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MONDAY, JULY 7, 1986 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Philippine Rebellion Fizzles In One Morning -- Opposition leader Arturo Tolentino proclaimed a new Philippine government yesterday in the name of ousted President Ferdinand Marcos and took over Manila's fanciest hotel with the support of dissident troops and marines.

(Washington Post, Washington Times, Reuter)

Nicaragua, Concerned By Papal Criticism, Explains Expulsion -- The Nicaraguan government, clearly concerned over sharp criticism from Pope John Paul II, said today the expulsion of conservative Bishop Pablo Antonio Vega had nothing to do with church-state relations.

(Washington Post, Reuter)

NATIONAL NEWS

On Day Of Record Heat, Liberty Weekend Ends -- After four extravagant days of ships, fireworks, ceremonies and festivals, Liberty Weekend drew to a close on the hottest day of the year yesterday with capacity crowds at the Statue of Liberty and a spectacular glamour-and-glitz production-show finale. (New York Times, Washington Post, AP, Reuter)

NETWORK NEWS (Sunday Evening)

PHILIPPINES -- Supporters of former president Ferdinand Marcos claim he is back in power tonight.

JAPANESE ELECTIONS -- Prime Minister Nakasone wants a third term, and the election outcome may determine whether he gets it.

MEXICAN ELECTIONS -- Mexicans are going to the polls in four states.

'ALL THOSE STILL YEARNING TO BREATHE FREE'

"Some people look to the source of the American miracle in our abundant natural resources. Others, in the accident of history. But if you want to know the secret, you don't have to look any farther than that grand Lady standing in New York Harbor. Freedom is the key. Freedom is what allowed individuals to make America great."

(President Reagan,
Address to the Nation, 7/5)

INTERNATIONAL NEWS

MARCOS ALLY NAMES SELF PRESIDENT

MANILA -- Arturo Tolentino, the recent running mate of former president Ferdinand Marcos, took over the plush Manila Hotel yesterday with the support of more than 300 armed Philippine soldiers and proclaimed a new government in Marcos' name to replace President Corazon Aquino.

Tolentino, 75, said he would act as president until Marcos could return from exile in Hawaii.

In a news conference later Sunday in Cagayan de Oro, Aquino told reporters that she was in control and would be returning to the capital Monday as scheduled. She accused Marcos of trying to destabilize her government and said Tolentino may face sedition charges.

(Abby Tan, Washington Post, A1)

Philippine Rebellion Fizzles In One Morning

MANILA -- Opposition leader Arturo Tolentino proclaimed a new Philippine government yesterday in the name of ousted President Ferdinand Marcos and took over Manila's fanciest hotel with the support of dissident troops and marines.

But the revolt fizzled while he slept. Early this morning, 200 of his 300 troops redefected to the government side, saying they had been duped into supporting the 75-year-old former foreign minister who was Mr. Marcos' running mate in the fraud-ridden presidential election last February.

(Washington Times, A1)

First Crisis Angers Traveling Aquino

CAGAYAN DE ORO -- The day started out with cheering crowds and yellow streamers welcoming President Corazon Aquino to this southern port city. It ended with the most serious crisis of her young presidency.

The president was angry but remained calm as she blamed Mr. Marcos for fueling and funding yesterday's rebellion, her advisers said.

Later, at a late afternoon press conference at a Jesuit university here, Mrs. Aquino claimed, "I am sure Marcos had something to do with this... [It's a] question of Marcos trying to destabilize my government."

(Tom Breen, Washington Times, A1)

Marcos Says He Had Nothing To Do With Attempted Revolt

HONOLULU -- Ex-president Ferdinand Marcos of the Philippines said today he had nothing to do with the attempted revolt in Manila, but blamed the government of Corazon Aquino for the situation.

"All I am asking my countrymen to do right now is to prevent bloodshed," Marcos said in an impromptu press conference outside his rented beachfront home in Honolulu.

(Reuter)

CARDINAL DENOUNCES SANDINISTAS

MANAGUA -- Cardinal Miguel Obando y Bravo, leader of Nicaragua's Roman Catholic Church, warned his faithful today not to let themselves be "manipulated" by the news media controlled by the leftist Sandinista government.

The cardinal delivered his homily in unusually blunt language amid a confrontation between the government and the church sparked by the expulsion to neighboring Honduras Friday of a conservative Nicaraguan bishop, Pablo Antonio Vega. (Julia Preston, Washington Post, A13)

Nicaragua, Concerned By Papal Criticism, Explains Expulsion

BOGOTA -- The Nicaraguan government, clearly concerned over sharp criticism from Pope John Paul II, said today the expulsion of conservative Bishop Pablo Antonio Vega had nothing to do with church-state relations.

The Nicaraguan Embassy here today issued a press statement -- distributed to all major news organizations covering the papal tour -- which detailed the charges against Vega and said he had displayed a "criminal attitude" and broken Nicaraguan laws.

(Bernd Debusmann, Reuter)

CONTRAS PROFITED FROM DOLLAR CONVERSIONS

Nicaraguan rebels, through their control of U.S. non-lethal aid in two Miami bank accounts, sold dollars for a profit in currency conversions and mixed the extra money with their "general funds," according to a State Department document.

The State Department's Nicaraguan Humanitarian Assistance Office, which disburses the aid, first learned about rebel control of those accounts on March 10, five months after the aid program began, department lobbyist James Dyer said in a June 9 letter to Rep. Michael Barnes. (Robert Parry, AP)

RUNNING OUT OF RUNNING ROOM

President Reagan is rapidly running out of maneuvering room in attempting to preserve his unproductive policy of "constructive engagement" toward South Africa. Privately, Reagan's advisers are pessimistic that any fundamental changes will emerge from a ballyhooed review of U.S. policy that was disclosed to reporters in Santa Barbara by national security affairs adviser John Poindexter.

The House bill, as extreme in its way as Reagan's policy, has little chance in the Senate. But it reflects a bipartisan disillusionment with Reagan's policy and the increasing concern of vulnerable Republican candidates that the policy is a liability to them in the coming campaign. This combination of political and policy concern may enable Sen. Richard Lugar, who works closely with Secretary George Shultz, to prod the White House into serious high-level discussions with ANC leaders and stronger sanctions against Pretoria, once more saving Reagan from himself. But given the President's persistent misperception of what is happening in South Africa, it won't be an easy task.

(Lou Cannon, Washington Post, A2)

NSC SHIFTS FORETELL ROW OVER VIEW OF SOVIETS

Special Assistant to the President Jack Matlock, the senior director for Soviet and East European affairs on the National Security Council, will be replaced next month by White House spokesman Edward Djerejian, according to well-informed Administration sources.

The move is expected to set off a major power struggle between hard-line conservatives and so-called "pragmatists" within the Administration as the more conservative element watches closely where Mr. Matlock lands after the personnel move. The two factions' supporters on Capitol Hill are also expected to get involved in the developing fray.

(Jeremiah O'Leary, Washington Times, A1)

'BUREAUCRATIC GRIDLOCK'

Cost overruns and "bureaucratic gridlock" uncovered by congressional investigators have cast doubt on the State Department's ability to carry out its planned \$4 billion beefing up of embassy security around the world.

The problems were summarized by the General Accounting Office, the investigative arm of Congress, in a report last week that found big gaps in embassy security systems, including electric barrier systems that did not work and an ambassador who demoralized his security guards by having them walk his pet poodle.

The State Department agreed with many of the GAO criticisms of the project, which was rushed into action following the bombing of the U.S. Embassy in Beirut in September 1984. The project, over five years, will cost more than \$4 billion.

(Jim Anderson, Washington Post, A9)

TWO FRENCH COMPANIES ARE BOMBED

PARIS -- Two French companies were bombed today and the leftist terrorist group Direct Action asserted responsibility, issuing a statement that ridiculed Statue of Liberty celebrations and condemned French and U.S. ties to South Africa. No injuries were reported.

Authorities and the companies refused to give details about the explosions, but police sources, who demanded anonymity, said guards at both buildings received calls warning that an attack by Direct Action was imminent.

(AP story, Washington Post, A15)

U.S. NOT TALKING ABOUT DRUG-RUNNING ALLEGATIONS AGAINST PANAMANIAN

The Reagan Administration, which has been critical of several countries whose authorities reportedly have engaged in drug smuggling, is maintaining strict silence about allegations that Panamanian officials are deeply involved in such activities.

Privately, U.S. officials say there is conclusive evidence that the head of the Panamanian defense force, Gen. Manuel Antonio Noriega, has reaped huge profits from narcotics trafficking.

A former top U.S. diplomat in Central America called Noriega "the richest man in the region."

(George Gedda, AP)

NEW STUDY RECOMMENDS STRONGER U.S.-ISRAEL STRATEGIC COOPERATION

The United States should develop closer strategic and military cooperation with Israel to help deter Soviet aggression in the Mediterranean Sea and Persian Gulf, according to a new policy study released today by the conservative Heritage Foundation research center.

"Washington should integrate Israel discreetly into the global anti-Soviet defense system to strengthen deterrence of the Soviet Union in the strategic area between NATO's southern flank and the Persian Gulf," senior Heritage policy analyst James Phillips, the author of the study, concluded.
(Bill Gertz, Washington Times, A3)

JAPANESE ELECTION

TOKYO -- Prime Minister Yasuhiro Nakasone's Liberal Democratic Party grabbed its biggest-ever majority in parliament in a stunning landslide election victory Sunday that could win Nakasone a third term in office.

"I didn't think we would win this big," Nakasone said after the landslide became apparent from election returns. (Janet Snyder, UPI)

WORLD POPULATION HITS RECORD 5 BILLION

The world's population reaches the milestone 5 billion mark with the birth of a child sometime today, The Population Institute reports.

"Never before have so many people shared space on this planet," observed Werner Fornos, president of the private institute which studies population questions.

"Five billion probably puts the world population about at its carrying capacity. It will be difficult to feed, clothe, shelter and employ many more people at more than a subsistence level of life," added M. Rupert Cutler, executive director of Population-Environment Balance, another population research group.
(Randolph Schmid, AP)

NATIONAL NEWS

FOR LIBERTY WEEKEND, A GRASS-ROOTS FINALE

EAST RUTHERFORD, N.J. -- Liberty Weekend, the four-day nonstop celebration of the Statue of Liberty's centennial, came to a rousing close here tonight with 8,000 American amateur performers making the final show their own.

It ended, as each evening of the celebration has, with fireworks, and tonight the crowd of 55,000 in Giants Stadium chanted "U.S.A.! U.S.A.!" as the performers formed a map of the country.

"It's been quite a weekend," Vice President George Bush told the assembled and the national television audience. "This is the promise of America."
(Joseph McLellan & Lloyd Grove, Washington Post, A1)

On Day Of Record Heat, Liberty Weekend Ends

After four extravagant days of ships, fireworks, ceremonies and festivals, Liberty Weekend drew to a close on the hottest day of the year yesterday with capacity crowds at the Statue of Liberty and a spectacular glamour-and-glitz production-show finale.

Vice President Bush lent an official touch to the nationally televised show, the windup of a sweltering day of activities in the metropolitan area and the climax of David Wolper's \$30 million production of Liberty Weekend, marking the nation's 210th Fourth of July and the centennial of the Statue of Liberty.
(Robert McFadden, New York Times, A1)

Spectacular Finale To Four-Day Liberty Festival

NEW YORK -- Show-biz glitz and glamour provided the finale Sunday for the Statue of Liberty's big birthday bash, a four-day festival of song, sail, celebrities and fireworks honoring the great lady's first 100 years.

"Well, it's been quite a weekend. We've said 'Happy Birthday' to America and 'Happy Birthday' to the Statue of Liberty," said Vice President George Bush. "So tonight let us renew our devotion to the vision of America's future that the Statue of Liberty stands for."

(Eileen Putman, AP)

Liberty Weekend Ends With Hollywood-Styled Blowout Show

NEW YORK -- The four-day \$32 million extravaganza to celebrate the 100th birthday party of the Statue of Liberty ended in a torrent of Hollywood glitz, down-home tap dancing brass bands and thunderous fireworks.

"Let us renew our devotion to the bright vision of America's future that the Lady in the harbor stands for....," Vice President George Bush said in a speech at the show.
(Mike Clancy, Reuter)

VOTERS WANT A 'REAGAN DEMOCRAT'

Americans want the next president to continue Ronald Reagan's policies, but they want that chief executive to be a Democrat who is slightly right of center, a poll released Saturday showed.

The poll determined the qualities that are most important include honesty, intelligence and communication skills. Only 52 percent said political experience was important, and just 33 percent said political philosophy was the driving factor.

The poll of 1,000 Americans, conducted for U.S. News & World Report and Cable News Network, showed voters want a "Reagan Democrat."

(Washington Times, A3)

REHNQUIST: LONG SHOT IN NIXON'S COURT QUEST

Richard Nixon and his aides batted around such names as Sen. Howard Baker and William French Smith, an unknown lawyer from California. Then, White House aide Richard Moore asked Nixon to consider a long shot.

What, he asked, did the president think of William Rehnquist?

Nixon seemed skeptical of the idea of elevating a mere assistant attorney general to the nation's highest court, Moore recalled. But Rehnquist, Moore insisted, was so much more than that: only 47, smart, a graduate of Stanford University Law School, meeting Nixon's determination to "rescue the court from the influence of the Ivy League." The president was intrigued.

(Saundra Saperstein & George Lardner, Washington Post, A1)

A SERIES OF HIGH COURT REBUFFS FOR REAGAN

The Reagan Administration is nursing its wounds after a series of devastating losses at the Supreme Court this term -- and especially last week -- on issues it said it cares most about.

The justices, sometimes voting unanimously, sharply rebuffed the Administration's political and social crusade in the term expected to end this week, saying they are unwilling to join Administration efforts to end abortion rights, to dismantle virtually all affirmative action plans, to restrict the scope of the 1982 Voting Rights Act amendments or to restrict the rights of mentally handicapped people to welfare benefits.

(Al Kamen, Washington Post, A7)

SURVEY DESCRIBES A U.S. DIVIDED ON DRUG TESTING

Americans are divided almost evenly on whether mandatory drug testing in the workplace is an appropriate solution to the nation's drug abuse problem, a public opinion survey found.

The survey by two public opinion research firms, whose directors worked in President Reagan's re-election campaign and who initiated the study on their own, reveals that 50 percent of Americans support mandatory drug testing on the job while 49 percent think it is inappropriate and violates personal rights.

(Lucy Keyser, Washington Times, A2)

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ADMINISTRATION SEEN EVADING VACANCIES LAW

The Administration is abusing its authority to make temporary appointments and several top officials are holding office in violation of law, Sen. William Proxmire said yesterday.

Proxmire said a review by the Comptroller General found "a clearly discernible trend by the executive branch to ignore the requirements of law governing key positions requiring Senate confirmation."

(Robert Shepard, Washington Post, A9)

FRIENDLY WARNING...

When President Reagan retreated to his California ranch last month, presidential aides in Santa Barbara found they had been given accommodations at the Sheraton Hotel, where the press stays, rather than down the road at the more luxurious Biltmore, where the White House staff traditionally has been headquartered.

Reason for the move: cost-cutting. White House aides wanted a better room rate at the Biltmore, and those few who accompanied the President to California moved to the Sheraton for the short five-day trip to make a point.

Now, aides say, the Biltmore has cut its rates by the standard 20 percent reduction it gives corporate executives, and the western White House will move back there in August when Reagan takes a three-week vacation at the ranch.

(Marjorie Williams, Washington Post, A9)

PRESIDENT AND NANCY REAGAN

The Reagans wound up their holiday weekend Sunday with a quiet dinner for two in honor of Nancy Reagan's 65th birthday. The President surprised Mrs. Reagan with a custom-made saddle, awaiting her at their California ranch.

The Reagans returned to the White House Saturday after a hectic three-day visit to Liberty Weekend festivities in New York, during which the Boys Choir of Harlem surprised Mrs. Reagan with a chorus of "Happy Birthday." "I can't think of a better way to celebrate my birthday," she responded with a smile.

(Jean Cavanaugh, Washington Post, B3)

EDITOR'S NOTES: "At Liberty, At Last!" by Tom Shales, appears in The Washington Post, B1.

"Gary Lee Bauer, Soft-Spoken Salesman For Reagan's Social Agenda," by Keith Richburg, appears in The Washington Post, A9.

"The President's Son Also Rises In TV, Movie, Writing Career," AP story, appears in The Washington Times, B2.

NETWORK NEWS SUMMARY

(Sunday Evening, July 6, 1986)

PHILIPPINES

NBC's John Hart: Arturo Tolentino, claiming he is acting on behalf of Ferdinand Marcos, gathered several thousand supporters, about 350 soldiers still loyal to Marcos, swore himself in as President of the Philippines, and proclaimed the fourteenth floor of the Hotel Manila as the new seat of government saying he'll stay there as long as he can pay the hotel bills. President Aquino, out of town, said it was sedition but has not ordered his arrest.... Of the 350 soldiers who showed up in sympathy with the rebellion at the Hotel Manila, 200 have given up. Washington reacted strongly to the incident, the White House saying it still recognizes the Aquino government, and some members of Congress complaining that Marcos is using his refuge in America to make trouble in the Philippines.

NBC's Robin Lloyd: The White House immediately condemned the takeover attempt -- aides restating the Administration's strong support for the Aquino government. The action caught top Administration officials by surprise, particularly as Secretary of State Shultz had just visited the Philippines and was reportedly impressed with the political climate there. Despite continuing pro-Marcos street demonstrations, Administration officials admit they were paying more attention to the steadily escalating guerrilla war there than to any possible threat of a Marcos comeback. So far, Philippine officials in Washington have told the Administration not to worry.

(Philippine Ambassador Pelaez: "There isn't much to this incident. We can handle it.")

State Department and Pentagon officials seem to agree. They see no serious threat at this time. The big question, say officials, is the extent of Marcos's involvement. The former dictator has said he would not go back to head up a revolution or a rebellion, but he has not ruled out an attempt to return to power. Aides here say they have no proof that Marcos played a role in this revolt, but top Administration officials say they suspect that he approved it. Some members of Congress already are urging the Administration to take stronger action.

(Sen. James Sasser: "Certainly Marcos should not be allowed to use U.S. territory as a staging area to try to destabilize the Aquino government.")

But so far there's no hint that the Administration intends to force the former dictator to leave his home in Hawaii. Still, officials here are clearly angry with Marcos. Referring to the takeover attempt one official today said, "We have no tolerance for these activities. Marcos is a part of history and that's where he should remain." (NBC-Lead)

ABC's Sam Donaldson: It may be a serious challenge or an irrelevant farce, but the fact is Philippine President Corazon Aquino is facing a new political challenge tonight. Followers of ousted President Marcos took over a Manila hotel and swore in one of their own as acting President of the country. Mrs. Aquino's backers called it a farce. Marcos loyalists said they are now the government.

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ABC's Mark Litke: It began as thousands of Marcos loyalists were holding their now regular weekly rally. Suddenly several armed troops moved into the area -- troops also loyal Marcos. At the same time, others took control of the plush Manila Hotel. Then Marcos' former running-mate Arturo Tolentino arrived. Tolentino announced that Marcos had authorized him to assume the role of acting President until Marcos returns. With that, he took the oath of office. Tolentino is being backed by several high-ranking military officers who accuse the government of drifting towards communism. The apparent attempt to take over the government was well-timed, catching President Aquino out of town.... Aquino was still quick to react saying she'll return to Manila to reimpose her authority tomorrow, threatening to charge Tolentino with sedition. Meanwhile, roads to the Presidential Palace have been sealed off -- the armed forces placed on red alert. Aquino's defense minister Enrile, who helped overthrow the Marcos government, met with top military leaders tonight and urged the country to keep calm. But he also had to reassert his loyalty to President Aquino since Tolentino had offered him a job in Tolentino's new cabinet.

(Enrile: "There's only one government in this country and that's the government of Cory Aquino.")

A U.S. Embassy official here also expressed support.

(Charles Martin, U.S. Embassy: The United States fully supports the government of President Aquino, and we're against any effort such as this to undermine her government.")

That statement is certain to anger Marcos loyalists who still accuse the U.S. of driving their President out of office. President Aquino once described Mr. Tolentino as an old man with nothing better to do than to cause trouble. Tonight, with armed soldiers at his side here in the capital creating a potentially explosive situation, Tolentino's so-called troublemaking can't be taken so lightly any more.

Donaldson: In Honolulu, a spokesman for Ferdinand Marcos said Marcos had been on the phone all night with Manila and if the Aquino government is overthrown, Marcos will go home as an elder statesman. In Washington, a spokesman for the White House said the United States continues to back the Aquino government firmly. (ABC-Lead)

CBS's Susan Spencer: Supporters of former Philippine President Marcos claim he is back in power tonight. But President Aquino says no way, that after an attempted coup today she is still in full control. And there are late reports now that about 200 soldiers loyal to Marcos have surrendered. They seized the moment, and tried to seize the power when Mrs. Aquino was out of town. (CBS-Lead)

JAPANESE ELECTIONS

Donaldson: The Japanese who also went to the polls this Sunday also have a long-time ruling party that runs the country but that was not the issue today in Japan. Prime Minister Nakasone wants a third term, and though his name wasn't on the ballot, the election's outcome may determine whether he gets it.

ABC's Jim Laurie: ...The Japanese in fact would not be electing candidates to both houses of parliament now, 18 months ahead of schedule, had it not been for the ambitions of Nakasone.... The serious issues come down to the performance of the ruling party under Nakasone. While Japan's ruling party has always pursued pro-American policies, Nakasone has been described as the best friend Washington has had in years.

(TV coverage: The President shaking hands with Nakasone.)

The voter turnout today, made possible by fair weather, has been a good one -- better than 70% -- and that favors the ruling party. But if Nakasone doesn't get the landslide he wants, most here expect a struggle to ensue for the leadership of Japan's ruling party.

(ABC-3, CBS-7)

Hart: In Japan's elections Prime Minister Nakasone has become Japan's Reagan, in his campaign style anyway. And in today's voting it appears he has a chance of a Reagan style win.

NBC's Steve Mallory: Nakasone's been criticized within his own party for coveting a third term. But he believes the voters are with him and he uses the campaign style of his friend President Ronald Reagan playing to the public to generate popular support.

(NBC-3)

MEXICAN ELECTIONS

Donaldson: Mexicans are going to the polls today in four states. And in one of them, Chihuahua, some observers believe there's a chance the voters will make political history -- Mexico's long-time ruling party might actually lose an election.

ABC's John Quinones: The people of Chihuahua, Mexico streamed to the polls en masse today to elect state representatives, local mayors, and a new governor. It was seen as a strong test of democracy in Mexico.... With hundreds of military troops on guard amid an atmosphere of tension, the government promised a fair election. But early in the voting there was evidence of irregularities.... The opposition claims the government destroyed many of its votes, stuffed ballot boxes with the names of dead people, and awarded voter registration cards to children too young to vote.... A victory by the opposition party would signal that the government party is now willing to share power. That is long overdue in this country. But the opposition says it would be too much to expect from both the party and a government so tainted by corruption. The election results will not be official for a week, but this evening the government party is expected to claim an unofficial victory. With the opposition vowing it will not accept defeat, it's a political standoff in Chihuahua.

(ABC-2, CBS-8)

MEXICAN ECONOMY

Spencer: Because of Mexico's many troubles, some believe the U.S. should give its neighbor preferential treatment when it comes to paying back that staggering national debt. In that corner is Arizona Governor Bruce Babbitt, chairman of a Council of Foreign Relations study group on Mexico.

Spencer continues:

(Babbitt: "It's in our national interest to recognize that this country right on our border is a lot more important to us than some run-of-the-mill country in Asia or Africa, and it ought to get special treatment. Not for their good, but because their well-being is so critical to our national security.

Spencer: Can you be more specific about why we ought to be this concerned about what happens in Mexico?

Babbitt: "Imagine Nicaragua times 40 -- a nation of 80 million people -- not in Central America but right on our own border.") (CBS-9)

ACHILLE LAURO TRIAL

Spencer: The Achille Lauro hijack case in Genoa, Italy goes to the jury tomorrow after those defendants in custody have their final say.

CBS's Mark Phillips: Through final argument this weekend, the Italian state prosecution rejected any defense claims that the four hijackers were freedom fighters who had not intended to hijack the ship, but instead were going to attack an Israeli port when the ship docked. (CBS-12)

SOUTH AFRICA

Spencer: Eight white South African business leaders called today for the unconditional release of jailed black guerrilla leader Nelson Mandela. One of the corporation chiefs said there can be no solution to South Africa's problems without Mandela's release and recognition of his outlawed ANC movement. Meanwhile the government is trying to cope with a wave of guerrilla bombings. (CBS-11)

IMMIGRANTS

Donaldson: Liberty Weekend is taking place on the east coast -- in and around New York Harbor -- for so long the nation's main port of entry. But now that's changed. The west coast now leads the way in immigration.

ABC's Gary Shepard: The deluge has had a staggering impact on the public school system. At Hollywood High there are students from 70 nations. Twenty-two different languages are heard in the corridors. Forty percent of the youngsters are enrolled in special classes just to learn English.... Authorities estimate this year alone, hundreds of thousands of illegals will migrate into California.... The result, they say, will be that many Americans -- especially black teenagers and young Hispanics -- will have trouble finding work.

(Harold Ezell, Naturalization and Immigration Service: It's tough to get a job in the open market when you're competing with an illegal alien who works harder, complains less, and doesn't give anybody any problem because they just want the job.")

So far southern California, because of its rapidly expanding economy, has been able to accommodate the immigrant invasion. But no one knows how long that will continue once the jobs run out.... The forecast is by the year 2000 half the population of Southern California will be black, Asian, and Hispanic. (ABC-5)

FIRST LADY'S BIRTHDAY

Donaldson: Today First Lady Nancy Reagan is 65. The official claim is 63. But whatever the case, she and the President plan to celebrate it quietly tonight in the White House, just dinner for two. (ABC-6)

Spencer: First Lady Nancy Reagan, fresh from Statue of Liberty celebrations had a small celebration of her own today. She was 65. The President's birthday gift: a new saddle for her horse. (CBS-15)

LIBERTY COINS

Hart: The gold Liberty Coins are in such demand and so short supply they are worth five times more now than they were in the beginning.

NBC's Irving R. Levine: Even before the first coins were struck at ceremonies at the U.S. Mint, more mail orders were pouring in than could be filled.

(Katherine Ortega, U.S. Treasurer: "Out of 500,000 gold coins authorized by Congress, all have been sold.")

Congress badly underestimated the appetite for the gold coin when it limited production to only 500,000 sending the price skyrocketing. The original price from the Mint was \$165. Dealers are now charging as much as \$750. (NBC-9)

ADVERTISING IN CHINA

Spencer: With more than a billion people, China is the world's most populous nation. That fact has not been lost on the world's advertisers who see the Chinese as a billion potential customers. Not even communism is standing in the way.

CBS's John Sheahan: Seven thousand billboards have gone up since 1978 when advertising was permitted again as part of China's opening to the world. Foreign companies now sponsor everything from racing cars to marathons. (CBS-10)

PARIS BOMBING

Hart: Two bombs went off in Paris today hurting no one. A group claiming responsibility said they were meant to denounce the celebration by French and Americans of the Statue of Liberty. The bombs went off early in the morning at two companies that do business with the French defense ministry and also South Africa. The terror group made a statement against apartheid. (NBC-8)

MALAYSIAN DRUG DEALERS

Spencer: Two convicted Australian drug dealers received final visits today from family members in a Malaysian jail. The father of one said they have accepted their fate. They are scheduled to be hanged at dawn, the penalty for drug trafficking under Malaysian law.

(CBS-6, NBC-5)

PARAMILITARY

Hart: A paramilitary group on an exercise in Arizona near the Mexican border found 15 illegal aliens and held them at gunpoint. Border patrol agents showed up and took custody of the aliens a few hours later and nobody was hurt. The members of the paramilitary group were not charged with any crime but they were warned not to do it again. (NBC-10)

INDIAN LAND DISPUTE

Spencer: In Arizona today a federal mandate was supposed to end an age old land dispute between the Hopi and Navajo Indians. It hasn't worked out that way. In Washington today hundreds of protesters were still rallying against the government's plan calling it forced relocation. And while the Hopi have vacated the Navajo land, many Navajo are still holding out. (CBS-4)

IRELAND

Hart: Riot police fought with parading Protestants outside Belfast today. The violence began when members of the Protestant Orange Order crossed into a Roman Catholic area. (NBC-4)

WORLD POPULATION

Donaldson: According to an estimate of the population institute the five billionth person living on earth will be born somewhere on the planet tomorrow. A sobering symbol says the institute, considering that the Earth's population has more than tripled in the last century. (ABC-7, CBS-3)

WIMBLEDON

Spencer: Defending Wimbledon champion Boris Becker won the title again today. The West German teenager beat the world's top-ranked player Ivan Lendl in straight sets, 6-4, 6-3, 7-5. (ABC-8, CBS-14, NBC-6)

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ABC -- THIS WEEK WITH DAVID BRINKLEY

Panel: Sam Donaldson and George Will.

Guests: Peter Ueberroth, Commissioner of Baseball; Eugene (Mercury) Morris, Former Pro Football player; John Phillips, Founder of the Mamas and the Papas; Dr. Arnold Washton, Research Director, 800 Cocaine National Hotline; Dr. Joseph M. Pawlowski, Pathologist, Sacramento County Coroner's Office.

Guests: Dr. Washton, Dr. Pawlowski.

Donaldson: Would you advocate employers testing employees for drugs?

Dr. Washton: I would not advocate widespread drug testing throughout the American work force. I do think, however, we have to start with positions that could be defined as critical job positions -- people who are responsible for public safety, for example.

Donaldson: Some people suggest that testing violates their Fourth Amendment right to be safe from unreasonable search and seizure.

Dr. Washton: I think it's starting to sound as if people in this country have the constitutional right to use drugs, and that's a matter of personal choice and personal freedom. If we've learned anything about drug use over the past decade or so, it's that the drug use by one person, inevitably, has an adverse effect on the lives of others.

Guests: "Mercury" Morris, and John Phillips.

Will: What would you tell policy makers if they were trying to devise policies on the demand side that would deter people from starting in the first place?

Phillips: This is really happening, first, in the home, and it has to be parental influence.

Guest: Peter Ueberroth.

Will: Given a problem of this scale, how do you apply the baseball model to society generally? Do you favor, and do you think you could statutorily and constitutionally do the kind of drug testing on a society scale that you're doing in baseball?

Ueberroth: I don't think you should and I don't think you could. You don't go into a school system somewhere and start testing people, or into a group of government employees.

Donaldson: The unions are not on your side about drug testing. They say that's an infringement of their constitutional right.

Ueberroth: ...Testing is a non-issue for me in drugs in America. What's an issue to me is that the price has dropped from \$100 to \$8. The issue to me is that -- you're sitting in Washington. We have a government who has to now get active in getting a war on drugs that's real.

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THIS WEEK (continued)

Will: The supply-side approach has failed. As Commissioner, you could turn around and in a czar-like way fine Keith Hernandez a tenth of his salary. There aren't such powers invested in public officials in this country. How do you make the penalties broad enough and real enough to deter people from being the demanders of this product?

Ueberroth: You don't give up on the supply side. Washington, D.C. has got to awaken to that. It worked in Turkey when we wanted to stop the supply. The few countries that grow almost all the cocaine, manufacture it, and bring it into our nation, are just as much terrorists as the terrorists in Tripoli that we reacted so boldly against some months ago. ...The demand side is really a three-fold solution. It's called education...parents...private sector.

FREE-FOR-ALL DISCUSSION (Hodding Carter and Tom Wicker join panel.)

Donaldson: We're at the end of a big four-day celebration in connection with the Statue of Liberty refurbishment in New York City.... Have we O.D.'d on too much of a good thing?

Will: This is a country founded on the premise that we should take a broad, unpopulated continent and liberate our appetites. This is what you get.

Donaldson: What's wrong with televising these kinds of pageants. What's wrong with letting the people in Omaha see it?

Wicker: The pageantry of the President relighting the Statue of Liberty, obviously. But the question of so much of the surrounding hoopla ought to be covered as news, is...

Will: How many people given a choice of just watching Ronald Reagan, or watching Ronald Reagan and Whitney Houston, would just have Ronald Reagan?

Carter: On July 4th weekend they would have watched Ronald Reagan.

Wicker: His ratings were pretty good, George.

Donaldson: Ronald Reagan was playing a role he loves to play, and he did it, of course as usual, extremely well. I was with him on the battleship Iowa...and he loved to come forward and take those gun salutes. And he's good. You could watch him -- the way he moved and all -- it's as if a director said, "Now you stand here." For all I know there may have been a piece of red tape right there -- out of Michael Deaver who used to do that for the President on occasion -- "Stand right here, and you look this way, and the trade towers are in the background, and the guns are going off." It was terrific.

Carter: The President of the United States ought to fulfill that function, and the fact that we have a great one at it is fine. It is the franchising of the deal, I suppose is the only part that bothers me.

THIS WEEK (continued)

Donaldson: Who's going to pay for it? We've sat here and said, "We don't want government trying to control the media by paying for it."

Wicker: Everything that happened in New York Harbor involving the President, no matter what the cost, the three networks would have covered.

ON SUPREME COURT DECISIONS:

Donaldson: The Court...pretty well sounded the death knell to the Administration's idea that discrimination could only be redressed in individual cases.... Is the Administration's plan over?

Will: As the Court now stands, and I think it's not a one-vote majority, there's a fairly substantial majority against the Administration position.... Some of us deplore this -- it's part of an evolving racial spoils system. It stigmatizes black achievement.... On your question, "Has the Administration lost this argument?" I think decisively.

Carter: If, in fact, the Administration were willing to say it had lost, I'd agree. The Administration is taking two approaches neither one of which suggests that it's over.... The first is they're saying they didn't really lose. So you have the Attorney General saying that the decision doesn't say what it says. Then you have his assistant Mr. Reynolds...if not lying, seriously misconceiving and misconstruing what those decisions said. Second thing is, as a high-ranking Administration official said upon hearing that particular decision, "Now I know we have to have the Executive Order changed." It doesn't matter that they can't win in the courts, they can't win in the legislature, they can't win out in the public, they're going to win one way or the other.

Will: What we're in danger of doing is saying that rights inhere in certain groups. That is, special rights for government approved special minorities.... I think we're in danger of setting up an affirmative action mentality such that blacks will be viewed as, and will come to think of themselves as, permanent wards of the government and that's unhealthy.

Wicker: What the Court settled this week was whether or not you have got to have been personally denied a job in order to get redress, or whether as a member of a group that may have been disadvantage over the years...you are entitled to redress.

Will: By what criteria are we going to say it's over -- we have redressed the injuries done by slavery and it's aftermath? When do we end this?

Donaldson: Does that [sodomy case] take away certain rights and liberties that the Constitution seems to give?

Will: All the Court said was that we can not find in the Constitution a fundamental right to be free from such laws.

Carter: ...This is one of those rare times where I back off and think this is a great area for the legislatures of the country to operate, and the Court has simply said let that be the guiding principle.

CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: C. Everett Koop, Surgeon General of the United States; Dr. David Smith, Director, Haight-Ashbury Clinic; Judy Moscovitz, Author, "The Rice Diet Report"; Dr. Henry Solomon, Author, "The Exercise Myth"; Dr. Robert Arnot, CBS News

The first discussion with Dr. Smith focused on the relationship of cocaine and heart disease.

Guest: C. Everett Koop.

Stahl: ...According to the Surgeon General we are gaining ground against the nation's No. 1 killer.

Koop: I think we are winning the battle on heart disease. Our best marker is deaths and death rates.

Stahl: It seems that women didn't used to have heart attacks. We keep reading that women are falling into the same health pattern as men.

Koop: They smoke...and I'm sure that that plays a very large role in it.

Stahl: Do you recommend that people take aspirin to prevent heart disease?

Koop: It's not to prevent heart disease. The taking of an aspirin or two a day is to increase the ability of your blood to stay fluid -- it's like an anticoagulant. I take an aspirin a day.

Stahl: Anything on the horizon that might prevent heart disease in terms of a pill or a drug of some kind?

Koop: No...but I do think that everything I've been talking about is prevention of heart disease -- the promotion of health through diet, through exercise, through not smoking, through controlled drinking.

Stahl: Do you have a position on that [dieting]?

Koop: ...There was a time just a few years ago...when ten best sellers on The New York Times non-fiction list, eight of those were on diets. And I really couldn't find good health things in any but one of them?

Stahl: What about exercise? Are Americans exercising enough, maybe too much?

Koop: I'd say more Americans are exercising. I think some of them are exercising improperly, and I think some of them don't know why they are exercising.... To just jog along and not get your heart rate up and not get up a little sweat and not do the things that the exercise is supposed to do is just giving lip service to it.

The final discussion with Dr. Arnot, Dr. Solomon, and Ms. Moscovitz focused on the benefits and problems of fad diets and exercise routines.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Morton Kondracke, Robert Novak, Michael Kinsley.

ON SUPREME COURT DECISIONS:

McLaughlin: Do you agree with the opponents of this [sodomy] decision?

Kinsley: Justice Blackmun got it right in this case. This is not about a right to sodomy, this is about the fundamental right to be left alone.

Novak: It's not a question of whether you think a homosexual act should be permitted or not, it's a question of bothering with what a state legislature does.

McLaughlin: Talk about the gerrymandering decision this week.

Novak: What the Court did was give a double victory to the Republican party. They said that the Republican gerrymandering in Indiana was okay, but they opened up an attack on the Democratic gerrymandering in California.

McLaughlin: Talk about the affirmative action ruling and what it does to Attorney General Meese and the Justice Department.

Kondracke: Ed Meese and Brad Reynolds are bordering on the edge of contempt of the Supreme Court for saying this was a very narrow ruling and Brad Reynolds is saying that he's not even going to apply it.

Novak: There's been a fight in the White House over whether they're going to have a new Executive Order limiting affirmative action. This really hurts that very badly.

ON STRATEGIC DEFENSE INITIATIVE:

McLaughlin: Will the President drop his peace shield for Gorbachev or the Congress?

Novak: It's in serious trouble.

Kondracke: What Novak is talking about is that if you extend the ABM treaty for five years, then at the end of that period everybody will want an extension furthermore, and SDI will never get built.

McLaughlin: There could be more to it than that. You could argue that if there is such an extension it so changes all the signals that the whole board begins to tilt.

Novak: What's at stake is, what is Ronald Reagan? It's inconceivable that the greatest advancement he has made in strategic thinking -- the SDI -- that he would throw down to have a little piddling summit meeting so this butcher can come over here and see the United States.

MCLAUGHLIN (continued)

Germond: Why do you have so little faith in Ronald Reagan's ability to deal with the Soviet Union. That's ridiculous. He's not soft.

McLaughlin: Ronald Reagan's got 2½ years to go in office. During that 2½ years will he put any limits, including an extension of the ABM treaty, on the SDI?

Kinsley: I doubt it.

Novak, Germond: I think he will.

Kondracke, McLaughlin: I think he won't because the Soviets won't agree to a 50% reduction.

ON STOCKS AND THE ECONOMY:

McLaughlin: What do you think about the nature of the economy?

Kondracke: There is a danger of a world recession. The German economy is not growing, the Japanese economy isn't growing, the third-world economy isn't growing, and our economy isn't growing very fast.

McLaughlin: What do think will be the GNP growth rate for calendar 1986.?

Kinsley: 2½. Novak: over 4%. Germond: Under 3%. Kondracke: 2%.

McLaughlin: 3.2%

ON LIBERTY WEEKEND:

McLaughlin: Here we are paying tribute to the Statue of Liberty for something it was not erected to symbolize: immigration.... [Yet] public opinion polls say today that a clear plurality of Americans don't want any more immigrants.

Kinsley: Immigration and Liberty are all tied together. Why do you think people come to this country.

PREDICTIONS:

Kinsley: The stock market will not break 2,000 this year or the next. The bull market is over.

Novak: The RNC and the White House will find a way to thwart Maureen Reagan's ambitions to be co-chairman of the RNC. They'll say she can't do it because she's already committed to George Bush.

Germond: When the Democrats start the throes of reorganization of the House next year there's going to be a very serious attack on Les Aspin's position as Chairman of Armed Services. And it'll be the kind of thing that's going to force Jim Wright into a very tough decision.

Kondracke: We're going to get a settlement of the Taba dispute between Israel and Egypt probably this weekend, and next week you might see George Shultz go off to the Middle East.

McLaughlin: I predict that within ten days Bettino Craxi will be reinstated as Prime Minister of Italy.

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Hugh Sidey, Carl Rowan, Tom Oliphant, James J. Kilpatrick.

ON SUPREME COURT DECISIONS:

Agronsky: Did the Supreme Court decisions on affirmative action and sodomy broaden or narrow the horizons of liberty?

Rowan: I think the two affirmative action decisions broadened greatly the hopes of people trying to get a decent job and earn a decent living. I think that sodomy decision was an outrageous transfer of liberty to big brother.

Kilpatrick: The sodomy decision was a bad decision. The affirmative action thing takes rights away where they ought not to be taken away.

Sidey: I think in practical terms it doesn't affect much -- either decision.

Oliphant: On the sex decision, I think what's really involved is an individual's privacy. And on that matter a majority of the Court showed that their minds are in the gutter and their heads are in the sand.

Agronsky: I wonder if the affirmative action is...more significant in that this is the Reagan Court and it moves against important Reagan positions.

Oliphant: Politically I think it makes it much more difficult for the Reagan Administration to go ahead and do something foolish like withdrawing that Executive Order.

Rowan: This is where you get something interesting. Vice President Bush went to the NAACP convention and he said, "I am for affirmative action with goals." You have William Bradford Reynolds still saying that the policies of the Justice Department are not going to change.

ON MEESE COMMISSION:

Agronsky: The district court has now held that that letter should be rescinded and it does not apply.

Kilpatrick: I think the Commission went a little beyond its authority in sending that letter, but my heart's not going to grieve for Hugh Hefner or that Guccione fellow.

Sidey: Let's not suggest that this matter of pornography is not a problem because it really is a problem.... I salute the Commission for what they're trying to do, they just went too far.

Agronsky: The Sodomy decision.... Why do you so disapprove of it Carl?

Rowan: I don't think government should have the right to burst into somebody's bedroom and say, "We don't like what you're engaging in and we're going to put you in jail for it."

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AGRONSKY & CO. (continued)

Kilpatrick: The practical effect of this decision will be absolutely nil.

Agronsky: Is this Court demonstrating that in the area of liberty that it does have a very significant concern for those things?

Kilpatrick, Sidey, Oliphant: Yes.

Rowan: In terms of the affirmative action cases the justices are saying, "We don't belong to Ronald Reagan."

ON ARMS CONTROL:

Agronsky: Are we into a situation to the prospect of a summit meeting?

Oliphant: The Soviets made an offer on June 11 in Geneva. President Reagan can't reply to it yet because, once again, his Administration is deeply divided between those who want to try for an agreement and those who don't want to try.

ON SOUTH AFRICA:

Agronsky: Do you see any change coming into being in our policy towards South Africa?

Sidey: For that last 18 months we've seen changes in...the tone, the approach on it. I think the pressure builds and I think there will be changes.

Agronsky: Can you see this Administration taking some really significant positive step to change our policy?

Rowan: I think they will, but it may be down the road.

Oliphant: We are stuck with this [present] policy, it embarrasses us in the world, the South Africans laugh at us.

ON THE ECONOMY:

Agronsky: What's going to happen in the economy?

Kilpatrick: I think we're going to have a pretty good two last quarters this year.

Rowan: There are some people in the White House who are very worried about the lower performance of this economy than they expected. And they've got some plans laid out to try to prevent a recession.

Oliphant: Behind the scenes, the White House is doing everything it can to put pressure on Paul Volcker to lower interest rates.

Sidey: That's what they [White House] should do.

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