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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, MARCH 27, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Reagan's Spirits Raised By Reception In Missouri -- President Reagan, in his first trip out of Washington this year, yesterday discussed his domestic agenda in America's heartland but also showed that the Iran-contra affair is not far from his mind.

(Reuter, UPI,
Columbia Daily Tribune, Columbia Missourian, Kansas City Times,
New York Times, USA Today, Washington Post, Washington Times)

NATIONAL NEWS

Reagan Criticizes Ruling On Affirmative Action -- President Reagan found fault yesterday with a Supreme Court decision on sex discrimination in the workplace, saying it has the effect of turning affirmative action into a quota system.

(Washington Post)

INTERNATIONAL NEWS

Tough Decisions Await Moscow Meeting On U.S.-Soviet Arms Deal -- U.S. and Soviet arms negotiators failed to resolve problems blocking a deal to slash medium-range nuclear missile arsenals, leaving tough bargaining ahead at next month's Moscow meeting between the U.S. and Soviet Foreign Minister Eduard Shevardnadze.

(Reuter)

NETWORK NEWS (Thursday Evening)

PRESIDENT'S TRIP -- President Reagan went to Missouri to demonstrate he can make a political recovery from the Iran-contra scandal.

HOSTAGES -- In Beirut there was another appeal for Alann Steen.

ROCKET LAUNCH -- The nation's space program suffered another setback.

Retouching Dukakis' Image

■ Apparently not everyone in Massachusetts likes popular governor—and now Democratic presidential contender—Michael S. Dukakis just the way he is. The clean-shaven Dukakis sprouted a mustache in about 12,000 copies of yesterday's Boston Globe.

Richard P. Gulla, the Globe's public affairs manager, said the mustache was scratched on one of the press plates bearing a photograph of Dukakis that appeared on the front of the business section.

Gulla said the addition to the photograph was caught during routine checks of the papers as they came off the press. "Less than 3 percent of the total press run of 550,000 papers was affected," Gulla said. "The Globe regrets this unfortunate incident."

THE WASHINGTON POST

MARCH 25, 1987

TRIP NEWS

KIDS AND KUDOS GREET PRESIDENT

After President Ronald Reagan participated in a primer on patriotism in Elaine Hassemer's civics class this morning, Heather Watson showed the world what little girls are made of. The Fairview Elementary School student had a hardball question tucked up her pink sleeve about how Reagan deals with constant inquiry into such events as the Iran-arms scandal which has muddied Reagan's presidency since November.

Isn't it trying, she wondered, to handle such adversity?

"I just wondered," the sixth-grader asked the President, "what makes it so worthwhile to you?" (Joe Haberstroh, Columbia Daily Tribune, A1)

President Makes The Grade At Fairview

At high noon Thursday the front doors to Fairview Elementary burst open. Members of the White House Press corps stormed in and streamed down the hall.

President Reagan had arrived.

As the press corps circled down one hall to Elaine Hassemer's sixth grade civics class, the President and his entourage entered through a back door and headed down a parallel corridor.

The young occupants of room 126, toasty under the glow of television lights, struggled to concentrate in what for the moment had become the most public classroom in the nation.

From a sea of raised hands the President chose Heather Watson. The sixth grader told the President that the constant publicity he is exposed to "would drive me out of my mind. I just wondered what it was that made it all worthwhile?" (Larry Lee, Columbia Missourian, A1)

Thousands Line Street For Look, Some To Protest

Loaded with a bag full cookies and chips, Judy Moth-Iversen moved into their Broadway look-out spot around 8:30 a.m. Thursday.

As the temperature hovered at 43 degrees, Moth-Iversen tucked fourteen-month-old Mirriam snugly into a stroller and wrapped four-year-old A.J. in a heavy blanket.

The Columbia family was ready for the three hour wait.

As the morning wore on they were joined by more than 10,000 spectators all hoping to catch a glimpse of the nation's number one citizen.

Shannon Hemenway, flanked by three of her Oakland Junior High buddies criticized a group carrying signs protesting the President's policies. "The signs said like 'go home' and stuff like that -- it was really cruel," the thirteen-year-old said. "He's never been here before and now he won't have a good impression of us. They just shouldn't have done that." (Lane Beauchamp, Columbia Missourian, A8)

The President In School

COLUMBIA, Mo. -- President Reagan's attempt to shift attention to education and away from Iran veered off course Thursday when he apparently misunderstood a sixth-grader's question and launched into a long discourse on the Middle East controversy.

Reagan told students at Fairview Elementary School that attempts to free Americans held hostage in Lebanon "sort of settled down to just trading arms for hostages and that's a little like paying ransom to a kidnapper."

"If you do it, then the kidnapper's just encouraged to go kidnap someone else," the President said.

(Will Sentell, Tom Miller & Lynn Byczynsky, Kansas City Times, A1)

Reagan Reissues His Prescription To Cure Education's Ills

COLUMBIA, Mo. -- President Reagan used his talk at Hickman High School in Columbia, Mo. on Thursday to once again hammer home his view that education and the problems facing schools are not matters for the federal government.

"I say the American people know better than anyone in Washington how to fix their own schools," Reagan told a conference on education reform.

The talk Thursday included some vintage Reaganisms on education: the need to get back to basics and to teach values in the schools, or as he put it, "a sense of right and wrong."

(James Worsham, News Analysis, Kansas City Times, A12)

Iran Affair On President's Mind During 1st Political Trip Of '87

COLUMBIA, Mo. -- President Reagan sought today to leave behind the Iran-contra affair and four months of relative isolation, but the subject remained on his mind as he volunteered an impromptu defense of his policy to a sixth-grade class, acknowledging that he had traded arms for American hostages.

"It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnaper," he said. "If you do it, then the kidnaper's just encouraged to go kidnap someone else." Reagan's critics have made the same point in recent months.

(David Hoffman, Washington Post, A3)

Reagan's Spirits Raised By Reception In Missouri

COLUMBIA, Mo. -- President Reagan, in his first trip out of Washington this year, yesterday discussed his domestic agenda in America's heartland but also showed that the Iran-contra affair is not far from his mind.

The 76-year-old President clearly got a lift from the reception as his motorcade passed down Broadway, Columbia's main street. He encountered similar enthusiasm when his plane landed at the airport and during a formal speech on education at Hickman High School.

"By the year 2000," he said, "let's raise literacy levels so that every American can speak, read and write English and fully participate in the opportunities of our great country."

(Jeremiah O'Leary, Washington Times, A2)

Iran Arms Sale Like 'Ransom' President Tells Sixth-Graders

COLUMBIA, Mo. -- A sixth-grade girl triggered an unexpected presidential explanation of the Iran arms deal Thursday.

"It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnaper," President Reagan told sixth-graders at Fairview Elementary School.

It was the first time Reagan likened the Iran deal to a ransom payment. He previously rejected that comparison.

(Jessica Lee, USA Today, A4)

Reagan Likens Iran Policy To 'Ransom'

COLUMBIA, Mo. -- President Reagan said today that his policy of selling arms to Iran had become "a little like paying ransom to a kidnaper."

As he has before, the President said his original purpose in selling the arms was to improve relations with the Iranian regime.

The trip to Columbia, Reagan's first journey outside Washington this year, was part of a concerted effort by the White House to focus public attention on domestic policy issues and away from the Iran affair.

(Steven Roberts, New York Times, A12)

Schoolgirl's Question Brings Reagan Back To Iran Scandal

President Reagan flew to America's heartland to talk about education and the challenge of the 21st century -- but an 11-year-old schoolgirl sent him plunging back into the Iran arms scandal.

Reagan's trip to Columbia, Mo., yesterday was his first political foray outside Washington since the scandal broke last November. It was the kind of event he likes best, marked by friendly crowds, patriotic flagwaving by schoolchildren, reminiscences and discussion of basic values in education.

But in response to an innocuous question, Reagan launched into an explanation of the scandal that he had seemed to be shaking off in recent days.

Eleven-year-old Heather Watson asked Reagan about "all this publicity and the press and stuff" and wondered "what it is that made it worthwhile to you?"

Her question made no mention of Iran but it launched Reagan into a lengthy account of U.S.-Iranian relations in which he repeated his rationale for the secret sale of arms to Tehran. (William Scally, Reuter)

Reagan Faces Iran Affair In Trip To Heartland

President Reagan, in his first attempt to hit the road without the Iran-contra affair in tow, was tripped up by the issue he says is a Washington obsession in no less likely a place than a Midwestern classroom.

Reagan, who has accused reporters of being obsessed with his political woes of the last four months, raised the issue on his own Thursday while on a mission to redirect attention from controversy to safe issues of national concern.

(Norman Sandler, UPI)

NATIONAL NEWS

REAGAN PREPARED TO VETO HIGHWAY BILL FRIDAY

President Reagan plans to veto the \$88 billion highway bill at a White House ceremony Friday but he said Thursday he would be prepared to sign a less costly version of the legislation.

Earlier Thursday in Columbia, Mo., Reagan said, "I'm not against the highway bill," adding he just did not like the one on his desk, "and we're hoping that Congress will come up with one that I can sign."

He said lawmakers could have a new bill ready next week "and I would sign that bill next week but this one is filled with the pork."

(Helen Thomas, UPI)

WRIGHT SAYS REAGAN WRONG TO VETO HIGHWAY BILL

House Speaker Jim Wright today said President Reagan was on a collision course with the American public over a popular \$88 billion highway bill Reagan planned to veto today.

The White House today spelled out Reagan's plans to veto the bill, which would also allow states to raise the speed limit on rural sections of the interstate highway system to 65 miles per hour, because he says it appropriates funds for unnecessary highway and mass transit projects.

"The President is on the wrong side of the road," Wright told reporters. "He's on a collision course with all the family motorists and pickup trucks in America."

(Reuter)

PORK BARREL AND THE PUBLIC GOOD

Highway Bill Backers Cite Economic Boon; Foes See 'Budget Buster'

What does construction of two parking lots in Chicago, located beside a subway line yet to be built, have to do with the health of the American economy?

The lots are part of an \$87.5 billion highway bill caught in a high-stakes poker match between President Reagan and Congress. And suddenly, there is much more to the Surface Transportation and Uniform Relocation Assistance Act than can be seen on the surface.

The massive legislative package -- financing much-needed highways and some pork from California to Maine, building subways, raising some rural speed limits to 65 mph -- is a classic illustration of the blurring of public works, the pork barrel, politics and polemics in the days of 12-digit deficits.

(Dale Russakoff, Washington Post, A1)

REAGAN CRITICIZES RULING ON AFFIRMATIVE ACTION

President Reagan found fault yesterday with a Supreme Court decision on sex discrimination in the workplace, saying it has the effect of turning affirmative action into a quota system.

"All our position has been is that we shouldn't let affirmative action deteriorate into a quota system that would then be counterdiscriminatory," he said.

"Obviously, I disagree with the decision, but the court made it and I'm not going to quarrel with that," Reagan said.

(AP story, Washington Post, A3)

CHILES PLAN WOULD CUT DEFICIT \$37 BILLION

White House Accuses Senate Budget Chairman
Of Offering 'Tax And Spend' Proposal

Sen. Lawton Chiles, chairman of the Senate Budget Committee, yesterday proposed a fiscal 1988 budget that would cut the federal deficit by \$37 billion through a combination of reductions in spending and the raising of \$11.5 billion to \$18.5 billion in new taxes.

Chiles' proposal, the first concrete plan placed before the Senate panel, would reduce defense spending by about \$7 billion below the level that would keep pace with inflation, and cut domestic spending by nearly \$14 billion. It adds \$3.4 billion in spending on programs to improve education, job training, international trade and scientific research.

A White House spokesman, however, branded Chiles' budget a "tax-and-spend" plan and said the tax proposals are unacceptable.

(Tom Kenworthy, Washington Post, A24)

SENATE READYING BILL TO PUMP \$7.5 BILLION INTO S&L INSURANCE FUND

The Senate, despite the threat of a presidential veto, is nearing passage of a comprehensive banking package which pumps \$7.5 billion into the troubled federal fund that insures savings bank deposits.

Even though the legislation would raise only half the money the Reagan Administration wants for the ailing Federal Savings and Loan Insurance Corp., critics said other provisions of the bill could sink it.

Treasury Secretary James Baker said in a letter to all senators that the bill "contains a number of controversial, anticompetitive, special interest provisions which do nothing to protect depositors' savings."

(Tom Seppy, AP)

HOWARD BAKER DOES NOT RULE OUT FUTURE PRESIDENTIAL BID

HOUSTON -- White House Chief of Staff Howard Baker said last night he has not ruled out running for president in 1992 or 1996.

Baker, speaking at a dinner hosted by Rice University for some of Houston's most prominent leaders, said that he would not seek the Republican nomination for president in 1988.

"I do not intend to run for president in 1988. I will not run for president in 1988," Baker said in response to a question from the audience.

(Reuter)

UNDAUNTED BY MEDIA, BUSH CAMPAIGN GAINS

Vice President Bush, despite being battered almost daily by stories linking him to the Iran-contra affair, is showing a resilience that has brought renewed confidence to his campaign staff.

"He has sustained every kind of bad press in the world, and he's survived and is ahead," said Bush aide Ed Rogers.

A leading Democratic pollster agreed. "The polls are showing Bush is durable -- he's going to last," said Michael Donilon, president of Cambridge Survey Associates. (Ralph Hallow, Washington Times, A2)

OUT-OF-CONTROL NASA ROCKET IS DESTROYED

\$83 Million Navy Satellite Lost

A \$78 million Atlas-Centaur rocket carrying an \$83 million military satellite veered out of control and was blown up by safety officials about a minute after it was launched yesterday at Cape Canaveral.

Space agency officials said no cause for the failure had been determined. But the unmanned rocket lifted off into a rainstorm at 4:22 p.m. and observers reported lightening in the launch pad area about that time. (Kathy Sawyer, Washington Post, A1)

Rocket Failure Deals New Blow To U.S. Space Agency

CAPE CANAVERAL -- The failure of a Atlas-Centaur rocket has dealt another stunning blow to the U.S. space agency as it struggles to recover from last year's Challenger disaster and a string of rocket accidents.

"Just when you thought it was safe to go back into space again, NASA has been hit with another round of problems," said John Pike, director of space policy for the Federation of American Scientists in Washington. (Reuter)

GEN. VUONO MAY HEAD ARMY

Chief Of Staff Wickham Retiring In June

President Reagan next month is expected to nominate Gen. Carl Vuono, head of the Army's Training and Doctrine Command at Fort Monroe, Va., to succeed Gen. John Wickham as Army chief of staff, Pentagon sources said yesterday.

Defense Secretary Weinberger chose Vuono over Gen. Maxwell Thurman, Army vice chief of staff, and other candidates for the Army's top job and has sent his recommendation to the White House, officials said. Army spokesmen yesterday would neither confirm nor deny Vuono's selection. (George Wilson, Washington Post, A20)

WATCHDOG'S REPORTS LACK BITE
Weapons Review Not Independent, GAO Says

A Pentagon bureau created by Congress three years ago to conduct independent analyses of weapons tests is understaffed, spends almost no time monitoring tests and does little more than summarize the often-biased test reports issued by the military services, according to a report released by the General Accounting Office this week.

A "director of operational testing and evaluation" was created by Congress in 1984, after revelations that the military services frequently rigged tests to make weapons seem more effective and omitted unfavorable data from reports. (Fred Kaplan, Washington Post, A21)

PRESIDENTIAL POMP: THE PUBLIC PAYS
'85 Inauguration Cost \$16 Million

President Reagan's second inauguration involved 8,500 military personnel and seven government agencies, and the cost the taxpayers \$16 million, the General Accounting Office says.

An investigative arm of Congress, the GAO was asked by Sen. William Proxmire to audit the costs of Reagan's second inauguration to determine how much the four-day celebration cost the public and whether legal authority exists to spend such substantial sums.

(Harry Rosenthal, Washington Post, A25)

DEAVER PLEADS NOT GUILTY
June Jury Trial Set On Perjury Charges

Former White House aide Michael Deaver appeared briefly before a federal judge yesterday and pleaded not guilty to charges that he lied to investigators about his lobbying.

After being fingerprinted and photographed, Deaver was arraigned on the perjury charges before U.S. District Court Judge Thomas Penfield Jackson. "I'm not guilty, your honor," the former White House deputy chief of staff said. (Howard Kurtz, Washington Post, A4)

FARMERS IDLING VAST ACREAGE
Heavy Enrollment Reported In New Conservation Reserve Program

Government production controls and heavy enrollment in the new soil conservation reserve program will idle more than three of every 10 acres of farm land eligible for federal subsidies this year -- the second highest level in history, according to the Agriculture Department.

The USDA estimates that farmers will retire 53 million acres as a requirement for participating in federal support programs and that another 19.4 million highly erodible acres will be in the long-term conservation reserve, keeping them out of production for 10 years.

(Ward Sinclair, Washington Post, A16)

INTERNATIONAL NEWS

U.S. EMBASSY'S SECURITY PROBED Spy Charges Against Guards In Moscow Prompts Review

The Reagan Administration has begun a "high-level and hardball reevaluation" of security procedures at the U.S. Embassy in Moscow that could lead to substantial changes in methods used to protect American embassies located in East Bloc countries, State Department sources said yesterday.

The reevaluation, prompted by the discovery of apparently serious security breaches by two Marine guards at the Moscow embassy, could lead to the State Department taking over partial responsibility for security of diplomatic missions there and a much tighter selection process for Marines sent to protect the embassies, according to these sources.

(David Ottaway & Bill McAllister, Washington Post, A1)

SOVIET ECONOMY BREAKS SLUMP U.S. Intelligence Agencies Cite Gorbachev's Policies

The Soviet Union's troubled economy scored its best performance in a decade last year under the new policies of General Secretary Gorbachev, according to a study by U.S. intelligence agencies released yesterday.

The report by the CIA and Defense Intelligence Agency, released by the congressional Joint Economic Committee, said the Soviet economy grew more than 4 percent last year, breaking a decade-long slump in which the gross national product had averaged just over 2 percent yearly.

(Don Oberdorfer, Washington Post, A1)

TOUGH DECISIONS AWAIT MOSCOW MEETING ON U.S.-SOVIET ARMS DEAL

GENEVA -- U.S. and Soviet arms negotiators failed to resolve problems blocking a deal to slash medium-range nuclear missile arsenals, leaving tough bargaining ahead at next month's Moscow meeting between the U.S. and Soviet Foreign Minister Eduard Shevardnadze.

"Difficult issues remain before us," the senior American negotiator on medium-range missiles, Maynard Glitman, said after a special session of talks ended yesterday. "Substantive issues need to be resolved."

Soviet negotiator Alexei Obukhov blamed the slow pace on "efforts by the U.S. side to raise new problems, to expand the scope of issues under discussion."

(Stephen Weeks, Reuter)

SOFAER DISAVOWS PORTION OF ABM PACT STANCE

Part Of 1985 Testimony 'Is Still Accurate,'

State Department Legal Adviser Says

State Department legal adviser Abraham Sofaer, under heavy fire from Senate Democrats, yesterday disavowed some of his earlier statements about the 1972 ABM Treaty but declared there is no cause for a "constitutional crisis."

"Part of what I said then is still accurate," said Sofaer of his November 1985 testimony to the Senate regarding his controversial interpretation of the ABM Treaty. "I was resting on research I thought was accurate and turned out not to be so."

(Don Oberdorfer, Washington Post, A22)

KINNOCK, REAGAN TO TALK TODAY

British Labor Party leader Neil Kinnock will meet with President Reagan this morning and is expected to explain his new position on the 96 U.S. medium-range cruise missiles stationed in Britain.

Kinnock landed in New York yesterday, apparently eager to assure the U.S. a Labor government would be a reliable ally.

(Washington Times, A11)

THE PRESIDENT/TRADE

A Cabinet-level recommendation that President Reagan retaliate against Japan for violating a semiconductor trade agreement was greeted with "frustrated optimism" by U.S. semiconductor industry officials, who welcome help but fear trade disputes with Japan will drag on forever.

George Scalise, chairman of the public policy committee of the Semiconductor Industry Association in Cupertino, Calif., said Thursday night that sanctions are the only tool available to force them into compliance.

(Bob Rast, Newhouse)

JAPANESE PRIME MINISTER TO VISIT WASHINGTON IN LATE APRIL

TOKYO -- Prime Minister Yasuhiro Nakasone will visit the U.S. next month, Chief Cabinet Secretary Masaharu Gotoda said today.

He told a news conference Nakasone would meet President Reagan during the week-long visit, which begins on April 29.

Government sources said Nakasone would try to resolve growing bilateral trade friction and discuss June's Venice summit meeting of industrial democracies.

(Reuter)

WORLD TRADE TOPS \$2 TRILLION FOR FIRST TIME

GENEVA -- World trade topped \$2 trillion for the first time in 1986, reflecting the dollar's fall, the General Agreement on Tariffs and Trade (GATT) reported Friday.

This year, it said, global trade volume is expected to grow by only 2.5 percent because of continued concern over the U.S. federal deficit, world debt, and protectionism.

The fall in the U.S. dollar, GATT said, may be doing as much harm as good by boosting the money supply and thereby causing "risk of a sizable increase in the inflation rate," especially in the U.S. (UPI)

STEEN NEAR DEATH, FELLOW CAPTIVE SAYS Prof. Turner Shown On Cassette

BEIRUT -- A group holding foreign hostages here tonight released a video cassette of kidnapped American professor Jesse Turner in which he said his fellow captive, Alann Steen, was dying and that he held America and Israel responsible for his fate.

In the video, Turner appeared unshaven but relaxed. He read from a prepared text that was obviously written by the kidnapers because of its grammatical errors. (Nora Boustany, Washington Post, A32)

CARTER IN ISRAEL TO MARK CAMP DAVID ACCORD Shamir Is Told Egypt Would Play Host To Another Summit

JERUSALEM -- Former president Jimmy Carter arrived in Israel today on the eighth anniversary of the Camp David accords and called for a new phase of negotiations to bring peace to all the Middle East.

Carter, greeted by U.S. and Israeli dignitaries as he crossed the Allenby Bridge from neighboring Jordan, also expressed hope for the release of foreign hostages in Lebanon.

(UPI story, Washington Post, A33)

GANDHI CLAIMS U.S. 'SOFT' ON 'ISLAMIC BOMB' THREAT

NEW DELHI, India -- The U.S. is "too soft" on Pakistan's potential to make nuclear weapons, India's Prime Minister Rajiv Gandhi said last night.

"The U.S. is not really putting their weight behind non-proliferation like they should, like I think they want to," the Indian leader said in an interview with a group of U.S. journalists.

(Tom Diaz, Washington Times, A1)

GADHAFI RULE SEEN IN PERIL FOLLOWING MILITARY SETBACKS

CAIRO -- Devastated by a battlefield rout in Chad, Libyan leader Moammar Gadhafi may be losing control of his government and military establishment, prompting some western analysts here to predict that conditions are more ripe than ever for Gadhafi's forced removal.

"The real Gadhafi-bashers say this is the end for Gadhafi -- he is on the slippery slope -- this is it," said one western official.

(Patrick Tyler, Washington Post, A1)

IRAN — NICARAGUA

CONTRA-CONDUIT FIRM HAS PENTAGON OFFICE

A company depicted by Lt. Col. Oliver North as pivotal in the arms flow to the Nicaraguan resistance may have been secretly controlled by U.S. government officials, according to a document obtained by The Washington Times.

A foreign banking firm, described by Treasury Department officials as authentic, links that firm and a company owned by retired Air Force Maj. Gen. Richard Secord with a clandestine office in the Defense Department.

The Pentagon office is "strictly internal. It is entirely classified," a Defense Department spokesman said yesterday.

(Michael Hedges, Washington Times, A1)

INTELLIGENCE AGENCIES TAPED SECRET TALKS ON IRAN ARMS SALES

U.S. intelligence agencies secretly recorded negotiations between U.S. representatives and Iranian officials and middlemen about U.S. arms sales to Tehran.

The Tower commission's report last month disclosed that two days of secret negotiations last September involving the arms sales had been taped. But sources said the National Security Agency and the CIA recorded many other conversations in Europe, Tehran, and Washington. This information will be valuable to congressional investigators and independent counsel Lawrence Walsh, who are trying to unravel the Iran-contra affair.

(David Rogers & John Walcott, Wall Street Journal, A6)

NETWORK NEWS SUMMARY

(Thursday Evening, March 26, 1987)

THE PRESIDENT'S TRIP

NBC's Tom Brokaw: President Reagan went to Missouri today, the "show-me state", to demonstrate that he can make a political recovery from the Iran-contra scandal. And yet he did acknowledge today that the Iran arms deal was like paying ransom to kidnappers. The President was much more accessible than he has been in recent months.

NBC's Andrea Mitchell: With the fanfare of a political campaign Ronald Reagan hit the road for the first time this year trying to get away from the Iran controversy. Columbia, Missouri dressed up for the parade. A merchant who refused to take down his going out of business sign for the White House found the view of his storefront blocked by a White House platform. The game plan for the trip was to show that the President is not afraid of questions. So in striking contrast to recent practice, the new White House staff steered him to reporters instead of away from them.

(The President: "I only stayed away from you before because I didn't know anything to answer the questions that you all had, and I'm still waiting to find out some of them.")

The White House produced a series of perfect pictures.

(TV coverage: The President on stage holding a microphone.)

But the Iran arms scandal was clearly on Mr. Reagan's mind. So in Mrs. Hassemer's sixth-grade class when 11-year-old Heather Watson asked:

(Heather Watson: "All this publicity and the press and stuff, it would drive me out of my mind. I just wonder what it was that made it worthwhile to you?")

The President brought up Iran.

(The President: "It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnapper. If you do it, then the kidnapper's just encouraged to go kidnap someone else.")

And in a third-grade computer class, he learned an economics lesson: How to make sure you don't run your lemonade stand at a loss.

(TV coverage: The President sitting at a computer with the children.)

Reporters asked if the lesson also applied to the deficit.

(The President: "What they're all teasing me about is the fact that our government is spending more than it takes in.")

Although the President didn't stick to the White House game plan, his staff says the point was to show that he is willing to answer questions, even if that means focusing on Iran -- a subject Mr. Reagan had hoped to leave behind in Washington. (NBC-2)

ABC's Peter Jennings: President Reagan has said several times that his concern about the hostages may have contributed to his decision to sell arms to Iran, a decision which has plagued the President for months now. Today Mr. Reagan tried to leave his troubles behind, making his first political trip outside the capital since the Iran affair was revealed. He went to the "show-me state", Missouri. He wants to show that he's back in charge.

ABC's Sheilah Kast: President Reagan's return to the road was a triumphant parade. He enjoyed it all: the marching band, the cheering crowds, although some of the crowd disagreed with his policies. He came to campaign for education reform so he visited an award-winning elementary school.

(TV coverage: The President in a classroom.)

But he himself introduced the topic he was supposed to leave behind. The six-grader's question was not about Iran, it was what makes it worthwhile to be president. But Mr. Reagan's answer:

(The President: "Well, this was one of the things why I asked for a commission to be appointed -- to bring out all the facts. I still think that the idea was right to try and establish a friendly relationship, try and bring about peace between the two countries that are at war, and try to get our people freed. But, it kind of deteriorated into something else, and as I said the other night on television, I won't make that mistake again.")

He went further than he has in admitting the arms sales look like ransom to a kidnapper.

(The President: "If you do it, then the kidnapper's just encouraged to go kidnap someone else.")

On the planned topic of his trip, education, Mr. Reagan promised he'd keep the federal government from forcing local schools to teach foreign students in their own languages.

(The President: "Yes, let's get everybody to talk in our language.")

And he repeated his call that values should be taught in public school classrooms.

(The President: "Well what values would you teach? Well, how about the Judeo-Christian ethic. It's as simple as the Ten Commandments and as enduring as the scriptures.")

Part of the purpose of this trip was for Mr. Reagan to move beyond the Iran affair. But he seemed to raise the issue himself today, which may be an indication of how much the controversy still dogs him. (ABC-2)

CBS's Dan Rather: For months Nancy Reagan has refused to let her husband travel except for vacations to California. Today he went to Missouri as part of a carefully orchestrated effort designed to get public attention away from the disastrous weapons-for-Iran deal. It was a nice day and a nice trip but there were some problems.

CBS's Bill Plante: President Reagan on the road again -- first trip out of Washington in nearly three months, on the offensive hoping to leave Iran behind him, instead volunteered again that arms were traded for hostages.

(TV coverage: The President deplaning Air Force One to the shrieks and cheers of the crowd.)

The trip was intended to shift focus to the President's domestic program and to show off a new openness. When reporters beckoned, Mr. Reagan, to the amazement of all, plunged right in.

(The President: "I only stayed away from you before because I didn't know anything to answer the questions that you all had, and I'm still waiting to find out some of them.")

Plante continues: The White House pulled out all the stops. A motorcade through the heart of Columbia, Missouri, cheers and a few jeers, but lots of visibility as the President headed for local schools to promote educational reform and competitiveness. But Mr. Reagan couldn't seem to get Iran out of his mind. Sixth-grader Heather Watson asked about publicity, the press, and what made it worthwhile, apparently referring to his job. The President launched into a lengthy explanation of the Iran arms deal.

(The President: "I am afraid it wasn't carried out the way we had thought it would be. It sort of settled down to just trading arms for hostages and that's a little like paying ransom to a kidnapper. If you do it then the kidnapper's just encouraged to go kidnap someone else.")

Mr. Reagan's advisers cringed. They would have preferred that today's stories focus on almost anything else, because there is a larger purpose to what the President's new managers are doing.

(TV coverage: The President sitting on the edge of a stage with cheering kids behind him.)

(Kevin Phillips: "Oh I think they're sincere about their agenda but I think the agenda's entirely secondary to what we can call a Ronald Reagan political renewal process.")

It's no accident this looks a lot like a campaign, it is. Not for the presidency but for the President's own image. The new White House team hopes that by talking about his dreams for the nation, the President will look like a winner again, despite his troubles with the Iran-contra scandal. (CBS-2)

HOSTAGES

Brokaw: In Beirut today there there was another appeal for the life of

American hostage Alann Steen.... Today Jesse Turner, another hostage taken at the same time as Steen, was seen on a video tape saying "everything seems to indicate that the American Administration wants our death." He also said "Our fellow Alann Steen is dying. Doesn't this poor man who sacrificed for America deserve something to be done for him?" (CBS-3, NBC-3)

Jennings: We have seen it before, often without ever knowing how urgent it was. It is pressure exerted on the Reagan Administration and Israel by the people who are holding Americans hostage in Lebanon. The pressure almost invariably comes in the form of a message from a prisoner who is allowed or encouraged to make an appeal. This time it's the American hostage Jesse Turner appealing on behalf of Alann Steen who, Turner says, is dying. (ABC-Lead)

ROCKET LAUNCH

Brokaw: After seven successful space launches in a row, today NASA notched a failure -- a big failure -- in rain-soaked Cape Canaveral. An unmanned Atlas-Centaur rocket went out of control and it had to be destroyed along with its payload, a military communications satellite that cost \$83 million.

Brokaw continues: The launch went smoothly at first despite the steady downpour until the rocket was obscured by low clouds. It could have been hit by a lightning bolt a moment later.... Jim Miklaszewski at the Pentagon tonight. Jim, what about the idea of launching in that kind of weather? Wasn't that risky?

Jim Miklaszewski: "NASA says that the launch was well within weather guidelines, that is there was no lightning seen within five miles of the launch pad. But back in 1969 an Apollo launch proved that a rocket of this kind, as it punches through the clouds, can generate its own lightning and although no one knows yet what went wrong, there was a lightning bolt reportedly seen in the area at the time of the launch. And there's some question as to why, since there were only two of these Atlas-Centaur rockets still available, why they would take that risk in that kind of weather.

Brokaw: This is a military communications satellite that blew up as well. With the loss of the space shuttle program...the military is behind now in its schedule of launches. What happens to national security as a result of this one today?

Miklaszewski: Navy officials say that the loss of this satellite...is not a critical blow either to their communications or to national security. There are still four of these satellites in space working effectively but they're getting older.... The Navy's afraid that they won't begin to replace them fast enough before they start dying off. (NBC-Lead)

Jennings: In Florida today, the nation's space program suffered another setback, this one with military consequences. (ABC-5)

Rather: Another serious setback for America's space program: an unmanned Atlas-Centaur rocket had to be destroyed this afternoon. It was blown up 60 seconds after launch from Cape Canaveral. The rocket was carrying an important military communications satellite. With the space shuttle grounded, the Atlas is one of only two types of rockets NASA still has for launching satellites. (CBS-lead)

ARMS CONTROL

Brokaw: In Geneva today the U.S.-Soviet arms talks recessed on a pessimistic note. The negotiations over a treaty to eliminate medium-range nuclear missiles in Europe have hit a snag. The U.S. has said that the treaty must also cover shorter-range missiles, but Soviet officials charged today that President Reagan agreed at the Iceland summit to hold separate negotiations. These talks will resume on April 23rd. (NBC-5)

SHULTZ/NIXON

Brokaw: Former President Richard Nixon responded to a call for help today from Secretary of State Shultz. Mr. Nixon met with Shultz to help him prepare for the talks next month in Moscow with Soviet officials. (CBS-12, NBC-6)

BUDGET/DEMOCRATS

Jennings: The Democrats on Capitol Hill were trying to figure out how an enormous federal deficit can be reduced. There is a way, but the President isn't going to like it.

ABC's Brit Hume: Facing a deadline next Wednesday, Democrats who control the congressional budget committees came closer today to saying the dreaded "T" word: "T" of course for taxes, higher ones, the kind the President says would make his day to veto. Without some new taxes though, it's doubtful a Democratic Congress can pass a budget that even on paper gets the federal deficit down to the Gramm-Rudman-Hollings legal limit.... Today Senate Budget Chairman Chiles unveiled his plan to meet the legal target.

(Sen. Chiles: "We think is a major good-faith attempt to meet the spirit of Gramm-Rudman-Hollings by taking it down at least one percent a year.")

The Chiles plan has some \$18 billion in unspecified new revenues next year, the same number as the President's budget. But while Chiles didn't say so, it was clear his plan would mean more new taxes than Mr. Reagan's budget which relies heavily on user fees and sales of federal assets to generate federal revenue. On the House side budget committee Democrats agreed on a similar plan with a similar revenue number.... On a trip to Missouri today the President was asked about the Democrats' tax proposals.

(The President: "Well, I can tell you that that part of it, in the negotiation that may take place, that part's out to begin with.")

Such talk infuriates Democrats who say the President's budget is based on "cooked" numbers and rosy assumptions.... (ABC-3)

Brokaw: With proposed new taxes of \$18.5 billion the Democrats today introduced an alternative to Mr. Reagan's trillion dollar budget for fiscal 1988. The spending plan was proposed by Senate budget chairman Lawton Chiles who said his committee would discuss higher taxes on energy and tobacco. Mr. Reagan, of course, has rejected the idea of any tax increase. (NBC-11)

Rather: The House and Senate Budget Committees today both came out with plans to cut the deficit and raise taxes, something the President says he'll never do.

CBS's Phil Jones: The political bickering over how to deal with a whopping budget deficit escalated today as Democrats came under fire for proposing new taxes to deal with the problem.

(Sen. Chiles: "We would propose that there would be some new taxes in our budget. We're prepared a little bit more to talk about them.") ...There would be more than \$18 billion in the plans being discussed by Democrats, something Republicans pounced on today.

(Sen. Pete Domenici: "The President's budget, of that, only about \$5 billion is taxes and the remainder are revenues that will come to the federal government, most of them by sale of assets.")

(The President: "I can tell you that part of it, in the negotiation that may take place, that part's out to begin with.")...

(Unknown speaker: "Hereye, hereye, the Democrats are gonna raise your taxes.")

Jones continues: That was the political chant today as House Republicans left for a weekend strategy session in New York. (Rep. Lott: "The Democrats, yes, they want to raise taxes. They want to get together with the Republicans and get us to agree to raise taxes, cut defense and raise domestic spending. That's what they want, that's what they call a compromise.")... (CBS-6)

COMMENTARY/BUDGET

NBC's John Chancellor: If you look for the signals these days, you can detect a change in mood in the United States. The word for it may be compassion; compassion for old people who can't pay their hospital bills, for the poor, for the homeless. Time Magazine has a poll this week which shows huge percentages in favor of more federal money to be spent on those who can't help themselves -- even if that means higher taxes. This change in mood may be a reaction to all the news we've had about greed.... (NBC-11)

JAPANESE/TRADE

Jennings: It is now virtually certain that the Reagan Administration is going to impose some sort of trade sanctions against Japan to protect the American semiconductor industry. The Japanese have been increasingly strong in the microchip industry. A special panel found today that the Japanese are undercutting American prices unfairly. The sanctions could be announced next week. There is a great deal at stake for both countries. (ABC-9)

Rather: The Reagan Administration is being urged these days to move quickly to retaliate against Japan for undercutting the microchip market in this country. Details of recommendations made today by President Reagan's senior economic advisers were not disclosed, but sources said substantial measures including high tariffs on Japanese imports were possible. Tokyo is concerned about potential Administration moves. The Japanese have convened some high-level meetings of their own.

CBS's Barry Peterson reports Japan's powerful ministry of trade called in chip users today and asked them to buy more American chips -- an eleventh-hour appeal trying to head off expected U.S. retaliation. Japan threatened its own retaliation and summoned home its ambassador to Washington for consultation amid deepening anger over a Japan under fire. (CBS-13)

LIBYA/CHAD

Rather: Western diplomats in Chad believe badly-beaten Libyan troops have turned tail tonight. Those troops are reportedly heading north to safety after a series of disastrous battles the past few days. The battering the Libyans have taken may change the political face of the Middle East.

Friday, March 27, 1987 -- B-7

CBS's David Martin: ...Here in the African desert waste Chad, Libya's Moammar Khadafy appears to have suffered his worst military defeat ever.... France and the U.S. have been providing both military equipment and intelligence data to the Chadian forces, and Reagan Administration officials are delighted at the harm done Khadafy.

(Secretary Weinberger: "He's suffered a major defeat. His troops are in great disarray.")

...It is still too soon to count Khadafy out.

(Henry Schuler, Center for Strategic Studies: "A principal concern is that if he has been defeated in the conventional warfare he will return to unconventional warfare which, of course, we call terrorism.")

To keep the pressure on, the Reagan Administration will send an additional \$10 million in military aid to Chad. (CBS-4)

DEAVER

Brokaw: Michael Deaver...was arraigned today in federal court in

Washington. The former Deputy Chief of Staff pleaded not guilty to charges of lying to Congress and a grand jury that investigated possible ethics violations in his work as a lobbyist. The judge scheduled Deaver's trial for June 8th, and released him on his own recognizance. (ABC-4, CBS-7, NBC-9)

SDI

Jennings: It was four years ago this week that Mr. Reagan first outlined his vision of a defense system in space, star wars, or SDI. Tonight, a second report from our Pentagon correspondent Bob Zelnick, and a paradox: the very technology that could make SDI so powerful may also make it vulnerable.

ABC's Bob Zelnick reports that some of the discoveries in SDI research have shown scientists that some of the things hoped for can not be done or are not economically feasible. (ABC-8)

MARINE SPY CASE

Brokaw: The New York Times reported today that investigators now believe that two Marine suspects at first were seduced by female Soviet agents, but then agreed to receive money for cooperating with Soviet spies. And the Marines may have given the Soviets access to the construction site of the new U.S. embassy in Moscow. (NBC-4)

CONRAIL

Rather: On the floor of the New York Stock Exchange today, Transportation Secretary Elizabeth Dole joined Conrail officials as the U.S. government began selling conrail shares to the public in the biggest corporate stock offering in U.S. history. Investor demand for the stock was strong and world-wide.... (CBS-15)

-End of B-Section-

EDITORIALS/COLUMNISTS

THE PRESIDENCY

A Conservative To The End -- "I believe that Reagan and Baker will succeed (with a conservative agenda), not only because they are successful politicians who enjoy the confidence of the American people but because their programs and ideas happen to be good for the country.... Through his appointment of Baker and other aids, and by promising to keep a better and closer watch, Reagan, with the help of conservatives like Helms, is saying, 'We've saved the best for the last.'"

(Lee Edwards, Boston Globe, 3/25)

Illusion That Reagan's In Charge Should Not Be Encouraged -- "What we need now is not a hands-on President, but more helping hands: in the White House, in the Cabinet, in Congress and in the press. We have gone through a difficult period, living a life of pretense, but we have got through it in fairly good order, and if the President gets the help he needs in the next two years, he may even get that happy ending he has always wanted."

(James Reston, Seattle Post-Intelligencer, 3/19)

Reagan Can't Rebound With A Petulant Veto -- "The Reagan Presidency may be in even worse shape than the American people had realized if rescuing it hinged last week on a press conference and is going to hinge this week on upholding a bad veto of a bill having nothing to do with Iran, the contras or U.S. foreign policy.... Sustaining an unwarranted veto, far from strengthening President Reagan, would weaken public confidence in a vacillating Congress. And it couldn't plead faulty memory."

(Philadelphia Inquirer, 3/26)

President Reagan -- "The press conference can be a vitally useful channel for the President in the remaining 22 months of his presidency. He should not make the mistake of another long abstinence. He might be well advised also to consider some occasional one-word answers -- such as 'Yes' or 'No.' Embellishing his answers can create the impression that he's seeking to obscure his opinions rather than to clarify them. Let's hope that the President has learned his lesson and that his next press conference will be only weeks, not months, away. He will be far better served -- and so will the country."

(Cincinnati Enquirer, 3/20)

Facing The Press -- "Thursday night's long-awaited news conference at the White House did not produce much news -- except that, after a four-month respite, Ronald Reagan can indeed confront the White House press corps and emerge from it rather well.... Based on Thursday night's exercise, there may be better days a-coming, at least in this one respect. Let us hope."

(Sarasota Herald-Tribune, 3/22)

Reagan Shows That He Is A President In Command -- "One good press conference certainly does not mean that the independent counsel appointed to investigate criminal culpability, or that the special House and Senate committees, both controlled by Democratic majorities, should be any less painstaking in their reviews of this foreign policy blunder by the Reagan Administration. But his favorable performance in fielding tough questions on Iran from the press corps does indicate that Reagan retains his command of information and is in control of his job."

(Buffalo News, 3/21)

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EDITORIALS & COLUMNISTS (continued)

Reagan Is Clearly In Charge -- "In short, the President emerges (from his news conference) as a man whose concern for kidnapped Americans and loose style of management, rather than his bad intentions, got him into trouble. His obviously well prepared performance at the Thursday night press conference was convincing evidence that he is taking a much more hands-on approach to government and that he has a much better staff now to help him do that." (Birmingham News, 3/22)

POLLARD SPY CASE

Israel's Reply Is Not Helpful -- "The spy case of Jonathon Jay Pollard has serious foreign policy implications for both the United States and Israel. Unfortunately, it seems Israel does not see how damaging the case is to U.S.-Israeli relations.... Besides rewarding two of the culprits in the affair, the government of Prime Minister Yitzhak Shamir has attempted to brush aside calls for a full-blown investigation. Mr. Shamir called for an internal investigation by his government, which virtually precludes an independent and thorough inquiry. With friends like Mr. Shamir, who needs enemies?" (Idaho Statesman, 3/18)

Pollard's Sentence Too Severe -- "Any American, regardless of ethnicity, has a right -- indeed an obligation -- to speak out in the face of a perceived injustice. As an American, and as a Jew, I hereby express my outrage at Jonathan Pollard's sentence of life imprisonment. I am confident that when passions cool and a sense of perspective returns, many Americans will come to regard Pollard's sentence as excessive, in much the way many of us so regard the Rosenbergs' sentence."

(Alan Dershowitz, Buffalo News, 3/23)

Criticism Of Israel Is Mounting -- "Criticism of Israel from within the Reagan Administration and in the American press has reached unprecedented heights. Despite all this, the Pollard affair may be the best thing that ever happened to Israeli-American relations. It serves as nothing else has to focus American attention on internal Israel politics. By the time it is over, Americans should have a new appreciation, not only for Israel's problems, but for the potential of her suffering but tenacious democracy." (John McCormally, Burlington, Iowa Hawk Eye, 3/18)

Oddly, Israelis Misunderstand -- "The United States and Israel have grown very close in recent years. The Pollard case warns that the closeness is beginning to produce an ignorant confidence and a contempt born of spurious familiarity. A single sensational lesson like the Pollard case should be enough to shake both these attitudes." (New York Times, 3/25)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, MARCH 27, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Reagan's Spirits Raised By Reception In Missouri -- President Reagan, in his first trip out of Washington this year, yesterday discussed his domestic agenda in America's heartland but also showed that the Iran-contra affair is not far from his mind.

(Reuter, UPI, Columbia Daily Tribune, Columbia Missourian, Kansas City Times, New York Times, USA Today, Washington Post, Washington Times)

NATIONAL NEWS

Reagan Criticizes Ruling On Affirmative Action -- President Reagan found fault yesterday with a Supreme Court decision on sex discrimination in the workplace, saying it has the effect of turning affirmative action into a quota system.

(Washington Post)

INTERNATIONAL NEWS

Tough Decisions Await Moscow Meeting On U.S.-Soviet Arms Deal -- U.S. and Soviet arms negotiators failed to resolve problems blocking a deal to slash medium-range nuclear missile arsenals, leaving tough bargaining ahead at next month's Moscow meeting between the U.S. and Soviet Foreign Minister Eduard Shevardnadze.

(Reuter)

NETWORK NEWS (Thursday Evening)

PRESIDENT'S TRIP -- President Reagan went to Missouri to demonstrate he can make a political recovery from the Iran-contra scandal.

HOSTAGES -- In Beirut there was another appeal for Alann Steen.

ROCKET LAUNCH -- The nation's space program suffered another setback.

Retouching Dukakis' Image

■ Apparently not everyone in Massachusetts likes popular governor—and now Democratic presidential contender—Michael S. Dukakis just the way he is. The clean-shaven Dukakis sprouted a mustache in about 12,000 copies of yesterday's Boston Globe.

Richard P. Gulla, the Globe's public affairs manager, said the mustache was scratched on one of the press plates bearing a photograph of Dukakis that appeared on the front of the business section.

Gulla said the addition to the photograph was caught during routine checks of the papers as they came off the press. "Less than 3 percent of the total press run of 550,000 papers was affected," Gulla said. "The Globe regrets this unfortunate incident."

THE WASHINGTON POST

MARCH 25, 1987

TRIP NEWS

KIDS AND KUDOS GREET PRESIDENT

After President Ronald Reagan participated in a primer on patriotism in Elaine Hassemer's civics class this morning, Heather Watson showed the world what little girls are made of. The Fairview Elementary School student had a hardball question tucked up her pink sleeve about how Reagan deals with constant inquiry into such events as the Iran-arms scandal which has muddled Reagan's presidency since November.

Isn't it trying, she wondered, to handle such adversity?

"I just wondered," the sixth-grader asked the President, "what makes it so worthwhile to you?" (Joe Haberstroh, Columbia Daily Tribune, A1)

President Makes The Grade At Fairview

At high noon Thursday the front doors to Fairview Elementary burst open. Members of the White House Press corps stormed in and streamed down the hall.

President Reagan had arrived.

As the press corps circled down one hall to Elaine Hassemer's sixth grade civics class, the President and his entourage entered through a back door and headed down a parallel corridor.

The young occupants of room 126, toasty under the glow of television lights, struggled to concentrate in what for the moment had become the most public classroom in the nation.

From a sea of raised hands the President chose Heather Watson. The sixth grader told the President that the constant publicity he is exposed to "would drive me out of my mind. I just wondered what it was that made it all worthwhile?" (Larry Lee, Columbia Missourian, A1)

Thousands Line Street For Look, Some To Protest

Loaded with a bag full cookies and chips, Judy Moth-Iversen moved into their Broadway look-out spot around 8:30 a.m. Thursday.

As the temperature hovered at 43 degrees, Moth-Iversen tucked fourteen-month-old Mirriam snugly into a stroller and wrapped four-year-old A.J. in a heavy blanket.

The Columbia family was ready for the three hour wait.

As the morning wore on they were joined by more than 10,000 spectators all hoping to catch a glimpse of the nation's number one citizen.

Shannon Hemenway, flanked by three of her Oakland Junior High buddies criticized a group carrying signs protesting the President's policies. "The signs said like 'go home' and stuff like that -- it was really cruel," the thirteen-year-old said. "He's never been here before and now he won't have a good impression of us. They just shouldn't have done that." (Lane Beauchamp, Columbia Missourian, A8)

The President In School

COLUMBIA, Mo. -- President Reagan's attempt to shift attention to education and away from Iran veered off course Thursday when he apparently misunderstood a sixth-grader's question and launched into a long discourse on the Middle East controversy.

Reagan told students at Fairview Elementary School that attempts to free Americans held hostage in Lebanon "sort of settled down to just trading arms for hostages and that's a little like paying ransom to a kidnapper."

"If you do it, then the kidnapper's just encouraged to go kidnap someone else," the President said.

(Will Sentell, Tom Miller & Lynn Byczynsky, Kansas City Times, A1)

Reagan Reissues His Prescription To Cure Education's Ills

COLUMBIA, Mo. -- President Reagan used his talk at Hickman High School in Columbia, Mo. on Thursday to once again hammer home his view that education and the problems facing schools are not matters for the federal government.

"I say the American people know better than anyone in Washington how to fix their own schools," Reagan told a conference on education reform.

The talk Thursday included some vintage Reaganisms on education: the need to get back to basics and to teach values in the schools, or as he put it, "a sense of right and wrong."

(James Worsham, News Analysis, Kansas City Times, A12)

Iran Affair On President's Mind During 1st Political Trip Of '87

COLUMBIA, Mo. -- President Reagan sought today to leave behind the Iran-contra affair and four months of relative isolation, but the subject remained on his mind as he volunteered an impromptu defense of his policy to a sixth-grade class, acknowledging that he had traded arms for American hostages.

"It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnaper," he said. "If you do it, then the kidnaper's just encouraged to go kidnap someone else." Reagan's critics have made the same point in recent months.

(David Hoffman, Washington Post, A3)

Reagan's Spirits Raised By Reception In Missouri

COLUMBIA, Mo. -- President Reagan, in his first trip out of Washington this year, yesterday discussed his domestic agenda in America's heartland but also showed that the Iran-contra affair is not far from his mind.

The 76-year-old President clearly got a lift from the reception as his motorcade passed down Broadway, Columbia's main street. He encountered similar enthusiasm when his plane landed at the airport and during a formal speech on education at Hickman High School.

"By the year 2000," he said, "let's raise literacy levels so that every American can speak, read and write English and fully participate in the opportunities of our great country."

(Jeremiah O'Leary, Washington Times, A2)

Iran Arms Sale Like 'Ransom' President Tells Sixth-Graders

COLUMBIA, Mo. -- A sixth-grade girl triggered an unexpected presidential explanation of the Iran arms deal Thursday.

"It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnaper," President Reagan told sixth-graders at Fairview Elementary School.

It was the first time Reagan likened the Iran deal to a ransom payment. He previously rejected that comparison.

(Jessica Lee, USA Today, A4)

Reagan Likens Iran Policy To 'Ransom'

COLUMBIA, Mo. -- President Reagan said today that his policy of selling arms to Iran had become "a little like paying ransom to a kidnaper."

As he has before, the President said his original purpose in selling the arms was to improve relations with the Iranian regime.

The trip to Columbia, Reagan's first journey outside Washington this year, was part of a concerted effort by the White House to focus public attention on domestic policy issues and away from the Iran affair.

(Steven Roberts, New York Times, A12)

Schoolgirl's Question Brings Reagan Back To Iran Scandal

President Reagan flew to America's heartland to talk about education and the challenge of the 21st century -- but an 11-year-old schoolgirl sent him plunging back into the Iran arms scandal.

Reagan's trip to Columbia, Mo., yesterday was his first political foray outside Washington since the scandal broke last November. It was the kind of event he likes best, marked by friendly crowds, patriotic flagwaving by schoolchildren, reminiscences and discussion of basic values in education.

But in response to an innocuous question, Reagan launched into an explanation of the scandal that he had seemed to be shaking off in recent days.

Eleven-year-old Heather Watson asked Reagan about "all this publicity and the press and stuff" and wondered "what it is that made it worthwhile to you?"

Her question made no mention of Iran but it launched Reagan into a lengthy account of U.S.-Iranian relations in which he repeated his rationale for the secret sale of arms to Tehran. (William Scally, Reuter)

Reagan Faces Iran Affair In Trip To Heartland

President Reagan, in his first attempt to hit the road without the Iran-contra affair in tow, was tripped up by the issue he says is a Washington obsession in no less likely a place than a Midwestern classroom.

Reagan, who has accused reporters of being obsessed with his political woes of the last four months, raised the issue on his own Thursday while on a mission to redirect attention from controversy to safe issues of national concern.

(Norman Sandler, UPI)

NATIONAL NEWS

REAGAN PREPARED TO VETO HIGHWAY BILL FRIDAY

President Reagan plans to veto the \$88 billion highway bill at a White House ceremony Friday but he said Thursday he would be prepared to sign a less costly version of the legislation.

Earlier Thursday in Columbia, Mo., Reagan said, "I'm not against the highway bill," adding he just did not like the one on his desk, "and we're hoping that Congress will come up with one that I can sign."

He said lawmakers could have a new bill ready next week "and I would sign that bill next week but this one is filled with the pork."

(Helen Thomas, UPI)

WRIGHT SAYS REAGAN WRONG TO VETO HIGHWAY BILL

House Speaker Jim Wright today said President Reagan was on a collision course with the American public over a popular \$88 billion highway bill Reagan planned to veto today.

The White House today spelled out Reagan's plans to veto the bill, which would also allow states to raise the speed limit on rural sections of the interstate highway system to 65 miles per hour, because he says it appropriates funds for unnecessary highway and mass transit projects.

"The President is on the wrong side of the road," Wright told reporters. "He's on a collision course with all the family motorists and pickup trucks in America."

(Reuter)

PORK BARREL AND THE PUBLIC GOOD

Highway Bill Backers Cite Economic Boon; Foes See 'Budget Buster'

What does construction of two parking lots in Chicago, located beside a subway line yet to be built, have to do with the health of the American economy?

The lots are part of an \$87.5 billion highway bill caught in a high-stakes poker match between President Reagan and Congress. And suddenly, there is much more to the Surface Transportation and Uniform Relocation Assistance Act than can be seen on the surface.

The massive legislative package -- financing much-needed highways and some pork from California to Maine, building subways, raising some rural speed limits to 65 mph -- is a classic illustration of the blurring of public works, the pork barrel, politics and polemics in the days of 12-digit deficits.

(Dale Russakoff, Washington Post, A1)

REAGAN CRITICIZES RULING ON AFFIRMATIVE ACTION

President Reagan found fault yesterday with a Supreme Court decision on sex discrimination in the workplace, saying it has the effect of turning affirmative action into a quota system.

"All our position has been is that we shouldn't let affirmative action deteriorate into a quota system that would then be counterdiscriminatory," he said.

"Obviously, I disagree with the decision, but the court made it and I'm not going to quarrel with that," Reagan said.

(AP story, Washington Post, A3)

CHILES PLAN WOULD CUT DEFICIT \$37 BILLION White House Accuses Senate Budget Chairman Of Offering 'Tax And Spend' Proposal

Sen. Lawton Chiles, chairman of the Senate Budget Committee, yesterday proposed a fiscal 1988 budget that would cut the federal deficit by \$37 billion through a combination of reductions in spending and the raising of \$11.5 billion to \$18.5 billion in new taxes.

Chiles' proposal, the first concrete plan placed before the Senate panel, would reduce defense spending by about \$7 billion below the level that would keep pace with inflation, and cut domestic spending by nearly \$14 billion. It adds \$3.4 billion in spending on programs to improve education, job training, international trade and scientific research.

A White House spokesman, however, branded Chiles' budget a "tax-and-spend" plan and said the tax proposals are unacceptable.

(Tom Kenworthy, Washington Post, A24)

SENATE READYING BILL TO PUMP \$7.5 BILLION INTO S&L INSURANCE FUND

The Senate, despite the threat of a presidential veto, is nearing passage of a comprehensive banking package which pumps \$7.5 billion into the troubled federal fund that insures savings bank deposits.

Even though the legislation would raise only half the money the Reagan Administration wants for the ailing Federal Savings and Loan Insurance Corp., critics said other provisions of the bill could sink it.

Treasury Secretary James Baker said in a letter to all senators that the bill "contains a number of controversial, anticompetitive, special interest provisions which do nothing to protect depositors' savings."

(Tom Seppy, AP)

HOWARD BAKER DOES NOT RULE OUT FUTURE PRESIDENTIAL BID

HOUSTON -- White House Chief of Staff Howard Baker said last night he has not ruled out running for president in 1992 or 1996.

Baker, speaking at a dinner hosted by Rice University for some of Houston's most prominent leaders, said that he would not seek the Republican nomination for president in 1988.

"I do not intend to run for president in 1988. I will not run for president in 1988," Baker said in response to a question from the audience.

(Reuter)

UNDAUNTED BY MEDIA, BUSH CAMPAIGN GAINS

Vice President Bush, despite being battered almost daily by stories linking him to the Iran-contra affair, is showing a resilience that has brought renewed confidence to his campaign staff.

"He has sustained every kind of bad press in the world, and he's survived and is ahead," said Bush aide Ed Rogers.

A leading Democratic pollster agreed. "The polls are showing Bush is durable -- he's going to last," said Michael Donilon, president of Cambridge Survey Associates. (Ralph Hallow, Washington Times, A2)

OUT-OF-CONTROL NASA ROCKET IS DESTROYED

\$83 Million Navy Satellite Lost

A \$78 million Atlas-Centaur rocket carrying an \$83 million military satellite veered out of control and was blown up by safety officials about a minute after it was launched yesterday at Cape Canaveral.

Space agency officials said no cause for the failure had been determined. But the unmanned rocket lifted off into a rainstorm at 4:22 p.m. and observers reported lightening in the launch pad area about that time.

(Kathy Sawyer, Washington Post, A1)

Rocket Failure Deals New Blow To U.S. Space Agency

CAPE CANAVERAL -- The failure of a Atlas-Centaur rocket has dealt another stunning blow to the U.S. space agency as it struggles to recover from last year's Challenger disaster and a string of rocket accidents.

"Just when you thought it was safe to go back into space again, NASA has been hit with another round of problems," said John Pike, director of space policy for the Federation of American Scientists in Washington. (Reuter)

GEN. VUONO MAY HEAD ARMY

Chief Of Staff Wickham Retiring In June

President Reagan next month is expected to nominate Gen. Carl Vuono, head of the Army's Training and Doctrine Command at Fort Monroe, Va., to succeed Gen. John Wickham as Army chief of staff, Pentagon sources said yesterday.

Defense Secretary Weinberger chose Vuono over Gen. Maxwell Thurman, Army vice chief of staff, and other candidates for the Army's top job and has sent his recommendation to the White House, officials said. Army spokesmen yesterday would neither confirm nor deny Vuono's selection. (George Wilson, Washington Post, A20)

WATCHDOG'S REPORTS LACK BITE
Weapons Review Not Independent, GAO Says

A Pentagon bureau created by Congress three years ago to conduct independent analyses of weapons tests is understaffed, spends almost no time monitoring tests and does little more than summarize the often-biased test reports issued by the military services, according to a report released by the General Accounting Office this week.

A "director of operational testing and evaluation" was created by Congress in 1984, after revelations that the military services frequently rigged tests to make weapons seem more effective and omitted unfavorable data from reports.
(Fred Kaplan, Washington Post, A21)

PRESIDENTIAL POMP: THE PUBLIC PAYS
'85 Inauguration Cost \$16 Million

President Reagan's second inauguration involved 8,500 military personnel and seven government agencies, and the cost the taxpayers \$16 million, the General Accounting Office says.

An investigative arm of Congress, the GAO was asked by Sen. William Proxmire to audit the costs of Reagan's second inauguration to determine how much the four-day celebration cost the public and whether legal authority exists to spend such substantial sums.

(Harry Rosenthal, Washington Post, A25)

DEAVER PLEADS NOT GUILTY
June Jury Trial Set On Perjury Charges

Former White House aide Michael Deaver appeared briefly before a federal judge yesterday and pleaded not guilty to charges that he lied to investigators about his lobbying.

After being fingerprinted and photographed, Deaver was arraigned on the perjury charges before U.S. District Court Judge Thomas Penfield Jackson. "I'm not guilty, your honor," the former White House deputy chief of staff said.
(Howard Kurtz, Washington Post, A4)

FARMERS IDLING VAST ACREAGE
Heavy Enrollment Reported In New Conservation Reserve Program

Government production controls and heavy enrollment in the new soil conservation reserve program will idle more than three of every 10 acres of farm land eligible for federal subsidies this year -- the second highest level in history, according to the Agriculture Department.

The USDA estimates that farmers will retire 53 million acres as a requirement for participating in federal support programs and that another 19.4 million highly erodible acres will be in the long-term conservation reserve, keeping them out of production for 10 years.

(Ward Sinclair, Washington Post, A16)

INTERNATIONAL NEWS

U.S. EMBASSY'S SECURITY PROBED Spy Charges Against Guards In Moscow Prompts Review

The Reagan Administration has begun a "high-level and hardball reevaluation" of security procedures at the U.S. Embassy in Moscow that could lead to substantial changes in methods used to protect American embassies located in East Bloc countries, State Department sources said yesterday.

The reevaluation, prompted by the discovery of apparently serious security breaches by two Marine guards at the Moscow embassy, could lead to the State Department taking over partial responsibility for security of diplomatic missions there and a much tighter selection process for Marines sent to protect the embassies, according to these sources.

(David Ottaway & Bill McAllister, Washington Post, A1)

SOVIET ECONOMY BREAKS SLUMP U.S. Intelligence Agencies Cite Gorbachev's Policies

The Soviet Union's troubled economy scored its best performance in a decade last year under the new policies of General Secretary Gorbachev, according to a study by U.S. intelligence agencies released yesterday.

The report by the CIA and Defense Intelligence Agency, released by the congressional Joint Economic Committee, said the Soviet economy grew more than 4 percent last year, breaking a decade-long slump in which the gross national product had averaged just over 2 percent yearly.

(Don Oberdorfer, Washington Post, A1)

TOUGH DECISIONS AWAIT MOSCOW MEETING ON U.S.-SOVIET ARMS DEAL

GENEVA -- U.S. and Soviet arms negotiators failed to resolve problems blocking a deal to slash medium-range nuclear missile arsenals, leaving tough bargaining ahead at next month's Moscow meeting between the U.S. and Soviet Foreign Minister Eduard Oreign Ivetr.

"Difficult issues remain before us," the senior American negotiator on medium-range missiles, Maynard Glitman, said after a special session of talks ended yesterday. "Substantive issues need to be resolved."

Soviet negotiator Alexei Obukhov blamed the slow pace on "efforts by the U.S. side to raise new problems, to expand the scope of issues under discussion."

(Stephen Weeks, Reuter)

SOFAER DISAVOWS PORTION OF ABM PACT STANCE

Part Of 1985 Testimony 'Is Still Accurate,'

State Department Legal Adviser Says

State Department legal adviser Abraham Sofaer, under heavy fire from Senate Democrats, yesterday disavowed some of his earlier statements about the 1972 ABM Treaty but declared there is no cause for a "constitutional crisis."

"Part of what I said then is still accurate," said Sofaer of his November 1985 testimony to the Senate regarding his controversial interpretation of the ABM Treaty. "I was resting on research I thought was accurate and turned out not to be so."

(Don Oberdorfer, Washington Post, A22)

KINNOCK, REAGAN TO TALK TODAY

British Labor Party leader Neil Kinnock will meet with President Reagan this morning and is expected to explain his new position on the 96 U.S. medium-range cruise missiles stationed in Britain.

Kinnock landed in New York yesterday, apparently eager to assure the U.S. a Labor government would be a reliable ally.

(Washington Times, A11)

THE PRESIDENT/TRADE

A Cabinet-level recommendation that President Reagan retaliate against Japan for violating a semiconductor trade agreement was greeted with "frustrated optimism" by U.S. semiconductor industry officials, who welcome help but fear trade disputes with Japan will drag on forever.

George Scalise, chairman of the public policy committee of the Semiconductor Industry Association in Cupertino, Calif., said Thursday night that sanctions are the only tool available to force them into compliance.

(Bob Rast, Newhouse)

JAPANESE PRIME MINISTER TO VISIT WASHINGTON IN LATE APRIL

TOKYO -- Prime Minister Yasuhiro Nakasone will visit the U.S. next month, Chief Cabinet Secretary Masaharu Gotoda said today.

He told a news conference Nakasone would meet President Reagan during the week-long visit, which begins on April 29.

Government sources said Nakasone would try to resolve growing bilateral trade friction and discuss June's Venice summit meeting of industrial democracies.

(Reuter)

WORLD TRADE TOPS \$2 TRILLION FOR FIRST TIME

GENEVA -- World trade topped \$2 trillion for the first time in 1986, reflecting the dollar's fall, the General Agreement on Tariffs and Trade (GATT) reported Friday.

This year, it said, global trade volume is expected to grow by only 2.5 percent because of continued concern over the U.S. federal deficit, world debt, and protectionism.

The fall in the U.S. dollar, GATT said, may be doing as much harm as good by boosting the money supply and thereby causing "risk of a sizable increase in the inflation rate," especially in the U.S. (UPI)

STEEN NEAR DEATH, FELLOW CAPTIVE SAYS Prof. Turner Shown On Cassette

BEIRUT -- A group holding foreign hostages here tonight released a video cassette of kidnaped American professor Jesse Turner in which he said his fellow captive, Alann Steen, was dying and that he held America and Israel responsible for his fate.

In the video, Turner appeared unshaven but relaxed. He read from a prepared text that was obviously written by the kidnapers because of its grammatical errors. (Nora Boustany, Washington Post, A32)

CARTER IN ISRAEL TO MARK CAMP DAVID ACCORD Shamir Is Told Egypt Would Play Host To Another Summit

JERUSALEM -- Former president Jimmy Carter arrived in Israel today on the eighth anniversary of the Camp David accords and called for a new phase of negotiations to bring peace to all the Middle East.

Carter, greeted by U.S. and Israeli dignitaries as he crossed the Allenby Bridge from neighboring Jordan, also expressed hope for the release of foreign hostages in Lebanon.

(UPI story, Washington Post, A33)

GANDHI CLAIMS U.S. 'SOFT' ON 'ISLAMIC BOMB' THREAT

NEW DELHI, India -- The U.S. is "too soft" on Pakistan's potential to make nuclear weapons, India's Prime Minister Rajiv Gandhi said last night.

"The U.S. is not really putting their weight behind non-proliferation like they should, like I think they want to," the Indian leader said in an interview with a group of U.S. journalists.

(Tom Diaz, Washington Times, A1)

GADHAFI RULE SEEN IN PERIL FOLLOWING MILITARY SETBACKS

CAIRO -- Devastated by a battlefield rout in Chad, Libyan leader Moammar Gadhafi may be losing control of his government and military establishment, prompting some western analysts here to predict that conditions are more ripe than ever for Gadhafi's forced removal.

"The real Gadhafi-bashers say this is the end for Gadhafi -- he is on the slippery slope -- this is it," said one western official.

(Patrick Tyler, Washington Post, A1)

IRAN — NICARAGUA

CONTRA-CONDUIT FIRM HAS PENTAGON OFFICE

A company depicted by Lt. Col. Oliver North as pivotal in the arms flow to the Nicaraguan resistance may have been secretly controlled by U.S. government officials, according to a document obtained by The Washington Times.

A foreign banking firm, described by Treasury Department officials as authentic, links that firm and a company owned by retired Air Force Maj. Gen. Richard Secord with a clandestine office in the Defense Department.

The Pentagon office is "strictly internal. It is entirely classified," a Defense Department spokesman said yesterday.

(Michael Hedges, Washington Times, A1)

INTELLIGENCE AGENCIES TAPED SECRET TALKS ON IRAN ARMS SALES

U.S. intelligence agencies secretly recorded negotiations between U.S. representatives and Iranian officials and middlemen about U.S. arms sales to Tehran.

The Tower commission's report last month disclosed that two days of secret negotiations last September involving the arms sales had been taped. But sources said the National Security Agency and the CIA recorded many other conversations in Europe, Tehran, and Washington. This information will be valuable to congressional investigators and independent counsel Lawrence Walsh, who are trying to unravel the Iran-contra affair.

(David Rogers & John Walcott, Wall Street Journal, A6)

NETWORK NEWS SUMMARY

(Thursday Evening, March 26, 1987)

THE PRESIDENT'S TRIP

NBC's Tom Brokaw: President Reagan went to Missouri today, the "show-me state", to demonstrate that he can make a political recovery from the Iran-contra scandal. And yet he did acknowledge today that the Iran arms deal was like paying ransom to kidnappers. The President was much more accessible than he has been in recent months.

NBC's Andrea Mitchell: With the fanfare of a political campaign Ronald Reagan hit the road for the first time this year trying to get away from the Iran controversy. Columbia, Missouri dressed up for the parade. A merchant who refused to take down his going out of business sign for the White House found the view of his storefront blocked by a White House platform. The game plan for the trip was to show that the President is not afraid of questions. So in striking contrast to recent practice, the new White House staff steered him to reporters instead of away from them.

(The President: "I only stayed away from you before because I didn't know anything to answer the questions that you all had, and I'm still waiting to find out some of them.")

The White House produced a series of perfect pictures.

(TV coverage: The President on stage holding a microphone.)

But the Iran arms scandal was clearly on Mr. Reagan's mind. So in Mrs. Hassemer's sixth-grade class when 11-year-old Heather Watson asked:

(Heather Watson: "All this publicity and the press and stuff, it would drive me out of my mind. I just wonder what it was that made it worthwhile to you?")

The President brought up Iran.

(The President: "It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnapper. If you do it, then the kidnapper's just encouraged to go kidnap someone else.")

And in a third-grade computer class, he learned an economics lesson: How to make sure you don't run your lemonade stand at a loss.

(TV coverage: The President sitting at a computer with the children.)

Reporters asked if the lesson also applied to the deficit.

(The President: "What they're all teasing me about is the fact that our government is spending more than it takes in.")

Although the President didn't stick to the White House game plan, his staff says the point was to show that he is willing to answer questions, even if that means focusing on Iran -- a subject Mr. Reagan had hoped to leave behind in Washington. (NBC-2)

ABC's Peter Jennings: President Reagan has said several times that his concern about the hostages may have contributed to his decision to sell arms to Iran, a decision which has plagued the President for months now. Today Mr. Reagan tried to leave his troubles behind, making his first political trip outside the capital since the Iran affair was revealed. He went to the "show-me state", Missouri. He wants to show that he's back in charge.

ABC's Sheilah Kast: President Reagan's return to the road was a triumphant parade. He enjoyed it all: the marching band, the cheering crowds, although some of the crowd disagreed with his policies. He came to campaign for education reform so he visited an award-winning elementary school.

(TV coverage: The President in a classroom.)

But he himself introduced the topic he was supposed to leave behind. The six-grader's question was not about Iran, it was what makes it worthwhile to be president. But Mr. Reagan's answer:

(The President: "Well, this was one of the things why I asked for a commission to be appointed -- to bring out all the facts. I still think that the idea was right to try and establish a friendly relationship, try and bring about peace between the two countries that are at war, and try to get our people freed. But, it kind of deteriorated into something else, and as I said the other night on television, I won't make that mistake again.")

He went further than he has in admitting the arms sales look like ransom to a kidnapper.

(The President: "If you do it, then the kidnapper's just encouraged to go kidnap someone else.")

On the planned topic of his trip, education, Mr. Reagan promised he'd keep the federal government from forcing local schools to teach foreign students in their own languages.

(The President: "Yes, let's get everybody to talk in our language.") And he repeated his call that values should be taught in public school classrooms.

(The President: "Well what values would you teach? Well, how about the Judeo-Christian ethic. It's as simple as the Ten Commandments and as enduring as the scriptures.")

Part of the purpose of this trip was for Mr. Reagan to move beyond the Iran affair. But he seemed to raise the issue himself today, which may be an indication of how much the controversy still dogs him. (ABC-2)

CBS's Dan Rather: For months Nancy Reagan has refused to let her husband travel except for vacations to California. Today he went to Missouri as part of a carefully orchestrated effort designed to get public attention away from the disastrous weapons-for-Iran deal. It was a nice day and a nice trip but there were some problems.

CBS's Bill Plante: President Reagan on the road again -- first trip out of Washington in nearly three months, on the offensive hoping to leave Iran behind him, instead volunteered again that arms were traded for hostages.

(TV coverage: The President deplaning Air Force One to the shrieks and cheers of the crowd.)

The trip was intended to shift focus to the President's domestic program and to show off a new openness. When reporters beckoned, Mr. Reagan, to the amazement of all, plunged right in.

(The President: "I only stayed away from you before because I didn't know anything to answer the questions that you all had, and I'm still waiting to find out some of them.")

Plante continues: The White House pulled out all the stops. A motorcade through the heart of Columbia, Missouri, cheers and a few jeers, but lots of visibility as the President headed for local schools to promote educational reform and competitiveness. But Mr. Reagan couldn't seem to get Iran out of his mind. Sixth-grader Heather Watson asked about publicity, the press, and what made it worthwhile, apparently referring to his job. The President launched into a lengthy explanation of the Iran arms deal.

(The President: "I am afraid it wasn't carried out the way we had thought it would be. It sort of settled down to just trading arms for hostages and that's a little like paying ransom to a kidnapper. If you do it then the kidnapper's just encouraged to go kidnap someone else.")

Mr. Reagan's advisers cringed. They would have preferred that today's stories focus on almost anything else, because there is a larger purpose to what the President's new managers are doing.

(TV coverage: The President sitting on the edge of a stage with cheering kids behind him.)

(Kevin Phillips: "Oh I think they're sincere about their agenda but I think the agenda's entirely secondary to what we can call a Ronald Reagan political renewal process.")

It's no accident this looks a lot like a campaign, it is. Not for the presidency but for the President's own image. The new White House team hopes that by talking about his dreams for the nation, the President will look like a winner again, despite his troubles with the Iran-contra scandal. (CBS-2)

HOSTAGES

Brokaw: In Beirut today there there was another appeal for the life of American hostage Alann Steen.... Today Jesse Turner, another hostage taken at the same time as Steen, was seen on a video tape saying "everything seems to indicate that the American Administration wants our death." He also said "Our fellow Alann Steen is dying. Doesn't this poor man who sacrificed for America deserve something to be done for him?" (CBS-3, NBC-3)

Jennings: We have seen it before, often without ever knowing how urgent it was. It is pressure exerted on the Reagan Administration and Israel by the people who are holding Americans hostage in Lebanon. The pressure almost invariably comes in the form of a message from a prisoner who is allowed or encouraged to make an appeal. This time it's the American hostage Jesse Turner appealing on behalf of Alann Steen who, Turner says, is dying. (ABC-Lead)

ROCKET LAUNCH

Brokaw: After seven successful space launches in a row, today NASA notched a failure -- a big failure -- in rain-soaked Cape Canaveral. An unmanned Atlas-Centaur rocket went out of control and it had to be destroyed along with its payload, a military communications satellite that cost \$83 million.

Brokaw continues: The launch went smoothly at first despite the steady downpour until the rocket was obscured by low clouds. It could have been hit by a lightning bolt a moment later.... Jim Miklaszewski at the Pentagon tonight. Jim, what about the idea of launching in that kind of weather? Wasn't that risky?

Jim Miklaszewski: "NASA says that the launch was well within weather guidelines, that is there was no lightning seen within five miles of the launch pad. But back in 1969 an Apollo launch proved that a rocket of this kind, as it punches through the clouds, can generate its own lightning and although no one knows yet what went wrong, there was a lightning bolt reportedly seen in the area at the time of the launch. And there's some question as to why, since there were only two of these Atlas-Centaur rockets still available, why they would take that risk in that kind of weather.

Brokaw: This is a military communications satellite that blew up as well. With the loss of the space shuttle program...the military is behind now in its schedule of launches. What happens to national security as a result of this one today?

Miklaszewski: Navy officials say that the loss of this satellite...is not a critical blow either to their communications or to national security. There are still four of these satellites in space working effectively but they're getting older.... The Navy's afraid that they won't begin to replace them fast enough before they start dying off. (NBC-Lead)

Jennings: In Florida today, the nation's space program suffered another setback, this one with military consequences. (ABC-5)

Rather: Another serious setback for America's space program: an unmanned Atlas-Centaur rocket had to be destroyed this afternoon. It was blown up 60 seconds after launch from Cape Canaveral. The rocket was carrying an important military communications satellite. With the space shuttle grounded, the Atlas is one of only two types of rockets NASA still has for launching satellites. (CBS-lead)

ARMS CONTROL

Brokaw: In Geneva today the U.S.-Soviet arms talks recessed on a pessimistic note. The negotiations over a treaty to eliminate medium-range nuclear missiles in Europe have hit a snag. The U.S. has said that the treaty must also cover shorter-range missiles, but Soviet officials charged today that President Reagan agreed at the Iceland summit to hold separate negotiations. These talks will resume on April 23rd. (NBC-5)

SHULTZ/NIXON

Brokaw: Former President Richard Nixon responded to a call for help today from Secretary of State Shultz. Mr. Nixon met with Shultz to help him prepare for the talks next month in Moscow with Soviet officials. (CBS-12, NBC-6)

BUDGET/DEMOCRATS

Jennings: The Democrats on Capitol Hill were trying to figure out how an enormous federal deficit can be reduced. There is a way, but the President isn't going to like it.

ABC's Brit Hume: Facing a deadline next Wednesday, Democrats who control the congressional budget committees came closer today to saying the dreaded "T" word: "T" of course for taxes, higher ones, the kind the President says would make his day to veto. Without some new taxes though, it's doubtful a Democratic Congress can pass a budget that even on paper gets the federal deficit down to the Gramm-Rudman-Hollings legal limit.... Today Senate Budget Chairman Chiles unveiled his plan to meet the legal target.

(Sen. Chiles: "We think is a major good-faith attempt to meet the spirit of Gramm-Rudman-Hollings by taking it down at least one percent a year.")

The Chiles plan has some \$18 billion in unspecified new revenues next year, the same number as the President's budget. But while Chiles didn't say so, it was clear his plan would mean more new taxes than Mr. Reagan's budget which relies heavily on user fees and sales of federal assets to generate federal revenue. On the House side budget committee Democrats agreed on a similar plan with a similar revenue number.... On a trip to Missouri today the President was asked about the Democrats' tax proposals.

(The President: "Well, I can tell you that that part of it, in the negotiation that may take place, that part's out to begin with.")

Such talk infuriates Democrats who say the President's budget is based on "cooked" numbers and rosy assumptions.... (ABC-3)

Brokaw: With proposed new taxes of \$18.5 billion the Democrats today introduced an alternative to Mr. Reagan's trillion dollar budget for fiscal 1988. The spending plan was proposed by Senate budget chairman Lawton Chiles who said his committee would discuss higher taxes on energy and tobacco. Mr. Reagan, of course, has rejected the idea of any tax increase. (NBC-11)

Rather: The House and Senate Budget Committees today both came out with plans to cut the deficit and raise taxes, something the President says he'll never do.

CBS's Phil Jones: The political bickering over how to deal with a whopping budget deficit escalated today as Democrats came under fire for proposing new taxes to deal with the problem.

(Sen. Chiles: "We would propose that there would be some new taxes in our budget. We're prepared a little bit more to talk about them.") ...There would be more than \$18 billion in the plans being discussed by Democrats, something Republicans pounced on today.

(Sen. Pete Domenici: "The President's budget, of that, only about \$5 billion is taxes and the remainder are revenues that will come to the federal government, most of them by sale of assets.")

(The President: "I can tell you that part of it, in the negotiation that may take place, that part's out to begin with.")...

(Unknown speaker: "Hereye, hereye, the Democrats are gonna raise your taxes.")

Jones continues: That was the political chant today as House Republicans left for a weekend strategy session in New York. (Rep. Lott: "The Democrats, yes, they want to raise taxes. They want to get together with the Republicans and get us to agree to raise taxes, cut defense and raise domestic spending. That's what they want, that's what they call a compromise.")... (CBS-6)

COMMENTARY/BUDGET

NBC's John Chancellor: If you look for the signals these days, you can detect a change in mood in the United States. The word for it may be compassion; compassion for old people who can't pay their hospital bills, for the poor, for the homeless. Time Magazine has a poll this week which shows huge percentages in favor of more federal money to be spent on those who can't help themselves -- even if that means higher taxes. This change in mood may be a reaction to all the news we've had about greed.... (NBC-11)

JAPANESE/TRADE

Jennings: It is now virtually certain that the Reagan Administration is going to impose some sort of trade sanctions against Japan to protect the American semiconductor industry. The Japanese have been increasingly strong in the microchip industry. A special panel found today that the Japanese are undercutting American prices unfairly. The sanctions could be announced next week. There is a great deal at stake for both countries. (ABC-9)

Rather: The Reagan Administration is being urged these days to move quickly to retaliate against Japan for undercutting the microchip market in this country. Details of recommendations made today by President Reagan's senior economic advisers were not disclosed, but sources said substantial measures including high tariffs on Japanese imports were possible. Tokyo is concerned about potential Administration moves. The Japanese have convened some high-level meetings of their own.

CBS's Barry Peterson reports Japan's powerful ministry of trade called in chip users today and asked them to buy more American chips -- an eleventh-hour appeal trying to head off expected U.S. retaliation. Japan threatened its own retaliation and summoned home its ambassador to Washington for consultation amid deepening anger over a Japan under fire. (CBS-13)

LIBYA/CHAD

Rather: Western diplomats in Chad believe badly-beaten Libyan troops have turned tail tonight. Those troops are reportedly heading north to safety after a series of disastrous battles the past few days. The battering the Libyans have taken may change the political face of the Middle East.

Friday, March 27, 1987 -- B-7

CBS's David Martin: ...Here in the African desert waste Chad, Libya's Moammar Khadafy appears to have suffered his worst military defeat ever.... France and the U.S. have been providing both military equipment and intelligence data to the Chadian forces, and Reagan Administration officials are delighted at the harm done Khadafy.

(Secretary Weinberger: "He's suffered a major defeat. His troops are in great disarray.")

...It is still too soon to count Khadafy out.

(Henry Schuler, Center for Strategic Studies: "A principal concern is that if he has been defeated in the conventional warfare he will return to unconventional warfare which, of course, we call terrorism.")

To keep the pressure on, the Reagan Administration will send an additional \$10 million in military aid to Chad. (CBS-4)

DEAVER

Brokaw: Michael Deaver...was arraigned today in federal court in Washington. The former Deputy Chief of Staff pleaded not guilty to charges of lying to Congress and a grand jury that investigated possible ethics violations in his work as a lobbyist. The judge scheduled Deaver's trial for June 8th, and released him on his own recognizance. (ABC-4, CBS-7, NBC-9)

SDI

Jennings: It was four years ago this week that Mr. Reagan first outlined his vision of a defense system in space, star wars, or SDI. Tonight, a second report from our Pentagon correspondent Bob Zelnick, and a paradox: the very technology that could make SDI so powerful may also make it vulnerable.

ABC's Bob Zelnick reports that some of the discoveries in SDI research have shown scientists that some of the things hoped for can not be done or are not economically feasible. (ABC-8)

MARINE SPY CASE

Brokaw: The New York Times reported today that investigators now believe that two Marine suspects at first were seduced by female Soviet agents, but then agreed to receive money for cooperating with Soviet spies. And the Marines may have given the Soviets access to the construction site of the new U.S. embassy in Moscow. (NBC-4)

CONRAIL

Rather: On the floor of the New York Stock Exchange today, Transportation Secretary Elizabeth Dole joined Conrail officials as the U.S. government began selling conrail shares to the public in the biggest corporate stock offering in U.S. history. Investor demand for the stock was strong and world-wide.... (CBS-15)

-End of B-Section-

EDITORIALS/COLUMNISTS

THE PRESIDENCY

A Conservative To The End -- "I believe that Reagan and Baker will succeed (with a conservative agenda), not only because they are successful politicians who enjoy the confidence of the American people but because their programs and ideas happen to be good for the country.... Through his appointment of Baker and other aids, and by promising to keep a better and closer watch, Reagan, with the help of conservatives like Helms, is saying, 'We've saved the best for the last.'"

(Lee Edwards, Boston Globe, 3/25)

Illusion That Reagan's In Charge Should Not Be Encouraged -- "What we need now is not a hands-on President, but more helping hands: in the White House, in the Cabinet, in Congress and in the press. We have gone through a difficult period, living a life of pretense, but we have got through it in fairly good order, and if the President gets the help he needs in the next two years, he may even get that happy ending he has always wanted."

(James Reston, Seattle Post-Intelligencer, 3/19)

Reagan Can't Rebound With A Petulant Veto -- "The Reagan Presidency may be in even worse shape than the American people had realized if rescuing it hinged last week on a press conference and is going to hinge this week on upholding a bad veto of a bill having nothing to do with Iran, the contras or U.S. foreign policy.... Sustaining an unwarranted veto, far from strengthening President Reagan, would weaken public confidence in a vacillating Congress. And it couldn't plead faulty memory."

(Philadelphia Inquirer, 3/26)

President Reagan -- "The press conference can be a vitally useful channel for the President in the remaining 22 months of his presidency. He should not make the mistake of another long abstinence. He might be well advised also to consider some occasional one-word answers -- such as 'Yes' or 'No.' Embellishing his answers can create the impression that he's seeking to obscure his opinions rather than to clarify them. Let's hope that the President has learned his lesson and that his next press conference will be only weeks, not months, away. He will be far better served -- and so will the country."

(Cincinnati Enquirer, 3/20)

Facing The Press -- "Thursday night's long-awaited news conference at the White House did not produce much news -- except that, after a four-month respite, Ronald Reagan can indeed confront the White House press corps and emerge from it rather well.... Based on Thursday night's exercise, there may be better days a-coming, at least in this one respect. Let us hope."

(Sarasota Herald-Tribune, 3/22)

Reagan Shows That He Is A President In Command -- "One good press conference certainly does not mean that the independent counsel appointed to investigate criminal culpability, or that the special House and Senate committees, both controlled by Democratic majorities, should be any less painstaking in their reviews of this foreign policy blunder by the Reagan Administration. But his favorable performance in fielding tough questions on Iran from the press corps does indicate that Reagan retains his command of information and is in control of his job."

(Buffalo News, 3/21)

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EDITORIALS & COLUMNISTS (continued)

Reagan Is Clearly In Charge -- "In short, the President emerges (from his news conference) as a man whose concern for kidnapped Americans and loose style of management, rather than his bad intentions, got him into trouble. His obviously well prepared performance at the Thursday night press conference was convincing evidence that he is taking a much more hands-on approach to government and that he has a much better staff now to help him do that." (Birmingham News, 3/22)

POLLARD SPY CASE

Israel's Reply Is Not Helpful -- "The spy case of Jonathon Jay Pollard has serious foreign policy implications for both the United States and Israel. Unfortunately, it seems Israel does not see how damaging the case is to U.S.-Israeli relations.... Besides rewarding two of the culprits in the affair, the government of Prime Minister Yitzhak Shamir has attempted to brush aside calls for a full-blown investigation. Mr. Shamir called for an internal investigation by his government, which virtually precludes an independent and thorough inquiry. With friends like Mr. Shamir, who needs enemies?" (Idaho Statesman, 3/18)

Pollard's Sentence Too Severe -- "Any American, regardless of ethnicity, has a right -- indeed an obligation -- to speak out in the face of a perceived injustice. As an American, and as a Jew, I hereby express my outrage at Jonathan Pollard's sentence of life imprisonment. I am confident that when passions cool and a sense of perspective returns, many Americans will come to regard Pollard's sentence as excessive, in much the way many of us so regard the Rosenbergs' sentence."

(Alan Dershowitz, Buffalo News, 3/23)

Criticism Of Israel Is Mounting -- "Criticism of Israel from within the Reagan Administration and in the American press has reached unprecedented heights. Despite all this, the Pollard affair may be the best thing that ever happened to Israeli-American relations. It serves as nothing else has to focus American attention on internal Israel politics. By the time it is over, Americans should have a new appreciation, not only for Israel's problems, but for the potential of her suffering but tenacious democracy." (John McCormally, Burlington, Iowa Hawk Eye, 3/18)

Oddly, Israelis Misunderstand -- "The United States and Israel have grown very close in recent years. The Pollard case warns that the closeness is beginning to produce an ignorant confidence and a contempt born of spurious familiarity. A single sensational lesson like the Pollard case should be enough to shake both these attitudes." (New York Times, 3/25)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, MARCH 27, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

TRIP NEWS

Reagan's Spirits Raised By Reception In Missouri -- President Reagan, in his first trip out of Washington this year, yesterday discussed his domestic agenda in America's heartland but also showed that the Iran-contra affair is not far from his mind. (Reuter, UPI,

Columbia Daily Tribune, Columbia Missourian, Kansas City Times, New York Times, USA Today, Washington Post, Washington Times)

NATIONAL NEWS

Reagan Criticizes Ruling On Affirmative Action -- President Reagan found fault yesterday with a Supreme Court decision on sex discrimination in the workplace, saying it has the effect of turning affirmative action into a quota system. (Washington Post)

INTERNATIONAL NEWS

Tough Decisions Await Moscow Meeting On U.S.-Soviet Arms Deal -- U.S. and Soviet arms negotiators failed to resolve problems blocking a deal to slash medium-range nuclear missile arsenals, leaving tough bargaining ahead at next month's Moscow meeting between the U.S. and Soviet Foreign Minister Eduard Shevardnadze. (Reuter)

NETWORK NEWS (Thursday Evening)

PRESIDENT'S TRIP -- President Reagan went to Missouri to demonstrate he can make a political recovery from the Iran-contra scandal.

HOSTAGES -- In Beirut there was another appeal for Alann Steen.

ROCKET LAUNCH -- The nation's space program suffered another setback.

Retouching Dukakis' Image

■ Apparently not everyone in Massachusetts likes popular governor—and now Democratic presidential contender—Michael S. Dukakis just the way he is. The clean-shaven Dukakis sprouted a mustache in about 12,000 copies of yesterday's Boston Globe.

Richard P. Gulla, the Globe's public affairs manager, said the mustache was scratched on one of the press plates bearing a photograph of Dukakis that appeared on the front of the business section.

Gulla said the addition to the photograph was caught during routine checks of the papers as they came off the press. "Less than 3 percent of the total press run of 550,000 papers was affected," Gulla said. "The Globe regrets this unfortunate incident."

THE WASHINGTON POST

MARCH 25, 1987

TRIP NEWS

KIDS AND KUDOS GREET PRESIDENT

After President Ronald Reagan participated in a primer on patriotism in Elaine Hassemer's civics class this morning, Heather Watson showed the world what little girls are made of. The Fairview Elementary School student had a hardball question tucked up her pink sleeve about how Reagan deals with constant inquiry into such events as the Iran-arms scandal which has muddied Reagan's presidency since November.

Isn't it trying, she wondered, to handle such adversity?

"I just wondered," the sixth-grader asked the President, "what makes it so worthwhile to you?" (Joe Haberstroh, Columbia Daily Tribune, A1)

President Makes The Grade At Fairview

At high noon Thursday the front doors to Fairview Elementary burst open. Members of the White House Press corps stormed in and streamed down the hall.

President Reagan had arrived.

As the press corps circled down one hall to Elaine Hassemer's sixth grade civics class, the President and his entourage entered through a back door and headed down a parallel corridor.

The young occupants of room 126, toasty under the glow of television lights, struggled to concentrate in what for the moment had become the most public classroom in the nation.

From a sea of raised hands the President chose Heather Watson. The sixth grader told the President that the constant publicity he is exposed to "would drive me out of my mind. I just wondered what it was that made it all worthwhile?" (Larry Lee, Columbia Missourian, A1)

Thousands Line Street For Look, Some To Protest

Loaded with a bag full cookies and chips, Judy Moth-Iversen moved into their Broadway look-out spot around 8:30 a.m. Thursday.

As the temperature hovered at 43 degrees, Moth-Iversen tucked fourteen-month-old Mirriam snugly into a stroller and wrapped four-year-old A.J. in a heavy blanket.

The Columbia family was ready for the three hour wait.

As the morning wore on they were joined by more than 10,000 spectators all hoping to catch a glimpse of the nation's number one citizen.

Shannon Hemenway, flanked by three of her Oakland Junior High buddies criticized a group carrying signs protesting the President's policies. "The signs said like 'go home' and stuff like that -- it was really cruel," the thirteen-year-old said. "He's never been here before and now he won't have a good impression of us. They just shouldn't have done that." (Lane Beauchamp, Columbia Missourian, A8)

The President In School

COLUMBIA, Mo. -- President Reagan's attempt to shift attention to education and away from Iran veered off course Thursday when he apparently misunderstood a sixth-grader's question and launched into a long discourse on the Middle East controversy.

Reagan told students at Fairview Elementary School that attempts to free Americans held hostage in Lebanon "sort of settled down to just trading arms for hostages and that's a little like paying ransom to a kidnapper."

"If you do it, then the kidnapper's just encouraged to go kidnap someone else," the President said.

(Will Sentell, Tom Miller & Lynn Byczynsky, Kansas City Times, A1)

Reagan Reissues His Prescription To Cure Education's Ills

COLUMBIA, Mo. -- President Reagan used his talk at Hickman High School in Columbia, Mo. on Thursday to once again hammer home his view that education and the problems facing schools are not matters for the federal government.

"I say the American people know better than anyone in Washington how to fix their own schools," Reagan told a conference on education reform.

The talk Thursday included some vintage Reaganisms on education: the need to get back to basics and to teach values in the schools, or as he put it, "a sense of right and wrong."

(James Worsham, News Analysis, Kansas City Times, A12)

Iran Affair On President's Mind During 1st Political Trip Of '87

COLUMBIA, Mo. -- President Reagan sought today to leave behind the Iran-contra affair and four months of relative isolation, but the subject remained on his mind as he volunteered an impromptu defense of his policy to a sixth-grade class, acknowledging that he had traded arms for American hostages.

"It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnaper," he said. "If you do it, then the kidnaper's just encouraged to go kidnap someone else." Reagan's critics have made the same point in recent months.

(David Hoffman, Washington Post, A3)

Reagan's Spirits Raised By Reception In Missouri

COLUMBIA, Mo. -- President Reagan, in his first trip out of Washington this year, yesterday discussed his domestic agenda in America's heartland but also showed that the Iran-contra affair is not far from his mind.

The 76-year-old President clearly got a lift from the reception as his motorcade passed down Broadway, Columbia's main street. He encountered similar enthusiasm when his plane landed at the airport and during a formal speech on education at Hickman High School.

"By the year 2000," he said, "let's raise literacy levels so that every American can speak, read and write English and fully participate in the opportunities of our great country."

(Jeremiah O'Leary, Washington Times, A2)

Iran Arms Sale Like 'Ransom' President Tells Sixth-Graders

COLUMBIA, Mo. -- A sixth-grade girl triggered an unexpected presidential explanation of the Iran arms deal Thursday.

"It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnaper," President Reagan told sixth-graders at Fairview Elementary School.

It was the first time Reagan likened the Iran deal to a ransom payment. He previously rejected that comparison.

(Jessica Lee, USA Today, A4)

Reagan Likens Iran Policy To 'Ransom'

COLUMBIA, Mo. -- President Reagan said today that his policy of selling arms to Iran had become "a little like paying ransom to a kidnaper."

As he has before, the President said his original purpose in selling the arms was to improve relations with the Iranian regime.

The trip to Columbia, Reagan's first journey outside Washington this year, was part of a concerted effort by the White House to focus public attention on domestic policy issues and away from the Iran affair.

(Steven Roberts, New York Times, A12)

Schoolgirl's Question Brings Reagan Back To Iran Scandal

President Reagan flew to America's heartland to talk about education and the challenge of the 21st century -- but an 11-year-old schoolgirl sent him plunging back into the Iran arms scandal.

Reagan's trip to Columbia, Mo., yesterday was his first political foray outside Washington since the scandal broke last November. It was the kind of event he likes best, marked by friendly crowds, patriotic flagwaving by schoolchildren, reminiscences and discussion of basic values in education.

But in response to an innocuous question, Reagan launched into an explanation of the scandal that he had seemed to be shaking off in recent days.

Eleven-year-old Heather Watson asked Reagan about "all this publicity and the press and stuff" and wondered "what it is that made it worthwhile to you?"

Her question made no mention of Iran but it launched Reagan into a lengthy account of U.S.-Iranian relations in which he repeated his rationale for the secret sale of arms to Tehran. (William Scally, Reuter)

Reagan Faces Iran Affair In Trip To Heartland

President Reagan, in his first attempt to hit the road without the Iran-contra affair in tow, was tripped up by the issue he says is a Washington obsession in no less likely a place than a Midwestern classroom.

Reagan, who has accused reporters of being obsessed with his political woes of the last four months, raised the issue on his own Thursday while on a mission to redirect attention from controversy to safe issues of national concern.

(Norman Sandler, UPI)

NATIONAL NEWS

REAGAN PREPARED TO VETO HIGHWAY BILL FRIDAY

President Reagan plans to veto the \$88 billion highway bill at a White House ceremony Friday but he said Thursday he would be prepared to sign a less costly version of the legislation.

Earlier Thursday in Columbia, Mo., Reagan said, "I'm not against the highway bill," adding he just did not like the one on his desk, "and we're hoping that Congress will come up with one that I can sign."

He said lawmakers could have a new bill ready next week "and I would sign that bill next week but this one is full of pork."

(Helen Thomas, UPI)

WRIGHT SAYS REAGAN WRONG TO VETO HIGHWAY BILL

House Speaker Jim Wright today said President Reagan was on a collision course with the American public over a popular \$88 billion highway bill Reagan planned to veto today.

The White House today spelled out Reagan's plans to veto the bill, which would also allow states to raise the speed limit on rural sections of the interstate highway system to 65 miles per hour, because he says it appropriates funds for unnecessary highway and mass transit projects.

"The President is on the wrong side of the road," Wright told reporters. "He's on a collision course with all the family motorists and pickup trucks in America."

(Reuter)

PORK BARREL AND THE PUBLIC GOOD

Highway Bill Backers Cite Economic Boon; Foes See 'Budget Buster'

What does construction of two parking lots in Chicago, located beside a subway line yet to be built, have to do with the health of the American economy?

The lots are part of an \$87.5 billion highway bill caught in a high-stakes poker match between President Reagan and Congress. And suddenly, there is much more to the Surface Transportation and Uniform Relocation Assistance Act than can be seen on the surface.

The massive legislative package -- financing much-needed highways and some pork from California to Maine, building subways, raising some rural speed limits to 65 mph -- is a classic illustration of the blurring of public works, the pork barrel, politics and polemics in the days of 12-digit deficits.

(Dale Russakoff, Washington Post, A1)

REAGAN CRITICIZES RULING ON AFFIRMATIVE ACTION

President Reagan found fault yesterday with a Supreme Court decision on sex discrimination in the workplace, saying it has the effect of turning affirmative action into a quota system.

"All our position has been is that we shouldn't let affirmative action deteriorate into a quota system that would then be counterdiscriminatory," he said.

"Obviously, I disagree with the decision, but the court made it and I'm not going to quarrel with that," Reagan said.

(AP story, Washington Post, A3)

CHILES PLAN WOULD CUT DEFICIT \$37 BILLION

White House Accuses Senate Budget Chairman
Of Offering 'Tax And Spend' Proposal

Sen. Lawton Chiles, chairman of the Senate Budget Committee, yesterday proposed a fiscal 1988 budget that would cut the federal deficit by \$37 billion through a combination of reductions in spending and the raising of \$11.5 billion to \$18.5 billion in new taxes.

Chiles' proposal, the first concrete plan placed before the Senate panel, would reduce defense spending by about \$7 billion below the level that would keep pace with inflation, and cut domestic spending by nearly \$14 billion. It adds \$3.4 billion in spending on programs to improve education, job training, international trade and scientific research.

A White House spokesman, however, branded Chiles' budget a "tax-and-spend" plan and said the tax proposals are unacceptable.

(Tom Kenworthy, Washington Post, A24)

SENATE READYING BILL TO PUMP \$7.5 BILLION INTO S&L INSURANCE FUND

The Senate, despite the threat of a presidential veto, is nearing passage of a comprehensive banking package which pumps \$7.5 billion into the troubled federal fund that insures savings bank deposits.

Even though the legislation would raise only half the money the Reagan Administration wants for the ailing Federal Savings and Loan Insurance Corp., critics said other provisions of the bill could sink it.

Treasury Secretary James Baker said in a letter to all senators that the bill "contains a number of controversial, anticompetitive, special interest provisions which do nothing to protect depositors' savings."

(Tom Seppy, AP)

HOWARD BAKER DOES NOT RULE OUT FUTURE PRESIDENTIAL BID

HOUSTON -- White House Chief of Staff Howard Baker said last night he has not ruled out running for president in 1992 or 1996.

Baker, speaking at a dinner hosted by Rice University for some of Houston's most prominent leaders, said that he would not seek the Republican nomination for president in 1988.

"I do not intend to run for president in 1988. I will not run for president in 1988," Baker said in response to a question from the audience.

(Reuter)

UNDAUNTED BY MEDIA, BUSH CAMPAIGN GAINS

Vice President Bush, despite being battered almost daily by stories linking him to the Iran-contra affair, is showing a resilience that has brought renewed confidence to his campaign staff.

"He has sustained every kind of bad press in the world, and he's survived and is ahead," said Bush aide Ed Rogers.

A leading Democratic pollster agreed. "The polls are showing Bush is durable -- he's going to last," said Michael Donilon, president of Cambridge Survey Associates. (Ralph Hallow, Washington Times, A2)

OUT-OF-CONTROL NASA ROCKET IS DESTROYED \$83 Million Navy Satellite Lost

A \$78 million Atlas-Centaur rocket carrying an \$83 million military satellite veered out of control and was blown up by safety officials about a minute after it was launched yesterday at Cape Canaveral.

Space agency officials said no cause for the failure had been determined. But the unmanned rocket lifted off into a rainstorm at 4:22 p.m. and observers reported lightening in the launch pad area about that time. (Kathy Sawyer, Washington Post, A1)

Rocket Failure Deals New Blow To U.S. Space Agency

CAPE CANAVERAL -- The failure of a Atlas-Centaur rocket has dealt another stunning blow to the U.S. space agency as it struggles to recover from last year's Challenger disaster and a string of rocket accidents.

"Just when you thought it was safe to go back into space again, NASA has been hit with another round of problems," said John Pike, director of space policy for the Federation of American Scientists in Washington. (Reuter)

GEN. VUONO MAY HEAD ARMY Chief Of Staff Wickham Retiring In June

President Reagan next month is expected to nominate Gen. Carl Vuono, head of the Army's Training and Doctrine Command at Fort Monroe, Va., to succeed Gen. John Wickham as Army chief of staff, Pentagon sources said yesterday.

Defense Secretary Weinberger chose Vuono over Gen. Maxwell Thurman, Army vice chief of staff, and other candidates for the Army's top job and has sent his recommendation to the White House, officials said. Army spokesmen yesterday would neither confirm nor deny Vuono's selection. (George Wilson, Washington Post, A20)

WATCHDOG'S REPORTS LACK BITE
Weapons Review Not Independent, GAO Says

A Pentagon bureau created by Congress three years ago to conduct independent analyses of weapons tests is understaffed, spends almost no time monitoring tests and does little more than summarize the often-biased test reports issued by the military services, according to a report released by the General Accounting Office this week.

A "director of operational testing and evaluation" was created by Congress in 1984, after revelations that the military services frequently rigged tests to make weapons seem more effective and omitted unfavorable data from reports.
(Fred Kaplan, Washington Post, A21)

PRESIDENTIAL POMP: THE PUBLIC PAYS
'85 Inauguration Cost \$16 Million

President Reagan's second inauguration involved 8,500 military personnel and seven government agencies, and the cost the taxpayers \$16 million, the General Accounting Office says.

An investigative arm of Congress, the GAO was asked by Sen. William Proxmire to audit the costs of Reagan's second inauguration to determine how much the four-day celebration cost the public and whether legal authority exists to spend such substantial sums.

(Harry Rosenthal, Washington Post, A25)

DEAVER PLEADS NOT GUILTY
June Jury Trial Set On Perjury Charges

Former White House aide Michael Deaver appeared briefly before a federal judge yesterday and pleaded not guilty to charges that he lied to investigators about his lobbying.

After being fingerprinted and photographed, Deaver was arraigned on the perjury charges before U.S. District Court Judge Thomas Penfield Jackson. "I'm not guilty, your honor," the former White House deputy chief of staff said.
(Howard Kurtz, Washington Post, A4)

FARMERS IDLING VAST ACREAGE
Heavy Enrollment Reported In New Conservation Reserve Program

Government production controls and heavy enrollment in the new soil conservation reserve program will idle more than three of every 10 acres of farm land eligible for federal subsidies this year -- the second highest level in history, according to the Agriculture Department.

The USDA estimates that farmers will retire 53 million acres as a requirement for participating in federal support programs and that another 19.4 million highly erodible acres will be in the long-term conservation reserve, keeping them out of production for 10 years.

(Ward Sinclair, Washington Post, A16)

INTERNATIONAL NEWS

U.S. EMBASSY'S SECURITY PROBED Spy Charges Against Guards In Moscow Prompts Review

The Reagan Administration has begun a "high-level and hardball reevaluation" of security procedures at the U.S. Embassy in Moscow that could lead to substantial changes in methods used to protect American embassies located in East Bloc countries, State Department sources said yesterday.

The reevaluation, prompted by the discovery of apparently serious security breaches by two Marine guards at the Moscow embassy, could lead to the State Department taking over partial responsibility for security of diplomatic missions there and a much tighter selection process for Marines sent to protect the embassies, according to these sources.

(David Ottaway & Bill McAllister, Washington Post, A1)

SOVIET ECONOMY BREAKS SLUMP U.S. Intelligence Agencies Cite Gorbachev's Policies

The Soviet Union's troubled economy scored its best performance in a decade last year under the new policies of General Secretary Gorbachev, according to a study by U.S. intelligence agencies released yesterday.

The report by the CIA and Defense Intelligence Agency, released by the congressional Joint Economic Committee, said the Soviet economy grew more than 4 percent last year, breaking a decade-long slump in which the gross national product had averaged just over 2 percent yearly.

(Don Oberdorfer, Washington Post, A1)

TOUGH DECISIONS AWAIT MOSCOW MEETING ON U.S.-SOVIET ARMS DEAL

GENEVA -- U.S. and Soviet arms negotiators failed to resolve problems blocking a deal to slash medium-range nuclear missile arsenals, leaving tough bargaining ahead at next month's Moscow meeting between the U.S. and Soviet Foreign Minister Eduard Shevardnadze.

"Difficult issues remain before us," the senior American negotiator on medium-range missiles, Maynard Glitman, said after a special session of talks ended yesterday. "Substantive issues need to be resolved."

Soviet negotiator Alexei Obukhov blamed the slow pace on "efforts by the U.S. side to raise new problems, to expand the scope of issues under discussion."

(Stephen Weeks, Reuter)

SOFAER DISAVOWS PORTION OF ABM PACT STANCE
Part Of 1985 Testimony 'Is Still Accurate,'
State Department Legal Adviser Says

State Department legal adviser Abraham Sofaer, under heavy fire from Senate Democrats, yesterday disavowed some of his earlier statements about the 1972 ABM Treaty but declared there is no cause for a "constitutional crisis."

"Part of what I said then is still accurate," said Sofaer of his November 1985 testimony to the Senate regarding his controversial interpretation of the ABM Treaty. "I was resting on research I thought was accurate and turned out not to be so."

(Don Oberdorfer, Washington Post, A22)

KINNOCK, REAGAN TO TALK TODAY

British Labor Party leader Neil Kinnock will meet with President Reagan this morning and is expected to explain his new position on the 96 U.S. medium-range cruise missiles stationed in Britain.

Kinnock landed in New York yesterday, apparently eager to assure the U.S. a Labor government would be a reliable ally.

(Washington Times, A11)

THE PRESIDENT/TRADE

A Cabinet-level recommendation that President Reagan retaliate against Japan for violating a semiconductor trade agreement was greeted with "frustrated optimism" by U.S. semiconductor industry officials, who welcome help but fear trade disputes with Japan will drag on forever.

George Scalise, chairman of the public policy committee of the Semiconductor Industry Association in Cupertino, Calif., said Thursday night that sanctions are the only tool available to force them into compliance.

(Bob Rast, Newhouse)

JAPANESE PRIME MINISTER TO VISIT WASHINGTON IN LATE APRIL

TOKYO -- Prime Minister Yasuhiro Nakasone will visit the U.S. next month, Chief Cabinet Secretary Masaharu Gotoda said today.

He told a news conference Nakasone would meet President Reagan during the week-long visit, which begins on April 29.

Government sources said Nakasone would try to resolve growing bilateral trade friction and discuss June's Venice summit meeting of industrial democracies.

(Reuter)

WORLD TRADE TOPS \$2 TRILLION FOR FIRST TIME

GENEVA -- World trade topped \$2 trillion for the first time in 1986, reflecting the dollar's fall, the General Agreement on Tariffs and Trade (GATT) reported Friday.

This year, it said, global trade volume is expected to grow by only 2.5 percent because of continued concern over the U.S. federal deficit, world debt, and protectionism.

The fall in the U.S. dollar, GATT said, may be doing as much harm as good by boosting the money supply and thereby causing "risk of a sizable increase in the inflation rate," especially in the U.S. (UPI)

STEEN NEAR DEATH, FELLOW CAPTIVE SAYS Prof. Turner Shown On Cassette

BEIRUT -- A group holding foreign hostages here tonight released a video cassette of kidnapped American professor Jesse Turner in which he said his fellow captive, Alann Steen, was dying and that he held America and Israel responsible for his fate.

In the video, Turner appeared unshaven but relaxed. He read from a prepared text that was obviously written by the kidnapers because of its grammatical errors. (Nora Boustany, Washington Post, A32)

CARTER IN ISRAEL TO MARK CAMP DAVID ACCORD Shamir Is Told Egypt Would Play Host To Another Summit

JERUSALEM -- Former president Jimmy Carter arrived in Israel today on the eighth anniversary of the Camp David accords and called for a new phase of negotiations to bring peace to all the Middle East.

Carter, greeted by U.S. and Israeli dignitaries as he crossed the Allenby Bridge from neighboring Jordan, also expressed hope for the release of foreign hostages in Lebanon.

(UPI story, Washington Post, A33)

GANDHI CLAIMS U.S. 'SOFT' ON 'ISLAMIC BOMB' THREAT

NEW DELHI, India -- The U.S. is "too soft" on Pakistan's potential to make nuclear weapons, India's Prime Minister Rajiv Gandhi said last night.

"The U.S. is not really putting their weight behind non-proliferation like they should, like I think they want to," the Indian leader said in an interview with a group of U.S. journalists.

(Tom Diaz, Washington Times, A1)

GADHAFI RULE SEEN IN PERIL FOLLOWING MILITARY SETBACKS

CAIRO -- Devastated by a battlefield rout in Chad, Libyan leader Moammar Gadhafi may be losing control of his government and military establishment, prompting some western analysts here to predict that conditions are more ripe than ever for Gadhafi's forced removal.

"The real Gadhafi-bashers say this is the end for Gadhafi -- he is on the slippery slope -- this is it," said one western official.

(Patrick Tyler, Washington Post, A1)

IRAN — NICARAGUA

CONTRA-CONDUIT FIRM HAS PENTAGON OFFICE

A company depicted by Lt. Col. Oliver North as pivotal in the arms flow to the Nicaraguan resistance may have been secretly controlled by U.S. government officials, according to a document obtained by The Washington Times.

A foreign banking firm, described by Treasury Department officials as authentic, links that firm and a company owned by retired Air Force Maj. Gen. Richard Secord with a clandestine office in the Defense Department.

The Pentagon office is "strictly internal. It is entirely classified," a Defense Department spokesman said yesterday.

(Michael Hedges, Washington Times, A1)

INTELLIGENCE AGENCIES TAPED SECRET TALKS ON IRAN ARMS SALES

U.S. intelligence agencies secretly recorded negotiations between U.S. representatives and Iranian officials and middlemen about U.S. arms sales to Tehran.

The Tower commission's report last month disclosed that two days of secret negotiations last September involving the arms sales had been taped. But sources said the National Security Agency and the CIA recorded many other conversations in Europe, Tehran, and Washington. This information will be valuable to congressional investigators and independent counsel Lawrence Walsh, who are trying to unravel the Iran-contra affair.

(David Rogers & John Walcott, Wall Street Journal, A6)

NETWORK NEWS SUMMARY

(Thursday Evening, March 26, 1987)

THE PRESIDENT'S TRIP

NBC's Tom Brokaw: President Reagan went to Missouri today, the "show-me state", to demonstrate that he can make a political recovery from the Iran-contra scandal. And yet he did acknowledge today that the Iran arms deal was like paying ransom to kidnappers. The President was much more accessible than he has been in recent months.

NBC's Andrea Mitchell: With the fanfare of a political campaign Ronald Reagan hit the road for the first time this year trying to get away from the Iran controversy. Columbia, Missouri dressed up for the parade. A merchant who refused to take down his going out of business sign for the White House found the view of his storefront blocked by a White House platform. The game plan for the trip was to show that the President is not afraid of questions. So in striking contrast to recent practice, the new White House staff steered him to reporters instead of away from them.

(The President: "I only stayed away from you before because I didn't know anything to answer the questions that you all had, and I'm still waiting to find out some of them.")

The White House produced a series of perfect pictures.

(TV coverage: The President on stage holding a microphone.)

But the Iran arms scandal was clearly on Mr. Reagan's mind. So in Mrs. Hassemer's sixth-grade class when 11-year-old Heather Watson asked:

(Heather Watson: "All this publicity and the press and stuff, it would drive me out of my mind. I just wonder what it was that made it worthwhile to you?")

The President brought up Iran.

(The President: "It sort of settled down to just trading arms for hostages, and that's a little like paying ransom to a kidnapper. If you do it, then the kidnapper's just encouraged to go kidnap someone else.")

And in a third-grade computer class, he learned an economics lesson: How to make sure you don't run your lemonade stand at a loss.

(TV coverage: The President sitting at a computer with the children.)

Reporters asked if the lesson also applied to the deficit.

(The President: "What they're all teasing me about is the fact that our government is spending more than it takes in.")

Although the President didn't stick to the White House game plan, his staff says the point was to show that he is willing to answer questions, even if that means focusing on Iran -- a subject Mr. Reagan had hoped to leave behind in Washington. (NBC-2)

ABC's Peter Jennings: President Reagan has said several times that his concern about the hostages may have contributed to his decision to sell arms to Iran, a decision which has plagued the President for months now. Today Mr. Reagan tried to leave his troubles behind, making his first political trip outside the capital since the Iran affair was revealed. He went to the "show-me state", Missouri. He wants to show that he's back in charge.

ABC's Sheilah Kast: President Reagan's return to the road was a triumphant parade. He enjoyed it all: the marching band, the cheering crowds, although some of the crowd disagreed with his policies. He came to campaign for education reform so he visited an award-winning elementary school.

(TV coverage: The President in a classroom.)

But he himself introduced the topic he was supposed to leave behind. The six-grader's question was not about Iran, it was what makes it worthwhile to be president. But Mr. Reagan's answer:

(The President: "Well, this was one of the things why I asked for a commission to be appointed -- to bring out all the facts. I still think that the idea was right to try and establish a friendly relationship, try and bring about peace between the two countries that are at war, and try to get our people freed. But, it kind of deteriorated into something else, and as I said the other night on television, I won't make that mistake again.")

He went further than he has in admitting the arms sales look like ransom to a kidnapper.

(The President: "If you do it, then the kidnapper's just encouraged to go kidnap someone else.")

On the planned topic of his trip, education, Mr. Reagan promised he'd keep the federal government from forcing local schools to teach foreign students in their own languages.

(The President: "Yes, let's get everybody to talk in our language.")

And he repeated his call that values should be taught in public school classrooms.

(The President: "Well what values would you teach? Well, how about the Judeo-Christian ethic. It's as simple as the Ten Commandments and as enduring as the scriptures.")

Part of the purpose of this trip was for Mr. Reagan to move beyond the Iran affair. But he seemed to raise the issue himself today, which may be an indication of how much the controversy still dogs him. (ABC-2)

CBS's Dan Rather: For months Nancy Reagan has refused to let her husband travel except for vacations to California. Today he went to Missouri as part of a carefully orchestrated effort designed to get public attention away from the disastrous weapons-for-Iran deal. It was a nice day and a nice trip but there were some problems.

CBS's Bill Plante: President Reagan on the road again -- first trip out of Washington in nearly three months, on the offensive hoping to leave Iran behind him, instead volunteered again that arms were traded for hostages.

(TV coverage: The President deplaning Air Force One to the shrieks and cheers of the crowd.)

The trip was intended to shift focus to the President's domestic program and to show off a new openness. When reporters beckoned, Mr. Reagan, to the amazement of all, plunged right in.

(The President: "I only stayed away from you before because I didn't know anything to answer the questions that you all had, and I'm still waiting to find out some of them.")

Plante continues: The White House pulled out all the stops. A motorcade through the heart of Columbia, Missouri, cheers and a few jeers, but lots of visibility as the President headed for local schools to promote educational reform and competitiveness. But Mr. Reagan couldn't seem to get Iran out of his mind. Sixth-grader Heather Watson asked about publicity, the press, and what made it worthwhile, apparently referring to his job. The President launched into a lengthy explanation of the Iran arms deal.

(The President: "I am afraid it wasn't carried out the way we had thought it would be. It sort of settled down to just trading arms for hostages and that's a little like paying ransom to a kidnapper. If you do it then the kidnapper's just encouraged to go kidnap someone else.")

Mr. Reagan's advisers cringed. They would have preferred that today's stories focus on almost anything else, because there is a larger purpose to what the President's new managers are doing.

(TV coverage: The President sitting on the edge of a stage with cheering kids behind him.)

(Kevin Phillips: "Oh I think they're sincere about their agenda but I think the agenda's entirely secondary to what we can call a Ronald Reagan political renewal process.")

It's no accident this looks a lot like a campaign, it is. Not for the presidency but for the President's own image. The new White House team hopes that by talking about his dreams for the nation, the President will look like a winner again, despite his troubles with the Iran-contra scandal. (CBS-2)

HOSTAGES

Brokaw: In Beirut today there there was another appeal for the life of American hostage Alann Steen.... Today Jesse Turner, another hostage taken at the same time as Steen, was seen on a video tape saying "everything seems to indicate that the American Administration wants our death." He also said "Our fellow Alann Steen is dying. Doesn't this poor man who sacrificed for America deserve something to be done for him?" (CBS-3, NBC-3)

Jennings: We have seen it before, often without ever knowing how urgent it was. It is pressure exerted on the Reagan Administration and Israel by the people who are holding Americans hostage in Lebanon. The pressure almost invariably comes in the form of a message from a prisoner who is allowed or encouraged to make an appeal. This time it's the American hostage Jesse Turner appealing on behalf of Alann Steen who, Turner says, is dying. (ABC-Lead)

ROCKET LAUNCH

Brokaw: After seven successful space launches in a row, today NASA notched a failure -- a big failure -- in rain-soaked Cape Canaveral. An unmanned Atlas-Centaur rocket went out of control and it had to be destroyed along with its payload, a military communications satellite that cost \$83 million.

Brokaw continues: The launch went smoothly at first despite the steady downpour until the rocket was obscured by low clouds. It could have been hit by a lightning bolt a moment later.... Jim Miklaszewski at the Pentagon tonight. Jim, what about the idea of launching in that kind of weather? Wasn't that risky?

Jim Miklaszewski: "NASA says that the launch was well within weather guidelines, that is there was no lightning seen within five miles of the launch pad. But back in 1969 an Apollo launch proved that a rocket of this kind, as it punches through the clouds, can generate its own lightning and although no one knows yet what went wrong, there was a lightning bolt reportedly seen in the area at the time of the launch. And there's some question as to why, since there were only two of these Atlas-Centaur rockets still available, why they would take that risk in that kind of weather.

Brokaw: This is a military communications satellite that blew up as well. With the loss of the space shuttle program...the military is behind now in its schedule of launches. What happens to national security as a result of this one today?

Miklaszewski: Navy officials say that the loss of this satellite...is not a critical blow either to their communications or to national security. There are still four of these satellites in space working effectively but they're getting older.... The Navy's afraid that they won't begin to replace them fast enough before they start dying off. (NBC-Lead)

Jennings: In Florida today, the nation's space program suffered another setback, this one with military consequences. (ABC-5)

Rather: Another serious setback for America's space program: an unmanned Atlas-Centaur rocket had to be destroyed this afternoon. It was blown up 60 seconds after launch from Cape Canaveral. The rocket was carrying an important military communications satellite. With the space shuttle grounded, the Atlas is one of only two types of rockets NASA still has for launching satellites. (CBS-lead)

ARMS CONTROL

Brokaw: In Geneva today the U.S.-Soviet arms talks recessed on a pessimistic note. The negotiations over a treaty to eliminate medium-range nuclear missiles in Europe have hit a snag. The U.S. has said that the treaty must also cover shorter-range missiles, but Soviet officials charged today that President Reagan agreed at the Iceland summit to hold separate negotiations. These talks will resume on April 23rd. (NBC-5)

SHULTZ/NIXON

Brokaw: Former President Richard Nixon responded to a call for help today from Secretary of State Shultz. Mr. Nixon met with Shultz to help him prepare for the talks next month in Moscow with Soviet officials. (CBS-12, NBC-6)

BUDGET/DEMOCRATS

Jennings: The Democrats on Capitol Hill were trying to figure out how an enormous federal deficit can be reduced. There is a way, but the President isn't going to like it.

ABC's Brit Hume: Facing a deadline next Wednesday, Democrats who control the congressional budget committees came closer today to saying the dreaded "T" word: "T" of course for taxes, higher ones, the kind the President says would make his day to veto. Without some new taxes though, it's doubtful a Democratic Congress can pass a budget that even on paper gets the federal deficit down to the Gramm-Rudman-Hollings legal limit.... Today Senate Budget Chairman Chiles unveiled his plan to meet the legal target.

(Sen. Chiles: "We think is a major good-faith attempt to meet the spirit of Gramm-Rudman-Hollings by taking it down at least one percent a year.")

The Chiles plan has some \$18 billion in unspecified new revenues next year, the same number as the President's budget. But while Chiles didn't say so, it was clear his plan would mean more new taxes than Mr. Reagan's budget which relies heavily on user fees and sales of federal assets to generate federal revenue. On the House side budget committee Democrats agreed on a similar plan with a similar revenue number.... On a trip to Missouri today the President was asked about the Democrats' tax proposals.

(The President: "Well, I can tell you that that part of it, in the negotiation that may take place, that part's out to begin with.")

Such talk infuriates Democrats who say the President's budget is based on "cooked" numbers and rosy assumptions.... (ABC-3)

Brokaw: With proposed new taxes of \$18.5 billion the Democrats today introduced an alternative to Mr. Reagan's trillion dollar budget for fiscal 1988. The spending plan was proposed by Senate budget chairman Lawton Chiles who said his committee would discuss higher taxes on energy and tobacco. Mr. Reagan, of course, has rejected the idea of any tax increase. (NBC-11)

Rather: The House and Senate Budget Committees today both came out with plans to cut the deficit and raise taxes, something the President says he'll never do.

CBS's Phil Jones: The political bickering over how to deal with a whopping budget deficit escalated today as Democrats came under fire for proposing new taxes to deal with the problem.

(Sen. Chiles: "We would propose that there would be some new taxes in our budget. We're prepared a little bit more to talk about them.") ... There would be more than \$18 billion in the plans being discussed by Democrats, something Republicans pounced on today.

(Sen. Pete Domenici: "The President's budget, of that, only about \$5 billion is taxes and the remainder are revenues that will come to the federal government, most of them by sale of assets.")

(The President: "I can tell you that part of it, in the negotiation that may take place, that part's out to begin with.")...

(Unknown speaker: "Hereye, hereye, the Democrats are gonna raise your taxes.")

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Jones continues: That was the political chant today as House Republicans left for a weekend strategy session in New York.

(Rep. Lott: "The Democrats, yes, they want to raise taxes. They want to get together with the Republicans and get us to agree to raise taxes, cut defense and raise domestic spending. That's what they want, that's what they call a compromise.")... (CBS-6)

COMMENTARY/BUDGET

NBC's John Chancellor: If you look for the signals these days, you can detect a change in mood in the United States. The word for it may be compassion; compassion for old people who can't pay their hospital bills, for the poor, for the homeless. Time Magazine has a poll this week which shows huge percentages in favor of more federal money to be spent on those who can't help themselves -- even if that means higher taxes. This change in mood may be a reaction to all the news we've had about greed.... (NBC-11)

JAPANESE/TRADE

Jennings: It is now virtually certain that the Reagan Administration is going to impose some sort of trade sanctions against Japan to protect the American semiconductor industry. The Japanese have been increasingly strong in the microchip industry. A special panel found today that the Japanese are undercutting American prices unfairly. The sanctions could be announced next week. There is a great deal at stake for both countries. (ABC-9)

Rather: The Reagan Administration is being urged these days to move quickly to retaliate against Japan for undercutting the microchip market in this country. Details of recommendations made today by President Reagan's senior economic advisers were not disclosed, but sources said substantial measures including high tariffs on Japanese imports were possible. Tokyo is concerned about potential Administration moves. The Japanese have convened some high-level meetings of their own.

CBS's Barry Peterson reports Japan's powerful ministry of trade called in chip users today and asked them to buy more American chips -- an eleventh-hour appeal trying to head off expected U.S. retaliation. Japan threatened its own retaliation and summoned home its ambassador to Washington for consultation amid deepening anger over a Japan under fire. (CBS-13)

LIBYA/CHAD

Rather: Western diplomats in Chad believe badly-beaten Libyan troops have turned tail tonight. Those troops are reportedly heading north to safety after a series of disastrous battles the past few days. The battering the Libyans have taken may change the political face of the Middle East.

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CBS's David Martin: ...Here in the African desert waste Chad, Libya's Moammar Khadafy appears to have suffered his worst military defeat ever.... France and the U.S. have been providing both military equipment and intelligence data to the Chadian forces, and Reagan Administration officials are delighted at the harm done Khadafy.

(Secretary Weinberger: "He's suffered a major defeat. His troops are in great disarray.")

...It is still too soon to count Khadafy out.

(Henry Schuler, Center for Strategic Studies: "A principal concern is that if he has been defeated in the conventional warfare he will return to unconventional warfare which, of course, we call terrorism.")

To keep the pressure on, the Reagan Administration will send an additional \$10 million in military aid to Chad. (CBS-4)

DEAVER

Brokaw: Michael Deaver...was arraigned today in federal court in Washington. The former Deputy Chief of Staff pleaded not guilty to charges of lying to Congress and a grand jury that investigated possible ethics violations in his work as a lobbyist. The judge scheduled Deaver's trial for June 8th, and released him on his own recognizance. (ABC-4, CBS-7, NBC-9)

SDI

Jennings: It was four years ago this week that Mr. Reagan first outlined his vision of a defense system in space, star wars, or SDI. Tonight, a second report from our Pentagon correspondent Bob Zelnick, and a paradox: the very technology that could make SDI so powerful may also make it vulnerable.

ABC's Bob Zelnick reports that some of the discoveries in SDI research have shown scientists that some of the things hoped for can not be done or are not economically feasible. (ABC-8)

MARINE SPY CASE

Brokaw: The New York Times reported today that investigators now believe that two Marine suspects at first were seduced by female Soviet agents, but then agreed to receive money for cooperating with Soviet spies. And the Marines may have given the Soviets access to the construction site of the new U.S. embassy in Moscow. (NBC-4)

CONRAIL

Rather: On the floor of the New York Stock Exchange today, Transportation Secretary Elizabeth Dole joined Conrail officials as the U.S. government began selling conrail shares to the public in the biggest corporate stock offering in U.S. history. Investor demand for the stock was strong and world-wide.... (CBS-15)

-End of B-Section-

EDITORIALS/COLUMNISTS

THE PRESIDENCY

A Conservative To The End -- "I believe that Reagan and Baker will succeed (with a conservative agenda), not only because they are successful politicians who enjoy the confidence of the American people but because their programs and ideas happen to be good for the country.... Through his appointment of Baker and other aids, and by promising to keep a better and closer watch, Reagan, with the help of conservatives like Helms, is saying, 'We've saved the best for the last.'"

(Lee Edwards, Boston Globe, 3/25)

Illusion That Reagan's In Charge Should Not Be Encouraged -- "What we need now is not a hands-on President, but more helping hands: in the White House, in the Cabinet, in Congress and in the press. We have gone through a difficult period, living a life of pretense, but we have got through it in fairly good order, and if the President gets the help he needs in the next two years, he may even get that happy ending he has always wanted."

(James Reston, Seattle Post-Intelligencer, 3/19)

Reagan Can't Rebound With A Petulant Veto -- "The Reagan Presidency may be in even worse shape than the American people had realized if rescuing it hinged last week on a press conference and is going to hinge this week on upholding a bad veto of a bill having nothing to do with Iran, the contras or U.S. foreign policy.... Sustaining an unwarranted veto, far from strengthening President Reagan, would weaken public confidence in a vacillating Congress. And it couldn't plead faulty memory."

(Philadelphia Inquirer, 3/26)

President Reagan -- "The press conference can be a vitally useful channel for the President in the remaining 22 months of his presidency. He should not make the mistake of another long abstinence. He might be well advised also to consider some occasional one-word answers -- such as 'Yes' or 'No.' Embellishing his answers can create the impression that he's seeking to obscure his opinions rather than to clarify them. Let's hope that the President has learned his lesson and that his next press conference will be only weeks, not months, away. He will be far better served -- and so will the country."

(Cincinnati Enquirer, 3/20)

Facing The Press -- "Thursday night's long-awaited news conference at the White House did not produce much news -- except that, after a four-month respite, Ronald Reagan can indeed confront the White House press corps and emerge from it rather well.... Based on Thursday night's exercise, there may be better days a-coming, at least in this one respect. Let us hope."

(Sarasota Herald-Tribune, 3/22)

Reagan Shows That He Is A President In Command -- "One good press conference certainly does not mean that the independent counsel appointed to investigate criminal culpability, or that the special House and Senate committees, both controlled by Democratic majorities, should be any less painstaking in their reviews of this foreign policy blunder by the Reagan Administration. But his favorable performance in fielding tough questions on Iran from the press corps does indicate that Reagan retains his command of information and is in control of his job." (Buffalo News, 3/21)

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EDITORIALS & COLUMNISTS (continued)

Reagan Is Clearly In Charge -- "In short, the President emerges (from his news conference) as a man whose concern for kidnapped Americans and loose style of management, rather than his bad intentions, got him into trouble. His obviously well prepared performance at the Thursday night press conference was convincing evidence that he is taking a much more hands-on approach to government and that he has a much better staff now to help him do that." (Birmingham News, 3/22)

POLLARD SPY CASE

Israel's Reply Is Not Helpful -- "The spy case of Jonathon Jay Pollard has serious foreign policy implications for both the United States and Israel. Unfortunately, it seems Israel does not see how damaging the case is to U.S.-Israeli relations.... Besides rewarding two of the culprits in the affair, the government of Prime Minister Yitzhak Shamir has attempted to brush aside calls for a full-blown investigation. Mr. Shamir called for an internal investigation by his government, which virtually precludes an independent and thorough inquiry. With friends like Mr. Shamir, who needs enemies?" (Idaho Statesman, 3/18)

Pollard's Sentence Too Severe -- "Any American, regardless of ethnicity, has a right -- indeed an obligation -- to speak out in the face of a perceived injustice. As an American, and as a Jew, I hereby express my outrage at Jonathan Pollard's sentence of life imprisonment. I am confident that when passions cool and a sense of perspective returns, many Americans will come to regard Pollard's sentence as excessive, in much the way many of us so regard the Rosenbergs' sentence."

(Alan Dershowitz, Buffalo News, 3/23)

Criticism Of Israel Is Mounting -- "Criticism of Israel from within the Reagan Administration and in the American press has reached unprecedented heights. Despite all this, the Pollard affair may be the best thing that ever happened to Israeli-American relations. It serves as nothing else has to focus American attention on internal Israel politics. By the time it is over, Americans should have a new appreciation, not only for Israel's problems, but for the potential of her suffering but tenacious democracy." (John McCormally, Burlington, Iowa Hawk Eye, 3/18)

Oddly, Israelis Misunderstand -- "The United States and Israel have grown very close in recent years. The Pollard case warns that the closeness is beginning to produce an ignorant confidence and a contempt born of spurious familiarity. A single sensational lesson like the Pollard case should be enough to shake both these attitudes." (New York Times, 3/25)