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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, APRIL 27, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

End Of Sanctions By U.S. On Japan Likely By Midyear -- President Reagan is expected to tell Prime Minister Yasuhiro Nakasone this week that the U.S. may be able to end trade sanctions against Japan by the end of June, according to Administration officials.

(New York Times, USA Today, Washington Times, AP, Reuter, UPI)

Congress Fears Marine Spy Probe Was Bungled -- There is growing concern on Capitol Hill that investigators may have botched the sex-for-secrets spy probe of former U.S. Marine guards in Moscow.

(USA Today, Washington Post)

IRAN-NICARAGUA

Webster May Face More Senate Questions -- Chairman David Boren of Senate Select Committee on Intelligence is expected to decide whether to recall FBI Director William Webster for more questioning about his qualifications to become director of the CIA, congressional sources said.

(Washington Post)

NETWORK NEWS (Sunday Evening)

TRADE -- U.S. and Japanese officials denied that the two nations are headed for a trade war.

ARMS CONTROL -- Richard Nixon and Henry Kissinger criticized the Administration's arms control policy.

IRAN-CONTRAS -- Oliver North recruited a former CIA operative to help supply the contras during the congressional ban.

"Competitiveness"

"Competitiveness is the new code word in Washington, and Washington needs code words. It doesn't think in sentences very often."

(William Brock, Secretary of Labor)

INTERNATIONAL NEWS

END OF SANCTIONS BY U.S. ON JAPAN LIKELY BY MIDYEAR

President Reagan is expected to tell Prime Minister Yasuhiro Nakasone this week that the U.S. may be able to end trade sanctions against Japan by the end of June, according to Administration officials.

Under this scenario, the President would announce just before the June 8-10 economic summit meeting in Venice that he hoped to lift the restrictions on electronics imports by the end of that month, provided Japan was found to be in compliance with a semiconductor agreement the two governments signed last July.

(Clyde Farnsworth, New York Times, A1)

Nakasone, Reagan Meeting This Week

President Reagan and Japanese Prime Minister Yasuhiro Nakasone meet this week, eager to defuse an explosive trade dispute and demonstrate that relations between the world's commercial giants are fundamentally friendly.

According to U.S. policymakers preparing for Nakasone's three-day visit here, the Reagan Administration hopes the talks will depress, not stimulate, Capitol Hill sentiment for tough new economic measures against Japan.

In Hashikojima, Japan, Hajime Tamure, Japan's minister of international trade and industry, said his country must take action if it is to keep world confidence.

U.S. Special Trade Representative Clayton Yeutter, interviewed from Tokyo on NBC'S "Meet the Press," said he's been pleased with talks held with Japanese officials.

"I'm convinced that some things of a very positive vein are beginning to happen in Japan on the trade front, and I hope you will see some evidence of that in the next few days," Yeutter said.

(Henry Gottlieb, AP)

Bruised Reagan, Battered Nakasone Meet This Week

President Reagan and Japanese Prime Minister Yasuhiro Nakasone, two bruised political heavyweights, meet this week as old friends in the middle of a nagging quarrel.

But U.S. officials say they see no prospects the two men can end the trade dispute that led Reagan to slap \$300 million in tariffs on imported Japanese computers, power tools and color television sets April 17.

(Patrick Killen, UPI)

Nakasone Hopes U.S. Visit Will Quell Trade Action

TOKYO -- Prime Minister Yasuhiro Nakasone said he hoped his visit to Washington this week would set the path for resolving Japan's severe trade problems with the U.S.

Nakasone said Japanese special envoy Shintaro Abe, who has just returned from a trip to the U.S. to prepare for the prime minister's visit, told him that protectionist sentiment in the U.S. was severe.

"We are well aware of a movement in the U.S. to enact legislation," the prime minister told foreign reporters.

(Jeff Stearns, Reuter)

Nakasone Visit Unlikely To Ease Crisis Over Trade

U.S. and Japanese officials expressed scant hope a Washington visit this week by Japanese Prime Minister Yasuhiro Nakasone can do much to avert a budding trade war.

"I'm heartsick really that we haven't seen a more positive reflection on the part of the Japanese," said Rep. Dan Rostenkowski, the Ways and Means Committee chairman who will attempt to guide a tough trade bill through the House while the Japanese leader meets with President Reagan.

(Karen Riley & Marc Lerner, Washington Times, A1)

Trade Fight Taking On Political Tint

Trade legislation, toughened by an amendment from Rep. Richard Gephardt, is expected to win House OK despite objectors who call it "misguided."

In his Saturday radio address, President Reagan -- saying the amendment "would restrict the President's option" -- hinted at a veto: "I may need you help to stop it."

(Adell Crowe, USA Today, A5)

Rostenkowski Criticizes Trade Legislation As 'Misguided'

Rep. Dan Rostenkowski said congressional legislation calling for mandatory U.S. reprisals against nations using unfair trading practices is misguided and "destined for a veto" by President Reagan.

But Rostenkowski, chairman of the Ways And Means Committee, said he would not be surprised if the so-called Gephardt amendment passes the House this week, and he blamed the Japanese for that.

With Japanese Prime Minister Yasuhiro Nakasone coming to Washington for talks with Reagan, and the House poised to commence debate Tuesday on trade legislation, Rep. Richard Gephardt called his amendment "the stick in the closet" needed to force fair practices by America's trading partners.

At the same time, Nobuo Matsunaga, the Japanese ambassador to the U.S., acknowledged on ABC's "This Week With David Brinkley" that "we are quite aware that we cannot continue this abnormal situation with a huge trade imbalance."

And Hidetoshi Ukawa, Japanese consul general in New York, appearing on NBC's "Meet the Press," said, "I think there are a number of things we should be doing. That is to say, we should be pursuing policies that we have committed ourselves to...to play a more constructive role in the world and global economy."

(Merrill Hartson, AP)

TRADE MINISTERS CALL ON JAPAN TO TRIM SURPLUSES

KASHIKOJIMA, Japan -- Trade officials from North America, Japan and Europe called for an end to mercurial exchange rates, and Japan promised to adopt comprehensive measures to trim its huge trade surpluses.

The representatives from the U.S., Canada, Japan and the European Economic Community released the statement at the close of a two-day meeting during which Japan's trade policies came under frequent attack.

The statement from the Quadrilateral Trade Ministers Conference said Japan "explained its vigorous endeavors to further expand its domestic demand through the implementation of new comprehensive economic measures. It is expected that its early and effective implementation will benefit Japan as well as the world economy." (Steven Paulson, AP)

Ministers To Discuss Trade With Japan

LUXEMBOURG -- West European Foreign ministers will debate the vexed issue of trade relations with Japan amid fears it might try to dump goods in Europe on which the U.S. has clamped retaliatory tariffs.

The 12 ministers of the European Community will hear a report from External Trade Commissioner Willy de Clerco on weekend talks in Tokyo which were also attended by commerce ministers of the U.S. and Canada. (Jonathan Clayton, Reuter)

U.S. MARKETS PREPARE FOR U.S.-JAPAN TRADE SUMMIT

NEW YORK -- Economists say U.S. financial markets face the forthcoming U.S.-Japan trade summit amid growing fears of being locked in a vicious circle of a falling dollar and rising interest rates, with global recession not far behind.

The meeting in Washington this week between Japanese Prime Minister Yasuhiro Nakasone and President Reagan also coincides with a massive borrowing by the Treasury to fund the burgeoning U.S. deficit. (Jeremy Solomons, Reuter)

OTA STUDY SUPPORTS GOVERNMENT INTERVENTION TO RESTRICT TEXTILE IMPORTS

The government is neglecting the research needs of the textile and apparel industry while remaining one of the few nations to leave its markets largely open to imports, a congressional study concludes.

The report, prepared by the non-partisan congressional Office of Technology Assessment, said technological breakthroughs adopted by U.S. textile and apparel firms, which are spending \$1.5 billion a year on new plants and equipment, have made the industry among the most productive in the world.

But those productivity gains have been offset by the increasing international competition for textile and apparel markets and the resulting surge of imports into the U.S., the report said. (David Pace, AP)

JAPAN HOLDS OUT PROMISE OF MORE FUNDS FOR ASIAN BANK

OSAKA, Japan -- Japan's Finance Minister Kiichi Miyazawa opened the 20th annual meeting of the Asian Development Bank by holding out the promise of more Japanese money for the organization.

"We are...striving to enhance the flow of capital from Japan to the developing countries," he said, adding: "The Asia-Pacific region is an area of special concern for us in our bilateral and multilateral assistance."

Miyazawa told delegates from 46 member countries that Tokyo was ready to study the possibility of setting up a special Japanese fund at the ADB, similar to one at the World Bank. (Rich Miller, Reuter)

FINANCE CHIEF OF BRAZIL TO RESIGN

SAO PAULO -- The architect of Brazil's moratorium on payment of its foreign debts, Finance Minister Dilson Funaro, announced his resignation tonight, paving the way for important changes in President Jose Sarney's policies.

The shift could signal an early end to Brazil's confrontation with foreign creditors and an eventual rapprochement with the International Monetary Fund. (Richard House, Washington Post, A1)

REAGAN PUBLICLY WELCOMES ADVICE FROM NIXON, KISSINGER

The White House is publicly welcoming advice from Richard Nixon and Henry Kissinger on how to negotiate with the Russians, but privately officials are second-guessing the architects of the detente President Reagan has mocked in the past.

In unusual public advice to the President as he considers a Soviet offer for removing nuclear weapons from Europe, the ex-president and former secretary of state said that negotiations must be linked to Russian reductions in conventional warfare superiority lest "a false peace" result.

White House spokesman Dan Howard, in a carefully worded statement avoiding comment on the wisdom or propriety of the column, said, "we genuinely welcome everyone's views on this issue" and no decision has been made.

Privately, Administration officials warned that linking missile reductions to conventional forces would derail a potential agreement and thus the chances for Reagan to achieve such an accord before he leaves office in 21 months. (Ira Allen, UPI)

NIXON URGES TRADE ON LONG-RANGE MISSILES

NEW YORK -- The U.S. should trade defensive systems it develops under "Star Wars" research for reductions in Soviet long-range weapons, former president Richard Nixon says in an interview with Time magazine.

"What we've got to do is re-establish the linkage between our concern with Soviet superiority in land-based nuclear weapons and Soviets' concern with SDI," Nixon said.

"One way for us to counter their offensive buildup is to defend our missile sites.... We tell them that we're...willing to negotiate on deployment of a defensive system if the Soviets reduce their big, most threatening missiles and reduce the ratio of their warheads to our deterrent forces."

"It's simply not going to work to tell the President (Reagan) to give up SDI. What I'm proposing is that SDI should go forward, concentrating on defense of our missile sites. Then you'll be able to have negotiations with the Soviets on offense," Nixon said. (Reuters)

SUPPORT GROWS IN EUROPE FOR SOVIET ARMS OFFER

LUXEMBOURG -- European NATO members have expressed increasing support for Soviet leader Gorbachev's proposal to eliminate all of the superpowers' ballistic nuclear missiles in Europe.

Officials in Italy, Luxembourg and Spain have come out in its favor, and Belgium, the Netherlands and Denmark also are believed to support it.

A key uncertainty in the Europeans' effort to forge a common position, however, is a split in views within the West German coalition government.

Britain also has yet to declare its stance, although the foreign secretary, Sir Geoffrey Howe, suggested after an April 16 NATO meeting that the proposal could be a good deal for the West.

(Robert Burns, AP)

MARINE CASE SAID TO BE IN JEOPARDY

Lack Of Evidence, Witness Retractions,
Faulty Quizzing Cited

The prosecution of Marine guards accused of security breaches at U.S. diplomatic posts now may be jeopardized by lack of evidence, retractions of statements by key witnesses and legally faulty interrogation of suspects, according to government officials and attorneys familiar with the investigation.

The Naval Investigative Service, which was reorganized after the Walker family spy scandal to dedicate more resources to espionage cases, is the target of the harshest criticism. Some officials accuse the agency of major failures in its first significant probe.

Gen. P.X. Kelley, the Marine Corps commandant, has recommended that the military seek help from the Justice Department in the cases. But Justice Department officials said last week they have little interest in entering the investigation. "It may be too late," one Justice Department official said. "There are problems with reinterviewing people. Once somebody's been interviewed, it's hard to go back and get the genie in the bottle."

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

Congress Fears Marine Spy Probe Was Bungled

There is growing concern on Capitol Hill that investigators may have botched the sex-for-secrets spy probe of former U.S. Marine guards in Moscow.

But officials insist they still have a "prosecutable" case.

"I have directly questioned the Marine Corps and the State Department about this and was assured there was no botching of the investigation," said Rep. Dan Mica.

"But that runs counter to reports we're getting," Mica said.

Mica -- an outspoken critic of U.S. Embassy security in Moscow and elsewhere -- warned that the manner in which the probe is conducted "could become a separate issue if it is mishandled."

(Ralph Soda, USA Today, A5)

WESTERN ANTI-NUCLEAR PROTESTS NOT MATCHED IN SOVIET UNION

MOSCOW -- Weekend anti-nuclear demonstrations in the West to mark the anniversary of the Chernobyl accident had no parallel in the Soviet Union -- where the disaster happened.

The official Soviet media also gave almost no coverage to the protests in the West, even though newspaper and television news reports usually focus on issues where Western governments are at odds with some sections of public opinion.

(Tony Barber, Reuter)

Soviets Downplay Aftereffects Of Chernobyl

MOSCOW -- The first anniversary of the Chernobyl nuclear disaster slipped by quietly, with the official media reassuring people that they need not fear long-term side effects of history's worst nuclear power accident.

Yuri Israel, a member of the government commission that investigated the accident, told Soviet television news radiation levels in the Ukrainian capital of Kiev, 80 miles south of Chernobyl, remained above normal a year after the disaster but pose no threat to health.

Israel said in smaller villages near the plant, radiation levels have returned to normal and that evacuees soon will be allowed to return.

(Charles Mitchell, UPI)

GORBACHEV TO VISIT DAMASCUS

Soviet leader Gorbachev, who played host to Syrian President Hafez Assad for three days, has agreed to visit Damascus, the official Tass news agency said.

Tass gave no dates for the visit but said Gorbachev agreed to go to the Syrian capital during the two leaders' talks in Moscow, which ended Saturday.

During the talks, Gorbachev apparently pressured Assad into setting aside his bitter personal feud with PLO Chairman Yasser Arafat and to work for unity within the PLO.

(UPI)

NATIONAL NEWS

THE TRUTH IN REAGAN'S HUMOR

Over the years, Ronald Reagan's self-deprecating sense of humor has been a shield and saving grace in moments of political and personal crisis.

Reagan's (use of self-directed humor) before skeptical audiences may have served the therapeutic purpose of forcing him to deal with the reality of diminished credibility. He is comfortable when speaking out on the unpopular side of issues that matter to him, as demonstrated by his consistent support for the contras. He is willing to risk political defeats, as in his veto of the highway bill. But the President finds it painful to accept that millions of Americans who deeply trusted him no longer take him at his word.

Telling jokes, many of them self-written, about the (Iran-contra) scandal has become Reagan's way of letting us know that he understands that many Americans now see him in a different light. What the President is unable to admit in formal speeches, he can confront when faced with a performer's challenge of drawing laughs at his expense.

In the last five months, the strain on Reagan has sometimes shown through the script. One such moment came when he greeted members of the champion New York Giants football team at the White House. After referring to the team's supporters as "our fans," Reagan added, with a wistful smile, "Your fans, I should say. I don't have many fans anymore."

It was a bleak and realistic assessment by a politician who has long understood that in humor there is truth.

(Lou Cannon, Washington Post, A2)

MEESE AIDES WERE WARNED TO SHUN WEDTECH

Top aides to then-White House counselor Edwin Meese were warned in 1981 and later not to deal with complaints from the Wedtech Corp. about the company's efforts to obtain a no-bid contract from the Army, according to informed sources.

The warnings, contained in memos written by former White House counsel Fred Fielding and former Cabinet secretary Craig Fuller, cited objections on both ethical and procedural grounds, the sources said.

The documents, the sources said, have been turned over to independent counsel James McKay, who is investigating high-level lobbying on Wedtech's behalf under the Ethics in Government Act,

(George Lardner & David Hoffman, Washington Post, A1)

SENATE TACKLING 1988 BUDGET WITH DISAGREEMENT ABOUNDING

The full Senate, beginning to craft next year's budget after four months of preliminaries, is starting off with agreement that the numbers look grim but disagreement over how to fix them.

While work commences on a \$1 trillion spending plan for 1988, a Senate committee is scheduled to begin writing its version of a supplemental spending bill to supply the government with money it needs for programs this year.

Meanwhile, the House plans to begin considering a sweeping trade bill this week that would ease the way for imposing import restrictions to protect U.S. industries and retaliating against unfair trade practices by other countries.

And the special committees in the House and Senate organized to investigate the Iran-contra affair plan to meet next week, perhaps jointly, to prepare for their public hearings, which begin May 5.

(Alan Fram, AP)

DINGELL PLANS TAKEOVER REFORM BILL

Measure Would Require Quicker And More Complete Disclosures

Responding to recent Wall Street scandals, the chairmen of the House Energy and Commerce Committee and its securities subcommittee announced that they will introduce legislation to "restore the balance and fairness" in corporate takeover attempts.

Reps. John Dingell and Edward Markey said they will ask Congress to require quicker and more complete disclosure of takeover attempts and to eliminate "greenmail" of companies and "golden parachutes" for executives, two phenomena often cited as abuses of the system.

(William Kronholm, Washington Post, A12)

2 PERSONS ARRESTED IN RALLY ON CAPITOL STEPS

Two men were arrested at a rally on the steps of the U.S. Capitol that called on Congress to impeach President Reagan, Vice President Bush and Attorney General Meese.

The rally of about 300 protesters was one of several weekend activities organized around the National Mobilization for Peace and Justice in Central America and Southern Africa demonstration that drew 75,000 marchers Saturday. Protesters planned to block the entrances to CIA headquarters in Langley today.

Speakers at the rally, organized by the two-month-old National Impeachment Coalition, blasted the Iran arms affair and charged that the Nicaraguan rebels, with help from Bush and Lt. Col. Oliver North, financed their war against the Nicaraguan government from the import and sale of cocaine and crack in the U.S. (Retha Hill, Washington Post, A7)

Protesters Target CIA

LANGLEY, Va. -- Hundreds of protesters, many of whom marched through Washington against U.S. policies in Nicaragua and South Africa, got a lesson in civil disobedience for a non-violent assault on CIA headquarters.

An estimated 500 people split into groups Sunday and were taught methods of peaceful resistance in preparation for their planned convergence and anticipated arrests at the gates of the sprawling CIA facility in the woods of northern Virginia. (Paul Walsh, UPI)

Opponents Of Administration Foreign Policy Prepare For CIA Protest

Opponents of the Reagan Administration's foreign policy, some wearing the tie-dyed T-shirts and bell-bottom jeans popular among '60s protesters, spent Sunday learning non-violent tactics for a demonstration Monday outside CIA headquarters.

"We're trying to prepare people for all the various types of problems that we can think of," explained Athena Bradley, one of the leaders of a group of 70 people who were learning how to deal with police and other authorities. (Tim Ahern, AP)

CASEY ILL WITH PNEUMONIA

GLEN COVE, N.Y. -- Former CIA Director William Casey was in guarded condition with pneumonia at a Long Island hospital today, a hospital spokesman said.

Casey, 74, was being treated in the intensive care unit of Community Hospital at Glen Cove, where he was admitted Saturday, the spokesman said. It was the second time Casey has returned to a hospital since being released from the Georgetown University hospital where he underwent brain cancer surgery.

Casey was suffering from aspirational pneumonia but his family asked that no other details of his medical condition or treatment be released, the spokesman said. (UPI story, Washington Post, A4)

USC MAY HOST REAGAN LIBRARY

LOS ANGELES -- The Ronald Reagan Presidential Foundation, which has abandoned plans to build a library and policy center at Stanford University, may turn to the University of Southern California, a trustee said.

USC Provost Cornelius J. Pings said USC has received "several informal inquiries" about the library. "Our response was, 'Of course, we would always be interested in scholarly acquisitions such as presidential papers,'" Pings said. (Washington Post, A7)

IRAN — NICARAGUA

WALSH CONSIDERING AN INDICTMENT AGAINST A KEY ASSOCIATE OF SECORD

The special prosecutor in the Iran-contra affair is considering criminal conspiracy charges against an Iranian-born arms dealer who has emerged as a key source of information for congressional investigators, according to federal law-enforcement officials.

The officials said the arms dealer, Albert Hakim, is suspected of involvement in a wide-ranging conspiracy to defraud the government.

As the law-enforcement officials discussed Hakim's role, a Reagan Administration official with knowledge of the case said he understood that the special prosecutor, Lawrence Walsh, was weighing a plan to bring at least one indictment in the case within the next two weeks, before the start of congressional hearings on the case.

(Philip Shenon, New York Times, A2)

WEBSTER MAY FACE MORE SENATE QUESTIONS

Chairman David Boren of Senate Select Committee on Intelligence is expected to decide whether to recall FBI Director William Webster for more questioning about his qualifications to become director of the CIA, congressional sources said.

A committee member said Boren, who has been polling the committee to determine how many members have questions they want answered, believes there is "at least a 50-50 chance for one more concluding public session" with Webster, who was nominated March 3 by President Reagan as CIA director.

Senators want to discuss with Webster the numerous references in FBI files to Lt. Col. Oliver North, the fired National Security Council aide -- particularly North's counterterrorism role while he was on the NSC staff.

The nearly two-month hold on Webster's nomination is rooted in Senate caution about what may develop about Webster or the FBI in the Iran-contra congressional hearings, scheduled to begin May 5.

(Walter Pincus, Washington Post, A1)

CONGRESS SET TO PEEK AT REAGAN DIARY

On Washington's hot-reading list: President Reagan's diary entries on the Iran scandal.

The latest to try to peek over Reagan's shoulder: congressional investigators, who may take a read this week.

Disputing comments by Senate probe panel Chairman Daniel Inouye, that the diary entries "could cause some embarrassment," Reagan said last week "the only thing I'm embarrassed about is my scrawly handwriting."

(Johanna Neuman, USA Today, A5)

NETWORK NEWS SUMMARY

(Sunday Evening, April 26, 1987)

EDITOR'S NOTE: CBS did not air an evening broadcast for Sunday, April 26, 1987.

JAPANESE TRADE

ABC's Sam Donaldson: U.S. and Japanese officials publicly denied today that the two nations are headed toward a trade war, as Washington prepared to welcome Prime Minister Nakasone for a visit -- he arrives on Wednesday. Even while Nakasone is in town, Congress is scheduled to move forward with protectionist trade legislation.

ABC's Kenneth Walker: In the days before Japanese Prime Minister Nakasone come to Washington, officials in both governments are trying to ease recent trade frictions.

(Ambassador Matsunaga: "We are quite aware that we cannot continue anymore this abnormal situation of huge trade imbalance."

Trade Representative Yeutter: "I'm convinced that some things of a very positive vain are beginning to happen in Japan on the trade front.")

If the rhetoric is cooling between the U.S. and Japan, it's heating up between the Reagan Administration and the Congress over trade legislation the House should vote on this week that might mandate retaliation if countries don't reduce any trade surpluses they've won through unfair trade practices.

(Rep. Gephardt: "The point of the Gephardt amendments is to put pressure on the leaders of other countries and the private sector of other countries; you will get movement."

Rep. Kemp: "It's as I said earlier -- it's a very dangerous piece of legislation because it says trade surplus countries must reduce that surplus by 10 percent or less.")

Commerce Secretary Malcolm Baldrige warned that trade legislation could weaken the President's leverage.

(Secretary Baldrige: "You can't have 535 individuals Congressmen and Senators sitting down there and each expressing their own views and negotiating with foreign countries. It just simply won't work.")

House Ways and Means Chairman Rostenkowski shares the Administration's reservations about the Gephardt amendment, but he warned it might pass without more from that Japanese.

(Rep. Rostenkowski: "I'm heartsick really that we haven't seen a more positive reflection on the part of the Japanese -- because they're

being stubborn certainly won't help me on the floor of the House of Representatives.")

Both Prime Minister Nakasone and President Reagan have domestic political troubles and it's by no means certain that Nakasone can grant the substantial concessions the President needs to avoid having his hands tied by Congress.

(ABC-4)

-more-

NBC's Chris Wallace: This week Congress will debate and is expected to approve a tough bill, cracking down on unfair foreign trade practices. Most of the criticism is directed toward Japan and the debate coincides with a visit to Washington by Japan's Prime Minister.

NBC's Robin Lloyd: The President wasn't answering questions about the prospects of a trade war with Japan. But in just four days, he will meet with Japanese Prime Minister Nakasone in what officials admit will be no routine visit. Eleven days after the U.S. slapped sanctions on Japan, there is still frustration on both sides.

(T.V. coverage: The President and First Lady returning to the White House.)

(Ambassador Matsunaga: "We regret enormously that American government has decided to take such unilateral sanctions measures against Japan which we do not believe justifiable.")

But top U.S. officials say there are indications that Nakasone will come to Washington prepared to make some concessions, specifically to open up Japanese markets to U.S. supercomputers -- a key demand of the U.S. And to allow American companies to bid on a \$6 billion airport construction project currently off limits to U.S. companies.

(Trade Representative Clayton Yeutter: "I'm convinced that some things of a very position vain are beginning to happen in Japan on the trade front and I hope you'll see some evidence of that in the next few days when Prime Minister Nakasone is in Washington.")

On the same day the Japanese Prime Minister arrives, Congress is set to vote on a tough trade bill. Part of that bill, the Gephardt amendment, would place severe import restrictions on countries like Japan with huge trade surpluses.

(Rep. Gephardt: "You don't get inertia to move unless there's pressure and the Gephardt amendment is the pressure to get things to change.")

But critics say this will only worsen relations.

(Rep. Kemp: "The Gephardt amendment is the most dangerous piece of legislation in my 17 years in the Congress. It invites a trade war. It invites retaliation.")

The President has indicated he will veto any protectionist trade legislation. His battle with Congress may be eased somewhat if Nakasone comes through with the concessions the Administration is hoping for. (NBC-8)

ARMS CONTROL

Donaldson: Former President Richard Nixon and his Secretary of State Henry Kissinger joined forces today in a thinly-veiled criticism of the Reagan Administration's rush toward a new arms control treaty with the Soviets -- warning against what they call, "the wrong kind of deal." In a joint expression written for the Los Angeles Times, Misters Nixon and Kissinger said an agreement to eliminate medium-range missiles should reduce them to zero worldwide, not just in Europe. And it should be linked to the elimination of the huge Soviet conventional superiority in Europe. Otherwise, they said, a false peace could result. In the 70's Ronald Reagan sharply condemned the Nixon-Kissinger policy of detente toward the Soviets and the arms control treaties they negotiated. Asked about their warning to Mr. Reagan today, the White House spokesman said we generally welcome everyone's views on this issue. (ABC-6, NBC-9)

IRAN/CONTRAS

Wallace: The Washington Post reports today that Oliver North recruited a former CIA operative to help supply the Nicaraguan contras at a time when Congress banned direct U.S. military aid. The agent North recruited was Felix Rodriguez who has also been linked to Vice President Bush.

NBC's Tom Pettit: Oliver North was not talking today about any possible connection to the Vice President's office on contra aid; nor was the Vice President. But through a spokesman, he did reaffirm his confidence in this man -- Donald Gregg, the V.P.'s National Security Advisor, ex-CIA. Gregg is a close friend of the contra mystery man, Felix Rodriguez, formerly of the CIA. The Washington Post disclosed today that Oliver North recruited Rodriguez in 1985. In a letter dated Sept. 20, 1985, North told Felix Rodriguez details of the resupply operations he would coordinate. Gregg said he did not even know that North had recruited Rodriguez until last December.

(Gregg: "The story with no new facts has just seemed to achieve a life of its own and goes on and on.")

Mr. Bush has said he met Rodriguez three times, but did not discuss contras. Mr. Gregg said he discussed contras with Rodriguez, but did not tell Bush.

(Unidentified reporter's voice: "And you have offered to resign a couple of times?"

Gregg: Yes, I have.")

Mr. Bush says he has complete confidence in Gregg. Mr. Bush also says he has completely lost interest in the Iran-contra affair.

(NBC-7)

CASEY

Donaldson: Former CIA director William Casey has been admitted to a suburban New York hospital suffering from pneumonia. He is listed as "guarded" as his condition. Casey resigned from the CIA in early February after an operation for a brain tumor left him with diminished abilities.

(ABC-3, NBC-3)

CHERNOBYL

Wallace: It was the world's worst civil nuclear disaster and a year later Chernobyl still frightens people. In the Soviet Union today, officials said they have improved their reactors and it couldn't happen again. But even in Moscow, there was a small protest against nuclear power.

(NBC-Lead, ABC-5)

TV EVANGELISTS

Donaldson: Rev. Jerry Falwell, the man who has been presiding over the fortunes of the scandal-shocked PTL ministry said today he may have to step down in the wake of the latest charges against PTL founder Jim Bakker. This weekend Bakker has been charged by another minister with having consorted with prostitutes regularly and with homosexuality -- allegations which he denies.

(ABC-Lead, NBC-6)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley Panel: Sam Donaldson, George Will.
Guests: Secretary of Commerce Malcolm Baldrige, Rep. Richard Gephardt,
Rep. Jack Kemp, Japanese Ambassador Nobuo Matsunaga.

Brinkley: Mr. Ambassador, you have just heard from a Senator the impression in Washington is that your government says, oh yes, we're going to do something about this and announce some new program and some new plan and nothing changes. What's your reaction to that?

Matsunaga: (Prime Minister Nakasone) is coming here...to discuss how we should look at the present state of our relationship with the U.S. and how we can seek the way to construct the way to consolidate our cooperative relationship.

Donaldson: There are some suggestions that he (Prime Minister Nakasone) may leave office earlier because he has suffered such setbacks in his own Parliament. What good can he do?

Matsunaga: ...I would like to stress at this point, the Prime Minister is representing Japan and its government.

Donaldson: Can the government of Japan solve this problem?

Matsunaga: ...Relations between Japan and the U.S. are not confined to economic relations.... I do believe that bilateral relations between Japan and the U.S. is basically sound and strong.

Will: Can the relationship continue amicable running the kind of trade balance you're running?

Matsunaga: We are quite aware that we cannot continue anymore this abnormal situation with a huge trade imbalance.... the real cause of the trade imbalance lie in macroeconomic relations.

Will: There are a lot of tiny but infuriating actions that the Japanese make that don't make a difference to the large sum, but seem to indicate bad faith...

Matsunaga: I do not deny that there are some specifics which have become symbolic, which are giving bad perception to our American friends.

Will: How much to you expect the devaluation of the dollar to do to correct the trade imbalance?

Matsunaga: Sharp change in the exchange rate is not desirable for the performance of good relations in our trade.

Donaldson: Are we approaching the possibility of a trade war?

Matsunaga: I don't think so.... We regret enormously that the American government has decided to take such unilateral sanction measures against Japan, which we do not believe justifiable or legitimate.

THIS WEEK WITH DAVID BRINKLEY (continued)

Guest: Secretary of Commerce Malcolm Baldrige.

Brinkley: You've been traveling around talking about trade, trying to help our problem. Have you had any success?

Baldrige: Yes, we had a very successful trip to Korea. The Koreans have agreed to open up their market substantially to our minicomputers and microcomputers.

Will: Let's deal with the question of dumping. Your Administration, the Reagan Administration, is full of guys wearing Adam Smith neckties. Adam Smith would have said, good, let them dump it here. What's the matter with that argument?

Baldrige: The trouble with dumping is this: dumping in high tech markets...the country that controls the latest technology in that, is going to control computers in the future. So the deliberate attempt at dumping where in the memory chip business -- it's a result of unfair trading practices.

Will: The Reagan Administration has initiated, advocated and to some extent, managed, a huge decline in the value of the dollar relative to the yen. Isn't that equivalent to a kind of currency protectionism, a kind of surreptitious tariff?

Baldrige: I can't agree with you that we have manipulated the decline of the dollar to any extent whatsoever.

Will: How innocent is the U.S. of closed markets and other unfair trade practices?

Baldrige: We are not a perfect country as far as free trade goes and barriers, there's no question about that. But of the major industrialized countries, there isn't one that comes even close to the U.S. for freedom of markets. Otherwise, we wouldn't have a \$170 billion trade deficit....

Donaldson: Isn't the Reagan Administration a bit schizophrenic on this?...

Baldrige: When you say, I bragged about forcing Korea to open -- that's not true at all. That's a negotiation between two sovereign countries.... We didn't threaten them.... I in no way implied that we were going to put any sanctions against them. They understood very well that the sanctions imposed on Japan were because Japan had not opened their markets to our semiconductors.

Donaldson: Is it not contradictory to put tariffs on Japan, but complain if Congress passes legislation which would require the President to take similar actions against countries which have a huge imbalance?

Baldrige: The executive branch in any administration needs the flexibility to be able to negotiate. You can't have 535 individuals...negotiating with foreign countries. The President needs the flexibility. Right now he's got it. Right now he's been able to make some very strong moves that I think were absolutely necessary, and we're beginning to see that situation improve greatly.

THIS WEEK WITH DAVID BRINKLEY (continued)

Guests: Rep. Richard Gephardt and Rep. Jack Kemp.

Brinkley: What would be wrong with saying to the Japanese, you can sell here all you want, but you have to buy some percentage in return?

Gephardt: I don't think it ultimately works -- you wind up with the worst result.... You'd limit the economic activity. I think there is a great energy that comes from free trade.

Kemp: There is a way that you can accomplish both liberalize the markets and raise the standard of living of the world. We have to have better customers to buy U.S. products.... We need to raise the cost of protectionism to Europe and Asia. They then would recognize that if they want to compete in world open trading system they've got to start reducing their barriers.

Donaldson: It is your amendment (Mr. Gephardt) which would require the President to go into a very harried tariff situation against countries which have an imbalance in their favor?

Gephardt: It (the amendment) is flexible. After we have found the countries that have the huge surpluses, then we may negotiate with these countries. Try to work out the problems. If you can't, then there's a menu of powers you can use, tariffs and quotas. But if you don't want to use them, you can send a note to Congress and say you don't think it's the right thing to do. And then it takes a 2/3 of both Houses to override that decision.

Kemp: It is a very dangerous piece of legislation.... It's the Smooth-Hawley Tariff Act, reducing it, raising the cost to consumers of living, and it's going to hit the farmers first.

Donaldson: If the Gephardt amendment becomes fixed...the President is going to veto it -- don't you think?

Gephardt: I don't know what the President will do.

Kemp: What we need is export opportunities, not import limitations....

Donaldson: Are we headed for another recession?

Kemp: I don't think we are unless Congress makes a mistake...or the Administration keeps talking down the dollar.

Gephardt: I hope we aren't. We are in very tough times.

FREE-FOR-ALL DISCUSSION (Morton Kondracke joins the panel).

Brinkley: The (Supreme) Court said that these principles cannot be applied across the board. What do we think of this?

Will: I think it's the right decision.

Donaldson: The court majority was wrong -- we want equal justice under the law.

THIS WEEK WITH DAVID BRINKLEY (continued)

FREE-FOR-ALL DISCUSSION continued

Kondracke: That is not an argument for the throwing out or declaring unconstitutional capital punishment across-the-board.

Brinkley: Does this (decision) end that argument (that capital punishment should be unconstitutional)?

Will: I think it is.

Donaldson: I don't think it ends the case -- it does at the moment in the present court, but the present court will change.

Kondracke: The indications are that the court is going in the other direction -- are expanding grounds for capital punishment.

Brinkley: The FEC has sent out letters complaining and threatening against radio station broadcasting "dirty" language on programs.

Will: Should the FEC exercise what all the First Amendment people say is a chilling effect on free expression -- I say, yes, indeed because nothing of value to this Republic is lost by it or threatened by it.

Kondracke: These guys are so filthy-mouthed... that the question of the First Amendment is not even in the question here.

Donaldson: I disagree and I'm for the First Amendment.

Brinkley: Karl Linnas... should we send people over there to the tender mercies of the Russian courts?

Will: ...the man deserves to die.... the point is that the procedures cannot be counted on over there. The man deserves to get something, but he doesn't deserve to get it from them.

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EDITOR'S NOTE: CBS's FACE THE NATION FOR SUNDAY, APRIL 26th REPORTED ON THE SITUATION INVOLVING TELEVISION EVANGELIST JIM BAKKER. GUESTS INCLUDED: REV. JERRY FALWELL, REV. JIMMY SWAGGART AND AUTHOR PATTI THOMPSON.

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NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Albert Hunt and Robert Novak.
Guests: U.S. Trade Representative Clayton Yeutter, Rep. Dan Rostenkowski, and Japanese Consul General Hidetashi Ukawa.

Kalb: Mr. Ukawa, you have already been quoted as saying it is possible that there's going to be trade war between the U.S. and Japan. In light of the recently imposed tariffs on certain Japanese products, do you regard that as a stronger possibility now?

Ukawa: I don't think it's a very strong possibility.... Both our governments are now on record that a trade war is one thing we do not wish.

Kalb: What is it that you feel Japan has to do to head off that possibility?

Ukawa: We should be pursuing policies that we have committed ourselves to. Our policies would also be over systems to Americans addressing their difficulties, but clearly they're not doing this on a single handed basis. It has to be a cooperative effort by all concerned.

Hunt: You contend that your markets are as open as any industrial nation in the world. And privately, many Japanese argue that if all barriers were removed, that, in fact, it would actually benefit Japan. Why isn't this the perfect time...for you all to remove those barriers?

Ukawa: My understanding is we have been doing that for the past few years. I think you overrate Japanese capacity for being able to adopt to its political reality as well as its political constraints. The Japanese market is far more open than most Americans think it is.... I would rather see the Japanese market described as a difficult one, because it is so competitive. It is not a question of openness or closeness.

Novak: Secretary Lyng went to Tokyo this past week. He asked for some greater access for rice, for beef and he got nothing. Don't you think that is counterproductive toward Japanese interests?

Ukawa: I think you may wish to say that. From our perspective...I'm not sure whether that was the time to discuss these issues. We are the largest agricultural importer of American products. So we stand on a rather solid performance.

Novak: Why in the world would you not accede to the wishes of Secretary of Treasury Baker, of the Federal Reserve Board, and stimulate your economy?

Ukawa: That's what we are trying to do.

Kalb: President Reagan said yesterday that he would like to lift the tariffs he recently imposed on certain Japanese products if Japan would take certain steps.... Will Japan take those steps and what specifically will it do?

MEET THE PRESS (continued)

Ukawa: We have been fully observing those undertakings. We have taken measures for effective implementation, and therefore, we find it regrettable what unilaterally has been taken.... I think all possible measures have already been taken. We are simply waiting for the effects to take place.

Guests: Trade Representative Clayton Yeutter and Rep. Dan Rostenkowski.

Kalb: Ambassador Yeutter, you've just been meeting with representatives of the world's leading industrial nations and the reports today is that you've gotten nowhere. Is that right?

Yeutter: I wouldn't go that far. It's awfully difficult to measure progress in an area as complex as trade.... I think we've got a lot better understanding on a number of these issues...and I haven't heard any discussion whatsoever during the nine days I've been in Japan of a potential trade war.

Kalb: What do you feel Japan has to do?

Yeutter: I hope Ambassador Ukawa is correct because if he is, that means the Japanese government has begun to do what is necessary to fully implement that agreement, and if so, hopefully we'll be able to lift the sanctions at an early date.

Novak: Aren't your predictions that there will not be Japanese retaliation a little suspect as well?

Yeutter: Not at all. I don't think there is any chance whatsoever of Japanese retaliation in this case. All indications have been that the Japanese government is doing everything in its power now to make sure that the agreement is fully complied with.

Novak: Have you gotten an order from Washington to lighten up a little bit?

Yeutter: No order whatsoever.... I've been very pleased with the reaction of high level government officials here. I am convinced that some things of a very positive vein are beginning to happen in Japan on the trade front and I hope you'll see some evidence of that when Prime Minister Nakasone is in Washington and in the subsequent weeks ahead.

Hunt: Chairman Rostenkowski, what is going to happen and specifically will the Gephardt amendment pass the House this week?

Rostenkowski: I don't know whether it will pass. It's certainly going to be debated and the situation as it has presented itself internationally now doesn't give one the impression that Gephardt is not going to be adopted.... I'm heartsick that we haven't seen a more positive reflection on the part of the Japanese, because they're being stubborn certainly won't help me on the floor of the House of Representatives to pass legislation that's tough, but I think does not provide the retaliation that is in the Gephardt amendment.

MEET THE PRESS (continued)

Hunt: Ambassador, are you supporting Mr. Rostenkowski's trade bill?

Yeutter: What I would say is that the Chairman has done a magnificent job with that legislation to date. It certainly is not yet fully acceptable to the Administration, but it is infinitely improved over the bill that he started with.

Novak: Mr. Chairman, what do you think of the Gephardt amendment and if passed (is there) any possibility that President Reagan would sign a bill with it in it?

Rostenkowski: I really don't know. What I'm concerned with in the Gephardt amendment is that it's destined for a veto. 75 large businesses in the U.S. oppose the Gephardt amendment. And if it's going to have business against it, provoke a veto -- and I think that the principle is misguided -- I'm going to try to support a measure that came out of the Ways and Means Committee 34 to 2 that I think pays dollar for dollar as opposed to retaliation.

Ambassador Ukawa rejoins the discuss.

Kalb: Ambassador Ukawa, there seems to be two powers at loggerheads on this economic issues and I wonder, what you feel Japan and the U.S. must now do to head off the possibility of a trade war.

Ukawa: ...I think basically you would need to address your fiscal deficit situation and I think you need to take a deeper look at the issues, complex issues of competitiveness.

Hunt: Ambassador Yeutter, the conservative economist Milton Friedman said that you and some of your colleagues are the worst sort of protectionists. He looked at your trade policy over the last couple of years and he noted that the net result has been that the trade deficit has soared, the American consumers are paying billions of dollars more and your so-called voluntary restraints haven't brought in one additional cent to the American treasury. It is really a pretty dismal record, isn't it?

Yeutter: I don't really agree with Dr. Friedman. It seems to me he grossly oversimplifies the situation. Obviously, we don't have a pure and free trade situation in the world today, but I'd say the U.S. is carrying its fair share and this Administration is assuredly not protectionist.

Novak: It is generally agreed that at best there's only about \$8-15 billion more than we could get out of exports to Japan -- and that's a small part of the trade deficit. Isn't it just politics we're talking about? It isn't economics at all is it?

Yeutter: Clearly by dealing with what people call unfair trade practices we can't solve a \$50-plus billion (deficit) with Japan. What we've got to have is a maximum in our federal budget deficit as Mr. Ukawa suggested and we also need help from Japan on generation of economic demand.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin Panel: Eleanor Clift, Robert Novak, Jack Germond, Morton Kondracke.

On Arms Control:

McLaughlin: Should President Reagan pull back from Gorbachev's offer or go with it? Is this a Trojan horse?

Clift: I think there are risks, mostly that we could make Europe safe for conventional war, but I think the risks of saying no far exceed the risks of saying yes.

Novak: It isn't a question of pulling back. The problem is whether this is going to degenerate into detente II.

Germond: The point that some of the Europeans are making is a valid point. They are worried about the competence of this Administration to negotiate a treaty that is safe and under which verification is assured and they have good reason to be worried about the competence of the Administration.

Kondracke: The Asians have a lot to complain about in this agreement.

McLaughlin: When this news broke, Byrd said we've got to be very cautious about this and now he says the prospects could never be greater. The Democrats have been urging the President to involve himself in some kind of realistic arms negotiation, has the President now pulled the rug out from underneath the Democrats?

Clift: Gorbachev has drawn a little box that we can't get out of and the Democrats and Reagan -- how do they go for it?

Kondracke: The Democrats want to be identified as the arms control party and if Reagan can't get a strategic arms deal, they are going to bash him. But the Democrats are falling all over themselves over Gorbachev.

Novak: The question is whether or not they should have a summit at all for this dubious agreement...and the real problem is whether we are drifting into detente II.

McLaughlin: This was originally Ronald Reagan's proposal.

Clift: There's ambivalence on both sides -- not only the Democrats, it's the Republicans.... This train has left the station and the Administration is behind it and there's no way to say no to this.

McLaughlin: Assuming these treaties are essential to a summit -- give me the month and year of the first Reagan/Gorbachev summit.

Clift: October in Washington. Novak: September in Washington.

Germond: Next year, maybe in the middle of the year.

Kondracke: September. McLaughlin: October 1987.

On Japanese Trade:

McLaughlin: Is the President now heading into a showdown with the Democratic Congress over trade?

Germond: Probably not -- I think the Senate will save him.

Kondracke: This whole country is going head-long into protectionism and a trade war.

Clift: The trade bill as it now stands is something that Ronald Reagan might even be able to sign, without Gephardt. I think the Democrats in the end may not pass the Gephardt amendment....

Novak: The Democrats, to try to find an issue, to try to come up with phony patriotism with Japanese-bashing, have put out this trade issue....

McLaughlin: Lyng and Yeutter came back and they are saying they are terribly disappointed at the no-accommodationist stance of the Japanese. Are we going into a trade war?

Clift : Yes. Novak: I think we are in the danger out it.

Germond: It's probably a limited trade war.

Kondracke: There's going to be a trade war.

McLaughlin: No trade war -- Nakasone will cut a trade deal with Reagan.

On Linnas' Deportation:

McLaughlin: What would you have done if you were Meese?

Germond: I would have done what he (Meese) did. (Clift agrees)

Kondracke: I would have leaned on the Israelis to take this one.

McLaughlin: I would have pressed for the trial here.

Predictions:

Clift: Legislation on the Hill to bribe states to take nuclear waste is going to fail. The Administration is going to have to up the ante a lot more.

Novak: Pressure will mount on the Federal Reserve to tighten.

Germond: The first big test of the Republican candidates will come in November at the Florida state convention -- George Bush will be in a very advantageous position there, but last time the front runners got badly hurt.

Kondracke: The Jack Kemp campaign (will have) a top-to-bottom shake-up of the Iowa organization.

McLaughlin: I wish to withdraw my earlier prediction that Gorbachev and Reagan would have a June summit in West Berlin. I predict that Nakasone will resign shortly after the Venice summit.

AGRONSKY & COMPANY

Moderator: Martin Agronsky
Stobe Talbott, James J. Kilpatrick.

Panel: Carl Rowan, Elizabeth Drew,

On the Death Penalty:

Agronsky: The Supreme Court held that statistics that blacks are more often executed than white are immaterial in the Georgia murder case. What message do you hear in this high court decision?

Rowan: We've had five members of the Supreme Court elevate racial discrimination and the death penalty to the American way of life and I don't like it.

Drew: The Supreme Court likes the death penalty. I wish we had a higher standard than 5-4; by one vote an awful lot of peoples' lives are going to end.

Talbott: Justice Powell...looked the blacks of America in the eye and said "tough luck."

Kilpatrick: There is no evidence that the 5 person majority likes the death sentence -- they have held the death sentence constitutional, which it is. (The Supreme Court) held that an elaborate statistical study had nothing really to do with the conviction of this man in this case.

On Iran-Contras Investigation:

Agronsky: Some of the members of the Senate Committee are accusing Walsh of dragging his feet...where do you think this is moving to now?

Drew: What the people want to do is get the story out, get the story developed, not have the hearings drag on. The independent counsel wants to prosecute his cases and he needs some time to do that.... Now they can start on the Hill taking private testimony from him (Adm. Poindexter) under very careful circumstances. Meanwhile, Walsh can continue to try to build the case against Poindexter if there is one and Poindexter will not be allowed to testify until sometime in June. The key thing is these hearings are shaping up to be far more dramatic than a lot of people have expected and the reason Poindexter is the one they are most interested in hearing from is because he briefed Ronald Reagan every day and there are two key issues here: it's not just whether the President knew about the diversion of funds; but also this illegal contra support program and if it's shown that the President knew about that, you have a very sorry, bad picture.

Rowan: Senator Inouye made a very interesting statement; he said we have now got a case and on a scale on 1 to 10, we may not have a 10, but we sure got a 9. And you've got Rudman, a Republican, saying a lot of people, including his Republican party, are going to be very embarrassed when these hearings take place.

Kilpatrick: Of course they (members on the Hill) mean to drag these hearings out. If they have their way they will drag them out to September, October, November. And they will ring every ounce of Democratic political advantage that can be rung from them.

Drew: The fact is...every intelligent Democrat I talk to understands that if they do drag on without getting anywhere, then the hearings will undermine themselves. They're not about to do that.

Rowan: Some of the most damaging stuff is being said by Republican Rudman.

On Attorney General Meese:

Agronsky: Attorney General Meese is now proposing the Justice Department to ask for legislation in which it will be demonstrated that special counsels are really unconstitutional. Where does he come from?

Rowan: He comes from a desire to be in control of the special prosecutors.

Kilpatrick: A great many good lawyers have held the same position that Ed Meese took this week.

On Arms Control Investigation:

Agronsky: All of Mr. Reagan's committed supporters are contending now that the President should not accept the Gorbachev position on arms control and you find his supports critical of the President. How is this going to result?

Talbott: It's certainly ironic. The hard liners are all lined up behind the zero-option while the veterans of detente and the SALT area are criticizing President Reagan as it were from the right, and leading the charge most unmerciful in this criticism has been Henry Kissinger.... Their (Henry Kissinger's and former President Nixon's) advice is -- go ahead and sign this agreement but attach some conditions -- namely make sure that this agreement, the zero-option, is conditioned to some kind of redressing of the imbalance of conventional forces in Europe.

On Air Line Delays:

Agronsky: If the airlines don't do something about this the Congress will. What do you think?

Rowan: We are going back to regulation, unless the airlines do something which I don't think they will. Add to that the FAA and DOT covering up all of these sins and I can't wait for regulation to come back.

On Stock Market:

Drew: I have an idea that we are in very shakey circumstances. I think what's happening is that Reaganomics is coming home to roost at last with our enormous deficit, trade deficit and no body really knows what to do.

Agronsky: Donald Regan demonstrating once more than nothing succeeds like failure. What does it prove?

Rowan: There's expecting Don Regan to say some things I'm not even sure Don Regan knows.