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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, APRIL 29, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan Says Won't Leave Europe Vulnerable -- President Reagan, seeking to console uneasy NATO allies and rebut critics at home, says he has no intention of agreeing to a nuclear arms pact that would make Europe vulnerable to superior Warsaw Pact conventional forces.

(Baltimore Sun, Washington Post, Washington Times, AP)

NATIONAL NEWS

Reagan: Teach About Sex And AIDS Only In Moral Context -- President Reagan says instruction in schools about AIDS and sex education should not be separated from teaching what is right and wrong. (AP)

IRAN-NICARAGUA

Reagan Declares Poindexter Can't Implicate Him -- President Reagan said he doesn't see how Rear Adm. John Poindexter could implicate him in the diversion of proceeds from Iranian arms sales to the Nicaraguan resistance.

(Washington Post, Washington Times, AP)

NETWORK NEWS (Tuesday Evening)

ARMS TALKS -- The Soviets claimed their draft treaty meets U.S. demands on verification.

WALSH -- Special Prosecutor Walsh warned that further grants of immunity could jeopardize criminal prosecutions.

POINDEXTER -- President Reagan said John Poindexter was trying to be protective of the President in not telling him about the contra money diversion.

THE BEST INVESTMENT

"Maybe the best course is to forget stocks and invest in New York Stock Exchange seats. Had you bought a seat for \$35,000 in 1977, when floor-trading privileges were obviously out of favor, your investment would have appreciated 3,043%. In that decade, the Dow Jones industrial average went up just 185%."

(U.S. News & World Report, 5/4)

INTERNATIONAL NEWS

MID-RANGE MISSILE PROPOSAL DEFENDED

President Reagan defended the U.S. arms control proposal on medium-range missiles against criticism from a senior Administration official and two high-ranking former officials that it is not in the U.S. interest.

Reagan, speaking to reporters in a brief interview at the White House, rejected criticisms that the proposed agreement to eliminate most missiles carrying nuclear weapons in Europe and Asia does not adequately take into account the imbalance in U.S. and Soviet non-nuclear forces. This view has been advanced by former President Richard Nixon and former Secretary of State Henry Kissinger and, in surprising remarks by retired Lt. Gen. Edward Rowny, special adviser to Reagan and Secretary Shultz on arms control.

Reagan brushed off Rowny's disavowal of his policy by saying "you have to recognize that I expect diverse opinions in the shop and among the people and the Cabinet and everything else."

"We recognize that we must keep in mind the conventional balance," Reagan said. "So it's wrong to assume that we're not aware of that and that we're not dealing with it." (Jeffrey Smith, Washington Post, A1)

Reagan Shrugs Off Adviser's Criticism

President Reagan brushed aside public criticism by one of his top arms control advisers, Lt. Gen. Edward Rowny, of the Administration's latest negotiations with the Soviet Union.

Reagan also said that, in spite of criticism by former President Richard Nixon and others, the Soviet Union would be permitted to base some of its medium-range missiles in Asia.

Reagan said he would prefer the "global" elimination of international nuclear forces, but that he would accept a "small number" of the weapons "maintained in another part of the world, so long as we will be in a position to have a deterrent capacity."

(Willis Witter, Washington Times, A3)

Reagan Says Won't Leave Europe Vulnerable

President Reagan, seeking to console uneasy NATO allies and rebut critics at home, says he has no intention of agreeing to a nuclear arms pact that would make Europe vulnerable to superior Warsaw Pact conventional forces.

In an interview with a half-dozen White House correspondents, the President said that while he's receptive to Soviet willingness to seek an arms control treaty, "it doesn't mean that you're going to roll over and just give into something without protecting yourself."

"Remember that contrary to what has been said too many times, this is not a de-nuclearization of Europe," Reagan said.

(Merrill Hartson, AP)

Reagan Gives Assurances To Allies On Missile Talks

President Reagan asserted that his proposed missile pact with Moscow would not lead to a "denuclearized" Europe that the Soviet Union could threaten with its numerically larger conventional forces.

The U.S. is not about to "roll over" in dealings with the Soviets, Reagan said. Arms negotiations must not lead to "increased" Soviet superiority in conventional forces, and an agreement on reducing intermediate-range nuclear missiles must include safeguards to ensure Soviet compliance, he said.

Reagan thus sought to allay concerns among Western European allies and some members of his Administration that he is rushing to sign an arms accord with the Soviet Union. (Julie Johnson, Baltimore Sun, A1)

RUSSIANS RAISE NEW MISSILE PROBLEM AT GENEVA ARMS TALKS

GENEVA -- The Soviet Union has raised a difficult new issue at superpower arms negotiations, demanding that the U.S. give up 72 nuclear warheads it keeps for use on West German missiles in the event of a crisis.

"If there is an agreement on eliminating U.S. and Soviet operational-tactical missiles in Europe...these nuclear warheads controlled by the U.S. side should go," said Alexei Obukhov, deputy head of the Soviet delegation.

Until now, U.S. negotiators have assumed that West Germany's 72 Pershing 1A shorter-range rockets and their nuclear warheads, which are under American control, were not counted in present superpower talks.

The issue is certain to create further complications for Washington and its NATO allies, already locked in a bitter dispute over whether to accept a Soviet offer to scrap all shorter-range missiles in Europe.

(Claude Fillet, Reuter)

U.S. Criticizes Soviet Drive To Scrap West German Missiles

The Reagan Administration accused the Soviet Union of an apparent "lack of serious intent" by demanding the dismantling of West German nuclear missiles as part of an arms control with the U.S.

Otherwise, the proposed treaty submitted in Geneva by Soviet negotiators drew a mildly positive reaction at the State Department. Spokesman Charles Redman said it seemed to reflect understandings reached by President Reagan and General Secretary Gorbachev at their meeting last October in Iceland.

Specifically, Redman welcomed the Soviet's acceptance of the principle of equal worldwide levels of U.S. and Soviet shorter-range rockets and inspection of missile factories to guard against cheating.

The 72 Pershing 1A missiles which the Soviets sought to dismantle are under joint U.S. and West German control. They have an estimated range of about 460 miles, which some analysts say is too short to reach Soviet territory. (Barry Schweid, AP)

U.S. Seeks Clarifications On Soviet Arms Treaty Draft

The U.S. intends to seek clarification on a Soviet draft treaty on Euromissiles that has given Washington both cause for optimism and dismay.

The draft, introduced formally at the Geneva arms talks, reflects basic superpower understandings on medium-range rockets but does not meet American needs on shorter-range ones and verification, State Department spokesman Charles Redman told reporters.

Redman said Moscow's decision to raise the issue of shorter-range West German Pershing 1A missiles along with its proposal introduced in Geneva "suggests a lack of serious intent" on the Kremlin's part.

He also said Washington opposes Moscow's plan to scrap shorter-range missiles in Europe while retaining these weapons in Soviet Asia and found that the Soviet blueprint for ensuring against cheating on a pact did not meet U.S. demands for access to sites where verification violations are suspected. (Carol Giacomo, Reuter)

INF ACCORD CAN BE REACHED THIS YEAR, SOVIET SAYS

GENEVA -- The Soviet Union said agreement can be reached this year on a treaty eliminating medium-range nuclear missiles from Europe despite an "unconstructive" approach by the U.S.

Alexei Obukhov, the Soviet deputy chief negotiator, also said the Soviets want immediate negotiations on an accord to eliminate U.S. and Soviet short-range missiles from Europe and to limit them worldwide.

Obukhov said Soviet negotiators believe they are "facing difficult work, given the American approach as we know it at present contains a number of patently unconstructive elements." (Washington Times, A7)

NATO MEMBERS START TALKS ON SUPPORTING ARMS PACT

BRUSSELS -- The NATO alliance entered a week of decisive consultations on arms control, with diplomatic sources characterizing most member governments as divided or stalling, but nevertheless convinced that a superpower accord will be reached soon on intermediate-range nuclear missiles.

Despite considerable Western European and American reservations about the consequences of the plan, one senior European NATO ambassador was reported to have concluded that a U.S.-Soviet accord was a "fait accompli."

The Western European Union repeated its support for the elimination of U.S. and Soviet medium-range missiles, but only indicated that the more controversial Soviet proposal also to scrap shorter-range missiles should be "analyzed carefully." (David Fouquet, Washington Post, A23)

Western Europeans Play For Time On Soviet Nuclear Cuts Offer

LUXEMBOURG -- Western European allies, deeply divided over Soviet proposals to slash nuclear missiles in Europe and uneasy over an emerging superpower deal, are playing for time before responding, diplomatic sources said.

Foreign and defense ministers of the seven-nation Western European Union were unable to mask deep splits when they met to define their view on the latest Soviet offer to scrap medium and shorter-range missiles.

Diplomats said the talks pointed up West European confusion after ministers declared they would not be stampeded into a decision and stressed it would take several weeks and a close examination of the proposals in writing before they gave their verdict.

(Myra MacDonald, Reuter)

HOUSE OPENS DEBATE ON TRADE BILL

Reagan Marshals GOP Opposition To Gephardt Amendment

The House started its trade debate as President Reagan called the Republican leadership to the White House to emphasize his opposition to a controversial amendment that would force retaliation against leading trading partners.

That amendment, sponsored by Rep. Richard Gephardt is expected to come up for a vote this afternoon, with final House action on the bill set for Thursday. The bill is expected to pass the day that Prime Minister Yasuhiro Nakasone of Japan, a country that is one of the major targets of the legislation, meets here with Reagan.

The Gephardt proposal also is expected to pass, although Assistant Minority Leader Trent Lott said at the White House that the amendment "still hangs in the balance" with about 12 Republicans and 30 Democrats undecided. "That is something that can still go either way," Lott said.

In other trade news, U.S. Trade Representative Clayton Yeutter said he received indications that Japan has stopped dumping computer memory chips in other countries and that "it is just a matter of time" before the Reagan Administration can lift the trade sanctions it imposed 11 days ago.

(Stuart Auerbach, Washington Post, A26)

Battle Over Trade Sanctions Coincides With Nakasone Visit

A battle between the Reagan Administration and House sponsors of a tough trade-retaliation bill is clouding Japanese Prime Minister Yasuhiro Nakasone's mission to ease trade frictions.

A private headcount by Democratic leaders showed late Tuesday that Gephardt could count on 170 to 180 firm votes for his measure, according to sources who spoke only on the condition of anonymity. If all members of the House cast their votes, 218 votes are required for adoption.

However, the sources stressed that a large bloc of undecided votes remained, particularly among Democrats.

Republican sources, who also spoke only if not named, said their headcounts showed that 10 to 20 of the chamber's 177 Republicans would vote for the Gephardt measure.

They agreed that undecided Democrats held the key.

(Tom Raum, AP)

Tough Trade Bill Moves In Congress As Nakasone Arrives

Tough trade legislation aimed at Japan and other exporters is moving through Congress as Japanese Prime Minister Yasuhiro Nakasone arrives for talks to repair strained U.S.-Japanese relations.

As the House opened its debate, both Republican and Democrats said they doubted Nakasone's visit would have any impact on the expected passage of the bill on Thursday.

U.S. Trade Representative Clayton Yeutter said Reagan was unlikely to lift the 100 percent tariff during the talks. Yeutter said Japan probably already resolved U.S. complaints that it had not lived up to a semiconductor trade agreement but evidence of long term corrective action must be seen.

Secretary Shultz warned the Gephardt amendment could contribute to a world recession as did legislation in the 1930s which escalated tariffs around the world.

However, Shultz told reporters that Tokyo risked enactment of the protectionist legislation if it did not show a willingness to open its markets.
(Jacqueline Frank, Reuter)

Sentiment Is Still Harsh On Capitol Hill

Sentiment in favor of tough trade legislation swept Capitol Hill on the eve of the arrival of Japanese Prime Minister Yasuhiro Nakasone for an official visit.

Opponents of a massive trade bill, which reached the House floor in the afternoon, likened the congressional mood to the days of the protectionist Smoot-Hartly tariff of 1930, which economists believe contributed to the Great Depression.

Many Democrats and some Republicans contended on the floor and in interviews that it was appropriate and even desirable to begin voting on the stringent trade bill as Nakasone reaches Washington.

(Stephen Nordlinger, Baltimore Sun, A1)

Trade War: 'Japan Needs To Get Message'

The U.S. and Japan today draw battle lines on trade, giving money markets worldwide the financial jitters.

"This is not an anti-Japan bill," said House Speaker Jim Wright (referring to pending House trade legislation). "This is a pro-U.S. bill."

"I have no problem in debating it while the Japanese prime minister is in town," Senate Majority Leader Robert Byrd told reporters. "Japan needs to get a message, and they're getting one."

Wall Street and the financial markets lapsed into a temporary lull -- the Dow Jones and dollar both rose -- as traders took a wait-and-see attitude on the Nakasone talks.

(Fred Anklam & Johanna Neuman, USA Today, A1)

CABINET WARNS WRIGHT: FORGET THIS TRADE BILL
Letter At Odds With Strategy Of House GOP, Business Groups

The Reagan Cabinet has notified House Speaker Jim Wright that it will recommend a veto of the proposed House trade package, whether or not it includes the controversial Gephardt amendment, unless substantial changes are made.

The Cabinet position is at odds with the strategic stance taken by many House Republicans and such key business groups as the U.S. Chamber of Commerce and the American Business Conference. They oppose the Gephardt amendment but support the bill, on the theory that it is the best measure that can come out of the House.

Republican lawmakers are privately complaining about the "inconsistent leadership" by the Reagan Administration in lobbying on the bill, congressional sources said.

(Karen Riley and Willis Witter, Washington Times, A1)

BALDRIGE EXPECTS ANTI-JAPAN SANCTIONS TO BE LIFTED

MANILA -- U.S. Commerce Secretary Malcolm Baldrige said he expects Washington to lift trade sanctions against Japan following Prime Minister Yasuhiro Nakasone's visit to the U.S. this week.

He told a news conference: "I think that Prime Minister Nakasone and President Reagan will come to an agreement in Washington about the lifting of those once we have been able to show...there no longer is dumping and that the Japanese market is open. (Reuter)

NAKASONE SEEN USING 'RON-YASU' TIES
TO BLUNT RISING TENSION OVER TRADE
U.S. Visit Is Crucial To Political Fortunes Of Japanese Leader

TOKYO -- Japanese Prime Minister Yasuhiro Nakasone, who arrived in Washington on the most sensitive foreign mission of his political career, appears to be gambling that his personal rapport with President Reagan will calm a rising storm of anger against Japan and its trade policies.

At the same time, many people here believe that Nakasone is hoping for a successful visit to salvage his career. His term as prime minister expires in October but a series of political setbacks has increased pressure on him to step down sooner. (John Burgess, Washington Post, A21)

W. GERMANY VOWS TO RESIST U.S. PRESSURE

The West German minister of economics said here that his government would continue to resist pressure by the U.S. and international organizations for faster economic growth.

Martin Bangemann, who also is chairman of the Free Democrat Party, said that both Germany and the world economy will be better off if his country instead pursues the more modest 2 percent to 3 percent growth trend of recent years.

Federal Reserve Chairman Paul Volcker and Treasury Secretary James Baker have been pressing West Germany and Japan, as the two nations with the world's largest trade and current account surpluses, to boost their economic activity. Baker and Volcker argue that an increase in German and Japanese activity would attract imports to reduce the large American trade deficit.

(Hobart Rowen, Washington Post, F1)

PANEL VOTES TO SUBPOENA EMBASSY SECURITY DATA

Mica Says Material Deliberately Withheld

A House subcommittee voted unanimously to subpoena State Department documents and cables concerning security problems at the U.S. Embassy in Moscow after learning that some materials the committee had requested were deliberately withheld.

The vote came after Rep. Daniel Mica, chairman of the Foreign Affairs subcommittee on international operations, charged that the department had withheld documents from two thick binders of information on embassy security provided to the panel. He said the panel discovered that documents were missing because indexes and tabs in each binder referred to sections that were empty.

"I'm just shocked and chagrined that they would act in this way when they indicated they would cooperate," Mica said.

(David Ottaway, Washington Post, A9)

WALDHEIM HAS 'CLEAR CONSCIENCE'

Austria Criticizes U.S. Ban Of Leader

VIENNA -- Austrian President Kurt Waldheim, responding to the U.S. decision to bar him from entering the U.S. as a private citizen because of his suspected involvement in Nazi war crimes, said that he has "a clear conscience" and will soon make public information to clear his name.

The Austrian government rallied behind Waldheim, whose position is largely ceremonial, and called the methods used by the U.S. in making its decision "inexplicable and incomprehensible."

(Robert McCartney, Washington Post, A21)

AMERICAN VOLUNTEER KILLED BY CONTRAS

MANAGUA -- An American volunteer working as a mechanical engineer in a small village in northern Nicaragua was shot and killed by Nicaraguan rebels, the Nicaraguan government announced.

The government said the dead American was Benjamin Ernest Linder, 27, of Portland, Ore.

A government spokesman said Linder was killed by a group of six contras who walked into his office at 8 a.m. in the village of La Camaleona where he was working on the construction of a small hydroelectric plant. The village in Jinotega province is 85 miles northeast of Managua.

In Washington, Sondra McCarty, a State Department spokesman, said that she had no information on the reports of Linder's death. "We're aware of the press reports and we're checking into them," she said.

(Eloy Aguilar, AP)

U.S. AMBASSADOR TO ISRAEL SAYS PROGRESS MADE ON PEACE TALKS

JERUSALEM -- U.S. Ambassador to Israel Thomas Pickering said there had been very significant progress on the prospects of Middle East peace talks.

"I think it is fair to say there has been some recent, very significant progress made," said Pickering, who usually refrains from commenting publicly on peace moves.

"It remains to be described in full detail, but I think it is important and I think there is a quickening of interest in the region that I see on both the Arab side and here in Israel," Pickering said. (Reuter)

EDITOR'S NOTES: "Reagan Says He Hopes His 'Imprint' Is One Of 'High Morality,'" (Transcript of the President's interview with reporters), appears in The Washington Post, A14.

"Fraternization Abroad Rarely Leads To Security Breaches, Officials Say," by John Goshko, appears in The Washington Post, A12.

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NATIONAL NEWS

REAGAN: TEACH ABOUT SEX AND AIDS ONLY IN MORAL CONTEXT

President Reagan says instruction in schools about AIDS and sex education should not be separated from teaching what is right and wrong.

The President, who is scheduled to attend a fund-raiser for the fight against the deadly disease on May 31, said that he was "shocked" condoms had been given out during a church service in an effort to publicize their use in combatting AIDS.

In an interview with six newspaper reporters, Reagan also complained that sex education dwells on the physical, rather than the moral, implications.
(Susanne Schafer, AP)

WRIGHT BACKS \$15 BILLION FSLIC BAILOUT

Speaker of the House Jim Wright, who has pressured federal sayings and loan regulators to go easy on ailing S&Ls in his home state of Texas, softened his position by backing a White House plan to pump \$15 billion into the insolvent federal fund that insures deposits at S&Ls.

The U.S. League of Savings Institutions, the largest S&L trade group, had lobbied Wright and other lawmakers against the White House plan and in favor of a \$5 billion one. Last week House Banking Committee Chairman Fernand St. Germain said that he would ask the House to pass a \$5 billion plan.

But yesterday Wright and St. Germain issued a joint statement saying they will work to get the House to pass a \$15 billion bailout plan for FSLIC.
(Kathleen Day, Washington Post, F1)

BENTSEN OFFERS DUAL-PREMIUM 'CATASTROPHIC' PLAN Finance Chairman Would Raise Medicate Fee, Link Supplemental Payment To Income Tax

Senate Finance Committee Chairman Lloyd Bentsen has drafted a bill to provide catastrophic-illness insurance to the nation's 31 million Medicare beneficiaries that would be financed by a double-premium mechanism, Senate sources said.

The proposal, of major interest because of Bentsen's key role as committee chairman, includes benefits similar to those approved April 9 by the House Ways and Means health subcommittee, but its financial system differs sharply.

The Bentsen plan would provide unlimited free hospital care for Medicare beneficiaries after payment of an annual deductible of about \$520. At present only 60 days are free after the deductible.

(Spencer Rich, Washington Post, A16)

IRAN — NICARAGUA

REAGAN: POINDEXTER AN 'HONORABLE MAN' Aide May Have Been 'Protective Of Me'

President Reagan said that former National Security Adviser John Poindexter may have withheld information from him about diversion of Iran arms sales proceeds to aid the Nicaraguan contras because "maybe he thought he was being, in some way, protective of me."

Asked whether he is "worried" about being implicated, Reagan said:

"No, John Poindexter's an honorable man. And since I was not informed -- as a matter of fact, since I did not know that there were any excess funds until we, ourselves, in that check-up after the whole thing blew up, and that was, if you'll remember, that was the incident in which the attorney general came to me and told me that he had seen a memo that indicated that there were more funds."

(Lou Cannon, Washington Post, A1)

Reagan Declares Poindexter Can't Implicate Him

President Reagan said he doesn't see how Rear Adm. John Poindexter could implicate him in the diversion of proceeds from Iranian arms sales to the Nicaraguan resistance.

Reagan said Lt. Col. Oliver North, the alleged mastermind of the plan, apparently shared details of it with Poindexter, then the President's national security adviser.

Reagan reiterated during an Oval Office press conference with reporters from six newspapers that he did not know of the money diversion. He said he could not account for Poindexter's failure to tell him.

Reagan said he hoped Americans' faith in their government could be restored because "we have not betrayed the people of this country, nor would I permit it."

(Jeremiah O'Leary, Washington Times, A1)

Reagan Says No Way North, Poindexter Can Implicate Him In Contra Funding

Amid hints of indictments of key figures in the Iran-contra case, President Reagan says there is no way John Poindexter or Oliver North can claim they were acting with his approval in the secret diversion of funds to Nicaraguan rebels.

Asked if North, whom he once described as a national hero, or Poindexter might claim they were acting with his authority, Reagan replied, "I wouldn't see how, no. No."

Reagan said the only thing he knew was that the U.S. charged Iran \$12 million for arms secretly shipped to Tehran, and received the money "by way of what's called a sterile bank account, which I understand is the way of transferring money across the ocean."

He said that middlemen who helped arrange the deal apparently charged Iran more than the \$12 million that the U.S. received.

"And thus, there was more money paid than we had asked for. Now, that's where my knowledge ends," Reagan said. "Who got that, who handled it, what did they do with it and who was involved in that extra money?"

(Terence Hunt, AP)

ALLEGED INQUIRY SLOWDOWN BY MEESE STIRS HILL LAWYERS

Lawyers for congressional committees probing the Iran-contra scandal will interrogate the U.S. attorney for Miami and an assistant about allegations that Attorney General Meese stalled a criminal inquiry.

U.S. Attorney Leon Kellner and an aide are scheduled to be interviewed about charges Kellner was told to "go slow" by Meese on a probe of arms sales to the Nicaraguan resistance, according to sources.

(Michael Hedges, Washington Times, A4)

IRAN ARMS INVESTIGATION SAID TO COVER HIGH U.S. OFFICIALS

The special prosecutor's criminal investigation into the Iran arms scandal covered possible violations by high-level government officials in a situation described as unprecedented since Watergate.

"The allegations in the investigation concern possible violations of public trust and possible misuse of position by high government officials," special prosecutor Lawrence Walsh said.

"Large sums of public money are unaccounted for and those most knowledgeable resist public disclosure," Walsh said in a report released yesterday on his probe into the arms sales to Iran and U.S. efforts to aid the Nicaraguan contra rebels.

The report was the first by Walsh on the scope and progress of his four-month-old investigation that he said already has uncovered extensive and specific evidence.

(James Vicini, Reuter)

Walsh Gives Report On Probe Status

Independent counsel Lawrence Walsh hinted that he is building a case to show a wide-ranging criminal conspiracy in the Iran arms-contra scandal.

The special prosecutor said "most lines of inquiry" he and his staff are pursuing "are proving fruitful," and he indicated that a major plot to defraud the government was one of the focuses of his probe.

The investigation, he said, has turned up "extensive and specific evidence" about the entire plan to sell U.S. arms to Iran and allegedly divert some of the proceeds to aid the contra rebels in Nicaragua.

(Lyle Denniston, Baltimore Sun, A1)

Counsel Sees 'Ample Basis' For Wide Iran-Contra Probe, Walsh Warns Against More Immunity Grants

Independent counsel Lawrence Walsh said that he has turned up "ample basis" for pushing ahead with a broad criminal investigation of the Iran-contra affair, and he warned Congress that additional grants of immunity to key figures could have "a devastating effect on possible prosecutions."

At a news conference at the U.S. Courthouse here, Walsh said he hopes the Senate and House Iran-contra committees will change their position and decide against granting immunity to Lt. Col. Oliver North, the fired National Security Council staff member who is a key target of all the investigations.

He also refused to rule out seeking some indictments before congressional hearings begin next week.

(George Lardner, Washington Post, A1)

Walsh: Stop Giving Immunity

Special prosecutor Lawrence Walsh warned congressional committees probing the Iran-contra scandal to stop granting immunity to key figures.

But Walsh said he recognizes that special House and Senate committees -- which begin open hearings May 5 -- have "a different problem: They're trying to display the truth...we have to prove it."

In his first public report on the case, Walsh tried to strike a bargain -- recommending that the committees set tough standards before immunizing additional potential witnesses.

(Ralph Soda & Sam Meddis, USA Today, A4)

ENVOY SAYS ISRAELIS IN ARMS DEALS PROTECTED

Israeli citizens involved in the secret sales of U.S. arms to Iran were working for the Israeli government, which should protect them from congressional investigations, the Israeli ambassador to the U.S. said.

"You could not have a situation whereby individuals that act for a government would appear before a committee of another state," Ambassador Rosenne told an audience at the conservative Heritage Foundation, an independent research organization.

(Reuter)

NETWORK NEWS SUMMARY

(Tuesday Evening, April 28, 1987)

ARMS TALKS

NBC's Tom Brokaw: The Soviets were claiming in Geneva today that their draft treaty on medium-range missiles meets a key American demand on the issue of verification. However, in spelling out details of that offer, the Soviets included a proposal on missiles in West Germany that could be a new obstacle to any agreement.

NBC's Paul Miller: Soviet-drafted treaty accepts for the first time the U.S. idea of intrusive, on-site inspection to make sure there is no cheating on a missiles agreement. The Soviet proposal calls for verification everywhere -- including missile dismantling sites, military bases and storage depots in the Soviet Union, Europe and the U.S., and factories where missiles are built.

(Alexei Obukhov, chief of Soviet delegation: "In certain areas, our approach is even stricter than the American approach.")

U.S. officials say that verification offer sounds good, but they want to see the fine print.

(Charles Redman: "The devil is in the details, however, and we need extended exchange of Soviet positions.")

Verification may be a minor obstacle, compared with the new issue the Soviets raised today -- they now say the warheads on Pershing I missiles must be included in any agreement on short-range missiles in Europe. The West Germans have 72 Pershing I's, armed with American nuclear warheads.

(Volker Ruhe, West German spokesman: "The warheads we are speaking about are controlled by the American side aren't they? Yes, they are -- so this is the logic behind our approach.")

The Americans say the Pershing I's are German and cannot be included. On the issue of short-range missiles, the Soviets are proposing their elimination in Europe, but not worldwide. The U.S. wants either a global ban, or limited short-range missiles on each side in Europe. Some Europeans are worried the Soviet offer to get nuclear missiles out of Europe is a trap.... Soviet negotiators said today a deal on missiles in Europe is not far away if the West wants one. U.S. officials say they do want a deal, but with the latest Soviet demand on short-range missiles, they question how fast any agreement can be reached. (NBC-4)

ABC's Rick Inderfurth: The Soviets called a news conference to talk about their draft treaty.

(Alexei Obukhov, chief of Soviet delegation: "Our draft is a compromise document.")

And compromises there are -- on verification, including the right to on-site inspection of missile production plants to make certain that neither side cheats on the accord.

(Obukhov: "We stand for the most vigorous verification. For verification and inspection everywhere.")

And on the issue of shorter-range nuclear weapons, the Soviets moved closer to the U.S. position of equal limits worldwide.

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ABC's Inderfurth (continues)

But the Soviets took that one step further with a new demand -- that U.S. nuclear warheads on West German short-range missiles must go -- something many West Germans don't want to see.

(Charles Redman: "The Soviets did not previously raise the question of FRG Pershings and for them to raise this issue now suggests a lack of serious intent.")

And the Soviets brushed aside concerns about their lead in conventional forces in Europe.... Indeed, there are many more areas of agreement than disagreement between the Americans and the Soviets on the missile accord. And with a few more Soviets concessions expected to come, it's a deal the U.S. may find very difficult to refuse.
(ABC-6, CBS-11)

SPECIAL PROSECUTOR WALSH

Brokaw: In Washington today Lawrence Walsh, the special prosecutor in the Iran-contra affair, made a rare public appearance and dropped some major hints about the direction and consequences of his investigation.

NBC's Carl Stern: The special prosecutor was overwhelmed by questions as he issued a status report. He hinted that some criminal charges could come within a week. "Don't go away," he told reporters. "Stay handy." And he urged the Congressional committees to change their plans to give immunity to Oliver North for anything North might admit in testimony.

(Special Prosecutor Walsh: "You don't grant immunity to a major figure if a less figure can give the information.")

In his 20-page report, Walsh rejected a plea from Republican Senator Warren Rudman that he cut short his investigation by narrowing it to the question of whether anyone obstructed justice. Today's report shows that the case is much larger than that and used the word "fruitful" in describing the investigation of a conspiracy to defraud Congress and the taxpayers. Walsh indicated the effort was led by a sophisticated person who profited personally. He didn't say who, but warned that granting that person immunity might make a prosecution impossible. One Congressman was not persuaded.

(Rep. Dick Cheney: "Congress has a very important responsibility. We don't want this matter to drag on endlessly. And I think that the judicious use of our immunity power is appropriate.")

If criminal charges are filed before Congressional hearings begin next week, they are not expected to involve a central figure, but would remind Congress and the public that bigger prosecutions are probably still to come.
(NBC-2)

ABC's Dennis Troute: Independent Counsel Lawrence Walsh issued his sternest warning to date that further grants of immunity by Congress to witnesses in the Iran affair could jeopardize criminal prosecutions of high government officials.

(Walsh: "We're pointing out very sharply, as we have before, that there is great difficulty in prosecuting such a person.")

Walsh is concerned because if he wishes later to prosecute immunized witnesses, he must prove that his case is in no way based on their testimony.

ABC's Troute (continues)

Thirteen persons have such immunity grants already -- some with Walsh's concurrence, but others over his objections. And Congressional committee leaders want more immunity grants for figures in the Iran affair in advance of their hearings next week, because they think it is more important to get the story out in public.

(Rep. Lee Hamilton: "Well, we're not going to let the independent counsel dictate our actions, but we respect Judge Walsh and we will consult carefully with him.") (ABC-2)

CBS's Rita Braver: Walsh discloses that he's now investigation 10 U.S. agencies, including the White House, the Vice President's office, Departments of Defense and Justice and the CIA.... And Walsh steps up pressure on Congress not to grant immunity to key figure, including former National Security Council aide Oliver North and former Air Force General Richard Secord.

(Walsh: "We're pointing out, very sharply as we have before, that there is great difficulty in prosecuting such a person.")

But sources tell CBS News that Secord is expected to waive immunity and lead off next week's Iran-contra Congressional hearings. The man alleged to have setup the financial and arms transfer networks for the whole operation is said to believe that he has broken no laws. In today's report, Walsh fired back at recent suggestions from Republican Senator Warren Rudman, vice chairman of the Senate Iran-contra select committee, who suggested that the independent counsel limit and speed up his investigation. The report said, "There is no appropriate basis for narrowing the investigation at this time, most lines of inquiry are proving fruitful."

(Walsh: "I think we're moving with appropriate speed -- how about that?")

...There is some speculation that Walsh could begin bringing indictments within the next week. Asked about the timing of charges, he would say only, "Don't go away -- stay handy."

(CBS-Lead)

POINDEXTER

ABC's Peter Jennings: President Reagan said today he thinks that his former National Security Advisor John Poindexter didn't tell him about the Iranian arms money being diverted to the contras, because, in the President's words, "He thought he was being in some way protective of me." The President, who was talking to several reporters, called Poindexter "an honorable man." (ABC-3, CBS-2)

NORTH

CBS's Dan Rather: Fired Presidential advisor Oliver North has been given Navy bodyguards at taxpayers' expense. The Defense Department confirmed this today. North has been given what is called "protection" at home, on the job, and on the road around-the-clock. It began this month after what are said to have been terrorist threats against North. (CBS-3)

IRAN-CONTRA

NBC's John Chancellor: The Iran-contra scandal is a story filled with drama and intrigue with a cast of colorful characters. And among them, perhaps no one is as essential to an understanding of the mystery as William J. Casey, former director of the CIA. The mystery is not so much where the money went; investigators say they know most of that. The mystery is what the President knew and when he knew it. Mr. Reagan says he didn't know about the diversion of money to the contras. The polls show that many Americans don't believe him. Probably more than any other person, Bill Casey has the answers. But he is gravely ill and it isn't likely that he'll ever be able to tell what he knows. What he knows is a lot -- he is a key player. Col. North coordinated his work with Casey. The CIA helped arm the contras. Casey was a trusted confidant of the President. Information flowed upward to Casey from the National Security Council and downward to Casey from the Oval Office. No one knows if the President needs protection, but if he does, Casey's illness supplies it. People on the NSC can say they told all the Casey, but not to the President. And it stops there. In mid-December Casey underwent surgery to remove a cancer tumor from his brain. The Tower Commission was just then beginning to question important witnesses. The Commission was never able to talk to Casey. Today, he is in a hospital with pneumonia. Congressional investigators won't be able to question him. With Bill Casey out of the picture, a critically important link is removed from the chain. Getting at the truth is going to be a lot harder. (NBC-11)

JAPANESE TRADE

Brokaw: In Washington today the House began heated debate on a massive trade reform bill and supporters say it will cut the trade deficit by making the U.S. more competitive, especially with Japan. But there is one part of the bill that opponents called "dangerous protectionism."

NBC's Irving R. Levine: This is the prime target of the trade bill -- Japanese industry.... (The bill) goes too far in the view of the President who met with Republican leaders.

(Rep. Trent Lott: "We're committed to very aggressively fighting the Gephardt amendment. We fully hope to defeat it.")

That amendment would require the President to impose tariffs on any nation in a trade dispute with the U.S. until it reduced its trade surplus by 10 percent a year.... Even without Gephardt, the 900-page bill provides that if negotiations fail to correct an unfair trade practice, the U.S. would hit the offending country with tariffs equal to the amount of damage done to U.S. industry. Voting begins tomorrow, just as Prime Minister Nakasone arrived for talks with President Reagan. House Speaker Wright denies the timing is intentional.

(Rep. Wright: "This is not an anti-Japan bill, this is not an anti-any-particular-country bill; this is a pro-U.S. bill.")

Nakasone is bringing a plan to put more money in Japanese pockets -- money which could be spent on goods made in the U.S. But the Nakasone peace-offering probably comes much too late to influence the vote in Congress. (NBC-6)

KHADAFY

NBC's Jim Miklaszewski: U.S. intelligence sources say the link between Libya and several terrorist attacks in Europe was discovered in the desert of Northern Chad. Overrun by Chadian forces last month, Libyan troops abandoned a cache of weapons, including F1 hand grenades. Intelligence reports indicate the grenades were produced in the Soviet Union in 1980, sold to Bulgaria, which then sold them to Libya in 1983 in a \$300 million arms deal. Sources say factory markings and lot numbers of those grenades matched exactly the markings on grenades recovered from five terrorist attacks, including an officers club in Turkey last year, a Paris cafe in Sept. 1985, the Air Egypt hijacking to Malta in November 1985, and the attacks a month later at the airports at Vienna and Rome -- in which 18 people, including five Americans, were killed. Sources say one captured terrorist said the grenades were obtained through Libyan diplomatic channels. Experts call it a solid link between Libya and terrorism.... (NBC-3)

WALDHEIM

Brokaw: Austrian President Kurt Waldheim today asked the people of Austria to have faith in him -- one day after he was barred from the U.S. as a private citizen because of his Nazi past. Waldheim went on television and declared, "I have a clear conscience." He told the Austrian people, "Let me assure all of you, once again, you can trust me." He called yesterday's decision by the U.S. Justice Department "incomprehensible." Meanwhile, in Brussels today, Attorney General Meese said that Waldheim was barred because he failed to refute U.S. government finding about his alleged Nazi activities. (NBC-5, ABC-7, CBS-7)

CORPORATE OWNERS FOR TELEVISION NETWORKS

Brokaw: A House committee opened hearings into the effect of new corporate owners on the future of television network news. The panel heard several critics charge that takeovers have forced cutbacks in quality and have made public service take a backseat to profits.

NBC's Bob Kur: Today some members (of the House of Representatives) criticized a business climate they say the Reagan Administration created.

(Rep. Eckhart: "This merger-mania, threatens to undo a whole generation of commitment to the public interest first. And the bottom line second.")... (NBC-7, ABC-5)

TV EVANGELISTS

Brokaw: Jim Bakker, driven from his television evangelism empire by a sex scandal tried to make a comeback today, but he was stopped cold by the Rev. Jerry Falwell and other board members of PTL. Baaker also lost all pay and benefits, which some reports say were running at more than \$1.5 million a year.... (NBC-Lead, ABC-Lead, CBS-4)

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OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

ABC's Joe Bergentino: The question is -- "What's happened to OSHA?" -- the Occupational Safety and Health Administration, the government agency that is suppose to protect the nation's workers.... Critics charge that OSHA as an agency is no longer as serious about protecting workers as it once was. In fact, since Ronald Reagan took office, the number of OHSA inspectors is down about 25 percent -- due in part to budget cuts. Inspections are down 40 percent in the manufacturing industry.

(Frank White, OSHA enforcement director: "It is not naive to trust the vast majority of employers. I think that is the premise of this Administration.... I do not believe this agency is a weaker agency today than it was 4 or 5 years ago.")... (ABC-10)

MINIMUM DRINKING AGE

Rather: The (Supreme Court) justices took up another controversial question: how far can Congress go to force states to make 21 the minimum drinking age nationwide?

CBS's Robert Schackne: South Dakota now stand to loss some of its federal highway funds if the drinking age isn't raised to 21 -- under a federal law that South Dakota says is unconstitutional.... The federal law that is now being challenged was designed to deal with teenage drunk driving and highway carnage that often follows.... To Congress and the federal government, this may be an issue of cutting back on teenage automobile accidents; but for 11 state governments, there's another question -- state's rights.... (CBS-9)

LAXALT

Jennings: The former Nevada Senator Paul Laxalt all but announced his intentions today to run for the Presidency....

ABC's Barry Serafin: Paul Laxalt said his decision to seek the Presidency is as close to final as it can get.... But Laxalt's clout stems mainly from his long and close friendship with Ronald Reagan. He was a trusted advisor and middleman between the White House and Congress.

(The President: "He is truly a man for all seasons. And he's our friend.")

(TV coverage: The President speaking at a podium; variety of footage of the President and Senator Laxalt.)

To some degree, at least, Laxalt's ties with the President are expected to undercut Vice President Bush's claims as the Reagan heir.... As for the White House, spokesmen say the President will stay out of the GOP race, but it did not go unnoticed that last night, on the eve of his press conference, Laxalt's guest at a private dinner was Ronald Reagan. (ABC-4, NBC-10, CBS-13)

EDITORIALS/COLUMNISTS

JAPANESE TRADE

Fateful Day For Trade Decisions -- "The single most effective way to put our trade books in order would be an effort by Congress and the President to put our federal balance sheet in order, for it was mainly our deficits that got us in this fix in the first place, driving up the dollar and the interest rates -- a double whammy for exports and capital flow. The answer, then, to our trade troubles isn't to be found in bashing the Japanese or others, but in minding our own accounts more carefully."

(Atlanta Journal, 4/25)

A Risky Shot -- "President Reagan's imposition of punitive tariffs on a wide array of Japanese electronic products has been characterized, among other decisions, as an economic warning shot across Japan's bow. Let's hope it doesn't hit the United States in the foot."

(Seattle Post-Intelligencer, 4/18)

Shot Across The Bow -- "President Reagan was right on target Friday when he slapped a 100 percent tariff on \$300 million worth of Japanese computers, power tools and television sets. It was a shot across the bow to get Japan's attention. The U.S. and Japan should now work to make sure more salvos aren't fired."

(Birmingham News, 4/21)

Congress Should Resist Trade Folly -- "In order to deal successfully with competition from foreign countries, the United States needs new attitudes and business strategies, not protectionist trade laws.... Happily, despite all the trade and budgetary deficits, the country still is rich. And it has the human, technological, material and financial resources. Unhappily, it lacks a policy combining vision, will and leadership."

(Chicago Sun Times, 4/27)

Gephardt's Trade Proposal Is Cynical And Dangerous -- "If Rep. Richard A. Gephardt (D-Mo.) succeeds this week, his name may go down in history as the most irresponsible author of trade legislation since Reed Smoot and Willis Hawley."

(Philadelphia Inquirer, 4/27)

Mr. Gephardt's Misguided Trade Idea -- "At worst, a rush to pass protectionist legislation could throw the world into a steep economic decline.... Instead of protecting jobs and punishing countries like Japan, Mr. Gephardt and his followers could end up hurting many nations and putting more workers on the unemployment rolls."

(Chicago Tribune, 4/28)

A Crisis Summit -- "This week's meeting between President Reagan and Japan's Prime Minister Nakasone could scarcely be more aptly timed.... Perhaps in some moment alone they (the President and Nakasone) will recognize that the irritations stem most from one source, exchange instability, and that the solution to this underlying problem is to get monetary policies into some semblance of coordination."

(Wall Street Journal, 4/28)

JAPANESE TRADE (continued)

On The Verge Of A Trade War -- "It is no exaggeration to say that if effective and thoughtful progress isn't made in the talks between President Reagan and Prime Minister Nakasone -- and if the House approves the egregious trade bill -- an opportunity to get the demon of trade imbalance under some control means that the next round will be so nasty that first aid won't help."
(Washington Times, 4/28)

Reagan Sanction Move Can Bring Fairer Trade -- "The tariffs that President Reagan has imposed on selected electronic products from Japan are strong but warranted. We hope they will prove stiff enough to get the attention of the Japanese without at the same time triggering a trade war that neither side should want."
(Buffalo News, 4/22)

Another Complication -- "Negotiating with a lame duck is never easy and with political pundits predicting his departure soon after the summit, Western industrial leaders will wonder whether any promises made by Mr. Nakasone regarding trade will be carried out by his successor. Specifically, they will wonder whether the \$35 billion plan to stimulate the economy will become a reality."
(Journal of Commerce, 4/28)

U.S. Actions Boost Japan's Rising Arrogance -- "Americans are committing a colossal error in their relationship with Japan. We are fostering attitudes of arrogance and superiority among Japanese leaders that could rebound to hurt us.... Such measures should keep Japanese attitudes in perspective and curb their growth perception that the United States is a whimpering nation quick to blame others but unwilling to do its own homework."
(Los Angeles Times, 4/28)

Setback For Nakasone -- "With weakened leadership on both sides, the outlook for a mutual accommodation to head off a trade war is bleak. But Nakasone and Reagan have become friends in their frequent meetings. And both know how important it is to preserve the U.S.-Japan economic partnership."
(Honolulu Star Bulletin, 4/17)

U.S. Companies And Consumers Lose With The Tariffs On Japan -- "The decision to impose 100 percent tariffs on selected Japanese goods is imprudent politics and terrible economics. The major losers will be the U.S. consumers, the U.S. computer industry and the U.S. economy. Of course, the Reagan Administration was careful to exempt products which the Japanese have a virtual monopoly.... Out temptation to respond to import maladjustments will self-destructive policies is dangerous to the long-run health of the U.S. economy."
(Hartford Courant, 4/24)

A Scorched Earth Economic Policy -- "Blaming foreigners is, 99 times out of a hundred, simply a smoke screen. The real issue is not what Japan, Taiwan, or West Germany do -- but what right Congress has to blockade our own ports to redistribute income while crippling our economy."
(James Bovard, Detroit News, 4/24)

Economic Superpowers -- "The United States has been making good-faith efforts to act like an economic superpower.... Japan benefited immensely from this largesse, but in doing so it failed to meet its global obligations.... Unless Japan changes dramatically to conform with its new status, the United States might lamentably go protectionist and precipitate a global recession of unknown consequences."
(Baltimore Sun, 4/27)

FOREIGN MEDIA REACTION

JAPANESE TRADE

"Mr. Reagan deliberately adopted a conciliatory tone in an address marking the 75th anniversary of the Chamber of Commerce... His aim was to cool protectionist pressures in Congress and to demonstrate to other nations poised to take actions against Japan that the United States remained a strong ally.... At the same time, Congressional officials said that they doubted that the market-opening measures to be unveiled by Mr. Nakasone would be sufficient to cool political tensions." (Times, Britain)

"So President Reagan is making emollient noises ahead of Mr. Nakasone's visit to the U.S.... That's fine. It is at least better than the alternatives, and the markets should now expect the discussions to be presented as a success.... But the idea that the trade conflict between the two nations will somehow be ended by the two leaders saying nice things to each other, rather than slugging each other off, is a nice fiction." (Guardian, Britain)

"This time the markets have lost faith in the promises made by officials in the main industrialized countries. How could they believe in a determination to stabilize the rates when they are fighting each other and brandishing violent protectionist measures?"

(La Tribune de l'Economie, France)

"Prime Minister Nakasone plans to confirm with President Reagan the global importance of U.S.-Japan relations and clarify the roles to be shared by both countries in the midst of an unprecedentedly severe U.S.-Japan economic friction." (Mainichi, Japan)

"What is being heard in the U.S., including Congress, is that Americans are tired of listening to promises by Japan to decrease its surplus and open its market. The U.S. is demanding action and results." (Yomiuri, Japan)

"If they visit Korea with orders which are difficult to comply with, Koreans have nothing to say to them. The U.S. went too far in approaching trade problems." (Joongang Ilbo, South Korea)

"Protectionist sentiment has also been fueled by Japanese intrasigence toward opening their markets.... Unhappily, neither Australia nor any other U.S. trading partners can take comfort from President Reagan's repeatedly expressed support for free trade." (Herald, Australia)

"Prime Minister Nakasone, grappling with his worst political crisis, could be forced from office if talks with U.S. President Reagan fail to produce results this week." (Gulf Times, Qatar)

"Mr. Baldrige urged Hong Kong to take up a leadership role in opening markets in the region, thus helping fend off protectionist advances in Congress." (South China Morning Post, Hong Kong)

"If Nakasone can come up with a decision acceptable to the U.S., then President Reagan will lift his retaliatory trade measures." (Sing Tao Jih Pao, Hong Kong)

-End of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, APRIL 29, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan Says Won't Leave Europe Vulnerable -- President Reagan, seeking to console uneasy NATO allies and rebut critics at home, says he has no intention of agreeing to a nuclear arms pact that would make Europe vulnerable to superior Warsaw Pact conventional forces.

(Baltimore Sun, Washington Post, Washington Times, AP)

NATIONAL NEWS

Reagan: Teach About Sex And AIDS Only In Moral Context -- President Reagan says instruction in schools about AIDS and sex education should not be separated from teaching what is right and wrong. (AP)

IRAN-NICARAGUA

Reagan Declares Poindexter Can't Implicate Him -- President Reagan said he doesn't see how Rear Adm. John Poindexter could implicate him in the diversion of proceeds from Iranian arms sales to the Nicaraguan resistance.

(Washington Post, Washington Times, AP)

NETWORK NEWS (Tuesday Evening)

ARMS TALKS -- The Soviets claimed their draft treaty meets U.S. demands on verification.

WALSH -- Special Prosecutor Walsh warned that further grants of immunity could jeopardize criminal prosecutions.

POINDEXTER -- President Reagan said John Poindexter was trying to be protective of the President in not telling him about the contra money diversion.

THE BEST INVESTMENT

"Maybe the best course is to forget stocks and invest in New York Stock Exchange seats. Had you bought a seat for \$35,000 in 1977, when floor-trading privileges were obviously out of favor, your investment would have appreciated 3,043%. In that decade, the Dow Jones industrial average went up just 185%."

(U.S. News & World Report, 5/4)

INTERNATIONAL NEWS

MID-RANGE MISSILE PROPOSAL DEFENDED

President Reagan defended the U.S. arms control proposal on medium-range missiles against criticism from a senior Administration official and two high-ranking former officials that it is not in the U.S. interest.

Reagan, speaking to reporters in a brief interview at the White House, rejected criticisms that the proposed agreement to eliminate most missiles carrying nuclear weapons in Europe and Asia does not adequately take into account the imbalance in U.S. and Soviet non-nuclear forces. This view has been advanced by former President Richard Nixon and former Secretary of State Henry Kissinger and, in surprising remarks by retired Lt. Gen. Edward Rowny, special adviser to Reagan and Secretary Shultz on arms control.

Reagan brushed off Rowny's disavowal of his policy by saying "you have to recognize that I expect diverse opinions in the shop and among the people and the Cabinet and everything else."

"We recognize that we must keep in mind the conventional balance," Reagan said. "So it's wrong to assume that we're not aware of that and that we're not dealing with it." (Jeffrey Smith, Washington Post, A1)

Reagan Shrugs Off Adviser's Criticism

President Reagan brushed aside public criticism by one of his top arms control advisers, Lt. Gen. Edward Rowny, of the Administration's latest negotiations with the Soviet Union.

Reagan also said that, in spite of criticism by former President Richard Nixon and others, the Soviet Union would be permitted to base some of its medium-range missiles in Asia.

Reagan said he would prefer the "global" elimination of international nuclear forces, but that he would accept a "small number" of the weapons "maintained in another part of the world, so long as we will be in a position to have a deterrent capacity."

(Willis Witter, Washington Times, A3)

Reagan Says Won't Leave Europe Vulnerable

President Reagan, seeking to console uneasy NATO allies and rebut critics at home, says he has no intention of agreeing to a nuclear arms pact that would make Europe vulnerable to superior Warsaw Pact conventional forces.

In an interview with a half-dozen White House correspondents, the President said that while he's receptive to Soviet willingness to seek an arms control treaty, "it doesn't mean that you're going to roll over and just give into something without protecting yourself."

"Remember that contrary to what has been said too many times, this is not a de-nuclearization of Europe," Reagan said.

(Merrill Hartson, AP)

Reagan Gives Assurances To Allies On Missile Talks

President Reagan asserted that his proposed missile pact with Moscow would not lead to a "denuclearized" Europe that the Soviet Union could threaten with its numerically larger conventional forces.

The U.S. is not about to "roll over" in dealings with the Soviets, Reagan said. Arms negotiations must not lead to "increased" Soviet superiority in conventional forces, and an agreement on reducing intermediate-range nuclear missiles must include safeguards to ensure Soviet compliance, he said.

Reagan thus sought to allay concerns among Western European allies and some members of his Administration that he is rushing to sign an arms accord with the Soviet Union. (Julie Johnson, Baltimore Sun, A1)

RUSSIANS RAISE NEW MISSILE PROBLEM AT GENEVA ARMS TALKS

GENEVA -- The Soviet Union has raised a difficult new issue at superpower arms negotiations, demanding that the U.S. give up 72 nuclear warheads it keeps for use on West German missiles in the event of a crisis.

"If there is an agreement on eliminating U.S. and Soviet operational-tactical missiles in Europe...these nuclear warheads controlled by the U.S. side should go," said Alexei Obukhov, deputy head of the Soviet delegation.

Until now, U.S. negotiators have assumed that West Germany's 72 Pershing 1A shorter-range rockets and their nuclear warheads, which are under American control, were not counted in present superpower talks.

The issue is certain to create further complications for Washington and its NATO allies, already locked in a bitter dispute over whether to accept a Soviet offer to scrap all shorter-range missiles in Europe.

(Claude Fillet, Reuter)

U.S. Criticizes Soviet Drive To Scrap West German Missiles

The Reagan Administration accused the Soviet Union of an apparent "lack of serious intent" by demanding the dismantling of West German nuclear missiles as part of an arms control with the U.S.

Otherwise, the proposed treaty submitted in Geneva by Soviet negotiators drew a mildly positive reaction at the State Department. Spokesman Charles Redman said it seemed to reflect understandings reached by President Reagan and General Secretary Gorbachev at their meeting last October in Iceland.

Specifically, Redman welcomed the Soviet's acceptance of the principle of equal worldwide levels of U.S. and Soviet shorter-range rockets and inspection of missile factories to guard against cheating.

The 72 Pershing 1A missiles which the Soviets sought to dismantle are under joint U.S. and West German control. They have an estimated range of about 460 miles, which some analysts say is too short to reach Soviet territory. (Barry Schweid, AP)

U.S. Seeks Clarifications On Soviet Arms Treaty Draft

The U.S. intends to seek clarification on a Soviet draft treaty on Euromissiles that has given Washington both cause for optimism and dismay.

The draft, introduced formally at the Geneva arms talks, reflects basic superpower understandings on medium-range rockets but does not meet American needs on shorter-range ones and verification, State Department spokesman Charles Redman told reporters.

Redman said Moscow's decision to raise the issue of shorter-range West German Pershing 1A missiles along with its proposal introduced in Geneva "suggests a lack of serious intent" on the Kremlin's part.

He also said Washington opposes Moscow's plan to scrap shorter-range missiles in Europe while retaining these weapons in Soviet Asia and found that the Soviet blueprint for ensuring against cheating on a pact did not meet U.S. demands for access to sites where verification violations are suspected. (Carol Giacomo, Reuter)

INF ACCORD CAN BE REACHED THIS YEAR, SOVIET SAYS

GENEVA -- The Soviet Union said agreement can be reached this year on a treaty eliminating medium-range nuclear missiles from Europe despite an "unconstructive" approach by the U.S.

Alexei Obukhov, the Soviet deputy chief negotiator, also said the Soviets want immediate negotiations on an accord to eliminate U.S. and Soviet short-range missiles from Europe and to limit them worldwide.

Obukhov said Soviet negotiators believe they are "facing difficult work, given the American approach as we know it at present contains a number of patently unconstructive elements." (Washington Times, A7)

NATO MEMBERS START TALKS ON SUPPORTING ARMS PACT

BRUSSELS -- The NATO alliance entered a week of decisive consultations on arms control, with diplomatic sources characterizing most member governments as divided or stalling, but nevertheless convinced that a superpower accord will be reached soon on intermediate-range nuclear missiles.

Despite considerable Western European and American reservations about the consequences of the plan, one senior European NATO ambassador was reported to have concluded that a U.S.-Soviet accord was a "fait accompli."

The Western European Union repeated its support for the elimination of U.S. and Soviet medium-range missiles, but only indicated that the more controversial Soviet proposal also to scrap shorter-range missiles should be "analyzed carefully." (David Fouquet, Washington Post, A23)

Western Europeans Play For Time On Soviet Nuclear Cuts Offer

LUXEMBOURG -- Western European allies, deeply divided over Soviet proposals to slash nuclear missiles in Europe and uneasy over an emerging superpower deal, are playing for time before responding, diplomatic sources said.

Foreign and defense ministers of the seven-nation Western European Union were unable to mask deep splits when they met to define their view on the latest Soviet offer to scrap medium and shorter-range missiles.

Diplomats said the talks pointed up West European confusion after ministers declared they would not be stampeded into a decision and stressed it would take several weeks and a close examination of the proposals in writing before they gave their verdict.

(Myra MacDonald, Reuter)

HOUSE OPENS DEBATE ON TRADE BILL Reagan Marshals GOP Opposition To Gephardt Amendment

The House started its trade debate as President Reagan called the Republican leadership to the White House to emphasize his opposition to a controversial amendment that would force retaliation against leading trading partners.

That amendment, sponsored by Rep. Richard Gephardt is expected to come up for a vote this afternoon, with final House action on the bill set for Thursday. The bill is expected to pass the day that Prime Minister Yasuhiro Nakasone of Japan, a country that is one of the major targets of the legislation, meets here with Reagan.

The Gephardt proposal also is expected to pass, although Assistant Minority Leader Trent Lott said at the White House that the amendment "still hangs in the balance" with about 12 Republicans and 30 Democrats undecided. "That is something that can still go either way," Lott said.

In other trade news, U.S. Trade Representative Clayton Yeutter said he received indications that Japan has stopped dumping computer memory chips in other countries and that "it is just a matter of time" before the Reagan Administration can lift the trade sanctions it imposed 11 days ago.

(Stuart Auerbach, Washington Post, A26)

Battle Over Trade Sanctions Coincides With Nakasone Visit

A battle between the Reagan Administration and House sponsors of a tough trade-retaliation bill is clouding Japanese Prime Minister Yasuhiro Nakasone's mission to ease trade frictions.

A private headcount by Democratic leaders showed late Tuesday that Gephardt could count on 170 to 180 firm votes for his measure, according to sources who spoke only on the condition of anonymity. If all members of the House cast their votes, 218 votes are required for adoption.

However, the sources stressed that a large bloc of undecided votes remained, particularly among Democrats.

Republican sources, who also spoke only if not named, said their headcounts showed that 10 to 20 of the chamber's 177 Republicans would vote for the Gephardt measure.

They agreed that undecided Democrats held the key.

(Tom Raum, AP)

Tough Trade Bill Moves In Congress As Nakasone Arrives

Tough trade legislation aimed at Japan and other exporters is moving through Congress as Japanese Prime Minister Yasuhiro Nakasone arrives for talks to repair strained U.S.-Japanese relations.

As the House opened its debate, both Republican and Democrats said they doubted Nakasone's visit would have any impact on the expected passage of the bill on Thursday.

U.S. Trade Representative Clayton Yeutter said Reagan was unlikely to lift the 100 percent tariff during the talks. Yeutter said Japan probably already resolved U.S. complaints that it had not lived up to a semiconductor trade agreement but evidence of long term corrective action must be seen.

Secretary Shultz warned the Gephardt amendment could contribute to a world recession as did legislation in the 1930s which escalated tariffs around the world.

However, Shultz told reporters that Tokyo risked enactment of the protectionist legislation if it did not show a willingness to open its markets.
(Jacqueline Frank, Reuter)

Sentiment Is Still Harsh On Capitol Hill

Sentiment in favor of tough trade legislation swept Capitol Hill on the eve of the arrival of Japanese Prime Minister Yasuhiro Nakasone for an official visit.

Opponents of a massive trade bill, which reached the House floor in the afternoon, likened the congressional mood to the days of the protectionist Smoot-Hartly tariff of 1930, which economists believe contributed to the Great Depression.

Many Democrats and some Republicans contended on the floor and in interviews that it was appropriate and even desirable to begin voting on the stringent trade bill as Nakasone reaches Washington.

(Stephen Nordlinger, Baltimore Sun, A1)

Trade War: 'Japan Needs To Get Message'

The U.S. and Japan today draw battle lines on trade, giving money markets worldwide the financial jitters.

"This is not an anti-Japan bill," said House Speaker Jim Wright (referring to pending House trade legislation). "This is a pro-U.S. bill."

"I have no problem in debating it while the Japanese prime minister is in town," Senate Majority Leader Robert Byrd told reporters. "Japan needs to get a message, and they're getting one."

Wall Street and the financial markets lapsed into a temporary lull -- the Dow Jones and dollar both rose -- as traders took a wait-and-see attitude on the Nakasone talks.

(Fred Anklam & Johanna Neuman, USA Today, A1)

CABINET WARNS WRIGHT: FORGET THIS TRADE BILL
Letter At Odds With Strategy Of House GOP, Business Groups

The Reagan Cabinet has notified House Speaker Jim Wright that it will recommend a veto of the proposed House trade package, whether or not it includes the controversial Gephardt amendment, unless substantial changes are made.

The Cabinet position is at odds with the strategic stance taken by many House Republicans and such key business groups as the U.S. Chamber of Commerce and the American Business Conference. They oppose the Gephardt amendment but support the bill, on the theory that it is the best measure that can come out of the House.

Republican lawmakers are privately complaining about the "inconsistent leadership" by the Reagan Administration in lobbying on the bill, congressional sources said.

(Karen Riley and Willis Witter, Washington Times, A1)

BALDRIGE EXPECTS ANTI-JAPAN SANCTIONS TO BE LIFTED

MANILA -- U.S. Commerce Secretary Malcolm Baldrige said he expects Washington to lift trade sanctions against Japan following Prime Minister Yasuhiro Nakasone's visit to the U.S. this week.

He told a news conference: "I think that Prime Minister Nakasone and President Reagan will come to an agreement in Washington about the lifting of those once we have been able to show...there no longer is dumping and that the Japanese market is open. (Reuter)

NAKASONE SEEN USING 'RON-YASU' TIES
TO BLUNT RISING TENSION OVER TRADE
U.S. Visit Is Crucial To Political Fortunes Of Japanese Leader

TOKYO -- Japanese Prime Minister Yasuhiro Nakasone, who arrived in Washington on the most sensitive foreign mission of his political career, appears to be gambling that his personal rapport with President Reagan will calm a rising storm of anger against Japan and its trade policies.

At the same time, many people here believe that Nakasone is hoping for a successful visit to salvage his career. His term as prime minister expires in October but a series of political setbacks has increased pressure on him to step down sooner. (John Burgess, Washington Post, A21)

W. GERMANY VOWS TO RESIST U.S. PRESSURE

The West German minister of economics said here that his government would continue to resist pressure by the U.S. and international organizations for faster economic growth.

Martin Bangemann, who also is chairman of the Free Democrat Party, said that both Germany and the world economy will be better off if his country instead pursues the more modest 2 percent to 3 percent growth trend of recent years.

Federal Reserve Chairman Paul Volcker and Treasury Secretary James Baker have been pressing West Germany and Japan, as the two nations with the world's largest trade and current account surpluses, to boost their economic activity. Baker and Volcker argue that an increase in German and Japanese activity would attract imports to reduce the large American trade deficit.

(Hobart Rowen, Washington Post, F1)

PANEL VOTES TO SUBPOENA EMBASSY SECURITY DATA

Mica Says Material Deliberately Withheld

A House subcommittee voted unanimously to subpoena State Department documents and cables concerning security problems at the U.S. Embassy in Moscow after learning that some materials the committee had requested were deliberately withheld.

The vote came after Rep. Daniel Mica, chairman of the Foreign Affairs subcommittee on international operations, charged that the department had withheld documents from two thick binders of information on embassy security provided to the panel. He said the panel discovered that documents were missing because indexes and tabs in each binder referred to sections that were empty.

"I'm just shocked and chagrined that they would act in this way when they indicated they would cooperate," Mica said.

(David Ottaway, Washington Post, A9)

WALDHEIM HAS 'CLEAR CONSCIENCE'

Austria Criticizes U.S. Ban Of Leader

VIENNA -- Austrian President Kurt Waldheim, responding to the U.S. decision to bar him from entering the U.S. as a private citizen because of his suspected involvement in Nazi war crimes, said that he has "a clear conscience" and will soon make public information to clear his name.

The Austrian government rallied behind Waldheim, whose position is largely ceremonial, and called the methods used by the U.S. in making its decision "inexplicable and incomprehensible."

(Robert McCartney, Washington Post, A21)

AMERICAN VOLUNTEER KILLED BY CONTRAS

MANAGUA -- An American volunteer working as a mechanical engineer in a small village in northern Nicaragua was shot and killed by Nicaraguan rebels, the Nicaraguan government announced.

The government said the dead American was Benjamin Ernest Linder, 27, of Portland, Ore.

A government spokesman said Linder was killed by a group of six contras who walked into his office at 8 a.m. in the village of La Camaleona where he was working on the construction of a small hydroelectric plant. The village in Jinotega province is 85 miles northeast of Managua.

In Washington, Sondra McCarty, a State Department spokesman, said that she had no information on the reports of Linder's death. "We're aware of the press reports and we're checking into them," she said.

(Eloy Aguilar, AP)

U.S. AMBASSADOR TO ISRAEL SAYS PROGRESS MADE ON PEACE TALKS

JERUSALEM -- U.S. Ambassador to Israel Thomas Pickering said there had been very significant progress on the prospects of Middle East peace talks.

"I think it is fair to say there has been some recent, very significant progress made," said Pickering, who usually refrains from commenting publicly on peace moves.

"It remains to be described in full detail, but I think it is important and I think there is a quickening of interest in the region that I see on both the Arab side and here in Israel," Pickering said. (Reuter)

EDITOR'S NOTES: "Reagan Says He Hopes His 'Imprint' Is One Of 'High Morality,'" (Transcript of the President's interview with reporters), appears in The Washington Post, A14.

"Fraternization Abroad Rarely Leads To Security Breaches, Officials Say," by John Goshko, appears in The Washington Post, A12.

NATIONAL NEWS

REAGAN: TEACH ABOUT SEX AND AIDS ONLY IN MORAL CONTEXT

President Reagan says instruction in schools about AIDS and sex education should not be separated from teaching what is right and wrong.

The President, who is scheduled to attend a fund-raiser for the fight against the deadly disease on May 31, said that he was "shocked" condoms had been given out during a church service in an effort to publicize their use in combatting AIDS.

In an interview with six newspaper reporters, Reagan also complained that sex education dwells on the physical, rather than the moral, implications.
(Susanne Schafer, AP)

WRIGHT BACKS \$15 BILLION FSLIC BAILOUT

Speaker of the House Jim Wright, who has pressured federal sayings and loan regulators to go easy on ailing S&Ls in his home state of Texas, softened his position by backing a White House plan to pump \$15 billion into the insolvent federal fund that insures deposits at S&Ls.

The U.S. League of Savings Institutions, the largest S&L trade group, had lobbied Wright and other lawmakers against the White House plan and in favor of a \$5 billion one. Last week House Banking Committee Chairman Fernand St. Germain said that he would ask the House to pass a \$5 billion plan.

But yesterday Wright and St. Germain issued a joint statement saying they will work to get the House to pass a \$15 billion bailout plan for FSLIC.
(Kathleen Day, Washington Post, F1)

BENTSEN OFFERS DUAL-PREMIUM 'CATASTROPHIC' PLAN Finance Chairman Would Raise Medicate Fee, Link Supplemental Payment To Income Tax

Senate Finance Committee Chairman Lloyd Bentsen has drafted a bill to provide catastrophic-illness insurance to the nation's 31 million Medicare beneficiaries that would be financed by a double-premium mechanism, Senate sources said.

The proposal, of major interest because of Bentsen's key role as committee chairman, includes benefits similar to those approved April 9 by the House Ways and Means health subcommittee, but its financial system differs sharply.

The Bentsen plan would provide unlimited free hospital care for Medicare beneficiaries after payment of an annual deductible of about \$520. At present only 60 days are free after the deductible.

(Spencer Rich, Washington Post, A16)

IRAN — NICARAGUA

REAGAN: POINDEXTER AN 'HONORABLE MAN' Aide May Have Been 'Protective Of Me'

President Reagan said that former National Security Adviser John Poindexter may have withheld information from him about diversion of Iran arms sales proceeds to aid the Nicaraguan contras because "maybe he thought he was being, in some way, protective of me."

Asked whether he is "worried" about being implicated, Reagan said:

"No, John Poindexter's an honorable man. And since I was not informed -- as a matter of fact, since I did not know that there were any excess funds until we, ourselves, in that check-up after the whole thing blew up, and that was, if you'll remember, that was the incident in which the attorney general came to me and told me that he had seen a memo that indicated that there were more funds."

(Lou Cannon, Washington Post, A1)

Reagan Declares Poindexter Can't Implicate Him

President Reagan said he doesn't see how Rear Adm. John Poindexter could implicate him in the diversion of proceeds from Iranian arms sales to the Nicaraguan resistance.

Reagan said Lt. Col. Oliver North, the alleged mastermind of the plan, apparently shared details of it with Poindexter, then the President's national security adviser.

Reagan reiterated during an Oval Office press conference with reporters from six newspapers that he did not know of the money diversion. He said he could not account for Poindexter's failure to tell him.

Reagan said he hoped Americans' faith in their government could be restored because "we have not betrayed the people of this country, nor would I permit it."

(Jeremiah O'Leary, Washington Times, A1)

Reagan Says No Way North, Poindexter Can Implicate Him In Contra Funding

Amid hints of indictments of key figures in the Iran-contra case, President Reagan says there is no way John Poindexter or Oliver North can claim they were acting with his approval in the secret diversion of funds to Nicaraguan rebels.

Asked if North, whom he once described as a national hero, or Poindexter might claim they were acting with his authority, Reagan replied, "I wouldn't see how, no. No."

Reagan said the only thing he knew was that the U.S. charged Iran \$12 million for arms secretly shipped to Tehran, and received the money "by way of what's called a sterile bank account, which I understand is the way of transferring money across the ocean."

He said that middlemen who helped arrange the deal apparently charged Iran more than the \$12 million that the U.S. received.

"And thus, there was more money paid than we had asked for. Now, that's where my knowledge ends," Reagan said. "Who got that, who handled it, what did they do with it and who was involved in that extra money?"

(Terence Hunt, AP)

ALLEGED INQUIRY SLOWDOWN BY MEESE STIRS HILL LAWYERS

Lawyers for congressional committees probing the Iran-contra scandal will interrogate the U.S. attorney for Miami and an assistant about allegations that Attorney General Meese stalled a criminal inquiry.

U.S. Attorney Leon Kellner and an aide are scheduled to be interviewed about charges Kellner was told to "go slow" by Meese on a probe of arms sales to the Nicaraguan resistance, according to sources.

(Michael Hedges, Washington Times, A4)

IRAN ARMS INVESTIGATION SAID TO COVER HIGH U.S. OFFICIALS

The special prosecutor's criminal investigation into the Iran arms scandal covered possible violations by high-level government officials in a situation described as unprecedented since Watergate.

"The allegations in the investigation concern possible violations of public trust and possible misuse of position by high government officials," special prosecutor Lawrence Walsh said.

"Large sums of public money are unaccounted for and those most knowledgeable resist public disclosure," Walsh said in a report released yesterday on his probe into the arms sales to Iran and U.S. efforts to aid the Nicaraguan contra rebels.

The report was the first by Walsh on the scope and progress of his four-month-old investigation that he said already has uncovered extensive and specific evidence.

(James Vicini, Reuter)

Walsh Gives Report On Probe Status

Independent counsel Lawrence Walsh hinted that he is building a case to show a wide-ranging criminal conspiracy in the Iran arms-contra scandal.

The special prosecutor said "most lines of inquiry" he and his staff are pursuing "are proving fruitful," and he indicated that a major plot to defraud the government was one of the focuses of his probe.

The investigation, he said, has turned up "extensive and specific evidence" about the entire plan to sell U.S. arms to Iran and allegedly divert some of the proceeds to aid the contra rebels in Nicaragua.

(Lyle Denniston, Baltimore Sun, A1)

Counsel Sees 'Ample Basis' For Wide Iran-Contra Probe, Walsh Warns Against More Immunity Grants

Independent counsel Lawrence Walsh said that he has turned up "ample basis" for pushing ahead with a broad criminal investigation of the Iran-contra affair, and he warned Congress that additional grants of immunity to key figures could have "a devastating effect on possible prosecutions."

At a news conference at the U.S. Courthouse here, Walsh said he hopes the Senate and House Iran-contra committees will change their position and decide against granting immunity to Lt. Col. Oliver North, the fired National Security Council staff member who is a key target of all the investigations.

He also refused to rule out seeking some indictments before congressional hearings begin next week.

(George Lardner, Washington Post, A1)

Walsh: Stop Giving Immunity

Special prosecutor Lawrence Walsh warned congressional committees probing the Iran-contra scandal to stop granting immunity to key figures.

But Walsh said he recognizes that special House and Senate committees -- which begin open hearings May 5 -- have "a different problem: They're trying to display the truth...we have to prove it."

In his first public report on the case, Walsh tried to strike a bargain -- recommending that the committees set tough standards before immunizing additional potential witnesses.

(Ralph Soda & Sam Meddis, USA Today, A4)

ENVOY SAYS ISRAELIS IN ARMS DEALS PROTECTED

Israeli citizens involved in the secret sales of U.S. arms to Iran were working for the Israeli government, which should protect them from congressional investigations, the Israeli ambassador to the U.S. said.

"You could not have a situation whereby individuals that act for a government would appear before a committee of another state," Ambassador Rosenne told an audience at the conservative Heritage Foundation, an independent research organization.

(Reuter)

NETWORK NEWS SUMMARY

(Tuesday Evening, April 28, 1987)

ARMS TALKS

NBC's Tom Brokaw: The Soviets were claiming in Geneva today that their draft treaty on medium-range missiles meets a key American demand on the issue of verification. However, in spelling out details of that offer, the Soviets included a proposal on missiles in West Germany that could be a new obstacle to any agreement.

NBC's Paul Miller: Soviet-drafted treaty accepts for the first time the U.S. idea of intrusive, on-site inspection to make sure there is no cheating on a missiles agreement. The Soviet proposal calls for verification everywhere -- including missile dismantling sites, military bases and storage depots in the Soviet Union, Europe and the U.S., and factories where missiles are built.

(Alexei Obukhov, chief of Soviet delegation: "In certain areas, our approach is even stricter than the American approach.")

U.S. officials say that verification offer sounds good, but they want to see the fine print.

(Charles Redman: "The devil is in the details, however, and we need extended exchange of Soviet positions.")

Verification may be a minor obstacle, compared with the new issue the Soviets raised today -- they now say the warheads on Pershing I missiles must be included in any agreement on short-range missiles in Europe. The West Germans have 72 Pershing I's, armed with American nuclear warheads.

(Volker Ruhe, West German spokesman: "The warheads we are speaking about are controlled by the American side aren't they? Yes, they are -- so this is the logic behind our approach.")

The Americans say the Pershing I's are German and cannot be included. On the issue of short-range missiles, the Soviets are proposing their elimination in Europe, but not worldwide. The U.S. wants either a global ban, or limited short-range missiles on each side in Europe. Some Europeans are worried the Soviet offer to get nuclear missiles out of Europe is a trap.... Soviet negotiators said today a deal on missiles in Europe is not far away if the West wants one. U.S. officials say they do want a deal, but with the latest Soviet demand on short-range missiles, they question how fast any agreement can be reached.

(NBC-4)

ABC's Rick Inderfurth: The Soviets called a news conference to talk about their draft treaty.

(Alexei Obukhov, chief of Soviet delegation: "Our draft is a compromise document.")

And compromises there are -- on verification, including the right to on-site inspection of missile production plants to make certain that neither side cheats on the accord.

(Obukhov: "We stand for the most vigorous verification. For verification and inspection everywhere.")

And on the issue of shorter-range nuclear weapons, the Soviets moved closer to the U.S. position of equal limits worldwide.

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ABC's Inderfurth (continues)

But the Soviets took that one step further with a new demand -- that U.S. nuclear warheads on West German short-range missiles must go -- something many West Germans don't want to see.

(Charles Redman: "The Soviets did not previously raise the question of FRG Pershings and for them to raise this issue now suggests a lack of serious intent.")

And the Soviets brushed aside concerns about their lead in conventional forces in Europe.... Indeed, there are many more areas of agreement than disagreement between the Americans and the Soviets on the missile accord. And with a few more Soviets concessions expected to come, it's a deal the U.S. may find very difficult to refuse.
(ABC-6, CBS-11)

SPECIAL PROSECUTOR WALSH

Brokaw: In Washington today Lawrence Walsh, the special prosecutor in the Iran-contra affair, made a rare public appearance and dropped some major hints about the direction and consequences of his investigation.

NBC's Carl Stern: The special prosecutor was overwhelmed by questions as he issued a status report. He hinted that some criminal charges could come within a week. "Don't go away," he told reporters. "Stay handy." And he urged the Congressional committees to change their plans to give immunity to Oliver North for anything North might admit in testimony.

(Special Prosecutor Walsh: "You don't grant immunity to a major figure if a less figure can give the information.")

In his 20-page report, Walsh rejected a plea from Republican Senator Warren Rudman that he cut short his investigation by narrowing it to the question of whether anyone obstructed justice. Today's report shows that the case is much larger than that and used the word "fruitful" in describing the investigation of a conspiracy to defraud Congress and the taxpayers. Walsh indicated the effort was led by a sophisticated person who profited personally. He didn't say who, but warned that granting that person immunity might make a prosecution impossible. One Congressman was not persuaded.

(Rep. Dick Cheney: "Congress has a very important responsibility. We don't want this matter to drag on endlessly. And I think that the judicious use of our immunity power is appropriate.")

If criminal charges are filed before Congressional hearings begin next week, they are not expected to involve a central figure, but would remind Congress and the public that bigger prosecutions are probably still to come.
(NBC-2)

ABC's Dennis Troute: Independent Counsel Lawrence Walsh issued his sternest warning to date that further grants of immunity by Congress to witnesses in the Iran affair could jeopardize criminal prosecutions of high government officials.

(Walsh: "We're pointing out very sharply, as we have before, that there is great difficulty in prosecuting such a person.")

Walsh is concerned because if he wishes later to prosecute immunized witnesses, he must prove that his case is in no way based on their testimony.

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ABC's Troute (continues)

Thirteen persons have such immunity grants already -- some with Walsh's concurrence, but others over his objections. And Congressional committee leaders want more immunity grants for figures in the Iran affair in advance of their hearings next week, because they think it is more important to get the story out in public.

(Rep. Lee Hamilton: "Well, we're not going to let the independent counsel dictate our actions, but we respect Judge Walsh and we will consult carefully with him.") (ABC-2)

CBS's Rita Braver: Walsh discloses that he's now investigation 10 U.S. agencies, including the White House, the Vice President's office, Departments of Defense and Justice and the CIA.... And Walsh steps up pressure on Congress not to grant immunity to key figure, including former National Security Council aide Oliver North and former Air Force General Richard Secord.

(Walsh: "We're pointing out, very sharply as we have before, that there is great difficulty in prosecuting such a person.")

But sources tell CBS News that Secord is expected to waive immunity and lead off next week's Iran-contra Congressional hearings. The man alleged to have setup the financial and arms transfer networks for the whole operation is said to believe that he has broken no laws. In today's report, Walsh fired back at recent suggestions from Republican Senator Warren Rudman, vice chairman of the Senate Iran-contra select committee, who suggested that the independent counsel limit and speed up his investigation. The report said, "There is no appropriate basis for narrowing the investigation at this time, most lines of inquiry are proving fruitful."

(Walsh: "I think we're moving with appropriate speed -- how about that?")

...There is some speculation that Walsh could begin bringing indictments within the next week. Asked about the timing of charges, he would say only, "Don't go away -- stay handy."

(CBS-Lead)

POINDEXTER

ABC's Peter Jennings: President Reagan said today he thinks that his former National Security Advisor John Poindexter didn't tell him about the Iranian arms money being diverted to the contras, because, in the President's words, "He thought he was being in some way protective of me." The President, who was talking to several reporters, called Poindexter "an honorable man." (ABC-3, CBS-2)

NORTH

CBS's Dan Rather: Fired Presidential advisor Oliver North has been given Navy bodyguards at taxpayers' expense. The Defense Department confirmed this today. North has been given what is called "protection" at home, on the job, and on the road around-the-clock. It began this month after what are said to have been terrorist threats against North. (CBS-3)

IRAN-CONTRA

NBC's John Chancellor: The Iran-contra scandal is a story filled with drama and intrigue with a cast of colorful characters. And among them, perhaps no one is as essential to an understanding of the mystery as William J. Casey, former director of the CIA. The mystery is not so much where the money went; investigators say they know most of that. The mystery is what the President knew and when he knew it. Mr. Reagan says he didn't know about the diversion of money to the contras. The polls show that many Americans don't believe him. Probably more than any other person, Bill Casey has the answers. But he is gravely ill and it isn't likely that he'll ever be able to tell what he knows. What he knows is a lot -- he is a key player. Col. North coordinated his work with Casey. The CIA helped armed the contras. Casey was a trusted confidant of the President. Information flowed upward to Casey from the National Security Council and downward to Casey from the Oval Office. No one knows if the President needs protection, but if he does, Casey's illness supplies it. People on the NSC can say they told all the Casey, but not to the President. And it stops there. In mid-December Casey underwent surgery to remove a cancer tumor from his brain. The Tower Commission was just then beginning to question important witnesses. The Commission was never able to talk to Casey. Today, he is in a hospital with pneumonia. Congressional investigators won't be able to question him. With Bill Casey out of the picture, a critically important link is removed from the chain. Getting at the truth is going to be a lot harder. (NBC-11)

JAPANESE TRADE

Brokaw: In Washington today the House began heated debate on a massive trade reform bill and supporters say it will cut the trade deficit by making the U.S. more competitive, especially with Japan. But there is one part of the bill that opponents called "dangerous protectionism."

NBC's Irving R. Levine: This is the prime target of the trade bill -- Japanese industry.... (The bill) goes too far in the view of the President who met with Republican leaders.

(Rep. Trent Lott: "We're committed to very aggressively fighting the Gephardt amendment. We fully hope to defeat it.")

That amendment would require the President to impose tariffs on any nation in a trade dispute with the U.S. until it reduced its trade surplus by 10 percent a year.... Even without Gephardt, the 900-page bill provides that if negotiations fail to correct an unfair trade practice, the U.S. would hit the offending country with tariffs equal to the amount of damage done to U.S. industry. Voting begins tomorrow, just as Prime Minister Nakasone arrived for talks with President Reagan. House Speaker Wright denies the timing is intentional.

(Rep. Wright: "This is not an anti-Japan bill, this is not an anti-any-particular-country bill; this is a pro-U.S. bill.")

Nakasone is bringing a plan to put more money in Japanese pockets -- money which could be spent on goods made in the U.S. But the Nakasone peace-offering probably comes much too late to influence the vote in Congress. (NBC-6)

KHADAFY

NBC's Jim Miklaszewski: U.S. intelligence sources say the link between Libya and several terrorist attacks in Europe was discovered in the desert of Northern Chad. Overrun by Chadian forces last month, Libyan troops abandoned a cache of weapons, including F1 hand grenades. Intelligence reports indicate the grenades were produced in the Soviet Union in 1980, sold to Bulgaria, which then sold them to Libya in 1983 in a \$300 million arms deal. Sources say factory markings and lot numbers of those grenades matched exactly the markings on grenades recovered from five terrorist attacks, including an officers club in Turkey last year, a Paris cafe in Sept. 1985, the Air Egypt hijacking to Malta in November 1985, and the attacks a month later at the airports at Vienna and Rome -- in which 18 people, including five Americans, were killed. Sources say one captured terrorist said the grenades were obtained through Libyan diplomatic channels. Experts call it a solid link between Libya and terrorism.... (NBC-3)

WALDHEIM

Brokaw: Austrian President Kurt Waldheim today asked the people of Austria to have faith in him -- one day after he was barred from the U.S. as a private citizen because of his Nazi past. Waldheim went on television and declared, "I have a clear conscience." He told the Austrian people, "Let me assure all of you, once again, you can trust me." He called yesterday's decision by the U.S. Justice Department "incomprehensible." Meanwhile, in Brussels today, Attorney General Meese said that Waldheim was barred because he failed to refute U.S. government finding about his alleged Nazi activities. (NBC-5, ABC-7, CBS-7)

CORPORATE OWNERS FOR TELEVISION NETWORKS

Brokaw: A House committee opened hearings into the effect of new corporate owners on the future of television network news. The panel heard several critics charge that takeovers have forced cutbacks in quality and have made public service take a backseat to profits.

NBC's Bob Kur: Today some members (of the House of Representatives) criticized a business climate they say the Reagan Administration created.

(Rep. Eckhart: "This merger-mania, threatens to undo a whole generation of commitment to the public interest first. And the bottom line second.")... (NBC-7, ABC-5)

TV EVANGELISTS

Brokaw: Jim Bakker, driven from his television evangelism empire by a sex scandal tried to make a comeback today, but he was stopped cold by the Rev. Jerry Falwell and other board members of PTL. Baaker also lost all pay and benefits, which some reports say were running at more than \$1.5 million a year.... (NBC-Lead, ABC-Lead, CBS-4)

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OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

ABC's Joe Bergentino: The question is -- "What's happened to OSHA?" -- the Occupational Safety and Health Administration, the government agency that is suppose to protect the nation's workers.... Critics charge that OSHA as an agency is no longer as serious about protecting workers as it once was. In fact, since Ronald Reagan took office, the number of OHSA inspectors is down about 25 percent -- due in part to budget cuts. Inspections are down 40 percent in the manufacturing industry.

(Frank White, OSHA enforcement director: "It is not naive to trust the vast majority of employers. I think that is the premise of this Administration.... I do not believe this agency is a weaker agency today than it was 4 or 5 years ago.")... (ABC-10)

MINIMUM DRINKING AGE

Rather: The (Supreme Court) justices took up another controversial question: how far can Congress go to force states to make 21 the minimum drinking age nationwide?

CBS's Robert Schackne: South Dakota now stand to loss some of its federal highway funds if the drinking age isn't raised to 21 -- under a federal law that South Dakota says is unconstitutional.... The federal law that is now being challenged was designed to deal with teenage drunk driving and highway carnage that often follows.... To Congress and the federal government, this may be an issue of cutting back on teenage automobile accidents; but for 11 state governments, there's another question -- state's rights.... (CBS-9)

LAXALT

Jennings: The former Nevada Senator Paul Laxalt all but announced his intentions today to run for the Presidency....

ABC's Barry Serafin: Paul Laxalt said his decision to seek the Presidency is as close to final as it can get.... But Laxalt's clout stems mainly from his long and close friendship with Ronald Reagan. He was a trusted advisor and middleman between the White House and Congress.

(The President: "He is truly a man for all seasons. And he's our friend.")

(TV coverage: The President speaking at a podium; variety of footage of the President and Senator Laxalt.)

To some degree, at least, Laxalt's ties with the President are expected to undercut Vice President Bush's claims as the Reagan heir.... As for the White House, spokesmen say the President will stay out of the GOP race, but it did not go unnoticed that last night, on the eve of his press conference, Laxalt's guest at a private dinner was Ronald Reagan. (ABC-4, NBC-10, CBS-13)

EDITORIALS/COLUMNISTS

JAPANESE TRADE

Fateful Day For Trade Decisions -- "The single most effective way to put our trade books in order would be an effort by Congress and the President to put our federal balance sheet in order, for it was mainly our deficits that got us in this fix in the first place, driving up the dollar and the interest rates -- a double whammy for exports and capital flow. The answer, then, to our trade troubles isn't to be found in bashing the Japanese or others, but in minding our own accounts more carefully."

(Atlanta Journal, 4/25)

A Risky Shot -- "President Reagan's imposition of punitive tariffs on a wide array of Japanese electronic products has been characterized, among other decisions, as an economic warning shot across Japan's bow. Let's hope it doesn't hit the United States in the foot."

(Seattle Post-Intelligencer, 4/18)

Shot Across The Bow -- "President Reagan was right on target Friday when he slapped a 100 percent tariff on \$300 million worth of Japanese computers, power tools and television sets. It was a shot across the bow to get Japan's attention. The U.S. and Japan should now work to make sure more salvos aren't fired."

(Birmingham News, 4/21)

Congress Should Resist Trade Folly -- "In order to deal successfully with competition from foreign countries, the United States needs new attitudes and business strategies, not protectionist trade laws.... Happily, despite all the trade and budgetary deficits, the country still is rich. And it has the human, technological, material and financial resources. Unhappily, it lacks a policy combining vision, will and leadership."

(Chicago Sun Times, 4/27)

Gephardt's Trade Proposal Is Cynical And Dangerous -- "If Rep. Richard A. Gephardt (D-Mo.) succeeds this week, his name may go down in history as the most irresponsible author of trade legislation since Reed Smoot and Willis Hawley."

(Philadelphia Inquirer, 4/27)

Mr. Gephardt's Misguided Trade Idea -- "At worst, a rush to pass protectionist legislation could throw the world into a steep economic decline.... Instead of protecting jobs and punishing countries like Japan, Mr. Gephardt and his followers could end up hurting many nations and putting more workers on the unemployment rolls."

(Chicago Tribune, 4/28)

A Crisis Summit -- "This week's meeting between President Reagan and Japan's Prime Minister Nakasone could scarcely be more aptly timed.... Perhaps in some moment alone they (the President and Nakasone) will recognize that the irritations stem most from one source, exchange instability, and that the solution to this underlying problem is to get monetary policies into some semblance of coordination."

(Wall Street Journal, 4/28)

JAPANESE TRADE (continued)

On The Verge Of A Trade War -- "It is no exaggeration to say that if effective and thoughtful progress isn't made in the talks between President Reagan and Prime Minister Nakasone -- and if the House approves the egregious trade bill -- an opportunity to get the demon of trade imbalance under some control means that the next round will be so nasty that first aid won't help."
(Washington Times, 4/28)

Reagan Sanction Move Can Bring Fairer Trade -- "The tariffs that President Reagan has imposed on selected electronic products from Japan are strong but warranted. We hope they will prove stiff enough to get the attention of the Japanese without at the same time triggering a trade war that neither side should want."
(Buffalo News, 4/22)

Another Complication -- "Negotiating with a lame duck is never easy and with political pundits predicting his departure soon after the summit, Western industrial leaders will wonder whether any promises made by Mr. Nakasone regarding trade will be carried out by his successor. Specifically, they will wonder whether the \$35 billion plan to stimulate the economy will become a reality."
(Journal of Commerce, 4/28)

U.S. Actions Boost Japan's Rising Arrogance -- "Americans are committing a colossal error in their relationship with Japan. We are fostering attitudes of arrogance and superiority among Japanese leaders that could rebound to hurt us.... Such measures should keep Japanese attitudes in perspective and curb their growth perception that the United States is a whimpering nation quick to blame others but unwilling to do its own homework."
(Los Angeles Times, 4/28)

Setback For Nakasone -- "With weakened leadership on both sides, the outlook for a mutual accommodation to head off a trade war is bleak. But Nakasone and Reagan have become friends in their frequent meetings. And both know how important it is to preserve the U.S.-Japan economic partnership."
(Honolulu Star Bulletin, 4/17)

U.S. Companies And Consumers Lose With The Tariffs On Japan -- "The decision to impose 100 percent tariffs on selected Japanese goods is imprudent politics and terrible economics. The major losers will be the U.S. consumers, the U.S. computer industry and the U.S. economy. Of course, the Reagan Administration was careful to exempt products which the Japanese have a virtual monopoly.... Out temptation to respond to import maladjustments will self-destructive policies is dangerous to the long-run health of the U.S. economy."
(Hartford Courant, 4/24)

A Scorched Earth Economic Policy -- "Blaming foreigners is, 99 times out of a hundred, simply a smoke screen. The real issue is not what Japan, Taiwan, or West Germany do -- but what right Congress has to blockade our own ports to redistribute income while crippling our economy."
(James Bovard, Detroit News, 4/24)

Economic Superpowers -- "The United States has been making good-faith efforts to act like an economic superpower.... Japan benefited immensely from this largesse, but in doing so it failed to meet its global obligations.... Unless Japan changes dramatically to conform with its new status, the United States might lamentably go protectionist and precipitate a global recession of unknown consequences."
(Baltimore Sun, 4/27)

FOREIGN MEDIA REACTION

JAPANESE TRADE

"Mr. Reagan deliberately adopted a conciliatory tone in an address marking the 75th anniversary of the Chamber of Commerce... His aim was to cool protectionist pressures in Congress and to demonstrate to other nations poised to take actions against Japan that the United States remained a strong ally.... At the same time, Congressional officials said that they doubted that the market-opening measures to be unveiled by Mr. Nakasone would be sufficient to cool political tensions." (Times, Britain)

"So President Reagan is making emollient noises ahead of Mr. Nakasone's visit to the U.S.... That's fine. It is at least better than the alternatives, and the markets should now expect the discussions to be presented as a success.... But the idea that the trade conflict between the two nations will somehow be ended by the two leaders saying nice things to each other, rather than slagging each other off, is a nice fiction." (Guardian, Britain)

"This time the markets have lost faith in the promises made by officials in the main industrialized countries. How could they believe in a determination to stabilize the rates when they are fighting each other and brandishing violent protectionist measures?"

(La Tribune de l'Economie, France)

"Prime Minister Nakasone plans to confirm with President Reagan the global importance of U.S.-Japan relations and clarify the roles to be shared by both countries in the midst of an unprecedentedly severe U.S.-Japan economic friction." (Mainichi, Japan)

"What is being heard in the U.S., including Congress, is that Americans are tired of listening to promises by Japan to decrease its surplus and open its market. The U.S. is demanding action and results." (Yomiuri, Japan)

"If they visit Korea with orders which are difficult to comply with, Koreans have nothing to say to them. The U.S. went too far in approaching trade problems." (Joongang Ilbo, South Korea)

"Protectionist sentiment has also been fueled by Japanese intrasigence toward opening their markets.... Unhappily, neither Australia nor any other U.S. trading partners can take comfort from President Reagan's repeatedly expressed support for free trade." (Herald, Australia)

"Prime Minister Nakasone, grappling with his worst political crisis, could be forced from office if talks with U.S. President Reagan fail to produce results this week." (Gulf Times, Qatar)

"Mr. Baldrige urged Hong Kong to take up a leadership role in opening markets in the region, thus helping fend off protectionist advances in Congress." (South China Morning Post, Hong Kong)

"If Nakasone can come up with a decision acceptable to the U.S., then President Reagan will lift his retaliatory trade measures." (Sing Tao Jih Pao, Hong Kong)

-End of News Summary-