke: What the Administration has done is give Gorbachev the incentive to hang tough. They have agreed to a straight deal, Zakharov and Daniloff, and now the Soviets will settle for nothing less.

TERRORISM:

McLaughlin: Is the U.S. doing enough to prevent terrorism inside our borders?

Kondracke: I don't see in the immediate future any great danger.

Walker: Our extraordinary luck in this matter, as opposed to expertise, I think is about to run out.

Novak: I don't think it's luck, I think that there is one reason they have gone after the French and that is the very soft attitude toward terrorists by the Mitterrand government.

DUPONT FOR PRESIDENT:

McLaughlin: What are the pluses and minuses of the DuPont candidacy?

Walker: The main plus is that such will be the identity crisis of the Republican party after Ronald Reagan, who can say that some obscure governor of some small state might not go in and grab all the marbles.

Kondracke: He's got Jack Kemp's ideology and George Bush's J. Press suit and I don't think you can put the two together and win.

Germond: He is the first candidate in a long time who announces and blows himself up at the same time. The civilian mandatory drug testing thing is crazy. ...###

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Carl Rowan, Elizabeth Drew, Hugh Sidey and Tom Oliphant.

DANILOFF:

Agronsky: Sen. Daniel Moynihan says that Gorbachev is, in effect, calling the President a liar. Is Sen. Moynihan right?

Rowan: Well at first blush it would appear he is saying Ronald Reagan is a liar, but there is one other possibility. He could be saying Mr. Reagan doesn't know what his CIA and other intelligence operatives are doing.

Drew: For two weeks now I have been giving the Administration the benefit of the doubt on the Danilooff matter. Something may still be worked out in the very near future, but it has made a total mess of this and it's in a terrible situation which it should not have got in.

Sidey: I couldn't disagree more. I don't think we created this situation, the Soviet Union is out there, an evil empire as has been described before, in which they lie, cheat, do anything publicly to get their way.

Oliphant: Well I think the evidence is that President Reagan and Secretary of State Shultz don't believe that Sen. Moynihan is right and that they still believe there is way to handle the Danilooff outrage over on one side while continuing to move ahead with the relationship.

Agronsky: I too have a feeling that a certain amount of optimism is justified at the moment.

THE PHILIPPINES:

Agronsky: Mrs. Aquino got \$200 million in aid voted for the Philippines and one of our members of Congress said that this was a demonstration of hearts over minds. Well if it is a demonstration of hearts over minds, I think that we are totally ignoring the gravity and the size of the problem Mrs. Aquino faces and we are not facing it ourselves.

Rowan: I said many months ago that we need to be pumping a lot more money into the Philippines than we've been pumping in, but we have this habit of never wanting to spend much money until the crisis has become flames, then we spend bundles for arms and even sending American troops.

Drew: What that comment reflected is that foreign aid is about the bottom of the priorities on Capitol Hill and in the era of Gramm-Rudman it really is far more difficult to get anything out of Congress on that.

Oliphant: I thought that President Reagan handled the visit magnificently in being so forthcoming and not just using this.