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The White House NEWS SUMMARY

SUNDAY, JUNE 6, 1982 - Midnight EDE/6 a.m. European Time

SPECIAL EUROPEAN EDITION

INTERNATIONAL NEWS

"Divisions Remain As Summit Opens" — The seven nation, Western economic summit conference opened Saturday amid indications that despite agreement on the need for a common stragey to cope with the world recession, deep divisions remain between the U.S. and many of its allies on a series of economic and political issues. (Washington Post, Reuter, UPI, AP)

"Haig Altered U.S. Stance While President Slept" — While President Reagan slept, the U.S. government switched positions on a controversial U.N. resolution without telling him, Secretary Haig said.

(Washington Post, UPI, Gannett, AP)

NATIONAL NEWS

"FBI Withheld Facts It Had On Donovan" — The FBI knew that Secretary of Labor Donovan had been mentioned on an organized crime wiretap at the time of Donovan's confirmation hearings, and withheld that information from the Senate committee considering his appointment. (<u>Washington Post</u>)

"Congress Balks Over Reagan Plan To Cut Transit Operating Aid" — The Administration's proposal to begin phasing out federal operating subsidies to Metro and about 350 other U.S. transit systems next fiscal year has encountered stiff opposition on Capitol Hill. (Washington Post)

NETWORK NEWS (Saturday Evening)

TRIP -- In the economic summit in France, Secretary Haig said the Israeli air attacks are a very serious development.(NBC-4,CBS-3)

ISRAELI — Israel staged massive land, air and sea attacks against Palestinian position sin Lebanon. (NBC,CBS-Lead)

Conquistador Cielo won the Belmont Stakes Saturday. INTERNATIONAL NEWS.....A-1 NATIONAL NEWS.....A-7 SATURDAY EVENING NEWS.....B-1

This Summary is prepared Monday through Friday by the White House News Summary Staff. For complete stories or other information, please call ext. 2950

WASHINGTON POST AT A GLANCE

DIVISIONS REMAIN AS SUMMIT OPENS

<u>VERSAILLES</u> — The seven-nation, Western economic summit conference opened Saturday amid indications that despite agreement on the need for a common strategy to cope with the world recession, deep divisions remain between the U.S. and many of its major allies on a series of economic and political issues. As expected, President Reagan's call for tough credit curbs against the Soviet Bloc and his defense of U.S. economic and monetary policies met with resistance from other participants. (Hobart Rowan, A1)

HAIG ALTERED U.S. STANCE WHILE PRESIDENT SLEPT

While President Reagan slept, the U.S. government switched positions on a controversial U.N. resolution without telling him, Secretary Haig said. Haig acknowledged that he decided to have Jeane Kirkpatrick abstain on the resolution opposed by Britain. The remark revealed an open secret of the Reagan administration, which is that Haig and Kirkpatrick are barely on speaking terms. The incident proved an embarrassment to the President. (Lou Cannon, A1)

FBI WITHHELD FACTS IT HAD ON DONOVAN

The FBI knew that Secretary of Labor Donovan had been mentioned on an organized crime wiretap at the time of Donovan's confirmation hearings, and withheld that information from the Senate committee considering his appointment. Francis Mullen, who was FBI executive assistant director for investigations, said he made the decision on the grounds that the conversation was "not pertinent" to the Bureau's Donovan inquiry. (George Lardner, Jr., A1)

BRITAIN LANDS FRESH TROOPS, DISPATCH SAYS

London--Britain has landed more than 3,000 additional troops on East Falkland Islands in preparation for a final assualt on the Argentine military garrison at Stanley, according to a dispatch filed today by a British journalist in the war zone. (Jay Ross, 6/6, A1)

STRIP MINING AGENCY FALLS VICTIM TO REAGAN'S REFORMS

Without changing a word of the tough federal strip mining law, the Administration has systematically weakened the agency that enforces it. Dozens of stringent regulations are being relaxed, including rules governing everything from the size and shape of sedimentation ponds to the placement of topsoil. (Dale Russakoff, A1)

CONGRESS BALKS OVER REAGAN PLAN TO CUT TRANSIT OPERATING AID

The Administration's proposal to begin phasing out federal operating subsidies to Metro and about 350 other U.S. transit systems next fiscal year has encountered stiff opposition on Capitol Hill. Many transit specialists predict Congress will pass a one-year extention of the program of \$1 bilion a year although Urban Mass Transportation Administration chief Arthur Teele says such a bill would face a Presidential veto. (John Burgess, A15)

SUMMIT AT VERSAILLES

<u>VERSAILLES</u> -- Leaders of the Western world's seven industrial powers today formally opened a weekend of deliberations on possible joint efforts to pull their economies out of recession. French President Mitterrand, host at the summit, is urging participants to agree to a system of monetary cooperation aimed at preventing erratic swings in the exchange rates of their currencies. A possible agreement on controlling currency fluctuations was foreshadowed last night by French Finance Minister Jacques Delors. He told reporters agreement had been reached in principle for monetary cooperation between central banks of the European Economic Community (EEC), Canada, the U.S. and Japan on a daily basis. But officials of other delegations suggested discussions on this issue were still at a preliminary stage. (Robert Evans, Reuter)

Nicholas Bray reports for Reuter: Secretary Regan Saturday denied the U.S. had agreed to intervene more on the dollar market and said it had undertaken only to study the question. (Nicholas Bray, Reuter)

James Gerstenzang reports for AP: President Reagan sought to assure America's anxious trading partners today that high U.S. interest rates would start plummeting as he succeeds in reducing federal budget deficits over the next three years "with a balanced budget in sight." Asked at a news briefing exactly when a balanced budget was in sight, Secretary Regan replied to laughter: "President Reagan is a man of long vision." The President also told the leaders of six other major industrial democracies that he was reversing inflation in the U.S., that more Americans than ever were employed, and that he welcomed France's proposls for expanded high technology as a means of promoting employment and economic growth. (Note: In a later story, Gerstenzang described the President's reception to the proposal by Mitterrand to increase employment and spur economic growth through high technology as "cool".) The President and the other six leaders sharply disagreed at the outset of their summit search for a strategy to beat inflation and put their economies on the road to recovery. The President's request for tough credit curbs against the Soviet bloc was rejected by all of the other participants. One source said the opposition, led by Canada and West Germany, was so "animated" that further action on the issue (James Gerstenzang, AP) was postponed indefinitely.

Ann Devroy writes for Gannett: As Washington announced that U.S. unemployment had edged up in May to a post-WWII record of 9.5 percent, Secretary Regan was asked Saturday how this summit would help the American worker who has no job. "I'm not sure the summit itself would help," Regan said. Solving immediate problems, he added, was not the purpose of this meeting, long range economic policy was. But he insisted that in the long run, the issues debated do affect Americans -- and perhaps future generations of Americans -- in some very real ways. (Ann Devroy, Gannett)

Barry James for UPI: President Reagan immediately ran into two trouble spots. According to U.S. officials, the President told Mitterrand the U.S. welcomes a proposed coordinated western effort to develop new technology, but believes "The study of technology should be mainly in the private sector." The second problem area for the President came during a discussion of the high interest rates and unemployment afflicting all the allies except Japan. Helmut Schmidt said economic problems stem largely from interest rates. According to U.S. officials, Schmidt said he was not pointing a finger at the U.S. President Reagan, however, chose to respond by defending his economic policies. (Barry James, UPI) SUMMIT, continued

John Moody for UPI: In a session so supercharged that Canada's Prime Minister had to step in as referee, President Reagan wrung agreement from economic allies to tighten pressure on Moscow's fragile economy. Both Secretary Haig and Treasury Secretary Regan confirmed widespread reports that Reagan had engaged in a lively, sometimes "heated" debate with other summit leaders. Sources said Reagan did not back down when challenged by other allies, who fear his conservative monetary policies will keep U.S. interest rates so high other Western countries will find economic recovery painfully slow. (John Moody, UPI)

UPI on the security surrounding the summit: White House official Joe Wilkenson accompanying reporters protested vehemently to an immovable French security man when the press was prevented from boarding a helicopter to accompany President Reagan from Paris to Versailles. In the end, the press helicopter took off empty. Wilkenson had further angry words about the security man later. When French security forces -- not known for humor or patience -- moved to arrest him, he escaped by jumping into an official U.S. sedan. (UPI)

HAIG ACCEPTS BLAME FOR U.N. SNAFU

FRANCE — Secretary Haig shouldered full blame for a snafu in the U.S. vote on a U.N. Falklands resolution but said it was not serious enough to awaken the President. The decision to change the U.S. vote from opposition to a cease-fire to abstention — although it did not alter the outcome since Britain already had vetoed it — caused dismay among British officials. Haig called it a "nuance vote," and decided not to disturb Reagan's sleep. (Jim Anderson, UPI)

Gannett reports: The President's efforts to show himself a master of foreign policy on his initial trip to Europe began dissolving Saturday in a furor over Administration handling of a key U.N. vote on the Falkland Islands. Trying to explain the sequence of events, White House Spokesman Larry Speakes said the resolution wasn't clear enough in answering when and how Argentine troops would withdraw from the island, but the defects "were not substantial enough" to justify a no vote. The White House, he said, had reached this new conclusion after "further review" by officials in Washington and here in Versailles. (Ann Devroy, Gannett)

AP reports: White House spokesman Larry Speakes said the U.S. attempt to switch its position on a U.N. cease-fire resolution did not reflect any change in the "basic position of the U.S." on the conflict in the Falkland Islands. But British diplomatic sources interpreted the U.S. move as a softening of support for Britain in its conflict with Argentina. They expressed dismay and one source said Foreign Secretary Pym was furious. (David Mason, AP)

<u>UPI reports</u>: President Reagan played no role in last-minute U.S. attempts to switch its U.N. vote on the Falklands war, and was not awakened and told of the foul-up, a White House spokesman said. The snafu, cast a dark cloud over the U.S. delegation and put Reagan on the defensive. (Helen Thomas, UPI)

ARGENTINES SHOCKED AT U.S. VETO OF CEASE-FIRE

BUENOS AIRES -- The U.S. veto of the U.S. Falklands cease-fire resolution was the talk of Buenos Aires Saturday. Few believed the Reagan administration's explanation that it had meant to abstain. (John Reichertz, UPI)

REAGAN-FALKLANDS

PARIS — President Reagan managed to do the following all at once: urge Britain to use restraint in the Falklands, agree that Argentina must withdraw, and agree that commanders on the scene could make the best tactical judgements. The Administration has underlined its concern that a final British drive against Argentine forces at Stanley would cost many lives. That is the short-term consideration. And that would make more difficult the long-term political settlement. (Henry Trewhitt, Baltimore Sun)

<u>AP</u> — British and Argentine patrols playing deadly "cat-and-mouse" with each other clashed in the freezing fog outside Stanley, reports from the Falklands said. The British ground commander said he was in no hurry to assault Argentine forces holding the island capital.

WEST GERMANS DEMONSTRATE SUPPORT FOR UNITED STATES

Tens of thousands of West Germans waving German and American flags streamed into the center of Bonn Saturday to demonstrate support for the NATO alliance and friendship with the U.S. The conservative Christian Democrats organized the rally to counter what it fears will be mass protests against NATO when President Reagan and other alliance leaders meet in Bonn for a summit next week. It said at least 100,000 had arrived in Bonn for Saturday's demonstration. (AP)

SUMMIT DEMONSTRATIONS

<u>PARIS</u> -- Riot police charged demonsrators who were throwing Molotov cocktails and smashing windows during a protest march in Paris Saturday. No injuries were reported in the protest against the nuclear arms race and U.S. policies in Central America. (Reuter)

NUCLEAR DEMONSTRATIONS

ROME -- Riot police clashed with anti-nuclear protesters in Rome Saturday night, as a march estimated by organizers to number 300,000 nears its end. The march was called to protest the arms race by East and West and was specifically aimed at President Reagan's visit Monday. The crowd chanted "Italy out of NATO."

(Reuter)

NATO

PARIS — If the experts are to be believed, the North Atlantic Alliance is in crisis again. As President Reagan attends his first NATO summit this week in Bonn, he has undoubtedly been told by his advisers of predictions of doom. A Senate Foreign Relations Committee report in April concluded that "there is an air of crisis across the Atlantic." (Patrick Oster, <u>Chicago Sun-Times</u>)

NITZE BOUGHT MORE 'ELBOW ROOM' IN ARMS TALKS

Chief U.S. negotiator Paul H. Nitze agreed to return to arms control talks with the Soviet Union only after he was granted more "elbow room" in seeking an agreement to limit nuclear missiles in Europe, according to Administration officials. While Nitze did not directly threaten to quit, he insisted on conditions that some U.S. officials fear might weaken President Reagan's drive to curb Soviet missiles targeted on Western Europe. In an argument that has divided the Arms Control and Disarmament Agency, Nitze held out for more wideranging talks in an effort to break the current stalemate.

ISRAELI GUNBOATS JOIN ATTACK

<u>BEIRUT</u> -- Israeli jet, gunboats and artillery pounded Palestinian positions along the Lebanese coast Saturday in the heaviest attacks in four years. Police said more than 150 people were killed and 250 wounded, mostly civilians. The land, sea and air bombardments raised the toll from two days of Israeli retaliatory attacks to 210 killed and 520 wounded. (UPI)

<u>Reuter adds</u>: Israel is bracing for the possibility of full-scale war against guerrillas in South Lebanon. Tens of thousands of Israelis prepared for a second night in bomb shelters. (Reuter)

AP reports: Israeli tanks were reported rolling across the Lebanese border Saturday. A spokesman for the U.N. Interim Forces in Southern Lebanon said forward listening posts reported Israeli tanks and artillery units moved across the border under cover of darkness. (Tom Baldwin, AP)

Reuter from the United Nations: Secretary -General Javier Perez de Cuellar today appealed to Israel and the PLO for a ceasefire in Lebanon. He said the appeal was made in separate telephone calls to the U.N. representative from Israel and the PLO U.N. observer.

ISRAELI ATTACK ON LEBANON "VERY SERIOUS" -- HAIG

VERSAILLES — Secretary Haig called Israel's bombing of Iebanon "very serious," and said Middle East negotiator Philip Habib might come to Paris Sunday to discuss reinstating a cease-fire. Israel's two-day offensive against Palestinian targets south of Beirut — the largest attack since the 1978 Israeli invasion of Iebanon — so far has killed 210, the Palestian News Agency WAFA said. (Helen Thomas, UPI)

HARDLINE WARSAW PARTY CHIEF RESIGNS

WARSAW -- Communist leaders Saturday replaced Warsay's hard-line party chief with a close ally of Premier Gen. Wojciech Jaruzelski in a move that appears to further consolidate the general's power. Warsaw leader Stanislaw Kociolek resigned and the Warsaw committee elected by secret ballot Marian Wozniak, the central committee's secretary on economy, to replace him. (AP)

KIRKPATRICK

Senator Charles Percy, in an interview being published Sunday, accused U.N. Ambassador Jeane Kirkpatrick of "buttering up" Argentina's military government before it invaded the Falklands. (UPI)

THE FIRST LADY

GIVERNY -- Passing up invitations to fashion shows and shopping sprees, Nancy Reagan Saturday toured the Normandy home of French impressionist painter Claude Monet and said, "I never want to leave." But leave she did -- returning to Paris in time to make her first appearance before the French public, attending the opera "Romeo and Juliet" in which Americans sang the leads. (UPI)

PRESIDENT REAGAN WILL PROBABLY SEEK RE-ELECTION

Lyn Nofziger, the President's former chief political adviser says the President probably will seek re-election in 1984. Nofziger made his comments while endorsing conservative Jeffrey Bell for the GOP New Jersey nomination, also being sought by Rep. Millicent Fenwick. "I've known him for 17 years now," Nofziger said of the President. "He's in very good health." (UPI)

REAGAN CITES LESSON OF D-DAY

<u>VERSAILLES</u> — President Reagan, citing casualties of the 1944 Allies invasion of Europe, pledged Saturday to make sure future generations do not have to "repeat their sacrifice to preserve freedom." Reagan also said summit participants are working on ways to improve their economies "without stepping on each other's toes." The President's speech was not carried live in Europe, not even by the VOA. (UPI)

Reuter lead: President Reagan said today that he and other leaders at the sevennation summit were determined to make the world a better place in which to live. "I can assure you our partners are as determined as we are to overcome economic ills and create incentives for employment, investment and productivity," he said in a radio speech braodcast live to the U.S. (Reuter)

REAGAN IN 'DREAM WORLD'

Senator Howard Metzenbaum of Chio, in the Democratic response to President Reagan's Saturday radio address, said Reagan "won't face reality" on the economy and "seems to be in a dream world". Metzenbaum noted the President failed to address the topic of ailing U.S. economy in his remarks from Versailles. (UPI)

ANTI-NUKE FORCES CONVERGE ON NEW YORK

A world peace movement passionate in its opposition to nuclear weapons makes New York City ground zero this week with an explosion of sound and fury from anti-nuclear protesters. A week's worth of street demonstrations, public meetings and church services are scheduled in conjunction with the second special session of the U.N.General Assembly on disarmament. (John Rhodes, UPI)

CHINA-NUCLEAR

The Reagan administration faces tough questions in Congress about its efforts to work out an agreement allowing U.S. companies to help China develop a nuclear power industry. State's Walter Stoessal disclosed Wednesday, in one paragraph tucked away in a 12-page speech on U.S.-China trade, that the U.S. and China are holding talks on possible cooperation in nuclear energy. Any such agreement would have to be submitted to Congress. China already has the nuclear bomb, but those familiar with the talks say a major issue is the extent to which China should be subject to safeguards designed to prevent the spread of nuclear weapons. (W. Dale Nelson, AP)

EUROPEAN TRIP -- NBC-4, CBS-3

CBS' Bob Schieffer reports: In the economic summit in Versailles, France, Secretary of State Haig said the Israeli air attacks are a very serious development. He said President Reagan and other U.S. officials have been in touch with the situation all day. Philip Habib, the American diplomat, who helped arranged last year's ceasefire, will confer in Paris tomorrow with Haig and Mr. Reagan. Habib will then fly on to Israel. The United States appears to be catching the worst of it on all fronts in the foulup that occured yesterday at the United Nations. U.N. Representative Jeane Kirkpatrick cast a U.S. veto on a resolution calling for a ceasefire in the Falklands, then later said there had been a mixup in instructions in that the United States had only intended to abstain the vote. Today, sources said both the British and the Argentines were furious about it. To compounded the problem President Reagan, who is attending the economic summit at Versailles, was left in the embarrassing position of saying he hadn't heard about it.

CBS' Don Kladstrup reports: Between 200 and 300 thousand marchers coursed through the streets of Rome today in one of the largest peace demonstrations ever held there. Traffic was blocked throughout the city as demonstrators chanted "No to nuclear arms," and "Yankee go home." Organizers said the protest was timed to precede President Reagan's visit to Italy Monday. Banners critical of the American President (film showing banners) were everywhere. Chants of "Italy out of NATO", "NATO out of Italy" could be heard too, a reference to the 120 nuclear missles planned for installation in that country. In Paris, a smaller, though just as vocal anti-American demonstration was taking place. As in Rome the march was mostly peaceful, mostly. Not until protesters reached the end of their route did some brief violence break out. Leftist demonstrators pelted riot police with rocks and bottles. Police responded with tear gas. (film shows police throwing tear gas at demonstrators) There were no reports of serious injuries. But the incident did raise fears of more trouble in other demonstrations planned for the days ahead.

CBS' Mark Phillips reports in Bonn: This is a rare scene in today's West Germany, a crowd demonstrating its support for the United States and the Western alliance. Drawn largely from Germany's middle class, they had come by the bus and train load from all over the country. Police said there may have been as many as 100 thousand of them. Rally organizers said it was all to show that most Germans were quite different from the anti-American protestors who had been lately dominating the streets. (film of a participant saying "Thank you America. Thank you for peace and freedom.") And that was the sentiment echoed by the crowd. (film of another participant saying that we want to show other people that" we need America and we love America.") It's part of the intent of the Reagan visit to Europe that could change his warmonger image here. Demonstrations like today's will help. Large though this demonstration was by middle class standards, a left-wing demonstration, planned to coincide with the Reagan visit next week is expected to draw 150 thousand people protesting American policy.

CBS' Bill Plante reports: Business at the economic summit, trade policy, interest rates and the like, which the seven participants discussed today is important, but technical. And that is why news of it is so often overshadowed by other developments, such as last night's U.N. vote. U.S. Ambassador Jeane Kirkpatrick voted with the British to veto a U.N. Security Council resolution calling for an immediate cease fire in the Falklands. But minutes after the vote, Kirkpatrick was explaining that her veto was not what the Administration had intended. (film of Kirkpatrick explaining to the council that if it were possible to change her vote she would change to abstain) Later Mrs. Kirkpatrick was asked if she was embarrassed by the sudden change in the U.S position (another film of Mrs. Kirkpatrick saying she was embarrassed, but she said it is something that wouldn't have happened had the "principle forces of our government been in Washington." She said she wouldn't dream that American support was wearing thin for the British) But British and American reporters here at Versailles were quick to draw that implication.

Deputy Press Secretary Larry Speakes explained that Secretary of State Alexander Haig had decided on the abstension in Versailles, but the instructions relayed to the U.N. through Washington had arrived moments too late. The President was informed of Haig's decision in his morning briefing, but when asked about it at lunch today he pleaded lack of information about what had happened at the U.N. (film of President saying "You've caught me a long way from there, let me catch up with it)

Mrs. Thatcher, asked if she was upset replied that she does not do interviews at lunch. It was left to Secretary Haig to explain later that he had decided late last night that the resolution was not bad enough to veto, but not good enough to pass. (film of Haig explaining what the U.S. interests are, "to have the fighting stopped at the earliest possible date.")

Haig was asked why he had not talked directly to Ambassador Kirkpatrick about switching the vote from a veto to an abstension. (film of Haig saying "You don't talk to the company commander when you have a corps and the division in between)

British Foreign Secretary Francis Pym was reported dismayed by the vote but senior U.S. officials said that Pym and Secretary Haig are still in the best of terms. Sources say that the subject of the U.N. vote never came up yesterday in conversations between the President and Mrs. Thatcher. (film of the President and Mrs. Thatcher) They also insist that the U.S. was not trying to send any kind of message to either Argentina or Britain.

<u>CBS' Leslie Stahl</u> reports: At lunch today President Reagan made his big pitch, asking the other leaders to stop giving the Soviet block preferential credit. (film of Reagan and the other heads of state at the meeting) What followed, say the Americans, was a key and lively discussion. The briefers from other countries described it more as a ganging up on Mr. Reagan.

It started with Schmidt of Germany who lectured on the importance of not trying to bring the Soviets to their knees. Trudeau of Canada and others joined in opposing the idea of waging economic warfare against the Soviets. But then President Reagan replied, "Will we ever have another time in our lives when the Soviets are so vulnerable?" It all ended when Trudeau said,"this is getting too heated. Let's talk about something else." (film of Haig saying the luncheon discussions were not nearly as heated as the agenda on the economic subject)

And indeed while American officials say that President Reagan is holding his own at the summit in free wheeling exchanges, exhibiting a strong grasp of the issues, it hasn't stopped the others from focussing on him. In one meeting, while they called him "my dear Ron", some of the leaders criticized his high interest rates. The President answered, "they'll be coming down soon." (film of Secretary Regan saying that the interest rates will be brought down by a budget process showing a balanced budget in sight)

But at a dinner the only signal sent to the public was of a summit in total harmony and unity. (film of the President saying, "it is a collective effort. I think we're doing fine.") Despite the differences, the final communique of agreements will be presented tomorrow, but it's being described as a short, vague, and general concluding statement.

<u>NBC's Judy Woodruff</u> reported: After months of preparation the seven leaders gathered in the splendor enjoyed by former French kings to get down to formal business. But while President Reagan was settling in to what his aides hoped would be a successful summit performance, his press spokesman, Larry Speakes, was in the next building trying to explain to reporters the Administration's clumsy handling of a critical U.N. vote last night. Only minutes after U.S. Ambassador to the United Nations Jeane Kirkpatrick had joined Great Britain in vetoing a call for an immediate ceasefire in the Falklands (film of U.N), Kirkpatrick surprised British diplomats when she announced that the U.S. had switched positions.

Ambassador Kirkpatrick said, "I am told that is impossible for a government to change a vote once it is cast, but I have been requested by my government to record the fact that were it possible to change our vote we should like to change it from a veto, a 'no', that is, to an abstention." The British said they were dismayed and the President, who wasn't awakened and who didn't even learn of the decision until breakfast, was seated next to Prime Minister Thatcher at lunch when he was asked to explain how the vote switch would not have been any lessening of support for the British. (Film shows President and Mrs. Thatcher at lunch)

President Reagan shown saying, "The stand to abstain would have done the same thing. It would not have been voting for the measure." It was left to Secretary of State Haig, however, who made the veto decision, to try to play down its significance. (Film shows Haig at press conference)

Secretary Haig shown saying, "...like sometimes you put a buy order in and you find out the price has changed between then and the time you--that's what we're dealing with 2,000 miles away." Haig said the resolution had been modified to be slightly more acceptable to the U.S., but that his involvement in the summit had delayed his letting the U.N. delegation know in time. Even so it is Haig who is held responsible by White House aides for what they consider an unnecessary embarrassment to the President at a time they hoped he would win the respect, if not the support, of his fellow heads of state.

NBC,s Irving R. Levine reported: The leaders came to the conference smiling, but despite the handshakes and cordiality. President Reagan's economic views were quickly at sword's point with other leaders.(Film shows leaders arriving for conference) First off a proposal by ' France's Mitterrand for cooperation on ways to insure that robots and other technology don't create widespread unemployment. President Reagan agreed to a study but insisted that private enterprise, not government, solve the problem. As recounted by Secretary Regan, the President recalled earlier groundless fears. (Film shows Regan at news conference) Regan: When the dial telephone first came in it was thought that all of the female telephone operators would be thrown out of work.

When the other leaders complained about high U.S. interest rates, which have spread to banks in other countries, causing recession, the President said that rates would soon decline. The general reaction, expressed by Mitterand at a news conference: (film of Mitterrand at the news conference) Mitterrand: "I'm not, you know, a general, starry-eyed optimist."

At lunch (film shows leaders at lunch) President Reagan was again isolated, now on trade with the Russia. Ships like this (film of USSR merchant ship) carry products purchased by Russia on low interest credits granted by West European leaders as a way of providing jobs for their workers. President Reagan wants such credits stopped because they strengthen Russia militarily. The other leaders urged President Reagan to intervene in fluctuating money markets to prevent the dollar from depressing other currencies. France's Mitterrand said President Reagan seemed to abandon his policy of letting the free market set the dollar's value. But has the American position really changed? Secretary Regan said, "No, far from it." Although the leaders expressed their views in the polite terms that characterize economic summits, it's clear that the disagreement between the American President and the other leaders on key issues is more intense than at any previous summit.

NBC's Jessica Savitch: While the heads of state were holed up there in Versailles pouring over the economic ills of the western world, First Lady Nancy Reagan was treated to an afternoon of color and flowers and sunshine in Giverny. That's a village 50 miles from Paris and this is no ordinary place, it's where Impressionist painted Claude Monet had lilly ponds built, and gardens planted in the last century so he could paint them.

The gardens were restored recently, mostly with American money. (Film of Mrs. Reagan strolling through the garden) Mrs. Reagan said, "It's so peaceful and I feel as if I'm taken back into history. Here's all the paintings that you've seen."

- ISRAELI—Israel staged massive land, air and sea attacks against Palestinian positions in Lebanon. Israeli tanks rumbled into southern Lebanon and army reserves were called up. The death toll in Lebanon may run into the hundreds. Secretary Haig said the U.S.-engineered Lebanese ceasefire is dead, and the U.N. Security Council passed a unanimous resolution calling for a cease fire by midnight EDT. (NBC,CBS-Lead)
 - CUBA—Cuban officials said today the foreign ministers of the 92-nation non alliance bloc meeting in Havana this week have agreed on a resolution deploring British military in the Falklands and demanding that the U.S. stop aiding Britain. The news came after Cuba and Argentina announced they had signed a new 100 million dollar trade agreement. (NBC-3,CBS-7)
- SHUTTLE—Top secret defense department cargo was loaded on board the space shuttle Columbia at the Kennedy Space Center today. The Pentagon refused all comment on the nature of the cargo except to say it would not be put in orbit. (CBS-10)
 - IRAN—A bloody chapter today in the war between Iran and Irag. Officials in Iran say Iraqi-made bombs killed 43 people and more than 150 wounded, as the bombs were dropped on crowds of demonstrators in the streets. (NBC-4,CBS-12)
- FALKLAND—The British commander on the Falklands said he was in no hurry to begin the assault on Port Stanley, preferring to have his forces good and ready before giving the order to attack. There was little action reported on the islands. (NBC-2,CBS-6)

TODAY'S HEADLINES

INTERNATIONAL NEWS --- THE PRESIDENT'S EUROPEAN TRIP

"Summit" — The European summit unveils a plan today aimed at bringing order to the world's money markets while agreeing to study how technology can be used to help pull the international economy firmly out of recession. (Reuter)

"Summit Debates Soviet Credit" — The U.S. and its major economic partners appeared Saturday to be on the verge of a compromise agreement to raise interest rates on trade loans to the Soviet Union. (L.A. Times)

"Mitterrand Introduces Growth Plan" -- French President Mitterrand called on other Western leaders Saturday to approve a program of using technology to pull the world out of its economic recession and spark growth in richer and poorer countries. (Baltimore Sun)

"U.S. Tries To Explain Flip-Flop At U.N. As British Signal Dismay" -- The WH sought Saturday to portray its flip-flop on a U.N. cease-fire resolution as a simple disagreement over wording in the document, and not a retreat from its support of Britain in the battle for the Falklands. (Baltimore Sun)

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Note: This is the Second
White House News Summary for
today. This Summary, prepared
at 6 a.m. contains news stories
and appropriate editorials
on the President's trip to
EuropeEditor

SUMMIT

VERSAILLES, June 6 -- The summit unveils a plan today aimed at bringing order to the world's money markets while agreeing to study how technology can be used to help pull the international economy firmly out of recession. But even before the summit was over there was controversy over the interpretation of the text on monetary cooperation. Diplomats said the dispute reflected continuing U.S. reluctance despite strong pressure from the Europeans to take official measures to prevent violent shifts in the dollar on what the Reagan administration should be a free market. Differences between the U.S. on the one hand and the West Europeans and Japan on the other were also expected to emerge in a statement on commercial relations with Moscow. Reagan, who missed an opportunity to pursue his Administration's viewpoint Saturday when he left a summit session to record a television address to the American people, could raise the issue today, officials said. Officials of several delegations said there was general agreement to Mitterrand's proposals for creation of a group of experts from the summit countries to determine priorities in using technology to promote world economic growth. While approving the French idea, Reagan said the U.S. would prefer to see private industry as the main motor in the development of new technology and its application in providing new jobs for over 20 million unemployed in major Western states. (Robert Evans, Reuter)

Summit Debates Soviet Credit

VERSAILLES -- The U.S. and its major economic partners appeared Saturday to be on the verge of a compromise agreement to raise interest rates on trade loans to the Soviet Union. While representing only part of what Reagan came here in hopes of achieving, the compromise would be regarded by him as a "substantial accomplishment," Secretary Regan said. Missing from all this gilded splendor was modern air conditioning, and the leaders were reported by a Reagan aide to be sweltering in the unseasonably humid heat, with their tempers rising to match. "They have been going at each other some," the U.S. official said in an apparent understatement. Reagan made his Soviet pitch to the other six leaders during what was planned as a relaxed lunch. But he drew such a heated response from Chancellor Schmidt, sources said, that FM Trudeau felt obliged to suggest they change the subject. "It's becoming too heated," he reportedly said of the exchange. Meanwhile, Reagan has been pushing for an additional anti-Soviet restriction that would limit the loans western nations could make to the Kremlin. Actually, the lending issue was not discussed by the leaders during their two official meetings kicking off the summit Saturday. And there was suspicion within the U.S. delegation that Mitterrand was deliberately keeping the subject off the agenda. But Reagan said, "I would doubt that this summit would end without a discussion of East-West trade." He added, "I think we are going to fight pretty hard. And I think we will have reasonable success."

(George Skelton)

Mitterrand Introduces Growth Plan

(Baltimore Sun)

<u>VERSAILLES</u> -- Mitterrand called on other Western leaders yesterday to approve a program of using technology to pull the world out of its economic recession and spark growth in richer and poorer countries. Mitterrand told Reagan and the other leaders that private and public companies should be involved in deciding on priority measures for technological cooperation. Initial reaction to Mitterrand's ideas was cautious approval by some other leaders at the summit, though diplomats said U.S. views were reserved. (Reuter, page AL)

(L.A. Times)

U.S. TRIES TO EXPLAIN FLIP-FLOP AT U.N. AS BRITISH SIGNAL DISMAY

VERSAILLES — The WH sought yesterday to portray its flip-flop on a U.N. ceasefire resolution as a simple disagreement over wording in the document, and not a retreat from its support of Britain in the battle for the Falklands. But the British let it be known that PM Thatcher's government was dismayed by what one official called the "curious behavior" of Britain's closest ally. Larry Speakes said the late-night maneuvers that led the embarrassing U.S. attempt to reverse its veto at the U.N. took place after Mr. Reagan had retired for the night. Speakes said the decision to abstain from voting was made by Secretary Haig. But it was not clear why Mr. Haig changed his mind after assuring Francis Pym the U.S. would join Britain in opposing the resolution. Mr. Speakes would say only that the U.S. decided the language contained in the resolution, while unacceptable to the U.S., wasn't objectionable enough "to justify a no vote." "As in the case of many votes," Mr. Speakes said, "it was a close call." (Baltimore Sun, page Al)

Allies Dissension Over U.N. Vote Dismays Britain

(N.Y. Times)

Hedrick Smith reports from Versailles on page 1: Britain expressed dismay Saturday at the break in allied solidarity over its veto of the U.N. cease-fire resolution on the Falklands Friday night but sought to minimize the differences by saying they were caused by the ambiguous wording of the resolution. "We see no weakening of support by the U.S. or by anybody else," a British official asserted. Larry Speakes also insisted the changed American attitude on the resolution represented a "change of degree" but no "fundamental" shift in the American stand.

MIDEAST-APPEAL

UNITED NATIONS, June 6 — The Security council called last night for a ceasefire between Israel and PLO guerrillas amid fears Israeli troops might be massing for a thrust into Southern Lebanon. The council, in a unanimous vote, set a 6 a.m. local time Sunday deadline for a halt to all military activities within Lebanon and across the Lebanese-Israeli border.

Mideast -- Israel

<u>TEL AVIV, June 6</u> — Israel today appeared on the brink of a full-scale war against PLO guerrillas in southern Lebanon after the virtual breakdown of a year-long ceasefire along the Israeli-Lebanese border. Diplomatic sources said that a further escalation of the situation, which could spill over into war, had become a distinct possibility after the events of the last two days. (Alan Elsner)

Israel Attacks Palestinian Targets Minutes Into Cease-Fire (UPI)

BEIRUT -- Ignoring a U.N. Security Council call for a cease-fire, Israeli warplanes Sunday pounded suspected PLO targets in Lebanon, and the guerrillas said they will respond if the raids continued. The third day of Israeli air strikes stretched from coastal Sidon to the inland stronghold town of Nabatiyeh. About 25 minutes into the cease-fire, Israeli aircraft bombed a number of PLO targets, including a refinery in the Lebanese coastal town of Zahrani, 29 miles north of the Israeli border, a PLO spokesman said.

(Reuter)

Mideast -- Planes

<u>BEIRUT</u> -- Beirut Radio said the Israelis had also shelled the southern village of Magdoushen early this morning, wounding many people. The Radio said that today's strikes were concentrated on targets at Kasmiyeh, Jel Al Bahar and Baqbouq around the PLO stronghold of Tyre. There were no immediate reports of casualties in today's air raids.

Mideast

(Reuter)

(Reuter)

<u>BEIRUT</u> -- Israel sent gunboats into battle in force last night as its warplanes returned to base from ten hours of massive strikes against south Lebanon, PLO officials said. The gunboats skirted Lebanon's Mediterranean shoreline pouring a barrage of shells onto the PLO guerrillas' main north-south supply routes, the officials said. The guerrillas fired salvoes of artillery rockets and shells into northern Israel in answer to Israeli shelling of their frontline positions in South Lebanon, they said. The PLO news agency WAFA said air defense units hit three Israeli planes during the raids. Two were seen coming down over Israel. The agency did not know what happened to the other. Poor communications and the extent of the fighting made accurate casualty figures difficult to obtain, but Beirut Radio and sources in the guerrilla movement estimated there were between 50 and 100 dead and perhaps twice as many wounded.

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