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WEDNESDAY, OCTOBER 1, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Summit Path Cleared By Swap For Daniloff -- President Reagan announced yesterday he will have a "presummit meeting" with Soviet leader Mikhail Gorbachev in Iceland on Oct. 11 and 12, as a result of the deal that freed American correspondent Nicholas Daniloff. (Christian Science Monitor, Washington Post, Washington Times, McClatchy, Reuter, UPI)

Daniloff: 'I Feel I Have Been Vindicated' -- Almost two days after being released from detention in Moscow as an accused spy, American journalist Nicholas Daniloff stood before a crush of television cameras as a free and grateful U.S. citizen. (Christian Science Monitor, Washington Post, Washington Times, Copley, UPI)

NATIONAL NEWS

Senate Approves Antidrug Program -- The Senate overwhelmingly approved a major antidrug program yesterday but left unanswered the critical question of how to pay for it. (Washington Post, Washington Times, Reuter)

NETWORK NEWS (Tuesday Evening)

DANILOFF/U.S.-SOVIET RELATIONS -- It was like turning on a tap this morning. There was a torrent of announcements including a Reagan-Gorbachev summit in less than two weeks.

ZEUS THE DOG -- Not every member of the Daniloff family is home tonight. Zeus, the Daniloff's dog, will remain in Moscow until his veterinary papers are in order.

SOUTH AFRICAN SANCTIONS -- The White House is trying to convince the Senate not to follow the House in overriding President Reagan's veto.

AS THEY WERE TALKING ABOUT REYKJAVIK...

"...I was thinking of President Reagan standing outside that chateau in Geneva to welcome Mr. Gorbachev. And he didn't have his coat on, and Mr. Gorbachev did. And a great many people suggested that was the virility of Mr. Reagan.

In Reykjavik, in October, he'll want to wear his coat."

(Peter Jennings, ABC News, 9/30)



## INTERNATIONAL NEWS

### REAGAN, GORBACHEV TO MEET OCT. 11 IN ICELAND Aim Is To Prepare For 'Productive Summit'

President Reagan announced yesterday he will meet Soviet leader Mikhail Gorbachev in Iceland on Oct. 11-12, providing a surprise climax to 10 days of intense diplomatic negotiation that resulted in the repatriations of accused Soviet spy Gennadi Zakharov and American journalist Nicholas Daniloff.

After Secretary Shultz appeared in the White House briefing room to announce that Zakharov, a Soviet employe of the United Nations Secretariat, was being returned to Moscow and that prominent Soviet human rights activist Yuri Orlov and his wife Irina would be allowed to leave the Soviet Union, the President took over the podium to announce the meeting with Gorbachev. (Lou Cannon, Washington Post, A1)

#### Summit Path Cleared By Swap For Daniloff

President Reagan announced yesterday he will have a "presummit meeting" with Soviet leader Mikhail Gorbachev in Iceland on Oct. 11 and 12, as a result of the deal that freed American correspondent Nicholas Daniloff.

Both Mr. Reagan and Secretary Shultz tried to put the best face on the agreement, insisting that Mr. Daniloff had not been traded for Soviet spy Gennady Zakharov and that the summit was not a summit but a "one-on-one planning session" for a future summit in the United States.

(Mary Belcher & Richard Beeston, Washington Times, A1)

#### U.S. Tied Acceptance To Daniloff's Release

President Reagan accepted the idea of an early summit with Mikhail Gorbachev less than a day after it was proposed to him in a letter from the Soviet leader, so long as the case of American reporter Nicholas Daniloff was resolved first, Administration officials said yesterday.

The letter, carried by Soviet Foreign Minister Shevardnadze and delivered to Reagan Sept. 19 in the Oval Office, suggested a summit meeting in Iceland or Great Britain, officials said. Reagan delivered a sharp protest to Shevardnadze on the Daniloff case that afternoon, but the next day, he secretly conveyed word to the Soviet foreign minister, through Secretary Shultz, that he would meet Gorbachev in Iceland.

(David Hoffman, Washington Post, A1)

#### Non-Summit Soon For Reagan, Gorbachev

In a dramatic new twist in superpower relations, President Reagan and Soviet leader Gorbachev will meet in Reykjavik, Iceland, Oct. 11-12 to probe prospects for an arms deal and other agreements.

The surprise "quickie" meeting, which may hold the key to a full-fledged summit in the United States before the end of the year, was announced in Washington and Moscow Tuesday after both sides defused tensions over the Nicholas Daniloff affair. (Leo Rennert, McClatchy)

### Summit Announcement Shows Superpower Priorities

In the end, with a pair of spy cases casting a long shadow over plans for a superpower summit and prospects for arms control, both sides blinked. Their true priorities, veiled by months of posturing, were bared.

Tuesday's announcement of an Oct 11-12 meeting in Iceland between President Reagan and Soviet leader Mikhail Gorbachev revealed the extent to which both men want -- or need -- to meet again.

The news thrust more than a month of heightened U.S.-Soviet tension into the background. The apparent sense of relief suggested both sides were desperate for a second summit between the two leaders.

(Norman Sandler, UPI)

### Iceland Meeting Adds To Summit Momentum

Superpower summitry is gathering steam.

Diplomatic experts suggest that this preliminary minisummit will help take the heat off Mr. Gorbachev, who does not want to go to a summit in the U.S. unless there is progress on arms control. Gorbachev proposed the Iceland get-together, and Soviet Foreign Minister Shevardnadze has made it clear that arms control remains the chief obstacle to better relations.

(Charlott Saikowski, Christian Science Monitor, A1)

### After No-Swap Swap, Superpowers Prepare For Non-Summit Summit

President Reagan and Soviet Leader Gorbachev have agreed to a pre-summit meeting in Iceland after their two countries resolved a tense month-long confrontation over the arrest of each other's citizens on spy charges.

Moscow and Washington announced almost simultaneously yesterday that Reagan and Gorbachev would meet in Reykjavik, Iceland on Oct 11-12 to talk about preparations for a full-scale summit meeting in Washington.

(Edward Shields, Reuter)

### Reagan-Gorbachev Meeting A Well-Kept Secret

Few secrets have been as well kept inside the Reagan White House as the superpower meeting planned in Iceland. Even fewer have been disclosed with such surprise or have proved as disruptive to an already busy political agenda.

President Reagan agreed to the Oct. 11-12 meeting shortly after an invitation arrived in a Sept. 19 letter from Soviet leader Mikhail Gorbachev. For almost 10 days, the information was kept from all but a select group of senior aides.

In Washington, the announcement diverted attention from other issues and threw sand into the gears of the President's political drive toward the fall campaign.

(Norman Sandler, UPI)

### Superpower Staredown Tests Reagan's True Grit

After years of tough talk about the Soviet Union, Ronald Reagan is finding the grit of his Administration judged by the answer to a simple line-in-the-sand question.

Who blinked?

The President and Secretary Shultz attempted to put the best possible face on the episode at their joint press conference. But no matter how the deal is sliced, it is clear that Mr. Daniloff was part of a trade for Zakharov. (Jeremiah O'Leary, News Analysis, Washington Times, A1)

### Reagan-Gorbachev Meeting 'Not A Summit'

President Reagan and Soviet leader Gorbachev broke the diplomatic ice in resolving the Daniloff-Zakharov case and are now looking to Iceland, where they will meet at the end of next week to pave the way for a major summit.

Surprise announcement of their meeting came Tuesday after some high-wire diplomacy between Secretary Shultz and Foreign Minister Shevardnadze. Its timing took the heat off potential criticism that Reagan had caved in by trading for the freedom of American journalist Nicholas Daniloff with the expulsion of accused Soviet spy Zakharov.

(Helen Thomas, UPI)

### Moscow Prepares For New U.S.-Soviet Meeting

MOSCOW -- President Reagan can expect to hear renewed demands for a ban on nuclear weapon testing when he meets Soviet Leader Gorbachev in Iceland on October 11, Western diplomats say.

The meeting was announced in a surprise joint statement issued yesterday in Moscow and Washington. The Soviet agreement came despite a continuing strong Kremlin line against the United States on issues such as space weapons and regional conflicts.

(Tony Barber, Reuter)

### Soviet Doubts 'Concrete Results' From Summit

COPENHAGEN -- A Soviet Central Committee Tuesday warned against "expecting concrete results" from the October summit in Iceland between President Reagan and Soviet leader Gorbachev.

"It is difficult to be definitive, but the summit agenda will address problems of improving Soviet-American relations, a general improvement in international relations and speeding up an arms control agreement," said Central Committee member Georgi Arbatov, the influential director of the Soviet America-Canada Institute.

"But I would warn anyone from expecting concrete results to come from the summit. It is more of a preparatory meeting than a full-fledged summit in the sense of tangible results," Arbatov said. (UPI)

### Talks Are a Gamble For Soviet Leader

MOSCOW -- For Mikhail Gorbachev, the decision to meet President Reagan in Iceland next month is at once a gamble and an expression of caution.

By proposing a meeting at all, he is bucking an unstable trend in U.S.-Soviet relations this year, including the U.S. bombing of Libya in April and Washington's rejection of the proposed Soviet ban on nuclear testing, and culminating with outraged American reaction to the arrest of American journalist Nicholas Daniloff.

(Gary Lee, News Analysis, Washington Post, A1)

### West Europeans Welcome Plan For Reykjavik Summit

PAPIS -- West European governments today welcomed the prospect of an early meeting between President Reagan and Soviet leader Mikhail Gorbachev as an important step toward new arms control agreements.

Officials in West European capitals described the settlement of the month-long "Daniloff Affair" as a sign that both superpowers were ready for a significant improvement in East-West relations. Nicholas Daniloff, an American journalist in Moscow who had been accused of spying by the Soviet authorities, flew to Washington today after an overnight stop in Frankfurt.

(Michael Dobbs, Washington Post, A22)

### CCMPROMISE REFLECTS A TURNABOUT BY U.S.

When President Reagan announced Monday that the month-long U.S.-Soviet stalemate over Nicholas Daniloff had ended with the journalist's departure from Moscow, the President said of the Soviets, "They blinked." Yesterday at the White House, Reagan acknowledged, "I shouldn't have said that. No comment."

Instead, after announcing his upcoming meeting with Soviet leader Mikhail Gorbachev, he left Secretary Shultz to explain why the Administration had allowed Gennadi Zakharov to leave the country after a quick court plea only 24 hours after Daniloff's release.

Despite denials by Reagan and Shultz, the timing left little doubt that the Administration had agreed to the kind of trade it repeatedly had rejected on the grounds that it would equate a "spy" like Zakharov and "an innocent hostage" like Daniloff.

(John Goshko & David Ottaway, News Analysis, Washington Post, A1)

### Daniloff: 'I Feel I Have Been Vindicated'

Almost two days after being released from detention in Moscow as an accused spy, American journalist Nicholas Daniloff stood before a crush of television cameras as a free and grateful U.S. citizen.

At an airport news conference, the fit-looking reporter thanked President Reagan for finding a diplomatic solution to his plight and declared, "What a wonderful nation it is that will go all out for a single individual."

(Michael Myers, UPI)

### Give And Take On 'Swap'

In the aftermath of the Daniloff-Zakharov affair, both the United States and the Soviet Union appear to be claiming victory while holding up diplomatic fig leaves to cover key concessions.

Speaking in a packed White House press conference yesterday, President Reagan insisted there was "no connection" between the Soviets' release of American journalist Nicholas Daniloff and the U.S. plea bargain with Soviet U.N. employee Gennady Zakharov.

But even as the President was speaking, Soviet Foreign Minister Shevardnadze, in a New York press conference, directly linked Mr. Daniloff and Mr. Zakharov as part of a "trade."

(George Moffett & Gary Thatcher, Christian Science Monitor, A1)

### Daniloff Reunited With His Family In Washington

Journalist Nicholas Daniloff Tuesday returned to the United States for an emotional reunion with his children, who presented him with yellow roses and toasted him with champagne.

He told reporters his release from the Soviet Union was not an exchange of prisoners. "It was a diplomatic arrangement in which Nicholas Daniloff was vindicated," Daniloff said during a press conference after his arrival at Dulles International Airport.

(Dori Meinert, Copley)

### 'I Feel Vindicated,' Daniloff Says

American journalist Nicholas Daniloff returned home yesterday afternoon and said he was pleased by the complex arrangement that led Soviet authorities to release him after a month's detention in Moscow.

"I feel vindicated," Daniloff said after he and his wife, Ruth, arrived at Dulles International Airport for a joyful reunion with their two children. He said the arrangement made by the Reagan Administration had preserved his "personal honor and integrity." (Dusko Doder, Washington Post, A23)

### Critics Of Swap Accuse Reagan Of Caving In To Soviets

Critics of the deal to free journalist Nicholas Daniloff denounced the Reagan Administration yesterday for caving in to Soviet demands to release their spy, Gennady Zakharov, and to allow some of the 25 Soviet U.N. diplomats expelled last month to remain in the United States.

"George Shultz is a complete sellout and Ronald Reagan is behaving like a damn fool for permitting him to continue as secretary of state," Conservative Caucus President Howard Phillips said.

(Bill Gertz, Washington Times, A8)

### Terms Dismay Conservatives

Many conservatives reacted with anger and dismay yesterday to the terms for the release of American newsman Nicholas Daniloff but Republican campaign advisers are hoping the announced summit next month between President Reagan and Soviet leader Mikhail Gorbachev could prove to be an "October surprise" that could tip close elections to the GOP in November.

Some Reagan supporters denounced the agreement to free Daniloff and predicted that the deal would put Reagan at a disadvantage at the summit in Iceland on Oct. 11-12.

(James Dickenson & Sidney Blumenthal, Washington Post, A22)



General Approval, But Conservative Protests Mark Reaction To Daniloff Release

The arrangements that gained freedom for an American reporter and set the stage for a meeting between President Reagan and Soviet leader Gorbachev drew general bipartisan approval Tuesday in Congress.

But a number of conservative Republicans and a few Democrats questioned the trade of Nicholas Daniloff for Soviet spy Gennady Zakharov and expressed concerns about the Administration's apparent eagerness to get a U.S.-Soviet meeting.

House Speaker O'Neill said he was happy the Daniloff case was resolved, but said the Administration had "messed it up from the beginning."  
(Otto Kreisher, Copley)

Kennedy Aid In Daniloff Affair Praised

The Reagan Administration yesterday praised Sen. Kennedy for his role in resolving the Daniloff-Zakharov affair.

Confirming that Mr. Kennedy had briefed the Administration on a secret meeting between himself and Soviet Foreign Minister Shevardnadze, a White House official said, "The Administration appreciated his [Mr. Kennedy's] supportive position." (Ralph Hallow, Washington Times, A10)

ZAKHAROV PLEADS NO CONTEST  
Suspected Soviet Spy Promptly Leaves U.S.

NEW YORK -- Suspected Soviet spy Gennadi Zakharov pleaded no contest to espionage charges this morning in federal court in Brooklyn and was ordered to leave the country within 24 hours.

Zakharov, 39, was driven from the courthouse to suburban Washington, D.C., where he boarded an Aeroflot jet at Dulles International Airport. "Goodbye, goodbye," he told reporters before he embarked. "I am not a spy.... I am grateful to the Soviet Union for getting me out."

Asked if he understood the meaning of a no-contest plea, he said he "didn't understand the procedure."

(Dody Tsiantar, Washington Post, A23)

Zakharov Becomes A Spy For The Record Books

NEW YORK -- Accused Soviet spy Gennady Zakharov has flown home to Moscow after earning a place in the record books -- the first alleged Soviet agent ever to be put on "probation" and told he can return to the United States.

Zakharov was also the first alleged spy to have a judge waive the most serious charges against him so that he could legally let him go.

Those charges, espionage and conspiracy, carry life sentences, and U.S. law prohibits releasing people accused of offenses that carry a life term.  
(Arthur Spiegelman, Reuter)

### Zakharov Homeward Bound

Accused Soviet spy Gennadi Zakharov, saying he loves America and "would like to come back again," headed home as part of the deal cut to bring journalist Nicholas Daniloff back to the United States.

Before leaving for Washington, Zakharov told reporters he was "very happy to go home to my family" but had been quite happy in the United States.

"I love the American people," he said. "I would like to come back again." (UPI)

### SOVIET DISSIDENT WINS CARTER AWARD

ATLANTA -- Soviet dissident Yuri Orlov, "the forgotten man in the human rights struggle," was named co-winner of Jimmy Carter's new human rights award hours after it was announced he would be allowed to emigrate as part of the Daniloff-Zakharov deal.

The award to Orlov and Group for Mutual Support, a Guatemalan coalition of women whose husbands and children have disappeared as apparent victims of oppression, was announced on the eve of today's opening of the \$27 million Carter Presidential Center. (Joe Parham, UPI)

### SOVIETS INSISTENT ON RETAINING ABM TREATY Continued Adherence Called A 'Nonnegotiable' Demand In Quest For New Arms Pact

Soviet arms negotiators in Geneva have declared that continued U.S. adherence to a 1972 treaty banning ballistic missile defenses is a nonnegotiable condition for a new agreement on offensive weapons, U.S. officials said yesterday.

In a Soviet statement early last week that U.S. negotiators in Geneva cabled to Washington only yesterday, Soviet delegation chief Viktor Karpov said a pledge by each side "not to withdraw" from the Antiballistic Missile treaty for "up to 15 years" is an "adamant precondition" to offensive arms limitations, the U.S. officials said.

(Jeffrey Smith, Washington Post, A26)

### SOVIETS IGNORE REAGAN'S CUT-RATE WHEAT OFFER Expiring Proposal Won't Be Renewed

President Reagan's offer to subsidize wheat sales to the Soviet Union, made in August over the protests of some key U.S. allies and top Administration officials, expired at midnight last night with no indication from Moscow of plans to buy the grain, U.S. officials said.

"We haven't heard anything and we're clearly running out of time," said Daniel Amstutz, undersecretary of agriculture for international affairs and commodity programs.

Amstutz said the Administration has no plans to renew the offer or increase the subsidy. "This was a one-shot deal," he said.

(Lena Sun, Washington Post, A16)

### Soviet Union Spurns U.S. Offer To Sell Grain At Subsidized Price

The Soviet Union, in a major disappointment for American wheat growers and possibly Republican candidates as well, spurned the Reagan Administration's controversial offer to sell wheat at subsidized prices.

The subsidy, which amounted to \$15 a ton, was to expire at midnight, the end of the 1986 fiscal year. Officials concluded yesterday that with only a few hours remaining, there was no chance the Soviets would buy.  
(AP story, Washington Times, A2)

### PERKINS NOMINATED AS AMBASSADOR TO PRETORIA

President Reagan yesterday nominated career diplomat Edward Perkins to be American's first black ambassador to South Africa in a move apparently aimed at persuading the Senate to uphold his veto of a tough sanctions bill.

The announcement came just one day after Mr. Reagan proposed what he called strong sanctions against the white-minority Pretoria government if Congress would abandon its tougher legislative package.

(Washington Times, A7)

### Reagan Battles To Avert Defeat In Congress Over South Africa

President Reagan has proposed new sanctions against South Africa and nominated a black as ambassador to Pretoria in what appears to be a doomed bid to avoid a major foreign policy defeat in Congress.

"The (South African) government has made clear that anything less than the congressional bill would be a victory," said Republican Senators Lugar and Kassebaum.  
(Sue Baker, Reuter)

### Uphold Sanctions Veto, GOP Senators Urged

The Reagan Administration mounted a last-ditch effort yesterday to preserve President Reagan's veto of South Africa sanctions legislation, appealing to Republican senators not to undercut the President on a major foreign policy issue as he prepares to meet Soviet leader Mikhail Gorbachev in Iceland later this month.

Secretary Shultz made that appeal to 10 GOP senators during a meeting yesterday in the office of Majority Leader Dole. It marked the beginning of the Administration's last stand on the sanctions issue, which is expected to include intensive personal lobbying of wavering senators by Reagan.  
(Edward Walsh, Washington Post, A26)

### Veto Vote Crucial To Summit 'Edge' -- Shultz

A Senate vote to override President Reagan's veto of South African sanctions would weaken the President's bargaining position in upcoming talks with Soviet Leader Gorbachev, Secretary of State Shultz said yesterday.

The President's position wouldn't be helped by "having been clobbered by the Congress on a foreign policy matter" just 10 days before the scheduled pre-summit meeting, Mr. Shultz told nine Republican senators in a private meeting, according to Senate Majority Leader Robert Dole.

(Rita McWilliams, Washington Times, A12)

### Reagan/Sanctions

President Reagan, fearing an embarrassing foreign policy defeat, named a black ambassador to South Africa and sent an envoy to Capitol Hill Tuesday to pressure the Senate to uphold his veto and abandon tough sanctions against Pretoria.

Sen. Grassley said he does not believe the Administration tactics succeeded in changing the position of any of the Republicans present at the Shultz meeting. "I don't think he received too much of a sympathetic ear," Grassley said. (Dana Walker, UPI)

### Senate Leaders Say Reagan Tactics Won't Save Veto

President Reagan is hoping new diplomacy both in Pretoria and on Capitol Hill can avert a major foreign policy loss, but Senate leaders say their determination to express "moral leadership" will overturn his veto of new economic sanctions against South Africa.

With his bid to kill the sanctions bill crushed in the House, Reagan named a new ambassador to South Africa Tuesday and sent Secretary Shultz to Capitol Hill in order to get key senators to support him.

(Dana Walker UPI)

### Kassebaum Backs Senate Override

Sen. Nancy Kassebaum, who chairs the African Affairs subcommittee, doesn't hide her disappointment when she talks about why she will vote against President Reagan on South African sanctions.

In an interview, the Kansas Republican talked not only about her frustration with the South African government's slow pace in dismantling apartheid, but also of her dissatisfaction with the Reagan Administration and its policy of quiet diplomacy called "constructive engagement."

(Rita McWilliams, Washington Times, A12)

### REAGAN URGES NATIONS TO SPUR GROWTH

President Reagan yesterday underscored American pressure on other prosperous nations, notably Japan and West Germany, to stimulate the world economy, urging them to contribute "their fair share to world recovery and adopt more growth-oriented policies."

Addressing the opening session of the 41st annual joint meeting of the World Bank and International Monetary Fund, Reagan indicated that the refusal of Japan and West Germany to respond to American pressure for accelerated growth would not weaken his Administration's resolve.

(Hobart Rowen, Washington Post, G1)

## BAKER EXPECTED TO HAMMER HOME MESSAGE ALLIES MUST GROW MORE

U.S. Treasury Secretary Baker today gets another chance to hammer home his message that time is running out for America's trading partners to deliver an economic upturn.

Baker was to address the annual meeting of the International Monetary Fund and World Bank one day after President Reagan urged financial leaders of the industrial world to do more to shore up the global economy.  
(Peter Torday, Reuter)

## JAPAN WARNS AGAINST PROTECTIONISM

Japanese Finance Minister Kiichi Miyazawa Tuesday warned that trade protectionism can only hurt international economic development and that Japan is determined to do everything it can to promote free trade.

Miyazawa told governors at the 41st annual meeting of the World Bank and International Monetary Fund that the dwindling value of the dollar has had little impact on the U.S. trade deficit or Japan's trade surplus -- but he added that he hopes such imbalances will ease soon.

(David Vesey, UPI)

## TRADE DEFICIT DROPS; HOUSING STARTS DOWN White House Gets Mixed Economic Signals

The Reagan Administration received mixed economic signals yesterday as Commerce Department reports showed an improved trade picture, as well as declines in housing starts and a drop in the composite index of leading indicators.

Administration officials took heart from the August trade figures, which showed the deficit dropped to \$13.3 billion from July's record of \$18 billion. Commerce Secretary Malcolm Baldrige said the August figures "may be the turning point in our trade deficit." Baldrige noted a sharp August drop in imports of manufactured goods, "where the decline of the dollar may be taking hold."  
(Stuart Auerbach, Washington Post, G1)

## CHINA SAYS ACCORD PERMITS VISIT OF U.S. WARSHIPS

PEKING -- U.S. warships will visit communist China for the first time following an agreement on port calls by ships capable of carrying nuclear weapons.

Defense Minister Zhang Aiping told reporters at a reception today the vessels would visit the East China Sea port city of Qingdao as early as October.  
(AP story, Washington Post, A26)

## NATIONAL NEWS

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### SENATE APPROVES ANTIDRUG PROGRAM

The Senate overwhelmingly approved a major antidrug program yesterday but left unanswered the critical question of how to pay for it.

The measure, which differs significantly from the House-passed antidrug package, was approved, 97 to 2, after the Senate adopted a nonbinding resolution pledging not to cut other programs to fund a national war on drugs.

Senate leaders were unable to explain where the money would be found, delaying the issue until Congress adopts an omnibus spending bill to fund all government programs in the fiscal year beginning today.

(Edward Walsh, Washington Post, A1)

### Senate Passes Anti-Drug Bill, 97-2, But Postpones Decision On Funding

The Senate overwhelmingly approved a \$1.4 billion anti-drug bill yesterday, but postponed a decision on how to pay for the package.

"I think we've done good work," said Majority Leader Dole after the 97-2 vote. This is a bipartisan piece of legislation, and I think the votes bear that out."

(Jennifer Spevacek, Washington Times, A3)

### Senate Passes Sweeping Anti-Drug Bill

The Senate, responding to growing public concern about drug use, has passed a sweeping anti-drug bill authorizing \$1.4 billion in federal funds to fight illegal narcotics.

The money would be used to fund anti-drug education and treatment programs and to buy equipment to help federal, state and local law enforcement agencies catch and arrest drug dealers and smugglers.

(Robert Green, Reuter)

### U.S. SKIDS INTO NEW YEAR ON 1-WEEK SPENDING BILL Senate Bogs Down On Huge Appropriation

Congress last night rushed through emergency stopgap spending authority to keep the government operating after the start of the new 1987 fiscal year today as the Senate remained bogged down over a huge catchall spending bill for the year.

Faced with shutdown of all "non-essential" government activities for lack of funds, both chambers approved an extension of current funding for another week to allow time to resolve dozens of contentious issues in the larger spending measure.

(Helen Dewar, Washington Post, A4)

### BILL TO REORGANIZE U.S. ARMED FORCES QUIETLY MADE LAW

A reorganization of America's military forces, described as the most sweeping since the Continental Army was created, quietly became law yesterday.

The new law is intended to eliminate bickering between the four branches of the military and the decision-making paralysis that often mires the Joint Chiefs of Staff.

(Washington Times, A3)

### EPA PREPARES TO CANCEL SUPERFUND CONTRACTS

The Superfund toxic waste cleanup program has "passed the point of no return" in its financial struggle, and some cleanup contracts may be canceled because of the lack of money, a spokesman said Tuesday.

But Dave Cohen, a spokesman for the EPA, said EPA officials still hope Congress will authorize an \$8.5 billion five-year extension of Superfund before lawmakers adjourn early in October.

(Linda Werfelman, UPI)

### DEBT CEILING THREATENS U.S. FUNDS

#### Two Retirement Trusts Face Losses In Millions On Investments

Two federal retirement trust funds will lose millions of dollars a day because the Treasury Department, faced with a limit on the amount of debt it can issue, is unable to invest those funds fully in government securities, a Treasury spokesman said yesterday.

The Treasury was scheduled to invest \$17.6 billion of the civil service retirement and disability fund yesterday but was unable to do so because Congress had not raised the ceiling on the amount of debt the government can issue.

(Jane Seaberry, Washington Post, A4)

### SEPTEMBER FARM PRICES

Prices farmers receive for raw farm products fell by 2.4 percent in September, the largest decline since January, as grain prices tumbled and meat retreated from record prices, the government said Tuesday.

The price decline from August through mid-September was the sharpest since prices fell by 3.1 percent in the first month of 1986.

(Sonja Hillgren, UPI)

## TRIP NEWS

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### FORMAL PARTY KICKS OFF PRESIDENTIAL CENTER'S DEDICATION

ATLANTA -- The pre-dedication festivities for the Jimmy Carter Presidential Center begin tonight with a black tie gala for 1,400 guests, including Paul Kirk, chairman of the national Democratic party and FBI director William Webster. Some other featured guests will be Soviet Ambassador Yuri Dubinin and his wife, Llana; former Vice President Walter Mondale and his wife Eleanor; former national security adviser Zbigniew Brzezinski; former Secretary of State Edmund Muskie, and Nathan Landau, chairman of the Democratic National Convention Site Selection Committee.

The \$27 million library will be dedicated Wednesday with the help of President Reagan, who defeated Carter in 1980. Former presidents Richard Nixon and Gerald Ford also were invited to the dedication but both will be unable to attend, according to Melissa Montgomery, a spokeswoman for the center. Nixon, however, is scheduled to visit the center sometime after the opening, and Ford will attend a conference on Latin American affairs sponsored by the Carter Presidential Center Nov. 17-19, Montgomery said.

One section of the center that Reagan and Carter will dedicate includes a computerized display on terrorism. (UPI)

### Carter Library Uses High Tech To Document History

ATLANTA -- Were he alive today, Franklin Delano Roosevelt likely would not believe what he wrought when he plotted the nation's first presidential library and museum to document his years in the White House.

The Jimmy Carter Library, part of the \$27 million Carter Presidential Center that will be dedicated Wednesday, is as sophisticated and modern as Roosevelt's is simple and old-fashioned. Carter's 15,000-square-foot museum extensively employs such technology as laser discs and computers.

The Carter Library's reproduction of the Oval Office is expected to have the broadest appeal, based on the popularity of the ones at Lyndon B. Johnson's library in Austin Texas, and Gerald Ford's museum in Grand Rapids, Mich. Painstaking detail went into everything in the Atlanta Oval Office, including the presidential seal on the ceiling, produced from a rubber cast taken directly off the White House's plaster seal. The leafy "view" out the office's windows is actually color photo transparencies taken from behind Ronald Reagan's desk. (Howard Pousner, Atlanta Journal)

### Food At Carter Center Catering To All Palates

ATLANTA -- When the Carter Presidential Center opens Wednesday, it will serve as Jimmy Carter's headquarters for pushing his favorite causes: environmental quality, resolution of international conflict and human rights.

And nowhere was the latter more apparent last week than in the kitchen of the complex, where the former president and first lady Rosalyn Carter met with caterer Kay Goldstein about what food will served in the center's cafeteria. "'You must have hot dogs,' they told me," Mrs. Goldstein said. "They both wanted to serve people high quality food. But they also wanted to make sure the average school child has something to eat at an affordable price." (Jean Thwaite & Anne Byrn, Atlanta Constitution)



## NETWORK NEWS SUMMARY

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(Tuesday Evening, September 29, 1986)

### DANILOFF/U.S.-SOVIET RELATIONS

NBC's Tom Brokaw: After weeks of negotiations and arguments at the highest levels over the arrest of an American reporter and a suspected Soviet, spy suddenly a surprise announcement -- not only had the superpowers resolved the spy case, but President Reagan agreed to meet Mikhail Gorbachev in Iceland a week from this weekend. That startling news came as other parts of the deal were being played out. (TV coverage of Daniloff's reunion with his family.) Nicholas Daniloff arriving in Washington greeting his family. Gennadi Zakharov, the suspected Soviet spy, boarding a plane for Moscow. Yuri Orloff the Soviet dissident, in jail for eight years, scheduled to be free next week. Soviet U.N. employees, 25 all together, will be leaving the U.S. within two weeks. The unexpected news of the Reagan-Gorbachev summit meeting caught almost everyone by surprise. It is not entirely certain just what will happen at this Iceland meeting.

NBC's Chris Wallace: Secretary Shultz was briefing reporters on the deal to free Daniloff when the President made a surprise appearance. The Soviets had broken the news moments before, but that didn't lessen the drama.

(President Reagan: "I am pleased to announce that General Secretary Gorbachev and I will meet October 11th and 12th.")

It was a stunning turn around for Mr. Reagan who had insisted the next summit be held in the U.S. after the fall election campaign. The President said he is going to Iceland just to prepare for Gorbachev's American visit.

(President Reagan: "This is not a summit; this was a suggestion by him that he and I, one on one, meet." Wallace: "No agreements at the meeting next week?" President Reagan: "I don't know. All we have agreed upon is that we are going to have a meeting.")

Whatever he calls it, in just 11 days the President will meet Gorbachev in Reykjavik, a small seaside city near a big U.S. air base.... A senior U.S. official said the President's main goal is to persuade Gorbachev he wants to deal and that they should speed up negotiations. He said Mr. Reagan will be satisfied if he achieves two things: a date for a summit in the U.S. to give both governments a working deadline and agreement to focus on two or three key areas.

(Secretary Shultz: "This is a meeting that will give a special push obviously, and I think it is a very good idea, a good thing.")

The White House feels the best area for agreement is a reduction in medium range missiles in Europe. The two sides are getting closer but there are still sharp differences, especially over how to verify a treaty. The Soviets are expected to continue their push for a nuclear test ban, but U.S. officials show no sign of compromise on that. Reaction today was unusual. The President's liberal critics praised him.

Wallace continues:

(Speaker Tip O'Neill: "Now they are going to Iceland and I think we are on the throws of a breakthrough and I hope so.")

But Mr. Reagan's conservative supporters said the Soviets are getting just the summit they want, ignoring human rights and regional conflicts.

(Sen. Malcolm Wallop: "They have wanted from the beginning to have the summit, and you all have cooperated quite well in that, containing conversations about nothing but arms control.")

There was also a feeling that despite White House denials that anything has been prearranged, the two sides are close to a breakthrough.

(Richard Pipes: "I suspect that this pre-summit summit in Iceland is being held for the purpose of ironing out the last remaining obstacles to an arms control agreement which presumably then would be initiated at the true summit later on.")

Officials here say Gorbachev suggested the summit in a letter two weeks ago and that Mr. Reagan agreed within 24 hours. There was only one condition: Daniloff had to be free first. (NBC-1)

Brokaw: And in Moscow tonight, the Kremlin was working in its own way to put the best face on these extraordinary arrangements as NBC's Moscow bureau chief Steve Hurst reports tonight, the Soviets gave some but in the end they did get what they wanted.

(NBC's Steve Hurst's reports from Moscow on how the story was broken in Moscow.) (NBC-2)

Brokaw: As one flew east, the other flew west bound for Moscow.

Gennadi Zakharov took off on an Aeroflot jet late this afternoon from Washington's Dulles airport; 16 minutes later Nicholas Daniloff touched down at the same airport finally home.

(NBC's Ann Rubenstein reports on Zakharov's departure from the U.S. and NBC's Robert Hager reports on Nicholas Daniloff's return to the U.S.) (NBC-3)

Brokaw: President Reagan has said all along that he would not make a deal for the release of Nicholas Daniloff and he insisted again today that no deal was made. But if it wasn't a deal what was it?

NBC's Marvin Kalb: Was there a deal, an exchange Daniloff for Zakharov? Not according to President Reagan.

(President Reagan: "There was no connection between these two releases.")

Soviet Foreign Minister Shevardnadze spun a different yarn, implying a connection between Daniloff's release yesterday and Zakharov's today.

(Shevardnadze through translator: "Well there may be some difference of several hours but that is not particularly important. Fundamentally we have struck agreement.")

Yesterday before all of the facts were known the President sounded triumphant.

(TV coverage of the President boarding Air Force One: "They blinked.")

Kalb continues:

Today he acknowledged:

(TV coverage of the President leaving the briefing room: Reporter: "The Soviets blinked?" President Reagan: "I shouldn't have said that, no comment.")

Perhaps because as more facts become known it's clear both sides blinked. The Soviets allowed Daniloff to leave first, but by prior arrangement within 24 hours Zakharov, an accused spy, was on his way.

(Shevardnadze through translator: "Is he a spy? No. He is a very nice individual, a very nice person.")

On the 25 Soviet U.N. diplomats the U.S. identified two weeks ago as spies and ordered expelled by tomorrow, the U.S. has now given them a grace period, another two weeks at least. And before today Secretary Shultz said this was a non-negotiable American demand but today Shultz seemed willing to talk.

(Secretary Shultz: "Some questions have been raised about some members of the group and we are willing to hear what they have to say about that.")

The Administration still insists it is serious about stopping Soviet espionage at the U.N., but the chairman of the Senate intelligence committee is not convinced.

(Sen. David Durenberger: "Half of the people the Soviets send over here for commercial purposes, for diplomatic purposes in New York or here, are either KGB agents or they came here and they are cooperative in some way along the line.")

And on freedom for Soviet dissidents the U.S. had demanded a number of them, up to four, but settled for just Yuri Orloff and his wife. Another concern; that every time a Soviet spy is nabbed in the U.S., the Russians will arrest an American in Moscow. This from a Soviet defector:

(Arkady Shevchenko: "If the Soviets will be sure that they can operate and if caught red handed they will come out with impunity, that is something which is very dangerous.")

The prospects for another summit have completely overshadowed the still murky complexities of the deal in which both sides made concessions and may be that was deliberate, their way of submerging the Daniloff affair in the preparation for a summit. (NBC-5)

Brokaw: It has been hard to follow all of this. What we seem to have tonight is a summit that is not a summit, after a deal that was not a deal, for a swap that was not a swap. Joining us now from the White House is White House Chief of Staff Donald Regan in the Roosevelt Room there.

Brokaw: Mr. Regan it does appear that you reversed your position, that you agreed to meet with Mikhail Gorbachev even though there is no assurance of any kind of a deal. What's to keep your critics from saying that Mikhail Gorbachev can summon President Reagan wherever and whenever wants to?

Brokaw's interview continues:

Regan: This was a suggestion of the General Secretary in a letter delivered to us on September 19th in which he said he would like a quick private meeting with the President in order to prepare for the summit here in the United States, that he wanted to see if he could narrow the differences. The President replied that as long as the Daniloff situation hung over us there never could be a preparatory meeting. The Daniloff situation has been resolved. The President agreed to go to Reykjavik for a day and a half or so to talk to the General Secretary to see what could be done that would smooth the way for the later summit to held here in the United States.

Brokaw: But haven't you always believed that this is best done at the staff level and then when the two leaders get together they can work out the big picture?

Regan: Well apparently the two leaders think that they are capable of talking to each other without the staff. Now maybe some of our staff members don't agree with that, but they think they can handle it, we'll let them try it.

Brokaw: Would you be surprised if there is an agreement on the so-called intermediate range missiles in Iceland?

Regan: No, I don't think you can look forward to any agreements per se, coming out of Iceland, but I think you'll find that the road to agreements will be smoothed by Iceland.

Brokaw: And what about the idea of a big summit in the United States; what's your best guess on a time and a place?

Regan: I wouldn't want to forecast the time, the place of course will be Washington, but I wouldn't want to forecast as to what the time would be, we'll just have to see how far we advance the ball at Reykjavik. (NBC-6)

ABC's Peter Jennings: It was like turning on a tap this morning, there was a torrent of announcements including a Reagan-Gorbachev summit in less than two weeks. By the end of the day Soviet-American relations seemed, well, better than yesterday.

ABC's Sam Donaldson: President Reagan himself came to the White House Press Room to make the stunning announcement.

(President Reagan: "I am pleased to announce that General Secretary Gorbachev and I will meet October 11th and 12th in Reykjavik, Iceland. The meeting was proposed by General Secretary Gorbachev and I have accepted.")

The meeting was proposed in Gorbachev's letter to the President delivered a week ago Friday by Soviet Foreign Minister Shevardnadze. The very next day at the State Department Shevardnadze was told ok, if the Daniloff case could be resolved.

Donaldson continues:

The resolution announced today by Secretary Shultz contains these elements.... The President said this deal opens the path for the Iceland mini-summit.

(President Reagan: "Their releasing Daniloff made the meeting possible. I could not have accepted and held that meeting if he was still being held." Donaldson: "On that subject, they are now going to get Zakharov out. What do you say to those who say that you've lost in that trade and they got what they wanted?" President Reagan: "No, not all. There was no connection between these two releases.")

Other officials insisted there is no connection between the President's willingness to meet Gorbachev in Iceland, and the Soviets willingness to work out those releases. Secretary Shultz said that the two leaders will in Iceland:

(Secretary Shultz: "See if they can push the boat along a little bit in perhaps some of the areas that show the most promise.")

Another senior official said the President accepted because he wants to sit down with Gorbachev, one on one as he did last year in Geneva, and use his skills as the great communicator to convince Gorbachev the U.S. is serious about wanting equitable agreements. And will the two leaders be able to reach any agreements in Iceland?

(President Reagan: "I don't know. All we've agreed upon is that we are going to have a meeting.")

All year U.S. officials have been saying the next summit meeting had to take place in the U.S. and not before the fall elections, so they are not calling Iceland a summit meeting, but rather a meeting at the summit. They say they want a formal summit meeting in Washington later this year. But no matter what U.S. officials call it, Mr. Reagan's critics are sure to call it ill-conceived and ill-advised.

(ABC's Dennis Trout reports on Zakharov's departure and ABC's Pierre Salinger reports on Daniloff's return.)

Jennings: It's been quite a long time since the ins and outs of Soviet-American relations have had as much scrutiny as they have in the last month and the agreement between Mr. Reagan and Mr. Gorbachev has been a result of some very tough bargaining. Here's ABC's John McWethy.

(ABC's John McWethy reports on the dealing that went on before an agreement was reached.)

Jennings: Today we talked to a handful of people who make their living analyzing such affairs. What do they think?

Jennings: Mr. Eagleburger, based on everything you have heard today is this good for the country?

Lawrence Eagleburger: Well I think it's no runs, no hits, no errors basically. I think it is good in the sense that it removes this issue from the debate between the U.S. and Soviet Union. I think in the greater scheme of things it's not that important. It's important to get Mr. Daniloff back but we have got a lot of very important fish to fry with the Soviet Union, it's time we got back to it.

Jennings continues: So in that context is it good for Soviet-American relations?

Eagleburger: Yes in the short run because it gets us back to talking about serious subjects. On the other hand, I don't think we can ignore the fact that the Soviets have acted to type and did something that was reprehensible and should not have happened but hopefully it is now behind us.

Jennings: Dr. Kissinger, based on everything that has happened in the last 24 hours are Soviet-American relations back on track?

Henry Kissinger: I believe that the tensions between the Soviet Union and the United States have not been caused by an accident and they cannot be removed by the personal relationship of two leaders and it is not in our interest to create the impression that they can be. And for that reason this hurry up pre-summit summit is a source of great concern to me.

Jennings: Prof. Bialer, how do think the Soviets will feel about this deal, that they have done well?

Seweryn Bialer: I think that they made an enormous blunder and I think that they have repaired the blunder by flexible diplomacy and because President Reagan, let's say, let them off the hook to some extent. It seems that they have achieved what they wanted and they want a summit.

Jennings: Dr. Brzezinski, based on what you have heard today what do you think of the deal?

Zbigniew Brzezinski: The Soviets got what they wanted. They took a hostage and they forced the United States to release a Soviet spy and most important of all, and this I cannot stress firmly enough, I think the President's credibility has been damaged. The President said there would be no swap, that we wouldn't yield, that we wouldn't be intimidated and all of these things have happened and I fear that he is going to go to the Reykjavik summit with Gorbachev rather diminished, rather weakened. (ABC-1)

CBS's Dan Rather: President Reagan continues to insist his meeting in Iceland with Gorbachev is not a summit. Mr. Reagan is also still insisting that the deal that got Daniloff home in exchange for a Soviet spying suspect going home is not a swap. Bill Plante begins our coverage of the non-summit non-swap.

CBS's Bill Plante: President Reagan made a surprise appearance as the Administration was explaining the Daniloff deal to announce the mini-summit in Iceland.

(President Reagan: "The meeting was proposed by General Secretary Corbachev and I have accepted and it will take place in the context of preparations for the General Secretary's visit to the United States which was agreed to at Geneva in November of '85.")

Plante continues:

A senior Administration official said the Iceland site and the meeting were suggested by Gorbachev in a letter which the President received ten days ago from Foreign Minister Shevardnadze, and that Mr. Reagan decided overnight that he would agree. Why? Because, says the official, the President thinks he can communicate with Gorbachev, show that he is serious, get negotiations going. Only one thing stood in the way and that was settled yesterday.

(President Reagan: "The recent release of Daniloff made the meeting possible. I could not have accepted and held that meeting if he was still being held.")

The loose ends of the Daniloff case were knit together today. Daniloff arrived back in the U.S., accused Soviet spy Gennadi Zakharov pleaded no contest to the charges against him and boarded a plane for Moscow. Secretary Shultz announced that the Soviets may free dissident physicist Yuri Orloff, a leader of the Soviet human rights movement. The U.S. made some concessions on its demand that 25 Soviet U.N. employees leave this country. The U.S. says all this clears the air for progress in negotiations.

(President Reagan: "I think the chances are better than they have been in many years for reaching some agreement on arms reduction.") The main U.S. goal for next week's mini-summit in Iceland: A date for the Reagan-Gorbachev meeting in the U.S. late this year or early next.

(Sen. Bob Dole: "Let's keep our expectations under control. Holding a pre-summit opens the opportunity for agreement on any number substantive issues but just meeting guarantees agreement or progress on nothing." Jimmy Carter: "But it could be possible that they could agree upon a framework that would be a guide to progress on nuclear arms control.")

Peace isn't necessarily just around the corner though. Some of the President's closest advisers will fight arms control. Gorbachev may decide that he can't afford to come here, but Ronald Reagan, the old anti-communist now playing for history, is determined to try.

(CBS's Wyatt Andrews reports from Moscow on what Gorbachev wanted and what he got.)

(CBS's Bill McLaughlin looks at what the summit talk is likely to be about.)

(CBS's Bob Schieffer reports on the swap of Nick Daniloff for Zakharov.)

(Rather closes CBS's coverage by discussing the events with Dr. Armand Hammer.) (CBS-1)

## YURI ORLOFF

Brokaw: The Soviet dissident whose name surfaced today in Washington, Yuri Orloff, has spent the last 12 years in prison or in exile in Siberia. But as part of this deal he soon will be reunited with his wife and the two of them will be coming to the United States.

(NBC's Richard Valeriani reports on Orloff's life.) (NBC-7, ABC-6)

## ZEUS THE DOG

Brokaw: Not quite every member of the Daniloff family is home tonight.

Zeus, the Daniloff's brown and white terrier will remain in Moscow until his veterinary papers are in order. After Daniloff was arrested, you'll recall, he was told in a telephone conversation with a friend that "Zeus has fleas." The Soviets immediately cut the telephone line apparently thinking that this was some kind of a code.

(NBC-4, ABC-3)

## SOUTH AFRICAN SANCTIONS

Brokaw: Secretary Shultz told Republican Senators today that a Senate vote on South African sanctions could have an impact on negotiations with Soviet leader Gorbachev. The White House is trying to convince the Senate not to follow the House in overriding the President's veto of the sanctions bill. Shultz said an override would embarrass the President and would undercut his ability to negotiate with the Soviets in Iceland.

(NBC-8, CBS-8)

ABC's Brit Hume: When Secretary Shultz came to Capitol Hill today he talked to Republicans about the summit but this was no briefing; it was part of a desperate effort to head off a Senate veto override on another issue, South African sanctions.

(Sen. Bob Dole: "Secretary Shultz indicated that it wouldn't be of any help to the President if he sits down to the table in Iceland with Gorbachev on the 11th and 12th of October to have been clobbered by the Congress on a foreign policy matter." Sen. Charles Grassley: "I don't think he found too much of a sympathetic ear from the nine or ten of us that were present there.")

The South African sanctions issue has deeply divided the Senate Republican leadership; Majority Leader Dole urging the veto be sustained and Foreign Relations Chairman Lugar on the other side.

(Sen. Richard Lugar: "Mr. President we are on the threshold of a tragedy that hopefully our timely action might help avert. Congress has wrestled with this problem. I would say personally I wish that the Administration had been more helpful during that period of time.")

Today the Administration named a black career diplomat, Edward Perkins as the new ambassador to South Africa. The Perkins nomination won't hurt, but only 14 Senators, all Republicans, opposed sanctions when they first passed the Senate last month. Thirty-four votes are needed to sustain the veto and as of tonight, with the issue due up tomorrow, the Administration was still about 10 votes short.

(ABC-7)

## PERKINS

Brokaw: At the White House a black career diplomat, Edward Perkins, was nominated by President Reagan today to become the new U.S. Ambassador to South Africa. Perkins has been a foreign service officer for the past 28 years.

(NBC-9, CBS-7)



#### WAR ON DRUGS

Jennings: The Senate has now passed its own version of an anti-drug bill; it calls for a tougher program to crack down on drug sales, but unlike the House version it does not provide capital punishment for some drug dealers nor require the military to stop drug smugglers at the border. The two bills must now be resolved in conference.

(ABC-10, CBS-13)

#### ECONOMY

Brokaw: The government's main gauge on the economy, the index of leading economic indicators, fell two-tenths of a percent last month, that's the third drop in the past four months.

(NBC-10, ABC-13, CBS-10)

#### ORGAN BANK

Rather: HHS director Otis Bowen today announced formation of a single national network to obtain and transplant human organs. This move will link two major transplant networks for Americans seeking kidneys, livers, hearts and other organs.

(CBS-18)

## EDITORIALS/COLUMNISTS

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### DANILOFF

Farewell, Unwashed Russia -- "What seems so sad about the latest incident is that so many Americans suspected that Mr. Daniloff may have been a spy. In a Gallup poll conducted for the Times Mirror Co., 66 percent of the respondents said there was 'a good chance' or at least 'somewhat of a chance' that Mr. Daniloff worked for the CIA. They apparently did not believe Mr. Daniloff or their own government.... Such results do not bode well for the credibility of the government or the media. They also reinforce the need for maintaining a clean distance between government and the media." (Hartford Courant, 9/30)

Victory In Draw -- "In the end, both countries agreed to a draw because Daniloff was not the only hostage. Arms-control negotiations and the periodic meetings between the leaders of the United States and the Soviet Union that may eventually find ways to avoid serious confrontations were also in bondage.... A draw has its drawbacks. It is not likely that Daniloff can ever return to Moscow -- a journalistic assignment for which he is uniquely qualified. Reagan will take a pounding from his party's ultra-conservatives, who insisted on an outcome with winners and losers. But for arms-control discussions and a future superpower relationship of competition without confrontation, a draw is clearly a victory."

(Los Angeles Times, 9/30)

Of Swaps And Summits -- "In disentangling the Daniloff-Zakharov affair, the American and Soviet governments learned, ironically, just how much they want a second Reagan-Gorbachev summit. Instead of scuttling or delaying preparations for a meeting that may well produce the first-ever superpower agreement to reduce nuclear armaments, the bungled case of the spy and the hostage may actually have accelerated planning.... As he squirmed out of the mess created by zealous intelligence operatives in New York as well as Moscow, he demonstrated that the simplistic anti-Sovietism of his early years has been superseded by a determination to seek meaningful arms limitation during his final two years in office."

(Baltimore Sun, 9/30)

With Daniloff Free, A New Drama Begins -- "But neither side is going to give up anything free-for-nothing. That's as it should be. With Daniloff out and that drama over, the question is: Will a greater drama, with real and historically significant stakes, now begin in its place? That's possible. Two leaders, proven tough, face a rare and promising opportunity to bargain down the nuclear threat. Neither could make a greater contribution to history. Neither can do it without the other."

(New York Daily News, 9/30)

Release of Daniloff Opens Road To Summit -- "By this act, the Soviets in effect conceded his legitimate standing as an American newsman, not a spy.... But it seems to have provided an acceptable way out of a dilemma created by the misjudgments of both superpowers: the United States by mistiming and poor handling of the Zakharov arrest, and the Soviets -- to a far greater degree -- by miscalculating public reaction to the seizure of a U.S. journalist. That reaction, and its near derailment of a summit, should give Moscow pause in the future." (Philadelphia Inquirer, 9/30)

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The Freeing of Nick Daniloff -- "And no matter what the sum, it cannot alter the harsh fact that an American was grossly abused and that a precedent was set to expose foreign journalists to phony spy charges.... As it is, Mr. Reagan has come under attack in some customarily friendly domestic quarters, among others, for seeming to pull his punches. Whether he can yet emerge able to continue his sound and broadly popular policy aimed at improving some aspects of Soviet-American relations depends on how the terms of the freeing of Nick Daniloff play out."  
(Washington Post, 9/30)

Deal Or No Deal, Innocent Man's Free -- "But even if the Soviets get what they want -- Zakharov -- they also got something they didn't want at all: an international black eye. The U.S. public and the rest of the world were reminded once again that the Soviet Union is ruthless in pursuit of its self-interest. All the good 'P.R.' generated by that Soviet smoothie, Mikhail Gorbachev, sailed out the window when his goons kidnapped Nick Daniloff.... Neither the USA nor the USSR appears to be the winner in the Daniloff affair. But while Gennadiy Zakharov awaited trial in New York, Nick Daniloff flew out of the KGB's hands. And that's terrific."  
(USA Today, 9/30)

Daniloff Out But KGB Holds An Empire Hostage -- "As for the country itself -- and this is of more importance than the matter of Mr. Gorbachev's career -- the process of 'KGB-izing' the Kremlin means a hardening of domestic policy, aggravation of repressive measures against dissidents of all stripes, cutting off Jewish emigration, a propaganda barrage of 'spymania' and xenophobia, and other signs of re-Stalinization. This is why the arrest of an American journalist, too, should be viewed in a context of these internal political developments in the U.S.S.R. as a tip of an iceberg being thrust up out of the water." (Wall Street Journal, 9/30)

Daniloff For What? -- "What has to be kept in mind is that the Soviets have committed two crimes -- espionage in the case of Mr. Zakharov and kidnapping in the case of Mr. Daniloff. A prisoner exchange would restore the status quo ante, but justice is not served when the purse-snatcher flings down the purse and escapes.... Whether the ransom is to be paid in one lump sum now or, as some fear, in installments at the Reagan-Gorbachev summit, the Daniloff kidnapping appears likely to cost, not the kidnapers, but us."  
(Washington Times, 9/30)

Freeing Of Journalist Isn't A Total Victory For U.S. -- "With the closing of the file on this incident, one can only hope that the Reagan Administration proceeds by:

-- Acting with renewed vigor to maintain its phased expulsion of 105 Soviets at the United Nations to decrease spying activities.

-- Entering into the U.S.-Soviet summit scheduled for late December with the utmost vigilance, recognizing Mikhail Gorbachev for the smart blackmailer that he has proved himself to be.

(Dallas Morning News, 9/30)

## FOREIGN MEDIA REACTION

### PRESIDENT REAGAN/SOUTH AFRICA

"(Reagan) is right on the substantive issue. The sanctions envisaged by Congress have no prospect whatsoever of bringing a speedy end to apartheid; they are, indeed, more likely to entrench it by weakening the relatively liberal political influence of businesses involved in international trade and encouraging the growth of industries...and in the meantime they will impoverish the black majority still further.... President Reagan has left it very late to promote a new Marshall Plan for black South Africa. But the alternative is to saddle America and his own Administration with federal legislation which is perverse, damaging and counterproductive."  
(Financial Times, Britain)

"At the same time Congress provides Reagan with the greatest domestic accomplishment of his second term (tax reform), it calls into question more than ever his authority in foreign policy.... According to his advisers, he is facing the most dangerous challenge of his Presidency...."  
(Tribune, France)

"For the first time in his six years as President, Ronald Reagan risks finding himself completely isolated both in the eyes of Congress and of the American public. His decision to veto the economic sanctions against South Africa -- approved by Congress by a large majority vote -- was in fact criticized with equal firmness both by opponents and loyal supporters...."  
(Il Messaggero, Italy)

"Reagan has vetoed a bill on the application of limited economic sanctions against the Republic of South Africa, thereby confirming that the U.S. Administration is an accomplice of the racist regime of Pretoria...."  
(TASS, Soviet Union)

"His idea mainly consists of hitherto vague plan of funnelling \$500 million in economic aid to the Frontline States, appointing a black American as ambassador in Pretoria and sending Secretary Shultz on a special assignment to South Africa. That plan is hardly convincing. Given the critical and confrontative situation prevailing there, we, especially in the third world, expect more from Washington."  
(Jakarta Post, Indonesia)

"The veto is going to be overturned, and even if it is not, the process of dismantling the system of apartheid is historically inexorable. No power on earth can reverse it. Thanks to President Reagan's veto, the U.S. Government has emerged as an unabashed apologist for apartheid."  
(Pakistan Times, Pakistan)

"What are we to make of the much glorified American democracy when a man holding the highest office in it can so cynically disregard public opinion expressed both directly and through elected representatives...."  
(Sunday Mail, Zimbabwe)

"The American Administration persists in a path that can only encourage the apartheid regime to be more and more intransigent. This will lead to more deaths, more torture and more injustice on the part of Pretoria...."  
(ash-Shab and El Moudjahid, Algeria)