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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, OCTOBER 24, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

TRIP NEWS

YOU CAN VOTE FOR ME ONE MORE TIME, REAGAN TELLS CROWDS -- President Reagan is telling voters that in this his last campaign, they can vote for him one more time by electing Republicans to the Senate.

(Washington Times, AP, Reuter, UPI)

INTERNATIONAL NEWS

U.S. HALTS EXPULSION WAR BUT PROMISES STRICT PARITY IN FUTURE -- The United States has declined to retaliate for the Soviet expulsion of five more American envoys, ending a month-long series of vengeful exchanges.

(Washington Post, Washington Times, Reuter, UPI)

NATIONAL NEWS

U.S. DEFICIT IN 1986 SETS RECORD -- The Reagan Administration has acknowledged another record federal deficit, more than \$220 billion in fiscal 1986, but is taking solace in the fact that the red ink total is less than expected by some forecasts.

(Washington Post, AP, UPI)

NETWORK NEWS (Thursday Evening)

CONSUMER PRICES -- The Labor Department said inflation jumped 0.3% last month.

SOVIET RELATIONS -- The U.S. called a truce in the embassy expulsion war.

HASENFUS -- Eugene Hasenfus pleaded for someone in the U.S. government to come to his aid.

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TRIP NEWS

REAGAN OPENS BLITZ BY BLASTING LIBERALS AS BIG SPENDERS

MILWAUKEE -- President Reagan, beginning a 12-day campaign blitz on behalf of GOP candidates throughout the nation, yesterday blasted liberal Democrats as big spenders who would wreck the economy and undermine national security.

"This is a make-or-break election that will determine not only whether America is prosperous but whether our people will be safe and our nation secure," Mr. Reagan told the cheering throng of supporters on the south lawn of the White House.

"Liberal Democratic leaders never met a tax they didn't like," Mr. Reagan told his Wisconsin audience. "And when it comes to spending your hard-earned money, those liberals act like they've got your credit card in their pocket, and believe me, they never leave home without it."

(Jeremiah O'Leary, Washington Times, A3)

You Can Vote For Me One More Time, Reagan Tells Crowds

OKLAHOMA CITY -- President Reagan is telling voters that in this his last campaign, they can vote for him one more time by electing Republicans to the Senate.

He carried that message today for Sens. Nickles in Oklahoma and Paula Hawkins of Florida as part of a two-day campaign swing that brought out large crowds Thursday in Wisconsin and Missouri.

In each stop, Reagan first brings an anti-drug message "from my roommate." Nancy Reagan, he says, wants him to tell his audiences to "just say no" when it comes to drugs.

(Harry Rosenthal, AP)

Reagan Urges Soviets To Move Forward Towards Arms Control

OKLAHOMA CITY -- President Reagan says Soviet leader Gorbachev's latest pronouncement on arms control is heartening, but the Soviets should now "move the ball forward" on nuclear testing and arms reductions.

"Our negotiators are ready in Geneva," Reagan said Thursday in remarks in Springfield, Mo., before flying here to continue a political speaking tour.

Reagan, speaking at a rally in support of Missouri senatorial candidate Christopher Bond, said. "It was heartening to find Mr. Gorbachev agreeing with me yesterday, that the proposals we made in Iceland are still on the table."

(Dale Nelson, AP)

Nostalgic Reagan Runs Hard -- For Others

OKLAHOMA CITY -- President Reagan, nostalgia often creeping into his voice throughout this last campaign blitz of his political career, is appealing to Americans to keep his policies alive by returning a Republican Senate on November 4.

The 75-year-old President, who will not be on a national ballot ever again, has put his personal prestige on the line in an all-out effort to maintain Republican control of the upper house.

"Ronald Reagan is running and running hard," one White House aide said.

(Patricia Wilson, Reuter)

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Reagan Zeroes In On Campaign Targets

OKLAHOMA CITY -- President Reagan, stumping for congressional candidates, seems to have chosen retiring House Speaker O'Neill and Soviet leader Gorbachev as his targets, along with some unnamed liberal democrats he says want to raise taxes and weaken America's defense.

In Waukesha, Wis., and Springfield, Mo., Thursday, Reagan envisioned a bright economic future for young people if they vote Republican.

"We can let the good times roll," he ad libbed in Wisconsin, warning in Missouri, "If we lose the Senate, the liberal Democrats will march us back to the grim days of the '70s."
(Ira Allen, UPI)

REAGAN'S BLITZ BEGINS TO SAVE SENATE FOR GOP

President Reagan, insisting that a GOP edge in the Senate is key to his success, is making a final 12-day push to rescue Republican Senate candidates in cliff-hanger races.

"The Senate," said Mitchell Daniels, the White House political director, "hangs by a thread." He thinks a presidential appearance can translate into a gain in the "5 to 10 percent range."

(Mary Belcher, Washington Times, A1)

PARTY STRATEGISTS SAY THEY'RE UNWORRIED BY PRESIDENTIAL CAMPAIGN BLITZ

Democratic strategists say they're unworried by President Reagan's cross-country campaign blitz for Republican candidates, although they acknowledge he could make a difference in marginal Senate races.

"Voters have moved into a post-Reagan era," maintains Terry Michael, spokesman for the Democratic National Committee. "They don't see him as relevant to their decisions in 1986."

David Johnson, head of the Democratic Senatorial Campaign Committee, called Reagan's schedule a "road map to vulnerability," signaling the close races Republicans fear they may lose.
(William Welch, AP)

MAYOR REAGAN?

HALL PARK, Oklahoma -- Residents prepared to greet the mayor they last saw nearly a quarter century ago: Ronald Reagan.

The President was to address a rally today in nearby Norman during a visit to campaign for Republican Sen. Nickles, who is opposed by Rep. Jim Jones.

Reagan, who was once a spokesman for General Electric, was named honorary mayor 24 years ago when he participated in a ribbon-cutting ceremony dedicating Hall Park as Oklahoma's first all-electric city.

"On behalf of the residents of the town I would like to reaffirm the honor that was bestowed during the dedication in 1962, and welcome President Reagan once again as honorary mayor of the town of Hall Park," Mayor Mike O'Neil, said Thursday.
(AP)

INTERNATIONAL NEWS

U.S. SEEKS TO HALT ROUND OF EXPULSIONS,
ACT ON 'LARGER ISSUES'

The United States called a halt yesterday to the tit-for-tat war of diplomatic expulsions with the Soviet Union as the Administration took stock of the damage done to U.S. diplomatic and intelligence operations in Moscow by the latest Soviet measures.

State Department spokesman Charles Redman said the United States, in response to Soviet restrictions imposed Wednesday on the U.S. Embassy in Moscow, will apply "equal and reciprocal restrictions" against the Soviet Embassy here. (David Ottaway & John Goshko, Washington Post, A1)

U.S. Declares A Cease-Fire In Tit-For-Tat Expulsion War

The United States yesterday called a cease-fire in the tit-for-tat war of expulsions of spies and diplomats with the Soviet Union.

"We hope that this set of issues can now be put behind us," said State Department spokesman Charles Redman, without announcing any new retaliation for the latest expulsion of American diplomats from Moscow.

"We need now to get on with resolution of the larger issues affecting U.S.-Soviet relations and build on the progress made in discussions at Reykjavik," he said. (Richard Beeston, Washington Times, A1)

U.S. Halts Expulsion War But Promises Strict Parity In Future

The United States has declined to retaliate for the Soviet expulsion of five more American envoys, ending a month-long series of vengeful exchanges.

But State Department spokesman Charles Redman said U.S.-Soviet diplomatic relations will be governed by strict reciprocity, even though Washington seemingly will be unable to match Wednesday's withdrawal of Soviet support staff from the U.S. embassy in Moscow.

(William Scally, Reuter)

Moscow's Last Blow Ends Diplomatic Expulsion War

MOSCOW -- The Soviet Union appears to have scored a tactical victory in its diplomatic expulsions war with the United States by delivering an abrupt blow to the U.S. embassy in Moscow and getting a truce in return, Western diplomats said today.

"Let us draw the line now. Otherwise this could go on indefinitely," Foreign Ministry spokesman Gennady Gerasimov said when outlining the latest Soviet measures, which followed U.S. orders that 55 Soviet diplomats leave the United States.

Western diplomats, commenting on the immediate tangible effect of the Soviet move on U.S. embassy operations, described Moscow's tactics as brilliant.

(Mary Ellen Bortin, Reuter)

U.S. Calls Halt To War Of Expulsions

Having declared a truce in a diplomatic war of expulsions, the United States is reviewing the "devastating" battlefield damage.

On the American side, the expulsion of 10 U.S. diplomats from Moscow, who can be replaced, is considered less harmful than the removal of about 260 Soviet staff employees who have been forbidden to work for the U.S. Embassy.

"It's a shrewd, devastating blow," one U.S. officials said Thursday. "It removes everybody from the guy who used to plow the snow to the clerk who used to process the vouchers." (Jim Anderson, UPI)

U.S. Officials See Gains Outweighing Losses In Expulsion War

U.S. officials counting up the score in their expulsion war with the Soviet Union say they came out winners.

The war that began two months ago with the arrest on spy charges of a Soviet employee at the United Nations dimmed, but did not entirely erase, the glow that both Washington and Moscow have sought to put on the October 11-12 Iceland summit. (William Scally, Reuter)

Moonlighting At The Moscow Embassy

MOSCOW -- His Soviet chauffeur did not come to work today, so U.S. Ambassador Arthur Hartman had to drive himself.

"It is not so bad," Donna Hartman said tonight, as she passed a silver bowl filled with popcorn to a group of Soviet generals. "It is almost fun."

The reality of life without Soviet staff to clean, cook, drive, do repairs and translate dawned today on the U.S. Embassy here, and 225 diplomats and their families had to adjust quickly to the latest development in the embassy wars.

(Celestine Bohlen, Washington Post, A1)

GORBACHEV STAUNCHLY DEFENDS HIS SUMMIT ARMS PACKAGE

Soviet Leader Makes Unusual Public Appeals On Television

MOSCOW -- Three times in 10 days, Mikhail Gorbachev has used prime time on Soviet television to clarify the developing battle lines in the bid for reductions of nuclear arsenals and limitation on space-based missile defenses he initiated at the Reykjavik summit.

In an unusual attempt to bring the superpower arms negotiations into Soviet living rooms, Gorbachev has spent three and a half hours on television isolating Reagan Administration and Western European critics of his arms control package and seeking to establish the backing it has received from the Soviet leadership, and elsewhere.

(Gary Lee, Washington Post, A34)

ON ARMS CONTROL, REAGAN CONFOUNDS THOSE WHO TRACK HIM

Ronald Reagan is entering his final years in the White House just as confounding to those who try to figure out his political philosophy as he was at the start.

His performance at Reykjavik is a good example.

The same Reagan who campaigned against every major U.S.-Soviet arms control agreement while running for the White House -- and was second to none in his suspicions of the Soviet Union -- was proposing the most far-reaching arms treaty with Moscow in history.

(Barry Schweid, News Analysis, (AP))

U.S. AWAITS CLARIFICATION OF SOVIET ARMS PROPOSALS

PARIS -- U.S. chief arms negotiator Max Kampelman says he hopes to meet soon with the Soviet Union's senior negotiator to clarify "the big unknown" -- Moscow's position on what the superpowers agreed upon at the Reykjavik summit.

Before flying to Geneva Thursday, Kampelman told a Paris news conference he was waiting for chief Soviet arms negotiator Victor Karpov to arrive in Geneva to clarify the Soviet position on arms proposals made at the Oct. 11-12 summit between President Reagan and Soviet Leader Gorbachev.

(Steve Holland, UPI)

U.S. OFFERED TO ASSIST SOVIET RADIO PROPAGANDA

The United States offered at the Iceland summit to explore the possibility of the Soviet Union using commercial American radio stations for propaganda broadcasts if the Soviets stop jamming Voice of America transmissions to Russian audiences, Charles Wick, director of the U.S. Information Agency, said yesterday.

Wick was commenting on Soviet leader Gorbachev's complaint Wednesday about Moscow's inability to respond to VOA broadcasts from countries surrounding the Soviet Union. Gorbachev said he had proposed to President Reagan a halt in Soviet jamming activities if the Soviets were given the opportunity to make broadcasts that would reach Americans.

(John Goshko, Washington Post, A34)

MOSCOW RECALLS ITS AMBASSADOR TO REYKJAVIK

REYKJAVIK -- The Soviet ambassador to Iceland, sidelined throughout the recent U.S.-Soviet summit here has been recalled to Moscow, diplomatic sources said today.

Ambassador Evgeny Kosarev, 67, may have fallen into disgrace with the Kremlin over arrangements he made for Soviet leader Gorbachev's visit during which he met with President Reagan, the sources said.

Diplomats said Kosarev may have been to blame for the bad timing of Gorbachev's arrival on Oct. 10. Iceland's foreign minister met the Soviet leader. The President and prime minister, who greeted President Reagan when he arrived, were at the formal opening of the Parliament at the time.

(Reuter story, Washington Post, A34)

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WEINBERGER ASKS BALANCE FOR ANY ARMS CUTTING PACTS

Defense Secretary Weinberger said yesterday any U.S.-Soviet agreement on deep cuts in strategic weapons must provide for a "deterrent balance" in conventional forces.

Mr. Weinberger, who returned Wednesday from an 18-day world tour, said there is "wide-spread support" among NATO defense ministers for President Reagan's arms proposals at the Iceland summit.

(Bill Gertz, Washington Times, A2)

PROGRESS ON A-TESTS IS DISPUTED

U.S. and Soviet negotiators are "miles apart" in underground nuclear testing negotiations, a senior Reagan Administration official said, contradicting Secretary of State George Shultz and others who have asserted that the two sides reached virtual accord at the Iceland summit.

The official, who believes that U.S. nuclear testing should continue unimpeded and who requested anonymity, said the "final paper" drafted in Reykjavik contained the Soviet position in one paragraph and the much different U.S. position in another, with "no agreement" on how to put the two together.

(Walter Pincus, Washington Post, A1)

NSC OFFICER REMOVED IN PROBE

Staff Aide Refused Polygraph Test Over Gadhafi Plan's Leak

A veteran staff officer of the National Security Council has been transferred to the State Department after refusing to take a polygraph test or cooperate fully with an FBI investigation aimed at identifying the sources of an Oct. 2 report in The Washington Post about a secret deception plan aimed at Libyan leader Moammar Gadhafi, White House officials said yesterday.

A senior White House official said the staff officer, who formerly worked for the State Department, had offered to return there after refusing to take the polygraph examination. The official said the offer was accepted because NSC officials had "lost trust and confidence" in the staff officer.

(Lou Cannon, Washington Post, A1)

NSC Officer Transferred In Leak Probe

An FBI investigation into the source of the leak of a secret Reagan Administration plan to mislead Libyan leader Moammar Gadhafi has resulted in the transfer of a National Security Council staff officer to the State Department, a published report says.

The agents have also interviewed about 20 to 25 people and administered polygraph tests to "seven or eight" NSC staff members, according to unidentified officials quoted in today's editions of The Washington Post.

"There has been an investigation regarding the leak of classified information to The Washington Post," Dan Howard said. (AP)

LAWYER DENIES CHARGES AGAINST HASENFUS; PREPARES DEFENSE

MANAGUA -- The Nicaraguan attorney representing captured American Eugene Hasenfus denied the government's charges his client either had violated national security or was a terrorist, and questioned the legitimacy of the court handling the case.

"I come before the authorities to deny, reject, and contradict all the concepts of the accusations formulated against my defendant by the minister of justice," attorney Enrique Borgen said Thursday in a written statement delivered to the People's Tribunal Court. (Andrew Selsky, AP)

Hasenfus Trial

MANAGUA -- A lawyer for Eugene Hasenfus, the American flier charged with terrorism for supplying arms to U.S.-backed rebels, entered an innocent plea Thursday and challenged the right of a people's tribunal to try his client.

The statement by defense Lawyer Enrique Borgen is expected to have little impact on the trial since the judge has said there is "obvious proof" of Hasenfus's guilt and the conviction rate of the court is nearly 100 percent. (Tracy Wilkinson, UPI)

EX-U.S. ATTORNEY GENERAL STARTS WORK ON HASENFUS CASE

MANAGUA -- A former U.S. Attorney General today began work on the case of an American whose plane was shot down over Nicaragua and who is accused of involvement in efforts to topple the country's revolutionary leadership.

"I don't think he is a terrorist," Griffin Bell, who served as Attorney General under President Jimmy Carter, told reporters on his arrival at the international Managua airport. (Matthew Campbell, Reuter)

HASENFUS SEEKS HELP FROM WASHINGTON

MANAGUA -- Eugene Hasenfus, the American captured while flying arms to U.S.-backed forces battling Nicaragua's Sandinista government, showed less confidence in the mercy of his captors yesterday.

Calling himself "a prisoner of politics," Mr. Hasenfus pleaded for someone in the U.S. government to come to his aid -- presumably by admitting official involvement and giving the Sandinistas a propaganda coup -- as he showed off his new two-man cell to ABC's cameras.

(Washington Times, A6)

AMERICAN FACING TRIAL IN NICARAGUA SAYS COSTA RICAN BASE USED

NEW YORK -- A plane carrying supplies to Nicaraguan rebels used a clandestine airstrip in Costa Rica this year, an American captured by Sandinista troops after the plane was shot down over Nicaragua was quoted as saying today.

The airstrip on the Nicoya Peninsula near the Nicaraguan border, was built earlier this year under the supervision of two Americans, one of whom said he was working on "classified" matters, according to several local residents quoted by the Times. (Reuter)

SAUDIS SAID TO HAVE SPENT \$15 MILLION TO AID CONTRAS

The cargo plane that was shot down over Nicaragua was one of five aircraft the Contra rebels obtained with part of nearly \$15 million in aid from Saudi Arabia, a broadcast report said.

The money has been used by the rebels for arms, food, medicine and clothing in their fight against the leftist Sandinista government, "NBC Nightly News" reported Thursday.

The Saudi Arabian government has denied any involvement in assisting the rebels. (AP)

AJDE TO BUSH OPENED DOORS FOR GUERRILLA WAR EXPERT Vice President Got Data On Salvador Rebels

It was a typical meeting of the type that Vice President Bush often holds in private: a small group, involving participants with firsthand knowledge of intelligence and global trouble spots. Bush, the former director of central intelligence, often asks for "raw" intelligence material on a subject, the kind of information he could get from Felix Rodriguez.

The meeting was held Jan. 24, 1985, in Bush's executive office. It included his national security affairs adviser, Donald Gregg. Also attending were Lt. Col. Oliver North of the National Security Council and Rodriguez.

The meeting grew out of a long friendship with Gregg that has recently figured in a renewed controversy over President Reagan's drive to assist the rebels fighting the Sandinista government of Nicaragua after Congress voted to cut off aid to the rebels, known as contras.

(David Hoffman, Washington Post, A1)

\$100 MILLION CONTRA AID ABOUT TO START FLOWING Goal Is To Make Sandinistas 'Cry Uncle'

The White House yesterday was preparing for the formal inauguration of a \$100 million program of renewed U.S. covert military and logistical aid to Nicaraguan rebels, hoping it will help them make the leftist Sandinista government of Nicaragua "cry uncle" sometime in the future.

The expected executive order, made possible by legislation President Reagan signed last Saturday, will end two years in which the rebels, known as contras, have survived on arms and supplies from a network of private supporters who operated here and abroad with encouragement from every level of the Administration. (Joanne Omang, Washington Post, A20)

MEXICO STEPPING UP DRUG ERADICATION EFFORTS,
BUT RESULTS UNCLEAR

Mexico appears to be improving its aerial spraying of drug crops, but it's too soon to gauge if the effort will substantially cut the amount of opium being produced in that country, says the head of the State Department's anti-drug fight.

Ann Wroblewski, assistant secretary of state for international narcotics matters, said Thursday that U.S. drug agents have verified that Mexican authorities sprayed herbicides on 99 percent of the opium fields they told U.S. authorities they would spray during the current campaign.

(Henry Gottlieb, AP)

KOHL CALLS FOR A REUNIFIED GERMANY

CHICAGO -- West German Chancellor Kohl, in Chicago after two days of talks in Washington, has called for a reunified Germany to make the European Community a stronger force in world affairs.

"One is the condition for the other," Kohl told a group of law students and faculty at the University of Chicago last night when asked if the goals of a stronger economic community and one united Germany were mutually exclusive.

The concept of a reunified Germany, Kohl said, may cause unease in Moscow, Paris and perhaps Washington. "But the idea that such a process can happen under a European roof, a European umbrella, that is acceptable," he said.

(Michael Conlon, Reuter)

15 U.S. FIRMS SEEK VENTURES WITH SOVIETS

The Soviet Union has received proposals from 15 U.S. companies to participate in joint ventures with Soviet firms, a top Soviet trade executive said yesterday.

Last month, the U.S.S.R. announced a series of moves to decentralize its trade relations -- including permitting Soviet enterprises to enter into joint ventures with private firms, including those from the West, and authorizing some ministries and enterprises to deal directly with foreign importers and exporters.

(James Rowe, Washington Post, F1)

U.S. HOLDS OFF CHALLENGE OF JAPANESE RICE POLICY

The Reagan Administration yesterday declined to immediately challenge Japan's rice policies, giving Tokyo until next summer to negotiate its ban on imported rice as part of the new round of global trade talks.

U.S. Trade Representative Yeutter said he rejected a "macho image" in the politically charged trade dispute.

Yeutter acknowledged that he had talked to the White House about the trade complaint, but insisted, "I did not decide this case on political grounds."

(Stuart Auerbach, Washington Post, F2)

S. AFRICA PROTESTS U.S. AGENCY REPORT
Economic Forecast Describes 'Repressive Regime,' 'Siege' Economy

JOHANNESBURG -- A controversy erupted today over an economic forecast prepared by the U.S. Foreign Commercial Service here in which South Africa is described as "closer to becoming just another African state -- a chronic debtor,...ridden with ethnic diversity, a repressive regime unable to manage its own domestic constituency...."

Deputy Minister of Finance Kent Durr called the report "dangerous and naive" and said it was "laced with half truths and falsehoods." The opposition Progressive Federal Party's spokesman on finance, Harry Swartz, said the report "is not a diplomatic report. It is couched in exaggerated language and it is not a correct assessment."

(William Claiborne, Washington Post, A30)

Secret Trade Report Angers South Africa

CAPE TOWN -- A secret 50-page document prepared by the Foreign Commercial Service of the U.S. Commerce Department that discourages trade with South Africa has sparked anger and protest here.

It has caused even more reaction than the rush of major U.S. corporations to quit South Africa. South African officials condemned the report as crude, undiplomatic and inaccurate.

(Peter Younghusband, Washington Times, A7)

SOME MARXISTS ON THE RUN, BUT U.S. SEEMS NOT TO KNOW

While Africa's attention this week was focused on the plane crash that killed Marxist leader Samora Machel of Mozambique, a determined and growing army of anti-communist rebels continues to keep his troops on the run.

Their battlefield victories this month have been their best in Mozambique's 10-year-old civil war, observers of the conflict agree. But most Western diplomats, including State Department analysts, continue to profess ignorance about the Mozambique National Resistance, known as the MNR, or RENAMO.

(James Morrison, News Analysis, Washington Times, A1)

NATIONAL NEWS

FEDERAL BUDGET DEFICIT HIT RECORD
OF \$220.7 BILLION IN FISCAL 1986

The fiscal 1986 federal deficit was \$220.7 billion, the highest in history, even after federal programs were cut across the board in March and further deficit reductions were enacted in midyear.

A slow economy reduced tax revenues, and military and farm-program spending rose above expectations to push the deficit past last year's record.

"I am pleased that the deficit for 1986, while still a record, is more like \$221 billion than the \$230 billion we predicted in August," said James Miller, director of the OMB. "And any realistic appraisal of the 1987 situation shows that the deficit will be reduced in excess of \$50 billion, which is, in itself, a record for fiscal restraint."

(Judith Havemann, Washington Post, A11)

U.S. Deficit In 1986 Sets Record

The Reagan Administration has acknowledged another record federal deficit, more than \$220 billion in fiscal 1986, but is taking solace in the fact that the red ink total is less than expected by some forecasts.

"The good news is that on any realistic appraisal, the '87 deficit will show a reduction in excess of \$50 billion, which would be the greatest reduction since World War II," James Miller said in a written statement.

(Elaine Povich, UPI)

Budget Deficit Sets Record, But Administration Sees Brighter Skies

The government is acknowledging it ran up a record \$220 billion deficit for the fiscal year that just ended, but officials say they expect a dramatically better showing next year.

The 1986 deficit fell \$10 billion below Reagan Administration expectations. James Miller said through a spokesman that higher-than-estimated revenues near the end of the year and lower spending by federal agencies accounted for unanticipated savings.

(Tom Raum, AP)

U.S. ECONOMY SHOWS SIGNS OF STRENGTH, LOW INFLATION

Fresh government data points to surprising strength in the U.S. Economy as consumer prices remain low.

An optimistic President Reagan predicts a new boom is on the way as he campaigns to keep the Senate dominated by Republicans.

Reagan, campaigning in Milwaukee for Republican congressional candidates, declared, "our four-year-long economic recovery looks like it is headed for a second boom."

(Donna Smith, Reuter)

MEESE'S VIEW ON COURT RULINGS ASSAILED, DEFENDED
Could Create 'Chaos,' One Law Professor Says;
'Absolutely Right,' Contends Another

Attorney General Meese's assertion that government officials need not consider Supreme Court rulings as the "supreme law of the land" could "create a situation of enormous chaos," says University of Chicago law professor Geoffrey Stone.

But Walter Dellinger, a Democrat and frequent Meese critic who teaches law at Duke University, says that Meese's view is "absolutely right.... From Jackson to Lincoln to FDR, there is a strong tradition in defense of this argument."
(Howard Kurtz, Washington Post, A12)

Meese's Views Of Supreme Court Would Lead To Chaos, Critics Say

Some legal scholars say Attorney General Meese's views on Supreme Court decisions and the Constitution would lead to chaos, while the head of the American Bar Association says Meese's position would "shake the foundations" of government.

Laurence Tribe, a professor of constitutional law at Harvard University, said Thursday that if the Attorney General's position prevailed, "every school board in American which had not been a party in a lawsuit could institute official school prayer."

But Justice Department spokesman Terry Eastland said Meese had not been suggesting defiance of Supreme Court rulings. (Pete Yost, AP)

Meese: Supreme Court Rulings Not Binding

Attorney General Meese's comments that Supreme Court rulings do not bind the country have raised the hackles of the legal community from the staid American Bar Association to the liberal ACLU.

Eugene Thomas, the ABA President, said Thursday the high court is charged with interpreting the meaning of the constitutional provisions and "that means that Supreme Court decisions are the law of the land."

The ACLU criticized Meese's comments Thursday as "an invitation to lawlessness and a breach of (his) constitutional duty to uphold the law."

(UPI)

NETWORK NEWS SUMMARY FOR THURSDAY EVENING, October 23, 1986

CONSUMER PRICES

CBS's DAN RATHER: In a report of special importance to millions of Americans, the Labor Department said inflation jumped 0.3% last month. The increase in consumer prices was mainly caused by a sharp rise in gasoline costs. Low inflation rates overall officially triggered the amount of increase the nation's Social Security recipients can expect in their monthly benefit checks starting in January. It will be the smallest increase since benefits were pegged to inflation more than a decade ago.

CBS's DAVID DOW reports 37 million Americans will get a raise in January; it will mean \$6 more each month for the average pensioner. This lowest of all benefit hikes drew decidedly mixed reviews. Seniors who feel their personal cost of living has increased more than the official index have some basis for that. Food, rent and medical care -- the three items that typically consume most of their budgets -- have all increased more than 1.3% during the past year. Seniors already face hikes in Medicare deductibles. Social Security recipients almost received no increase at all. Just Tuesday, President Reagan signed a bill abolishing a no-raise provision if inflation fell below 3%. (NBC-5, CBS-Lead)

SOVIET RELATIONS

ABC's PETER JENNINGS: The United States and the Soviet Union have declared a truce. For the moment, at least, there will be no more kicking out of each other's diplomats. That is supposed to make it easier for Washington and Moscow to get on with more serious business.

ABC's JOHN MCWETHY reports the State Department is calling the Kremlin expulsion order yesterday of five American diplomats from Moscow wholly unwarranted. The effort today: diffuse the issue.

(Charles Redman: "We hope that this set of issues can now be put behind us. We need now to get on with resolution of the larger issues affecting U.S.-Soviet relations and build on the progress made in the discussions at Reykjavik.")

As a final gesture in all of this, U.S. did impose some modest new measures on the Soviets. For example, all U.S. citizens are now barred from working for the Soviet Embassy in the U.S. That won't hurt very much, however; there are only 10, mostly working as translators.

ABC's WALTER RODGERS reports from Moscow that those American diplomats staying on will be doing double duty for the time being now that Soviet leader Gorbachev has forbidden more than 200 Soviets from working at the U.S. Embassy. Faced with additional secretarial and custodial assignments, some Americans wish they, too, had been expelled. (ABC-Lead)

BROKAW reports the Administration was working hard to cool off the diplomatic war with the Soviet Union. A State Department spokesman in effect called a truce on this business of expelling diplomats, saying "We need to get on with the resolution of larger issues." And President Reagan said U.S. arms control negotiators are ready in Geneva, adding, "The superpowers cannot let disagreements in some areas tie up the entire process."

NBC's ANNE GARRELS reports the intelligence community says the expulsion war was worth it. State Department officials have their doubts. Embarrassed by Soviet spy coups in the U.S., the FBI has long wanted to reduce the number of Soviet intelligence agents here. But according to former CIA Director William Colby, the KGB has only been inconvenienced by the expulsions, not decapitated as some claim. Many State Department officials wonder if the inconvenience to Soviet intelligence gathering is worth the damage to the U.S. Embassy, where there will be fewer diplomats with less time trying to analyze the Soviet Union. (NBC-2)

CBS's DAVID MARTIN reports the U.S. called a truce in the embassy expulsion war, saying it would not retaliate for yesterday's Soviet announcement that sent five Americans packing and pulled 260 Soviet workers out of the Soviet Embassy in Moscow.

But there is considerable confusion about exactly what was discussed in Reykjavik. On the campaign trail, President Reagan again today described what he was ready to agree to.

(President: " -- the complete elimination of ballistic missiles from the face of the earth." Cheering.)

But yesterday, Soviet Leader Gorbachev said Reagan had agreed to much more -- the elimination of all strategic offensive arms. There is a big difference. President Reagan's deal to eliminate ballistic missiles would still leave nuclear bombers and cruise missiles, an area where the U.S. holds the edge. The deal which Gorbachev says the President accepted would wipe out bombers and cruise missiles as well as ballistic missiles. That deal favors the Soviet Union, which holds the advantage in non-nuclear conventional weapons. Yet immediately after the breakup of the summit, Secretary Shultz was as clear as words can be that the President had accepted Gorbachev's offer.

(Shultz: "In effect, all offensive strategic arms and ballistic missiles would be eliminated.")

So much confusion over such a fundamental point shows just how fast and furious the talks in Iceland were. But one thing is clear. Before arms control negotiators can build on the Iceland summit, they must first reconstruct what really happened there.

CBS's David Andelman reports from Moscow that senior Soviet officials are insisting tonight that, from their viewpoint, the tit-for-tat expulsions are over. They also won't rule out the Soviet workers returning, provided the Reagan Administration lets more Russians into the U.S. (CBS-5)

NICARAGUA/SAUDIS

NBC's TOM BROKAW: Ever since that plane carrying weapons to the contra rebels was shot down by Sandinista forces in Nicaragua, there have been a number of reports on who was paying for the operation and why....And there have been reports of a Saudi Arabian connection. Tonight, that Saudi connection can be spelled out.

NBC's FRED FRANCIS reports Saudi Arabia, according to high-ranking sources within the contra movement, has spent almost \$15 million to supply arms, food, medicine and clothing to the rebels fighting inside Nicaragua in the past 18 months. The Saudi government has strongly denied any involvement. Administration and contra sources say Eugene Hasenfus was one of two dozen Americans with past connections to the CIA who flew as many as 10 supply flights over Nicaragua each month.

FRANCIS continues: Each clandestine flight cost between \$30,000 and \$50,000. The sources said Lt. Col. Oliver North, on the NSC staff at the White House, was the one who set in motion the contra-Saudi relationship. But several sources within the rebel movement and the Administration say that in order to stay within the law, North did not involve himself in the details of the operation. The sources say the middle man who did handle the details was retired Air Force General Richard Seacourt. His lawyer denied today he fronted for the Saudis. Contra and Administration sources say that without the funding from friendly governments, the Nicaraguan rebel movement might not have survived the period when CIA funding was forbidden. And several countries took part, forging some curious alliances. As an example, at times weapons from Israel were flown to the rebels on planes paid for by Saudi Arabia. (NBC-Lead)

HASENFUS

ABC's JOHN MARTIN talks with Eugene Hasenfus in prison. Hasenfus repeated a plea for someone in the U.S. Government to come to his aid. Hasenfus said pilot William Cooper, who died in the crash, talked of high-level sponsors.

(Hasenfus: "When an individual comes across and says this is coming right out of the main room." Martin: "...What did that mean to you?" Hasenfus: "Well, it's coming right out of the White House.")

The American Embassy here refused to comment on the munitions or any other aspect of the case. (ABC-4)

PRESIDENT'S TRIP

BROKAW: Even though his name won't be on any ballot this election day, right now President Reagan is campaigning as hard as anyone. In working to win votes for Republican candidates for the Senate and House, and this is a race he can't afford to lose.

NBC's CHRIS WALLACE: The President headed out of the White House today like the cavalry riding to the rescue, aides organizing a big send-off for what they are calling Mr. Reagan's last hurrah.

(President on South Lawn: "You know this beats getting an Oscar?")

With that, the President began a barnstorming blitz to 13 states, trying to save a Republican Senate which advisors say hangs by a thread. Campaigning in Wisconsin today for Sen. Kasten, Mr. Reagan's final strategy was clear: try to wrap Republicans in his popularity.

(TV Coverage: President taking stage, crowd cheering. President: "You know, my name will never be on the ballot again. But if you want to vote for me, vote for Bob Kasten so that we can have a Republican Senate that will work with me instead of against me and be around after I'm gone.")

The stakes are high for the President. Aides fear losing the Senate would cost him most of his clout. Political analysts say by making himself the issue, Mr. Reagan has increased that danger.

(Norman Ornstein: "It's a high-risk strategy the President is following. Inevitably it means that more than we otherwise would we're going to interpret the election as a referendum on the Reagan Revolution. And if he loses the Senate or if the Senate gets lost then, he's lost far more.")

But the White House does not intend to lose. Staffers say a Reagan visit can mean 5-10 percentage points to a candidate, even though the Republicans say that's an overstatement, but that the President can help.

WALLACE continues: (TV Coverage: Split screen. Various shots of President campaigning with congressional candidates.)

(Edward Rollins: "If he can motivate Republicans to turn out, he can probably add one or two percentage points to the pool at large.")

In these final days, Mr. Reagan will hit two themes: the Democrats want to raise taxes and kill his star wars defense plan. As always he will relate this campaign to his 1980 race against Jimmy Carter.

(President: "Do you want to go back to the days of big spending, high taxes and runaway inflation?" Crowd: "No!")

Aides say the President is running against Carter the way Democrats ran against Herbert Hoover for 50 years. Democrats will fight that as best they can.

(Bob Squier: "It's kind of peculiar for an old movie actor to suddenly want the politics of reruns. He'd rather run against Jimmy Carter in this election than to have his candidates running against the people they're running against.")

Both Republicans and Democrats have real doubts how much effect the President can have when his name is not on the ballot. But they also agree that, win or lose, the White House strategy is sound, that at this point Ronald Reagan is the Republicans' best weapon. (NBC-9)

JENNINGS: If you are one of those people in the country who remains confused about the outcome of the Iceland summit, you have a lot of company. Yesterday Mr. Gorbachev said all of his arms control proposals were still on the table. Today Mr. Reagan said the same thing. The question is, what is on the table?

ABC's SAM DONALDSON: On the campaign trail in Missouri, President Reagan took note of Soviet leader Gorbachev's latest speech, regarded by many observers as rather hard-line, on the subject of a future arms control agreement. But that's not the way the President saw it.

(TV Coverage: President on stage in Missouri as crowd waves flags and cheers. President: "It's heartening to find Mr. Gorbachev agreeing with me yesterday that the proposals we made in Iceland are still on the table.")

Gorbachev had said that all issues in the Iceland discussions -- including the dispute over Mr. Reagan's star wars Strategic Defense Initiative -- are linked, nothing to be settled until everything is settled. The President called on him to reconsider.

(President: "We must not allow areas where there's agreement to be held hostage to areas where there isn't. The Soviets should move the ball forward in areas such as long-range intermediate nuclear forces and nuclear testing, and we're prepared to do so.")

On the running dispute over just what had been tentatively agreed to, Gorbachev said yesterday that in Iceland the President did consent to the elimination in 10 years of all offensive nuclear arms, not just all ballistic missiles as the White House says. Today, Larry Speakes said Mr. Reagan may have agreed with Gorbachev that that was the ultimate goal, but did not endorse Gorbachev's immediate proposal. It was the President who made the outcome of the Iceland summit a part of his campaign, insisting he made great progress there that will lead to an arms reduction agreement. In the 10 days left before the election, he must continue to sell that idea no matter what Mr. Gorbachev says. (ABC-2)

RATHER: President Reagan was out barnstorming around today on what's being billed as his last campaign, to try to turn his popularity into a vote-getter for Republican candidates for the U.S. Senate, especially in farm country. ...MORE...

White House News Summary - Friday, October 24, 1986 - B-5

CBS's BILL PLANTE: (TV Coverage: President at South Lawn departure ceremony: "So let the campaign begin." Cheering.)

As President Reagan set out on the final leg of the 1986 campaign, White House in the background, it was hard to tell that this time he is not a candidate.

(President: "There has never been a race where the choices are so clear and the differences so distinct.")

It's already being called Ronald Reagan's Last Hurrah -- 13 states between now and election day. One House race and 12 of the closest Senate contests. A test of this popular President's ability to save the Republican 53-47 Senate majority.

(TV Coverage: President on stage. Crowd cheers.)

(Mitch Daniels: "It's only candid to say, I hope it's been plain from my remarks so far, the Senate hangs by a thread.")

And that's while we'll be seeing a lot of this for the next 12 days, despite the fact that the President's name isn't on any ballot.

(President: "But if you want to vote for me, vote for Bob Kasten so that we can have a Republican Senate that will work with me instead of against me and be around after I'm gone." Cheering.)

And that's not all. There are radio and TV commercials for virtually every race and plans for presidential messages on national TV Sunday and Monday before the election.

(TV Coverage: Various shots of President in televised messages.)

Democrats, faced with the reality of Mr. Reagan's popularity, can only hope that it won't rub off.

(Paul Kirk: "This is an opportunity for the voters of America to send a message in opposition to the Republican policies without repudiating the President of the United States. My prediction is that he will not produce votes.")

That is the question. Despite his popularity, Ronald Reagan's coattails have never been particularly long. And the stakes are high. Control of the Senate will determine whether the President or the Democrats set the national agenda in the period leading up to the next presidential election.

(CBS-7)

CBS's BOB SCHIEFFER reports on the Maryland Senate race. The President came in to help Linda Chavez, but even her White House backers concede she is way behind.

(CBS-8)

POLL

BROKAW: President Reagan's sometimes-stormy relations with the Soviets since Iceland have not damaged his standing with the American people, according to this week's NBC News-Wall Street Journal poll. Two-thirds of the public approve of his handling of U.S.-Soviet relations.

(Approve -- 66%; Disapprove -- 26%; No opinion -- 8%)

And public support for another summit meeting remains very, very high.

(Approve -- 85%; Disapprove -- 10%; No opinion -- 5%) (NBC-3)

PEACE MARCHERS

JENNINGS reports several hundred peace marchers who left California seven months ago walked across the George Washington Bridge into New York City today. The original group has more than doubled in size. They will continue marching to Washington to press their call for total nuclear disarmament.

(ABC-3)

MEESE

NBC's ROBERT HAGER reports that in his speech in New Orleans Tuesday, Attorney General Meese said Supreme Court decisions apply only to individual cases and the Executive Branch must enforce them, but only the Constitution, not a court, he argued, is the supreme law of the land binding everyone for ever more. And he added this:

(Meese: "The Supreme Court, then, is not the only interpreter of the Constitution, even though it often seems to have the last word. Each of the three coordinate branches of government created and empowered by the Constitution...has a duty to interpret the Constitution in the performance of its official functions.")

Nonsense, others claim. If that were so, any town council could defy the Court's decision and pass a law prohibiting abortion. Any school board could decide to re-segregate its local schools.

(Lawrence Tribe, Harvard Law School: "Carried to its logical extreme, it would destroy the Supreme Court of the United States...")

(Meese spokesman Terry Eastland: "The point that the Attorney General was making is simply that there is a responsible way for people who disagree with a Supreme Court decision to respectfully disagree.")

But tonight the President of the American Bar Association joined those taking issue with Meese. Eugene Thomas said Supreme Court decisions are part of constitutional law and are binding for all unless overturned.

(NBC-4)

ABC's DENNIS TROUTE reports critics were quick to say that, especially coming from the nation's chief law enforcement officer, Meese's remarks mean the Executive Branch can ignore laws it doesn't like. Today Meese told ABC News he didn't suggest disobeying laws, but something less than vigorous enforcement.

(Meese: "I think that there are situations where the Executive can act in a way to move around Supreme Court decisions that seem wrong, but they certainly should not violate the specific decision of the court.")

(ABC-7)

CBS's LESLEY STAHL reports constitutional scholars expressed outrage at Attorney General Meese's latest attack on the authority of the Supreme Court. Critics said Meese's approach would lead to chaos. But, like Meese, conservatives say public officials have the right to question Supreme Court decisions. They say such an approach has legal and intellectual merit.

(Paul Kamenar of the Washington Legal Foundation: "If they think that those decisions are fundamentally flawed or do not address the constitutional issue precisely in the case, they have a duty as well to interpret the Constitution and perhaps challenge those -- ")

But facing widespread criticism that his comments might invite disregard for the rule of law, Meese clarified and softened his remarks tonight.

(Meese: "Because the Supreme Court does set down the law of the land, if you will, even though not the supreme law of the land like the Constitution is, nevertheless that is binding law.")

Meese still stands by his position that public officials should challenge rulings they disagree with through legal and legislative means. Critics say Meese's repeated attacks on the Supreme Court are part of the Administration's conservative agenda to undermine the Court's role in protecting individual rights. What observers find curious is that Meese is continuing to do this now against the Rehnquist Court, with seven of its justices appointed by conservative presidents. (CBS-4) ...MORE...

WELFARE CREDIT

CBS's JOHN BLACKSTONE reports San Francisco officials outlined a plan to issue credit cards to people on welfare. A single card would replace food stamps, Medicare stickers and all the other vouchers, coupons and checks that have made the Welfare system a maze of expensive paperwork.

(CBS-2)

CONSUMER SPENDING

RATHER: The Commerce Department said consumer spending last month rose 1.6% -- the best showing of the year. Personal income reported up just 0.3%.

(CBS-3)

AUTO PROFITS

BROKAW reports even though General Motors' auto divisions lost money during the third quarter, the other two leading car makers reported they were able to turn a profit. In fact, Ford's profits set a record -- up 121% over last year. Chrysler also showed a profit but it was 26% below last year's. Chrysler sales were at a record high.

(CBS-9, NBC-6)

AIRLINE PILOTS/COCAINE

NBC's JAMES POLK reports cocaine in the cockpit is this country's newest drug problem and perhaps its most dangerous. The percentage of pilots using cocaine may be small, but it seems to be growing. This year the FAA will start drug testing for air traffic controllers; it's doing nothing about pilots.

(NBC-7)

MARINE MEMORIAL

ABC's BETSY AARON reports from Camp Lejune, North Carolina, on a memorial ceremony commemorating the third anniversary of the bombing of the Marine barracks in Beirut.

(CBS-12, ABC-8)

STOCKS

JENNINGS reports the Dow made up much of this week's earlier losses. They gained about 26.5 points in active trading.

(ABC-6)

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