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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JULY 24, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Geneva Hijacker Threatens To Kill Airliner Passengers -- A lone gunman today threatened to start killing passengers aboard a hijacked DC-10 Air Afrique airliner, unless his demands to fly to the Middle East were met, an airport spokeswoman said. (AP, Reuter, UPI)

IRAN-NICARAGUA

Shultz Says He Was Cut Out -- Secretary Shultz told a congressional panel investigating the Iran-contra affair that he was denied vital information about secret arms sales to Iran and aid to the Nicaraguan contras.

(Christian Science Monitor, Los Angeles Times, New York Times, USA Today, Washington Post, Copley, Newhouse, Scripps Howard)

NATIONAL NEWS

Reagan May Soon Name Texas Judge Head Of FBI -- The Reagan Administration may be close to naming U.S. District Judge William Sessions of San Antonio, Texas, to be the new FBI director.

(Los Angeles Times, Washington Post, Washington Times)

NETWORK NEWS (Thursday Evening)

IRAN-CONTRA -- Secretary Shultz said he was systematically kept in the dark on the Iran arms sale by William Casey and John Poindexter.

AIDS -- President Reagan has named a commission to help define a national policy on AIDS.

PERSIAN GULF -- The U.S. convoy of tankers proceeded uneventfully in the Persian Gulf.



*This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.*

INTERNATIONAL NEWS

AIR AFRIQUE JETLINER HIJACKED

GENEVA -- A gunman hijacked an Air Afrique DC-10 airliner with 163 people aboard today and the plane landed in Geneva after the hijacker demanded that it be refueled, airport authorities said.

Geneva police spokesman Marcel Vaudroz said the gunman threatened to kill passengers if his demands were not met but did not set a deadline. He said the hijacker, about 30 years old, had demanded to be flown to Beirut or Saudi Arabia.

The plane had been on a flight from Rome to Paris.

(AP)

Geneva Hijacker Threatens To Kill Airliner Passengers

GENEVA -- A lone gunman today threatened to start killing passengers aboard a hijacked DC-10 Air Afrique airliner, unless his demands to fly to the Middle East were met, an airport spokeswoman said.

"He's set no deadlines but has threatened to start killing the passengers unless the demands are met," the spokeswoman said. The plane was being refueled in an effort to calm the man, she added.

"The chief of airport security, Roland Troyon, was able to go aboard the plane for a few minutes and saw the armed hijacker," she said.

(Reuter)

African Airliner Hijacked

GENEVA -- A gunman hijacked an Air Afrique DC-10 airliner over Italy today and forced the pilot to land at Geneva airport. Officials at Cointrin Airport said the plane was carrying 148 passengers and a crew of 15.

Armed airport security troops and police were in position before the plane landed because of the pilot's radio message that he would be coming down at Geneva, officials said.

But the security forces stayed some distance from the plane, not getting closer than around 600 feet.

(UPI)

SOVIETS SAY PERSHING'S BLOCK PACT U.S. Warheads Cited On Short-Range Arms

MOSCOW -- The Soviet Union listed four major obstacles still blocking a U.S.-Soviet agreement to eliminate all medium and short-range nuclear missile arsenals and identified the key hurdle as the American-controlled nuclear warheads for West Germany's 72 Pershing IA short-range missiles.

Western diplomats here predicted that a U.S.-Soviet dispute over the Pershing issue would drag on through the summer and dominate the arms talks in Geneva.

In Washington, White House National Security Adviser Carlucci said that U.S. does not accept the Soviet demand that the 72 Pershing warheads be withdrawn. Senior U.S. officials said that compromises could be reached, however, on the three other issues raised by the Soviets.

(Gary Lee, Washington Post, A1)

Administration Officials Will Hang Tough On West German Pershings

Top Administration officials said they will hang tough on the last major stumbling block to a nuclear arms agreement and reject Soviet demands for elimination of U.S. warheads on West German missiles.

The officials welcomed Soviet leader Gorbachev's acceptance of the worldwide ban on both medium-range and shorter-range nuclear missiles long advocated by Washington.

"We're obviously pleased," said chief American negotiator Max Kampelman.

"I would say to the Soviets, 'Welcome aboard,'" said Kenneth Adelman, director of Arms Control and Disarmament Agency, who indicated an agreement is now 80 percent complete.

But U.S. officials took sharp issue with Soviet demands at the Geneva negotiating table that the ban include U.S.-controlled nuclear warheads on West Germany's 72 aging Pershing IA missiles. A White House official who requested anonymity called it a "non-negotiable issue."

(Matthew Quinn, UPI)

Hopes For Superpower Arms Deal Dampened By Pershing Dispute

GENEVA -- A new Kremlin offer to scrap U.S. and Soviet medium and shorter-range nuclear missiles worldwide appears to meet a basic Washington condition for a superpower arms pact.

But a Soviet demand that U.S. warheads on West German Pershing IA missiles be included in an accord appears to be a major obstacle.

In Moscow, chief Soviet negotiator Yuly Vorontsov, who is First Deputy Foreign Minister, said the warheads represented "a real threat" and the Pershing issue remained a major obstacle to an agreement with Washington.

Echoing Vorontsov's comments, Alexei Obukhov, deputy head of the Soviet team, told reporters at the Soviet diplomatic mission here: "...Our position is that if we want to have a real zero solution on a global scale... the warheads on these (Pershing IA) missiles should go."

(Claude Fillet, Reuter)

U.S. To Offer Soviets Arms Pact Concessions

The Reagan Administration intends to offer several new concessions on a proposed treaty with the Soviet Union eliminating medium and short-range missiles, but will not agree to renewed Soviet demands that the U.S. remove the warheads from 72 aging West German missiles, senior U.S. officials said.

Several senior officials said the three issues on which the U.S. will compromise are: the timing for dismantling medium-range missiles; the question of shifting missiles based in Europe to ships floating offshore; and provisions for on-site inspections required to verify treaty compliance.

(Jeffrey Smith, Washington Post, A18)

Gorbachev Plays To German, Asian Audiences With Arms Offer

MOSCOW -- Mikhail Gorbachev's surprise move to break the negotiating deadlock that had developed around Soviet and American medium-range missiles is the diplomatic equivalent of a three-cushion shot in billiards.

His first target is Asia, where he clearly hopes that his carefully packaged concession of giving up 100 SS20 warheads that the Soviet Union had previously insisted it had to station in Asia will rally public opinion to his side.

The Gorbachev offer to eliminate the SS20s and about 40 shorter range SS12 nuclear systems stationed in Asia is also intended to get U.S.-Soviet relations rolling again on a positive track after a period of stagnation.

The most distant but still an important target of Gorbachev's skillful move would be West Germany, host of the 72 Pershing IA shorter-range nuclear missiles that the Soviets have now clearly identified as the major impediment, in their view, to a global accord eliminating several thousand nuclear warheads. (News Analysis, Jim Hoagland, Washington Post, A19)

U.S. CONVOY NEARS KUWAIT IN QUIET GULF WATERS

KUWAIT -- A convoy of Kuwaiti tankers and their U.S. naval escorts neared Kuwait at the end of a passage through the Persian Gulf as Iran and Iraq continued to refrain from attacks on shipping.

Iran reiterated a pledge to cease attacks on shipping in the gulf provided Iraq did the same. Diplomats in Baghdad said Iraq was unlikely to strike Iranian ships in the immediate aftermath of this week's U.N. Security Council resolution calling for a gulf cease-fire.

(Philip Shehadi, Reuter)

U.S.-Protected Kuwaiti Tankers Reach Halfway Point

KUWAIT -- A convoy of four U.S. warships and two Kuwaiti tankers flying the American flag crossed the halfway mark in their tense, 500-mile passage through the Persian Gulf to Kuwait's oil loading port.

As the convoy steamed up the shallow and sun-drenched gulf, Iranian officials declared that the Kuwaiti petroleum exports aboard the reflagged tankers would be considered "prohibited goods" being transported in support of the Iraqi war effort. Western officials took the Iranian statement to mean that its naval forces might try to intercept future convoys or subject them to guerrilla or suicide attacks.

(Patrick Tyler, Washington Post, A16)

Iranian Jets, Soviet Warship Pass Near Convoy

ABOARD THE USS FOX -- This U.S. Navy convoy on its passage up the Persian Gulf has been approached both by Iranian jet fighters and a Soviet warship.

None came close enough to require deterrent action by the battle-ready American warships, which warned the aircraft away. U.S. Navy Tomahawk jet fighters flyig top cover ofr hte operation also cautioned the Iranian pilots to leave the area.

(James Dorsey, Washington Times, A1)

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Iran Will Not Hit Gulf Ships But Says No End To War With Iraq

BONN -- Iran's foreign minister has pledged that Tehran will not attack shipping the the Persian Gulf as long as its own vessels are not hit but warned there will be no cease-fire in the war with Iraq unless its enemy is universally condemned.

Ali Akbar Velayati told a news conference in Bonn after a hectic series of meetings with West German leaders that the U.N. Security Council resolution calling on Iran and Iraq to stop hostilities was unacceptable. (John Kamfner, Reuter)

Iraqi Foreign Minister Confers With U.N. Chief On Peace Bid

UNITED NATIONS -- Foreign Minister Tariq Aziz of Iraq avoided a commitment to halt attacks on gulf shipping, despite this week's Security Council resolution demanding a cease-fire in the war with Iran.

After an hour-long meeting with U.N. Secretary General Javier Perez de Cuellar, Aziz told reporters Iraq welcomed the council's demand but he stopped short of saying that Iraqi troops would lay down their arms immediately. He said Iran's compliance was a prerequisite. (Reuter)

U.S. Gulf Operation Not Open-Ended But Halt Soon Unlikely

The Reagan Administration's operation to protect Kuwaiti tankers in the Persian Gulf is not an open-ended commitment but is unlikely to end soon, U.S. officials say.

President Reagan's national security adviser, Frank Carlucci, told reporters Washington was continually assessing the threat to shipping in the gulf.

"If the threat seems to abate there is no need for a continued escort," Carlucci said.

Defense Department spokesman Robert Sims, asked later when the convoys might end, said, "I certainly don't see that as a likely possibility in the near future." (William Scally, Reuter)

ISLAMIC JIHAD THREATENS FRANCE

Terrorists Say French Hostages Will Die Unless Demands Met

BEIRUT -- The Iran-backed Islamic Jihad, exerting new pressure against France in a worsening diplomatic crisis over Persian Gulf policy, threatened that no French hostages would "come out alive" unless the group's demands were met.

The statement, accompanied by a photograph of French journalist Jean Paul Kauffmann, kidnapped here in May 1985, disclaimed a previous threat to kill two French hostages made by telephone to news agencies last week.

(Nora Boustany, Washington Post, A20)

PANAMA ACCUSES U.S. OF 'AGGRESSION'

PANAMA CITY -- The Panamanian government struck out at the Reagan Administration accusing the U.S. of having unleashed "a spiral of systematic aggression" against Panama.

A harshly-worded editorial, read over the government-controlled television station, accused Washington of conspiring to destabilize Panama and "strangle the national economy."

The editorial suggested the U.S. was responsible for anti-government protests and echoed allegations by Gen. Manuel Antonio Noriega that Washington's "strategy of destabilization" was part of a plot to scuttle the 1977 treaties under which the Panama Canal is to revert from U.S. to Panamanian control by the year 2000.

(Tom Brown, Reuter)

EDITOR'S NOTE: "France Fails To Woo Both Iran, Iraq," news analysis by Edward Cody, appears in The Washington Post, A16.

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IRAN — NICARAGUA

SHULTZ TESTIFIES HE CONFRONTED REAGAN, BATTLED ADVISERS Officials 'Lied' To President On Arms Sales, Panel Told

Recounting dramatically how he waged a "battle royal" against President Reagan's top advisers, Secretary Shultz testified that he confronted the President after his Nov. 19 news conference and told Reagan he had made "many statements that were wrong or misleading" about the secret U.S. arms sales to Iran.

Testifying in forceful, blunt language, Shultz told the committees that he repeatedly tried to warn the President that he was being "deceived and lied to" by others in the Administration. His main foes, he said, were then-National Security Adviser John Poindexter and CIA Director William Casey.

Occasionally displaying anger, he described how the President's National Security Council staff cut him out of crucial decisions affecting not only the Iran initiative but the secret support for the Nicaraguan rebels.

(Walter Pincus & Dan Morgan, Washington Post, A1)

Shultz's Testimony

Secretary Shultz says deceptive and misleading advice by senior White House aides led President Reagan to approve the sale of missiles to Iran at a time when the State Department was trying to enforce an international arms embargo against the Ayatollah Khomeini's regime.

Shultz named two officials -- John Poindexter and William Casey -- as the persons who kept Reagan "out of the loop" in an effort to cover their actions and to protect themselves in the controversy.

"They had a conflict of interest with the President," Shultz said. "They were trying to use his (Reagan's) undoubted skills as a communicator to have him give a speech and give a press conference and in doing so, he would bail them out."

(Robert Gettlin & Robert Lewis, Newhouse)

Shultz Charges President Was Misled

Secretary Shultz testified that former National Security Adviser John Poindexter and the late CIA Director William Casey fed President Reagan faulty intelligence and deliberately misled the President after the Iran-contra initiative was exposed.

Shultz, during more than six hours of dramatic testimony before the House and Senate select committees investigating the Iran-contra affair, said Reagan reacted "like he had been kicked in the belly" when he learned in December that aides, as part of a deal to win release of the U.S. hostages being held in Lebanon, were considering bartering 17 terrorists being held in Kuwait.

"I developed a very clear opinion that the President was not being given accurate information, and I was very alarmed about it," Shultz said. "And it became the preoccupying thing that I was working on through this period."

(Marcus Stern, Copley)

Shultz Attacks Casey As Secretive, Meddler

The late CIA Director William Casey provided "faulty intelligence" to President Reagan and other Cabinet officers to bolster Casey's own policy ideas, including the arms-for-hostages swap with Iran, Secretary Shultz charged.

In an extraordinarily frank attack on Casey's handling of the intelligence process, Shultz said that the CIA chief meddled in diplomatic efforts, produced unreliable intelligence analyses and attempted to continue negotiations with Iran even after the secret Iranian arms sales were exposed last year.

"I hate to say it, but I believe that one of the reasons the President was given what I regard as wrong information, for example, about Iran and terrorism, was that the agency, or people in the CIA, were too involved in this," Shultz told the congressional committees.

(Doyle McManus, Los Angeles Times, A1)

Shultz Says He Was Cut Out

Secretary Shultz told a congressional panel investigating the Iran-contra affair that he was denied vital information about secret arms sales to Iran and aid to the Nicaraguan contras.

He also testified that President Reagan genuinely seemed to believe that his Administration was not engaged in trading U.S. arms for American hostages held in the Middle East, despite abundant evidence to the contrary.

"The President's view was that this was basically about an initiative to Iran" with wider diplomatic importance, said Shultz, not a straight swap of arms for hostages.

"The only problem is," Shultz said, "when you get down into the dirt of the details, it always comes out arms for hostages."

(Gary Thatcher, Christian Science Monitor, A1)

Reagan Depicted As Prime Force In Sales To Iran

Secretary Shultz portrayed President Reagan as the active force behind the Iran arms sales from their outset until well after the controversy exploded last November, and said Reagan was aware of the details of a controversial 1985 arms shipment to Iran despite his repeated public denials.

The secretary's comments to the Iran-contra panel appeared to conflict with and undermine a number of statements that Reagan has made publicly about the Iran arms sales and his justification for going ahead with them.

(David Hoffman, Washington Post, A1)

Shultz Tried To Quit Three Times, Tried To Warn Prez Away From Scandal

Secretary Shultz said he tried unsuccessfully to resign three times because of "estrangement" from the White House but declared he loyally tried to extricate President Reagan from the Iran-contra scandal.

"I felt I was not longer on the wavelength," Shultz said.

In strongly implied criticism of Reagan, Shultz said it is a mistake to allow the CIA to be involved in both the collection and analysis on intelligence as well as policy-making and implementation.

(Walter Friedenberg & Lance Gay, Scripps Howard)

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Shultz Offered To Quit 3 Times In Last 4 Years

Secretary Shultz, in an unusual public confession, told the congressional Iran-contra committees that he has offered his resignation to President Reagan at least three times as a result of friction with the CIA and White House staff.

All of Shultz's three resignation offers were rejected by Reagan, according to his testimony, and each actually seemed to result in an improvement in the working relationship between the President and the secretary. But there clearly was no end to the bureaucratic turmoil that prompted them. (Sara Fritz & Karen Tumulty, Los Angeles Times, A1)

Shultz's Testimony Leaves White House Mum

Secretary Shultz focused the Iran-contra hearings back to the Oval Office.

Shultz's tale of intrigue, backbiting and infighting among President Reagan's closest aides brought official silence from the White House.

Pressed for their assessment of the impact of Shultz's testimony, White House aides refused to comment or characterize his version in any way. (Jessica Lee, USA Today, A4)

Shultz Proposes To Change System

George Shultz, the secretary of state and veteran of four Cabinet posts, used his testimony before the Iran-contra panel to offer a wide-ranging prescription for solving the structural problems that he said had led to the Iran-contra affair.

As the White House staff has grown in size and power, he said, it has increasingly isolated members of the Cabinet.

The program of change he outlined would tend to enhance the status of his own office.

Shultz strongly recommended that the NSC "should not be anywhere near the size it is now." Equally important, he proposed that its function be restricted to "the job of coordinating" the work performed by the various departments, and that it not be permitted to engage in operational tasks. (Clifford May, New York Times, A8)

Shultz: Compelling And Bracingly Blunt

George Shultz came alone, with not lawyers beside him and no prepared opening statement to deliver. His solitary appearance, and the solemn, blunt manner in which he testified, gave special impact to his description of the way he and his department had been deliberately isolated during the Iran-contra affair.

Shultz's directness and his willingness to admit that his Administration had produced a diplomatic and political fiasco lent more weight to the story he told. The committees listened with rapt attention to his accounts of repeatedly attempting to warn the President and key officials about the damaging consequences of trading arms for hostages and of presenting a false account of those transactions to Congress and the American people -- and of repeatedly being rebuffed and misled by officials, most specifically John Poindexter and the late Director of Intelligence William Casey.

(News Analysis, Haynes Johnson, Washington Post, A6)

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CARLUCCI TELLS OF BRIEFING PRESIDENT

National Security Adviser Carlucci said that he gives President Reagan "more rather than less" information -- even "more than he wants" -- in contrast to his predecessor, John Poindexter, who said he deliberately withheld information on Iran-contra developments from the President.

Carlucci, during a rare on-the-record session with reporters, said he meets with Reagan for 30 minutes every day, twice as long as did Poindexter....

Carlucci also said the Reagan Administration's new philosophy about covert action consists of three rules: An action should be a "tool of last resort." "More important, it should be part of a broader policy." It should have a specific "time frame," or duration, rather than run indefinitely.

(Robert Toth, Los Angeles Times, A14)

Aides Say New Procedures Will Prevent Policy Secrets

White House officials say new procedures are in place to prevent the isolation from policy decisions that Secretary Shultz described in testimony before the congressional Iran-contra committees.

Without commenting directly on Shultz's assertions, the officials suggested that the flaws he described had been remedied by changes in how President Reagan is advised and how the White House operates.

One senior presidential aide described the new procedures as "double-safe arrangements" designed to prevent any senior official with direct access to the President from promoting policies unknown to other top aides.

Under new procedures, National Security Adviser Carlucci, who has direct access to the President, has an informal agreement with Chief of Staff Baker not to meet alone with Reagan. Baker follows the same arrangement.

In addition, when Shultz or Secretary Weinberger meet with the President, both Baker and Carlucci are present, a senior White House official said.

(Gerald Boyd, New York Times, A8)

WHITE HOUSE IS NEAR PACT WITH KEY LAWMAKERS ON NOTIFICATION PROCEDURES ON COVERT OPERATIONS

White House aides, reacting to the Iran-contra hearings, think they are near an agreement with key lawmakers on procedures requiring more prompt notification of Congress about sensitive covert operations and blocking the use of covert operations to bypass laws.

Both Administration aides and lawmakers caution that important details still need to be worked out. Also, it's far from clear that pledges from the Administration will be enough to head off new legislation governing covert actions, which has been proposed by important House members who aren't involved in talks with the White House.

(Gerald Seib, Wall Street Journal, A40)

SURVEY: NO GAINS FOR CONTRAS

Oliver North's impassioned plea for Nicaragua's rebels apparently moved the public more than Congress.

A survey of all but eight members of the House and Senate this week shows that North's salesmanship failed to draw more contra votes on Capitol Hill.

In the Senate, 42 are for contra aid, 43 against and 14 undecided with one senator not replying to the survey. On Aug. 13, when the Senate passed \$100 million in contra aid, 53 voted for it, 47 against.

In the House, 182 are for contra aid, 196 against and 49 undecided, with 7 not responding. One seat is vacant. On June 25, 1986, when the House passed the contra aid bill, 221 voted for it, 209 against.

(Paula Schwed, USA Today, A1)

Support For Contra Aid Continues To Increase

Support for aid to the Nicaraguan contras continued to increase in the last week, but the latest New York Times/CBS News poll, taken Tuesday and Wednesday, still shows 49 percent of the public opposed and only 40 percent in favor.

Meanwhile, the poll found that overall support for President Reagan's handling of foreign policy has increased considerably.

(New York Times, A9)

EDITOR'S NOTE: "Excerpts Of The Testimony Of Secretary Shultz," appears in The Washington Post, A8.

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NATIONAL NEWS

FEDERAL JUDGE IN LINE FOR FBI DIRECTORSHIP

President Reagan is expected to offer the directorship of the FBI to William Sessions, chief judge of the U.S. District Court for the western district of Texas, informed sources said.

At least two candidates recommended by Attorney General Meese for the job turned it down, but Sessions is expected to accept the nomination. He said in a March 17 interview with Texas newspapers that the FBI post would be "the greatest challenge."

The initial reaction from the FBI, which has been without a director since May 19, when William Webster was confirmed as director of the CIA was positive. "He's known for his stiff sentences in the Wood case [In 1982-83 Sessions presided over two trials stemming from the slaying of U.S. District Court Judge John Wood]," said one FBI source. "He's a pro-law-and-order person. He's definitely considered a friend of the bureau."

(Lou Cannon & Mary Thornton, Washington Post, A1)

U.S. Judge May Be Named New FBI Chief Today

William Sessions, a federal judge in Texas with a tough "law and order" reputation, has emerged as the leading candidate to the director of the FBI and could be nominated as early as today, Reagan Administration sources said.

Sessions, 57, will be interviewed today by Attorney General Meese, sources said. "If that goes well, they'll take him to see the President, and it's a done deal," one senior official said.

(James Gerstenzang & Ronald Ostrow, Los Angeles Times, A1)

Reagan May Soon Name Texas Judge Head Of FBI

The Reagan Administration may be close to naming U.S. District Judge William Sessions of San Antonio, Texas, to be the new FBI director.

Sessions is scheduled to meet with Attorney General Meese in Washington for a meeting which was described by officials as a "make-or-break" interview for the FBI post.

The judge was reported to have said that he would accept the 10-year post if offered.

(George Archibald, Washington Times, A6)

AIDS PANEL APPOINTED BY REAGAN President Visits Ill Children At NIH

President Reagan appointed a 13-member commission to advise him on combatting AIDS and then went to NIH to dramatize his concern about the spread of the disease.

At NIH Reagan visited briefly with four children suffering from AIDS -- the first time the President has met AIDS patients -- and toured an AIDS laboratory. In remarks introducing his panel, Reagan referred to "the death by AIDS of friends and former associates" whom he did not name and pledged to "one way or another...beat this deadly disease."

(Sandra Boodman, Washington Post, A1)

Reagan Challenges Diverse New AIDS Panel To Use Common Sense

A diverse new AIDS panel has a challenge from President Reagan to use "a good strong dose of common sense" to help stop the spread of the disease.

"What we need right now... is a good strong dose of common sense," Reagan said. "It seems to be common sense to recognize that when it comes to stopping the spread of AIDS, medicine and morality teach the same lessons."
(Jill Lawrence, AP)

Mixed Reaction To President's AIDS Panel

President Reagan's newly appointed AIDS commission was criticized by gay rights and AIDS victim advocates as being unqualified, too right-wing and even hostile to persons with the disease.

Ann McFarren, executive director of the AIDS Action Council, termed Reagan's panel selections "wishy-washy, reactionary and unconscionable."

Conservatives, meanwhile, generally praised the choices for the panel, but sharply criticized the selection of one open homosexual, Frank Lilly.
(John Hanrahan, UPI)

SENATE FAILS TO PASS DEBT LIMIT EXTENSION

The Senate struggled to agree on a debt limit extension to keep government from default, voting down two competing proposals that would have hitched budget reform provisions to the bill.

Lawmakers cast their first ballot, 71 to 25, against a plan by Senate Budget Committee Chairman Lawton Chiles.

Later, they refused even to take a formal vote on a competing plan drafted by the panel's ranking Republican, Sen. Pete Domenici and an author of the Gramm-Rudman balanced budget law, Sen. Phil Gramm. the Senate voted 49 to 47 not to waive a parliamentary bar against consideration of the bill.
(Linda Werfelman, UPI)

Democrats' Budget Plan Fails In Senate, 71 To 25; Threat Of U.S. Treasury Default Looms

The Senate strongly rejected a Democratic proposal to put the bite back into the Gramm-Rudman-Hollings balanced-budget law, crimping, at least temporarily, the Democrats' strategy for forcing a budget compromise with the Reagan Administration.

A competing Republican proposal -- offered after attempts to forge a bipartisan plan for restoring the law's automatic spending-cut mechanism broke down on Wednesday -- also appeared headed for defeat last night.

Rejection of both plans to reinvigorate the 1985 deficit reduction measure was expected to lead to renewed negotiations on a bipartisan compromise, with the threat of an unprecedented U.S. default on its securities hanging over Congress.

(Tom Kenworthy, Washington Post, A14)

BIDEN, DOLE DEBATE BORK NOMINATION

Gently exchanging quotations from Alexander Hamilton, two presidential contenders who will play major roles in the fight over the Supreme Court nomination of Appeals Court Judge Robert Bork disagreed on how the Senate should deal with the issue.

Senate Judiciary Committee Chairman Joseph Biden...accused President Reagan of attempting to "remake the court in his own image" through the Bork nomination and said the Senate has an obligation to consider Bork's overall "judicial philosophy and the consequences for the country" should he be confirmed.

Senate Minority Leader Robert Dole...replied that any consideration of Bork's views on "specific political and social issues" would "offend common sense (and) be horribly shortsighted."

"The stark -- and to his opponents disconcertion -- fact is that Judge Bork's views are well within the acceptable range of legal debate and, if presidential elections mean anything at all, are probably much closer to the mainstream of American thought than that of most of his political critics," Dole said. (Edward Walsh, Washington Post, A3)

Bush, Dole Contend Bork's Views Popular

The battle over Judge Robert Bork's nomination to the Supreme Court intensified with Senate Minority Leader Robert Dole and Vice President Bush arguing that the nominee's views are closer to those of most Americans than are the opinions of his outspoken liberal opponents.

Meanwhile, in an interview with The Washington Times, Sen. Joseph Biden...strongly criticized Judge Bork for his legal "rigidity," which, he said, should keep him from joining the high court.

But Bush said at the White House: "I find it ironic that Senator Biden...would take issue with Judge Bork's judicial philosophy. That philosophy is one of judicial restraint, and what that means above all else is that Congress should make the laws, not the court."

(Michael Fumento & Christopher Simpson, Washington Times, A2)

In Interview, Bork Contends He Is Open-Minded Pragmatist

Supreme Court Nominee Robert Bork -- branded by some opponents as a dogmatic conservative -- contended that he is an open-minded pragmatist.

In a wide-ranging interview with the St. Louis Post-Dispatch, Bork said his opinions as a federal appeals judge for the past five years did not line up "on a political axis."

Asked to describe his philosophy, Bork chafed at the term "conservative" and instead cited "continuity. Sort of a pragmatic approach to legislation and so forth. Traditional values."

(Robert Koenig, Scripps Howard)

Senate Should Consider The Opinion Of High Court Nominees, Poll Finds

Americans say the Senate should attach a great deal of importance to a Supreme Court nominee's positions on constitutional issues in weighing confirmation, the latest New York Times/CBS News poll shows.

The poll also found that Americans have yet to form a clear opinion of Judge Robert Bork....

Over all, the telephone survey of 745 adults on Tuesday and Wednesday indicated that both the President and his opponents in the Senate have a great deal of maneuvering room in shaping public opinion in the struggle over the nomination. (E.J. Dionne, New York Times, A12)

INTERIOR DEPT. UNVEILS ALASKA LAND-SWAP PLAN

The Interior Department disclosed details of a secretly negotiated plan to give mineral rights on more than 160,000 acres of potential oil lands in the Arctic National Wildlife Refuge to native corporations in return for surface rights on nearly 900,000 acres of native-held land in other Alaskan refuges.

Congress has not authorized oil drilling in the Arctic refuge, and Interior officials said the proposed exchange would not take place without congressional approval.

But the proposal has added a new layer of controversy to the debate over energy exploration in the refuge, which Interior officials regard as the nation's brightest prospect for a major oil strike and conservationists view as a fragile and irreplaceable wildlife preserve.

(Cass Peterson, Washington Post, A14)

MEESE'S LINKS TO WEDTECH SCANDAL COULD HURT GOP, COST HIM HIS JOB

Investigations into the finances of Attorney General Meese and the growing criminal and civil quagmire involving his associates could cost Meese his job and politically damage Republicans, Administration sources say.

"When these indictments start coming down and he is called to testify, it won't matter whether what he did was legal or ethical," said one Administration official. "He'll be pictured as part of the whole sleazy operation, and it's the President and Republican candidates generally who will be hurt."

(George Archibald, Washington Times, A1)

NOFZIGER PLEADS NOT GUILTY TO ETHICS CHARGES

Former White House political director Lyn Nofziger pleaded not guilty to six felony charges that he violated federal ethics laws by lobbying the Reagan Administration on behalf of Wedtech Corp., Fairchild Industries and a marine engineers union.

After a brief appearance before U.S. District Court Judge Thomas Flannery, Nofziger and Mark Bragg, his partner in their public relations firm, who pleaded not guilty to a single charge of aiding and abetting Nofziger, were released on personal recognizance. Trial was set for Nov. 16.

(Mary Thornton, Washington Post, A4)

NETWORK NEWS SUMMARY

(Thursday Evening, July 23, 1987)

IRAN-CONTRA HEARINGS/SHULTZ TESTIMONY

NBC's Chris Wallace: In the long ten weeks of the Iran-contra hearings, today's session was one of the most remarkable. The Secretary of State, describing life inside the cabinet -- with officials lying to each other waging what he called a "battle royal" for the mind of the President. Shultz said some of his former colleagues used the President to protect themselves.

NBC's John Dancy: Shultz, the President's top foreign policy adviser, said he was systematically kept in the dark on the Iran arms sale by National Security Adviser John Poindexter and CIA Director William Casey. Shultz said he had opposed the sale from the beginning because it was an arms-for-hostages deal. He testified that after the deal became public last Nov., Poindexter and Casey insisted President Reagan make a speech portraying the deal as an opening to Iran.

(Shultz: "And they were trying to use his undoubted skills as a communicator to have him give a speech and give a press conference and say these things and in doing so, he would bail them out.")

Mr. Reagan gave the speech Nov. 13th. It has since been shown to be have been riddled with misstatements and inaccuracies.

(Shultz: "Now this was a very traumatic period for me because everybody was saying I'm disloyal to the President and not speaking up for the policy. And I'm battling away here. And I could see people were calling for me to resign if I can't be loyal to the President. And I frankly felt that I was the one who was loyal to the President because I was the one trying to get him the facts so he could make a decision. And I must say...absorb these he did. He made the decision that we must get all these facts out. But it was a battle royal.")

Shultz said the President intended to use a news conference Nov. 19th to get the facts about the arms sales out. That, too, was filled with misstatements. Shultz said he went to Mr. Reagan to tell him he was wrong.

(Shultz: "And there was a long, tough discussion -- not the kind of discussion I ever thought I would have with the President of the United States. But it was 'back off' all the way. The gist of it was that there were things that he had been given as information from the people who were briefing him and providing him with the information in the press conference preparatory session, that were not, in my view, correct. And I didn't think that the people doing that were serving the President. In fact, I know they weren't serving the President.")

The Tower Commission report had criticized Shultz and Defense Secretary Weinberger for intentionally distancing themselves from the Iran arms sale. Adm. Poindexter testified Shultz and Weinberger wanted it that way.

(Poindexter on July 17: "I didn't withhold anything from them that they didn't want withheld from them.")

Dancy continues:

(Shultz: "What I did say to Adm. Poindexter was that I wanted to be informed of the things I needed to know to do my job as Secretary of State, but he didn't need to keep me posted on the details, the operational details of what he was doing.")

Shultz said that for much of his time as Secretary, a kind of guerrilla warfare went on with some White House staffers. It so irritated Shultz he tried three times to resign -- once when a White House staff member refused to give approval to use an airplane for Shultz's trips abroad.

(Shultz: "And so I told the President -- I said, 'I'd like to leave and here's my letter.' And he stuck it in his drawer. He said, 'You're tired. It's about time to go on vacation. And let's talk about it after you get back from vacation.' So I said, 'Okay.' And I guess everybody knows what happened.")

Shultz received high praise from Senator Rudman...

(Rudman: "I do not believe that heroes are people who deceive their President. I do not believe that heroes are people who protect themselves at the risk of their President. I believe the real heroes are people who speak up to their President, make their views known and are willing to take great personal risks in confronting their President who they are loyal to, to give him the best possible advice that he can get. You are such a hero, Mr. Secretary.")

So Shultz says he was kept in the dark about a major foreign policy initiative. Some committee members find that astonishing -- both that it happened and that Shultz did not prevent it happening.

Wallace: ...Sen. William Cohen is a member of the committee investigating the scandal. Senator, after what you heard today, do you view Shultz as a victim, or should he have done more?

Cohen: "Well, I think it's clear that from the very beginning -- July of '85 into Nov., Oct. of '85, Dec. '85, Jan. '86, he made a very vigorous presentation and argument against allowing the sales of weapons to Iran and he was unpersuasive to the President. At that point, I think, he made it clear that there was such a feeling of paranoia within the Administration that he had been perhaps suspected of leaks because he wouldn't agree to set up a policy practice for the State Department -- that he in fact took the State Department out of the operational details. So I think we will talk a bit about that tomorrow, but I think it's understandable given the circumstances under which he had to function."

Wallace: You've heard a lot of bad things about the Reagan Administration over the last few weeks. Were you surprised today to hear just how bad it was?

Cohen: "Well, I think today's testimony has to be ranked as the most extraordinary certainly that I've heard in my 15 years in Congress. To have a Cabinet member come before the committee to take us backstage as it were behind the White House doors and I think it was an extraordinary story to be told. I think we all know that there is always a power struggle that takes place within any Administration. This one is no exception. But I think the degree of pettiness that was revealed in the power struggle was surprising to most."

(NBC-Lead)

ABC's Peter Jennings: It really was one of those rare occasions in education in government -- both good and bad. For almost six hours today on Capitol Hill the Secretary of State described what he went through as he tried to prevent the Reagan Administration from trading arms to Iran in return for hostages. And time again today we heard that George Shultz was kept in the dark, deceived, as he put it, cut out of the decision-making process by members of the President's national security staff. The Secretary of State was eager to tell his story.

ABC's Brit Hume: Shultz had been accused of failing to support the President on Iran and of failing to oppose him enough. Either way, many said he should have quit. Shultz had waited a long time for this, and he was ready, especially to give his side of what happened just after the Iran arms sales came to light last November. Shultz said National Security Adviser Poindexter and CIA chief Casey were the main figures on the other side of that battle in which Shultz sought to get control of Iran policy and declare an end to arms sales. On Saturday, Nov. 15, he tried to get to that [message] passed to the President through Chief of Staff Regan.

(Shultz: "I knew that Don Regan would probably get a word with him so I wrote it out and I gave it to Don. I said, 'See if you can't get this cleared.' And he said 'No.' I -- I felt he agreed with me, but he said 'I can't make it.'")

So the next day, on a Sunday TV talk show, Shultz had to say he did not speak for the Administration on Iran.

(Shultz: "It was a sad day, for me -- very sad. But it was the truth. However, the next day the White House put out the word I did speak for the Administration and there would be no more arms sales to Iran.")

(TV coverage: President in the Oval Office, Nov. 13, 1986.)

Shultz said the President always saw the Iran initiative as a diplomatic opening, with hostages and arms as a secondary matter.

(Shultz: "It's perfectly possible to see it exactly that way. The only trouble is, as you look at particular things that happened when you get down into the dirt of the operational details, it always comes out arms for hostages.")

(TV coverage: President preparing to address press conference in East Room.)

But Shultz put the blame for the policy and for presidential misstatements about it on others, not on Mr. Reagan himself.

(Shultz: "His judgment is excellent when he's given the right information. And he was not being given the right information. And I felt as this went on that the people who were giving him the information were -- in a sense had a -- I think I even used the word with some of my advisors, they had a conflict of interest with the President.")

Yet even after Shultz thought he had gotten control of Iran policy, he discovered another arms sale was contemplated, part of a possible hostage release deal, with a so-called Iranian second channel. Those second channel talks also involved an effort to free the terrorist bombers held in a Kuwaiti jail -- the so-called Dawa prisoners -- something the Administration said it would never support. Shultz went to see the President at the White House.

Hume continues:

(Shultz: "And I told the President the items on this agenda, including such things as doing something about the Dawa prisoners, which made me sick to my stomach that anybody would talk about that as something we would consider doing. And the President was astonished and I have never seen him so mad. He's a very genial, pleasant man, and doesn't -- he's very easygoing. But his jaw set and his eyes flashed and both of us, I think, felt the same way about it.")

Shultz said he had offered three times to resign in his five years as Secretary, each time being refused by the President. The most recent was last August, and Iran policy was the main reason.

(Shultz: "But it was because I felt a sense of estrangement. I knew the White House was very uncomfortable with me. What I have learned about the various things that were being done, I suppose, explains why. And I was not in good order with the NSC staff and some of the others in the White House. I had a terrible time. There was a kind of guerrilla warfare going on.")

Shultz refused to board the Oliver North bandwagon, saying that while North may have helped aid the contras, the deception he and others practiced to do it was not justified. The Secretary seems well on the way to becoming these committees' favorite witness.

Jennings: I think you touched a bit on it, but take it a bit farther. Favorite witness -- what's the real impact in the long run?

Hume: I think that he is saying most of the things that many on these committees have been wanting to hear about the failure of the normal processes to work, about how the people who were supposed to be advising the President to make the key decisions were cut out of it. He has one important challenge ahead of him -- he got started on it a little bit today -- and that is defending his Assistant Secretary for Central America and other affairs in that region -- Elliott Abrams. Abrams had a tough time up here, many members of the committees are after him; the Secretary will have his work cut out for him to change their minds.

Jennings: What's the impact on the White House. We would surmise, at least, that the President might be pleased and the staff furious.

ABC's Sam Donaldson: Actually, I haven't talked to the President, but I've talked to some of the key advisors here and they are not pleased with Shultz' testimony, although they say they understood he had to give it. Said one, "He did about as well as he could under the circumstances." But they're not pleased because he painted a picture of a President who wanted to go ahead with arms sales when he, Shultz and others, said it was a bad idea; and of a President who was content to have his chief foreign policy adviser, Shultz, cut out of the loop. And finally, last November, under the best of circumstances, a President who had been duped and didn't know what had been done in his name; or under the worst of circumstances, last November, a President who was resisting Shultz' efforts to get the facts out.

Jennings: In light of what the Secretary said about how the President's jaw set about trading arms for the Kuwaitis -- or even bring pressure on Kuwait at one point -- why would the President want him cut out of the loop?

Donaldson: It was the policy, I suppose. And it's always convenient, once you make a decision, if people won't back that policy, not to tell them much about it. Of course Shultz told a story today as to why he said to Poindexter, "I want to know the important things but not the details." Because he understood that if you get accused of leaking in the Reagan White House, your throat is cut. (ABC-Lead)

CBS's Dan Rather on Capitol Hill: Secretary of State George Shultz today detailing lying, deceptions, double-dealing and backside covering in the upper reaches and inner sanctums of the Reagan White House. He testified that most of it happened as a desperate cover up conspiracy began unraveling. Shultz said some of it made him sick to his stomach. He contradicted much of the story Adm. John Poindexter told and some of what Col. Oliver North said. Shultz talked about his own threats to resign.

CBS's Phil Jones: Secretary of State George Shultz took the oath today, sat down at the witness table alone and provided the most riveting and gripping testimony yet -- including disclosure that he has submitted his resignation on three occasions over policy and fights with other government officials. His last resignation was Aug. of last year.

(Shultz: "It was because I felt a sense of estrangement. I knew the White House was very uncomfortable with me. I had a terrible time. There was a kind of guerrilla warfare going on on all kinds of little things.")

Shultz described a battle royal between himself and two of the President's key advisers -- CIA Director Casey and Adm. John Poindexter.

(Shultz: "I developed a very clear opinion that the President was not being given accurate information. And I was very alarmed about it. And it became the preoccupying thing that I was working on through this period. And I felt that it was tremendously important for the President to get accurate information so he could see and make a judgement...")

Shultz told repeatedly how he had objected to the entire arms sales on policy grounds.

(Shultz: "When you get down into the dirt of the operational details it always comes out arms for hostages. And, at least as I saw it right from the beginning, that was what was going to happen. And that's why I objected to it so much.")

Shultz, who usually refuses to disclose his conversations with the President, described in intimate details very blunt meetings he and Secretary of Defense Weinberger had with the President, including a session in Dec. 1985 in an attempt to kill the arms sales.

(Shultz: "The President, I felt, was somewhat on the fence, but rather annoyed at me and Secretary Weinberger. I think Secretary Weinberger started off by saying something like, 'Are you really interested in my opinion?' And then the President said, 'Yes.' And so he gave it to him. And so did I.")

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Jones continues:

According to Shultz, the President expressed frustrations with warnings that the sales were also illegal.

(Shultz: "He said, 'Well, the American people will never forgive me if I fail to get these hostages out over this legal question,' or something like that.")

Finally, on Sat., Dec. 13, 1986, Shultz, in desperation, called the White House, but had trouble getting through.... The Secretary went to the family quarters of the White House and told the President about promises that North and others had made to the Iranians, including a proposal to swap 17 Shiite terrorists being held in Kuwait.... According to the Secretary, he was under heavy pressure to go along with what he called "misleading press guidance" indicating that the cabinet supported the President on everything. Shultz refused.

(Shultz: "I didn't want to become one of Adm. Poindexter's compartments. I wanted to get this out where I could see it for myself and get it managed right.")

Shultz told of agonizing before he went on "Face The Nation" where he knew he would be asked about the policy of continued arms sales.

(Shultz on "Face the Nation": "Under the circumstances of Iran's war with Iraq, its pursuit of terrorism, its association with those holding our hostages, I would certainly say, as far as I'm concerned, no.")

Stahl: "Do you have the authority to speak for the entire Administration?"

Shultz: "No."

(Shultz: "And I had to say, 'No, I don't.' It was a sad day for me -- very sad. But it was the truth....")

Others have portrayed Shultz as a man who chose not to know what was going on. But the Secretary today painted a picture of key aides deceiving the President and he is the first witness to accuse people in the CIA of being too involved.

CBS's Bill Plante: President Reagan had no public reaction to the testimony of his Secretary of State though he was reported to have observed later to an aide, "George is doing the best he can." But the picture Shultz sketched was one of the Reagan Administration at war with itself. The CIA Director and the National Security Adviser deliberately deceiving the President and freezing the Secretary of State out of vital details of the Iran arms deal.

(Sen. Sarbanes: "I find it incredible that the Secretary of State was dealt out of even knowing that the President had signed these findings with respect to the transfer of arms to Iran.")

(Sen. Mitchell: "It certainly was a truly incredible degree of internal deception within the Administration.")

Shultz also described a White House in which the President did nothing to stop the so called guerrilla warfare and allowed vital decisions to be made without his participation.... The first reaction from some inside the Reagan White House today was to dismiss Shultz's testimony as self-serving although they later were at great pains to deny that anyone really is upset. The question that they really can't answer though is why the President never told Shultz what was going on.

Rather: A new CBS News poll out today indicates a majority of the American people -- 53 percent -- still believe President Reagan was lying when he said he didn't know that money from the sales of arms to the Iranians was being diverted to Central America. (CBS-Lead)

NBC's John Chancellor's commentary: George Shultz has been Secretary of State for five years. He's one of the most impressive men in Washington. He's had a long and honorable career in government, so it came as a real shock today when he said he had tried to resign in 1983, in 1985 and in 1986. What he said tells us something important about the Reagan White House and about George Shultz himself. When he was Secretary of Treasury in the Nixon year, he fought the White House over a lie detector order and President Nixon called him a "candy ass." He stayed on. In 1983, in the Reagan years, he learned that a White House aide was sent on a secret trip to the Middle East without his knowledge. He told the President -- when you send someone out on a trip like that I'm done. The President asked him to stay on and he did. In 1985 over another dispute...he offered his resignation again; it was refused.... Finally, in 1986, when a 35-year-old White House staffer was denying him the use of an airplane...he tendered his third resignation. The President said, "Let's talk later." And he stayed on. With all respect to Secretary Shultz, if you threaten to resign three times and don't follow through, your threats don't mean very much. Beyond that Shultz's testimony today gave us a devastating picture of the Reagan White House -- guerrilla warfare, a battle royal to fight through the advisers, a description of William Casey and John Poindexter as the bad guys, and worst of all Shultz's own humiliation. He is the senior member of the President's cabinet. After what he said maybe he should resign for the fourth time and make it stick. (NBC-8)

AIDS COMMISSION

Jennings: President Reagan has named the commission, including a gay activist, to help define a national policy on AIDS. Mr. Reagan spoke at the laboratory near Washington where the AIDS virus was first isolated.

(TV coverage: Still photo of the President).

ABC's Kenneth Walker: President Reagan came to the National Institutes of Health to launch a new campaign against AIDS. Mr. Reagan set the stage with his first known visit to an AIDS patient, a 14-month-old child.

(TV coverage: The President with AIDS patient).

The President then presented his new and diverse commission on AIDS.

(The President: "I hope the commission will help us all put aside our suspicions and work together with common sense against this common threat.")

(TV coverage: President speaking before the AIDS panel.)

The suspicions likely will be substantial. One member, Illinois state Representative Penny Pullen, is a supporter of anti-gay hardline Phyllis Schlafly. Conservative Cardinal John O'Connor's criticism of homosexuality almost certainly guarantees a clash of views less gentle than the one shown here with Dr. Frank Lilly, a Manhattan geneticist and avowed homosexual and gay activist.

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Walker continues:

(Lilly: "I suspect that the Cardinal and I may have some differences of opinion, but we will discuss them.")

Lilly's appointment was hotly contested within the President's staff and was denounced today by some of Mr. Reagan's conservative supporters.

(Sen. Humphrey: "The President should not be placing in positions of high visibility persons who are active and self-acknowledged homosexuals.")

For a group with a mandate to chart a national policy on AIDS, the commission make-up is a virtual prescription for contention.

(ABC-6)

Wallace: Since 1981 more than 20,000 Americans have died of AIDS. Today President Reagan named a 13-member commission on AIDS and gave the group 90 days to come up with a preliminary report on where research on AIDS stands.

NBC's Andrea Mitchell: The White House released this picture of the President holding a child suffering from AIDS to help dispel unwarranted fears about the disease, to persuade people that they should not be afraid of contact with AIDS victims.

(TV coverage: Still photo of the President and child.)

After visiting a government research laboratory and the children's ward, Mr. Reagan vowed not to rest until a cure is found.

(TV coverage: The President looking into a microscope in the lab.)

(The President: "And after the visit to the ward today and after the death by AIDS of friends and former associates, this is my prayer -- one way or another, whether by breakthrough or steady progress, we will beat this disease.")

To lead the White House effort, he appointed a commission that is supposed to help researchers, patients and local officials trying to contain the epidemic. Overruling strong objections from conservatives, Mr. Reagan named a homosexual to the panel -- geneticist Dr. Frank Lilly. His appointment outraged one Senator who believes homosexuality is immoral.

(Sen. Humphrey: "It's unsanitary. It's immoral in my opinion and the consequence of this unnatural practice is AIDS.")

(Dr. Lilly: "I think the President was well advised to put a gay on the commission. I think there would have been a terrible hulabaloo from the main people influenced by this disease if he had not.")

The President's family intervened to reverse an earlier staff decision to exclude homosexuals from the commission. Dr. Lilly believes that Nancy Reagan played a major role. It was her brother, Dr. Richard Davis, who recommended Dr. Lilly for the post. And the Reagan's son, Ron Jr., who has recorded public service announcements about AIDS, has said he's given his father a lot of flack about the issue.

(Ronald Reagan Jr. in PSA: "Write to your congressman, or write to someone higher up.")

White House polls show that AIDS is a powerful political issue. So despite criticism of the new commission, White House officials believe they will at least get credit for trying to do something about a disease that has terrified so many people.

(NBC-5)

Rather: President Reagan said today he was remembering the death by AIDS of friends and former associates as he named Dr. Frank Lilly, a N.Y. geneticist and a homosexual, to a 13-member commission that will help map national strategy trying to combat AIDS.
(TV coverage: The President with the commission.) (CBS-8)

PERSIAN GULF

Wallace: The U.S. convoy of tankers in the Persian Gulf proceeding uneventfully today. At this hour the tankers are half way between the Strait of Hormuz and Kuwait. They are scheduled to arrive in Kuwait tomorrow. The first pictures have been received from the U.S. fleet.

NBC's Rick Davis reports on today's progress of the tankers. By tomorrow the tankers should be docked in Kuwait and the warships waiting outside Kuwaiti territorial waters. In 3-5 days they will be ready for the equally dangerous journey back down the Gulf.
(NBC-3, ABC-2, CBS-4)

ARMS CONTROL

Wallace: In Geneva today, the U.S. was formally presented with Soviet General Secretary Gorbachev's proposal to eliminate all medium and short-range nuclear missiles worldwide. The Soviets said a quick agreement is possible, but warned that the U.S. first must drop plans to keep Pershing missile warheads in West Germany. At the White House, Gorbachev's proposal was viewed as a boost to the superpower accord on nuclear weapons and to a summit with President Reagan.
(NBC-4)

CBS's Mark Phillips in Moscow: In Geneva today the Soviets made their latest proposal official -- they offered to eliminate the 100 warheads they had previously wanted to keep in Asia. In Moscow, the Soviets' top arms negotiators were saying they now hoped an agreement on medium-range missiles was possible and soon.... The agreement they say could be signed at a Reagan-Gorbachev summit meeting, but the Russians also established some conditions that throw obstacles in the way of an agreement. The most important of those conditions -- the scrapping by the U.S. of 72 of its warheads for West German Pershing 1-A missiles. The U.S. says this is not negotiable....
(CBS-3)

Jennings: The Soviets put their latest arms control proposal on the table in Geneva today. Their chief arms negotiator said the Soviet call for a complete ban on short and medium-range missiles could open a way for an arms agreement within 60 days.
(ABC-3)

FBI DIRECTOR

Jennings: There are indications tonight that finally there may be a new director of the FBI to replace William Webster. He's from Texas (and) he's a judge.

ABC's Tim O'Brien: No offer has yet been made, but well-placed sources confirmed today that 57-year-old William Sessions, a former Justice Department official and now federal judge, is the heir apparent to the FBI.

(Sessions: "They probably think I'm indicted (laughter), or something like that.")

The nomination would surely please Texas Senator Phil Gramm, who personally intervened on Sessions' behalf.

(Gramm: "I recommended him because I believe in him. He has the experience, the knowledge and the character to do the job that needs to be done.")

As a judge, Sessions tended to side with the government in criminal cases and against the news media. But he refused to stop a local newspaper from printing the names of 3,000 patrons of a San Antonio bordello.... Sessions had always been in the running.... He's to meet with Attorney General Edwin Meese tomorrow morning. Sources say barring any unforeseen developments, one of the FBI's lengthiest and most important manhunts, apparently, is over. (ABC-4, CBS-6)

BORK

Rather: A vote is not expected until October, but they are already counting heads in the Senate on President Reagan's nomination of Robert Bork to the Supreme Court. Democratic leaders said today that their count shows 45 for, 45 against, 10 undecided. CBS News and the New York Times have been counting heads among the American people on the Bork nomination.

CBS's Lesley Stahl: The poll shows that an overwhelming number -- more than 3/4 -- have not yet made up their minds about Robert Bork. But unlike the President, the public thinks that Bork's conservative opinion should matter on whether he is confirmed. In the poll of 745 people conducted Tuesday and Wednesday, most feel it's proper, if not necessary, that a President consider a Supreme Court nominee's positions on the issues. But they also give the same right to the Senate to consider more than just his legal qualifications.... On abortion the poll shows a majority favors freedom of choice.

Abortion -- Freedom of Choice

Favors:	52%
Oppose:	41%
No Opinion:	7%

But the same majority opposes affirmative action for blacks.

Affirmative Action

Favors:	41%
Oppose:	52%
No Opinion:	7%

Stahl continues:

...Both sides feel they can effectively use the legitimate power of persuasion. Whether you think it's a good idea or not, the Bork confirmation already is a question of politics. (CBS-7)

NORTH LEGAL DEFENSE FUND

Wallace: Officials at the Oliver North legal defense fund say they have received almost \$1.5 million in contributions since North testified at the congressional hearings. A fund official says they took in a quarter of a million dollars each day in the last two days. (NBC-2)

GHORBANIFAR

Rather: In Paris today the mysterious middleman and money maker in the Iran arms deal defended the scheme to trade arms for American hostages. Ghorbanifar blamed the U.S. and President Reagan for the plan's failure. He was interviewed by CBS News Correspondent Anthony Laser....

(Ghorbanifar: "I myself delivered 12 [hostages]. Every day if you go through the chronology of the events, in every single step we face another cheat -- another promise which failed and every time there was trouble from the American side. Never, ever [did] an Iranian try to cheat or to lie to them.")

Ghorbanifar also denied that it was his idea to divert money to the contras as Oliver North had testified. By the way, Ghorbanifar twice failed a CIA lie detector test. (CBC-2)

NOFZIGER

Wallace: Lyn Nofziger, former White House political director, pleaded innocent today in federal court -- charges of violating conflict of interest laws. Nofziger is accused of improper lobbying for private clients after his 1982 departure from the White House.

(Nofziger: "I'm just sorry to waste all the government money on this kind of a situation -- you know, where they literally destroy a person's business, they destroy a person's finances, they try to destroy a person's reputation. And we're not going to let that happen.") (NBC-7, CBS-5)

--End of B-Section--

EDITORIALS/COLUMNISTS

PERSIAN GULF

Why We Re-Flag -- "Notwithstanding Administration claims to the contrary, President Reagan's decision to re-flag 11 Kuwaiti vessels represents a tilt toward Iran's mortal enemy Iraq.... By re-flagging the merchant ships...the U.S. has invited Iranian response. That being the case, Mr. Reagan and the American people must prepare for an assault.... No one wants to put American lives at risk. For now, however, the policy choice is clear. We can proceed with the re-flagging and the naval protection that it demands, or we can abdicate our responsibilities as a global power and leave Gulf policy to Moscow or the ayatollah."

(Washington Times, 7/23)

Safely Through Hormuz -- "Although this newspaper was critical of the Administration plan to inject the U.S. into this murderous conflict, we join with other Americans in wishing our forces well. If Iran is so foolhardy as to menace U.S. flag vessels, it can expect fierce retaliation. Much responsibility, however, rests on Iraq, the nation toward which the Reagan Administration has decided to tilt.... The commitment has been made and Americans are left to pray that the current battle of nerves does not lead to battles of fire and steel."

(Baltimore Sun, 7/23)

...Or Is The Goal To Keep The Soviets Out? -- "If the U.S. wants to be taken seriously by Iran, the Soviet Union and the Gulf states, if it wants to contain the spread of Islamic revolution and if it wants to encourage stability in the troubled Middle East, then it must take risks in the Gulf. Walking away from the Gulf now only invites much worse problems in the future."

(James Phillips, Philadelphia Inquirer, 7/23)

A Cloudy Policy In Persian Gulf -- "The Reagan Administration's policy in the Persian Gulf risks American lives and the subversion of our declared neutrality should we decide to shoot first and ask questions later. No amount of obfuscation can mask this grim and dangerous reality."

(Seattle Post-Intelligencer, 7/17)

Uncle Sam, Don't Go It Alone -- "The Administration should take the opportunity to coordinate an international escort operation. Those who share the benefits of U.S. military protection must be willing to share more of the risk."

(Los Angeles Herald Examiner, 7/17)

For Principle And For A Lifeline, The U.S. Shows Some Force -- "The devotion of the Reagan Administration to freedom of navigation has never been in question, but the Persian Gulf is a killing ground for commercial shipping and naval vessels alike.... Reflagging these Kuwaiti tankers is a bold, audacious, hazardous and unprecedented defense of freedom of the seas. It may also prove successful."

(Providence Journal, 7/21)

Oil, Energy And The Persian Gulf -- "The Reagan Administration's decision to go ahead with placing American flags on Kuwaiti tankers...underscores a long-standing policy...to protect one of the world's key oil transport routes.... Energy cannot be separated from economic and national security issues. We need a strong commitment to protect American interests in the Middle East."

(Dale Klein, Chicago Tribune, 7/23)

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IRAN-CONTRA HEARINGS

Too 'Top Secret' For The Man On Top? -- "Despite his staunchly asserted defense of his own and Lt. Col. Oliver North's actions, what Adm. John Poindexter did in his appearance before the congressional Iran-contra investigators was undermine President Reagan's case... There is a case to be made on both sides of the secrecy question in the execution of foreign policy. There can be no case made for keeping the President in the dark -- and no case made for the President allowing himself to be kept in the dark."
(Chicago Tribune, 7/23)

You Always Hurt The One You Love -- "...Surely no one loved Ronald Reagan more than Ollie North or John Poindexter did.... Yet for all their dedication, they have deeply wounded the President they served.... The damage is not likely to prove fatal. The President's resolve in the Persian Gulf and the prospects of victory on contra aid funding will help restore his image."
(Linda Chavez, Chicago Sun-Times, 7/23)

How Big Media Missed Big Story -- "The biggest story associated with Lt. Col. Oliver North's testimony before the congressional committee was missed by some of our biggest media. The story was how this handsome, articulate Marine won the hearts of the American people.... But as late as Friday, July 10, our two most influential newspapers, The New York Times and The Washington Post, had been unable to bring themselves to cover it.... (North) had spoiled Ben 'The-most-fun-since Watergate' Bradlee's week."
(Reed Irvine, Chattanooga Press, 7/19)

Where The Buck Stops -- "...The former national security adviser may be right that President Reagan knew nothing of the diversion, but he is wrong about where the buck stops. Accountability for his Administration's shameful error rests with the President, who so far has shamelessly shunned it. The President should take the blame not only because he is the top boss. He should accept it because he is at fault."
(Minneapolis Star and Tribune, 7/17)

PRESIDENTIAL PARDON

Let Legal Steps Proceed On Poindexter And North -- "Republican defenders of the Reagan Administration are jumping the gun in urging presidential pardons for Rear Adm. John Poindexter and Marine Lt. Col. Oliver North.... We hope the President has no thought of using his pardon power to cut short the judicial process in this case."
(The Buffalo News, 7/21)

Bronzed Pardons And Other Awards -- "Pardon the heroes of Iranamok? That's the latest brainstorm from the Reagan Administration's more fevered partisans... These guys will go "mano a mano" with Abu Nidal, but when it comes to American democracy and American justice, they'd rather duck the fight."
(TRB, Baltimore Sun, 7/23)

Reagan Should Resist Pat Buchanan's 'Provocative' Advice -- "...If Reagan has suffered any serious reversal in the Iran-contra affair, Buchanan's scorched-earth strategy is precisely the wrong way to make a comeback. What Americans like most of all about Ronald Reagan is that he is not ultra-partisan, not mean-minded and does not regard critics and opponents as cynical and unpatriotic."(Edwin Yoder, Richmond Times-Dispatch, 7/23)

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LETTERS TO THE EDITOR

"'President Oliver North' has a great ring to it.... He knows who can get things done -- and after this experience would be the most honest, open and dedicated President of all."

(John G. Peterkin, Cedar Swap, Newsday, 7/17)

"I think it is a shame that a true American hero, Lt. Col. Oliver North, was interrogated by a pack of liberal Democrats... Lt. Col. North, I salute you."

(Joseph F. Joyce, Hanover, VA., Richmond Times Dispatch, 7/17)

"I fully support Lt. Col. Oliver North and believe his testimony. I also agree with all the actions he took, and I thank him for reminding us all what a dangerous world we live in and that covert activities are a reality and necessity."

(Richard R. Vivolo, Valley Cottage, N.Y., New York Times, 7/17)

"It is disturbing, but not ultimately surprising, to read about the initial extent of the favorable public reaction to Lt. Col. North.... The fact that Col. North believed in what he was doing only magnifies the gravity of his offenses: That belief caused him to substitute his decisions for those of Congress, and so ultimately of the voters."

(Jeremy T. Ross, Haverton, PA., Philadelphia Inquirer, 7/17)

"Lt. Col. Oliver North's stunning victory derives only in part from his astounding courage and integrity.... If the public airing of a national hero's dilemma proves anything, it is that connivery thrives as much in the legislative as in the executive branch of the federal government."

(H.W. Gleason Jr., Shippensburg, PA., Washington Times, 7/17)

"Under the banner of 'patriotism,' North has consistently admitted to the lies he fed to Congress and the American people. He frightens me. Who does he think he is, ignoring our Constitution? The American public had better wake up and realize it is just his kind that will lead us into another Vietnam."

(Kathleen Shortt, Huntington Beach, Orange County Register, 7/13)

"Lt. Col. Ollie North should be extolled for his indomitable and relentless courage in defending himself for his recent actions, that, under the circumstances, were justifiable. If he should be a future candidate for president of our great country, he indubitably merits our support."

(Meyer Nettler, Albany Park, Chicago Sun Times, 7/16)

"It's not a pretty sight to see all the rats deserting a sinking ship and leaving Ollie North to man the pumps. North is from a different era -- he should have crossed the Delaware with Washington, ridden with Paul Revere and made speeches with Patrick Henry."

(Harold E. Redford, Aurora, Denver Post, 7/21)

"The real issue in these hearings is...whether the foreign policy interests of our country can be sustained with a Congress that cares more about preening its own ruffled feathers than preventing the consolidation of a Soviet client state on the mainland of America."

(Leonard Bakker, Berkley, San Francisco Chronicle, 7/15)

-End of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JULY 24, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Geneva Hijacker Threatens To Kill Airliner Passengers -- A lone gunman today threatened to start killing passengers aboard a hijacked DC-10 Air Afrique airliner, unless his demands to fly to the Middle East were met, an airport spokeswoman said. (AP, Reuter, UPI)

IRAN-NICARAGUA

Shultz Says He Was Cut Out -- Secretary Shultz told a congressional panel investigating the Iran-contra affair that he was denied vital information about secret arms sales to Iran and aid to the Nicaraguan contras.

(Christian Science Monitor, Los Angeles Times, New York Times, USA Today, Washington Post, Copley, Newhouse, Scripps Howard)

NATIONAL NEWS

Reagan May Soon Name Texas Judge Head Of FBI -- The Reagan Administration may be close to naming U.S. District Judge William Sessions of San Antonio, Texas, to be the new FBI director.

(Los Angeles Times, Washington Post, Washington Times)

NETWORK NEWS (Thursday Evening)

IRAN-CONTRA -- Secretary Shultz said he was systematically kept in the dark on the Iran arms sale by William Casey and John Poindexter.

AIDS -- President Reagan has named a commission to help define a national policy on AIDS.

PERSIAN GULF -- The U.S. convoy of tankers proceeded uneventfully in the Persian Gulf.



*This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.*

INTERNATIONAL NEWS

AIR AFRIQUE JETLINER HIJACKED

GENEVA -- A gunman hijacked an Air Afrique DC-10 airliner with 163 people aboard today and the plane landed in Geneva after the hijacker demanded that it be refueled, airport authorities said.

Geneva police spokesman Marcel Vaudroz said the gunman threatened to kill passengers if his demands were not met but did not set a deadline. He said the hijacker, about 30 years old, had demanded to be flown to Beirut or Saudi Arabia.

The plane had been on a flight from Rome to Paris.

(AP)

Geneva Hijacker Threatens To Kill Airliner Passengers

GENEVA -- A lone gunman today threatened to start killing passengers aboard a hijacked DC-10 Air Afrique airliner, unless his demands to fly to the Middle East were met, an airport spokeswoman said.

"He's set no deadlines but has threatened to start killing the passengers unless the demands are met," the spokeswoman said. The plane was being refueled in an effort to calm the man, she added.

"The chief of airport security, Roland Troyon, was able to go aboard the plane for a few minutes and saw the armed hijacker," she said.

(Reuter)

African Airliner Hijacked

GENEVA -- A gunman hijacked an Air Afrique DC-10 airliner over Italy today and forced the pilot to land at Geneva airport. Officials at Cointrin Airport said the plane was carrying 148 passengers and a crew of 15.

Armed airport security troops and police were in position before the plane landed because of the pilot's radio message that he would be coming down at Geneva, officials said.

But the security forces stayed some distance from the plane, not getting closer than around 600 feet.

(UPI)

SOVIETS SAY PERSHING BLOCK PACT U.S. Warheads Cited On Short-Range Arms

MOSCOW -- The Soviet Union listed four major obstacles still blocking a U.S.-Soviet agreement to eliminate all medium and short-range nuclear missile arsenals and identified the key hurdle as the American-controlled nuclear warheads for West Germany's 72 Pershing IA short-range missiles.

Western diplomats here predicted that a U.S.-Soviet dispute over the Pershing issue would drag on through the summer and dominate the arms talks in Geneva.

In Washington, White House National Security Adviser Carlucci said that U.S. does not accept the Soviet demand that the 72 Pershing warheads be withdrawn. Senior U.S. officials said that compromises could be reached, however, on the three other issues raised by the Soviets.

(Gary Lee, Washington Post, A1)

Administration Officials Will Hang Tough On West German Pershings

Top Administration officials said they will hang tough on the last major stumbling block to a nuclear arms agreement and reject Soviet demands for elimination of U.S. warheads on West German missiles.

The officials welcomed Soviet leader Gorbachev's acceptance of the worldwide ban on both medium-range and shorter-range nuclear missiles long advocated by Washington.

"We're obviously pleased," said chief American negotiator Max Kampelman.

"I would say to the Soviets, 'Welcome aboard,'" said Kenneth Adelman, director of Arms Control and Disarmament Agency, who indicated an agreement is now 80 percent complete.

But U.S. officials took sharp issue with Soviet demands at the Geneva negotiating table that the ban include U.S.-controlled nuclear warheads on West Germany's 72 aging Pershing IA missiles. A White House official who requested anonymity called it a "non-negotiable issue."

(Matthew Quinn, UPI)

Hopes For Superpower Arms Deal Dampened By Pershing Dispute

GENEVA -- A new Kremlin offer to scrap U.S. and Soviet medium and shorter-range nuclear missiles worldwide appears to meet a basic Washington condition for a superpower arms pact.

But a Soviet demand that U.S. warheads on West German Pershing IA missiles be included in an accord appears to be a major obstacle.

In Moscow, chief Soviet negotiator Yuly Vorontsov, who is First Deputy Foreign Minister, said the warheads represented "a real threat" and the Pershing issue remained a major obstacle to an agreement with Washington.

Echoing Vorontsov's comments, Alexei Obukhov, deputy head of the Soviet team, told reporters at the Soviet diplomatic mission here: "...Our position is that if we want to have a real zero solution on a global scale... the warheads on these (Pershing IA) missiles should go."

(Claude Fillet, Reuter)

U.S. To Offer Soviets Arms Pact Concessions

The Reagan Administration intends to offer several new concessions on a proposed treaty with the Soviet Union eliminating medium and short-range missiles, but will not agree to renewed Soviet demands that the U.S. remove the warheads from 72 aging West German missiles, senior U.S. officials said.

Several senior officials said the three issues on which the U.S. will compromise are: the timing for dismantling medium-range missiles; the question of shifting missiles based in Europe to ships floating offshore; and provisions for on-site inspections required to verify treaty compliance.

(Jeffrey Smith, Washington Post, A18)

Gorbachev Plays To German, Asian Audiences With Arms Offer

MOSCOW -- Mikhail Gorbachev's surprise move to break the negotiating deadlock that had developed around Soviet and American medium-range missiles is the diplomatic equivalent of a three-cushion shot in billiards.

His first target is Asia, where he clearly hopes that his carefully packaged concession of giving up 100 SS20 warheads that the Soviet Union had previously insisted it had to station in Asia will rally public opinion to his side.

The Gorbachev offer to eliminate the SS20s and about 40 shorter range SS12 nuclear systems stationed in Asia is also intended to get U.S.-Soviet relations rolling again on a positive track after a period of stagnation.

The most distant but still an important target of Gorbachev's skillful move would be West Germany, host of the 72 Pershing IA shorter-range nuclear missiles that the Soviets have now clearly identified as the major impediment, in their view, to a global accord eliminating several thousand nuclear warheads. (News Analysis, Jim Hoagland, Washington Post, A19)

U.S. CONVOY NEARS KUWAIT IN QUIET GULF WATERS

KUWAIT -- A convoy of Kuwaiti tankers and their U.S. naval escorts neared Kuwait at the end of a passage through the Persian Gulf as Iran and Iraq continued to refrain from attacks on shipping.

Iran reiterated a pledge to cease attacks on shipping in the gulf provided Iraq did the same. Diplomats in Baghdad said Iraq was unlikely to strike Iranian ships in the immediate aftermath of this week's U.N. Security Council resolution calling for a gulf cease-fire.

(Philip Shehadi, Reuter)

U.S.-Protected Kuwaiti Tankers Reach Halfway Point

KUWAIT -- A convoy of four U.S. warships and two Kuwaiti tankers flying the American flag crossed the halfway mark in their tense, 500-mile passage through the Persian Gulf to Kuwait's oil loading port.

As the convoy steamed up the shallow and sun-drenched gulf, Iranian officials declared that the Kuwaiti petroleum exports aboard the reflagged tankers would be considered "prohibited goods" being transported in support of the Iraqi war effort. Western officials took the Iranian statement to mean that its naval forces might try to intercept future convoys or subject them to guerrilla or suicide attacks.

(Patrick Tyler, Washington Post, A16)

Iranian Jets, Soviet Warship Pass Near Convoy

ABOARD THE USS FOX -- This U.S. Navy convoy on its passage up the Persian Gulf has been approached both by Iranian jet fighters and a Soviet warship.

None came close enough to require deterrent action by the battle-ready American warships, which warned the aircraft away. U.S. Navy Tomahawk jet fighters flyig top cover ofr hte operation also cautioned the Iranian pilots to leave the area.

(James Dorsey, Washington Times, A1)

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Iran Will Not Hit Gulf Ships But Says No End To War With Iraq

BONN -- Iran's foreign minister has pledged that Tehran will not attack shipping the the Persian Gulf as long as its own vessels are not hit but warned there will be no cease-fire in the war with Iraq unless its enemy is universally condemned.

Ali Akbar Velayati told a news conference in Bonn after a hectic series of meetings with West German leaders that the U.N. Security Council resolution calling on Iran and Iraq to stop hostilities was unacceptable. (John Kamfner, Reuter)

Iraqi Foreign Minister Confers With U.N. Chief On Peace Bid

UNITED NATIONS -- Foreign Minister Tariq Aziz of Iraq avoided a commitment to halt attacks on gulf shipping, despite this week's Security Council resolution demanding a cease-fire in the war with Iran.

After an hour-long meeting with U.N. Secretary General Javier Perez de Cuellar, Aziz told reporters Iraq welcomed the council's demand but he stopped short of saying that Iraqi troops would lay down their arms immediately. He said Iran's compliance was a prerequisite. (Reuter)

U.S. Gulf Operation Not Open-Ended But Halt Soon Unlikely

The Reagan Administration's operation to protect Kuwaiti tankers in the Persian Gulf is not an open-ended commitment but is unlikely to end soon, U.S. officials say.

President Reagan's national security adviser, Frank Carlucci, told reporters Washington was continually assessing the threat to shipping in the gulf.

"If the threat seems to abate there is no need for a continued escort," Carlucci said.

Defense Department spokesman Robert Sims, asked later when the convoys might end, said, "I certainly don't see that as a likely possibility in the near future." (William Scally, Reuter)

ISLAMIC JIHAD THREATENS FRANCE

Terrorists Say French Hostages Will Die Unless Demands Met

BEIRUT -- The Iran-backed Islamic Jihad, exerting new pressure against France in a worsening diplomatic crisis over Persian Gulf policy, threatened that no French hostages would "come out alive" unless the group's demands were met.

The statement, accompanied by a photograph of French journalist Jean Paul Kauffmann, kidnapped here in May 1985, disclaimed a previous threat to kill two French hostages made by telephone to news agencies last week.

(Nora Boustany, Washington Post, A20)

PANAMA ACCUSES U.S. OF 'AGGRESSION'

PANAMA CITY -- The Panamanian government struck out at the Reagan Administration accusing the U.S. of having unleashed "a spiral of systematic aggression" against Panama.

A harshly-worded editorial, read over the government-controlled television station, accused Washington of conspiring to destabilize Panama and "strangle the national economy."

The editorial suggested the U.S. was responsible for anti-government protests and echoed allegations by Gen. Manuel Antonio Noriega that Washington's "strategy of destabilization" was part of a plot to scuttle the 1977 treaties under which the Panama Canal is to revert from U.S. to Panamanian control by the year 2000.

(Tom Brown, Reuter)

EDITOR'S NOTE: "France Fails To Woo Both Iran, Iraq," news analysis by Edward Cody, appears in The Washington Post, A16.

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IRAN — NICARAGUA

SHULTZ TESTIFIES HE CONFRONTED REAGAN, BATTLED ADVISERS Officials 'Lied' To President On Arms Sales, Panel Told

Recounting dramatically how he waged a "battle royal" against President Reagan's top advisers, Secretary Shultz testified that he confronted the President after his Nov. 19 news conference and told Reagan he had made "many statements that were wrong or misleading" about the secret U.S. arms sales to Iran.

Testifying in forceful, blunt language, Shultz told the committees that he repeatedly tried to warn the President that he was being "deceived and lied to" by others in the Administration. His main foes, he said, were then-National Security Adviser John Poindexter and CIA Director William Casey.

Occasionally displaying anger, he described how the President's National Security Council staff cut him out of crucial decisions affecting not only the Iran initiative but the secret support for the Nicaraguan rebels.
(Walter Pincus & Dan Morgan, Washington Post, A1)

Shultz's Testimony

Secretary Shultz says deceptive and misleading advice by senior White House aides led President Reagan to approve the sale of missiles to Iran at a time when the State Department was trying to enforce an international arms embargo against the Ayatollah Khomeini's regime.

Shultz named two officials -- John Poindexter and William Casey -- as the persons who kept Reagan "out of the loop" in an effort to cover their actions and to protect themselves in the controversy.

"They had a conflict of interest with the President," Shultz said. "They were trying to use his (Reagan's) undoubted skills as a communicator to have him give a speech and give a press conference and in doing so, he would bail them out."

(Robert Gettlin & Robert Lewis, Newhouse)

Shultz Charges President Was Misled

Secretary Shultz testified that former National Security Adviser John Poindexter and the late CIA Director William Casey fed President Reagan faulty intelligence and deliberately misled the President after the Iran-contra initiative was exposed.

Shultz, during more than six hours of dramatic testimony before the House and Senate select committees investigating the Iran-contra affair, said Reagan reacted "like he had been kicked in the belly" when he learned in December that aides, as part of a deal to win release of the U.S. hostages being held in Lebanon, were considering bartering 17 terrorists being held in Kuwait.

"I developed a very clear opinion that the President was not being given accurate information, and I was very alarmed about it," Shultz said. "And it became the preoccupying thing that I was working on through this period."
(Marcus Stern, Copley)

Shultz Attacks Casey As Secretive, Meddler

The late CIA Director William Casey provided "faulty intelligence" to President Reagan and other Cabinet officers to bolster Casey's own policy ideas, including the arms-for-hostages swap with Iran, Secretary Shultz charged.

In an extraordinarily frank attack on Casey's handling of the intelligence process, Shultz said that the CIA chief meddled in diplomatic efforts, produced unreliable intelligence analyses and attempted to continue negotiations with Iran even after the secret Iranian arms sales were exposed last year.

"I hate to say it, but I believe that one of the reasons the President was given what I regard as wrong information, for example, about Iran and terrorism, was that the agency, or people in the CIA, were too involved in this," Shultz told the congressional committees.

(Doyle McManus, Los Angeles Times, A1)

Shultz Says He Was Cut Out

Secretary Shultz told a congressional panel investigating the Iran-contra affair that he was denied vital information about secret arms sales to Iran and aid to the Nicaraguan contras.

He also testified that President Reagan genuinely seemed to believe that his Administration was not engaged in trading U.S. arms for American hostages held in the Middle East, despite abundant evidence to the contrary.

"The President's view was that this was basically about an initiative to Iran" with wider diplomatic importance, said Shultz, not a straight swap of arms for hostages.

"The only problem is," Shultz said, "when you get down into the dirt of the details, it always comes out arms for hostages."

(Gary Thatcher, Christian Science Monitor, A1)

Reagan Depicted As Prime Force In Sales To Iran

Secretary Shultz portrayed President Reagan as the active force behind the Iran arms sales from their outset until well after the controversy exploded last November, and said Reagan was aware of the details of a controversial 1985 arms shipment to Iran despite his repeated public denials.

The secretary's comments to the Iran-contra panel appeared to conflict with and undermine a number of statements that Reagan has made publicly about the Iran arms sales and his justification for going ahead with them.

(David Hoffman, Washington Post, A1)

Shultz Tried To Quit Three Times, Tried To Warn Prez Away From Scandal

Secretary Shultz said he tried unsuccessfully to resign three times because of "estrangement" from the White House but declared he loyally tried to extricate President Reagan from the Iran-contra scandal.

"I felt I was not longer on the wavelength," Shultz said.

In strongly implied criticism of Reagan, Shultz said it is a mistake to allow the CIA to be involved in both the collection and analysis on intelligence as well as policy-making and implementation.

(Walter Friedenberg & Lance Gay, Scripps Howard)

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Shultz Offered To Quit 3 Times In Last 4 Years

Secretary Shultz, in an unusual public confession, told the congressional Iran-contra committees that he has offered his resignation to President Reagan at least three times as a result of friction with the CIA and White House staff.

All of Shultz's three resignation offers were rejected by Reagan, according to his testimony, and each actually seemed to result in an improvement in the working relationship between the President and the secretary. But there clearly was no end to the bureaucratic turmoil that prompted them. (Sara Fritz & Karen Tumulty, Los Angeles Times, A1)

Shultz's Testimony Leaves White House Mum

Secretary Shultz focused the Iran-contra hearings back to the Oval Office.

Shultz's tale of intrigue, backbiting and infighting among President Reagan's closest aides brought official silence from the White House.

Pressed for their assessment of the impact of Shultz's testimony, White House aides refused to comment or characterize his version in any way. (Jessica Lee, USA Today, A4)

Shultz Proposes To Change System

George Shultz, the secretary of state and veteran of four Cabinet posts, used his testimony before the Iran-contra panel to offer a wide-ranging prescription for solving the structural problems that he said had led to the Iran-contra affair.

As the White House staff has grown in size and power, he said, it has increasingly isolated members of the Cabinet.

The program of change he outlined would tend to enhance the status of his own office.

Shultz strongly recommended that the NSC "should not be anywhere near the size it is now." Equally important, he proposed that its function be restricted to "the job of coordinating" the work performed by the various departments, and that it not be permitted to engage in operational tasks. (Clifford May, New York Times, A8)

Shultz: Compelling And Bracingly Blunt

George Shultz came alone, with not lawyers beside him and no prepared opening statement to deliver. His solitary appearance, and the solemn, blunt manner in which he testified, gave special impact to his description of the way he and his department had been deliberately isolated during the Iran-contra affair.

Shultz's directness and his willingness to admit that his Administration had produced a diplomatic and political fiasco lent more weight to the story he told. The committees listened with rapt attention to his accounts of repeatedly attempting to warn the President and key officials about the damaging consequences of trading arms for hostages and of presenting a false account of those transactions to Congress and the American people -- and of repeatedly being rebuffed and misled by officials, most specifically John Poindexter and the late Director of Intelligence William Casey.

(News Analysis, Haynes Johnson, Washington Post, A6)

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CARLUCCI TELLS OF BRIEFING PRESIDENT

National Security Adviser Carlucci said that he gives President Reagan "more rather than less" information -- even "more than he wants" -- in contrast to his predecessor, John Poindexter, who said he deliberately withheld information on Iran-contra developments from the President.

Carlucci, during a rare on-the-record session with reporters, said he meets with Reagan for 30 minutes every day, twice as long as did Poindexter....

Carlucci also said the Reagan Administration's new philosophy about covert action consists of three rules: An action should be a "tool of last resort." "More important, it should be part of a broader policy." It should have a specific "time frame," or duration, rather than run indefinitely.

(Robert Toth, Los Angeles Times, A14)

Aides Say New Procedures Will Prevent Policy Secrets

White House officials say new procedures are in place to prevent the isolation from policy decisions that Secretary Shultz described in testimony before the congressional Iran-contra committees.

Without commenting directly on Shultz's assertions, the officials suggested that the flaws he described had been remedied by changes in how President Reagan is advised and how the White House operates.

One senior presidential aide described the new procedures as "double-safe arrangements" designed to prevent any senior official with direct access to the President from promoting policies unknown to other top aides.

Under new procedures, National Security Adviser Carlucci, who has direct access to the President, has an informal agreement with Chief of Staff Baker not to meet alone with Reagan. Baker follows the same arrangement.

In addition, when Shultz or Secretary Weinberger meet with the President, both Baker and Carlucci are present, a senior White House official said.

(Gerald Boyd, New York Times, A8)

WHITE HOUSE IS NEAR PACT WITH KEY LAWMAKERS ON NOTIFICATION PROCEDURES ON COVERT OPERATIONS

White House aides, reacting to the Iran-contra hearings, think they are near an agreement with key lawmakers on procedures requiring more prompt notification of Congress about sensitive covert operations and blocking the use of covert operations to bypass laws.

Both Administration aides and lawmakers caution that important details still need to be worked out. Also, it's far from clear that pledges from the Administration will be enough to head off new legislation governing covert actions, which has been proposed by important House members who aren't involved in talks with the White House.

(Gerald Seib, Wall Street Journal, A40)

SURVEY: NO GAINS FOR CONTRAS

Oliver North's impassioned plea for Nicaragua's rebels apparently moved the public more than Congress.

A survey of all but eight members of the House and Senate this week shows that North's salesmanship failed to draw more contra votes on Capitol Hill.

In the Senate, 42 are for contra aid, 43 against and 14 undecided with one senator not replying to the survey. On Aug. 13, when the Senate passed \$100 million in contra aid, 53 voted for it, 47 against.

In the House, 182 are for contra aid, 196 against and 49 undecided, with 7 not responding. One seat is vacant. On June 25, 1986, when the House passed the contra aid bill, 221 voted for it, 209 against.

(Paula Schwed, USA Today, A1)

Support For Contra Aid Continues To Increase

Support for aid to the Nicaraguan contras continued to increase in the last week, but the latest New York Times/CBS News poll, taken Tuesday and Wednesday, still shows 49 percent of the public opposed and only 40 percent in favor.

Meanwhile, the poll found that overall support for President Reagan's handling of foreign policy has increased considerably.

(New York Times, A9)

EDITOR'S NOTE: "Excerpts Of The Testimony Of Secretary Shultz," appears in The Washington Post, A8.

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NATIONAL NEWS

FEDERAL JUDGE IN LINE FOR FBI DIRECTORSHIP

President Reagan is expected to offer the directorship of the FBI to William Sessions, chief judge of the U.S. District Court for the western district of Texas, informed sources said.

At least two candidates recommended by Attorney General Meese for the job turned it down, but Sessions is expected to accept the nomination. He said in a March 17 interview with Texas newspapers that the FBI post would be "the greatest challenge."

The initial reaction from the FBI, which has been without a director since May 19, when William Webster was confirmed as director of the CIA was positive. "He's known for his stiff sentences in the Wood case [In 1982-83 Sessions presided over two trials stemming from the slaying of U.S. District Court Judge John Wood]," said one FBI source. "He's a pro-law-and-order person. He's definitely considered a friend of the bureau."

(Lou Cannon & Mary Thornton, Washington Post, A1)

U.S. Judge May Be Named New FBI Chief Today

William Sessions, a federal judge in Texas with a tough "law and order" reputation, has emerged as the leading candidate to the director of the FBI and could be nominated as early as today, Reagan Administration sources said.

Sessions, 57, will be interviewed today by Attorney General Meese, sources said. "If that goes well, they'll take him to see the President, and it's a done deal," one senior official said.

(James Gerstenzang & Ronald Ostrow, Los Angeles Times, A1)

Reagan May Soon Name Texas Judge Head Of FBI

The Reagan Administration may be close to naming U.S. District Judge William Sessions of San Antonio, Texas, to be the new FBI director.

Sessions is scheduled to meet with Attorney General Meese in WASHINGTON for a meeting which was described by officials as a "make-or-break" interview for the FBI post.

The judge was reported to have said that he would accept the 10-year post if offered.

(George Archibald, Washington Times, A6)

AIDS PANEL APPOINTED BY REAGAN President Visits Ill Children At NIH

President Reagan appointed a 13-member commission to advise him on combatting AIDS and then went to NIH to dramatize his concern about the spread of the disease.

At NIH Reagan visited briefly with four children suffering from AIDS -- the first time the President has met AIDS patients -- and toured an AIDS laboratory. In remarks introducing his panel, Reagan referred to "the death by AIDS of friends and former associates" whom he did not name and pledged to "one way or another...beat this deadly disease."

(Sandra Boodman, Washington Post, A1)

Reagan Challenges Diverse New AIDS Panel To Use Common Sense

A diverse new AIDS panel has a challenge from President Reagan to use "a good strong dose of common sense" to help stop the spread of the disease.

"What we need right now... is a good strong dose of common sense," Reagan said. "It seems to be common sense to recognize that when it comes to stopping the spread of AIDS, medicine and morality teach the same lessons."
(Jill Lawrence, AP)

Mixed Reaction To President's AIDS Panel

President Reagan's newly appointed AIDS commission was criticized by gay rights and AIDS victim advocates as being unqualified, too right-wing and even hostile to persons with the disease.

Ann McFarren, executive director of the AIDS Action Council, termed Reagan's panel selections "wishy-washy, reactionary and unconscionable."

Conservatives, meanwhile, generally praised the choices for the panel, but sharply criticized the selection of one open homosexual, Frank Lilly.
(John Hanrahan, UPI)

SENATE FAILS TO PASS DEBT LIMIT EXTENSION

The Senate struggled to agree on a debt limit extension to keep government from default, voting down two competing proposals that would have hitched budget reform provisions to the bill.

Lawmakers cast their first ballot, 71 to 25, against a plan by Senate Budget Committee Chairman Lawton Chiles.

Later, they refused even to take a formal vote on a competing plan drafted by the panel's ranking Republican, Sen. Pete Domenici and an author of the Gramm-Rudman balanced budget law, Sen. Phil Gramm. The Senate voted 49 to 47 not to waive a parliamentary bar against consideration of the bill.
(Linda Werfelman, UPI)

Democrats' Budget Plan Fails In Senate, 71 To 25; Threat Of U.S. Treasury Default Looms

The Senate strongly rejected a Democratic proposal to put the bite back into the Gramm-Rudman-Hollings balanced-budget law, crimping, at least temporarily, the Democrats' strategy for forcing a budget compromise with the Reagan Administration.

A competing Republican proposal -- offered after attempts to forge a bipartisan plan for restoring the law's automatic spending-cut mechanism broke down on Wednesday -- also appeared headed for defeat last night.

Rejection of both plans to reinvigorate the 1985 deficit reduction measure was expected to lead to renewed negotiations on a bipartisan compromise, with the threat of an unprecedented U.S. default on its securities hanging over Congress.

(Tom Kenworthy, Washington Post, A14)

BIDEN, DOLE DEBATE BORK NOMINATION

Gently exchanging quotations from Alexander Hamilton, two presidential contenders who will play major roles in the fight over the Supreme Court nomination of Appeals Court Judge Robert Bork disagreed on how the Senate should deal with the issue.

Senate Judiciary Committee Chairman Joseph Biden...accused President Reagan of attempting to "remake the court in his own image" through the Bork nomination and said the Senate has an obligation to consider Bork's overall "judicial philosophy and the consequences for the country" should he be confirmed.

Senate Minority Leader Robert Dole...replied that any consideration of Bork's views on "specific political and social issues" would "offend common sense (and) be horribly shortsighted."

"The stark -- and to his opponents disconcertion -- fact is that Judge Bork's views are well within the acceptable range of legal debate and, if presidential elections mean anything at all, are probably much closer to the mainstream of American thought than that of most of his political critics," Dole said. (Edward Walsh, Washington Post, A3)

Bush, Dole Contend Bork's Views Popular

The battle over Judge Robert Bork's nomination to the Supreme Court intensified with Senate Minority Leader Robert Dole and Vice President Bush arguing that the nominee's views are closer to those of most Americans than are the opinions of his outspoken liberal opponents.

Meanwhile, in an interview with The Washington Times, Sen. Joseph Biden...strongly criticized Judge Bork for his legal "rigidity," which, he said, should keep him from joining the high court.

But Bush said at the White House: "I find it ironic that Senator Biden...would take issue with Judge Bork's judicial philosophy. That philosophy is one of judicial restraint, and what that means above all else is that Congress should make the laws, not the court."

(Michael Fumento & Christopher Simpson, Washington Times, A2)

In Interview, Bork Contends He Is Open-Minded Pragmatist

Supreme Court Nominee Robert Bork -- branded by some opponents as a dogmatic conservative -- contended that he is an open-minded pragmatist.

In a wide-ranging interview with the St. Louis Post-Dispatch, Bork said his opinions as a federal appeals judge for the past five years did not line up "on a political axis."

Asked to describe his philosophy, Bork chafed at the term "conservative" and instead cited "continuity. Sort of a pragmatic approach to legislation and so forth. Traditional values."

(Robert Koenig, Scripps Howard)

Senate Should Consider The Opinion Of High Court Nominees, Poll Finds

Americans say the Senate should attach a great deal of importance to a Supreme Court nominee's positions on constitutional issues in weighing confirmation, the latest New York Times/CBS News poll shows.

The poll also found that Americans have yet to form a clear opinion of Judge Robert Bork....

Over all, the telephone survey of 745 adults on Tuesday and Wednesday indicated that both the President and his opponents in the Senate have a great deal of maneuvering room in shaping public opinion in the struggle over the nomination. (E.J. Dionne, New York Times, A12)

INTERIOR DEPT. UNVEILS ALASKA LAND-SWAP PLAN

The Interior Department disclosed details of a secretly negotiated plan to give mineral rights on more than 160,000 acres of potential oil lands in the Arctic National Wildlife Refuge to native corporations in return for surface rights on nearly 900,000 acres of native-held land in other Alaskan refuges.

Congress has not authorized oil drilling in the Arctic refuge, and Interior officials said the proposed exchange would not take place without congressional approval.

But the proposal has added a new layer of controversy to the debate over energy exploration in the refuge, which Interior officials regard as the nation's brightest prospect for a major oil strike and conservationists view as a fragile and irreplaceable wildlife preserve.

(Cass Peterson, Washington Post, A14)

MEESE'S LINKS TO WEDTECH SCANDAL COULD HURT GOP, COST HIM HIS JOB

Investigations into the finances of Attorney General Meese and the growing criminal and civil quagmire involving his associates could cost Meese his job and politically damage Republicans, Administration sources say.

"When these indictments start coming down and he is called to testify, it won't matter whether what he did was legal or ethical," said one Administration official. "He'll be pictured as part of the whole sleazy operation, and it's the President and Republican candidates generally who will be hurt."

(George Archibald, Washington Times, A1)

NOFZIGER PLEADS NOT GUILTY TO ETHICS CHARGES

Former White House political director Lyn Nofziger pleaded not guilty to six felony charges that he violated federal ethics laws by lobbying the Reagan Administration on behalf of Wedtech Corp., Fairchild Industries and a marine engineers union.

After a brief appearance before U.S. District Court Judge Thomas Flannery, Nofziger and Mark Bragg, his partner in their public relations firm, who pleaded not guilty to a single charge of aiding and abetting Nofziger, were released on personal recognizance. Trial was set for Nov. 16.

(Mary Thornton, Washington Post, A4)

NETWORK NEWS SUMMARY

(Thursday Evening, July 23, 1987)

IRAN-CONTRA HEARINGS/SHULTZ TESTIMONY

NBC's Chris Wallace: In the long ten weeks of the Iran-contra hearings, today's session was one of the most remarkable. The Secretary of State, describing life inside the cabinet -- with officials lying to each other waging what he called a "battle royal" for the mind of the President. Shultz said some of his former colleagues used the President to protect themselves.

NBC's John Dancy: Shultz, the President's top foreign policy adviser, said he was systematically kept in the dark on the Iran arms sale by National Security Adviser John Poindexter and CIA Director William Casey. Shultz said he had opposed the sale from the beginning because it was an arms-for-hostages deal. He testified that after the deal became public last Nov., Poindexter and Casey insisted President Reagan make a speech portraying the deal as an opening to Iran.

(Shultz: "And they were trying to use his undoubted skills as a communicator to have him give a speech and give a press conference and say these things and in doing so, he would bail them out.")

Mr. Reagan gave the speech Nov. 13th. It has since been shown to be have been riddled with misstatements and inaccuracies.

(Shultz: "Now this was a very traumatic period for me because everybody was saying I'm disloyal to the President and not speaking up for the policy. And I'm battling away here. And I could see people were calling for me to resign if I can't be loyal to the President. And I frankly felt that I was the one who was loyal to the President because I was the one trying to get him the facts so he could make a decision. And I must say...absorb these he did. He made the decision that we must get all these facts out. But it was a battle royal.")

Shultz said the President intended to use a news conference Nov. 19th to get the facts about the arms sales out. That, too, was filled with misstatements. Shultz said he went to Mr. Reagan to tell him he was wrong.

(Shultz: "And there was a long, tough discussion -- not the kind of discussion I ever thought I would have with the President of the United States. But it was 'back off' all the way. The gist of it was that there were things that he had been given as information from the people who were briefing him and providing him with the information in the press conference preparatory session, that were not, in my view, correct. And I didn't think that the people doing that were serving the President. In fact, I know they weren't serving the President.")

The Tower Commission report had criticized Shultz and Defense Secretary Weinberger for intentionally distancing themselves from the Iran arms sale. Adm. Poindexter testified Shultz and Weinberger wanted it that way.

(Poindexter on July 17: "I didn't withhold anything from them that they didn't want withheld from them.")

Dancy continues:

(Shultz: "What I did say to Adm. Poindexter was that I wanted to be informed of the things I needed to know to do my job as Secretary of State, but he didn't need to keep me posted on the details, the operational details of what he was doing.")

Shultz said that for much of his time as Secretary, a kind of guerrilla warfare went on with some White House staffers. It so irritated Shultz he tried three times to resign -- once when a White House staff member refused to give approval to use an airplane for Shultz's trips abroad.

(Shultz: "And so I told the President -- I said, 'I'd like to leave and here's my letter.' And he stuck it in his drawer. He said, 'You're tired. It's about time to go on vacation. And let's talk about it after you get back from vacation.' So I said, 'Okay.' And I guess everybody knows what happened.")

Shultz received high praise from Senator Rudman...

(Rudman: "I do not believe that heroes are people who deceive their President. I do not believe that heroes are people who protect themselves at the risk of their President. I believe the real heroes are people who speak up to their President, make their views known and are willing to take great personal risks in confronting their President who they are loyal to, to give him the best possible advice that he can get. You are such a hero, Mr. Secretary.")

So Shultz says he was kept in the dark about a major foreign policy initiative. Some committee members find that astonishing -- both that it happened and that Shultz did not prevent it happening.

Wallace: ...Sen. William Cohen is a member of the committee investigating the scandal. Senator, after what you heard today, do you view Shultz as a victim, or should he have done more?

Cohen: "Well, I think it's clear that from the very beginning -- July of '85 into Nov., Oct. of '85, Dec. '85, Jan. '86, he made a very vigorous presentation and argument against allowing the sales of weapons to Iran and he was unpersuasive to the President. At that point, I think, he made it clear that there was such a feeling of paranoia within the Administration that he had been perhaps suspected of leaks because he wouldn't agree to set up a policy practice for the State Department -- that he in fact took the State Department out of the operational details. So I think we will talk a bit about that tomorrow, but I think it's understandable given the circumstances under which he had to function."

Wallace: You've heard a lot of bad things about the Reagan Administration over the last few weeks. Were you surprised today to hear just how bad it was?

Cohen: "Well, I think today's testimony has to be ranked as the most extraordinary certainly that I've heard in my 15 years in Congress. To have a Cabinet member come before the committee to take us backstage as it were behind the White House doors and I think it was an extraordinary story to be told. I think we all know that there is always a power struggle that takes place within any Administration. This one is no exception. But I think the degree of pettiness that was revealed in the power struggle was surprising to most."

(NBC-Lead)

ABC's Peter Jennings: It really was one of those rare occasions in education in government -- both good and bad. For almost six hours today on Capitol Hill the Secretary of State described what he went through as he tried to prevent the Reagan Administration from trading arms to Iran in return for hostages. And time again today we heard that George Shultz was kept in the dark, deceived, as he put it, cut out of the decision-making process by members of the President's national security staff. The Secretary of State was eager to tell his story.

ABC's Brit Hume: Shultz had been accused of failing to support the President on Iran and of failing to oppose him enough. Either way, many said he should have quit. Shultz had waited a long time for this, and he was ready, especially to give his side of what happened just after the Iran arms sales came to light last November. Shultz said National Security Adviser Poindexter and CIA chief Casey were the main figures on the other side of that battle in which Shultz sought to get control of Iran policy and declare an end to arms sales. On Saturday, Nov. 15, he tried to get to that [message] passed to the President through Chief of Staff Regan.

(Shultz: "I knew that Don Regan would probably get a word with him so I wrote it out and I gave it to Don. I said, 'See if you can't get this cleared.' And he said 'No.' I -- I felt he agreed with me, but he said 'I can't make it.'")

So the next day, on a Sunday TV talk show, Shultz had to say he did not speak for the Administration on Iran.

(Shultz: "It was a sad day, for me -- very sad. But it was the truth. However, the next day the White House put out the word I did speak for the Administration and there would be no more arms sales to Iran.")

(TV coverage: President in the Oval Office, Nov. 13, 1986.)

Shultz said the President always saw the Iran initiative as a diplomatic opening, with hostages and arms as a secondary matter.

(Shultz: "It's perfectly possible to see it exactly that way. The only trouble is, as you look at particular things that happened when you get down into the dirt of the operational details, it always comes out arms for hostages.")

(TV coverage: President preparing to address press conference in East Room.)

But Shultz put the blame for the policy and for presidential misstatements about it on others, not on Mr. Reagan himself.

(Shultz: "His judgment is excellent when he's given the right information. And he was not being given the right information. And I felt as this went on that the people who were giving him the information were -- in a sense had a -- I think I even used the word with some of my advisors, they had a conflict of interest with the President.")

Yet even after Shultz thought he had gotten control of Iran policy, he discovered another arms sale was contemplated, part of a possible hostage release deal, with a so-called Iranian second channel. Those second channel talks also involved an effort to free the terrorist bombers held in a Kuwaiti jail -- the so-called Dawa prisoners -- something the Administration said it would never support. Shultz went to see the President at the White House.

Hume continues:

(Shultz: "And I told the President the items on this agenda, including such things as doing something about the Dawa prisoners, which made me sick to my stomach that anybody would talk about that as something we would consider doing. And the President was astonished and I have never seen him so mad. He's a very genial, pleasant man, and doesn't -- he's very easygoing. But his jaw set and his eyes flashed and both of us, I think, felt the same way about it.")

Shultz said he had offered three times to resign in his five years as Secretary, each time being refused by the President. The most recent was last August, and Iran policy was the main reason.

(Shultz: "But it was because I felt a sense of estrangement. I knew the White House was very uncomfortable with me. What I have learned about the various things that were being done, I suppose, explains why. And I was not in good order with the NSC staff and some of the others in the White House. I had a terrible time. There was a kind of guerrilla warfare going on.")

Shultz refused to board the Oliver North bandwagon, saying that while North may have helped aid the contras, the deception he and others practiced to do it was not justified. The Secretary seems well on the way to becoming these committees' favorite witness.

Jennings: I think you touched a bit on it, but take it a bit farther. Favorite witness -- what's the real impact in the long run?

Hume: I think that he is saying most of the things that many on these committees have been wanting to hear about the failure of the normal processes to work, about how the people who were supposed to be advising the President to make the key decisions were cut out of it. He has one important challenge ahead of him -- he got started on it a little bit today -- and that is defending his Assistant Secretary for Central America and other affairs in that region -- Elliott Abrams. Abrams had a tough time up here, many members of the committees are after him; the Secretary will have his work cut out for him to change their minds.

Jennings: What's the impact on the White House. We would surmise, at least, that the President might be pleased and the staff furious.

ABC's Sam Donaldson: Actually, I haven't talked to the President, but I've talked to some of the key advisors here and they are not pleased with Shultz' testimony, although they say they understood he had to give it. Said one, "He did about as well as he could under the circumstances." But they're not pleased because he painted a picture of a President who wanted to go ahead with arms sales when he, Shultz and others, said it was a bad idea; and of a President who was content to have his chief foreign policy adviser, Shultz, cut out of the loop. And finally, last November, under the best of circumstances, a President who had been duped and didn't know what had been done in his name; or under the worst of circumstances, last November, a President who was resisting Shultz' efforts to get the facts out.

Jennings: In light of what the Secretary said about how the President's jaw set about trading arms for the Kuwaitis -- or even bring pressure on Kuwait at one point -- why would the President want him cut out of the loop?

Donaldson: It was the policy, I suppose. And it's always convenient, once you make a decision, if people won't back that policy, not to tell them much about it. Of course Shultz told a story today as to why he said to Poindexter, "I want to know the important things but not the details." Because he understood that if you get accused of leaking in the Reagan White House, your throat is cut. (ABC-Lead)

CBS's Dan Rather on Capitol Hill: Secretary of State George Shultz today detailing lying, deceptions, double-dealing and backside covering in the upper reaches and inner sanctums of the Reagan White House. He testified that most of it happened as a desperate cover up conspiracy began unraveling. Shultz said some of it made him sick to his stomach. He contradicted much of the story Adm. John Poindexter told and some of what Col. Oliver North said. Shultz talked about his own threats to resign.

CBS's Phil Jones: Secretary of State George Shultz took the oath today, sat down at the witness table alone and provided the most riveting and gripping testimony yet -- including disclosure that he has submitted his resignation on three occasions over policy and fights with other government officials. His last resignation was Aug. of last year.

(Shultz: "It was because I felt a sense of estrangement. I knew the White House was very uncomfortable with me. I had a terrible time. There was a kind of guerrilla warfare going on on all kinds of little things.")

Shultz described a battle royal between himself and two of the President's key advisers -- CIA Director Casey and Adm. John Poindexter.

(Shultz: "I developed a very clear opinion that the President was not being given accurate information. And I was very alarmed about it. And it became the preoccupying thing that I was working on through this period. And I felt that it was tremendously important for the President to get accurate information so he could see and make a judgement...")

Shultz told repeatedly how he had objected to the entire arms sales on policy grounds.

(Shultz: "When you get down into the dirt of the operational details it always comes out arms for hostages. And, at least as I saw it right from the beginning, that was what was going to happen. And that's why I objected to it so much.")

Shultz, who usually refuses to disclose his conversations with the President, described in intimate details very blunt meetings he and Secretary of Defense Weinberger had with the President, including a session in Dec. 1985 in an attempt to kill the arms sales.

(Shultz: "The President, I felt, was somewhat on the fence, but rather annoyed at me and Secretary Weinberger. I think Secretary Weinberger started off by saying something like, 'Are you really interested in my opinion?' And then the President said, 'Yes.' And so he gave it to him. And so did I.")

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Jones continues:

According to Shultz, the President expressed frustrations with warnings that the sales were also illegal.

(Shultz: "He said, 'Well, the American people will never forgive me if I fail to get these hostages out over this legal question,' or something like that.")

Finally, on Sat., Dec. 13, 1986, Shultz, in desperation, called the White House, but had trouble getting through.... The Secretary went to the family quarters of the White House and told the President about promises that North and others had made to the Iranians, including a proposal to swap 17 Shiite terrorists being held in Kuwait.... According to the Secretary, he was under heavy pressure to go along with what he called "misleading press guidance" indicating that the cabinet supported the President on everything. Shultz refused.

(Shultz: "I didn't want to become one of Adm. Poindexter's compartments. I wanted to get this out where I could see it for myself and get it managed right.")

Shultz told of agonizing before he went on "Face The Nation" where he knew he would be asked about the policy of continued arms sales.

(Shultz on "Face the Nation": "Under the circumstances of Iran's war with Iraq, its pursuit of terrorism, its association with those holding our hostages, I would certainly say, as far as I'm concerned, no.")

Stahl: "Do you have the authority to speak for the entire Administration?"

Shultz: "No.")

(Shultz: "And I had to say, 'No, I don't.' It was a sad day for me -- very sad. But it was the truth....")

Others have portrayed Shultz as a man who chose not to know what was going on. But the Secretary today painted a picture of key aides deceiving the President and he is the first witness to accuse people in the CIA of being too involved.

CBS's Bill Plante: President Reagan had no public reaction to the testimony of his Secretary of State though he was reported to have observed later to an aide, "George is doing the best he can." But the picture Shultz sketched was one of the Reagan Administration at war with itself. The CIA Director and the National Security Adviser deliberately deceiving the President and freezing the Secretary of State out of vital details of the Iran arms deal.

(Sen. Sarbanes: "I find it incredible that the Secretary of State was dealt out of even knowing that the President had signed these findings with respect to the transfer of arms to Iran.")

(Sen. Mitchell: "It certainly was a truly incredible degree of internal deception within the Administration.")

Shultz also described a White House in which the President did nothing to stop the so called guerrilla warfare and allowed vital decisions to be made without his participation.... The first reaction from some inside the Reagan White House today was to dismiss Shultz's testimony as self-serving although they later were at great pains to deny that anyone really is upset. The question that they really can't answer though is why the President never told Shultz what was going on.

Rather: A new CBS News poll out today indicates a majority of the American people -- 53 percent -- still believe President Reagan was lying when he said he didn't know that money from the sales of arms to the Iranians was being diverted to Central America. (CBS-Lead)

NBC's John Chancellor's commentary: George Shultz has been Secretary of State for five years. He's one of the most impressive men in Washington. He's had a long and honorable career in government, so it came as a real shock today when he said he had tried to resign in 1983, in 1985 and in 1986. What he said tells us something important about the Reagan White House and about George Shultz himself. When he was Secretary of Treasury in the Nixon year, he fought the White House over a lie detector order and President Nixon called him a "candy ass." He stayed on. In 1983, in the Reagan years, he learned that a White House aide was sent on a secret trip to the Middle East without his knowledge. He told the President -- when you send someone out on a trip like that I'm done. The President asked him to stay on and he did. In 1985 over another dispute...he offered his resignation again; it was refused.... Finally, in 1986, when a 35-year-old White House staffer was denying him the use of an airplane...he tendered his third resignation. The President said, "Let's talk later." And he stayed on. With all respect to Secretary Shultz, if you threaten to resign three times and don't follow through, your threats don't mean very much. Beyond that Shultz's testimony today gave us a devastating picture of the Reagan White House -- guerrilla warfare, a battle royal to fight through the advisers, a description of William Casey and John Poindexter as the bad guys, and worst of all Shultz's own humiliation. He is the senior member of the President's cabinet. After what he said maybe he should resign for the fourth time and make it stick. (NBC-8)

AIDS COMMISSION

Jennings: President Reagan has named the commission, including a gay activist, to help define a national policy on AIDS. Mr. Reagan spoke at the laboratory near Washington where the AIDS virus was first isolated.

(TV coverage: Still photo of the President).

ABC's Kenneth Walker: President Reagan came to the National Institutes of Health to launch a new campaign against AIDS. Mr. Reagan set the stage with his first known visit to an AIDS patient, a 14-month-old child.

(TV coverage: The President with AIDS patient).

The President then presented his new and diverse commission on AIDS.

(The President: "I hope the commission will help us all put aside our suspicions and work together with common sense against this common threat.")

(TV coverage: President speaking before the AIDS panel.)

The suspicions likely will be substantial. One member, Illinois state Representative Penny Pullen, is a supporter of anti-gay hardline Phyllis Schlafly. Conservative Cardinal John O'Connor's criticism of homosexuality almost certainly guarantees a clash of views less gentle than the one shown here with Dr. Frank Lilly, a Manhattan geneticist and avowed homosexual and gay activist.

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Walker continues:

(Lilly: "I suspect that the Cardinal and I may have some differences of opinion, but we will discuss them.")

Lilly's appointment was hotly contested within the President's staff and was denounced today by some of Mr. Reagan's conservative supporters.

(Sen. Humphrey: "The President should not be placing in positions of high visibility persons who are active and self-acknowledged homosexuals.")

For a group with a mandate to chart a national policy on AIDS, the commission make-up is a virtual prescription for contention.

(ABC-6)

Wallace: Since 1981 more than 20,000 Americans have died of AIDS. Today President Reagan named a 13-member commission on AIDS and gave the group 90 days to come up with a preliminary report on where research on AIDS stands.

NBC's Andrea Mitchell: The White House released this picture of the President holding a child suffering from AIDS to help dispel unwarranted fears about the disease, to persuade people that they should not be afraid of contact with AIDS victims.

(TV coverage: Still photo of the President and child.)

After visiting a government research laboratory and the children's ward, Mr. Reagan vowed not to rest until a cure is found.

(TV coverage: The President looking into a microscope in the lab.)

(The President: "And after the visit to the ward today and after the death by AIDS of friends and former associates, this is my prayer -- one way or another, whether by breakthrough or steady progress, we will beat this disease.")

To lead the White House effort, he appointed a commission that is supposed to help researchers, patients and local officials trying to contain the epidemic. Overruling strong objections from conservatives, Mr. Reagan named a homosexual to the panel -- geneticist Dr. Frank Lilly. His appointment outraged one Senator who believes homosexuality is immoral.

(Sen. Humphrey: "It's unsanitary. It's immoral in my opinion and the consequence of this unnatural practice is AIDS.")

(Dr. Lilly: "I think the President was well advised to put a gay on the commission. I think there would have been a terrible hulabaloo from the main people influenced by this disease if he had not.")

The President's family intervened to reverse an earlier staff decision to exclude homosexuals from the commission. Dr. Lilly believes that Nancy Reagan played a major role. It was her brother, Dr. Richard Davis, who recommended Dr. Lilly for the post. And the Reagan's son, Ron Jr., who has recorded public service announcements about AIDS, has said he's given his father a lot of flack about the issue.

(Ronald Reagan Jr. in PSA: "Write to your congressman, or write to someone higher up.")

White House polls show that AIDS is a powerful political issue. So despite criticism of the new commission, White House officials believe they will at least get credit for trying to do something about a disease that has terrified so many people.

(NBC-5)

Rather: President Reagan said today he was remembering the death by AIDS of friends and former associates as he named Dr. Frank Lilly, a N.Y. geneticist and a homosexual, to a 13-member commission that will help map national strategy trying to combat AIDS.
(TV coverage: The President with the commission.) (CBS-8)

PERSIAN GULF

Wallace: The U.S. convoy of tankers in the Persian Gulf proceeding uneventfully today. At this hour the tankers are half way between the Strait of Hormuz and Kuwait. They are scheduled to arrive in Kuwait tomorrow. The first pictures have been received from the U.S. fleet.

NBC's Rick Davis reports on today's progress of the tankers. By tomorrow the tankers should be docked in Kuwait and the warships waiting outside Kuwaiti territorial waters. In 3-5 days they will be ready for the equally dangerous journey back down the Gulf.
(NBC-3, ABC-2, CBS-4)

ARMS CONTROL

Wallace: In Geneva today, the U.S. was formally presented with Soviet General Secretary Gorbachev's proposal to eliminate all medium and short-range nuclear missiles worldwide. The Soviets said a quick agreement is possible, but warned that the U.S. first must drop plans to keep Pershing missile warheads in West Germany. At the White House, Gorbachev's proposal was viewed as a boost to the superpower accord on nuclear weapons and to a summit with President Reagan.
(NBC-4)

CBS's Mark Phillips in Moscow: In Geneva today the Soviets made their latest proposal official -- they offered to eliminate the 100 warheads they had previously wanted to keep in Asia. In Moscow, the Soviets' top arms negotiators were saying they now hoped an agreement on medium-range missiles was possible and soon.... The agreement they say could be signed at a Reagan-Gorbachev summit meeting, but the Russians also established some conditions that throw obstacles in the way of an agreement. The most important of those conditions -- the scrapping by the U.S. of 72 of its warheads for West German Pershing 1-A missiles. The U.S. says this is not negotiable....
(CBS-3)

Jennings: The Soviets put their latest arms control proposal on the table in Geneva today. Their chief arms negotiator said the Soviet call for a complete ban on short and medium-range missiles could open a way for an arms agreement within 60 days.
(ABC-3)

FBI DIRECTOR

Jennings: There are indications tonight that finally there may be a new director of the FBI to replace William Webster. He's from Texas (and) he's a judge.

ABC's Tim O'Brien: No offer has yet been made, but well-placed sources confirmed today that 57-year-old William Sessions, a former Justice Department official and now federal judge, is the heir apparent to the FBI.

(Sessions: "They probably think I'm indicted (laughter), or something like that.")

The nomination would surely please Texas Senator Phil Gramm, who personally intervened on Sessions' behalf.

(Gramm: "I recommended him because I believe in him. He has the experience, the knowledge and the character to do the job that needs to be done.")

As a judge, Sessions tended to side with the government in criminal cases and against the news media. But he refused to stop a local newspaper from printing the names of 3,000 patrons of a San Antonio bordello.... Sessions had always been in the running.... He's to meet with Attorney General Edwin Meese tomorrow morning. Sources say barring any unforeseen developments, one of the FBI's lengthiest and most important manhunts, apparently, is over. (ABC-4, CBS-6)

BORK

Rather: A vote is not expected until October, but they are already counting heads in the Senate on President Reagan's nomination of Robert Bork to the Supreme Court. Democratic leaders said today that their count shows 45 for, 45 against, 10 undecided. CBS News and the New York Times have been counting heads among the American people on the Bork nomination.

CBS's Lesley Stahl: The poll shows that an overwhelming number -- more than 3/4 -- have not yet made up their minds about Robert Bork. But unlike the President, the public thinks that Bork's conservative opinion should matter on whether he is confirmed. In the poll of 745 people conducted Tuesday and Wednesday, most feel it's proper, if not necessary, that a President consider a Supreme Court nominee's positions on the issues. But they also give the same right to the Senate to consider more than just his legal qualifications.... On abortion the poll shows a majority favors freedom of choice.

Abortion -- Freedom of Choice

Favors:	52%
Oppose:	41%
No Opinion:	7%

But the same majority opposes affirmative action for blacks.

Affirmative Action

Favors:	41%
Oppose:	52%
No Opinion:	7%

Stahl continues:

...Both sides feel they can effectively use the legitimate power of persuasion. Whether you think it's a good idea or not, the Bork confirmation already is a question of politics. (CBS-7)

NORTH LEGAL DEFENSE FUND

Wallace: Officials at the Oliver North legal defense fund say they have received almost \$1.5 million in contributions since North testified at the congressional hearings. A fund official says they took in a quarter of a million dollars each day in the last two days. (NBC-2)

GHORBANIFAR

Rather: In Paris today the mysterious middleman and money maker in the Iran arms deal defended the scheme to trade arms for American hostages. Ghorbanifar blamed the U.S. and President Reagan for the plan's failure. He was interviewed by CBS News Correspondent Anthony Laser....

(Ghorbanifar: "I myself delivered 12 [hostages]. Every day if you go through the chronology of the events, in every single step we face another cheat -- another promise which failed and every time there was trouble from the American side. Never, ever [did] an Iranian try to cheat or to lie to them.")

Ghorbanifar also denied that it was his idea to divert money to the contras as Oliver North had testified. By the way, Ghorbanifar twice failed a CIA lie detector test. (CBC-2)

NOFZIGER

Wallace: Lyn Nofziger, former White House political director, pleaded innocent today in federal court -- charges of violating conflict of interest laws. Nofziger is accused of improper lobbying for private clients after his 1982 departure from the White House.

(Nofziger: "I'm just sorry to waste all the government money on this kind of a situation -- you know, where they literally destroy a person's business, they destroy a person's finances, they try to destroy a person's reputation. And we're not going to let that happen.") (NBC-7, CBS-5)

--End of B-Section--

EDITORIALS/COLUMNISTS

PERSIAN GULF

Why We Re-Flag -- "Notwithstanding Administration claims to the contrary, President Reagan's decision to re-flag 11 Kuwaiti vessels represents a tilt toward Iran's mortal enemy Iraq.... By re-flagging the merchant ships...the U.S. has invited Iranian response. That being the case, Mr. Reagan and the American people must prepare for an assault.... No one wants to put American lives at risk. For now, however, the policy choice is clear. We can proceed with the re-flagging and the naval protection that it demands, or we can abdicate our responsibilities as a global power and leave Gulf policy to Moscow or the ayatollah."

(Washington Times, 7/23)

Safely Through Hormuz -- "Although this newspaper was critical of the Administration plan to inject the U.S. into this murderous conflict, we join with other Americans in wishing our forces well. If Iran is so foolhardy as to menace U.S. flag vessels, it can expect fierce retaliation. Much responsibility, however, rests on Iraq, the nation toward which the Reagan Administration has decided to tilt.... The commitment has been made and Americans are left to pray that the current battle of nerves does not lead to battles of fire and steel."

(Baltimore Sun, 7/23)

...Or Is The Goal To Keep The Soviets Out? -- "If the U.S. wants to be taken seriously by Iran, the Soviet Union and the Gulf states, if it wants to contain the spread of Islamic revolution and if it wants to encourage stability in the troubled Middle East, then it must take risks in the Gulf. Walking away from the Gulf now only invites much worse problems in the future."

(James Phillips, Philadelphia Inquirer, 7/23)

A Cloudy Policy In Persian Gulf -- "The Reagan Administration's policy in the Persian Gulf risks American lives and the subversion of our declared neutrality should we decide to shoot first and ask questions later. No amount of obfuscation can mask this grim and dangerous reality."

(Seattle Post-Intelligencer, 7/17)

Uncle Sam, Don't Go It Alone -- "The Administration should take the opportunity to coordinate an international escort operation. Those who share the benefits of U.S. military protection must be willing to share more of the risk."

(Los Angeles Herald Examiner, 7/17)

For Principle And For A Lifeline, The U.S. Shows Some Force -- "The devotion of the Reagan Administration to freedom of navigation has never been in question, but the Persian Gulf is a killing ground for commercial shipping and naval vessels alike.... Reflagging these Kuwaiti tankers is a bold, audacious, hazardous and unprecedented defense of freedom of the seas. It may also prove successful."

(Providence Journal, 7/21)

Oil, Energy And The Persian Gulf -- "The Reagan Administration's decision to go ahead with placing American flags on Kuwaiti tankers...underscores a long-standing policy...to protect one of the world's key oil transport routes.... Energy cannot be separated from economic and national security issues. We need a strong commitment to protect American interests in the Middle East."

(Dale Klein, Chicago Tribune, 7/23)

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IRAN-CONTRA HEARINGS

Too 'Top Secret' For The Man On Top? -- "Despite his staunchly asserted defense of his own and Lt. Col. Oliver North's actions, what Adm. John Poindexter did in his appearance before the congressional Iran-contra investigators was undermine President Reagan's case... There is a case to be made on both sides of the secrecy question in the execution of foreign policy. There can be no case made for keeping the President in the dark -- and no case made for the President allowing himself to be kept in the dark."
(Chicago Tribune, 7/23)

You Always Hurt The One You Love -- "...Surely no one loved Ronald Reagan more than Ollie North or John Poindexter did.... Yet for all their dedication, they have deeply wounded the President they served.... The damage is not likely to prove fatal. The President's resolve in the Persian Gulf and the prospects of victory on contra aid funding will help restore his image."
(Linda Chavez, Chicago Sun-Times, 7/23)

How Big Media Missed Big Story -- "The biggest story associated with Lt. Col. Oliver North's testimony before the congressional committee was missed by some of our biggest media. The story was how this handsome, articulate Marine won the hearts of the American people.... But as late as Friday, July 10, our two most influential newspapers, The New York Times and The Washington Post, had been unable to bring themselves to cover it.... (North) had spoiled Ben 'The-most-fun-since Watergate' Bradlee's week."
(Reed Irvine, Chattanooga Press, 7/19)

Where The Buck Stops -- "...The former national security adviser may be right that President Reagan knew nothing of the diversion, but he is wrong about where the buck stops. Accountability for his Administration's shameful error rests with the President, who so far has shamelessly shunned it. The President should take the blame not only because he is the top boss. He should accept it because he is at fault."
(Minneapolis Star and Tribune, 7/17)

PRESIDENTIAL PARDON

Let Legal Steps Proceed On Poindexter And North -- "Republican defenders of the Reagan Administration are jumping the gun in urging presidential pardons for Rear Adm. John Poindexter and Marine Lt. Col. Oliver North.... We hope the President has no thought of using his pardon power to cut short the judicial process in this case."
(The Buffalo News, 7/21)

Bronzed Pardons And Other Awards -- "Pardon the heroes of Iranamok? That's the latest brainstorm from the Reagan Administration's more fevered partisans... These guys will go "mano a mano" with Abu Nidal, but when it comes to American democracy and American justice, they'd rather duck the fight."
(TRB, Baltimore Sun, 7/23)

Reagan Should Resist Pat Buchanan's 'Provocative' Advice -- "...If Reagan has suffered any serious reversal in the Iran-contra affair, Buchanan's scorched-earth strategy is precisely the wrong way to make a comeback. What Americans like most of all about Ronald Reagan is that he is not ultra-partisan, not mean-minded and does not regard critics and opponents as cynical and unpatriotic."(Edwin Yoder, Richmond Times-Dispatch, 7/23)

LETTERS TO THE EDITOR

"President Oliver North' has a great ring to it.... He knows who can get things done -- and after this experience would be the most honest, open and dedicated President of all."

(John G. Peterkin, Cedar Swap, Newsday, 7/17)

"I think it is a shame that a true American hero, Lt. Col. Oliver North, was interrogated by a pack of liberal Democrats... Lt. Col. North, I salute you."

(Joseph F. Joyce, Hanover, VA., Richmond Times Dispatch, 7/17)

"I fully support Lt. Col. Oliver North and believe his testimony. I also agree with all the actions he took, and I thank him for reminding us all what a dangerous world we live in and that covert activities are a reality and necessity."

(Richard R. Vivolo, Valley Cottage, N.Y., New York Times, 7/17)

"It is disturbing, but not ultimately surprising, to read about the initial extent of the favorable public reaction to Lt. Col. North.... The fact that Col. North believed in what he was doing only magnifies the gravity of his offenses: That belief caused him to substitute his decisions for those of Congress, and so ultimately of the voters."

(Jeremy T. Ross, Haverton, PA., Philadelphia Inquirer, 7/17)

"Lt. Col. Oliver North's stunning victory derives only in part from his astounding courage and integrity.... If the public airing of a national hero's dilemma proves anything, it is that connivery thrives as much in the legislative as in the executive branch of the federal government."

(H.W. Gleason Jr., Shippensburg, PA., Washington Times, 7/17)

"Under the banner of 'patriotism,' North has consistently admitted to the lies he fed to Congress and the American people. He frightens me. Who does he think he is, ignoring our Constitution? The American public had better wake up and realize it is just his kind that will lead us into another Vietnam."

(Kathleen Shortt, Huntington Beach, Orange County Register, 7/13)

"Lt. Col. Ollie North should be extolled for his indomitable and relentless courage in defending himself for his recent actions, that, under the circumstances, were justifiable. If he should be a future candidate for president of our great country, he indubitably merits our support."

(Meyer Nettler, Albany Park, Chicago Sun Times, 7/16)

"It's not a pretty sight to see all the rats deserting a sinking ship and leaving Ollie North to man the pumps. North is from a different era -- he should have crossed the Delaware with Washington, ridden with Paul Revere and made speeches with Patrick Henry."

(Harold E. Redford, Aurora, Denver Post, 7/21)

"The real issue in these hearings is...whether the foreign policy interests of our country can be sustained with a Congress that cares more about preening its own ruffled feathers than preventing the consolidation of a Soviet client state on the mainland of America."

(Leonard Bakker, Berkley, San Francisco Chronicle, 7/15)

-End of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JULY 24, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Geneva Hijacker Threatens To Kill Airliner Passengers -- A lone gunman today threatened to start killing passengers aboard a hijacked DC-10 Air Afrique airliner, unless his demands to fly to the Middle East were met, an airport spokeswoman said. (AP, Reuter, UPI)

IRAN-NICARAGUA

Shultz Says He Was Cut Out -- Secretary Shultz told a congressional panel investigating the Iran-contra affair that he was denied vital information about secret arms sales to Iran and aid to the Nicaraguan contras.

(Christian Science Monitor, Los Angeles Times, New York Times, USA Today, Washington Post, Copley, Newhouse, Scripps Howard)

NATIONAL NEWS

Reagan May Soon Name Texas Judge Head Of FBI -- The Reagan Administration may be close to naming U.S. District Judge William Sessions of San Antonio, Texas, to be the new FBI director.

(Los Angeles Times, Washington Post, Washington Times)

NETWORK NEWS (Thursday Evening)

IRAN-CONTRA -- Secretary Shultz said he was systematically kept in the dark on the Iran arms sale by William Casey and John Poindexter.

AIDS -- President Reagan has named a commission to help define a national policy on AIDS.

PERSIAN GULF -- The U.S. convoy of tankers proceeded uneventfully in the Persian Gulf.



*This Summary is prepared Monday through Friday by the White House News Summary Staff.
For complete stories or information, please call 456-2950.*

INTERNATIONAL NEWS

AIR AFRIQUE JETLINER HIJACKED

GENEVA -- A gunman hijacked an Air Afrique DC-10 airliner with 163 people aboard today and the plane landed in Geneva after the hijacker demanded that it be refueled, airport authorities said.

Geneva police spokesman Marcel Vaudroz said the gunman threatened to kill passengers if his demands were not met but did not set a deadline. He said the hijacker, about 30 years old, had demanded to be flown to Beirut or Saudi Arabia.

The plane had been on a flight from Rome to Paris.

(AP)

Geneva Hijacker Threatens To Kill Airliner Passengers

GENEVA -- A lone gunman today threatened to start killing passengers aboard a hijacked DC-10 Air Afrique airliner, unless his demands to fly to the Middle East were met, an airport spokeswoman said.

"He's set no deadlines but has threatened to start killing the passengers unless the demands are met," the spokeswoman said. The plane was being refueled in an effort to calm the man, she added.

"The chief of airport security, Roland Troyon, was able to go aboard the plane for a few minutes and saw the armed hijacker," she said.

(Reuter)

African Airliner Hijacked

GENEVA -- A gunman hijacked an Air Afrique DC-10 airliner over Italy today and forced the pilot to land at Geneva airport. Officials at Cointrin Airport said the plane was carrying 148 passengers and a crew of 15.

Armed airport security troops and police were in position before the plane landed because of the pilot's radio message that he would be coming down at Geneva, officials said.

But the security forces stayed some distance from the plane, not getting closer than around 600 feet.

(UPI)

SOVIETS SAY PERSHING BLOCK PACT U.S. Warheads Cited On Short-Range Arms

MOSCOW -- The Soviet Union listed four major obstacles still blocking a U.S.-Soviet agreement to eliminate all medium and short-range nuclear missile arsenals and identified the key hurdle as the American-controlled nuclear warheads for West Germany's 72 Pershing IA short-range missiles.

Western diplomats here predicted that a U.S.-Soviet dispute over the Pershing issue would drag on through the summer and dominate the arms talks in Geneva.

In Washington, White House National Security Adviser Carlucci said that U.S. does not accept the Soviet demand that the 72 Pershing warheads be withdrawn. Senior U.S. officials said that compromises could be reached, however, on the three other issues raised by the Soviets.

(Gary Lee, Washington Post, A1)

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Administration Officials Will Hang Tough On West German Pershings

Top Administration officials said they will hang tough on the last major stumbling block to a nuclear arms agreement and reject Soviet demands for elimination of U.S. warheads on West German missiles.

The officials welcomed Soviet leader Gorbachev's acceptance of the worldwide ban on both medium-range and shorter-range nuclear missiles long advocated by Washington.

"We're obviously pleased," said chief American negotiator Max Kampelman.

"I would say to the Soviets, 'Welcome aboard,'" said Kenneth Adelman, director of Arms Control and Disarmament Agency, who indicated an agreement is now 80 percent complete.

But U.S. officials took sharp issue with Soviet demands at the Geneva negotiating table that the ban include U.S.-controlled nuclear warheads on West Germany's 72 aging Pershing IA missiles. A White House official who requested anonymity called it a "non-negotiable issue."

(Matthew Quinn, UPI)

Hopes For Superpower Arms Deal Dampened By Pershing Dispute

GENEVA -- A new Kremlin offer to scrap U.S. and Soviet medium and shorter-range nuclear missiles worldwide appears to meet a basic Washington condition for a superpower arms pact.

But a Soviet demand that U.S. warheads on West German Pershing IA missiles be included in an accord appears to be a major obstacle.

In Moscow, chief Soviet negotiator Yuly Vorontsov, who is First Deputy Foreign Minister, said the warheads represented "a real threat" and the Pershing issue remained a major obstacle to an agreement with Washington.

Echoing Vorontsov's comments, Alexei Obukhov, deputy head of the Soviet team, told reporters at the Soviet diplomatic mission here: "...Our position is that if we want to have a real zero solution on a global scale... the warheads on these (Pershing IA) missiles should go."

(Claude Fillet, Reuter)

U.S. To Offer Soviets Arms Pact Concessions

The Reagan Administration intends to offer several new concessions on a proposed treaty with the Soviet Union eliminating medium and short-range missiles, but will not agree to renewed Soviet demands that the U.S. remove the warheads from 72 aging West German missiles, senior U.S. officials said.

Several senior officials said the three issues on which the U.S. will compromise are: the timing for dismantling medium-range missiles; the question of shifting missiles based in Europe to ships floating offshore; and provisions for on-site inspections required to verify treaty compliance.

(Jeffrey Smith, Washington Post, A18)

Gorbachev Plays To German, Asian Audiences With Arms Offer

MOSCOW -- Mikhail Gorbachev's surprise move to break the negotiating deadlock that had developed around Soviet and American medium-range missiles is the diplomatic equivalent of a three-cushion shot in billiards.

His first target is Asia, where he clearly hopes that his carefully packaged concession of giving up 100 SS20 warheads that the Soviet Union had previously insisted it had to station in Asia will rally public opinion to his side.

The Gorbachev offer to eliminate the SS20s and about 40 shorter range SS12 nuclear systems stationed in Asia is also intended to get U.S.-Soviet relations rolling again on a positive track after a period of stagnation.

The most distant but still an important target of Gorbachev's skillful move would be West Germany, host of the 72 Pershing IA shorter-range nuclear missiles that the Soviets have now clearly identified as the major impediment, in their view, to a global accord eliminating several thousand nuclear warheads. (News Analysis, Jim Hoagland, Washington Post, A19)

U.S. CONVOY NEARS KUWAIT IN QUIET GULF WATERS

KUWAIT -- A convoy of Kuwaiti tankers and their U.S. naval escorts neared Kuwait at the end of a passage through the Persian Gulf as Iran and Iraq continued to refrain from attacks on shipping.

Iran reiterated a pledge to cease attacks on shipping in the gulf provided Iraq did the same. Diplomats in Baghdad said Iraq was unlikely to strike Iranian ships in the immediate aftermath of this week's U.N. Security Council resolution calling for a gulf cease-fire.

(Philip Shehadi, Reuter)

U.S.-Protected Kuwaiti Tankers Reach Halfway Point

KUWAIT -- A convoy of four U.S. warships and two Kuwaiti tankers flying the American flag crossed the halfway mark in their tense, 500-mile passage through the Persian Gulf to Kuwait's oil loading port.

As the convoy steamed up the shallow and sun-drenched gulf, Iranian officials declared that the Kuwaiti petroleum exports aboard the reflagged tankers would be considered "prohibited goods" being transported in support of the Iraqi war effort. Western officials took the Iranian statement to mean that its naval forces might try to intercept future convoys or subject them to guerrilla or suicide attacks.

(Patrick Tyler, Washington Post, A16)

Iranian Jets, Soviet Warship Pass Near Convoy

ABOARD THE USS FOX -- This U.S. Navy convoy on its passage up the Persian Gulf has been approached both by Iranian jet fighters and a Soviet warship.

None came close enough to require deterrent action by the battle-ready American warships, which warned the aircraft away. U.S. Navy Tomahawk jet fighters flyig top cover ofr hte operation also cautioned the Iranian pilots to leave the area.

(James Dorsey, Washington Times, A1)

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Iran Will Not Hit Gulf Ships But Says No End To War With Iraq

BONN -- Iran's foreign minister has pledged that Tehran will not attack shipping the the Persian Gulf as long as its own vessels are not hit but warned there will be no cease-fire in the war with Iraq unless its enemy is universally condemned.

Ali Akbar Velayati told a news conference in Bonn after a hectic series of meetings with West German leaders that the U.N. Security Council resolution calling on Iran and Iraq to stop hostilities was unacceptable. (John Kamfner, Reuter)

Iraqi Foreign Minister Confers With U.N. Chief On Peace Bid

UNITED NATIONS -- Foreign Minister Tariq Aziz of Iraq avoided a commitment to halt attacks on gulf shipping, despite this week's Security Council resolution demanding a cease-fire in the war with Iran.

After an hour-long meeting with U.N. Secretary General Javier Perez de Cuellar, Aziz told reporters Iraq welcomed the council's demand but he stopped short of saying that Iraqi troops would lay down their arms immediately. He said Iran's compliance was a prerequisite. (Reuter)

U.S. Gulf Operation Not Open-Ended But Halt Soon Unlikely

The Reagan Administration's operation to protect Kuwaiti tankers in the Persian Gulf is not an open-ended commitment but is unlikely to end soon, U.S. officials say.

President Reagan's national security adviser, Frank Carlucci, told reporters Washington was continually assessing the threat to shipping in the gulf.

"If the threat seems to abate there is no need for a continued escort," Carlucci said.

Defense Department spokesman Robert Sims, asked later when the convoys might end, said, "I certainly don't see that as a likely possibility in the near future." (William Scally, Reuter)

ISLAMIC JIHAD THREATENS FRANCE

Terrorists Say French Hostages Will Die Unless Demands Met

BEIRUT -- The Iran-backed Islamic Jihad, exerting new pressure against France in a worsening diplomatic crisis over Persian Gulf policy, threatened that no French hostages would "come out alive" unless the group's demands were met.

The statement, accompanied by a photograph of French journalist Jean Paul Kauffmann, kidnapped here in May 1985, disclaimed a previous threat to kill two French hostages made by telephone to news agencies last week.

(Nora Boustany, Washington Post, A20)

PANAMA ACCUSES U.S. OF 'AGGRESSION'

PANAMA CITY -- The Panamanian government struck out at the Reagan Administration accusing the U.S. of having unleashed "a spiral of systematic aggression" against Panama.

A harshly-worded editorial, read over the government-controlled television station, accused Washington of conspiring to destabilize Panama and "strangle the national economy."

The editorial suggested the U.S. was responsible for anti-government protests and echoed allegations by Gen. Manuel Antonio Noriega that Washington's "strategy of destabilization" was part of a plot to scuttle the 1977 treaties under which the Panama Canal is to revert from U.S. to Panamanian control by the year 2000.

(Tom Brown, Reuter)

EDITOR'S NOTE: "France Fails To Woo Both Iran, Iraq," news analysis by Edward Cody, appears in The Washington Post, A16.

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IRAN — NICARAGUA

SHULTZ TESTIFIES HE CONFRONTED REAGAN, BATTLED ADVISERS Officials 'Lied' To President On Arms Sales, Panel Told

Recounting dramatically how he waged a "battle royal" against President Reagan's top advisers, Secretary Shultz testified that he confronted the President after his Nov. 19 news conference and told Reagan he had made "many statements that were wrong or misleading" about the secret U.S. arms sales to Iran.

Testifying in forceful, blunt language, Shultz told the committees that he repeatedly tried to warn the President that he was being "deceived and lied to" by others in the Administration. His main foes, he said, were then-National Security Adviser John Poindexter and CIA Director William Casey.

Occasionally displaying anger, he described how the President's National Security Council staff cut him out of crucial decisions affecting not only the Iran initiative but the secret support for the Nicaraguan rebels.
(Walter Pincus & Dan Morgan, Washington Post, A1)

Shultz's Testimony

Secretary Shultz says deceptive and misleading advice by senior White House aides led President Reagan to approve the sale of missiles to Iran at a time when the State Department was trying to enforce an international arms embargo against the Ayatollah Khomeini's regime.

Shultz named two officials -- John Poindexter and William Casey -- as the persons who kept Reagan "out of the loop" in an effort to cover their actions and to protect themselves in the controversy.

"They had a conflict of interest with the President," Shultz said. "They were trying to use his (Reagan's) undoubted skills as a communicator to have him give a speech and give a press conference and in doing so, he would bail them out."

(Robert Gettlin & Robert Lewis, Newhouse)

Shultz Charges President Was Misled

Secretary Shultz testified that former National Security Adviser John Poindexter and the late CIA Director William Casey fed President Reagan faulty intelligence and deliberately misled the President after the Iran-contra initiative was exposed.

Shultz, during more than six hours of dramatic testimony before the House and Senate select committees investigating the Iran-contra affair, said Reagan reacted "like he had been kicked in the belly" when he learned in December that aides, as part of a deal to win release of the U.S. hostages being held in Lebanon, were considering bartering 17 terrorists being held in Kuwait.

"I developed a very clear opinion that the President was not being given accurate information, and I was very alarmed about it," Shultz said. "And it became the preoccupying thing that I was working on through this period."
(Marcus Stern, Copley)

Shultz Attacks Casey As Secretive, Meddler

The late CIA Director William Casey provided "faulty intelligence" to President Reagan and other Cabinet officers to bolster Casey's own policy ideas, including the arms-for-hostages swap with Iran, Secretary Shultz charged.

In an extraordinarily frank attack on Casey's handling of the intelligence process, Shultz said that the CIA chief meddled in diplomatic efforts, produced unreliable intelligence analyses and attempted to continue negotiations with Iran even after the secret Iranian arms sales were exposed last year.

"I hate to say it, but I believe that one of the reasons the President was given what I regard as wrong information, for example, about Iran and terrorism, was that the agency, or people in the CIA, were too involved in this," Shultz told the congressional committees.

(Doyle McManus, Los Angeles Times, A1)

Shultz Says He Was Cut Out

Secretary Shultz told a congressional panel investigating the Iran-contra affair that he was denied vital information about secret arms sales to Iran and aid to the Nicaraguan contras.

He also testified that President Reagan genuinely seemed to believe that his Administration was not engaged in trading U.S. arms for American hostages held in the Middle East, despite abundant evidence to the contrary.

"The President's view was that this was basically about an initiative to Iran" with wider diplomatic importance, said Shultz, not a straight swap of arms for hostages.

"The only problem is," Shultz said, "when you get down into the dirt of the details, it always comes out arms for hostages."

(Gary Thatcher, Christian Science Monitor, A1)

Reagan Depicted As Prime Force In Sales To Iran

Secretary Shultz portrayed President Reagan as the active force behind the Iran arms sales from their outset until well after the controversy exploded last November, and said Reagan was aware of the details of a controversial 1985 arms shipment to Iran despite his repeated public denials.

The secretary's comments to the Iran-contra panel appeared to conflict with and undermine a number of statements that Reagan has made publicly about the Iran arms sales and his justification for going ahead with them.

(David Hoffman, Washington Post, A1)

Shultz Tried To Quit Three Times, Tried To Warn Prez Away From Scandal

Secretary Shultz said he tried unsuccessfully to resign three times because of "estrangement" from the White House but declared he loyally tried to extricate President Reagan from the Iran-contra scandal.

"I felt I was not longer on the wavelength," Shultz said.

In strongly implied criticism of Reagan, Shultz said it is a mistake to allow the CIA to be involved in both the collection and analysis on intelligence as well as policy-making and implementation.

(Walter Friedenberg & Lance Gay, Scripps Howard)

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Shultz Offered To Quit 3 Times In Last 4 Years

Secretary Shultz, in an unusual public confession, told the congressional Iran-contra committees that he has offered his resignation to President Reagan at least three times as a result of friction with the CIA and White House staff.

All of Shultz's three resignation offers were rejected by Reagan, according to his testimony, and each actually seemed to result in an improvement in the working relationship between the President and the secretary. But there clearly was no end to the bureaucratic turmoil that prompted them. (Sara Fritz & Karen Tumulty, Los Angeles Times, A1)

Shultz's Testimony Leaves White House Mum

Secretary Shultz focused the Iran-contra hearings back to the Oval Office.

Shultz's tale of intrigue, backbiting and infighting among President Reagan's closest aides brought official silence from the White House.

Pressed for their assessment of the impact of Shultz's testimony, White House aides refused to comment or characterize his version in any way. (Jessica Lee, USA Today, A4)

Shultz Proposes To Change System

George Shultz, the secretary of state and veteran of four Cabinet posts, used his testimony before the Iran-contra panel to offer a wide-ranging prescription for solving the structural problems that he said had led to the Iran-contra affair.

As the White House staff has grown in size and power, he said, it has increasingly isolated members of the Cabinet.

The program of change he outlined would tend to enhance the status of his own office.

Shultz strongly recommended that the NSC "should not be anywhere near the size it is now." Equally important, he proposed that its function be restricted to "the job of coordinating" the work performed by the various departments, and that it not be permitted to engage in operational tasks. (Clifford May, New York Times, A8)

Shultz: Compelling And Bracingly Blunt

George Shultz came alone, with not lawyers beside him and no prepared opening statement to deliver. His solitary appearance, and the solemn, blunt manner in which he testified, gave special impact to his description of the way he and his department had been deliberately isolated during the Iran-contra affair.

Shultz's directness and his willingness to admit that his Administration had produced a diplomatic and political fiasco lent more weight to the story he told. The committees listened with rapt attention to his accounts of repeatedly attempting to warn the President and key officials about the damaging consequences of trading arms for hostages and of presenting a false account of those transactions to Congress and the American people -- and of repeatedly being rebuffed and misled by officials, most specifically John Poindexter and the late Director of Intelligence William Casey.

(News Analysis, Haynes Johnson, Washington Post, A6)

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CARLUCCI TELLS OF BRIEFING PRESIDENT

National Security Adviser Carlucci said that he gives President Reagan "more rather than less" information -- even "more than he wants" -- in contrast to his predecessor, John Poindexter, who said he deliberately withheld information on Iran-contra developments from the President.

Carlucci, during a rare on-the-record session with reporters, said he meets with Reagan for 30 minutes every day, twice as long as did Poindexter....

Carlucci also said the Reagan Administration's new philosophy about covert action consists of three rules: An action should be a "tool of last resort." "More important, it should be part of a broader policy." It should have a specific "time frame," or duration, rather than run indefinitely.

(Robert Toth, Los Angeles Times, A14)

Aides Say New Procedures Will Prevent Policy Secrets

White House officials say new procedures are in place to prevent the isolation from policy decisions that Secretary Shultz described in testimony before the congressional Iran-contra committees.

Without commenting directly on Shultz's assertions, the officials suggested that the flaws he described had been remedied by changes in how President Reagan is advised and how the White House operates.

One senior presidential aide described the new procedures as "double-safe arrangements" designed to prevent any senior official with direct access to the President from promoting policies unknown to other top aides.

Under new procedures, National Security Adviser Carlucci, who has direct access to the President, has an informal agreement with Chief of Staff Baker not to meet alone with Reagan. Baker follows the same arrangement.

In addition, when Shultz or Secretary Weinberger meet with the President, both Baker and Carlucci are present, a senior White House official said.

(Gerald Boyd, New York Times, A8)

WHITE HOUSE IS NEAR PACT WITH KEY LAWMAKERS ON NOTIFICATION PROCEDURES ON COVERT OPERATIONS

White House aides, reacting to the Iran-contra hearings, think they are near an agreement with key lawmakers on procedures requiring more prompt notification of Congress about sensitive covert operations and blocking the use of covert operations to bypass laws.

Both Administration aides and lawmakers caution that important details still need to be worked out. Also, it's far from clear that pledges from the Administration will be enough to head off new legislation governing covert actions, which has been proposed by important House members who aren't involved in talks with the White House.

(Gerald Seib, Wall Street Journal, A40)

SURVEY: NO GAINS FOR CONTRAS

Oliver North's impassioned plea for Nicaragua's rebels apparently moved the public more than Congress.

A survey of all but eight members of the House and Senate this week shows that North's salesmanship failed to draw more contra votes on Capitol Hill.

In the Senate, 42 are for contra aid, 43 against and 14 undecided with one senator not replying to the survey. On Aug. 13, when the Senate passed \$100 million in contra aid, 53 voted for it, 47 against.

In the House, 182 are for contra aid, 196 against and 49 undecided, with 7 not responding. One seat is vacant. On June 25, 1986, when the House passed the contra aid bill, 221 voted for it, 209 against.

(Paula Schwed, USA Today, A1)

Support For Contra Aid Continues To Increase

Support for aid to the Nicaraguan contras continued to increase in the last week, but the latest New York Times/CBS News poll, taken Tuesday and Wednesday, still shows 49 percent of the public opposed and only 40 percent in favor.

Meanwhile, the poll found that overall support for President Reagan's handling of foreign policy has increased considerably.

(New York Times, A9)

EDITOR'S NOTE: "Excerpts Of The Testimony Of Secretary Shultz," appears in The Washington Post, A8.

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NATIONAL NEWS

FEDERAL JUDGE IN LINE FOR FBI DIRECTORSHIP

President Reagan is expected to offer the directorship of the FBI to William Sessions, chief judge of the U.S. District Court for the western district of Texas, informed sources said.

At least two candidates recommended by Attorney General Meese for the job turned it down, but Sessions is expected to accept the nomination. He said in a March 17 interview with Texas newspapers that the FBI post would be "the greatest challenge."

The initial reaction from the FBI, which has been without a director since May 19, when William Webster was confirmed as director of the CIA was positive. "He's known for his stiff sentences in the Wood case [In 1982-83 Sessions presided over two trials stemming from the slaying of U.S. District Court Judge John Wood]," said one FBI source. "He's a pro-law-and-order person. He's definitely considered a friend of the bureau."

(Lou Cannon & Mary Thornton, Washington Post, A1)

U.S. Judge May Be Named New FBI Chief Today

William Sessions, a federal judge in Texas with a tough "law and order" reputation, has emerged as the leading candidate to the director of the FBI and could be nominated as early as today, Reagan Administration sources said.

Sessions, 57, will be interviewed today by Attorney General Meese, sources said. "If that goes well, they'll take him to see the President, and it's a done deal," one senior official said.

(James Gerstenzang & Ronald Ostrow, Los Angeles Times, A1)

Reagan May Soon Name Texas Judge Head Of FBI

The Reagan Administration may be close to naming U.S. District Judge William Sessions of San Antonio, Texas, to be the new FBI director.

Sessions is scheduled to meet with Attorney General Meese in Washington for a meeting which was described by officials as a "make-or-break" interview for the FBI post.

The judge was reported to have said that he would accept the 10-year post if offered.

(George Archibald, Washington Times, A6)

AIDS PANEL APPOINTED BY REAGAN

President Visits Ill Children At NIH

President Reagan appointed a 13-member commission to advise him on combatting AIDS and then went to NIH to dramatize his concern about the spread of the disease.

At NIH Reagan visited briefly with four children suffering from AIDS -- the first time the President has met AIDS patients -- and toured an AIDS laboratory. In remarks introducing his panel, Reagan referred to "the death by AIDS of friends and former associates" whom he did not name and pledged to "one way or another...beat this deadly disease."

(Sandra Boodman, Washington Post, A1)

Reagan Challenges Diverse New AIDS Panel To Use Common Sense

A diverse new AIDS panel has a challenge from President Reagan to use "a good strong dose of common sense" to help stop the spread of the disease.

"What we need right now... is a good strong dose of common sense," Reagan said. "It seems to be common sense to recognize that when it comes to stopping the spread of AIDS, medicine and morality teach the same lessons."
(Jill Lawrence, AP)

Mixed Reaction To President's AIDS Panel

President Reagan's newly appointed AIDS commission was criticized by gay rights and AIDS victim advocates as being unqualified, too right-wing and even hostile to persons with the disease.

Ann McFarren, executive director of the AIDS Action Council, termed Reagan's panel selections "wishy-washy, reactionary and unconscionable."

Conservatives, meanwhile, generally praised the choices for the panel, but sharply criticized the selection of one open homosexual, Frank Lilly.
(John Hanrahan, UPI)

SENATE FAILS TO PASS DEBT LIMIT EXTENSION

The Senate struggled to agree on a debt limit extension to keep government from default, voting down two competing proposals that would have hitched budget reform provisions to the bill.

Lawmakers cast their first ballot, 71 to 25, against a plan by Senate Budget Committee Chairman Lawton Chiles.

Later, they refused even to take a formal vote on a competing plan drafted by the panel's ranking Republican, Sen. Pete Domenici and an author of the Gramm-Rudman balanced budget law, Sen. Phil Gramm. the Senate voted 49 to 47 not to waive a parliamentary bar against consideration of the bill.
(Linda Werfelman, UPI)

Democrats' Budget Plan Fails In Senate, 71 To 25; Threat Of U.S. Treasury Default Looms

The Senate strongly rejected a Democratic proposal to put the bite back into the Gramm-Rudman-Hollings balanced-budget law, crimping, at least temporarily, the Democrats' strategy for forcing a budget compromise with the Reagan Administration.

A competing Republican proposal -- offered after attempts to forge a bipartisan plan for restoring the law's automatic spending-cut mechanism broke down on Wednesday -- also appeared headed for defeat last night.

Rejection of both plans to reinvigorate the 1985 deficit reduction measure was expected to lead to renewed negotiations on a bipartisan compromise, with the threat of an unprecedented U.S. default on its securities hanging over Congress.

(Tom Kenworthy, Washington Post, A14)

BIDEN, DOLE DEBATE BORK NOMINATION

Gently exchanging quotations from Alexander Hamilton, two presidential contenders who will play major roles in the fight over the Supreme Court nomination of Appeals Court Judge Robert Bork disagreed on how the Senate should deal with the issue.

Senate Judiciary Committee Chairman Joseph Biden...accused President Reagan of attempting to "remake the court in his own image" through the Bork nomination and said the Senate has an obligation to consider Bork's overall "judicial philosophy and the consequences for the country" should he be confirmed.

Senate Minority Leader Robert Dole...replied that any consideration of Bork's views on "specific political and social issues" would "offend common sense (and) be horribly shortsighted."

"The stark -- and to his opponents disconcertion -- fact is that Judge Bork's views are well within the acceptable range of legal debate and, if presidential elections mean anything at all, are probably much closer to the mainstream of American thought than that of most of his political critics," Dole said. (Edward Walsh, Washington Post, A3)

Bush, Dole Contend Bork's Views Popular

The battle over Judge Robert Bork's nomination to the Supreme Court intensified with Senate Minority Leader Robert Dole and Vice President Bush arguing that the nominee's views are closer to those of most Americans than are the opinions of his outspoken liberal opponents.

Meanwhile, in an interview with The Washington Times, Sen. Joseph Biden...strongly criticized Judge Bork for his legal "rigidity," which, he said, should keep him from joining the high court.

But Bush said at the White House: "I find it ironic that Senator Biden...would take issue with Judge Bork's judicial philosophy. That philosophy is one of judicial restraint, and what that means above all else is that Congress should make the laws, not the court."

(Michael Fumento & Christopher Simpson, Washington Times, A2)

In Interview, Bork Contends He Is Open-Minded Pragmatist

Supreme Court Nominee Robert Bork -- branded by some opponents as a dogmatic conservative -- contended that he is an open-minded pragmatist.

In a wide-ranging interview with the St. Louis Post-Dispatch, Bork said his opinions as a federal appeals judge for the past five years did not line up "on a political axis."

Asked to describe his philosophy, Bork chafed at the term "conservative" and instead cited "continuity. Sort of a pragmatic approach to legislation and so forth. Traditional values."

(Robert Koenig, Scripps Howard)

Senate Should Consider The Opinion Of High Court Nominees, Poll Finds

Americans say the Senate should attach a great deal of importance to a Supreme Court nominee's positions on constitutional issues in weighing confirmation, the latest New York Times/CBS News poll shows.

The poll also found that Americans have yet to form a clear opinion of Judge Robert Bork....

Over all, the telephone survey of 745 adults on Tuesday and Wednesday indicated that both the President and his opponents in the Senate have a great deal of maneuvering room in shaping public opinion in the struggle over the nomination. (E.J. Dionne, New York Times, A12)

INTERIOR DEPT. UNVEILS ALASKA LAND-SWAP PLAN

The Interior Department disclosed details of a secretly negotiated plan to give mineral rights on more than 160,000 acres of potential oil lands in the Arctic National Wildlife Refuge to native corporations in return for surface rights on nearly 900,000 acres of native-held land in other Alaskan refuges.

Congress has not authorized oil drilling in the Arctic refuge, and Interior officials said the proposed exchange would not take place without congressional approval.

But the proposal has added a new layer of controversy to the debate over energy exploration in the refuge, which Interior officials regard as the nation's brightest prospect for a major oil strike and conservationists view as a fragile and irreplaceable wildlife preserve.

(Cass Peterson, Washington Post, A14)

MEESE'S LINKS TO WEDTECH SCANDAL COULD
HURT GOP, COST HIM HIS JOB

Investigations into the finances of Attorney General Meese and the growing criminal and civil quagmire involving his associates could cost Meese his job and politically damage Republicans, Administration sources say.

"When these indictments start coming down and he is called to testify, it won't matter whether what he did was legal or ethical," said one Administration official. "He'll be pictured as part of the whole sleazy operation, and it's the President and Republican candidates generally who will be hurt."

(George Archibald, Washington Times, A1)

NOFZIGER PLEADS NOT GUILTY TO ETHICS CHARGES

Former White House political director Lyn Nofziger pleaded not guilty to six felony charges that he violated federal ethics laws by lobbying the Reagan Administration on behalf of Wedtech Corp., Fairchild Industries and a marine engineers union.

After a brief appearance before U.S. District Court Judge Thomas Flannery, Nofziger and Mark Bragg, his partner in their public relations firm, who pleaded not guilty to a single charge of aiding and abetting Nofziger, were released on personal recognizance. Trial was set for Nov. 16.

(Mary Thornton, Washington Post, A4)

NETWORK NEWS SUMMARY

(Thursday Evening, July 23, 1987)

IRAN-CONTRA HEARINGS/SHULTZ TESTIMONY

NBC's Chris Wallace: In the long ten weeks of the Iran-contra hearings, today's session was one of the most remarkable. The Secretary of State, describing life inside the cabinet -- with officials lying to each other waging what he called a "battle royal" for the mind of the President. Shultz said some of his former colleagues used the President to protect themselves.

NBC's John Dancy: Shultz, the President's top foreign policy adviser, said he was systematically kept in the dark on the Iran arms sale by National Security Adviser John Poindexter and CIA Director William Casey. Shultz said he had opposed the sale from the beginning because it was an arms-for-hostages deal. He testified that after the deal became public last Nov., Poindexter and Casey insisted President Reagan make a speech portraying the deal as an opening to Iran.

(Shultz: "And they were trying to use his undoubted skills as a communicator to have him give a speech and give a press conference and say these things and in doing so, he would bail them out.")

Mr. Reagan gave the speech Nov. 13th. It has since been shown to be have been riddled with misstatements and inaccuracies.

(Shultz: "Now this was a very traumatic period for me because everybody was saying I'm disloyal to the President and not speaking up for the policy. And I'm battling away here. And I could see people were calling for me to resign if I can't be loyal to the President. And I frankly felt that I was the one who was loyal to the President because I was the one trying to get him the facts so he could make a decision. And I must say...absorb these he did. He made the decision that we must get all these facts out. But it was a battle royal.")

Shultz said the President intended to use a news conference Nov. 19th to get the facts about the arms sales out. That, too, was filled with misstatements. Shultz said he went to Mr. Reagan to tell him he was wrong.

(Shultz: "And there was a long, tough discussion -- not the kind of discussion I ever thought I would have with the President of the United States. But it was 'back off' all the way. The gist of it was that there were things that he had been given as information from the people who were briefing him and providing him with the information in the press conference preparatory session, that were not, in my view, correct. And I didn't think that the people doing that were serving the President. In fact, I know they weren't serving the President.")

The Tower Commission report had criticized Shultz and Defense Secretary Weinberger for intentionally distancing themselves from the Iran arms sale. Adm. Poindexter testified Shultz and Weinberger wanted it that way.

(Poindexter on July 17: "I didn't withhold anything from them that they didn't want withheld from them.")

Dancy continues:

(Shultz: "What I did say to Adm. Poindexter was that I wanted to be informed of the things I needed to know to do my job as Secretary of State, but he didn't need to keep me posted on the details, the operational details of what he was doing.")

Shultz said that for much of his time as Secretary, a kind of guerrilla warfare went on with some White House staffers. It so irritated Shultz he tried three times to resign -- once when a White House staff member refused to give approval to use an airplane for Shultz's trips abroad.

(Shultz: "And so I told the President -- I said, 'I'd like to leave and here's my letter.' And he stuck it in his drawer. He said, 'You're tired. It's about time to go on vacation. And let's talk about it after you get back from vacation.' So I said, 'Okay.' And I guess everybody knows what happened.")

Shultz received high praise from Senator Rudman...

(Rudman: "I do not believe that heroes are people who deceive their President. I do not believe that heroes are people who protect themselves at the risk of their President. I believe the real heroes are people who speak up to their President, make their views known and are willing to take great personal risks in confronting their President who they are loyal to, to give him the best possible advice that he can get. You are such a hero, Mr. Secretary.")

So Shultz says he was kept in the dark about a major foreign policy initiative. Some committee members find that astonishing -- both that it happened and that Shultz did not prevent it happening.

→ Wallace interviews Sen. Cohen:

Wallace: ...Sen. William Cohen is a member of the committee investigating the scandal. Senator, after what you heard today, do you view Shultz as a victim, or should he have done more?

Cohen: "Well, I think it's clear that from the very beginning -- July of '85 into Nov., Oct. of '85, Dec. '85, Jan. '86, he made a very vigorous presentation and argument against allowing the sales of weapons to Iran and he was unpersuasive to the President. At that point, I think, he made it clear that there was such a feeling of paranoia within the Administration that he had been perhaps suspected of leaks because he wouldn't agree to set up a policy practice for the State Department -- that he in fact took the State Department out of the operational details. So I think we will talk a bit about that tomorrow, but I think it's understandable given the circumstances under which he had to function."

Wallace: You've heard a lot of bad things about the Reagan Administration over the last few weeks. Were you surprised today to hear just how bad it was?

Cohen: "Well, I think today's testimony has to be ranked as the most extraordinary certainly that I've heard in my 15 years in Congress. To have a Cabinet member come before the committee to take us backstage as it were behind the White House doors and I think it was an extraordinary story to be told. I think we all know that there is always a power struggle that takes place within any Administration. This one is no exception. But I think the degree of pettiness that was revealed in the power struggle was surprising to most."

(NBC-Lead)

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*Style
for
interviews
we want
over.*

ABC's Peter Jennings: It really was one of those rare occasions in education in government -- both good and bad. For almost six hours today on Capitol Hill the Secretary of State described what he went through as he tried to prevent the Reagan Administration from trading arms to Iran in return for hostages. And time again today we heard that George Shultz was kept in the dark, deceived, as he put it, cut out of the decision-making process by members of the President's national security staff. The Secretary of State was eager to tell his story.

ABC's Brit Hume: Shultz had been accused of failing to support the President on Iran and of failing to oppose him enough. Either way, many said he should have quit. Shultz had waited a long time for this, and he was ready, especially to give his side of what happened just after the Iran arms sales came to light last November. Shultz said National Security Adviser Poindexter and CIA chief Casey were the main figures on the other side of that battle in which Shultz sought to get control of Iran policy and declare an end to arms sales. On Saturday, Nov. 15, he tried to get to that [message] passed to the President through Chief of Staff Regan.

(Shultz: "I knew that Don Regan would probably get a word with him so I wrote it out and I gave it to Don. I said, 'See if you can't get this cleared.' And he said 'No.' I -- I felt he agreed with me, but he said 'I can't make it.'")

So the next day, on a Sunday TV talk show, Shultz had to say he did not speak for the Administration on Iran.

(Shultz: "It was a sad day, for me -- very sad. But it was the truth. However, the next day the White House put out the word I did speak for the Administration and there would be no more arms sales to Iran.")

(TV coverage: President in the Oval Office, Nov. 13, 1986.)

Shultz said the President always saw the Iran initiative as a diplomatic opening, with hostages and arms as a secondary matter.

(Shultz: "It's perfectly possible to see it exactly that way. The only trouble is, as you look at particular things that happened when you get down into the dirt of the operational details, it always comes out arms for hostages.")

(TV coverage: President preparing to address press conference in East Room.)

But Shultz put the blame for the policy and for presidential misstatements about it on others, not on Mr. Reagan himself.

(Shultz: "His judgment is excellent when he's given the right information. And he was not being given the right information. And I felt as this went on that the people who were giving him the information were -- in a sense had a -- I think I even used the word with some of my advisors, they had a conflict of interest with the President.")

Yet even after Shultz thought he had gotten control of Iran policy, he discovered another arms sale was contemplated, part of a possible hostage release deal, with a so-called Iranian second channel. Those second channel talks also involved an effort to free the terrorist bombers held in a Kuwaiti jail -- the so-called Dawa prisoners -- something the Administration said it would never support. Shultz went to see the President at the White House.

Hume continues:

(Shultz: "And I told the President the items on this agenda, including such things as doing something about the Dawa prisoners, which made me sick to my stomach that anybody would talk about that as something we would consider doing. And the President was astonished and I have never seen him so mad. He's a very genial, pleasant man, and doesn't -- he's very easygoing. But his jaw set and his eyes flashed and both of us, I think, felt the same way about it.")

Shultz said he had offered three times to resign in his five years as Secretary, each time being refused by the President. The most recent was last August, and Iran policy was the main reason.

(Shultz: "But it was because I felt a sense of estrangement. I knew the White House was very uncomfortable with me. What I have learned about the various things that were being done, I suppose, explains why. And I was not in good order with the NSC staff and some of the others in the White House. I had a terrible time. There was a kind of guerrilla warfare going on.")

Shultz refused to board the Oliver North bandwagon, saying that while North may have helped aid the contras, the deception he and others practiced to do it was not justified. The Secretary seems well on the way to becoming these committees' favorite witness.

Jennings: I think you touched a bit on it, but take it a bit farther. Favorite witness -- what's the real impact in the long run?

Hume: I think that he is saying most of the things that many on these committees have been wanting to hear about the failure of the normal processes to work, about how the people who were supposed to be advising the President to make the key decisions were cut out of it. He has one important challenge ahead of him -- he got started on it a little bit today -- and that is defending his Assistant Secretary for Central America and other affairs in that region -- Elliott Abrams. Abrams had a tough time up here, many members of the committees are after him; the Secretary will have his work cut out for him to change their minds.

Jennings: What's the impact on the White House. We would surmise, at least, that the President might be pleased and the staff furious.

ABC's Sam Donaldson: Actually, I haven't talked to the President, but I've talked to some of the key advisors here and they are not pleased with Shultz' testimony, although they say they understood he had to give it. Said one, "He did about as well as he could under the circumstances." But they're not pleased because he painted a picture of a President who wanted to go ahead with arms sales when he, Shultz and others, said it was a bad idea; and of a President who was content to have his chief foreign policy adviser, Shultz, cut out of the loop. And finally, last November, under the best of circumstances, a President who had been duped and didn't know what had been done in his name; or under the worst of circumstances, last November, a President who was resisting Shultz' efforts to get the facts out.

Jennings: In light of what the Secretary said about how the President's jaw set about trading arms for the Kuwaitis -- or even bring pressure on Kuwait at one point -- why would the President want him cut out of the loop?

Donaldson: It was the policy, I suppose. And it's always convenient, once you make a decision, if people won't back that policy, not to tell them much about it. Of course Shultz told a story today as to why he said to Poindexter, "I want to know the important things but not the details." Because he understood that if you get accused of leaking in the Reagan White House, your throat is cut. (ABC-Lead)

CBS's Dan Rather on Capitol Hill: Secretary of State George Shultz today detailing lying, deceptions, double-dealing and backside covering in the upper reaches and inner sanctums of the Reagan White House. He testified that most of it happened as a desperate cover up conspiracy began unraveling. Shultz said some of it made him sick to his stomach. He contradicted much of the story Adm. John Poindexter told and some of what Col. Oliver North said. Shultz talked about his own threats to resign.

CBS's Phil Jones: Secretary of State George Shultz took the oath today, sat down at the witness table alone and provided the most riveting and gripping testimony yet -- including disclosure that he has submitted his resignation on three occasions over policy and fights with other government officials. His last resignation was Aug. of last year.

(Shultz: "It was because I felt a sense of estrangement. I knew the White House was very uncomfortable with me. I had a terrible time. There was a kind of guerrilla warfare going on on all kinds of little things.")

Shultz described a battle royal between himself and two of the President's key advisers -- CIA Director Casey and Adm. John Poindexter.

(Shultz: "I developed a very clear opinion that the President was not being given accurate information. And I was very alarmed about it. And it became the preoccupying thing that I was working on through this period. And I felt that it was tremendously important for the President to get accurate information so he could see and make a judgement...")

Shultz told repeatedly how he had objected to the entire arms sales on policy grounds.

(Shultz: "When you get down into the dirt of the operational details it always comes out arms for hostages. And, at least as I saw it right from the beginning, that was what was going to happen. And that's why I objected to it so much.")

Shultz, who usually refuses to disclose his conversations with the President, described in intimate details very blunt meetings he and Secretary of Defense Weinberger had with the President, including a session in Dec. 1985 in an attempt to kill the arms sales.

(Shultz: "The President, I felt, was somewhat on the fence, but rather annoyed at me and Secretary Weinberger. I think Secretary Weinberger started off by saying something like, 'Are you really interested in my opinion?' And then the President said, 'Yes.' And so he gave it to him. And so did I.")

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Jones continues:

According to Shultz, the President expressed frustrations with warnings that the sales were also illegal.

(Shultz: "He said, 'Well, the American people will never forgive me if I fail to get these hostages out over this legal question,' or something like that.")

Finally, on Sat., Dec. 13, 1986, Shultz, in desperation, called the White House, but had trouble getting through.... The Secretary went to the family quarters of the White House and told the President about promises that North and others had made to the Iranians, including a proposal to swap 17 Shiite terrorists being held in Kuwait.... According to the Secretary, he was under heavy pressure to go along with what he called "misleading press guidance" indicating that the cabinet supported the President on everything. Shultz refused.

(Shultz: "I didn't want to become one of Adm. Poindexter's compartments. I wanted to get this out where I could see it for myself and get it managed right.")

Shultz told of agonizing before he went on "Face The Nation" where he knew he would be asked about the policy of continued arms sales.

(Shultz on "Face the Nation": "Under the circumstances of Iran's war with Iraq, its pursuit of terrorism, its association with those holding our hostages, I would certainly say, as far as I'm concerned, no.")

Stahl: "Do you have the authority to speak for the entire Administration?"

Shultz: "No.")

(Shultz: "And I had to say, 'No, I don't.' It was a sad day for me -- very sad. But it was the truth....")

Others have portrayed Shultz as a man who chose not to know what was going on. But the Secretary today painted a picture of key aides deceiving the President and he is the first witness to accuse people in the CIA of being too involved.

CBS's Bill Plante: President Reagan had no public reaction to the testimony of his Secretary of State though he was reported to have observed later to an aide, "George is doing the best he can." But the picture Shultz sketched was one of the Reagan Administration at war with itself. The CIA Director and the National Security Adviser deliberately deceiving the President and freezing the Secretary of State out of vital details of the Iran arms deal.

(Sen. Sarbanes: "I find it incredible that the Secretary of State was dealt out of even knowing that the President had signed these findings with respect to the transfer of arms to Iran.")

(Sen. Mitchell: "It certainly was a truly incredible degree of internal deception within the Administration.")

Shultz also described a White House in which the President did nothing to stop the so called guerrilla warfare and allowed vital decisions to be made without his participation.... The first reaction from some inside the Reagan White House today was to dismiss Shultz's testimony as self-serving although they later were at great pains to deny that anyone really is upset. The question that they really can't answer though is why the President never told Shultz what was going on.

Rather: A new CBS News poll out today indicates a majority of the American people -- 53 percent -- still believe President Reagan was lying when he said he didn't know that money from the sales of arms to the Iranians was being diverted to Central America. (CBS-Lead)

NBC's John Chancellor's commentary: George Shultz has been Secretary of State for five years. He's one of the most impressive men in Washington. He's had a long and honorable career in government, so it came as a real shock today when he said he had tried to resign in 1983, in 1985 and in 1986. What he said tells us something important about the Reagan White House and about George Shultz himself. When he was Secretary of Treasury in the Nixon year, he fought the White House over a lie detector order and President Nixon called him a "candy ass." He stayed on. In 1983, in the Reagan years, he learned that a White House aide was sent on a secret trip to the Middle East without his knowledge. He told the President -- when you send someone out on a trip like that I'm done. The President asked him to stay on and he did. In 1985 over another dispute...he offered his resignation again; it was refused.... Finally, in 1986, when a 35-year-old White House staffer was denying him the use of an airplane...he tendered his third resignation. The President said, "Let's talk later." And he stayed on. With all respect to Secretary Shultz, if you threaten to resign three times and don't follow through, your threats don't mean very much. Beyond that Shultz's testimony today gave us a devastating picture of the Reagan White House -- guerrilla warfare, a battle royal to fight through the advisers, a description of William Casey and John Poindexter as the bad guys, and worst of all Shultz's own humiliation. He is the senior member of the President's cabinet. After what he said maybe he should resign for the fourth time and make it stick. (NBC-8)

AIDS COMMISSION

Jennings: President Reagan has named the commission, including a gay activist, to help define a national policy on AIDS. Mr. Reagan spoke at the laboratory near Washington where the AIDS virus was first isolated.

(TV coverage: Still photo of the President).

ABC's Kenneth Walker: President Reagan came to the National Institutes of Health to launch a new campaign against AIDS. Mr. Reagan set the stage with his first known visit to an AIDS patient, a 14-month-old child.

(TV coverage: The President with AIDS patient).

The President then presented his new and diverse commission on AIDS.

(The President: "I hope the commission will help us all put aside our suspicions and work together with common sense against this common threat.")

(TV coverage: President speaking before the AIDS panel.)

The suspicions likely will be substantial. One member, Illinois state Representative Penny Pullen, is a supporter of anti-gay hardline Phyllis Schlafly. Conservative Cardinal John O'Connor's criticism of homosexuality almost certainly guarantees a clash of views less gentle than the one shown here with Dr. Frank Lilly, a Manhattan geneticist and avowed homosexual and gay activist.

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Walker continues:

(Lilly: "I suspect that the Cardinal and I may have some differences of opinion, but we will discuss them.")

Lilly's appointment was hotly contested within the President's staff and was denounced today by some of Mr. Reagan's conservative supporters.

(Sen. Humphrey: "The President should not be placing in positions of high visibility persons who are active and self-acknowledged homosexuals.")

For a group with a mandate to chart a national policy on AIDS, the commission make-up is a virtual prescription for contention.

(ABC-6)

Wallace: Since 1981 more than 20,000 Americans have died of AIDS. Today President Reagan named a 13-member commission on AIDS and gave the group 90 days to come up with a preliminary report on where research on AIDS stands.

NBC's Andrea Mitchell: The White House released this picture of the President holding a child suffering from AIDS to help dispel unwarranted fears about the disease, to persuade people that they should not be afraid of contact with AIDS victims.

(TV coverage: Still photo of the President and child.)

After visiting a government research laboratory and the children's ward, Mr. Reagan vowed not to rest until a cure is found.

(TV coverage: The President looking into a microscope in the lab.)

(The President: "And after the visit to the ward today and after the death by AIDS of friends and former associates, this is my prayer -- one way or another, whether by breakthrough or steady progress, we will beat this disease.")

To lead the White House effort, he appointed a commission that is supposed to help researchers, patients and local officials trying to contain the epidemic. Overruling strong objections from conservatives, Mr. Reagan named a homosexual to the panel -- geneticist Dr. Frank Lilly. His appointment outraged one Senator who believes homosexuality is immoral.

(Sen. Humphrey: "It's unsanitary. It's immoral in my opinion and the consequence of this unnatural practice is AIDS.")

(Dr. Lilly: "I think the President was well advised to put a gay on the commission. I think there would have been a terrible hulabaloo from the main people influenced by this disease if he had not.")

The President's family intervened to reverse an earlier staff decision to exclude homosexuals from the commission. Dr. Lilly believes that Nancy Reagan played a major role. It was her brother, Dr. Richard Davis, who recommended Dr. Lilly for the post. And the Reagan's son, Ron Jr., who has recorded public service announcements about AIDS, has said he's given his father a lot of flack about the issue.

(Ronald Reagan Jr. in PSA: "Write to your congressman, or write to someone higher up.")

White House polls show that AIDS is a powerful political issue. So despite criticism of the new commission, White House officials believe they will at least get credit for trying to do something about a disease that has terrified so many people.

(NBC-5)

Rather: President Reagan said today he was remembering the death by AIDS of friends and former associates as he named Dr. Frank Lilly, a N.Y. geneticist and a homosexual, to a 13-member commission that will help map national strategy trying to combat AIDS.
(TV coverage: The President with the commission.) (CBS-8)

PERSIAN GULF

Wallace: The U.S. convoy of tankers in the Persian Gulf proceeding uneventfully today. At this hour the tankers are half way between the Strait of Hormuz and Kuwait. They are scheduled to arrive in Kuwait tomorrow. The first pictures have been received from the U.S. fleet.

NBC's Rick Davis reports on today's progress of the tankers. By tomorrow the tankers should be docked in Kuwait and the warships waiting outside Kuwaiti territorial waters. In 3-5 days they will be ready for the equally dangerous journey back down the Gulf.
(NBC-3, ABC-2, CBS-4)

ARMS CONTROL

Wallace: In Geneva today, the U.S. was formally presented with Soviet General Secretary Gorbachev's proposal to eliminate all medium and short-range nuclear missiles worldwide. The Soviets said a quick agreement is possible, but warned that the U.S. first must drop plans to keep Pershing missile warheads in West Germany. At the White House, Gorbachev's proposal was viewed as a boost to the superpower accord on nuclear weapons and to a summit with President Reagan.
(NBC-4)

CBS's Mark Phillips in Moscow: In Geneva today the Soviets made their latest proposal official -- they offered to eliminate the 100 warheads they had previously wanted to keep in Asia. In Moscow, the Soviets' top arms negotiators were saying they now hoped an agreement on medium-range missiles was possible and soon.... The agreement they say could be signed at a Reagan-Gorbachev summit meeting, but the Russians also established some conditions that throw obstacles in the way of an agreement. The most important of those conditions -- the scrapping by the U.S. of 72 of its warheads for West German Pershing 1-A missiles. The U.S. says this is not negotiable....
(CBS-3)

Jennings: The Soviets put their latest arms control proposal on the table in Geneva today. Their chief arms negotiator said the Soviet call for a complete ban on short and medium-range missiles could open a way for an arms agreement within 60 days.
(ABC-3)

FBI DIRECTOR

Jennings: There are indications tonight that finally there may be a new director of the FBI to replace William Webster. He's from Texas (and) he's a judge.

ABC's Tim O'Brien: No offer has yet been made, but well-placed sources confirmed today that 57-year-old William Sessions, a former Justice Department official and now federal judge, is the heir apparent to the FBI.

(Sessions: "They probably think I'm indicted (laughter), or something like that.")

The nomination would surely please Texas Senator Phil Gramm, who personally intervened on Sessions' behalf.

(Gramm: "I recommended him because I believe in him. He has the experience, the knowledge and the character to do the job that needs to be done.")

As a judge, Sessions tended to side with the government in criminal cases and against the news media. But he refused to stop a local newspaper from printing the names of 3,000 patrons of a San Antonio bordello.... Sessions had always been in the running.... He's to meet with Attorney General Edwin Meese tomorrow morning. Sources say barring any unforeseen developments, one of the FBI's lengthiest and most important manhunts, apparently, is over. (ABC-4, CBS-6)

BORK

Rather: A vote is not expected until October, but they are already counting heads in the Senate on President Reagan's nomination of Robert Bork to the Supreme Court. Democratic leaders said today that their count shows 45 for, 45 against, 10 undecided. CBS News and the New York Times have been counting heads among the American people on the Bork nomination.

CBS's Lesley Stahl: The poll shows that an overwhelming number -- more than 3/4 -- have not yet made up their minds about Robert Bork. But unlike the President, the public thinks that Bork's conservative opinion should matter on whether he is confirmed. In the poll of 745 people conducted Tuesday and Wednesday, most feel it's proper, if not necessary, that a President consider a Supreme Court nominee's positions on the issues. But they also give the same right to the Senate to consider more than just his legal qualifications.... On abortion the poll shows a majority favors freedom of choice.

Abortion -- Freedom of Choice

Favors:	52%
Oppose:	41%
No Opinion:	7%

But the same majority opposes affirmative action for blacks.

Affirmative Action

Favors:	41%
Oppose:	52%
No Opinion:	7%

Stahl continues:

...Both sides feel they can effectively use the legitimate power of persuasion. Whether you think it's a good idea or not, the Bork confirmation already is a question of politics. (CBS-7)

NORTH LEGAL DEFENSE FUND

Wallace: Officials at the Oliver North legal defense fund say they have received almost \$1.5 million in contributions since North testified at the congressional hearings. A fund official says they took in a quarter of a million dollars each day in the last two days. (NBC-2)

GHORBANIFAR

Rather: In Paris today the mysterious middleman and money maker in the Iran arms deal defended the scheme to trade arms for American hostages. Ghorbanifar blamed the U.S. and President Reagan for the plan's failure. He was interviewed by CBS News Correspondent Anthony Laser....

(Ghorbanifar: "I myself delivered 12 [hostages]. Every day if you go through the chronology of the events, in every single step we face another cheat -- another promise which failed and every time there was trouble from the American side. Never, ever [did] an Iranian try to cheat or to lie to them.")

Ghorbanifar also denied that it was his idea to divert money to the contras as Oliver North had testified. By the way, Ghorbanifar twice failed a CIA lie detector test. (CBC-2)

NOFZIGER

Wallace: Lyn Nofziger, former White House political director, pleaded innocent today in federal court -- charges of violating conflict of interest laws. Nofziger is accused of improper lobbying for private clients after his 1982 departure from the White House.

(Nofziger: "I'm just sorry to waste all the government money on this kind of a situation -- you know, where they literally destroy a person's business, they destroy a person's finances, they try to destroy a person's reputation. And we're not going to let that happen.") (NBC-7, CBS-5)

--End of B-Section--

EDITORIALS/COLUMNISTS

PERSIAN GULF

Why We Re-Flag -- "Notwithstanding Administration claims to the contrary, President Reagan's decision to re-flag 11 Kuwaiti vessels represents a tilt toward Iran's mortal enemy Iraq.... By re-flagging the merchant ships...the U.S. has invited Iranian response. That being the case, Mr. Reagan and the American people must prepare for an assault.... No one wants to put American lives at risk. For now, however, the policy choice is clear. We can proceed with the re-flagging and the naval protection that it demands, or we can abdicate our responsibilities as a global power and leave Gulf policy to Moscow or the ayatollah."

(Washington Times, 7/23)

Safely Through Hormuz -- "Although this newspaper was critical of the Administration plan to inject the U.S. into this murderous conflict, we join with other Americans in wishing our forces well. If Iran is so foolhardy as to menace U.S. flag vessels, it can expect fierce retaliation. Much responsibility, however, rests on Iraq, the nation toward which the Reagan Administration has decided to tilt.... The commitment has been made and Americans are left to pray that the current battle of nerves does not lead to battles of fire and steel."

(Baltimore Sun, 7/23)

...Or Is The Goal To Keep The Soviets Out? -- "If the U.S. wants to be taken seriously by Iran, the Soviet Union and the Gulf states, if it wants to contain the spread of Islamic revolution and if it wants to encourage stability in the troubled Middle East, then it must take risks in the Gulf. Walking away from the Gulf now only invites much worse problems in the future."

(James Phillips, Philadelphia Inquirer, 7/23)

A Cloudy Policy In Persian Gulf -- "The Reagan Administration's policy in the Persian Gulf risks American lives and the subversion of our declared neutrality should we decide to shoot first and ask questions later. No amount of obfuscation can mask this grim and dangerous reality."

(Seattle Post-Intelligencer, 7/17)

Uncle Sam, Don't Go It Alone -- "The Administration should take the opportunity to coordinate an international escort operation. Those who share the benefits of U.S. military protection must be willing to share more of the risk."

(Los Angeles Herald Examiner, 7/17)

For Principle And For A Lifeline, The U.S. Shows Some Force -- "The devotion of the Reagan Administration to freedom of navigation has never been in question, but the Persian Gulf is a killing ground for commercial shipping and naval vessels alike.... Reflagging these Kuwaiti tankers is a bold, audacious, hazardous and unprecedented defense of freedom of the seas. It may also prove successful."

(Providence Journal, 7/21)

Oil, Energy And The Persian Gulf -- "The Reagan Administration's decision to go ahead with placing American flags on Kuwaiti tankers...underscores a long-standing policy...to protect one of the world's key oil transport routes.... Energy cannot be separated from economic and national security issues. We need a strong commitment to protect American interests in the Middle East."

(Dale Klein, Chicago Tribune, 7/23)

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IRAN-CONTRA HEARINGS

Too 'Top Secret' For The Man On Top? -- "Despite his staunchly asserted defense of his own and Lt. Col. Oliver North's actions, what Adm. John Poindexter did in his appearance before the congressional Iran-contra investigators was undermine President Reagan's case... There is a case to be made on both sides of the secrecy question in the execution of foreign policy. There can be no case made for keeping the President in the dark -- and no case made for the President allowing himself to be kept in the dark."
(Chicago Tribune, 7/23)

You Always Hurt The One You Love -- "...Surely no one loved Ronald Reagan more than Ollie North or John Poindexter did.... Yet for all their dedication, they have deeply wounded the President they served.... The damage is not likely to prove fatal. The President's resolve in the Persian Gulf and the prospects of victory on contra aid funding will help restore his image."
(Linda Chavez, Chicago Sun-Times, 7/23)

How Big Media Missed Big Story -- "The biggest story associated with Lt. Col. Oliver North's testimony before the congressional committee was missed by some of our biggest media. The story was how this handsome, articulate Marine won the hearts of the American people.... But as late as Friday, July 10, our two most influential newspapers, The New York Times and The Washington Post, had been unable to bring themselves to cover it.... (North) had spoiled Ben 'The-most-fun-since Watergate' Bradlee's week."
(Reed Irvine, Chattanooga Press, 7/19)

Where The Buck Stops -- "...The former national security adviser may be right that President Reagan knew nothing of the diversion, but he is wrong about where the buck stops. Accountability for his Administration's shameful error rests with the President, who so far has shamelessly shunned it. The President should take the blame not only because he is the top boss. He should accept it because he is at fault."
(Minneapolis Star and Tribune, 7/17)

PRESIDENTIAL PARDON

Let Legal Steps Proceed On Poindexter And North -- "Republican defenders of the Reagan Administration are jumping the gun in urging presidential pardons for Rear Adm. John Poindexter and Marine Lt. Col. Oliver North.... We hope the President has no thought of using his pardon power to cut short the judicial process in this case."
(The Buffalo News, 7/21)

Bronzed Pardons And Other Awards -- "Pardon the heroes of Iranamok? That's the latest brainstorm from the Reagan Administration's more fevered partisans... These guys will go "mano a mano" with Abu Nidal, but when it comes to American democracy and American justice, they'd rather duck the fight."
(TRB, Baltimore Sun, 7/23)

Reagan Should Resist Pat Buchanan's 'Provocative' Advice -- "...If Reagan has suffered any serious reversal in the Iran-contra affair, Buchanan's scorched-earth strategy is precisely the wrong way to make a comeback. What Americans like most of all about Ronald Reagan is that he is not ultra-partisan, not mean-minded and does not regard critics and opponents as cynical and unpatriotic."(Edwin Yoder, Richmond Times-Dispatch, 7/23)

LETTERS TO THE EDITOR

"'President Oliver North' has a great ring to it.... He knows who can get things done -- and after this experience would be the most honest, open and dedicated President of all."

(John G. Peterkin, Cedar Swap, Newsday, 7/17)

"I think it is a shame that a true American hero, Lt. Col. Oliver North, was interrogated by a pack of liberal Democrats... Lt. Col. North, I salute you."

(Joseph F. Joyce, Hanover, VA., Richmond Times Dispatch, 7/17)

"I fully support Lt. Col. Oliver North and believe his testimony. I also agree with all the actions he took, and I thank him for reminding us all what a dangerous world we live in and that covert activities are a reality and necessity."

(Richard R. Vivolo, Valley Cottage, N.Y., New York Times, 7/17)

"It is disturbing, but not ultimately surprising, to read about the initial extent of the favorable public reaction to Lt. Col. North.... The fact that Col. North believed in what he was doing only magnifies the gravity of his offenses: That belief caused him to substitute his decisions for those of Congress, and so ultimately of the voters."

(Jeremy T. Ross, Haverton, PA., Philadelphia Inquirer, 7/17)

"Lt. Col. Oliver North's stunning victory derives only in part from his astounding courage and integrity.... If the public airing of a national hero's dilemma proves anything, it is that connivery thrives as much in the legislative as in the executive branch of the federal government."

(H.W. Gleason Jr., Shippensburg, PA., Washington Times, 7/17)

"Under the banner of 'patriotism,' North has consistently admitted to the lies he fed to Congress and the American people. He frightens me. Who does he think he is, ignoring our Constitution? The American public had better wake up and realize it is just his kind that will lead us into another Vietnam."

(Kathleen Shortt, Huntington Beach, Orange County Register, 7/13)

"Lt. Col. Ollie North should be extolled for his indomitable and relentless courage in defending himself for his recent actions, that, under the circumstances, were justifiable. If he should be a future candidate for president of our great country, he indubitably merits our support."

(Meyer Nettler, Albany Park, Chicago Sun Times, 7/16)

"It's not a pretty sight to see all the rats deserting a sinking ship and leaving Ollie North to man the pumps. North is from a different era -- he should have crossed the Delaware with Washington, ridden with Paul Revere and made speeches with Patrick Henry."

(Harold E. Redford, Aurora, Denver Post, 7/21)

"The real issue in these hearings is...whether the foreign policy interests of our country can be sustained with a Congress that cares more about preening its own ruffled feathers than preventing the consolidation of a Soviet client state on the mainland of America."

(Leonard Bakker, Berkley, San Francisco Chronicle, 7/15)

-End of News Summary-