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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, APRIL 15, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Short-Range Missile Offer -- Soviet leader Gorbachev said the Soviet Union is willing to quickly remove short-range nuclear missiles targeted at Western Europe, eliminating the key stumbling block to a major arms control agreement, the official Tass news agency reported.

(Christian Science Monitor, New York Times,
USA Today, Washington Post, AP, Reuter, UPI)

Marine Embassy Guards -- The Marine Corps' sex-for-secrets scandal spread to Warsaw Pact nations as embassy guards were called home for questioning about their actions while in Czechoslovakia, Hungary and Bulgaria, a Pentagon spokesman said.

(Washington Post, Reuter, UPI)

IRAN-NICARAGUA

Majority Disbelieves President On Iran, Post ABC Poll Finds -- Two of three Americans say they believe President Reagan is not telling the truth about the Iran-contra affair, a sharp increase since a month ago, according to a new Washington Post-ABC News poll.

(Washington Post)

NETWORK NEWS (Tuesday Evening)

SHULTZ IN MOSCOW -- Secretary Shultz delivered a letter from President Reagan to Soviet leader Mikhail Gorbachev.

WALL STREET -- The Dow Jones average was down more than 60 points in mid-afternoon trading before recovering to close down 34 points.

HINCKLEY -- A federal judge ordered all of John Hinckley's personal correspondence.

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INTERNATIONAL NEWS

MOSCOW UNVEILS NEW MISSILE OFFER
Plan Aired In Talks With Shultz, Tass Says

MOSCOW -- Soviet leader Gorbachev has made another new offer -- to eliminate all Soviet shorter-range nuclear missiles from Europe within a "relatively short and clearly defined time frame" -- in order to achieve a medium-range missile accord with the U.S., the Soviet news agency Tass said.

The Tass account did not make clear whether Gorbachev was offering to dismantle or destroy all shorter-range missiles or only to move them from Europe. Tass' English-language version used the word "eliminate." The Russian-language account used a Russian version of the word "liquidate."

Tass said that it followed from Shultz' explanations in the meeting "that the U.S. Administration, together with its allies in NATO, is not prepared to reach zero in the question of shorter-range missiles, that they have made no final stand on the matter."

(Don Oberdorfer, Washington Post, A1)

Short-Range Missile Offer

MOSCOW -- Soviet leader Gorbachev said the Soviet Union is willing to quickly remove short-range nuclear missiles targeted at Western Europe, eliminating the key stumbling block to a major arms control agreement, the official Tass news agency reported.

Tass said Gorbachev made the offer to Secretary Shultz during a Kremlin meeting in an effort to wrap up an agreement that would remove both superpowers' medium-range nuclear missiles from Europe.

Shultz, according to the Soviet account, again insisted on the U.S. right to match the present Soviet superiority in the shorter-range missile force.

(Matthew Quinn, UPI)

Soviets Say U.S. 'Afraid' To Make Deal On Short-Range Weapons

MOSCOW -- The Soviet Union offered to scrap its short-range missiles in non-Soviet Eastern Europe as part of a drastic arms reduction accord with the U.S., then accused Washington of being afraid to make a deal.

The official Soviet news agency Tass quoted Kremlin chief Gorbachev as virtually daring the Reagan Administration to make a deal.

"What are you afraid of?" the agency quoted Gorbachev as saying. "We are for a reliable agreement with the most stringent and all-bracing control."

Gorbachev "expressed the readiness to record an agreement on medium-range missiles (including) the Soviet Union's obligation to eliminate its shorter-range missiles within a relatively short and clearly defined time frame," Tass said.

(Barry Schweid, AP)

Gorbachev Offers New Arms Ideas And Says Summit Possible

MOSCOW -- Soviet leader Gorbachev has offered the U.S. a series of new ideas on arms control that he said could lead to a superpower summit.

The official Soviet news agency Tass said Gorbachev presented Secretary Shultz at a Kremlin meeting with fresh proposals on short-range nuclear missiles, space weapons and nuclear tests.

According to Tass, the Kremlin leader said he was ready for a third summit with President Reagan if this would mean the signing of a medium-range missile treaty and the agreement of "key principles" on other disarmament issues.

There was no immediate reaction to the Soviet offers from U.S. officials, who have so far declined comment on the substance of the talks Shultz has held since he arrived in Moscow for a three-day visit.

(Patrick Worsnip, Reuter)

Short-Range Missiles Offer

State Department officials described the Tass report as "interesting" but they said they were unable to evaluate it because they had not yet seen cables from the Shultz party in Moscow.

An informed source in Washington described the report of the Soviet offer as "not unexpected" but the exact language and terms of the proposal on short-range missiles had not been received at the State Department.

In contrast to the more than 2,000-word Tass statement, State Department spokesman Charles Redman said only that Shultz' meeting with Secretary Gorbachev was "very intensive, serious, businesslike" and covered "a wide agenda." He said the talks included arms control, Soviet human rights policy, trouble spots such as Afghanistan and nuclear testing. (UPI)

Superpowers Show Little Give

Secretary Shultz' second day of talks with Soviet leaders has seen a marathon session with Soviet leader Gorbachev, but so far has not produced any firm indications of a breakthrough in arms control.

Spokesmen for the Soviet Union and the U.S. continue to describe their talks in neutral or mildly optimistic terms. A military observer with the Soviet news agency Tass, however, said in a Christian Science Monitor interview that he doubted that President Reagan was interested in an arms control agreement. (Paul Quinn-Judge, Christian Science Monitor, Al)

Gorbachev Offers To Render Europe Clear Of Missiles

MOSCOW -- Mikhail Gorbachev proposed eliminating all short-range nuclear missiles from Europe along with medium-range missiles, the Soviet press agency Tass said.

But in a sharply worded account, the agency said Secretary Shultz had not accepted the offer, apparently because of objections from the Western European allies.

The rather harsh Soviet description of the talks seemed aimed at putting the onus on the U.S. for the continuing disagreements over arms control issues. The latest talks conclude on Wednesday with a final meeting between Shultz and Foreign Minister Eduard Shevardnadze.

(David Shipler, New York Times, Al)

Allies Hear New Arms Offer Today

Soviet leader Gorbachev trotted out a new arms-talk two-step as he met with visiting Secretary Shultz.

As Shultz prepared to leave, Gorbachev let it be known he had offered to yank short-range nuclear missiles aimed at Europe -- which would remove a key obstacle to a nuclear arms pact.

Said Deputy White House Press Secretary Dan Howard of the Tass report, "Interesting. We would take (it) seriously if true." He said any such proposal must be discussed with NATO allies -- which Shultz is to do today.

Yanking short- and mid-range missiles would be tough to reject -- but NATO allies say doing so could leave Western Europe at the mercy of Soviets' superior conventional forces. (Juan Walte, USA Today, A1)

U.S. Vows Talks With Allies On Soviet Arms Offer

SANTA BARBARA -- The White House has promised the U.S. will consult with its allies before responding to a Soviet proposal to eliminate its shorter-range nuclear missiles aimed at Western Europe.

A White House spokesman declined to comment on the proposal other than to call it "interesting" and said it would be taken seriously.

But he added, "We are an alliance and we will have to consult with our allies before responding to a proposal of this kind."

(William Scally, Reuter)

U.S. Officials: Gorbachev Offer Not Good For NATO

SANTA BARBARA -- Soviet leader Gorbachev is throwing a new, if not wholly unexpected, wrench into the negotiating process that has inched toward what the White House hoped would be the first arms control agreement in years.

In private, U.S. officials painted the Gorbachev plan -- however tempting on the surface to some -- as unacceptable to NATO because of its failure to resolve the conventional force imbalance regarded by the Administration as a fundamental concern in any change in the nuclear balance in Europe.

Gorbachev went beyond the immediate issues in the talks on medium-range missiles to extend the deal to tactical missiles as well, a move certain to strike a sensitive nerve with NATO allies for whom nuclear weapons are an important counterthreat to a large Soviet advantage in troops, tanks and other battlefield forces.

In one swoop, Gorbachev appeared to group together three difficult issues -- short-range, medium-range and tactical missiles -- that the U.S. had hoped to keep separate, at least until an agreement on medium-range missiles could be signed.

(Norman Sandler, UPI)

U.S. EAGER TO FIND OUT WHETHER SOVIETS
WILL SHIFT POLICY ON MIDEAST

MOSCOW -- Although Secretary Shultz is focusing chiefly on arms control during three days of talks in Moscow, he also is eager to find out whether Soviet leader Gorbachev is preparing to shift Soviet policy on the Middle East.

Shultz discussed the volatile region with Gorbachev Tuesday afternoon after putting the spotlight on the plight of Soviet Jews by attending a Passover Seder Monday night with more than a score of men and women who had been denied the right to emigrate to Israel.

The Reagan Administration is exploring whether an international conference -- in which the Soviets would have a prominent role -- would stand any chance of moving the stalled Mideast peace process into direct talks. The talks would be between Israel and a joint Jordanian-Palestinian delegation, one the one hand, and between Israel and Syria, on the other.

(William Beecher, Scripps Howard)

KUWAIT TO LEASE SOVIET TANKERS;
MOSCOW WEIGHING NAVAL ESCORTS

MOSCOW -- The Soviet Union announced that it would rent three tankers to Kuwait to transport oil through the Persian Gulf, and raised the possibility that Soviet warships might escort them.

The arrangement, which Kuwait requested in hopes of reducing the danger of Iranian attacks on their oil shipments, could bring the first regular Soviet naval traffic in the gulf.

American officials voiced concern about the prospect of Soviet naval convoys in the gulf.

"Warships mean a political presence and the ability to intervene," an American said. "It is an area we have defined as vital to U.S. interests."

(Bill Keller, New York Times, A1)

INTERVIEW 'QUITE AN EVENT'
Unusual Occurrence Seen As Another Sign Of 'Glasnost'

Secretary Shultz caps his Moscow visit today with an appearance on Soviet TV -- one of the few chances given a U.S. official.

U.S. experts on Soviet media say it's another example of glasnost, the political and social openness promoted by Soviet leader Gorbachev.

"Quite an event," said Roger Conant, University of Pittsburgh. "I cannot think of a precedent of a U.S. Secretary of State addressing the Soviet public via Soviet television." (Juan Walte, USA Today, A4)

4TH MARINE HELD AFTER MOSCOW DUTY

A fourth Marine assigned to guard U.S. diplomatic posts in the Soviet Union has been detained on suspicion of espionage, and Administration sources said there are likely to be additional arrests in connection with security breaches at key embassies and consulates.

In a related move, the U.S. ambassador to Austria ordered five Marine guards to leave the embassy in Vienna and return to the U.S. for questioning in the government investigation of security lapses, the Defense Department said.

Administration officials said that the widening investigation is centered on two dozen Marine guards who either are under suspicion of allowing security breaches or who may be key witnesses in judicial proceedings against those who have been accused. The sources said additional arrest are expected in coming weeks.

(Molly Moore & Bill McAllister, Washington Post, A1)

Marine Embassy Guards

The Marine's sex-for-secrets scandal spread to Warsaw Pact nations as embassy guards were called home for questioning about their actions while in Czechoslovakia, Hungary and Bulgaria, a Pentagon spokesman said.

Defense Department spokesman Robert Sims said the Marines were summoned home in the widening investigation into the scandal at the U.S. Embassy in Moscow.

Sims said a fifth Marine at the embassy in Vienna also is returning because he is suspected of "local security violations" unrelated to the spy scandal, Sims said.

(Walter Andrews, UPI)

U.S. Moving To Shore Up Security At Embassies In Spy Scandal

The U.S. is considering the use of random lie detector tests on Marine embassy guards among recommended security steps prompted by a growing sex-spy scandal, the Defense Department says.

Pentagon spokesman Bob Sims said yesterday a new Navy report recommended the Marine Corps consider such tests in screening guard candidates and that the State Department possibly use random lie tests after guards are assigned.

(Charles Aldinger, Reuter)

CIA UPSET BECAUSE PERLE DETAILED EAVESDROPPING

The CIA is miffed that Assistant Defense Secretary Richard Perle, the soon-to-depart Pentagon arms control specialist, revealed details of past U.S. eavesdropping in Moscow in testimony before Congress last month, according to intelligence sources.

Perle, appearing before a joint session of the Senate Foreign Relations and Judiciary committees March 26, provided senators with details of what he described as "an extremely sensitive communications intercept" picked up in 1972 between the late Soviet leader Leonid Brezhnev and his military chief, the late Defense Minister Marshal Andrei Grechko.

Shortly after Perle's testimony, acting CIA Director Robert Gates fired off an angry letter to Secretary Weinberger complaining that Perle had disclosed details about sensitive U.S. electronic eavesdropping on Soviet telephone communications in Moscow shortly before the SALT I arms treaty was signed in 1972, the sources said.

(Bill Gertz, Washington Times, A2)

SEN. HUMPHREY VISITS MOSCOW, KABUL
Republican Meets Soviets But Avoids Afghan Officials

NEW DELHI -- Sen. Gordon Humphrey said today following visits to Moscow and Kabul that Soviet policymakers were "overconfident, cocky and self-deluded" about their present position in Afghanistan.

Humphrey said that, during more than four hours of talks with Soviet officials in Moscow, he had seen little willingness to reach an early end to the hostilities in Afghanistan.

The senator, who became the first U.S. member of Congress to visit the Afghan capital since Soviet troops invaded in 1979, said he discussed conditions there with a number of diplomats but made no effort to contact Afghan government officials for their views. He said he avoided meeting Afghan officials "since I regard that regime as illegitimate...."

(Richard Weintraub, Washington Post, A30)

MORE VISAS FOR JEWS REPORTED
Soviet Approvals In Early 1987 Up Sharply From Recent Years

PARIS -- The Soviet government granted exit visas to 1,931 Jews in the first three months of this year and has taken another 1,291 applications under "immediate study," the French Communist Party newspaper reported.

These figures would represent a sharp escalation in the rate of exit visas for emigrating Soviet Jews, apparently in fulfillment of recent indications from Soviet officials that 10,000 to 12,000 Jews will be allowed to leave for Israel in 1987.

(Edward Cody, Washington Post, A30)

SINO-SOVIET TIES SEEN IMPROVING
10th Round Of Talks Resume In Moscow

MOSCOW -- The Soviet Union and China are moving steadily to improve their relations as the military confrontation between them gradually begins to ease.

The slow-motion maneuverings of the rival communist giants capture far less world attention than the energetic ballet of Soviet negotiations with the U.S. and European powers over Euromissiles and other issues. But from Moscow's perspective, important things are happening on this country's eastern front that could affect the global balance.

As Secretary Shultz was meeting Soviet leader Gorbachev in a highly publicized visit, the 10th round of Sino-Soviet political normalization talks, headed by Chinese Vice Foreign Minister Qian Qichen and Soviet Deputy Foreign Minister Igor Rogachev, was beginning simultaneously here with little fanfare.

(Don Oberdorfer, Washington Post, A25)

SOVIETS EXPECTED TO CONDUCT NUCLEAR TEST BY END OF WEEK

The Soviet Union, apparently preparing for a nuclear test within the next several days, once again has ordered a private U.S. group to shut down its seismological equipment near the main Soviet test site, the group said.

The nuclear explosion, which could come before week's end, would be the fourth since the Soviets on Feb. 26 abandoned their 19-month unilateral moratorium on testing after the U.S. declined to join.

(Warren Strobel & James Dorsey, Washington Times, A3)

EUROPEANS DEBATE SOURCE OF RADIATION

W. Germany Plans To Query Moscow

BONN -- A very small increase in airborne radiation was detected in Scandinavia and Western Europe early last month, but there was disagreement over the reason for it, officials in several capitals said.

West Germany's Environment Ministry said that it suspected that the cause was a minor nuclear reactor mishap in the Soviet Union, and said that it planned to ask Moscow for an explanation.

(Robert McCartney, Washington Post, A30)

YEUTTER CALLS ON JAPANESE FOR ACTION, NOT WORDS

U.S. Trade Representative Clayton Yeutter said that Japan needs to go beyond pronouncements to actually shifting its economy away from a dependence on overseas sales in order to calm jittery world currency and security markets.

"The policymakers in Japan must go beyond planning to execution and implementation in a timely manner" in their market opening and domestic demand programs to "establish some credibility in the marketplace," Yeutter said at a breakfast meeting with reporters.

This marks a sharp contrast in the policy of the Reagan Administration, which in the past has been content to accept assurances by Prime Minister Yasuhiro Nakasone that his government would open market and spur domestic demand instead of relying on exports for its growth.

(Stuart Auerbach, Washington Post, D2)

TRADE SANCTIONS LIKELY TO HAVE LITTLE IMPACT ON U.S. CONSUMERS

The Reagan Administration's controversial sanctions against Japanese electronic products, set to take effect this week, will have minimal impact on U.S. consumers, experts say.

Despite the get-tough talk from Washington, the sanctions -- the first against postwar Japan -- are more of a signal to Japan and the rest of the world than they are a retaliatory action, Clayton Yeutter, U.S. Trade Representative, said.

(Ann McFeatters, Scripps Howard)

U.S. TRADE DEFICIT BALLOONS
February Figures Hit \$15.1 Billion;
Stocks, Bonds Fall

The U.S. merchandise trade deficit ballooned unexpectedly in February to \$15.1 billion as financial markets continued to reel under the impact of the falling dollar, the government reported.

By the close of the day, the stock market had dropped sharply on near-record volume, bond prices tumbled further and the price of gold soared \$13.80 to \$450.90 an ounce in New York trading.

The dollar continued to fall against the yen despite government intervention on three continents. The flight from the dollar began in Tokyo and worked its way around the globe; the U.S. currency fell as low as 140.23 yen in New York. (Stuart Auerbach, Washington Post, A1)

CENTRAL BANKS PLAN MORE POWER TO STOP DOLLAR DECLINE

TOKYO -- The world's major central banks plan to reinforce their powers to stop the decline of the dollar after their recent attempts at intervention of foreign exchange markets proved inadequate, sources at the Bank of Japan said today.

They said that the Japanese central bank wanted to expand its system of agreements under which it swaps currencies with sister banks in the U.S., West Germany and Switzerland, and open new lines with British, French and other major central banks.

The agreements effectively give the banks an unlimited supply of money to intervene in foreign exchange markets by buying up dollars and, in this case, selling yen. (Kunio Inoue, Reuter)

PRETORIA TO PERKINS: PIPE DOWN

CAPE TOWN -- Foreign Minister Roelof "Pik" Botha lashed out at U.S. Ambassador Edward Perkins for criticizing political detentions in South Africa and reminded him that the country's enemies "want to gain power through violence and death."

His remarks coincided with a new wave of unrest in the country that saw 10 trains firebombed in the township of Soweto and four blacks killed in two separate incidents. (Peter Youngusband, Washington Times, A1)

NATIONAL NEWS

REAGANS' U.S. TAX BILL: 27.5 PERCENT

SANTA BARBARA -- President Reagan and his wife, Nancy, paid \$92,460 in federal income taxes for last year, 27.5 percent of their adjusted gross income of \$336,640, according to tax returns made public by the White House.

The President said the 1986 tax returns represented the "last gasp of the old tax code. Starting this year, tax reform takes over.... Approximately 80 percent of all taxpayers will be paying less in taxes -- or will be paying no taxes at all.

"That's the good news," the President said. "The bad news is that some in the leadership of the Democratic Party are suggesting, in effect, repealing tax reform -- delaying next year's tax rate reduction and turning it into a mammoth tax increase on the American people. Some have other mischievous schemes for raising your taxes.

"Let me put this in plain English" No way.... We will not break our word to the American people. There will be no tax hike. Tax rate cuts will go ahead as scheduled. We're cutting tax rates in 1987 and 1988 and they're going to stay that way," the President said.

(David Hoffman, Washington Post, A9)

SENATORS SHOOTING LOOPHOLES IN TAX LAW

Most changes made in last year's tax overhaul won't be felt until you fill out your 1987 tax return -- the one due April 15, 1988.

But efforts already are under way to add or restore tax breaks, despite a "sense of the Senate" resolution that there be no further changes in the tax law for five years.

The non-binding resolution passed 50-47 last June, but that hasn't stopped senators, including two who voted for it, from proposing major changes.

Among the proposals:

- Restore tax deduction for IRAs for higher income taxpayers.
- Restore income averaging for farmers.
- Restore lower tax rates for capital gains.
- Add an oil-import fee.

(Bob Minzesheimer, USA Today, A4)

POLL: TAXPAYERS ARE SKEPTICAL

Despite the passage last year of the most sweeping tax revision in history, Americans' skepticism about the income tax system shows little sign of lifting, according to a new Washington Post-ABC News poll.

Nearly half of those polled believe Congress will raise their taxes this year, and only 28 percent of respondents said they expect to pay less taxes in 1987. The new tax law will give 80 percent of all taxpayers a small tax reduction through reduced rates, congressional tax writers estimate.

(Anne Swardson, Washington Post, D3)

FED OFFICIALS DENY MONEY POLICY TIGHTENED

The recent surge in interest rates is not the result of any tightening of Federal Reserve monetary policy, according to senior Fed officials.

"We didn't stir this up deliberately," one senior official said, indicating there has been no Fed action to make cash less readily available to the nation's banking system.

Instead, the official said, financial markets are "having a minicrisis of confidence" brought on by the persistent weakness of the dollar in foreign exchange markets, which has revived fears of higher inflation in the future. The dollar's weakness in turn is related to the continuing large federal budget deficit and the U.S. trade deficit, he said.

(John Berry, Washington Post, D1)

HINCKLEY CALLED POSSIBLY OBSESSED WITH BUNDY

A prosecutor said yesterday that John Hinckley may have developed a view toward the television portrayal of serial killer Theodore Bundy similar to his obsession with a character in the movie "Taxi Driver" that led to his 1981 attack on President Reagan.

Assistant U.S. Attorney General Roger Adelman, who prosecuted Hinckley in 1982, told U.S. District Judge Barrington Parker during an impromptu hearing here that Hinckley wrote to Bundy three or four times after a movie about Bundy's life was broadcast on television in May 1986 and that Bundy replied two or three times.

(Nancy Lewis, Washington Post, A1)

Federal Judge Wants To Review Hinckley Letters

A federal judge, told that John Hinckley corresponded with Florida death-row inmate Theodore Bundy, wants to review the presidential assailant's letters and papers to help evaluate his mental condition.

Hinckley, who is seeking a 12-hour Easter pass from a mental hospital, was ordered to produce all his letters, notes, postcards, poems and other writings.

(James Rowley, AP)

MR. REAGAN'S NEIGHBORHOOD

BEL-AIR -- It's a beautiful day in the neighborhood -- a beautiful day for a neighbor.

This, by most accounts, is Mr. Reagan's Neighborhood, where the President and First Lady plan to settle down for their retirement years when not savoring the simpler joys of Rancho del Cielo. Last summer 20 of their closest friends, led by "kitchen cabinet" stalwarts Earle Jorgensen and Holmes Tuttle, quietly purchased a rambling ranch house on 1½ acres of choicest land. Can you say "two-and-a-half million dollars?" That, say area real estate brokers, was the bargain-basement price.

(Lloyd Grove, Washington Post, G1)

IRAN-NICARAGUA

MAJORITY DISBELIEVES PRESIDENT ON IRAN,
POST-ABC POLL FINDS

SANTA BARBARA -- Two of three Americans say they believe President Reagan is not telling the truth about the Iran-contra affair, a sharp increase since a month ago, according to a new Washington Post-ABC News poll.

Despite the President's attempts in recent weeks to answer the criticism of the Tower special review board and to shift public attention to other matters, the poll shows that the President's overall approval rating has not improved and public skepticism about the Iran-contra affair has grown.

At the same time, however, the survey found that, by 2 to 1, Americans also believe Reagan is honest. Surveys done for the White House by pollster Richard Wirthlin have shown a similar trend, in which Reagan is described by those questioned as generally honest but not telling the truth about Iran, a Republican strategist said.

Reagan's support, which plummeted after the Iran arms sales were disclosed, stabilized in February but "has not significantly recovered" since then, the strategist said. In the interim, Reagan has made intensive efforts to rebuild his political strength and brought in a new team of White House advisers under Chief of Staff Howard Baker.

(David Hoffman, Washington Post, A1)

U.S. JUDGE WITHHOLDS RULING ON SECORD'S BANK ACCOUNTS

Senate lawyers asked a federal judge yesterday to help them "open the door" to foreign bank records that could shed light on the Iran-contra affair, but the judge expressed disdain for their legal strategy, calling it "a charade."

Chief U.S. District Court Judge Aubrey Robinson withheld a final ruling. But at a hearing he made plain his distaste for the Senate Iran-contra Committee's attempt to gain access to the records by forcing one of the targets of their inquiry, retired Air Force major general Richard Secord, to sign a "consent" form.

(George Lardner, Washington Post, A9)

-End of A-Section-

NETWORK NEWS SUMMARY FOR TUESDAY, April 14, 1987

SHULTZ IN MOSCOW

NBC's TOM BROKAW: Secretary of State Shultz today delivered a letter from President Reagan to Soviet General Secretary Mikhail Gorbachev inviting Gorbachev to a U.S. summit meeting. Gorbachev did not accept immediately, but according to the Soviet news agency TASS, he did make new offers in two key areas. TASS said that Gorbachev offered to dismantle all of the Soviet short-range missiles in Eastern Europe as part of a deal on medium-range nuclear missiles. And, according to TASS, Gorbachev also told Shultz that Moscow now was prepared to accept well-defined research on SDI, that is Star Wars, on test ranges in factories and laboratories. Star Wars research has been a major sticking-point.

NBC's ANNE GARRELS: Shultz and Gorbachev met in the Kremlin for four and a half hours this afternoon. The session started off on an unusually friendly note. Shultz joked about how hard he and Soviet Foreign Minister Shevardnadze have been working. When asked if he was willing to go to America, Gorbachev indicated he was still waiting for a good reason. "I can't just walk around," he said. "Perhaps one day when I retire, I'll go for pleasure." But Gorbachev emphasized, "Now, I mean to do business." Then Shultz handed over a formal invitation from President Reagan to come to Washington. American and Soviet arms control negotiators worked through the day. Some didn't even break for lunch. They focused on intermediate-range missiles, strategic and space defense systems, chemical weapons, and nuclear testing.

(GENNADY GERASIMOV, Soviet spokesman: "It is only possible to characterize the atmosphere and the atmosphere is favorable.")

Shultz broke from his meetings to host a dessert party -- strawberries and ice cream at the American Embassy where employee morale has been hit hard by the recent spy scandal.

(SECRETARY SHULTZ: "The message this evening is that we love you all.")

Shultz played Easter bunny for embassy children, then returned to the negotiating table -- another unscheduled late-night session with Soviet Foreign Minister Shevardnadze. Shultz had wanted to take his wife to see Red Square tonight, but he was busy, so she had to go without him. Officials won't say what progress has been made, but both sides have made it clear they want agreements. Tomorrow, when the meetings end, Shultz and Shevardnadze are expected to announce the results of these marathon talks.

BROKAW: And more Marine guards are under suspicion tonight as the sex and spy scandal now has spread to Vienna and Eastern Europe to the Warsaw Pact nations allied with the Soviet Union.

NBC's JIM MIKLASZEWSKI: Without warning the U.S. Ambassador in Vienna ordered the five Marines out of the embassy. One of them is suspected of a minor security violation. But the Pentagon says the other four are suspected of illegal contacts with local women during earlier tours of duty in Czechoslovakia, Hungary and Bulgaria.

(ROBERT SIMS, Pentagon Spokesman: "In the course of the questioning it became apparent to the ambassador that there was reason for him to ask these people to return to continue the questioning in the United States or in Frankfurt, or somewhere outside of his embassy.")

A sixth Marine from Vienna has been sent to Marine guard headquarters in Quantico, Virginia.

MIKLASZEWSKI continues: He's going to testify tomorrow on a pre-trial hearing for Sgt. Clayton Lonetree charged with espionage in the embassies at both Vienna and Moscow. A military judge will determine whether Lonetree should face capital charges and a possible death sentence. Meanwhile, the Pentagon also released details of a report from the Navy Inspector General on how to improve embassy security. The report recommends random lie detector tests for Marine guards, more frequent investigations and more thorough psychological testing of Marine guard candidates. But Pentagon sources say the report nails the State Department for setting ambiguous rules on fraternization and overall lack of attention to embassy security. (NBC-Lead)

ABC's PETER JENNINGS: The big news tonight is in Moscow and it has been made by the Soviets long after the Secretary of State and much of the traveling press corps had gone to bed. The Soviet news agency reports just a short while ago that the Soviet leader Mikhail Gorbachev has made an offer to bridge the American-Soviet differences on Star Wars, or SDI, the missile defense program in space. The Soviets say that Mr. Gorbachev has offered a definition of what the Soviets would except as laboratory research. It was on that very issue of research that the summit with President Reagan collapsed in Iceland. The Soviets also report that Mr. Gorbachev said he was ready to remove, and remove quickly, the Soviet short-range missiles which are presently targeted on Western Europe. The White House in California says tonight that if those Soviet reports are true, they are very interesting. We're not certain what they mean and it is quite likely we will have to wait on a full, formal American assessment tomorrow. But, on balance, it has been a very good day.

ABC's JOHN MCWETHY: Soviet leader Gorbachev added to the impression that real progress is being made. When he met with Secretary Shultz this afternoon reporters asked if he planned to visit the U.S. soon, perhaps for a summit. He stipulated, however, that he does not go anywhere without good reason, particularly to America, he said, this cannot be just a walk. This is a re-statement of his position that he wants an arms control agreement first. But would he be welcome in the U.S.?... They talked for four and one-half hours.

(GENNADY GERASIMOV, Soviet spokesman: "Well let us wait and see for another day.")

...At least six arms control areas are being discussed, but the emphasis was quite clearly on INF.... So the super powers appear to be moving, ever so carefully, toward both an arms control agreement and a summit.

ABC's WALTER RODGER: An agreement reducing medium-range nuclear missiles that would lead to a summit in the United States has to be a tantalizing prospect for Mr. Gorbachev. His popularity in Europe will certainly increase with a lowering of the nuclear threshold and the Soviets might be in a better position to play a bigger role in Western Europe.

(SECRETARY GORBACHEV: "We assign an overriding significance to the European course of our foreign policy.")

Risks to Soviet security seem minimal. Both sides would still have plenty of nuclear hardware left in Europe. Mr. Gorbachev may risk some displeasure at home, his military men might not like throwing away 1,000 nuclear warheads now aimed at NATO countries.

RODGERS continues: Nor will Gorbachev's generals be happy with intrusive Western inspection to prevent cheating, but the Russians are downplaying the problems. An arms control agreement and a summit this year would make Mr. Gorbachev look like a winner at home and abroad. But more importantly, for the first time in a long time, a Soviet leader would have put the Kremlin's relations with Washington back on the high road.

JENNINGS: Neither the U.S nor the Soviet delegations made any public mention today of their respective complaints about security. Here in Washington, however, the investigation continues into the conduct of those Marines who were serving in embassies in the Soviet bloc. Today we learn that Marines who served in Hungary, Bulgaria and Czechoslovakia have been called home from their current post in Vienna.

ABC's DENNIS TROUTE: U.S. officials are recalling six of the 24 Marine assigned to the embassy in Austria. One, apparently, for a minor security infraction. But four others, who had been assigned to embassies in Eastern Europe prior to coming to Vienna, now have told investigators that they have disobeyed rules requiring them to report social contacts with East Europeans. There's no suggestion of spying at present.

(ROBERT SIMS, Pentagon spokesman: "In the course of the questioning, it became apparent to the ambassador that there was reason for him to ask these people to return to continue the questioning in the United States.") The sixth Marine returning, who served with Sgt. Clayton Lonetree in Moscow, is a potential witness in his case. Lonetree was the first Marine accused of helping Soviet spies steal secrets from the American Embassy in Moscow. Meanwhile a Navy Inspector General's report on the Marine guard program is being reviewed now by the Secretary of Defense. Among its recommendations, officers instead on non-commissioned officers running security guard detachments, random polygraph tests for Marine guards and more vigorous State Department supervision of young Marines assigned to guard duty. The Marine guard is already so worried about its tarnished public image that on Friday it is taking the unusual step of making Commander General P.X. Kelley available for reporters' questions about the scandal and about the efforts to repair it. (ABC-Lead)

CBS's DAN RATHER: A new big deal may be brewing in Moscow. Late today it was reported that Soviet leader Gorbachev told Secretary Shultz that the Soviet Union now is prepared to abolish all short-range nuclear missiles in Europe -- this, if the West agreed not to built-up its own, and in addition to a deal on medium-range missiles. The White House says tonight the TASS report on all this is not completely accurate, but the idea is interesting. Obviously momentum for a new Reagan-Gorbachev summit and arms control deals was building again today in Moscow.

CBS's BILL MCLAUGHLIN: Soviet Leader Mikhail Gorbachev welcomed Secretary Shultz to his Kremlin office with all the enthusiasm of someone just dying to be asked out. With little prompting, Gorbachev started a monologue about a visit to the United States. "It would be nice to go, but I generally don't go anywhere without a good reason. So, maybe I'll have to wait until I retire." Shultz failed to get the hint. That finally prodded Shultz into remembering he had just the thing in his pocket. (SECRETARY SHULTZ: "I have a letter.")

MCLAUGHLIN continues: Behind the friendly banter was the deadly serious business of reducing the threat of a nuclear war. As Shultz and Gorbachev spent four and a half hours behind closed doors, American and Soviet working groups reportedly were narrowing their differences on an arms control accord that would eliminate intermediate-range nuclear missiles in Europe. Other serious differences also remain to be worked out --like the Soviet monopoly on short-range or tactical nuclear missiles that will be left in Europe and iron-clad means to verify that both sides are living up to an agreement. But if an agreement in principle can be worked out here, then Gorbachev will have his reason to come -- a treaty which can be signed in Washington. In the middle of these intense negotiations, Shultz took a break to man the ice cream scooper at the new American Embassy. He and his wife wanted to give a party for a diplomatic corps badly shaken by the Marine spy scandal and an embassy staff in need of a pat on the back.

(SECRETARY SHULTZ: "That we love you all.")

After that Shultz returned to a much tougher audience and high stakes talks that could determine whether Gorbachev and President Reagan meet again at the summit.

CBS'S LESLEY STAHL: Each time Ronald Reagan stands next to Mikhail Gorbachev on the world stage, the President's poll ratings go up. And so the prospect of another summit to sign an agreement on medium-range missiles is being read as a tremendous political victory. It is not being read, however, as a victory for arms control.

(TV coverage: File footage of the President and Secretary Gorbachev in Iceland.)

(SENATOR DALE BUMPERS: "The INF agreement, if we get one, it is small potatoes compared to what has to be done -- what has to be done is the elimination of these big, intercontinental ballistic missiles.")

Both leaders, in trouble at home, have been searching for something to sign so they can hold a summit.... In purely political terms, there is little disagreement that a summit could salvage the last two years of the Reagan Presidency.

(TV coverage: File footage of the President delivering the State of the Union Address.)

And if Mr. Reagan gets his summit without compromising on star wars or other arms control issues, he'll be able to argue that he won the game.

(TV coverage: File footage of the President and Secretary Gorbachev in Iceland.)

He will have proved it by bringing the Soviets to the bargaining table and to a summit in the United States without weakening on his major arms control positions.

RATHER: The State Departments' U.S. Marine guard scandal widened again today. Four guards on station in Vienna were recalled for questions. They all were previously stationed in Communist countries and are now being investigated for what are called "improper contacts with foreign citizens." The Soviet Union this week stepped up pressure on the United States to help get the Russians out of Afghanistan in a deal favorable to Moscow. Inside Afghanistan the Soviets have stepped up their scorched-earth tactics against peasant villages....

(CBS-Lead)

POLL ON THE PRESIDENT

JENNINGS: It was widely assumed, in this city at least, that after his news conference a month ago, the President had put some of the Iran affair behind him. At the time 49 percent of the public doubted that he was telling the truth. ABC News and the Washington Post have conducted another poll. Today, 65 percent of those we asked doubt the President's version of events.
(ABC-4)

WALL STREET

BROKAW: This was a wild, wild day in the financial world. Stock prices again finished sharply lower in frenzied trading. There were new fears of inflation and even a recession.

NBC's Mike Jensen: The Dow Jones average was down more than 60 points in mid-afternoon before it recovered to close down 34 -- that's a loss in the last four trading sessions of almost 120 points. The dollar plunged in trading rooms all over the world. The dollar hit another record low against the Japanese yen -- this was triggered by trade figures released today by the U.S. government. The United States in February exported \$18 billion worth of good to other countries, by the U.S. imported \$33 billion worth of goods for a merchandise trade deficit of \$15 billion -- the third largest monthly deficit in history. Some experts say the United States is headed for serious economic problems.

(ROBERT ALTMAN, former Assistant Secretary of Treasury: "Unless the Administration can stabilize the exchange markets and stabilize the bond market, which I doubt, they we're facing recession.")

...Long-term treasury bonds already are up a full percentage point in less than three weeks. And gold prices are hitting their highest levels in four years. People turn to gold when inflation heats up. All this will put pressure on the Federal Reserve to dampen inflation by raising interest rates. But higher interest rates send stock price plunging and make it more expensive for businesses and consumers to borrow and that can lead to recession. Can lead, but not necessarily. The one thing the experts agree on is that the rate of inflation is growing and interest rates are moving up again.
(NBC-2, ABC-2, CBS-3)

HINCKLEY

BROKAW: A federal judge today ordered all of John Hinckley Jr.'s personal correspondence turned over to the court. The man who tried to kill President Reagan has requested permission to visit his parents for Easter unescorted. The judge issued his order today after mass murder Theodore Bundy told officials that he has been exchanging letter with Hinckley on a regular basis.
(NBC-11, CBS-8)

TAXES

BROKAW: ...Among the last minute filers -- the President and Mrs. Reagan. Their federal tax return shows that the Reagan's have an adjusted gross income of \$336,641 last year. They paid a total of \$123,517 in taxes. They are entitled to a refund of about \$31,000. The Reagan's donated \$30,000 to charity, including \$11,800 to Eureka College in Illinois -- Mr. Reagan's alma mater.

(NBC-5, ABC-3, CBS-9)

LIBYA

JENNINGS: In Libya today there were street demonstrations to celebrate what Khadafy's government still refers to as its victory over the United States. It was a year ago tonight that U.S. jet bombers took off from British air bases and some hours later they were dropping bombs on Libya. The Reagan Administration says the attack was intended to deliver a political message -- that terrorism will not be tolerated. So, what's the assessment of the bombing a year later?

ABC's BOB ZELNICK: ...The identity of the pilot had to be protected in this exclusive ABC interview.

(PILOT: "I was the first airplane. Four or five seconds prior to my bombs' impact on the ground, I saw a anti-aircraft gun open up and start firing at my aircraft.... Khadafy was not a target of my attack. We were assigned three targets and we struck three targets and complete mission success.")

(SECRETARY WEINBERGER: "I think it did carry the message that it was intended to -- that terrorism has a terrible cost attached to it.")

(ABC-9, CBS-2)

SOUTH KOREA

BROKAW: The government of South Korea today blocked opposition leader Kim Dae Jung from any contact with his supporters or with the press. Political repression has sent many young South Koreans into the streets to protest.

NBC's JOHN COCHRAN:...The angriest are the young, students running on adrenalin and idealism -- angry because they live under an authoritarian government supported by the United States. But they stop short of calling for the withdrawal of American troops.... The students are right, in a sense. If American troops had not fought back the Communist invasion in 1950 and if American troops had not stayed on, North and South would be united -- but under a Communist government....

(JAMES LILLEY, U.S. Ambassador: "Anti-Americanism has been a problem. We are concerned about it. But it seems to me it is something we can live with.")

The State Department recently surprised its critics here with a human rights report admitted that South Koreans have neither free speech nor a free press. The State Department report also said police are probably guilty of torturing political prisoners.... After promising reforms, President Chun has now reversed his decision to permit a new, more democratic constitution this year. U.S. officials fear that if Chun also renege on his promise of free elections, the Olympic games in Seoul next year may turn into a battle ground between protesters and police.

(NBC-9)