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# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, MAY 5, 1987 -- 6 a.m. EDT EDITION

## TODAY'S HEADLINES

### INTERNATIONAL NEWS

U.S. Offers To Cut Strategic Arms By Half At Geneva Talks -- U.S. and Soviet arms negotiators open fresh talks on long-range nuclear missiles and space weapons, with the Americans pledging to introduce a draft treaty slashing superpower strategic weapons by half.

(Washington Post, Reuter, UPI)

### NATIONAL NEWS

Presidential Commission To Battle AIDS -- A presidential commission will study the threat of AIDS, and President Reagan says it will use "every possible public health measure" to halt the spread of the virus.

(Washington Post, AP)

### IRAN-NICARAGUA

Sen. Inouye/The President -- The chairman of the Senate panel probing the Iran-contra scandal renewed his charge that President Reagan knew money was being raised for military aid for the Nicaraguan rebels, but the White House denied he knew anything illegal was going on.

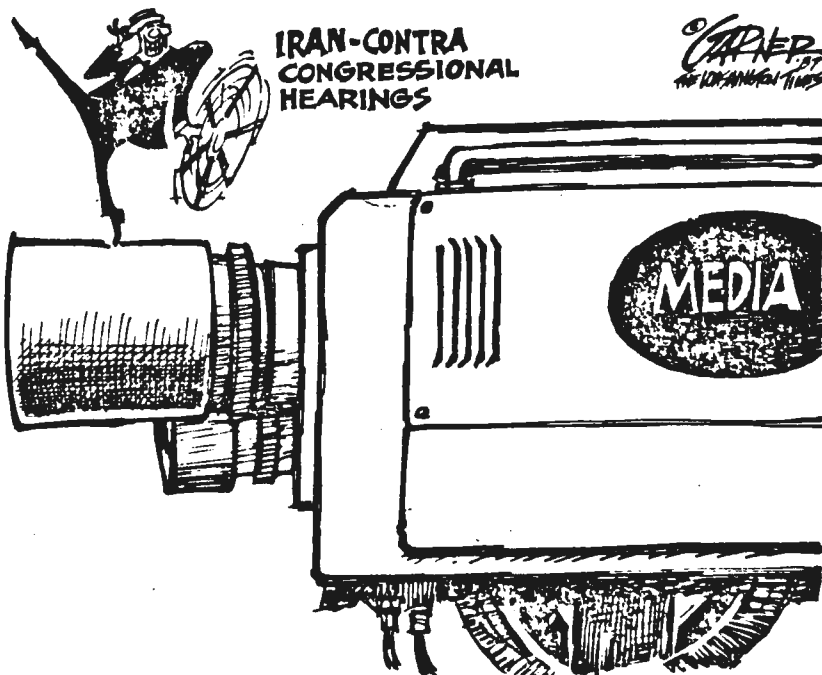
(UPI)

### NETWORK NEWS (Monday Evening)

IRAN-CONTRA -- Congress opens public hearings on the Iran-contra affair.

CONTRAS -- A U.S. official reports that the contras have mounted a major offensive on the Sandinista army.

THE FIRST LADY -- The First Lady spoke on her role as the wife of the President.



## ***INTERNATIONAL NEWS***

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### **U.S TO PROPOSE PACT CUTTING STRATEGIC WEAPONS**

President Reagan, asserting that "great progress" had been made toward nuclear arms reductions, said that U.S negotiators would soon introduce a draft treaty in Geneva calling for substantial cuts in the strategic nuclear arsenal of the U.S. and the Soviet Union.

In a statement issued on the eve of the eighth round of strategic arms reduction talks (START) in Geneva, the President said, "I am firmly convinced that a START agreement is within our grasp, even this year, if the Soviets are prepared to resolve the remaining outstanding issues."

The U.S. proposal, which Administration officials said will be formally introduced in Geneva later this week, would limit each side to 6,000 warheads and 1,600 nuclear delivery vehicles -- missiles and bombers -- after seven years. Reagan's statement said this would cut the strategic nuclear arsenals of both superpowers in half, although some arms control analysts have said that the actual reduction in warheads would be closer to one-third.

(Lou Cannon, Washington Post, A4)

### **U.S. Offers To Cut Strategic Arms By Half At Geneva Talks**

GENEVA -- U.S. and Soviet arms negotiators open fresh talks on long-range nuclear missiles and space weapons, with the Americans pledging to introduce a draft treaty slashing superpower strategic weapons by half.

The talks on long-range missiles, which have been overshadowed by the latest debate over prospects for a superpower "Euromissile" treaty, were put back in the spotlight as chief U.S. negotiator Max Kampelman announced that the U.S. side would soon present its draft treaty pact drastically cutting long-range, or strategic weapons.

(Claude Fillet, Reuter)

### **Arms Talks Resume In Geneva**

GENEVA -- U.S. and Soviet arms delegates, on the eve of a new round of talks on long-range nuclear weapons and defensive space systems, pinned most of their hopes on parallel negotiations on eliminating medium-range missiles in Europe.

Soviet delegation leader Yuli Vorontsov said that he believed agreement on European missiles was possible at the current round.

U.S. delegation leader Max Kampelman was more cautious, warning that "important issues" remain to be resolved.

But he was generally optimistic as well, saying, "We believe that significant progress toward historic arms reduction agreements can be made during this round."

(John Callcott, UPI)

#### BALDRIGE CALLS TRADE BILL A 'PANDORA'S BOX'

Commerce Secretary Malcolm Baldrige says the trade bill recently passed by the House invites retaliation by foreign countries and should be completely reworked.

"Retaliation would come just as sure as I'm sitting here," Baldrige said in an interview with five reporters. "The U.S. has itself been a target of anti-dumping actions. Before we get too far down the road we should weigh the impact (the bill) would have on our own companies."

Baldrige said he hopes that (after Senate consideration) a joint House-Senate conference committee will substantially alter the House's proposal into a version President Reagan can sign.

"The odds of that are about 50-50," Baldrige said.

(Craig Webb, UPI)

#### COMMERCE OFFICIAL: FEW TREATS IN JAPAN'S TRADE GRAB BAG

Commerce Undersecretary Bruce Smart expressed disappointment that Japanese Prime Minister Yasuhiro Nakasone was not more specific during his visit last week on ways to reduce Japan's barriers to U.S. products.

Smart told a conference of the Society of American Business and Economic Writers that Nakasone arrived "with a smaller grab bag of goodies than some expected of him."

While Administration officials had indicated that Nakasone was not as forthcoming as they had hoped in making concessions on a wide range of trade frictions bedeviling relations between the two countries, Smart is the first to state publicly that he was "disappointed" with the prime minister's visit.

(Stuart Auerbach, Washington Post, C1)

#### LYNG: NO MORE 'MR. NICE GUY'

Subsidizing wheat to the Soviet Union angers foreign trade competitors but it also helps push them to the negotiating table to reform global agricultural trade, two Reagan Administration officials said.

"We tried that Mr. Nice Guy approach just too long and people just wouldn't talk to us," Agriculture Secretary Richard Lyng told radio broadcasters via a telephone hookup.

"I really believe it (the Soviet deal) will work out to be a net positive" for the global trade negotiations kicked off last year in Uruguay and now being held in Geneva, said U.S. Trade Representative Clayton Yeutter.

(UPI)

GERMAN MARK, SWISS FRANC BATTER DOLLAR  
Record Lows Could Portend World Bank  
Disbursement Problems Abroad, Conable Warns

The dollar plunged to record lows against the West German mark and Swiss franc as World Bank President Barber Conable warned that if the American currency weakens much more, "it could affect our ability to disburse" funds to borrowing countries.

A similar warning about the continuing fall of the dollar was sounded by Senate Finance Chairman Lloyd Bentsen, who said a further period of trouble for the dollar may lie ahead. At the annual meeting of the Society of American Business and Economic Writers here, Bentsen said that while a period of stable exchange rate relationships, especially between the dollar and the Japanese yen, would be desirable, "it's something that governments can't control. Ultimately, the dollar will have to move lower, unless there is a change in the trade deficit."

(Hobart Rowen, Washington Post, C1)

U.S., KUWAIT NEAR ACCORD ON TANKERS

KUWAIT -- The U.S. and Kuwait are close to an agreement to put up to half of this nation's fleet of supertankers under the U.S. flag and the protection of the U.S. Navy, sources here said, significantly raising the U.S. profile in the Persian Gulf war zone.

According to Kuwaiti officials and western diplomatic sources, the two countries have agreed in principle to transfer up to 11 of the 22 ships owned by the government-run Kuwait Oil Tankers Co. to a U.S. corporation, whose stock would be controlled by Kuwait. Kuwaiti negotiators were in Washington last week working toward a goal of completing the corporate arrangements in 30 days, sources said.

Such an agreement would represent a significant policy change for one of the key Persian Gulf states, a grouping whose collective military strategy has opposed any military involvement in the region by the superpowers.

(Patrick Tyler, Washington Post, A1)

U.S. Official To Tour Persian Gulf Arab Lands

A leading American diplomat will start a trip to Iraq and six other Arab countries of the Persian Gulf region this week to discuss the Iran-Iraq war, Administration officials said.

The visit by Richard Murphy, Assistant Secretary of State for Near Eastern and South Asian affairs, will deal with regional security issues and threats to shipping in the Persian Gulf, including the Iranian deployment of Chinese anti-ship missiles at the entrance to the gulf.

The trip stems from the Administration's decision in February to intensify efforts to reassure Arab countries in the Persian Gulf that the U.S. is committed to their security.

(Elaine Sciolino, New York Times, A11)

PROGRESS SEEN TOWARD ARAB-ISRAELI TALKS  
U.S. Officials Say Jordan Seems Willing To  
Accept Conference Formula Proposed By Shultz

The Reagan Administration believes that substantial progress has been made in recent days on an international peace conference formula that would be accepted by Jordan and Israel as an umbrella for negotiations to end the Arab-Israeli conflict, U.S. officials said.

The officials, who asked not to be identified, would not give details of what they stressed is still only the emerging outline of a formula that must deal with such contentious issues as Palestinian representation in peace talks, participation by the Soviet Union and the dispute in Israel's ruling coalition about whether the Jewish state should become involved in such a forum.

Prompting the optimism, the officials said, has been the apparently growing willingness of Jordan, which proposed the idea of an international conference two years ago, to accept guidelines in line with Secretary Shultz's view. Shultz called for a conference structure that would be largely ceremonial and open the way for direct talks between Israel, Jordan and such other "parties directly involved" as Egypt.

(John Goshko, Washington Post, A23)

Peres Steps Up Calls For Early Vote Over Mideast Peace Parley

TEL AVIV -- Israeli Foreign Minister Shimon Peres is stepping up calls for early general elections over a proposed Middle East peace conference, vehemently opposed by his right-wing rival Prime Minister Yitzhak Shamir.

Peres, leader of the Labor party, and Shamir of the Likud bloc were due to meet today to discuss the dispute which led to rallies in the occupied West Bank against the U.N.-sponsored talks.

"We have to decide if we want peace or we do not want peace. Peace is more important than the existence of the government," Peres said to reporters in the coastal town of Ashkelon during celebrations for Israel's 39th Independence Day.

(Gail Fitzer, Reuter)

Arabs Doubt U.S. Mideast Commitment

Bold maneuvering by Israeli Foreign Minister Shimon Peres is raising faint hopes for a revival of Middle East peace negotiations, but the underlying mood in the Arab world is pessimism and skepticism that the U.S. is willing to push the peace process along.

Recent travels around the Middle East show that the Reagan Administration's credibility has plummeted -- not just because of its secret arms deals with Iran, but also because of its diplomatic retreat from the region.

With the U.S. taking such a low profile, the Soviet Union has emerged as the superpower making the most important strides in the region, and Arab radicals are also fast gaining strength.

(Gerald Seib & Barbara Rosewicz, Wall Street Journal, A32)

## LEBANESE GOVERNMENT HANGS IN BALANCE AFTER PREMIER QUILTS

BEIRUT -- The future of Lebanon's three-year "national unity" government hung in the balance after Moslem Prime Minister Rashid Karami announced his resignation.

Karami criticized Christian, Druze and Moslem leaders and accused them of wrecking attempts to end 12 years of civil war.

Karami's resignation, if submitted in writing and accepted by President Amin Gemayel, would mean an automatic dissolution of the 10-minister government established three years ago.

(Hala Jaber, Reuter)

## PHILIPPINE REBELS AMBUSH CONVOY; 16 REPORTED KILLED

Manila Needs More U.S. Aid, Aquino Says

MANILA -- Communist guerrillas ambushed a military convoy on central Luzon island, killing 16 soldiers and wounding nine others in one of the bloodiest insurgent attacks since the resumption of fighting three months ago.

The attack in Malinao town in Aklan province, about 220 miles south of the capital, came as President Corazon Aquino told a military audience that she was disappointed that the Reagan Administration had not been more forthcoming in supplying advanced military equipment, including helicopter gunships, that she said the Philippine military needs to combat the insurgency.

(Keith Richburg, Washington Post, A21)

## WALDHEIM VOWS MOVE TO COUNTER U.S. ACTION

Austria To Ask Historians To Investigate

VIENNA -- Austrian President Kurt Waldheim said that he will begin legal action to clear his reputation following the U.S. Justice Department decision to bar his entry because of suspected involvement in Nazi war crimes.

The Austrian head of state announced that he would appoint a commission of historians to investigate allegations about his service with Adolf Hitler's armies in Yugoslavia and Greece. A spokesman later modified the statement to say Waldheim wanted the chancellor to name the panel.

(Peter Hoffer, Washington Post, A27)

#### AMERICAN SLAIN IN NICARAGUA CARRIED SOVIET ASSAULT RIFLE

Benjamin Linder, the American volunteer worker killed April 28 by Nicaraguan rebels, was armed with a Soviet AK-47 assault rifle, wore an ammunition belt and was accompanied by four armed militiamen when he was fatally shot, a State Department official said.

Under the rules of war, another State Department official said, Linder was effectively a combatant on the side of a Soviet-backed government instead of the humanitarian relief worker that much of the major U.S. media portrayed him.

Linder was dressed in civilian clothes when the rebel unit attacked, but he frequently wore an army uniform on the streets of the small Nicaraguan village where he lived, and Sandinista uniforms were found among his belongings, the official said.

(James Morrison, Washington Times, A1)

#### BAHAMIAN LEADER TOOK DRUG PAYOFFS, DEA TOLD

Bahamian Prime Minister Lynden Pindling has been accused by the son of a close business associate of accepting payoffs from drug traffickers, international fugitives and businessmen, according to U.S. officials.

Gorman Bannister, now in Miami cooperating with DEA agents, made the allegations, federal law enforcement sources said.

Bannister has told authorities that payoffs were channeled to Pindling and other government officials through his father from fugitives, including Robert Vesco and Colombian cocaine trafficker Carlos Lehder Rivas, the sources said.

(Mary Thornton, Washington Post, A26)

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## **NATIONAL NEWS**

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### **REAGAN PLANS NATIONAL PANEL ON AIDS**

President Reagan, accepting the bipartisan recommendations of Senate leaders, announced the creation of a national commission to advise him on ways of dealing with the spread of AIDS.

"AIDS is clearly one of the most serious health problems facing the world and our health-care establishment is working overtime to find a cure," Reagan said in a written statement. "The commission will help us to ensure that we are using every possible public health measure to contain the spread of the virus." (Lou Cannon, Washington Post, A5)

#### **Presidential Commission To Battle AIDS**

A presidential commission will study the threat of AIDS, and President Reagan says it will use "every possible public health measure" to halt the spread of the virus.

The establishment of the commission comes as a debate has raged among members of the Reagan Administration over how to battle the sex-related disease, such as whether to conduct mandatory testing or to include information on AIDS in sex education in the nation's schools.

(Susanne Schafer, AP)

### **UNDER BAKER, WHITE HOUSE CABINET APPROACH RETURNS**

Ronald Reagan's system of Cabinet style government is back in style at the White House.

Perhaps the most significant change made by White House Chief of Staff Howard Baker is a return to a more open and collegial style of management which involves the President more directly in formulating policy, Administration officials say.

"Things are back to normal now," a ranking White House aide says. "Reagan thrives on discussion, is energized by it, and isn't intimidated by disputes or afraid to make decisions. He's brilliant when he's given a range of options, and when he has the right instinct for the right option."

(Charlotte Saikowski, Christian Science Monitor, A1)

### **DEMOCRATS HOPE TO PUSH THEIR BUDGET THROUGH SENATE**

The Senate's majority Democrats hope that with their chamber resuming its consideration of the \$1 trillion fiscal 1988 budget, they now have enough votes to ram the measure through to passage.

Sen. Lawton Chiles, chairman of the Senate Budget Committee, has been trying to fashion a spending plan that at least 51 lawmakers would vote for. Aides to Democratic members of the committee, and even some Republicans, said that they expected Chiles to find those votes by this afternoon, when the full Senate resumes debate on the proposal.

(Alan Fram, AP)

## REDUCED PENTAGON SPENDING HEADED FOR APPROVAL IN HOUSE

The leader of House Democrats says the chamber is likely to approve a defense budget that cuts Pentagon spending, even though Republicans are complaining the measure will hurt the national defense.

House Speaker Jim Wright, when asked about prospects that the \$288 billion figure will be approved, said: "I predict it will be adopted. It will keep us within bounds of the budget resolution."

During debate Monday, Rep. William Dickinson, ranking Republican on the Armed Services Committee, said the \$288 billion total was "highly inadequate" for the nation's defense. "We're penny-wise and pound-foolish," he said. (Tim Ahern, AP)

### House Opens Debate On '88 Defense Bill

The House opened debate on the fiscal 1988 defense authorization bill, which would issue marching orders to President Reagan on arms-control policy and military priorities while giving him less money than he requested to continue his rearmament program.

While lawyers continue to exchange briefs on how far Reagan can go in testing SDI without violating the 1972 ABM Treaty, the bill before the House would end the argument by making the "narrow" interpretation the law of the land. The Pentagon, under the bill, could not spend any money "to develop or deploy an antiballistic missile system or component which is sea-based, air-based, space-based or mobile land-based."

The House also plans to rein in the President's ambitions for testing space weapons now in hand. One of the 220 amendments drafted for addition to the defense bill would prohibit testing of antisatellite hardware in space for another year. In addition, Rep. Les Aspin, chairman of the House Armed Services Committee, has written language that would reduce the President's \$356 million request for the ASAT program to \$50 million.

(George Wilson, Washington Post, A4)

## SENATE PANEL GIRDS FOR ABM BATTLE

A Senate committee's scheduled consideration of an otherwise noncontroversial State Department spending bill could turn into a highly charged debate over the ABM Treaty.

Foreign Relations Committee Republicans are incensed that the panel's Democratic chairman has tacked onto the bill a measure that would bar a wide range of SDI tests.

The measure, sponsored by Sen. Joseph Biden, would force the Administration to abide by the "narrow" interpretation of the 1972 ABM Treaty. That interpretation allows development and testing only of those SDI components that are non-mobile and ground-based.

(Warren Strobel, Washington Times, A5)

### THE FIRST CONSULTANT

#### Nancy Reagan On The Role Of Presidential Spouse

NEW YORK -- Nancy Reagan, speaking as "the boss' wife" from what she called "the white gloves pulpit," gave her side of the story on how much influence she has with the President and whether her opinions carry any weight.

"Although I don't get involved in policy," she told the annual Associated Press luncheon for the American Newspaper Publishers Association meeting here, "it's silly to suggest my opinion should not carry some weight with a man I've been married to for 35 years."

Mrs. Reagan said, "I'm a woman who loves her husband, and I make no apologies for looking out for his personal and political welfare. We have a genuine, sharing marriage. I go to his aid. He comes to mine."

(Donnie Radcliffe, Washington Post, D1)

#### Regan Won't Talk About Nancy Reagan; She Defends Dealings With Staff

NEW YORK -- Donald Regan says he's saving any discussion of his feuds with Nancy Reagan for his book, while the First Lady says there's nothing wrong with her calling up White House staffers to talk about problems.

"It would be tempting to answer that question, but since I'm writing a book I think I'll reserve on that," Regan said at his first news conference since leaving the White House Feb. 27.

At about the same time, Mrs. Reagan was talking about the role of the first lady in a speech at the annual luncheon of The Associated Press, held in conjunction with the American Newspaper Publisher Association.

She said the best advice for a first lady is "don't be afraid to look after your husband or to voice your opinions, either to him or to his staff."

(Terence Hunt, AP)

#### First Lady Gets In Her 2 Cents' Due

Nancy Reagan -- in an answer to critics charging her with White House meddling -- gave newspaper publishers a lesson Monday.

Joking about her reported influence -- "This morning, I had planned to clear up U.S.-Soviet differences on intermediate-range missiles, but I decided to clean out Ronnie's sock drawer instead" -- the First Lady defended her right to free speech.

Without naming former Chief of Staff Donald Regan or other top aides, she said: "If something is about to become a problem...I'm not above calling a staff person and asking about it."

(Johanna Neuman, USA Today, A1)

## IRAN — NICARAGUA

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### SEN. INOUE/THE PRESIDENT

The chairman of the Senate panel probing the Iran-contra scandal renewed his charge that President Reagan knew money was being raised for military aid for the Nicaraguan rebels, but the White House denied he knew anything illegal was going on.

At a photo session on the eve of congressional hearings into the affair, Sen. Daniel Inouye said he stood by his statement Sunday that Reagan knew money was being raised to purchase weapons for the contras "at a time when the Congress of the United States had expressed its intention that funds should not be spent to purchase arms for the contras."

(Judi Hasson, UPI)

### THE WHITE HOUSE/IRAN-CONTRA HEARINGS

The White House will try to conduct business as usual during the Iran-contra hearings on Capitol Hill, but top Administration officials say they expect to "lose control of our agenda" for an indefinite period as the lawmakers rake through the still-smoldering coals of the worst scandal of the Reagan presidency.

Senior Administration officials recognize that the hearings are likely to dominate the news -- particularly if they develop any new evidence -- but they believe the President already has weathered the worst of the ordeal.

An inner circle of top White House aides will monitor developments at the hearings and coordinate Administration strategy to counter any legal or political problems that may arise.

This group, headed by Chief of Staff Howard Baker, who served as vice chairman of the Senate Watergate Committee 14 years ago, also includes presidential counsel Arthur Culvahouse, Deputy Chief of Staff Kenneth Duberstein, and White House Communications Director Thomas Griscom.

(Miles Benson, Newhouse)

### COMMITTEES MEET WITH SECORD ON EVE OF TESTIMONY

#### Leadoff Witness Expected To Offer New Disclosures

On the eve of the long-awaited Iran-contra hearings, congressional investigators continued meeting privately with their leadoff witness, retired major general Richard Secord, whom they expect to reveal publicly new details of the Reagan Administration's most controversial foreign policy initiatives.

In related matters, Rep. Lee Hamilton, chairman of the House select committee, disclosed that:

-- The committee will vote at a later date on the release of classified documents and classified testimony of some 300 witnesses given to investigators in private over the course of the four-month prehearings inquiry.

-- The House committee does not anticipate calling President Reagan as a witness at this time, but there has been no final judgement on this and it "depends on how the hearings develop," Hamilton said.

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

### Secord Promises 'A Great Story'

Retired Air Force Maj. Gen. Richard Secord will tell "a great story" in unraveling how money from Iranian arms sales was diverted to the contras and how much they received, his attorney said.

Gen. Secord, the opening act in the televised drama of congressional Iran-contra hearings -- and one of the few who knows a great deal about both the secret sale of weapons to Tehran and the channeling of proceeds to the Nicaraguan resistance -- will "set the whole thing out," his lawyer, Thomas Green, said in an interview.

"Gen. Secord will testify to what exactly the contras got. The mystery will all be settled," Green said.

(Michael Hedges, Washington Times, A1)

### Iran Hearings Open Today; Testimony From Former Air Force Major General

A confident and cocky Richard Secord was slated to be the leadoff witness as House and Senate committees opened their long-anticipated hearings into the Iran-contra arms scandal.

The blunt, no-nonsense former Air Force major general is to detail his role in the affair. He also will give the American public his view of how the Reagan Administration became entangled in arms sales to Iran and what happened to more than \$87 million they generated.

"Few witnesses can tell us what happened on both sides of the issue -- Iran and Nicaragua -- more than Gen. Secord because he was involved in both," says Sen. Daniel Inouye, who heads the Senate committee.

(Lance Gay and Walter Friedenberg, Scripps Howard)

### Congress Opens Long-Awaited Iran Scandal Hearings

Congress opens a long-awaited public investigation of the Iran-contra scandal with televised, Watergate-style hearings that could bear heavily on President Reagan's political influence and his place in history.

Week after week, for about three months, 11 senators and 15 congressmen will grill a succession of witnesses, including high U.S. officials, painstakingly piecing together the complex puzzle of Reagan's most damaging political crisis.

While members of the special House and Senate Iran committees, created four months ago, say they expect no bombshell revelations, they believed Richard Secord's testimony would provide new insights into the affair.

(Sue Baker, Reuter)

### Congress Going Public With Probe Of Iran-Contra Scandal

After months of private interrogations and secret negotiations, Congress is going public with its investigation of the Iran-contra affair, which has damaged President Reagan's political standing.

"A lot of testimony will be familiar to...the American public" when the hearings begin a summer-long run in the Senate Caucus Room, Rep. Lee Hamilton told reporters as the House committee investigating the Iran-contra matter held a final advance meeting.

"And a lot of the testimony will be new," Hamilton added.

(David Espo, AP)

## **NETWORK NEWS SUMMARY**

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(Monday Evening, May 4, 1987)

### **IRAN-CONTRA**

NBC's Tom Brokaw: This is the eve of the congressional hearings in the Iran-contra affair and President Reagan's spokesman again said today that the President was not aware that members of his Administration were illegally raising money for contra weapons. Senator Daniel Inouye, chairman of the Senate committee, says, "I think the President knew much more than what the White House has intimated."

NBC's John Dancy: The chairman and vice chairman of the Senate select committee toured the Senate caucus room late this afternoon and pronounced it ready for tomorrow's opening session. The Senate and House committees will meet together -- one week here the next week on the House side of the Capitol. They decided separate hearings would have been too cumbersome. It'll be the biggest show Washington has seen since Watergate. There are twice as many seats for reporters as for the public. Everything is designed to get the story out to the country. The Tower Commission report laid out most of the secret Iran arms sale details.

(TV coverage: The President in the White House Briefing Room releasing the Tower Commission report.)

Leaders of the committee promise that people who do watch the hearings on t.v. will see new details of the tangled scheme. What is still largely unknown are details of the network that diverted money to arm the contras. Unknown too is the role of the President -- was he aware of or in control of the scheme to arm the contras against the wished of Congress? Committee member David Boren says that is central to the investigation.

(Sen. Boren: "One of our main tasks right now is to determine whether or not the President or other high officers of government participated in any kind of wrongful action.")

The committees have a tool to get that kind of information -- they can subpoena witnesses and offer limited immunity to force reluctant players like John Poindexter and Oliver North to testify. The Republican vice chairman of the Senate committee said whatever happens is not expected to be good news for President Reagan.

(Sen. Rudman: "I think the American people will be saddened because he is a very popular President. And it will be by far the low-point of the Administration.")

The committee expects to hear from about 50 witnesses before the hearings conclude -- right now that's scheduled to be in late July. But it could slip into the fall.

Brokaw: The first witness up tomorrow -- retired Air Force Major General Richard Secord, who met in private today with the congressional investigators.

NBC's Fred Francis: Richard Secord has lived in the secret world of the CIA, the Pentagon and the arms bazaars for much of his career. He was the middleman for North's White House schemes -- trusted by everyone from Marxist weapons-makers to contra rebels.

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Francis continues: In the two years that Congress refused to fund contra attacks on Nicaragua, Richard Secord was the principle steward for more than \$60 million the contras got from governments, groups and individuals. He directed the contras' spending, his attorney says, in a legal manner. But contra leaders and congressional sources say Secord and his associates may have made millions in profits. Secord managed dozens of corporations and bank accounts in Switzerland and Panama and used companies in Geneva, Miami, Montreal, London, Lisbon and the Washington suburbs to buy weapons and deliver them to the contras. The congressional committees will try to untangle that conglomerate of front companies and banks to discover where the money went and just how much of it may be left. Secord dominated every aspect of arming the contras. One Pentagon source said, "He was the financier, the buyer and the seller." Investigators want to know if he also took commissions and brokers' fees on the weapons deals. He bought these planes, paid salaries and acquired everything from parachutes to crates. The committees want to know how much profit was made on each of these gun-smuggling flights over Nicaragua. But more important, the committees want to know how much the President and those around him knew of all this. Was it really a secret that stayed in the basement of the White House? (NBC-Lead)

ABC's Peter Jennings: The eyes of the country will be focused tomorrow on a hearing room on Capitol Hill -- scene of the special congressional hearings on the Iran-contra affair. It will be late summer before the story is all-told. The hearings will begin with one of the few men who apparently knows a great deal of all that went on in all of those months -- the retired Air Force General Richard Secord.

ABC's Brit Hume: The leaders of the Senate select Iran committee held a photo opportunity today in the room where the hearings start tomorrow. But before it was over, the chairman was asked about the accusation he made against the President on t.v. yesterday, then backed away from later. Today, he made the charge all over again.

(Reporter: "Do you think the President knew that money was going -- being raised -- and sent to the contra rebels for military aid? Do you think he knew that?"

Sen. Inouye: "I think so.")

The President denied that yesterday and the White House did again today.

(TV coverage: A few seconds of file footage of the President outside, then in the White House Briefing Room with John Poindexter.)

Meanwhile committee staff continued interviewing tomorrow's first witness, retired Air Force General Richard Secord, who has been called to testify before but until now refused. He is described as confident and eager to explain his role as the key middleman in both the Iran arms sales and the contra supply network. He is expected to argue that no U.S. government money was spent to arm the contras, and that much of the Iran arms money diverted for the contras' use remains unspent. The committee has now also begun privately questioning Admiral John Poindexter, who, unlike Secord, has been granted limited immunity from prosecution.

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Hume continues: As the President's former national Security Advisor, he is considered the best witness on what the President knew and when. He will not be heard from in public until next month. The old Senate caucus room -- scene of such historic congressional inquiries as the Army-McCarthy case, and more recently, the Watergate investigation, has been extensively refurbished to accommodate this one. It will be in effect, a joint House-Senate hearing -- thus the need for a new, two-tier platform to accommodate the total of 26 members. The hearings are expected to last at least 10 weeks. So far there's been little partisan bickering, or House vs. Senate in-fighting; but then the hearings haven't started yet.

(ABC-2)

CBS's Dan Rather: Congress opens public hearing tomorrow into, "Who broke the law? Who got the cash? And what did President Reagan know?"

CBS's Phil Jones: The Senate caucus room is almost ready. Sources tell CBS News that the first witness tomorrow will have a new explanation of the diversion of some of the Iranian arms profits to the Nicaraguan contras. Retired Air Force General Richard Secord, testifying without immunity, will deny that he was involved in any conspiracy with officials at the White House. Secord, who handled the money for the arms deal, will say he gave a share to the contras out of his own personal concern for them and not as part of any government conspiracy with Lt. Col. Oliver North to circumvent the law at the time prohibiting military aid to the contras. The committee members are also concerned over the physical and mental condition of former National Security Advisor Robert McFarlane. McFarlane, who attempted suicide earlier this year, is described as a "fragile witness." He reportedly broke down in tears at times during the private interviewing.

(Sen. Rudman: "I think there will be things about his testimony that will be different than what you've heard so far.")

The hearings may dispute previous stories and suspicions about certain key witnesses. Examples -- former CIA Director William Casey, who is too ill to testify, has been described as, "The mastermind of the diversion."

(Rep. Hamilton: "Participant; yes. An important actor; yes. But not the mastermind.")

As for former White House Chief of Staff Donald Regan.

(Rep. Hamilton: "My sense is he's a marginal actor.")

Members who have seen the Presidential diary notes say they have found nothing so far linking the President to any impeachable offense. But even Republicans say the President is going to be, at the very least, bruised more.

(TV coverage: file footage -- the President leaving the platform and walking down the stairs off the platform at Ellis Island.)

(Rep. Cheney: "It's also obviously going to be some difficult times for the Administration -- a story that's not going to be all that pleasant for them to watch unfold.")

At the select committee offices, information from every source imaginable has been typed into a central computer so testimony can be compared, contradictions caught.

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(Sen. Heflin: The whole hearings will be -- daily, many, many instances of contradictions and perhaps the public will realize that some of them are not telling the truth, some of them are.)

Significant new leads are expected from all this testimony and one Senator says before it's over they may have to call as many as 75 witnesses.

CBS's Eric Engberg: Who in the White House knew Iran arms profits were being illegally diverted to the Nicaraguan contras and where did all the money go? Those questions loom largest as the committees get down to work. We know from one White House memo that there was talk of channeling Iran profits to the contras. And that Oliver North, a National Security Council official, and John Poindexter, the National Security Advisor, approved. We don't know if others in the White House knew. Reports that the by-the-book Ad. Poindexter told the President have always been denied.

(The President: "As I told the Tower Board, I didn't know about any diversion of fund to the contras. But as President, I cannot escape responsibility.")

(TV coverage: file footage from the President's address to the nation March 4, 1987.)

As for that money, we know federal investigators have estimated it was as much as \$30 million. The contras say they never got it. The Senate committee claims it has found some answers.

(John Tower: "We know that it was diverted. Did it go into somebody's pocket? Is it still languishing in a Swiss bank account? What happened to it? It disappeared into a black hole.")

Aside from the money, the committees will look at possible law breaking by the contra supply network.... We know that North gave orders to the secret network, backed by Poindexter. We don't know if higher-ups approved. Present and former CIA operatives staffed the network, but Congress may never learn what role CIA Director William Casey played. He is too ill to testify. Just last week the threat of criminal charges drove up to the White House door when a fundraiser for the contras linked North to an unlawful conspiracy. We don't know if anyone else in the Administration was involved. At stake in these hearings for Vice President Bush may be his presidential hopes. He has said he knew nothing of the secret network, even though some of his staff did.

(Vice President Bush: "You've asked the question whether my office was involved or whether I'm involved in running this operation. And the answer is unequivocally -- no.")

But inevitably, the committees will focus on what the President knew and approved. Notes he took at White House meetings and made available to the Congressional groups, reportedly show him more in command than the Tower board said. But there is political peril in going after a popular president....

(TV coverage: a variety of file footage -- first the President and First Lady walking in front of soldiers while "Hail to the Chief" plays, then footage shot through a window of the Oval Office showing the President writing at his desk, then the President wearing a baseball cap and waving to a crowd.)

Big congressional investigations, occurring as they do under the lights of national publicity, have a way of charting their own course and producing disclosures no one could have predicted. (CBS-3)

## CONTRAS

Brokaw: A U.S. official tells NBC that the contras have attacked a Nicaraguan army garrison, killing 40 Sandinista soldiers and capturing a wide variety of weapons, including missiles, rocket launchers, and rifles. The official says this is believed to be biggest contra attack yet on the Nicaraguan military. (NBC-3, ABC-10, CBS-10)

Jennings: We have some very unusual pictures tonight of an earlier contra operation inside Nicaragua. ABC News acquired them from a cameraman who accompanied the contras on a month-long mission from Honduras, south across the border, into Nicaragua.

ABC's Peter Collins: These are contras at the start of what will be a 30-day march into battle. With \$100 million in U.S. aid, they are now well-armed and well-trained for the first time in their six-year war with the Sandinistas. But their weapons are not American -- they are bought on the world market and almost all are Soviet made to match what the Sandinistas carry. With these the contras can use captured enemy ammunition.... As it nears the Nicaraguan border, but still in Honduras, this unit is shelled by the Sandinistas. Five men are wounded. Medical attention is two days away. At a briefing, the commander issues the mission orders. The maps and diagrams on how to counter Sandinista weapons and equipment are given out. [A Canadian reporter] interviews the unit's human rights officer. He is told how, at the insistence of Congress, the contras now get extensive training on the rules of war and how to deal with civilians.... Now comes a careful crossing into Nicaragua. Some days later, these high-tech guerillas use a radio and a computerized decoding device to communicate with headquarters back at the border. It spits out word to expect an air drop that night -- it's a load of ammunition. The air operation may well be the key to the contras chances. Now it's been a month. The troops have marched 60 miles into Nicaragua -- sometimes resting, sometimes watching and always, in their minds, getting ready for what's coming -- the attack. The target is an armed Sandinista -- a sort of farm village protected by...army soldiers and militia. At dawn, the contras assault a hilltop outpost and sweep into the Sandinista trenches. One Sandinista soldier dies, the others flee. Then down the hill and into the settlement. Grenades are throw to clear buildings. The men set fire to bags of coffee. Nearby, a squad leader throws a grenade and blows up the [Sandinista's] generator. These are the contra tactics that provoke the most controversy. When the Sandinistas describe these actions, they usually emphasize that these are farm settlements and that innocent civilians are being killed. The contras see them as legitimate economic targets, defended by armed men and set up in remote areas to control farmers and the land. In this attack the cameraman who took these pictures reports seeing only Sandinista soldiers killed. He said the civilians fled at the first shots. After two hours it's over and the contras are resting, sharing cokes, when disaster strikes -- the Sandinistas have called in artillery on their own abandoned position. The last round kills...the Canadian reporter instantly. His body is loaded on a mule. The intention is to take it away for burial. The last entry in his diary that day before he died was this, "We caught up with the commander at dawn and he said, 'Tomorrow will be a piece of cake for sure.' His closing comment to himself was, 'We'll see.'" (ABC-11)

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## THE FIRST LADY

Brokaw: The relationship between President and Mrs. Reagan has been the subject of much reporting.... Nancy Reagan has rarely talked about her marriage in public, but she did so today.

(The First Lady: "I'm a women who loves her husband and I make no apologies for looking out for his personal and political welfare. We have a genuine, sharing marriage. I go to his aid, he comes to mine. I have opinions, he has opinions. We don't always agree, but neither marriage nor politics denies a spouse the right to hold an opinion or the right to express it. And if you have anything else, it's really not a marriage.")

Later the First Lady joked about charges that she has taken over at the White House, saying, "This morning I planned to clear up U.S. and Soviet differences over intermediate-range missiles, but then I decided to clean out Ronnie's sock drawer instead." (NBC-5, ABC-4)

## AIDS

Brokaw: President Reagan announced today that he is creating a high-level commission to help him deal with the epidemic of AIDS. In a written statement, Mr. Reagan said that the commission will advise him on sensitive policy aspects of the disease and prospects of a cure. Recently, he referred to AIDS as, "Public health enemy number one." (NBC-8, ABC-5)

## NIXON'S RECORDS

Jennings: The National Archives today made public more than 250,000 pages of documents from the files of President Nixon -- including some relating to Watergate....

ABC's Barry Serafin: ...On the eve of the Iran hearings, the Nixon papers echo of another time -- another embattled Administration. There are important differences between then and now, but no one failed to notice the irony of the timing. (ABC-3)

## SUPREME COURT DECISION

Brokaw: Throughout America rotary clubs are an important part of the establishment -- service organizations that also serve the business interests of the members. And rotary clubs are all male. But apparently, not for much longer. Today the U.S. Supreme Court ruled that a California rotary club would have to comply with state law and open its membership to women....

(NBC-Lead, ABC-6, CBS-2)

## GARY HART

Rather: Is Gary Hart through? How badly, if at all, has Hart's campaign to be President been hurt by new accusations made in a Miami newspaper? Hart stayed out of public view today after denying that he spent the night with a woman who has not his wife.... (ABC-Lead, CBS-Lead)

-End of News Summary-

## **EDITORIALS/COLUMNISTS**

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### **IRAN-CONTRA**

Channell's Guilty Plea -- "Carl Channell's guilty plea Wednesday is a significant development in the unraveling of the Iran-contra affair.... This returns us to a familiar question: How much did the President know? In this case, did he know that the fund-raising effort he was helping promote was actually an attempt to steal federal tax revenue and send it to the contras? And if he did not know, was it because he chose not to know?"

(Kansas City Times, 5/1)

Iranscam: It Begins -- "'Unique' hardly describes Channell's fraudulent perversion of the trust that Americans are entitled to possess in the Presidency. 'Tragic' would be more apt."

(Miami Herald, 5/2)

The Return of Iranamok -- "It hardly strikes us as criminal that Administration officials may have been lending moral support and advice to private groups wanting to aid the contras. Nor was it any big secret that they were doing so. If you want to keep something secret, you don't invite contributors to the White House for chummy sessions with the President.... Old-fashioned greed and some covering up by misguided White House staffers also seem likely to emerge as a focus. Wrongdoings deserve to be punished. But the main political question -- whether the President himself lied and whether there were substantive violations of congressional intent -- are likely to be more difficult to resolve."

(Detroit News, 5/3)

The First Domino Tumbles In The Iran-Contra Probe -- "With a single prosecution, the Iran-contra scandal has both broadened and penetrated the inner sanctums of the White House. It is not -- nor has it ever been -- about the sort of cut-and-dried obstruction of justice activities the President's handlers willingly concede. It is about contempt for democracy by an executive branch that ran against government -- convincing itself in the process it had a mandate to act above and beyond the law. It is about a President who -- with his eyes wide open -- constructed the elaborate 'off the books' foreign policy that has undermined America's credibility around the globe."

(Philadelphia Inquirer, 5/1)

Very Dicey Hearings -- "If the President knew, it was his own policy he was poisoning; if he didn't, his method of running the White House is to blame. Thus, and disappointingly, not just a style of government but momentously important U.S. policy are, in effect, on trial -- with no few participants and passers-by thirsting to see such initiatives as the Reagan Doctrine asphyxiated.... If committee members drag Reagan Administration officials through the muck with ultimately no cause, they are participating in a style of justice and judgment unworthy of an open society."

(Washington Times, 5/4)

The Iran Probes: What's The Rush? -- "Now is not the time to rush the investigation of the Iran-contra scandal.... Walsh deserved the benefit of the nation's patience at least a little while longer. President Reagan waited four months before commenting on the affair.... Weakening the special prosecutor's ability to investigate that collapse would represent a further collapse."

(Cleveland Plain Dealer, 4/30)

## TRADE/JAPAN

Mr. Nakasone's Week In Washington -- "Yasuhiro Nakasone did not have a particularly good week in Washington.... Mr. Nakasone had hoped to get Mr. Reagan to immediately lift the tariffs on Japanese electronics, but the President declined. He wants proof of a real change in Japanese practices, and he's right to be skeptical." (Chicago Tribune, 5/4)

Some Good News And Bad From The Trade-Wars Front -- "The good news is that President Reagan and Japanese Prime Minister Nakasone have been talking...about the trade crisis. The bad news is that both men have suffered recent political setbacks at home and may be too weak to pursue the domestic agendas necessary to restore stability to their trade relationship." (Philadelphia Inquirer, 5/2)

Lesson To Remember -- "Pressures to get fairer access to foreign markets are legitimate and should continue. But crude pressures that could only be bound to weaken the American economy, like the Gephardt amendment, solve nothing. That is the clear lesson of history, and Americans will pay dearly if it is forgotten." (Los Angeles Times, 5/1)

Trade Bill Sends Mighty Signal -- "Its [the House-passed trade bill] passage does signal an end to American patience. That should not go unheeded abroad." (Dallas Times Herald, 4/30)

Congress Runs Amok -- "Get out the veto pen, Mr. President. Congress has gone too far." (Detroit News, 5/1)

Trade -- Over To The Senate -- "Any United States trade measure that raises the possibility of a trade war should be seen as working against the best interests not just of the U.S., but the global economy." (Christian Science Monitor, 5/4)

The Gephardt Tariffs-- "The Senate should reject a retaliatory trade policy. The Gephardt tariffs build a wall that will not stand." (Boston Globe, 5/3)

Japan Well-Armed For a Trade War -- "To think that we can impose penalties on Japan without paying a price somewhere else down the line is a naive shot at our own feet." (Daniel Burstein, Orange County Register, 5/1)

## LINDER'S DEATH

America's 'Friends' Kill An American -- "If U.S. government leaders believe, as they seem to, that Mr. Linder was asking for trouble by working in dangerous areas, then they have parted company with common sense. The contras are armed and directed by the Reagan Administration. The President once said he was proud to be a contra and compared them to our Founders.... President Reagan called Mr. North a national hero. The true hero is the American volunteer who worked for virtually no pay and risked his life to help peasants in a poor country. That certainly is more inspiring than using the White House apparatus to secretly collect funds for a war in Nicaragua and promise donors that their blood money would be tax exempt." (Hartford Courant, 5/1)

## **EDITORIALS/COLUMNISTS**

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### **TRADE/JAPAN**

"Despite the conciliatory language, the meeting did not end with the expected positive results.... As a goodbye present, President Reagan said the new tariffs will be lifted, 'as soon as possible.'"

(Tribune de l'Economie, France)

"President Reagan and Japanese Prime Minister Nakasone ended their meeting without solving the thorny problem of their trade relations. The tariffs decided by the United States will not be lifted."

(Quotidien, France)

"The declaration of principles issued at the conclusion of the Reagan-Nakasone meeting.... does not offer immediate concrete results but opens possibilities for the future."

(Corriere della Sera, Italy)

"Reagan made promises, Nakasone made promises, but there was little substance."

(La Repubblica, Italy)

"Washington is now mounting an all-out offensive against the Japanese economy, which involves a drive to curtail its trade with the socialist countries, primarily the Soviet Union."

(Moscow Radio, Soviet Union)

"Although Nakasone said the mist over Japan and the United States has cleared, an iceberg looms ahead. The summit talks failed to produce concrete measures to stabilize the erratic yen-dollar exchange rate.... A fundamental problem is that the United States does not fully recognize an impending dollar crisis and the Reagan Administration still hesitates to take full-scale measures to defend the dollar."

(Asahi, Japan)

"[The] Ron-Yasu relationship did not work effectively this time because even Reagan cannot turn back the retaliatory wind blowing against Japan in the United States and his relationship in his country is declining daily.... Doubts remain as to how serious the United States is about defending the dollar, because the U.S. side did not specify any concrete measures for the reduction of its budget in the joint statement issues at the end of the summit talks."

(Mainichi, Japan)

### **ARMS CONTROL**

"France has more reservations than Germany concerning the Soviet proposals. In any event, Europe has a limited influence in this affair."

(Quotidien, France)

"Aside from the important detail of short-range missiles, Europe is preparing to face a new situation. A situation with two main aspects: a psychological, if not military, unraveling of the nuclear link with the United States; and increase of the gap between the West and the Warsaw Pact as far as conventional arms are concerned."

(Stampa Sera, Italy)