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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, APRIL 17, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

REAGAN SAYS HE'S HOPEFUL FOR SUMMIT -- President Reagan, saying he's "optimistic" about prospects for an arms pact with the Soviets this year, hopes it will be the centerpiece of a new superpower summit.

(USA Today, Washington Post, AP, UPI)

ALLIANCE TAKES UP IMPORTANT DEBATE ON NUCLEAR STRATEGY -- NATO has begun an urgent debate that could determine whether the superpowers conclude a deal to withdraw hundreds of nuclear missiles from Europe before President Reagan leaves office.

(New York Times, Washington Post,
AP, Reuter, UPI)

NATIONAL NEWS

FORCED ACCESS TO SECORD DATA BARRED -- A federal judge rejected the Senate Iran-contra investigative committee's attempts to force retired Air Force major general Richard Secord to consent to release of his foreign bank records, saying it would be a plain violation of his Fifth Amendment rights.

(Washington Post)

NETWORK NEWS (Thursday Evening)

SUPER POWER TALKS -- Secretary Shultz reported to President Reagan on the prospects for an arms control agreement with the Soviet Union.

MARINES -- Sgt. Clayton Lonetree, the principle Marine suspect in the spy scandal, appeared at a pre-trial hearing.

SECORD -- Richard Secord will not be compelled to turn over his foreign bank records, a federal court ruled.

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INTERNATIONAL NEWS

REAGAN OPTIMISTIC ON MISSILE ACCORD

SANTA BARBARA -- President Reagan said he is optimistic about making a deal this year to limit U.S. and Soviet medium-range nuclear missiles but that there must be "a prospect...of being able to arrive at some very substantial agreements" before a summit is held.

"We've narrowed the gaps a little more," the President said after meeting for more than an hour with Secretary Shultz at Reagan's mountaintop home, Rancho del Cielo.

Shultz, in a news briefing later with reporters, said Reagan "hasn't made a decision" about whether to accept the Soviet offer.

Asked when a response from the U.S. and its allies might be made, Shultz said he "didn't want to put a time down on it." He did say, however, that he believed an answer would be given "long before" the allied economic summit scheduled to be held in Venice in June.

(Susanne Schafer, AP)

Reagan Says He's Hopeful For Summit

SANTA BARBARA -- President Reagan, saying he's "optimistic" about prospects for an arms pact with the Soviets this year, hopes it will be the centerpiece of a new superpower summit.

"I'm hopeful we can have a summit," Reagan said. "There have to be some substantial agreements to make it worthwhile."

After meeting at his ranch for almost an hour with Secretary Shultz, Reagan said: "I remain optimistic about an agreement this year."

(Johanna Neuman, USA Today, A1)

Reagan Optimistic On Treaty, Summit

SANTA BARBARA -- President Reagan indicated that the U.S. is trying to persuade the European allies to accept the latest arms control proposal from Soviet leader Gorbachev and said he is optimistic an agreement can be reached this year.

Reagan, adding a new note of urgency to the arms negotiation process, said he hopes the summit can be held this year. U.S. officials have said it would be more difficult to win Senate ratification of a treaty next year, during the presidential election campaign.

Reagan said he would discuss the new Soviet offer personally with leaders of NATO nations.

(David Hoffman, Washington Post, A1)

The President/Shultz Trip

SANTA BARBARA -- President Reagan said meetings between Secretary Shultz and Soviet leaders "narrowed the gaps" on arms control and expressed hope he and Mikhail Gorbachev can meet later this year to ratify a nuclear arms pact.

"It's my hope that the process now under way continues to move forward and that Mr. Gorbachev and I can complete a historic agreement on East-West relations at a summit meeting," Reagan said after a 75-minute report from Shultz on his trip to Moscow,

"It's clear to me," Reagan said, "that the visit was very useful in advancing the dialogue between our countries in a number of areas."

On the question of eliminating medium-range missiles from Europe, Reagan said, "We narrowed the gaps a little more. After we consult further with our allies, we may have new ideas to offer."

But Reagan said a summit would depend on whether "some substantial agreements" could be signed that would make it worthwhile to meet the Soviet leader.
(Norman Sandler, UPI)

Summit Hopes: Priority Is Arms

SANTA BARBARA -- When Secretary Shultz left President Reagan's mountaintop ranch Thursday night, he brought down marching orders the White House hopes will yield a superpower summit.

Reagan hopes to shore up his foreign policy record by making some progress with the Soviets before leaving office.

"The President is more interested in trying to get an appropriate arms control agreement with the Soviets than anybody in the country," said Chief of Staff Howard Baker.
(Johanna Neuman, USA Today, A4)

MISSILE OFFER WELCOMED BY NATO

BRUSSELS -- NATO foreign ministers agreed to launch an immediate study of the new offer to eliminate European-based missiles brought from Moscow by Secretary Shultz, amid indications that the alliance will accept the offer in about three weeks.

In his appearance before the North Atlantic Council, the alliance's governing body, Shultz did not formally endorse acceptance of the Soviet offer to eliminate shorter-range nuclear missiles -- of the kind which only the Soviets have deployed -- after an agreement is reached to eliminate the intermediate-range nuclear weapons in Europe of both superpowers.

Instead, Shultz took the position that the decision must come later through "a systematic and careful process" of consultations.

There was no doubt, though, from reports of Shultz's confidential remarks to his fellow ministers and his statements at a press conference that the Reagan Administration is lobbying for acceptance of the Soviet offer, which Shultz described as "a great opportunity for the alliance."

(Don Oberdorfer, Washington Post, A1)

Some NATO Allies Cool To Removing Short-Range Arms

BRUSSELS -- Secretary Shultz briefed the NATO allies today on his talks in Moscow, and several expressed concern about a Soviet proposal to eliminate both short- and medium-range missiles in Europe.

Shultz himself appeared more welcoming to the Soviet proposal, raising the possibility that the issue could become a source of contention between the U.S. and its allies.

At a news conference, he described the offer as "broadly along the lines of what the alliance has sought." And he added, "We have a hard decision to make but it is the kind of decision we have been wanting to make."

(Paul Lewis, New York Times, A1)

NATO/Soviet Arms Control Proposal

BRUSSELS -- Secretary Shultz, after meeting with NATO allies that "we will come to a conclusion promptly." Other officials said it would take "weeks" to respond to the offer.

Shultz stressed that the NATO policy of flexible response -- the capability to wage nuclear war with varying degrees of magnitude -- remains intact and could be preserved even if the Soviet offer on short-range missiles was accepted.

NATO Secretary-General Lord Carrington said the allies would be "a little bit careful" in making an evaluation.

"It may be that this is an acceptable risk to take," said Carrington, but, "I think that the last thing we ought to do is to enter into agreements that would make Europe a less safe place than it is now."

Shultz said he found "universal welcome of the results of my Moscow visit" in his hourlong closed meeting Thursday in Brussels. (UPI)

Alliance Takes Up Important Debate On Nuclear Strategy

BRUSSELS -- NATO has begun an urgent debate that could determine whether the superpowers conclude a deal to withdraw hundreds of nuclear missiles from Europe before President Reagan leaves office.

NATO said it was launching a study of the implications for Western security of Moscow's new offer to widen the scope of nuclear missile cuts in Europe.

Secretary Shultz, after three days of talks with Soviet leaders in Moscow, briefed alliance officials on the Kremlin's offer and said NATO now faced "hard decisions" on nuclear disarmament. (Robert Burns, AP)

NATO Allies Have Short Time To Decide On Missile Offer

BRUSSELS -- NATO allies appear to have only a few weeks in which to make up their minds on a new Soviet proposal on nuclear arms cuts or see prospects for a superpower agreement recede, NATO diplomats say.

Allied foreign ministers, at a special session at NATO headquarters, agreed to begin consultation promptly to map a united response to an offer by Moscow to do away with shorter-range missiles as part of a deal on medium-range nuclear forces.

Diplomats say NATO's approach to Secretary Gorbachev's offer must be worked out soon because there is a limited "window of opportunity" politically for an INF agreement to be put together.

The big factor, diplomats say, is that the Reagan Administration begins its final year in office this fall and an INF accord has to be sewn up well before then.

If it is not, diplomats say the traditional domestic focus of the presidential election process means the INF issue would be pushed into the background and might not surface again until well into the life of the following administration.

(Richard Balmforth, Reuter)

SOVIET UNION COMPLAINS SHULTZ WAS UNABLE TO BARGAIN

MOSCOW -- A Soviet spokesman said that Secretary Shultz and his aides had come to Moscow unprepared to bargain on arms control, and "left hiding behind the backs of their allies."

The spokesman, Gennadi Gerasimov of the Foreign Ministry, appeared to be alluding to Shultz's reluctance to react promptly to a new Soviet offer to eliminate not only medium-range missiles, but also shorter-range missiles from Europe, without consulting with the NATO allies.

Gerasimov said a long delay would endanger prospects for an agreement.

(Bill Keller, New York Time, A8)

SOVIETS TAKE CREDIT FOR SUCCESSFUL SHULTZ VISIT

Kremlin Aides Appear, However, To Set
Additional Conditions For Summit Meeting

MOSCOW -- Soviet officials gave Secretary Shultz's visit here a positive review, identifying as elements that contributed to its success, a new Kremlin arms proposal and an approach to the U.S.-Soviet eavesdropping dispute that prevented it from getting out of hand.

Even though they praised the tone of the talks, Soviet officials conceded that they failed to resolve several key conditions for concluding a U.S.-Soviet accord to eliminate medium-range missiles, including the issues of short-range missiles, verification and where warheads not included under the agreement should be based.

At the end of the discussions, the Soviet Union appeared to establish wide-ranging conditions for a new U.S.-Soviet summit meeting that may prove difficult to meet.

(Gary Lee, Washington Post, A14)

WRIGHT ENTHUSIASTIC OVER KREMLIN'S OFFER
Speaker Thinks Deal Would Allow
Big Cuts In Defense Spending

MOSCOW -- House Speaker Jim Wright said new Soviet arms control proposals offer the U.S. its best opportunity in four decades to reduce spending on nuclear weapons.

"There is no question whatever that the Congress believes this is our best opportunity since World War II to make real peace," Wright said in an interview from Moscow on ABC's "Good Morning America."

(Washington Times, A1)

THE PRESIDENT/CONGRESS/ARMS CONTROL

The latest Soviet nuclear arms control proposal won't change the outcome of a pending fight in the House over President Reagan's arms control policies, says one of Reagan's strongest supporters in the House.

"I think the Democrats had the votes to win before and I think they still do," Rep. Jim Courter, a member of the House Armed Services Committee, said.

Courter referred to next week's consideration by the Democratic-controlled chamber of a bill appropriating \$11 billion for a wide variety of federal agencies for the current fiscal year.

While Courter criticized the Soviet proposal, Sen. Claiborne Pell, chairman of the Senate Foreign Relations Committee, termed it "a very promising step...I think their proposal is a good one because it reduces the reliance on nuclear weapons."

With Congress in the midst of an Easter recess, there was little reaction from other legislators to the latest developments because congressional members were scattered far and wide.

(Tim Ahern, AP)

NEXT U.S. GOAL IS CUTBACK IN
SOVIET FORCES IN EASTERN EUROPE

With a U.S.-Soviet treaty eliminating medium-range nuclear missiles in Europe a virtual certainty, the Reagan Administration will have to push next for a cutback of Soviet troops in Eastern Europe.

U.S. officials say such an objective is "logical" in light of Western European concerns about the Warsaw Pact's superiority over the NATO alliance in troops and conventional arms.

Soviet leader Gorbachev has publicly recognized Western European fears on that score. In a speech last week in Prague, he called for Europe-wide talks aimed at radically reducing not only nuclear weapons but "armed forces and conventional armaments."

(Walter Friedenberg, Scripps Howard)

SOVIETS' EMBASSY SPYING MASSIVE, WEINBERGER SAYS
Intrusion Compared To '79 Tehran Takeover

Defense Secretary Weinberger said that Soviet espionage operations in the U.S. Embassy in Moscow are massive, comparing the intrusions to the Iranian seizure of the American Embassy in Tehran in 1979.

"What is especially revealing about this Soviet intrusion into our embassy...is its massive nature," Weinberger said at the annual Navy League conference. "It seems to me to be quite comparable to Iran's actions in seizing our embassy in Tehran.

Weinberger, in his most extensive public comments on the new revelations of espionage involving Marine security guards, accused the Soviets of "ruthless...behavior."

(Molly Moore & Bill McAllister, Washington Post, A16)

Weinberger: Soviet 'Openness' Campaign Designed To Lull West

Mikhail Gorbachev's campaign to bring "glasnost" -- openness -- to Soviet society is nothing more than a ploy to lull the West into giving up its military technology, Secretary Weinberger charged.

"Because of what they see and what they have stolen, the Soviet leadership recognizes that they are falling further and further behind the West in almost every measure of technical competitiveness," Weinberger told the Navy League.

"A most essential element of current Soviet strategy, then, is to lessen tensions with the West and thereby soften Western resistance to sharing with them the modern technologies which they so desperately need."

(Frank Morring, Scripps Howard)

HEARING ON MARINE GUARD GETS NEARLY MONTH-LONG DELAY

Separate hearings to determine whether two U.S. Marine guards will be court martialed on espionage charges are being delayed for several weeks.

Attorneys for Sgt. Clayton Lonetree requested and received a 3½ week delay in pre-trial hearings in order to review more prosecution evidence that he let Soviet agents into the U.S. Embassy in Moscow.

(Norman Black, AP)

OPPOSITION TO GORBACHEV
Soviet Cites Recalcitrance

MOSCOW -- Soviet leader Gorbachev said that opposition to his reform policies reaches as high as the Central Committee of the Communist Party, but he said the majority of the people support change.

Speaking at the 20th congress of the Komsomol, the Communist Party's youth wing, Gorbachev appeared to make several contradictory statements about internal policies, first saying no opposition existed, then saying there were people up to the level of the Central Committee who did not want change.

The mention of the Central Committee is one of the few times Gorbachev has been specific about the actual level of opposition to his policies. Normally he speaks in generalities about opposition, referring to the bureaucracy or "old thinkers." (UPI story, Washington Post, A25)

7 NATIONS BAR SALES OF MISSILES

Agreement Intended To Limit Potential For Nuclear Warfare

The U.S. and six major industrial nations announced a joint agreement intended to limit the potential for nuclear warfare by barring the sale to other countries of missiles and other devices capable of carrying a nuclear warhead.

The agreement is unique because it focuses on delivery systems rather than the raw materials and technology for producing a nuclear bomb that were the target of earlier international undertakings, such as the 1957 founding of the International Atomic Energy Agency and the 1968 Treaty on the Nonproliferation of Nuclear Weapons, officials said.

(John Goshko, Washington Post, A1)

REAGAN TO ANNOUNCE DECISION ON JAPANESE TRADE SANCTIONS

President Reagan is to announce a decision on tough new tariffs on Japanese imports to retaliate for what he calls Japan's failure to end its unfair practices in semiconductor trade.

The 100 percent tariffs are to be imposed on \$300 million of Japanese goods recommended for curbs by a special panel of experts headed by the U.S. Trade Representative's office.

The panel this week winnowed through the list of the some 20 products and sent their recommendations yesterday to Santa Barbara, where Reagan is vacationing.

(Robert Trautman, Reuter)

JAPANESE TRADE CHIEF GOES HOME

U.S. Penalty Tariffs To Be Ordered Today

Japan's chief trade negotiator headed home yesterday tired and discouraged by his failure to dissuade the Reagan Administration from imposing stiff trade penalties that are due to be formally ordered today by President Reagan.

Makoto Kuroda, vice chief of the Ministry of International Trade and Industry, denied Administration charges that Japan had failed to live up to an eight-month-old semiconductor trade accord, but acknowledged that the two countries differ on the terms of the agreement.

"Apparently there are differences of views of what we agreed upon," Kuroda, the chief Japanese negotiator of the accord, said in an airport interview.

(Stuart Auerbach, Washington Post, G1)

U.S.-BACKED DRUG PUSH SEEN IMMINENT IN PERU

LIMA, Peru -- Three Bell 212 helicopters donated by the U.S. to Peru's narcotics police arrived at Lima's international airport last Friday, the city's leading daily newspaper reported Monday. The report increased speculation that Peru's U.S.-financed antidrug campaign is about to begin its biggest raid against the country's flourishing cocaine trade.

The newspaper, El Comercio, reported that the helicopters will begin operations at any moment in the battle against the illegal drug trade.

"I'm sure they are aware that this operation is scheduled to begin, although they may not know when," said a U.S. Embassy official. "Nothing is secret in the jungle at all.

(Tyler Bridges, Washington Post, A26)

TURKEY SUSPENDS PACT ON BASES AFTER AID CUTS

The Turkish government formally notified the U.S. it is suspending an agreement that would automatically have extended leases on U.S. military bases in Turkey until 1990.

The pact was signed last month in Washington, but the Turkish government said the U.S. did not live up to its commitment to maintain the agreed level of military assistance.

The suspension, in effect, means the agreement covering the 27 U.S. military and intelligence bases in Turkey will run on a year-to-year basis and could be canceled as early as December.

(UPI story, Washington Post, A10)

NATIONAL NEWS

MILLER WARNS OF OVERREACTION TO INFLATION
Budget Chief Fears Federal Reserve Could
Trigger Economic Slowdown Next Year

Budget Director James Miller criticized the Federal Reserve Board for "overreacting" to inflation in ways that might trigger a substantial economic slowdown next year.

"The money supply figures speak for themselves already and I'm concerned," Miller said, referring to Fed statistics that show a tightening of the money supply that many economists believe can slow the economy. But Miller denied that he was trying to send a message from President Reagan to Fed Chairman Paul Volcker to make more cash available to the nation's banking system.

"Speaking personally," the director of the Office of Management and Budget attacked what he termed a "substantial fall" in the money supply. In fact, new numbers released yesterday showed a slight increase in all three basic measurements of the money supply. But in recent months it has been essentially flat, after robust increases last year.

"I'm worried that overreaction today on inflation numbers may portend a substantial slowdown a year from now, and I don't need to tell you the political consequences." (Judith Havemann, Washington Post, A4)

MEESE FINANCIAL PARTNER HIRED
IN 1985 AS WEDTECH CONSULTANT

A financial partner of Attorney General Meese was hired in 1985 as a consultant to the Wedtech Corp. and later sat on the board of directors of the South Bronx company, which is now the subject of numerous criminal investigation.

The Meese associate, W. Franklyn Chin of San Francisco, entered an agreement on April 30, 1985 with Wedtech, then a fast-prospering defense contractor, according to a company prospectus on file with the Securities and Exchange Commission.

Less than a month later, on May 23, 1985, Meese invested between \$50,000 and \$100,000 in a "limited blind partnership" with Financial Management International Inc., a firm run by Chinn, according to Meese's most recent financial disclosure report to the Office of Government Ethics.

Financial Management is an international financial consulting firm that Chinn started in 1981 and of which he was president. His agreement with Wedtech provided that he would get an option to buy 75,000 shares of the Bronx company's common stock for \$9.25 a share when it was selling at \$14.

It could not be determined whether Chinn exercised this stock option while they were valuable. The company declared itself bankrupt in December. (George Lardner, Washington Post, A4)

HHS ACCUSED OF FAILING TO ENFORCE ANTIDISCRIMINATION LAWS

The Department of Health and Human Services' Office for Civil Rights is doing an extremely poor job of enforcing federal antidiscrimination laws among hospitals and other groups receiving department funding, according to a study by a House Government Operations subcommittee.

The human resources and intergovernmental relations subcommittee, headed by Rep. Ted Weiss, reviewed 80 cases involving alleged discrimination by HHS-funded institutions, plus internal memos and statements by officials.

According to Weiss, the subcommittee found that "the OCR has allowed discrimination cases to languish in its headquarters for as long as 7½ years without being resolved." (Spencer Rich, Washington Post, A20)

FBI INVESTIGATES FRAUD ALLEGATIONS OF THIOKOL

The FBI launched a secret criminal investigation of Morton Thiokol Inc. in January when it was told by company employees of "substantial allegations of fraud" concerning the manufacture of the booster rockets blamed for the Challenger accident, documents showed.

The secret documents were made public by U.S. District Judge Harold Greene, at the request of Morton Thiokol. They are part of a suit brought by Roger Boisjoly, who was an engineer for the company at the time of the shuttle disaster, and who claims the company wrongfully went ahead with the fatal launch. (Lori Santos, UPI)

DRUG AGENTS RAID 4 WALL STREET FIRMS

NEW YORK -- Federal drug agents conducted raids in the Wall Street financial district today, breaking up what they described as a ring of young stockbrokers who traded stocks, customer lists and tips for cocaine.

Drug Enforcement Administration agents swept through four brokerage firms in simultaneous raids at 10 a.m., creating traffic jams and drawing crowds of curious bystanders and stunned stockbrokers and traders as they took 15 brokers and other employees into custody.

Robert Stutman, special agent in charge of the New York DEA office, said that 19 people have been arrested -- 16 of them employees of securities firms in what has been named Operation Closing Bell. All are being charged with possession and distribution of cocaine. He said he expects the investigation to continue, with special attention from the Securities and Exchange Commission and the Internal Revenue Service.

(Mary Thornton & Steve Coll, Washington Post, A1)

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(Mary Thornton & Steve Coll, Washington Post, A1)

IRAN-NICARAGUA

NORTH MADE PRIVATE DEAL FOR HOSTAGES ON TEHRAN VISIT McFarlane Vetoed Offer of Planeload Of Arms

In the early morning hours of May 28, 1986, while other members of a White House delegation were asleep in the former Tehran Hilton, Lt. Col. Oliver North unilaterally struck an arms-for-hostages deal and summoned a planeload of U.S. weapons from Israel as part of the bargain, informed sources said.

North, then a member of the NSC staff, secretly ordered the waiting airplane filled with missile spare parts to fly to Iran after he had tentatively reached a private agreement with Iranian middleman Manucher Ghorbanifar that two American hostages would be released when the shipment arrived, according to the sources.

However, when North later awakened his boss on the mission, former national security adviser Robert McFarlane, and informed him of the private agreement, McFarlane rejected the deal and insisted that all four Americans held in Lebanon at that time be released. Just as the aircraft was reaching its final checkpoint before turning toward Iran, McFarlane used a secret communications system to order the plane back to Tel Aviv, the sources said.

North's pre-dawn free-lancing and McFarlane's subsequent veto were cited yesterday by one top investigator into the Iran-contra affair as further evidence of the "terribly amateurish and unprofessional way" in which President Reagan's high-risk initiative was handled.

Congressional investigators are also studying the episode to determine why Reagan kept North involved in the Iranian and contra operations despite suggestions from McFarlane and others after the May trip that North be relieved of responsibility for at least one of the operations.

(Walter Pincus, Washington Post, A1)

FORCED ACCESS TO SECORD DATA BARRED Court Rules Committee's Attempt Violates Fifth Amendment Rights

A federal judge rejected the Senate Iran-contra investigative committee's attempts to force retired Air Force major general Richard Secord to consent to release of his foreign bank records, saying it would be a plain violation of his Fifth Amendment rights.

Chief U.S. District Court Judge Aubrey Robinson said he could not accept the contentions of Senate lawyers that they had devised a constitutional way of getting Secord to agree to release of the documents.

(George Lardner, Washington Post, A8)

RECORDS IN SEIZED PLANE PROBED FOR CONTRA LINK

Senate investigators probing the Iran-contra scandal have examined records found in a DC-4 aircraft seized in a Florida drug case for links to gun smuggling by the Nicaraguan resistance.

Documents found on board the plane, which Drug Enforcement Administration sources said may have been used in cocaine smuggling, have linked it to arms purchases by contra leader Adolpho Calero in possible violation of U.S. law, according to a police investigator.

(Michael Hedges, Washington Times, A2)

CONGRESSIONAL INVESTIGATOR SAYS ISRAEL HASN'T ANSWERED QUESTIONS

Israel has failed to answer questions about its role in the Iran-contra affair two months after Prime Minister Yitzhak Shamir promised to cooperate fully with the U.S.

An Israeli source conceded that Israel had not yet sent back questionnaires prepared by the Americans. But he said the Israelis were still "filling them out; we want to be precise and that takes time."

(Ruth Sinai, AP)

White House News Summary -- Friday, April 17, 1987 -- B-1

NETWORK NEWS SUMMARY FOR THURSDAY, APRIL 16, 1987

SUPER POWER TALKS

NBC's TOM BROKAW: Secretary Shultz reports to President Reagan in California tonight on the prospects for an agreement with the Soviet Union on eliminating medium and short-range nuclear missiles from Europe. After briefing European allies on the Soviet proposals, Shultz said today that there is a prospect now of a good agreement.

NBC's BRIAN STEWART: Secretary Shultz tried to convince nervous allies that the U.S. will not be stampeded by the Soviets into rapid arms agreements.

(SECRETARY SHULTZ: "For some reason they seem to think there should be an instant response from me. If so, they don't quite comprehend the nature of an alliance between free countries. We consult.")

The Soviets, however, maintain their public offensive, criticizing Shultz.

(GENNADI GERASIMOV, Soviet spokesman: "What we are proposing now has been proposed in its time by the U.S. side. So they must be prepared to meet their own proposals. Now, they left hiding themselves behind the backs of their allies.")

But in Brussels, the allies applauded Shultz's caution. They're worried that the removal of all missiles would leave Europe helpless before the Soviets' conventional military might.

(LORD CARRINGTON, NATO Secretary General: "The last thing that we ought to do as an alliance of the Western world is to enter into agreements which actually make Europe a less safe place than it is now.")

Much of the European media has echoed the call for caution, but coverage of Mikhail Gorbachev's proposals has been enormous, often enthusiastic. And Western governments expect pressure for arms agreements to build....

NBC's SANDY GILMOUR: Mikhail Gorbachev, speaking to thousands of young Communist league members pushing his policy of "glasnost" -- or openness -- without which he said Soviet socialism cannot advance. As a apparent part of the openness policy, Soviet T.V. followed-up last month's unedited interview with England's prime minister with last night's 35-minute Q. and A. with Secretary Shultz. Shultz was given time to explain the U.S. position on arms control and other issues. The topic turned to the Soviet invasion of Afghanistan. Soviet viewers heard him say the Afghan people want you to leave, they don't want your military forces there.

(SECRETARY SHULTZ: "It's been a very devastating war and they don't want you there.")

(Soviet citizen: "We see and hear everything immediately in the press -- on the radio. We hope they are telling us everything that's being said.")

Not quite, but more things are being reported. Soviet press surprised westerners when it revealed Gorbachev's new arms control proposals while Shultz was still in town. The Soviet foreign minister was asked why the Communist press was being so open about the Shultz meeting.

(FOREIGN MINISTER SHEVARDNADZE: "Why not? What's so bad about that?")

GILMOUR continues:

Still glasnost can remain selective, perhaps because Shultz was not a head of state, Soviet T.V. showed no pictures of Gorbachev meeting Shultz. Nor did the Soviet media mention Shultz's participation in the Jewish passover service. Nor did viewers see Shultz's tour of the new American Embassy he said was honeycombed with spying devices. But if the Soviet press avoided such staged events, they were well on top of the main issue -- arms control. Both sides of that story got told as never before.

(NBC-Lead)

ABC's TOM JARRIEL: President Reagan is said to get a first hand briefing this evening on the latest rounds of super power talks. Secretary Shultz finished those three days of talks in Moscow yesterday and spent the early part of today in Brussels briefing our NATO allies about them.

ABC's JOHN MCWETHY: On his way back to the U.S., Secretary Shultz began another delicate negotiation -- trying to convince the NATO allies to support the treaty outlines he brought back from Moscow. Though Shultz said the U.S. itself has not yet decided how to respond to the Soviet offer, he seemed to be selling hard.

(SECRETARY SHULTZ: "We have a hard decision to make, but it's the kind of decision we've been wanting to make.")

Soviet leader Gorbachev proposed mutual elimination from Europe of two classes of nuclear missiles -- medium-range such as the American Pershing IIs and Soviet SS 20s, and shorter-range missiles of which the Soviets have 130 launchers and the U.S. none. For years, Shultz argued, NATO has sought a way to stop the Soviet nuclear build-up on the borders of Europe.

(SECRETARY SHULTZ: "Now we have the prospect of an agreement which brings this whole pattern of Soviet deployment which we objected to back under control.")

Shultz will try to ease European concerns by pointing out that even after the medium and short-range missiles are gone, the U.S. commitment to NATO will be massive. Thousands of even shorter-range battle field nuclear weapons would still be in Europe backed up by strategic missiles in the U.S. arsenal. Beyond all that is the simple mathematics of the new proposal -- the U.S. would remove some 260 nuclear warheads from Europe while the Soviets would have to take out seven times that many. American officials are betting the sheer appeal of those numbers will eventually convince the allies to support what would be the first arms control agreement of the Reagan Administration.

ABC's PIERRE SALINGER: European foreign ministers were cordial to George Shultz this morning, but their reactions to the latest Soviet missile proposals were extremely cautious:

(LORD CARRINGTON, NATO General Secretary: "We've really got to look very carefully at the balance of these things so that you don't enter into an agreement and find that you've made Europe less stable than it was before the agreement.")

For European leaders, the idea of Europe without medium-range nuclear missiles possesses real concerns. First, they believe nuclear deterrence have maintained peace in Europe for more than 40 years.

SALINGER continues:

Second, they feel a Europe without such missiles would give the Soviet Union and the Warsaw Pact the massive advantage in conventional forces and put NATO nations in a position of having to seriously beef-up their defense budgets to meet that challenge. Third, for some time they have feared that the U.S. would not really defend Europe if it were attacked. That is why they overcame massive demonstrations in the early 1980s to bring about the deployment of U.S. Pershing and Cruise missiles. European leaders are in a paradox. They fear the consequences of a missile agreement, but they are under public pressure to reach such an agreement. As one European leader told me -- the Soviet proposal is unacceptable, but it is almost impossible to refuse.

ABC's WALTER RODGERS: Many of these Jewish refuseniks who met with Secretary Shultz at a passover seder earlier this week were on the list the Soviets later said would be allowed to emigrate.

RODGERS continues: But today the issue of who could leave became confused.

(GENNADI GERASINOV: "There was a man on the American list -- he left in 1982. Another one also on the list died.")

Later reporters were shown a list of refuseniks and dissidents who the Soviets say are free to leave.... As a super power the Soviets have no rivals when it comes to bureaucracy and after first announcing that people are free to emigrate, there is no limit to the number of Soviet legal obstacles they can throw in your path to prevent you from ever getting on an airplane. (ABC-6)

CBS's DAN RATHER: Secretary Shultz met with European allies in Brussels today. He explained details of new Soviet proposals on arms control. Shultz had a tough audience. One worried about the last minute Russian offer to include short-range battlefield missiles in the deal with medium-range rockets.

CBS's TOM FENTON: In Brussels Secretary Shultz was pushing the NATO allies for quick approval of the new Soviet arms proposal.

(SECRETARY SHULTZ: "The responsibility in this case is to have a decision promptly.")

But the NATO foreign ministers are not willing to be pushed. While they are ready to accept the deal on eliminating medium-range missiles that is already close to being finalized, Mikhail Gorbachev's surprise proposal Tuesday to ban short-range missiles as well, gives them problems.... To avoid an open split, Shultz and the allies agreed to withhold judgment on Gorbachev's new proposal until it can be studied.

(GENNADI GERSASIMOV: "Now they left hiding themselves behind the backs of their allies.")

At a meeting of the Young Communist League in Moscow, Gorbachev acknowledged he is having problems of his own at home. He said his plans to reform the Soviet bureaucracy and stream-line the economy are being resisted by some officials in the top echelons of the party. Gorbachev's problems at home are one of the reasons he needs a foreign policy success. President Reagan has his own reasons for wanting to sign an arms deal and the objections of America's allies could get lost in the process.

(CBS-2)

MARINES

RATHER: A sharp attack on the Soviet Union today from an embarrassed Defense Secretary Casper Weinberger. The issue was spying and the tough words come as Marines, accused of espionage, tell their story behind closed doors.

CBS's DAVID MARTIN: Cpl. Bracy, perhaps the key man in the Marine spy scandal, appeared in public for the first time today as he was whooshed in and out of a closed-door hearing which is to determine if he will be courtmartialed for espionage. His testimony is reportedly the key to the government's case against Sgt. Clayton Lonetree.... Today in Washington Secretary Weinberger denounced Soviet spying in the harshest words yet used by any member of the Reagan Administration.

(SECRETARY WEINBERGER: "They've stolen and they've seduced and they have bought some of our most sensitive secrets. It seems to me to be quite comprehensible to Iran's actions in seizing our embassy in Tehran.")... (CBS-3)

BROKAW: Sgt. Clayton Lonetree, the former Marine embassy guard in Moscow who has emerged as the principle suspect in the sex and spy scandal appeared today for a pre-trial hearing. Lonetree had his hearing continued until next month at the request of his attorneys. Now government sources say that Lonetree has admitted passing along to the KGB embassy floor plans and secret documents while he was serving as an embassy guard at the U.S. Embassy in Vienna. (NBC-2)

IRAN-CONTRAS/SECORD

BROKAW: Retired Air Force General Richard Secord, who is suspected of being deeply involved in the Iran-contra scandal, won a court battle today. A judge ruled that Secord does not have to turn over his foreign bank records to Senate investigators because that would violate his Fifth Amendment rights. Senate investigators say they'll appeal that decision. They think that those records may show the accounts were used to divert money to the contras. (NBC-3, ABC-5, CBS-4)

JAPANESE TRADE

RATHER: President Reagan is lowering the boom on Japan by raising tariffs. Tough new tariffs on many Japanese consumer goods officially go into effect today. Public opinion and Congress prodded a reluctant Mr. Reagan into doing this. The action fueled fears of an all-out trade war with possible dire consequences for the world economy and your pocketbook.

CBS's BILL PLANTE: The shot President Reagan will fire from his mountain top ranch tomorrow is in retaliation for Japanese's dumping of computer chips in the U.S. below market value and it's failure to open it's own market to American-made chips. It is an action directly opposed to Mr. Reagan's free trade philosophy.

(PRESIDENT REAGAN: "We don't believe that protectionism is the answer to our problem.")

(TV coverage: File footage of the President speaking at a podium.)

But the Administration, while claiming its acting more in sorrow than in anger, says Japan has left it no choice.

(SENATOR HOWARD BAKER: "Nobody wants a trade war, but nobody wants to be a patsy either.")

...Experts admit the political effect is far more important than the dollar value.

(REPRESENTATIVE GEPHART: "It's late. It should have been done five or six years ago. But I think having done it now sends a message to the Japanese that we won't put up with this kind of behavior.")

Japanese Prime Minister Nakasone is due for a U.S. visit at the end of the month which puts pressure on both nations to relieve the situation. White House officials say they don't want a trade war, but that these new sanctions are important to give both Japanese and the U.S. Congress a taste of just how destructive all-out war could be.

CBS's Barry Peterson reports on Japanese reaction to American sanctions. (CBS-Lead)

SPACE SHUTTLE

JARRIEL: The disaster of January 1986 involving the Space Shuttle Challenger with the loss of it's entire crew has taken a new turn. It's just been learned that employees of Morton Thiokol have gone to the FBI with substantial allegations of fraud by the company which manufactured Challenger's booster rockets. This follows allegations and a law suit against the company by one former employee who claimed the deaths of the seven astronauts were criminal homicide.

ABC's BETINNA GREGORY: The document unsealed by a federal judge confirm there are people still working for Morton Thiokol who accuse the company of criminal fraud. The papers say these informants were so upset they went to the FBI in Salt Lake City January 15th and made substantial allegations of fraud concerning Morton Thiokol's building of the rocket motors. Until now it was thought it was only Roger Boisjoly, a former Thiokol engineer who was accusing Morton Thiokol of fraud....

(BOISJOLY: "It (my case) will bring to light those things which have not been talked about and could result in a situation where no one else would have to face this type of circumstance.")

In another document revealed today Boisjoly accused Thiokol of fraud on a NASA contract.... A spokeswoman said Morton Thiokol would have no comment, but if the company is eventually found guilty of criminal fraud, it could mean Morton Thiokol would be liable for the explosion of the shuttle and the deaths of the seven astronauts. (ABC-Lead)

WALL STREET/DRUGS

BROKAW: Nineteen people were arrested today in New York's financial district on charges of possession and distribution of cocaine....

(U.S. ATTORNEY RUDOLPH GIULIANI: "Cocaine was used as a regular method of exchange, allegedly in the business of this firm.")

(ROBERT STUTMAN, Drug Enforcement Administrator: "This investigation at this point is really only beginning.")... (NBC-4, ABC-3, CBS-8)

INSIDER TRADING:

BROKAW: Three Wall Streeters accused of trading illegally on insider information pleaded not guilty today. Much of that information allegedly came from Ivan Boesky. Meanwhile California stock dealer Boyd Jefferies pleaded guilty to a charge that he helped Boesky conceal some of his stock dealings in violation of securities laws. Jefferies faces a maximum sentence of ten years in prison and a fine of \$500,000. (NBC-5, ABC-2)

AIR TRAVEL DELAY/SAFETY

ABC's BARRY SERAFIN: ...Current members of Congress are proposing less drastic remedies, but they are just as fed up.

(SENATOR METZENBAUM: "Americans have had it with chronic delays and unexpected cancellations.")

Senator John Danforth wants to require airlines to provide performance information.

(SENATOR DANFORTH: "That flight such and such has been cancelled six times in the last month, that it's been delayed 10 times, that the average delay has been 45 minutes.")

Danforth's bill would also require 500 more air traffic controllers and dramatically increase spending for new tower equipment and airport improvements.... Transportation officials have been pressuring airlines to rejuggle their schedules for the busy summer season.

(PHILIP HASELTINE, Department of Transportation: "Delays are going to continue. There is nothing we can do to magically make delays go away. The traveler needs to plan to get to the airport earlier, needs to plan on being more hassled and needs to schedule more time upon arrival.")

(ABC-7)

ALASKAN OIL

RATHER: The hunt for oil is still going on in the nation's largest state. And it's turning into a new fight over what's more important -- new oil or old friends?

CBS's TERRY DRINKWATER: Alaska is where the giant herd of caribou roam. So many, in fact, the nation's largest wildlife refugee was set aside. This is also where the energy companies believe there is oil -- a great deal of oil. But the conservationists say stop. The Reagan Administration sides squarely with the oil companies.

(SECRETARY HODEL: "As any fool can plainly see, if the United States suddenly doubled its reserves or increased them by 50 percent or even 30 percent, it's a very significant factor in the long-term world energy picture.")... (CBS-12)