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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, APRIL 6, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

TRIP NEWS

U.S.-Canadian Summit -- President Reagan, opening a 24-hour summit long on political overtones and short on expectations, hailed the breadth and depth of U.S.-Canadian relations Sunday as "an example of peace and harmony to the all-too-troubled world."

(USA Today, Washington Post, Washington Times, Reuter, Scripps Howard, AP, UPI)

INTERNATIONAL NEWS

Lawmaker Says Embassy In Moscow Will Never Be Secure -- The new \$191 million U.S. Embassy in Moscow is riddled with hidden KGB listening devices, will never be secure and should be torn down and replaced at Soviet cost, the former vice chairman of the Senate intelligence committee said Sunday.

(Washington Post, AP, UPI)

NATIONAL NEWS

Welfare Reform Looms As Next Hill Battlefield -- A brief interlude of harmonious rhetoric ended last week with harsh Administration criticism of a House bill that would overhaul the current welfare system.

(Washington Times)

NETWORK NEWS (Sunday Evening)

CANADA SUMMIT -- President Reagan is in Ottawa for a 24-hour state visit with Prime Minister Brian Mulroney.

MOSCOW/SPY CASE -- There is evidence the Soviets have bugged the new U.S. Embassy.

GORBACHEV -- There are rumors of a dispute between Soviet leader Gorbachev and Czech leaders over reform policy.

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SUNDAY TALK SHOWS....C-1

TRIP NEWS

PRESIDENT TO CALL FOR FREE TRADE

OTTAWA -- President Reagan, 10 days after slapping tariffs on Japanese products, today endorses a free trade pact with Canada in a speech before a joint session of Parliament.

U.S.-Canadian trade cooperation, Reagan plans to say, can set an example "to all nations that wrestle against the temptation of protectionism."

(Johanna Neuman, USA Today, A4)

MULRONEY PRESSES REAGAN
Canadian Wants Acid Rain Treaty

OTTAWA -- President Reagan arrived here today for a two-day summit meeting and was immediately pressed by Canadian Prime Minister Brian Mulroney to increase U.S. actions against the damaging environmental hazard of acid rain.

Reagan, who said through a spokesman that he expects the two leaders to make further progress on this emotional and political issue, took a conciliatory approach.

"We both want an answer," said Reagan in a picture-taking session before a 35-minute meeting with Mulroney.

In that meeting, and two television interviews earlier in the day, Mulroney praised Reagan for committing \$2.5 billion to a five-year program of demonstration projects aimed at finding improved technologies for controlling acid rain, which is destroying lakes and fish in Canada and the northeastern U.S. But he made it clear that he did not think that this effort by itself was enough.

(Lou Cannon & Herbert Denton, Washington Post, A15)

MULRONEY CALLS FOR ACID RAIN TREATY IN TALKS WITH REAGAN

OTTAWA -- Canadian Prime Minister Brian Mulroney today urged President Reagan to consider working towards a U.S.-Canadian treaty on reducing the acid rain that is damaging lakes and wildlife in Canada, senior Canadian officials said.

Mulroney made the appeal in private talks with Reagan at the start of a two-day summit in which the problem of acid rain caused by emissions from smoke stacks in the U.S. will be high on the agenda.

During their 35-minute meeting following Reagan's arrival from Washington, the two leaders also agreed to U.S.-Canadian cooperation in fighting the deadly disease AIDS and to try to get AIDS on the agenda at the Venice Summit of the major industrial nations in June, officials said.

(William Scally, Reuter)

REAGAN AND MULRONEY MEET IN OTTAWA;
ACID RAIN ON TOP OF AGENDA

OTTAWA -- Unable to agree on an acid-rain treaty or to hammer out an agreement on free trade, President Reagan and Prime Minister Brian Mulroney tried Monday to rebuild what the Canadian deemed "a relationship of trust and confidence" between the two countries.

In television interviews Sunday, Mulroney said, "Some Canadians don't like a closer relationship (with the U.S.) but I was elected as someone who believed in rebuilding a relationship of trust and confidence with the United States of America. I make no apologies for that."

(Ann McFeatters, Scripps Howard)

U.S.-CANADIAN SUMMIT

OTTAWA -- President Reagan, opening a 24-hour summit long on political overtones and short on expectations, hailed the breadth and depth of U.S.-Canadian relations Sunday as "an example of peace and harmony to the all-too-troubled world."

Reagan arrived for his third annual summit with Prime Minister Brian Mulroney brimming with praise for a cross-border relationship plagued in recent months by political and economic problems.

(Norman Sandler, UPI)

LITTLE SIGN OF QUICK AGREEMENTS AT REAGAN-MULRONEY SUMMIT

OTTAWA -- President Reagan and Canadian Prime Minister Brian Mulroney are showing little sign they'll reach quick agreements on trade, environmental and defense issues while renewing ties at their third annual summit.

At a state dinner Sunday night, Reagan said free trade talks initiated by Mulroney have "opened a historic prospect."

"Setting the goals is, however, easier than achieving them. Our intense negotiations to bring a comprehensive free trade agreement into being certainly suggests this. There is still much hard bargaining ahead."

(Dale Nelson, AP)

REAGAN, MULRONEY POLITICAL TROUBLES
BACKDROP TO TRADE, ACID RAIN

President Reagan flew to Ottawa Sunday to meet Prime Minister Brian Mulroney at a summit where the two leaders' political problems provided a backdrop to nagging differences on trade and acid rain pollution.

The political climate has changed markedly for both leaders since their last meeting in Washington in March 1986.

Reagan has been bruised by the Iran-contra episode, while Mulroney has been battered by a series of scandals and controversies involving members of his cabinet. Some Canadians feel Mulroney has been too accommodating to Reagan.

(Terrence Hunt, AP)

MULRONEY DOESN'T SEE MAJOR BREAKTHROUGHS

OTTAWA -- Canada's Progressive Conservative Prime Minister Brian Mulroney said yesterday he was not looking for "blockbuster" results in his 24-hour Ottawa summit with President Reagan.

The twin-issues of acid rain and trade are expected to dominate the summit. In both areas, there is widespread feeling among Canadians the U.S. has given insufficient priority to concerns of its northern neighbor.

Mulroney has watched his popularity plunge in the polls to about 23 percent, down from a 70 percent approval rating shortly after his 1984 election. Much of the discontent reflects scandals involving members of his government. But a perception of U.S. inactivity on trade and acid rain also has contributed. (Willis Witter, Washington Times, A6)

MULRONEY EXPECTS NO MAJOR BREAKTHROUGHS FROM REAGAN MEETING

Canadian Prime Minister Brian Mulroney said today he expected modest progress on environmental, trade and territorial issues in talks with President Reagan.

In a television interview before Reagan was to arrive in Ottawa for a 24-hour stay, Mulroney said he expected progress, but no agreements, on a wide range of issues during the annual meeting.

"I'm not looking for blockbuster," the Canadian leader said on NBC's "Meet the Press."

"I'm looking for movement in all of the important areas that affect Canada and the U.S.," he said. (Reuter)

SPARKLE IS MISSING THIS TIME

OTTAWA -- There are plenty of smiles and handshakes, but the showbiz pizzazz that flourished at the first meeting between President Reagan and Canadian Prime Minister Brian Mulroney is gone this time.

Public opinion about both leaders' performance has soured since their St. Patrick's Day meeting two years ago. (Jim Fox, USA Today, A4)

INTERNATIONAL NEWS

SECURITY PROBES REPORTED AT 10 MORE U.S. MISSIONS
2 Lawmakers To Seek Special Review Board

MOSCOW -- Two U.S. lawmakers arriving for an assessment of the espionage damage at the U.S. Embassy here said today that 10 more U.S. missions are under investigation by State Department and military officials.

Rep. Daniel Mica, chairman of the Foreign Affairs subcommittee on international operations, said any problems found elsewhere would tend to exacerbate "a security, diplomatic and intelligence disaster of the first magnitude" at the Moscow embassy. He did not identify the embassies.

Mica and Rep. Olympia Snowe, senior Republican on the subcommittee, said they will insist that the Administration convene an "accountability review board" to assess blame for the Soviet penetration of the Moscow embassy, which they said had left it all but useless for confidential U.S. business.

(Don Oberdorfer, Washington Post, A1)

Lawmaker Says Embassy In Moscow Will Never Be Secure

The new \$191 million U.S. Embassy in Moscow is riddled with hidden KGB listening devices, will never be secure and should be torn down and replaced at Soviet cost, the former vice chairman of the Senate intelligence committee said Sunday.

Under a 1972 agreement, the U.S. government allowed the new U.S. Embassy building to be built by Soviet workers, with many prefabricated modules assembled off the site, away from American supervision.

"Our general contractor is the KGB for our embassy over there. When you come right down to the bottom line, that is what it is," said Sen. Patrick Leahy.

(Henry Gottlieb, AP)

Moscow Embassy/Security

President Reagan, responding to a report that the new U.S. embassy in Moscow contains Soviet bugging devices, said Sunday if the situation cannot be remedied, "we obviously wouldn't move in."

"I know steps are being taken to secure the embassy," Reagan told reporters during a photo opportunity at Rideau Hall (Canada), where he was meeting with (Canadian leader) Mulroney. "There is a technology to determine whether the facility has been bugged.

"I know that's been a problem for several years, at the new building, and I know that steps are constantly being taken by our people, so I can't tell you what the situation is right now, but obviously if there is no way to change that around we obviously wouldn't move in, would we," Reagan said.

(UPI)

State Dept., Envoy Resisted Changes

The State Department and the former U.S. ambassador to Moscow for years resisted recommendations that all Soviet nationals working at the U.S. Embassy be fired although they knew that about 50 of the 200 local employees were working for the KGB, according to top congressional and administration counterintelligence advisers.

Numerous studies of the worsening Soviet espionage threat were made as far back as 1977 under President Jimmy Carter, with the pace increasing after 1981 under President Reagan. But little was done about the raft of recommendations until recently because of what one expert called "bitter" interagency disputes and "pure bureaucratic resistance" to change.

(David Ottaway, Washington Post, A1)

FRANCE RAISES ANTE, ORDERS 6 SOVIETS HOME

PARIS -- The Foreign Ministry said yesterday that it ordered six Soviet diplomats to leave France, not the previously announced three expulsions that led to Moscow's retaliatory ouster of four French diplomats and two business men.

France has not named the six Soviets being expelled.

(Washington Times, A1)

SOVIETS FIND THATCHER FIRM ON ARMS

Kremlin Looks Toward Shultz For More Leeway Than Europe Offers

MOSCOW -- Having long considered Western Europe part of the solution to its difficulties in dealing with the Reagan Administration, the Soviet Union now appears to believe that European leaders like British Prime Minister Thatcher are part of the problem.

So inflexible was Thatcher on key arms control issues during her five-day visit here last week that the Soviets were left looking toward the April 13 arrival of Secretary Shultz for a possible "soft line" on intermediate-range nuclear forces in Europe.

(Karen DeYoung, Washington Post, A1)

REPORT GORBACHEV AT ODDS WITH CZECH LEADERS

PRAGUE, Czechoslovakia -- Soviet leader Gorbachev has sent the strongest signal yet to Czechoslovakia -- and, by implication, the rest of the East Bloc -- that he is serious about his reform crusade.

Gorbachev Sunday postponed his first official visit to Prague amid reports he plans to replace Czech leader Gustav Husak and is at odds with the Czech Communist Party over his plan to meet deposed leader Alexander Dubcek.

Czech Deputy Foreign Minister Roman Narozny told a briefing Sunday Gorbachev's visit, due to begin today, was rescheduled for later this week because the Soviet leader had a "slight cold." (Patricia Koza, UPI)

Gorbachev Delays Czechoslovakia Trip

PRAGUE -- A planned visit here by Soviet leader Gorbachev, expected to begin Monday, will not occur until later in the week because Gorbachev has "a slight cold," Czechoslovak officials said today.

The sudden shift appeared to come as a surprise and embarrassment to the Czechoslovak communist leadership, which decorated Prague with banners and flags and accredited some 300 foreign journalists at a special press center in anticipation of Gorbachev's arrival Monday.

(Jackson Diehl, Washington Post, A15)

BALDRIDGE SEES NO TRADE WAR WITH JAPAN

Commerce Secretary Malcolm Baldrige said today the dispute between the U.S. and Japan over computer chip trade will not escalate into a full-scale trade war.

"I think both sides will try and make sure that this doesn't start a trade war -- as a matter of fact I'm positive that there won't be a trade war with Japan," Baldrige said in an interview on the syndicated television program, "John McLaughlin: One On One."

Despite Tokyo's displeasure with the penalties (imposed by the President last week), Baldrige said Japan would refrain from taking retaliatory steps that would lead to a trade war, largely because Japan itself would have the most to lose in such a conflict.

(Reuter)

Political Climate Right For Trade Bill

President Reagan's tariffs against Japanese microchip firms -- a get-tough retaliatory strategy he's avoided in the past -- is the latest sign trade legislation is being taken seriously this year in Congress.

Democratic control of Congress -- and the need to renew Reagan's power to join in international trade talks -- almost ensures legislation of some kind will pass. The White House is talking compromise.

(Fred Anklam, USA Today, A4)

OFFICIALS SAY LIBYA BACKING LEFTISTS IN CARIBBEAN

Libyan agents have been engaged in low-key efforts to undercut pro-Western governments in the Caribbean, financing terrorist activities and in some cases encouraging them to commit terrorist activities, U.S. officials say.

An account of the Libyan activities first appeared a week ago in the Jamaican press and was confirmed by U.S. officials. Jamaican Minister of National Security Erroll Anderson said the Libyans were attempting to establish a clandestine operation as part of a plan to "support revolutionary movements and to conduct terrorist operations" in the Caribbean.

(George Gedda, AP)

PANAMA PAPER ACCUSES U.S. OF 'INSOLENT IMPERIALISM'

PANAMA CITY -- A government newspaper accused the U.S. of "insolent imperialism" today and warned that the growing anti-American sentiments could increase in this tiny nation of strategic interest to Washington.

An editorial on the front page of La Republica newspaper cited a vote by the U.S. Senate to cut aid to Panama because of its alleged failure to cooperate in fighting drugs. (Reuter)

CUBA LETS 20 PRISONERS COME TO U.S.

Ex-Inmates Arrive By Twos As
Release Policy Seems To Shun Spotlight

Cuba has allowed 20 former longterm political prisoners to emigrate to the U.S. in the past 10 weeks, sending them at the rate of two per week in an apparent attempt to avoid publicity, according to U.S. officials.

The officials said the piecemeal approach appeared aimed at eliminating the tumultuous receptions that have accompanied large-scale prisoner releases in the past and have received extensive media attention.

(George Gedda, Washington Post, A10)

CARTER PERSUADED ASSAD TO RELEASE IMPRISONED JEWS

TEL AVIV, Israel -- Former president Jimmy Carter persuaded Syrian president Hafez Assad to release five imprisoned Jews, an American Jewish official said Sunday.

Abe Foxman, associate national director of the B'nai Brith Anti-Defamation League, told AP he asked Carter to raise the issue with Assad. Carter met the Syrian president during a Middle East tour this month. (AP)

EDITORS NOTE: "Thomas Burke, Tough-Talking Administrator A Target For HHS Critics," by Spencer Rich, appears on The Federal Page in The Washington Post, A11.

NATIONAL NEWS

A DOER DEPARTS

President Reagan suffered two losses last week, one the enactment of an expensive highway bill over his veto and the other the resignation of a public servant who left a firm imprint on the domestic policies of his Administration.

Senate override of the highway bill veto was a heavy blow to Reagan in the short run, partly because he unwisely made the action a test of his resiliency. But Reagan will continue to wield his veto power, and he won't lose every battle. The day may come when the pork-laden highway and mass transit bill is seen as a symbol of Reagan's contention that it is Congress, not the White House, that is unwilling to confront the towering federal budget deficit.

A more telling sign that the fuel tank of the Reagan domestic agenda is nearing empty was the resignation of Deputy Treasury Secretary Richard Darman, who had made it no secret that he intended to leave once the Administration was reduced to a holding action.

(Lou Cannon, Washington Post, A2)

STATES PUT PEDAL TO METAL FOR 65 MPH

Eight Adopt Higher Speed Limit; 18 More Are Expected To Follow

SANTA FE, N.M. -- In this area, where gentle hills stretch overt the land like a fleece blanket of terra cotta and green, "as far as the eye can see" means seeing your destination long before you get there. It is here that Gov. Garrey Carruthers let motorists know that what they have been doing for years is finally legal.

States were given the right to set the higher (speed) limit on "rural" portions of interstate highways Thursday, when the Senate overrode President Reagan's veto of an \$87.5 billion bill for federal highway and mass transit programs. The limit was a small, but popular portion of the bill.

(Susan Kelleher, Washington Post, A3)

CRITICS UNIMPRESSED WITH REAGAN'S AIDS GAMBIT

President Reagan twice last week broached the subject of AIDS, but some experts believe he took the wrong tack in his verbal entrance into the fight against the disease that has killed more than 19,000 Americans.

"After almost six years of silence on the epidemic," said Rep. Henry Waxman, chairman of the House Energy and Commerce subcommittee on Health, "the President has finally said that he will fight the disease."

"This peril that confronts the nation is not comprised of words," said Sen. Lowell Weicker, ranking Republican on the Senate appropriations subcommittee that oversees research on AIDS.

"It's comprised of very complex viruses and a medical mystery that nobody has been able to unlock, and it ain't going to be unlocked by the speech in Philadelphia by the President," said Weicker.

(Celia Hooper, UPI)

REPUBLICANS DISCREDIT REVENUE-RAISING IDEAS

With the House and Senate putting finishing touches on a \$1 trillion 1988 federal budget, congressional tax-writing committees will soon be struggling to find \$18 billion in new revenues needed to pay for it.

But the Reagan Administration, whose budget plan calls for raising \$24 billion mainly by increasing user fees and selling government assets, says the Democrats want the tax money for a national spending spree.

"What would these new taxes be for? To reduce the deficit? Of course not. The big spenders don't even have the money yet, and already they're dreaming up new ways to spend it," Office of Management and Budget Director James Miller told members of the congressional Republican Study Committee last week.

(Gene Grabowski, Washington Times, A4)

WELFARE REFORM LOOMS AS NEXT HILL BATTLEFIELD

The honeymoon is over on welfare reform.

A brief interlude of harmonious rhetoric ended last week with harsh Administration criticism of a House bill that would overhaul the current welfare system.

As a House Ways and Means subcommittee begins markup of its welfare reform proposal this week, the Administration has raised strong objections to many of the central provisions of the bill, thus marking out the potential battle lines for a clash with Congress.

(Jennifer Spevacek, Washington Times, A4)

BENNETT HITS 'BACKSLIDING' IN REFORMS

The education reform movement that has prompted school districts across the country to heighten academic standards in recent years is being "hijacked and held for ransom" in several states, Education Secretary William Bennett said yesterday.

Saying that the education establishment "possesses its own remarkable inertia," Bennett urged governors, legislators, parents and educators to push for continued progress and resist "the slow death of reform."

(Barbara Vobejda, Washington Post, A5)

NEA Blocks Upgrading Of Schools, Bennett Says

San Francisco -- The 1.8 million-member National Education Association is thwarting efforts to improve education in a number of states, Secretary of Education William Bennett said yesterday.

NEA officials immediately denied the charge.

Bennett, calling the union "obstructionist," accused its leaders of sabotaging Republican Gov. Robert Orr's proposal to declare substandard schools in Indiana "educationally bankrupt" and allow the state to take them over. The union also thwarted Orr's proposal to lengthen the school year.

(Carol Innerst, Washington Times, A1)

FOLEY TELLS REAGAN HOW TO REACH GOALS

If President Reagan avoids confrontations with Congress he can reach his remaining policy goals in the 22 months left of his presidency, House Majority Leader Tom Foley says.

Rep. Foley, speaking to editors and reporters Friday at a luncheon at The Washington Times, called the override of Reagan's veto of the five-year, \$88 billion highway and mass transit bill "a short-term political loss."

"He's not a lame-duck President; he still has a very powerful role to play in any decisions made in the next 22 months," said Foley, the second-ranking Democrat in the House.

(Gene Grabowski, Washington Times, A1)

KEMP HOPES TO LEAD GOP INTO POST-REAGAN ERA

Rep. Jack Kemp of New York, who made the jump from long passes to low taxes, is opening his bid to lead the Republican Party into the post-Reagan era.

The former professional football quarterback set today as the date of his announcement for the 1988 Republican presidential nomination.

(Donald Rothberg, AP)

NETWORK NEWS SUMMARY FOR SUNDAY EVENING, April 5

CANADA SUMMIT

CBS's SUSAN SPENCER: President Reagan, on his first foreign trip since the Iran-contra scandal broke, is tonight in Ottawa for a 24-hour state visit with Prime Minister Mulroney. Canadian-U.S. problems are difficult, the visit is short, and the expectations low.

CBS's BILL PLANTE: President Reagan arrived in Canada for his annual meeting with Prime Minister Mulroney, a session both sides were playing down as unlikely to produce any new agreements, and one which comes at a time of political difficulties for both leaders.

(TV Coverage: President and First Lady de-planing in Ottawa. President reviewing Canadian troops.)

The main topics: cross-border pollution and trade. But the first question for Mr. Reagan was about reports that the new, still unfinished U.S. Embassy building in Moscow has been bugged by the Soviets.

(President: "I know that that's been a problem for several years in the building that's been going on there, and I know that steps are constantly being taken by our people. So I can't tell you what the situation is right now, but obviously if there is no way to change that around, we obviously wouldn't have moved in, would we?")

There is no shortage of more immediate problems on the agenda here, acid rain still the major issue for the Canadians and, not far behind, Mulroney's proposal for a Canada-U.S. free-trade zone. Both issues raise passionate feelings which produced anti-American demonstrations today in Ottawa.

(TV Coverage of demonstrators. Protester: "We say no, no, no to free trade. And we say no to acid rain, which is destroying our land, and our resources, and our industries.")

Despite the tension over those and other issues, the President and the Prime Ministers -- who make no secret of their mutual admiration -- were optimistic about progress on acid rain.

(TV Coverage: The two leaders standing together. President Reagan: "We both have this in common: we both want an answer.")

Like President Reagan with the Iran-contra affair, Prime Minister Mulroney has had his problems. A series of scandals involving members of his government. So this meeting, routine though it may be, has a larger importance -- with both sides hoping for at least some political benefit.

(CBS-Lead)

NBC's CHRIS WALLACE: President Reagan has begun a 24-hour visit to Canada for a summit meeting with Prime Minister Mulroney. While no big agreements are expected the two leaders will try to narrow their differences on several tough issues.

NBC's ROBIN LLOYD: This was President Reagan's first foreign trip since the Iran arms scandal broke out and aides clearly wanted to avoid any controversy. In his arrival remarks the President spoke in French.

(TV coverage: The President speaking in French at the podium during the arrival ceremony.)

LLOYD continues: He said how happy he was to be among friends. But that friendship is being strained now by touchy issues, and Prime Minister Brian Mulroney, a conservative ally of the President's, is under pressure to be tough on President Reagan.

(TV coverage: The President smiling with Mulroney.)

His critics say he's cow-towing to the Americans. The most emotional issue is acid rain. Demonstrators along President Reagan's motorcade route today were protesting that the United States was ignoring the problem. Today on NBC's Meet The Press. Mulroney said the \$2.5 billion proposed by President Reagan for research into ways to solve the problem aren't enough. And he emphasized the seriousness of the issue.

(Prime Minister Mulroney: "Look it -- we're killing our common environment and that to me is something that is completely unacceptable.")

But there are other grievances as well. Arctic sovereignty. Despite U.S. objections, Canadians claim the Northwest Passage is their territory.

(Mulroney: "That's ours. We own it lock, stock and icebergs.")

But the central topic is likely to be trade. The two governments are working toward a free-trade accord and Canadians were upset last year when the U.S. slapped a hefty tariff on Canadian soft lumber. Still, in their first meeting this afternoon both leaders appeared to be optimistic.

(The President: "Oh I think we're going to make some progress.")

Mulroney has said that he will be blunt with President Reagan. But Canadian officials say they don't expect any, "verbal hand grenades" to be thrown at the President -- an assurance that White House officials hope will mean that any tough talk in the meetings tomorrow will take place behind closed doors.

(NBC-3)

ABC's SAM DONALDSON: President Reagan flew to Ottawa today for a summit meeting with Canadian Prime Minister Brian Mulroney. Routine in a sense, but with both leaders in political trouble at home -- a meeting that each would like to see hailed as a great success.

ABC's KENNETH WALKER: President Reagan came to a relatively friendly neighbor Canada for his first foreign trip following the Iran-contra scandal. Despite the proper welcome, including a review of the honor guard, the two nations have fallen out of step on a number of issues.

(TV Coverage: The President and the First Lady at the arrival.)

(TV Coverage: The President and the Prime Minister at the arrival.)

Most contentious is the issue of acid rain, the main subject of an anti-Reagan protest today by several thousand Canadian demonstrators. As the President prepared to begin talks with Prime Minister Mulroney, acid rain was the first order of business.

(President Reagan: "We are going to discuss that and we both have this in common, we both want an answer.")

It was during last year's meeting that the two agreed to tackle acid rain, but it remains the toughest item on the agenda. Mulroney wants a deadline to cut by half the emissions from coal-fired utilities in the U.S. while President Reagan thinks that it's premature and only wants the U.S. to spend two and one-half billion dollars and five years researching the problem. Despite having the largest trading partnership in the world, the two nations still have serious trade tensions, including a \$20 billion U.S. trade deficit. Although President Reagan has called for an end to trade barriers, his Administration nonetheless imposed a 35 percent duty on Canadian cedar shingles and took action against other Canadian lumber products as well. There are also security concerns.

WALKER continues: Two years ago the U.S. challenged Canada's claim to sovereignty over the Arctic Northwest Passage by sending the icebreaker "The Polar Sea" through the waters. And Mulroney's deficit-ridden government which promised to increase Canada's defense spending by six percent a year after inflation has instead set aside less than half that for this year. Both sides have tried to lower expectations for this summit -- predicting only continued negotiations toward solutions. Both leaders have suffered domestic setbacks lately and each is attempting a political recovery. So the main goal here seems to be if pressing issues cannot be solved just now, they should at least avoid being aggravated.

(ABC-Lead)

MOSCOW EMBASSY/SPY CASE

WALLACE: ...There are indications tonight that still more Americans may be arrested for helping Soviet spies and there are charges that a new embassy building under construction in Moscow may have to be torn down because it is riddled with Soviet listening devices.

NBC's JIM MIKLASZEWSKI: U.S. government sources tell NBC News more suspects may soon be arrested and charged with espionage in the widening sex and spy scandal at the U.S. Embassy in Moscow. According to one source, the KGB's campaign to subvert Americans in Moscow was so intense and widespread that others were certainly caught up in the sex trap and may have been recruited as spies.... The lawyer for Sgt. Clayton Lonetree claims embassy officials actually encourage the Marines to patronize the Moscow prostitutes.

(Michael Stuhff: "They were encouraged to relieve their tensions, you might say, in rather promiscuous types of liaisons.")

And, that Lonetree's alleged KGB lover openly attended a Marine Corps dance at the home of then-Ambassador Arthur Hartman. The Marines contend that's a State Department decision.... Ambassador Hartman denies he was lax in enforcing security rules.

(Ambassador Hartman: "On that I don't accept that charge.")

...Shortly after his arrival in Canada President Reagan said the U.S. will not tolerate the KGB bugs.

(The President: "Obviously if there is no way to change that around, we obviously wouldn't move in.")

...High-ranking intelligence officials want the entire structure torn down and rebuilt from scratch. Sources estimate that could cost as much as one billion. Senator Patrick Leahy says the Soviets should foot the bill.

(Senator Leahy: "It's bad enough that we ended up with the KGB as the major contractor for our embassy over there in the first place.")

(NBC-Lead)

CBS's BILL MCLAUGHLIN reports that as the sex and spy scandal of the U.S. Marines at the Moscow embassy continued to widen, a leading Democrat on the Senate Intelligence Committee blamed the State Department for the mess.

(Sen. Leahy: "That there are still people within the State Department who just do not understand that we have a dual mission in the Soviet Union. One is a diplomatic mission, but it releases no secrets to say that we have to have an intelligence mission in the same way the Soviet Union does here in Washington.")

The embassy is reportedly so stuffed with listening devices that it has become a giant ear for the KGB.

(Leahy: "There's no way we're ever going to make the new embassy secure over there. We ought to tear it down and start all over again.") -MORE-

MCLAUGHLIN continues: State Department officials believe the new embassy can be made secure at an extra cost of \$20-30 million. The U.S. will already have to spend tens of millions of dollars to replace the communications equipment in the old embassy that's been compromised by the KGB. (CBS-2)

ABC's RICK INDERFURTH reports on the security at the new U.S. Embassy in Moscow under construction scheduled for completion in 1989. There is evidence the Soviets have already bugged the building as President Reagan acknowledged in Ottawa today.

(President Reagan in Ottawa: "I can't tell you what the situation is right now, but obviously if there is no way to change that around, we obviously we wouldn't move in.")

Some members of Congress are saying more drastic action should be taken.

(Sen. Patrick Leahy: "It's bad enough that we end up with the KGB as the major contractor for our embassy over there in the first place. We ought to tear it down and start all over again. There is no conceivable way that thing is ever going to be secure.")

While past administrations gave approval of the site for the new Soviet Embassy in Washington, Sen. Leahy says the Reagan Administration should now do something about it.

(Sen. Leahy: "We have an Administration that talks very tough and what do they do -- they allow the Soviet Union to move into an embassy that every single expert says is ideally suited for espionage and yet we roll over and play dead while they delay and slow up our building and end up in all that time just bugging the hell out of it.")

But the immediate problem is how to debug the current U.S. Embassy in Moscow in time for Secretary Shultz's visit there in another week.

(ABC-2)

GORBACHEV

CBS's TOM FENTON reports all preparations were made in Prague for the Soviet leader to arrive tomorrow, but at a briefing on arrangements for the visit came the surprise announcement that he would not be coming because of a cold. The speculation is that Gorbachev and the Czech leaders are having trouble agreeing in advance on how far this country should go in following the Soviet reforms. Government officials insist the visit will still take place, but not until the latter part of this week.

(ABC-3, NBC-2, CBS-3)

CHILE/PAPAL TRIP

SPENCER reports hundreds of thousands gathered today as Pope John Paul held an outdoor mass in an economically depressed part of Chile. His message: unemployment is a symptom of moral disorder in that country.

(ABC-7, NBC-7, CBS-4)

HAMADEI

WALLACE: This man is wanted in the U.S. for murder but his terrorist companions want him back in Lebanon. The country that does not seem to want Mohammed Hamadei is the one that has him: West Germany. And the Germans now face growing U.S. pressure to send him here for trial.

NBC's JAMES POLK: ...The United States wants to put Hamadei on trial for air piracy and murder but so far the Justice Ministry in West Germany is all but ignoring the U.S. extradition request. The U.S. Senate is in an uproar charging the Germans are ready to make a deal to send Hamadei back to Lebanon.

(Sen. D'Amato: "Believe that they may expel him in an attempt to win the freedom of the West Germans kidnapped by the terrorists after his arrest.") ...A U.S. government source says of German officials: We know they're talking deal.... On Friday 47 senators introduced a resolution demanding Hamadei's extradition.

(Sen. D'Amato: "Any action that directly or indirectly involves a trade of Hamadei for hostages is unacceptable.")

Although German officials deny a trade is in the works, a legal consultant close to the government says Germany may choose to put Hamadei on trial in its own courts.... Some Germans already are talking about sending Hamadei home in a hostage after such a trial.... U.S. Justice officials are upset.

(Victoria Toensing, U.S. Justice Dept.: "Unless we stand strong right now and say, 'No more, we're not gonna give in to you,' then the problem will continue. And the next time there's gonna be another innocent citizen kidnapped when some other terrorist is arrested. At some point we have to start teaching the terrorists that that's not what's going to happen -- that they cannot hold a whole government hostage.")... (NBC-6)

MEDICARE

SPENCER reports that in a major cost-containment move, Medicare is in the process of reviewing the records of doctors who participate in the system, both trying to weed out cheaters and also expelling doctors judged incompetent. But the reviews are getting bad reviews in rural America, where doctors are often few and far between. There are several dozen mostly country doctors recently denied Medicare payments. The towns have rallied in protest, saying it isn't fair to judge rural doctors by urban standards. But defenders of the Medicare review say rural doctors are not excused from keeping up. Saying the whole system of rural health care is threatened, local congressmen say they want their doctors' cases reviewed.

(CBS-12)

ABC -- THIS WEEK WITH DAVID BRINKLEY

MODERATOR: David Brinkley. PANEL: George Will, Sam Donaldson.
GUESTS: Harold Cassidy, attorney for Mary Beth Whitehead; Gary Skoloff, attorney for Stern family; William Pierce, National Committee for Adoption; William Handel, Center for Surrogate Parenting; State Senator John Dunne, Republican, Nassau County, New York; Dr. Wendy Chavkin, Public Health Obstetrician.

The panel and guests discussed the recent ruling in the Baby "M" case and surrogate parenting.

FREE-FOR-ALL DISCUSSION (Mary Ann Dolan joins panel.)

ON HIGHWAY BILL:

BRINKLEY: Where does the President stand now? Has he been weakened, or helped, or hurt?

DONALDSON: The President lost, clearly. However, in political terms I think it was about a draw. I think the President was right to veto the bill, because if he hadn't, the Democrats and others on Capitol Hill would simply roll over him on these measures for the rest of the year. Seven months ago the thought that Ronald Reagan could go to the Hill, say to his party, "I beg you to give me one vote," and go home empty-handed, would not have been entertained.... It shows the weakening of this President.... I think the Republicans might have made a mistake by not giving him that one vote, because they can't separate themselves from Ronald Reagan and Reaganism....

DOLAN: One of the things that was wrong with this bill is that more time was not taken with it and that the White House has not really adequately entered into the legislative process....

DONALDSON: In defense of the White House, for the last 12 or 13 months Elizabeth Dole...and others have been warning Congress we needed a bill. It was Congress that dragged out the formation of this bill....

DOLAN: Bob Dole's role in this...was a very interesting and telling one. I think you have several examples now of a man himself running so hard for the presidency that he did as much as could possibly have been done to make the President look worse in this situation. I think by casting this as a President in crisis because of the Iran scandal -- going to the Hill to prove his presidency -- was a great disservice to Ronald Reagan and was on behalf of Bob Dole.

WILL: What is left for the President to do?... What does he do on something he really cares about, like arms control or aid to the contras? ...How many more victories like this can the Democrats stand? That picture the Republicans should pay for, the picture of Bobby Byrd walking off the Senate floor and being smothered in the embraces of grinning lobbyists from the highway construction workers' unions.

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CBS -- FACE THE NATION

MODERATOR: Leslie Stahl.

GUESTS: Arthur Hartman, former Ambassador to the Soviet Union; Senator Patrick Leahy; Michael Stuhff, Defense Attorney; John Barron, author.

STAHL: Your client is denying that he gave away any secrets, that he led any KGB agents around an embassy where they might be able to plant bugs or gain information about our encrypting machines.

STUHFF: Absolutely. The allegations about leading people around the embassy, opening doors, taking KGB agents in, obviously are very, very troubling allegations. Those are allegations to which there is just absolutely no basis whatsoever.

STAHL: How widespread was this fraternization...between the Marine guards and Soviet women who either worked in the embassy or didn't?

STUHFF: It appears to be a rather common occurrence, one that was fairly well-accepted.... It wasn't uncommon at all for the Marines to go out to some of the hotels where the local women were known to hang out. And, as a result of that, they were encouraged to relieve their tensions, we might say, in rather promiscuous types of liaisons....

STAHL: You are saying that they (Marines) were told that it's all right to have relationships with Soviet prostitutes.

STUHFF: They were told that they should have relationships with prostitutes.

GUESTS: Ambassador Arthur Hartman, Senator Leahy.

STAHL: How much damage has there been?

LEAHY: Assuming that the charges are correct that have been brought against these Marines, then there has been considerable damage.

STAHL: How did this happen?

LEAHY: We have been trying very, very hard to get the State Department to make some changes.... There seems to be this dichotomy between the State Department and the intelligence people, and the State Department I don't think has given enough attention to the intelligence-gathering aspects of a number of our embassies, including Moscow.

STAHL: Mr. Ambassador do you...not think that maybe you were wrong about not taking the security warnings more seriously?

HARTMAN: No, on that I don't accept that charge. I had one disagreement, and that was about removing all Soviet employees, as if that would solve the total problem.... You have to get well-motivated people, you've got to brief constantly.

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FACE THE NATION (continued)

LEAHY: I agree with the conclusions that Ambassador Hartman has reached, but I also feel that there are still people within the State Department who just do not understand that we have a dual mission in the Soviet Union. One is a diplomatic mission. But it releases no secrets to say that we also have to have an intelligence mission in the same way the Soviet Union does here in Washington.

STAHL: Do you agree that we should just tear it (the new U.S. embassy building in Moscow) down and start all over again?

HARTMAN: I don't accept that conclusion yet.... I would certainly want to wait for that report before tearing down a building that's cost many millions of dollars to build.

STAHL: Should Secretary Shultz not go to Moscow to protest?

HARTMAN: No.

LEAHY: I think he should go, because the stakes of arms control transcend every other stake.

NBC's MEET THE PRESS

GUEST: Prime Minister Brian Mulroney.

MODERATOR: Marvin Kalb. PANEL: Connie Chung and Andrea Mitchell.

KALB: ...The White House, in its briefings last week, indicated that they don't really expect anything to be signed, no breakthroughs at all on trade during this summit meeting. So what are, in your view, the major problems holding up an agreement?

MULRONEY: Well, the major problem is really time. We are in the process of negotiating what is, could very well be an historic agreement between both countries....

CHUNG: President Reagan's officials here say that he is not going to negotiate any specific issues during this summit. Is that going to satisfy you?

MULRONEY: Well, we are in the process of dealing with a complex bilateral relationship, and so I don't expect any major breakthroughs on a dozen different fronts. What I expect is solid, continual progress. That's what these things are all about.... It's a working meeting between heads of government of two friendly nations.

KALB: What are the major problems right now before you on resolving and getting this free trade agreement?

MULRONEY: Oh, there are many.... You can just imagine the complexity of this. What we're trying to do is to carve out a unique status for what is an entirely unique relationship in the area of trade....

KALB: ...I'm wondering whether you feel now that perhaps your strategy of a very close relationship with the President and with the United States might have proven to be too much of a liability.

MULRONEY: Well, I don't blame President Reagan or anyone else for the difficulties that we have. This is normal in a parliamentary system.... The problems that we have are not the fault of President Reagan. Sure, some Canadians don't like a closer relationship. But I was elected as someone who believed in rebuilding a relationship of trust and confidence with the United States of America....

MITCHELL: How do you counteract the impression, widespread in Canada, that you've been too accommodating to the United States and to President Reagan? For instance, why, on acid rain, did you say that his recent re-statement of a year-old commitment to simply have demonstration projects, not emission controls, was a significant step forward?

MULRONEY: It wasn't a re-statement. It was an undertaking to go to Congress to get \$2.5 billion for this project. That to me is progress.... We have accomplished, with the Reagan Administration, matters of substance. Now I call upon Congress...and the Administration to take it that one essential step further in the area of acid rain....

NBC's MEET THE PRESS (continued)

MITCHELL: The President has made it clear that he is so much against emission controls that even if Congress were to try to go down that road, he thinks it's a waste of money, that more research is needed. Do you really think more research is needed?

MULRONEY: More research can't do any harm, but what is required is a treaty between Canada and the United States to provide for a specified time frame during which there shall be reductions in these emissions that are killing our lakes and streams. Even if we cleaned up acid rain completely, totally in Canada, we would still be stuck with 50% of the problem, because 50% of the acid rain that falls on Canadian lakes and rivers and on our forests, and which is killing us, comes directly from the United States.... We need Congress. We need your help. We need the Administration.

MITCHELL: ...Do you really think that President Reagan is as concerned about this problem as you are?

MULRONEY: I think he's concerned about it. I think he's sensitive to it. But obviously more has to be done. I'm aware of the separation of powers that exists in the United States. Congress, too, has a leadership role to play in this. We had an incident that occurred last week which indicates that the President doesn't always get his way with Congress....

CHUNG: Isn't it true that both you and President Reagan are so mired in your political problems and that this summit will really simply be an attempt by both of you to draw attention from your political problems at home?

MULRONEY: ...What President Reagan and I are doing is the conduct of public policy, which is vital to the United States and vital to Canada. And if, I suppose, if this process were to help either of us, I don't imagine that either of us would be offended by it.

CHUNG: How do you think the Iran arms scandal has affected President Reagan and his standing in the world?

MULRONEY: I think it's obviously been an extremely difficult matter for President Reagan and for his colleagues to come to grips with.... But I gather that with the number of important initiatives that he has taken and changes and appointments and so on, that he is certainly persuading the Atlantic alliance, persuading the world that he is very much in control, and is back on top of things which, quite frankly, I didn't doubt for a minute would be the case.

KALB: ...Do you feel that the \$2.5 billion commitment over a five year period is going to be enough to address the seriousness of this [acid rain] problem?

MULRONEY: No, I don't. And I've said it many times....

KALB: Are you sitting down with President Reagan right now and putting it just as forcefully...?

NBC's MEET THE PRESS (continued)

MULRONEY: Absolutely. I've done so with President Reagan in the past, and will continue to do so in the future. Look, we're killing our environment....

CHUNG: You have not been successful in persuading President Reagan on this issue in the past. What makes you believe that this time President Reagan will take you seriously?

MULRONEY: Well, you perhaps didn't notice, but we have made substantial progress on this issue. We got the acknowledgement for the first time that it was a trans-boundary problem. We received a commitment from the United States for the first time to spend \$2.5 billion in this area. We are now going for the third leg, which is a treaty which will clean up the environment. And so while progress hasn't been as overwhelming or as rapid as I would have hoped, progress has been substantial....

MITCHELL: Would you call it progress when the Interior Secretary, Secretary Hodel, said that the reason you are pressing us to clean up our emissions is so that Canada can sell the United States more electricity?

MULRONEY: Well, if he said that he clearly missed an excellent opportunity to give you a no comment. Because that really is a silly statement. There is no interconnection whatsoever between these two issues....

KALB: ...Would you be prepared to accept a deal according to which the United States would formally recognize Canadian sovereignty over the Northwest Passage area and you in turn would give the United States free, unimpeded access to those straits?

MULRONEY: We are talking with the United States to attempt to work out in a friendly manner an accommodation that will respect the sovereignty of Canada in this area, the Northwest Passage. That's ours. We own it, lock, stock, and icebergs. And we expect the United States of America to recognize and to respect that. We're also aware of certain international, geopolitical realities where Canada as a friend and ally will seek to reach a mutually beneficial accommodation....

KALB: ...Assuming for a moment that the Administration is prepared to acknowledge formally that Canada does have sovereignty over those straits, would you agree to give the United States, for strategic reasons that you share as a member of NATO, the right to free and unimpeded access?

MULRONEY: That's a hypothetical question.... But I can tell you this: that as a member of NATO...as a member of NORAD...we would look with favor, obviously, on arrangements that would facilitate and expand those agreements between the countries, and therefore you can draw some pretty fundamental conclusions from that.

MITCHELL: You've made much of your close relationship with Ronald Reagan and with the United States. As a close ally, how did you feel when you found out that he had a secret policy of selling arms to Iran?

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NBC's MEET THE PRESS (continued)

MULRONEY: Canada has stood very strongly with the United States and with President Reagan and his Administration over the years in regard to terrorism. And we have instinctively supported the United States in a number of important areas in regard to their initiatives taken in regard to the war against terrorism.... We are troubled by anything at variance with that, but the President has provided his explanations, and we are aware of those explanations, and we don't find them inconsistent with the ongoing thrust of American policy in regard to terrorism.

MITCHELL: Isn't trading arms for hostages inconsistent with the arrangements on terrorism that you've reached with Ronald Reagan at various summits?

MULRONEY: Look, you're not going to get me to substitute myself for the Tower commission or any ongoing judgments that are made domestically in that regard....

MITCHELL: ...The Tower commission detailed two years of widespread U.S. support for military action [in Central America], government involvement that was apparently illegal while Congress prohibited it. How do you feel about that, here in your continent?

MULRONEY: I'll just tell you what our position is, which is unchanged -- is that we don't believe there ought to be third party presence in countries in Central America. We don't believe countries in Central America should be exporting revolution. We believe that the ultimate solution is growth and prosperity, through the Contadora process, however imperfect we acknowledge that to be....

CHUNG: On another issue, sir, is Canada prepared to increase its contribution to NATO?

MULRONEY: Canada has, of course, always done a great deal in the area of defense.... And we want to bear our fair share of the defense burden as members of the alliance....

MITCHELL: Why did Canada hire Michael Deaver? What role was he to have played? What could he have brought to the relationship?

MULRONEY: I assume that any contractual arrangements that were entered into were in the belief that this was entirely legitimate and proper and could be helpful to explaining the Canadian position.

CHUNG: What would you consider to be a success for this summit? What would you want to accomplish to consider it to be a success?

MULRONEY: I would like movement on a number of these important areas, and I would like the relationship to have been enhanced as a result of it.... But I'm not looking for blockbusters; I'm looking for movement in all of the important areas that affect Canada and the United States.

MCLAUGHLIN GROUP

MODERATOR: John McLaughlin. PANEL: Jack Germond, Robert Novak, Fred Barnes, Richard Cohen.

ON HIGHWAY BILL:

MCLAUGHLIN: What's the significance of this vote (Highway Bill)?

BARNES: Ted Kennedy, who's a pretty good Reagan-watcher, got it right. He said the meaning of this vote was that Reagan's back -- that Reagan's back in the fight. It was a tactical defeat.

NOVAK: I think when you can't get one of the thirteen Republicans torn off on a dreadful bill...you are weak. I think the problem is that they had decided to make a fight on an issue they weren't going to win.... What it shows is that Howard Baker is not the messiah.

GERMOND: ...This is not going to make or break the President.... It indicates that the White House, including Howard Baker, doesn't seem to understand that conditions have changed as a result of the '86 elections and as a result of Iran-contra.

COHEN: I think it was his domestic Reykjavik. He went to the wrong place at the wrong time for the wrong reason....

MCLAUGHLIN: Could this be a pyrrhic victory for the Democrats?

NOVAK: They all had their faces in the slop.... This showed both parties at just about their worst....

MCLAUGHLIN: Which one of those (13) Republicans could have sided with the President...without compromising or damaging his own political position?

COHEN: D'Amato for one.

NOVAK: The right answer is all of them.

GERMOND: Kit Bond of Missouri.

BARNES: Steve Symms...but he's a fanatic of the 65 m.p.h. speed limit.

MCLAUGHLIN: In all of the theatrics connected with this whole event, who comes out the best and who comes out the worst?

BARNES: Reagan comes out the best...while Terry Sanford, clearly, he's finished.

NOVAK: Senator Byrd comes out very well.... I think Howard Baker comes out looking like the worst.... (GERMOND agrees.)

COHEN: Sanford and Baker are in a tie for worst. For best, Byrd.

MCLAUGHLIN: I think that Dole looked good and I think Reagan looked good, and I thought Sanford was just beyond description.

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White House News Summary -- Monday, April 6, 1987 -- C-9

ON MARINE GUARDS:

MCLAUGHLIN: Will this episode affect the Shultz-Shevardnadze meeting in Moscow April 13?

BARNES: It certainly will. It'll put a chill on those talks....

NOVAK: I don't think so.

GERMOND: No. I think those meetings are gonna be based on practical considerations on both sides. (COHEN agrees.)

MCLAUGHLIN: I think it matters because it's gonna build.

ON U.S.-JAPAN TRADE:

MCLAUGHLIN: Was President Reagan's decision a good one?

NOVAK: It was a terrible decision following a terrible agreement....

COHEN: It was a warning to the Japanese that they've got to cooperate.

MCLAUGHLIN: How is this going to end?

BARNES: We're gonna have a semi-trade war.

NOVAK: If we have a semi-trade war it's gonna be an economic disaster and ruin the recovery.

GERMOND: I think...we're gonna pass some kind of a moderate trade bill. The Japanese are gonna be a little more accomodating, not much.

COHEN: There won't be a trade war.

MCLAUGHLIN: The Japanese will accomodate. They will at least partially open their markets.

PREDICTIONS:

BARNES: On the stump Jack Kemp is now gonna start sounding like Bill Bennett. He's been gathering all these themes about values....

NOVAK: Senator Gordon Humphrey...and other prominent conservatives are pleading with him (Secretary Bennett) to (run for president). Bennett has said no for now.

GERMOND: One of those who voted against the President was Chic Hecht of Nevada. He did it because he's facing very serious opposition. My guess is now that he'll lose his seat next year.

COHEN: Al Gore is seriously thinking about running for president and I think he will and I think he's gonna do it just great.

MCLAUGHLIN: John Demjanjuk...will be acquitted by the judges in Israel.

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AGRONSKY & COMPANY

MODERATOR: Martin Agronsky. PANEL: Strobe Talbott, Lou Cannon, Tom Oliphant, Elizabeth Drew,

ON HIGHWAY BILL AND THE PRESIDENT:

AGRONSKY: Does this damage Mr. Reagan's leadership?

OLIPHANT: Not particularly but only because I don't think it can be any more damaged than it is now.... If he (the President) just stands back and vetoes things he'll lose many more of these fights.

DREW: I think he is damaged because the White House raised the stakes -- he himself raised the stakes -- to have a victory to show that he was politically strong again....

CANNON: ...Just as the President's recovery was exaggerated by his supporters in March, I think his demise on this is also being exaggerated. There are going to be other fights. This isn't necessarily a harbinger for anything.

TALBOTT: It wasn't that bad a week for the President. He was up there on the Hill being the President. It was only a few weeks ago that we were treating him like the Prisoner of Zenda.... The press was not shouting questions at him about the Iran and the contras, they were asking him about the issue at hand.

AGRONSKY: I'd like to bring to everyone's attention the rather uncharacteristic observation of Senator Kennedy who said of the way the President dealt with this veto and his personal effort, "President Reagan played the game very well indeed." How about that for sportsmanship? President Reagan made this decision himself.... Am I right or wrong?

CANNON: You are right. One of the things we've learned...during this last months is that the notion that this Administration is being run by someone else is really kind of cock-eyed.... I guess what the President has shown is not that his political judgment is not so sharp but that he really is in charge.

AGRONSKY: We talk about the winding down of the Reagan presidency, we talk about a lame-duck presidency, we talk about the damage to the President so that he is not really with it any more, not a real leader. Is that so?

CANNON: ...I think that in foreign affairs, is he chooses to exercise it, the President still has a lot of power and authority....

ON U.S.-JAPAN TRADE:

AGRONSKY: Does our government now have the leverage to induce the Japanese to live up to their promise?

TALBOTT: They've certainly gotten their attention....

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AGRONSKY & COMPANY (continued)

CANNON: This President doesn't believe in protectionism, and he took a protectionist action. I think that the problem is that this idea that we'll engage in a little protectionism to stop more has the potential of spreading....

ON MARINE GUARDS:

AGRONSKY: How much damage has been done here?

TALBOTT: It's terrible both in substantive terms and also in symbolic terms and what it does to the reputation of the United States.... My sense is that this is going to spread a lot....

DREW: What makes this so grievous is that Marines collaborated with each other, let the Soviet agents come in everywhere. The Administration was warned about this, it turns out starting in 1985....

CANNON: ...The irony of this is we've had this whole epidemic of spying and breach of security during the period here in the Reagan Administration when we've sort of celebrated a rebirth of American patriotism. But instead our secrets have been sold out from under us...and I think it's quite a blow to many Americans that this sort of thing could happen.