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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, MAY 15, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Courier Implicates White House Aide -- Lt. Col. Oliver North's private courier between two Nicaraguan contra leaders told Congress he carried cash, top-secret maps and weapons lists between Washington and Central America under Col. North's direction. (Baltimore Sun, USA Today, Washington Post, Washington Times, Copley, Newhouse, Scripps Howard, UPI)

INTERNATIONAL NEWS

NATO Reaches Informal Consensus On Nuclear Missiles -- Defense ministers of NATO reached an informal consensus here that the U.S. should accept a Soviet proposal to eliminate medium- and short-range nuclear missiles. (Washington Post, AP, Reuter, UPI)

NATIONAL NEWS

Reagan To Sign \$2.32 Trillion Debt Bill -- The Senate, following a White House-negotiated compromise, approved a bill to raise the debt limit to \$2.32 trillion, thereby averting a federal shutdown. (Washington Post, Washington Times)

NETWORK NEWS (Thursday Evening)

IRAN-CONTRA -- Johnathan Miller resigned as White House Deputy Assistant Administrator following testimony from Robert Owen.

LEBANON/STEEN -- Beirut kidnappers released a videotape of Alann Steen, apparently in good health.

WEDTECH/MEESE/NOFZIGER -- New reports say investigators can prove Attorney General Meese interceded on behalf of the Wedtech Corp. in 1982.

CIVILIAN DUTIES...

Civilian duties can be tougher than life on Capitol Hill. Tip O'Neill filmed a commercial this week for Lite beer.... After the 47th take he grumbled, "By this time, I would have been briefed by four administrative assistants, met with my media and TV advisers, had a leadership meeting, a policy meeting and, in between, gone to the White House to talk to the President and the Cabinet." To make it worse, he had only eight words to say....

(Chuck Conconi, Washington Post, 5/14)

IRAN — NICARAGUA

PRESIDENT PERSONALLY APPROVED RANSOM PLAN, MCFARLANE INSISTS Unreported Covert Operation Said To Involve CIA Funds

Former National Security Adviser Robert McFarlane, contradicting White House denials, insisted that President Reagan personally approved a secret operation to free U.S. hostages in Lebanon by paying \$2 million in bribes and ransom.

Testifying for the fourth day before House and Senate panels investigating the affair, McFarlane said he had discussed the matter with the President, Vice President Bush and "probably Mr. (Donald) Regan," who was then White House chief of staff. Attorney General Meese, McFarlane added, provided legal clearance for it. McFarlane said he would have to "think about" the extent of knowledge by Secretary Shultz.

One significant conflict with McFarlane's testimony emerged with the very next witness, Assistant Secretary of State Gaston Sigur. Sigur said that while working for McFarlane at the NSC in the summer of 1985, Sigur solicited a contribution for the Nicaraguan contras from an Asian country and told the national security adviser of his efforts.

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

McFarlane Not Allowed To Take Rap

The chairman of the House Iran-contra panel refused to let former National Security Adviser Robert McFarlane take the rap for President Reagan.

"We accept your words and your assurances as those of the President," said Rep. Lee Hamilton. "The responsibility must rest with him as well as with you. You cannot...absolve the President."

In an impassioned speech at the close of McFarlane's fourth and final day of testimony, Hamilton rebuked McFarlane for deceiving Congress about the Administration's secret operations in Central America.

(Leslie Phillips, USA Today, A1)

Former NSC Aide Describes Foreign Contribution

A former National Security Council consultant testified that at Lt. Col. Oliver North's request, he helped arrange \$2 million in contributions to the Nicaraguan rebels from an Asian country, identified as Taiwan.

Gaston Sigur, who was an NSC consultant when he was drawn into the contra aid effort, said North assured him he was acting at the behest of National Security Adviser Robert McFarlane and that such solicitations were legal.

Sigur also said he understood McFarlane had given his approval when North asked him to set up contacts with officials of two other nations about helping the contras -- the first time in November 1984, a month after Congress banned U.S. military aid. Sigur said when he asked North if such approaches were legal, North replied, "Oh absolutely, absolutely. I wouldn't do anything that wasn't legal."

(Gregory Gordon, UPI)

Taiwan Agreed To Give \$2 Million To Contras, Committees Told

Taiwan agreed to contribute \$2 million to the contras in 1985 after a National Security Council aide arranged a meeting between Marine Lt. Col. Oliver North and a Taiwanese representative, according to testimony before congressional select committees investigating the Iran-contra affair.

Gaston Sigur, a State Department specialist on Asian affairs, told the committee that the Taiwanese money -- earmarked as humanitarian assistance for the contras -- was committed in two installments of \$1 million each after he set up a meeting for North and the country's representative in August 1985.

The Taiwanese gift was made at a time when Congress was considering a bill that would have forced cutbacks of about 30 percent in textile imports from Taiwan, South Korea and Hong Kong. The bill passed Congress in October, which is when Sigur said he learned of the second \$1 million installment. The measure was vetoed by Reagan two months later.

(Finlay Lewis, Copley)

Robert Owen's Testimony

The fourth witness in the congressional investigation of the Iran-contra scandal has provided the first evidence that Lt. Col. Oliver North provided money and arms to Nicaraguan rebel leaders despite a government ban on military aid to the contras.

Robert Owen said he picked up travelers checks in North's White House office, converted them to cash and turned over the funds to various contra leaders during rendezvous in cars and at his apartment.

He said Johnathan Miller, director of the White House office of administration, helped him cash the travelers checks because, Owen said, "it was felt that there were probably too many checks for me to cash in the amount of time that I had."

(Robert Gettlin & Robert Lewis, Newhouse)

'Foot Soldier' In Contra War Details Courier Tasks For North

Robert Owen, a self-described "foot soldier" in the Administration's secret war against Nicaragua, testified that at the direction of Lt. Col. Oliver North he delivered envelopes stuffed with cash, advice on arms purchases and U.S. intelligence maps and photographs to contra leaders.

Owen, who testified before the Senate and House Iran-contra committees under a grant of immunity, described several payments to rebel leaders during the period when U.S. aid to the contras was banned. In describing one of the transactions, Owen implicated White House administrative aide Johnathan Miller, who abruptly resigned his job hours after being publicly identified.

Miller, the manager of White House administrative operations since June 1986, was either working to the State Department or temporarily assigned to the National Security staff in March 1985 when, according to Owen's testimony, he helped convert traveler's checks into cash for a payment to a contra leader sources identified as Arturo Cruz.

(Joe Pichirallo, Washington Post, A1)

Go-Between Says He Gave Contras Money From North's White House Safe

Former National Security aide Oliver North's bagman told a congressional panel he distributed to contra leaders "thousands of dollars" North provided him from funds kept in a White House safe.

Robert Owen, a former State Department consultant, described...one occasion in the spring of 1985 when he paid "several thousand dollars" in financial assistance" to an unidentified Nicaraguan Indian leader "who was having negotiations with the Sandinistas."

Congressional investigators said the payment was a bribe to keep the Indian leader from defecting from the contras.

(Lance Gay & Walter Friedenberg, Scripps Howard)

Courier Implicates White House Aide

Lt. Col. Oliver North's private courier between two Nicaraguan contra leaders told Congress he carried cash, top-secret maps and weapons lists between Washington and Central America under Col. North's direction.

Robert Owen, whose alias was "T.C." for "The Courier," described how Col. North provided intelligence information, financial assistance and other services needed by contras. (Mary Belcher, Washington Times, A1)

Ransom Plan Reportedly Required False Papers

White House officials, expecting help in freeing American hostages in Lebanon, tried unsuccessfully to get the U.S. Embassy in Switzerland to issue travel documents to a bogus Saudi prince, informed sources said.

The imposter, now imprisoned for bank fraud, is the same man for whom Oliver North reportedly sought a large contribution for the contras.

Meanwhile, Sen. Paul Trible said that scheme, which eventually included plans to ransom hostages with \$2 million from Texan H. Ross Perot, was initiated in the White House, received \$50,000 from the CIA and drew on hundreds of thousands of dollars supplied by Colonel North from unknown sources.

(Mark Matthews & Robert Timberg, Baltimore Sun, A1)

SOLICITING FUNDS FOR CONTRAS SEEN AS LEGAL BY WHITE HOUSE

The Reagan Administration never considered it illegal to solicit humanitarian or military aid for the Nicaraguan resistance from other countries, White House spokesman Marlin Fitzwater said.

The position (that the Boland Amendment related only to the power of the Congress to control federal expenditures), held by White House counsel A.B. Culvahouse and his predecessors, is sharply disputed by many lawmakers who say the Boland Amendment...banned such activities.

The law "clearly prohibited" Administration efforts to solicit third-country aid for the contras, said one congressional attorney who helped draft the measure.

The wording of the law, however, appears less than precise.

(Willis Witter, Washington Times, A12)

Aide Cites Reagan Foreign Policy Power

The White House contended that laws passed by Congress barring American aid to the Nicaraguan rebels for two years never limited President Reagan's "constitutional and historical power" to manage the nation's foreign policy.

The strong implication of the White House statement was that any efforts by the President to raise money for the rebels, known as contras, were not illegal.

Under some interpretations of the laws, any effort by the President or other official to raise funds for the contras between October 1984 and October 1985 would have been illegal. Raising money for military aid would have been banned through October 1986.

This potential legal problem for the President is what the White House was trying to head off with its statement.

(Steven Roberts, New York Times, A13)

POLLS SHOW HEARINGS HAVEN'T HURT REAGAN

Revelations from two weeks' congressional hearings on the Iran-contra affair have scored little impact on President Reagan's popularity, polls say.

GOP pollsters see no drop in Reagan's diminished popularity. But, say Democrats, he isn't recovering either.

"In spite of the high visibility given the Iran-contra hearings, at this point the impact on the President's popularity has been very minimal," said Reagan's pollster Richard Wirthlin.

(Jessica Lee, USA Today, A5)

BUSH'S OFFICE REVISES RODRIGUEZ CHRONOLOGY

Vice President's Staff Says Aide Met
Last June With Contra Resupply Operative

The office of Vice President Bush disclosed that it had failed to report on a meeting last June between one of Bush's national security advisers and Felix Rodriguez, an operative in the secret resupply mission for the Nicaraguan contras.

Bush has maintained he provided "full disclosure" of his and his staff's contacts with Rodriguez, a former CIA official, in a chronology issued last Dec. 15. This is the second time the Bush staff has acknowledged that the chronology was incomplete.

(David Hoffman, Washington Post, A16)

Bush Aides' Ties To Contra Leader Widen

Aides to Vice President Bush were drawn a bit closer to a key figure in the contra aid affair, but a spokesman denied they were involved in secret efforts to supply arms to the rebels.

But while the disclosure again expanded the circle of contacts with Felix Rodriguez, a onetime CIA operative and longtime friend of Bush's national security adviser, Donald Gregg, Bush's Press Secretary Larry Thomas said there was no evidence of wrongdoing.

(Norman Sandler, UPI)

EDITOR'S NOTES: "Highlights Of Iran-Contra Testimony," appears in The Washington Post, A16.

INTERNATIONAL NEWS

OFFICIALS AGREE ON ARMS PACT NATO Reaches Informal Consensus On Nuclear Missiles

STAVANGER, Norway -- Defense ministers of NATO reached an informal consensus here that the U.S. should accept a Soviet proposal to eliminate medium- and short-range nuclear missiles, but only on the condition that new nuclear weapons be added to the NATO arsenal.

Senior officials at the two-day meeting of NATO's Nuclear Planning Group said Britain's public announcement of support for the Soviet proposal left only the divided government of West German Chancellor Helmut Kohl with serious reservations about approving the so-called "double-zero" solution. (Jeffrey Smith, Washington Post, A1)

NATO Still Divided On Soviet Arms Proposal

STAVANGER, Norway -- NATO defense ministers, at a spring meeting that ends today, were divided by a Soviet proposal to rid Europe of nuclear missiles but stressed the need to preserve nuclear deterrence in Europe.

West German Defense Minister Manfred Woerner...said military experts have warned that cutting missile arsenals in Europe will necessitate substitutes to preserve NATO's nuclear deterrent against larger Warsaw Pact conventional forces.

Secretary Weinberger said if the Euromissiles were withdrawn over a five-year period, "We need to do what is required to give us an effective deterrent at all times." He said those measure would include the continuous modernization of nuclear weapons and beefing up NATO conventional forces. (Rolf Soderlind, UPI)

Britain Says Soviet Missile Offer Is Acceptable

LONDON -- Britain said for the first time that it could accept the so-called "double-zero" Soviet offer to eliminate intermediate-range nuclear forces from Europe, moving NATO a major step closer to unity on a U.S.-Soviet arms control accord.

The British announcement effectively aligned London with the Reagan Administration, which has favored the proposal and pressed for urgent NATO action in responding to it. It also was likely to give a boost to Prime Minister Thatcher's already favorable chances in the general election she has called for next month.

Officials here said they hoped final agreement on the NATO position could be reached by June 11, when alliance foreign ministers are due to meet in Reykjavik, Iceland. That is the same day Britons go to the polls.

(Karen DeYoung, Washington Post, A32)

Effective Nuclear Deterrent Must Be Kept, Say U.S., Britain

STAVANGER, Norway -- The U.S. and Britain are insisting that if medium- and shorter-range missiles are removed from Europe by any superpower agreement, NATO will have to ensure that its nuclear deterrent is still effective.

Defense Secretary Weinberger and his British counterpart, George Younger, told reporters at news conferences that the alliance must take the necessary steps -- possible including additional nuclear deployments -- to maintain NATO security.

Weinberger refused to go into details. But Younger acknowledged in reply to questions that additional deployment of U.S. submarine-launched cruise missiles and forward deployment of more U.S. aircraft were among options under study. (Richard Balmforth, Reuter)

U.S. Looking For Europe's Support On Zero Medium-Range Missiles

STAVANGER, Norway -- Secretary Weinberger is seeking NATO endorsement of a proposal to dismantle all Soviet and U.S. medium-range nuclear missiles everywhere.

A conditional endorsement could come today in a joint communique ending a two-day meeting of the Western alliance's Nuclear Planning Group.

"Everybody wants a global zero" on that category of weapons, Weinberger told reporters at the end of the first day's session.

(Arthur Max, AP)

WEINBERGER, CONGRESS CLASH OVER SPACE STATION

Controversy over the proposed space station has triggered another strongly worded letter from Secretary Weinberger, this time condemning a House member's efforts to forbid military use of the station as having "the resonance of Soviet propaganda."

After receiving the letter Monday, Rep. Robert Roe, chairman of the House Committee on Science, Space and Technology, indefinitely postponed further markup of the spending authorization for NASA "until this issue is resolved," and sent Weinberger an angry response.

(Kathy Sawyer, Washington Post, A9)

PENTAGON SAYS 'BROAD' VIEW OF TREATY COULD SPEED SDI

The U.S. could deploy the first phase of a missile-defense system two years earlier and save \$3 billion if it proceeded under the "broad" interpretation of the ABM Treaty, the Pentagon said.

William Furniss, a Pentagon analyst specializing in strategic weaponry, said that this was the conclusion of the Reagan Administration's latest report on the President's SDI (program). Furniss declined to reveal the total cost of the first phase of SDI or to estimate when it would go into operation under the accelerated pace allowed by a permissive interpretation of the ABM Treaty.

(George Wilson, Washington Post, A9)

REPUBLICANS MAY STAVE OFF DISCUSSION OF STAR WARS-ABM MEASURE

Both sides say the Republicans are likely to win a close vote when a sharply partisan Senate decides whether to end a GOP filibuster over "Star Wars" policy that has blocked debate on a Pentagon budget bill.

"I think we've got the horses to say, 'Let's just sit and talk a bit,'" Sen. Alan Simpson, assistant Republican leader, said.

Majority Leader Robert Byrd said, "I can't produce 60 votes" to force an end to the unlimited debate. (Tim Ahern, AP)

SENATE PANEL SETS AUG. 31 DEADLINE FOR OPTIONS ON BUGGED MOSCOW CHANCERY

The Senate Foreign Relations Committee voted to give the Reagan Administration until Aug. 31 to devise options on what can be done to salvage the new U.S. Embassy chancery in Moscow, whose security has been compromised by Soviet listening devices.

The panel also gave the Administration the same deadline to present an assessment of security risks involved in allowing the Soviets to continue occupying their new embassy complex on Mount Alto.

A State Department representative at yesterday's markup of the department authorization bill expressed relief at the committee's adoption of compromise language delaying action on the two embassies.

(David Ottaway, Washington Post, A23)

ADMINISTRATION BROKE THE LAW IN MEDVID CASE, PANEL CHARGES

The Reagan Administration violated several laws when it sent back to the Soviet Union a Ukrainian who twice jumped from a Soviet freighter near New Orleans in 1985, a congressional panel said.

The Commission on Security and Cooperation in Europe, an independent congressional agency also known as the Helsinki Commission, issued a 415-page staff report concluding that the Reagan Administration acted illegally by refusing to enforce a subpoena asking seaman Miroslav Medvid to testify before Congress.

"The White House, National Security Council, Department of State and Department of Justice officials deviated from constitutionally mandated procedures," the report said. "This failure to follow prescribed procedures constitutes a violation of law."

(Rita McWilliams, Washington Times, A1)

U.S. MERCHANDISE TRADE DEFICIT NARROWS
March Performance Helped By Biggest Jump
In U.S. Sales Overseas In Six Years

Buoyed by the largest surge of U.S. overseas sales in six years, the nation's merchandise trade performance improved in March as the deficit shrank to \$13.6 billion, the government reported.

The deficit, which was down from \$15.1 billion in February, was in line with the average monthly deficit of \$13.7 billion for January and February.

The first-quarter figures indicated that the U.S. trade balance for the year is likely to show its first improvement since 1980, when the long string of record deficits began. On an annual basis, the first-quarter figures would bring the deficit to about \$160 billion this year from the 1986 record of \$170 billion. Administration officials, however, have predicted greater improvement, saying that the 1987 deficit will shrink by about \$20 billion.

"The improving trend should continue," Commerce Secretary Malcolm Baldrige said. (Stuart Auerbach, Washington Post, F1)

Exports Improved, But Not Enough To Impress Markets

The nation's trade deficit has improved, but the financial markets apparently remain skeptical about the state of the economy.

"It's still very high considering (Treasury Secretary James) Baker said we would see a turnaround in our trade figures," said James Pugh, a vice president at Manufacturers Hanover Trust Co.

But some economists hailed the figures as a sign that declines in the value of the dollar finally were beginning to pay off by easing the trade imbalance. (AP)

Better March Trade Figures Fail To Calm Markets

An improved U.S. trade performance in March failed to calm jittery currency markets while raising fresh fears about higher interest rates.

But along with the good news that exports rose 12.9 percent from February levels to 421.06 billion came bad news that imports, though up a modest 2.9 percent from February, were a record \$34.69 billion.

The dollar came under renewed pressure immediately after publication of the trade figures but ended in New York at 139.25 Japanese yen, down from 140.35 yen at the close Wednesday.

(Glenn Somerville, Reuter)

Stock Prices Little Changed On U.S. Trade Deficit News

NEW YORK -- Prices were little changed in a listless session on Wall Street after the government's trade deficit figures left the stock market unmoved.

The Dow Jones average of 30 industrial stocks closed down 4.19 to 2325.49.

The Commerce Department's announcement of the March trade figures had been nervously awaited but ended up having little impact on the market because the numbers were in line with expectations, analysts said.

(AP story, Washington Post, F3)

SECRETARY SHULTZ/PACIFIC RIM TRADE

STANFORD, Calif. -- Secretary Shultz and the foreign ministers of Canada and Mexico called for development of Pacific Rim trade during informal discussions at Stanford University.

Nations on the rim of the Pacific, from Asia to North America, have to adjust their way of thinking about the new world they live in, Shultz said, particularly in opening their borders to foreign exports.

(Michael Molinski, UPI)

SENATE PANEL APPROVES SUBSIDY MEASURE

U.S. trading partners would have to agree to begin to end farm export subsidies or face an all-out subsidy war with the U.S. under a trade bill provision approved by the Senate Agriculture Committee.

If enacted into law, the provision, sponsored by Sen. John Danforth, would provide an important new negotiating tool for U.S. trade envoys in the new "Uruguay Round" of international trade talks. The Senate panel's action comes a day after trade ministers of 24 industrial nations, meeting in Paris, pledged to work to end subsidies of farm exports and work toward freer trade.

The Danforth plan would require the use of deep U.S. subsidies of farm exports if U.S. trade negotiators failed during the next two years to get other agriculture-exporting nations to reduce or eliminate their export subsidies or barriers to farm exports. The Europeans, who subsidize exports, and the Japanese, who bar many U.S. farm products, are prime targets.

(James Worsham, Scripps Howard)

PERES VOWS NEW PUSH FOR PEACE CONFERENCE

Israeli Foreign Minister Pledges Effort To Bring Down Coalition

JERUSALEM -- Foreign Minister Shimon Peres, visibly disappointed by his inability to force the government to either accept his plan for talks with Jordan or hold new elections, warned that Israel would miss an "unprecedented opportunity" for peace in the Middle East if it fails to endorse a proposed international conference.

"It is an opportunity which came and may not come again," Peres said in an interview. He said he saw no chance for compromise with Prime Minister Yitzhak Shamir, who opposes the conference, and pledged to gather Knesset votes to bring down Israel's 32-month-old government of national unity.

While Peres said he would make no specific request to Secretary Shultz when the two meet in New York this weekend, he said he would support Shultz if the secretary decides on a diplomatic mission to the region. "All of us have to try to think hard how not to let the peace process die away, fade away," said Peres.

(Glenn Frankel, Washington Post, A1)

HOSTAGE TIES FATE TO HELD ARABS
Captors Send Video To Beirut Newspaper

BEIRUT -- American hostage Alann Steen, previously reported gravely ill by his captors and a fellow hostage, appeared healthy in a video cassette released by the Islamic Jihad for the Liberation of Palestine and reminded the U.S. government that his fate is still linked to release of Arab prisoners from Israeli jails.

The cassette, delivered to the offices of the Beirut newspaper An Nahar, was the first authentic message from an American hostage since April 2.
(Nora Boustany, Washington Post, A27)

CEREZO/CONTRAS

Guatemalan President Vinicio Cerezo Arevalo said his policy of "active neutrality" in Central America means he would forbid the transfer of U.S. arms to the contras fighting the Nicaraguan government.

Cerezo, winding up a state visit to Washington, told a luncheon at the National Press Club a previous secret transfer of three shipments of U.S. arms to the contras via Guatemala was authorized by the military regime before he was elected and he did not intend to follow that example.
(Daniel Gilmore, UPI)

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NATIONAL NEWS

SENATE VOTES TO EXTEND DEBT CEILING AFTER REAGAN VOWS TO BACK REFORM

The Senate approved a temporary extension of the U.S. debt ceiling after President Reagan promised conservative Republican senators he will support their efforts to enact budget reforms when Congress takes up a long-term debt measure in mid-July.

The legislation adopted on a 58-to-36 vote has already passed the House. It gives the U.S. an additional \$20 billion in borrowing authority and averts a government financial crisis that would have begun at midnight tonight.

Under the agreement reached with the White House, Sen. Phil Gramm postponed for two months his drive to tighten the 1985 Gramm-Rudman law requiring systematic reductions in the federal deficit. In exchange he said he received White House backing to use the long-term debt extension legislation as a vehicle to press for this change and for other budget reforms.

(Tom Kenworthy, Washington Post, A4)

Reagan To Sign \$2.32 Trillion Debt Bill

The Senate, following a White House-negotiated compromise, approved a bill to raise the debt limit to \$2.32 trillion, thereby averting a federal shutdown.

White House officials said President Reagan will sign the debt bill, which passed the Senate 58-36. The measure was approved by the House earlier this week.

Under an agreement negotiated with White House Chief of Staff Howard Baker, Sen. Phil Gramm abandoned his plans to amend the debt bill to require automatic spending cuts when Congress misses deficit-reduction targets set in the Gramm-Rudman balanced budget law.

(Willis Witter, Washington Times, A4)

MEESE DISPUTED ON WEDTECH ROLE

Records obtained by a special counsel show Attorney General Meese personally aided Wedtech Corp. in 1982 in obtaining a \$32 million Army contract, a published report said.

Special counsel James McKay has obtained records which apparently contradict Meese's public statements about his relationship with the New York-based defense contractor, New York Newsday said, quoting unidentified sources.

(Washington Times, A5)

HILL BIAS AND MEDDLING HURT DRUG WAR, MEESE SAYS

Attorney General Meese accused Congress of hampering the federal war on drugs and castigated congressional agencies for what he called biased and shoddy research on the drug problem.

Meese was responding to a proposal by Senate Judiciary Committee Chairman Joseph Biden to force President Reagan to appoint a "drug czar" to oversee all federal efforts on narcotics enforcement and prevention.

Pressed by Biden and Sen. Dennis DeConcini about turf fights and lapses among federal officials, Meese said that Congress should "get its house in order," stop passing conflicting legislation and stop trying to "micro-manage" executive agencies. He said federal drug agencies are compelled to waste time reporting to 32 Senate and House committees.

(Howard Kurtz, Washington Post, A8)

NANCY, CLINT TEAM UP FOR ANTI-DRUG MESSAGE

LOS ANGELES -- First Lady Nancy Reagan and movie hard guy Clint Eastwood filmed the first of a series of 30-second messages that will play in movie theaters this summer in an effort to spread the word that drugs can kill.

Mrs. Reagan...told reporters show business personalities were chosen for the messages for a specific reason.

"I think people tend to pay attention to people they recognize and know," she said when asked whether she believed the messages would be effective.

(Scott Doggett, UPI)

APPLYING 'CONFLICT' LAWS TO PROSECUTORS ASSAILED

Counsels Loath To Take Jobs, Judge Says

A senior federal judge says the Justice Department's insistence on applying conflict-of-interest rules to independent counsels has prevented him from finding a prosecutor to handle a tax-evasion probe of a former top Administration official.

Appeals Court Judge George MacKinnon, head of the three-judge court that appoints independent prosecutors, said the department's stance is "absurd" and "will choke the effective operation of the independent counsel statute."

(Howard Kurtz, Washington Post, A3)]

FORMER NOFZIGER AIDE ASSISTING WEDTECH PROBES

Defense Contractor's Ties To Reagan
Administration Scrutinized By Grand Jury

A one-time assistant to former White House aide Lyn Nofziger said that he is cooperating with the federal grand jury investigating the scandal-torn Wedtech Corp., and its ties to the Reagan Administration.

Pier Talenti, a Detroit Business executive, said he worked in Nofziger's office as a volunteer in 1981 and early 1982, leaving the White House shortly after Nofziger did.

(Mary Thornton & George Lardner, Washington Post, A8)

NEW PROBE OF DONOVAN IS REPORTED
Jurors Sequestered At N.Y. Fraud Trial

A Bronx judge abruptly sequestered the jurors at the fraud trial of former labor secretary Raymond Donovan to keep them from learning of reports that Donovan has again come under federal investigation by an independent counsel.

Acting state Supreme Court Judge John Collins took the step after the newspaper Newsday reported that Leon Silverman, the former special prosecutor who investigated alleged ties between Donovan and organized crime in 1982, had been secretly reappointed last fall to determine whether Donovan had committed perjury in that inquiry. In the 1982 probe, Silverman did not find enough "credible" evidence to warrant Donovan's prosecution for a federal crime.

(George Lardner, Washington Post, A8)

KENNEDY ASKS \$450 MILLION FOR AIDS

Sen. Edward Kennedy introduces the first comprehensive AIDS bill today, opening congressional debate on how best to battle the disease.

Kennedy wants to triple federal dollars for AIDS education and prevention -- to \$350 million in 1988, up from the \$120 million the Reagan Administration requested.

His bill calls for \$100 million more for innovative care and treatment programs.

A second AIDS bill is to be introduced in both the House and Senate next week. It would increase funding for voluntary AIDS antibody testing programs, protect confidentiality of test results -- and make it illegal to discriminate against people who test positive.

(Steven Findlay, USA Today, A5)

NETWORK NEWS SUMMARY

(Thursday Evening, May 14)

IRAN-CONTRA HEARINGS

NBC's Tom Brokaw: It's been clear for some time now that Col. Oliver North was interested in doing whatever he could to help the contras win their war against the Sandinistas. But tonight it is clear that North went well beyond raising money for the rebel army to the Iran arms sales and private contributions in the United States. One of North's operatives testified before the joint congressional committee today and he described North as much more than a mere fundraiser.

NBC's John Dancy: Testifying under immunity, 33-year-old Robert Owen told of a contra war being run out of the White House, with Oliver North as commander-in-chief.... Earlier today, Robert McFarlane concluded four days of testimony. In that four days, McFarlane had said he did not solicit money from Saudi Arabia to help the contras, that they offered to help. But a source close to the Saudi government now says McFarlane did in fact ask for money at a meeting with King Fahd at the official Saudi residence outside Washington.... There was an electric moment as McFarlane ended his testimony. Rep. Hamilton praised him for his cooperation, but then Hamilton sternly noted the number of times in the last four days McFarlane admitted having misled Congress when he testified about the Administration's involvement with the contras.

(Rep. Hamilton: "If the National Security Advisor of the President of the United States, and other high officials, do not provide complete and accurate answers to the Congress, what can we do? How must we frame our questions to get the facts? You spoke for the President. And the responsibility must rest with him as well as with you. You cannot, it seems to me, accept responsibility for mistakes, as admirable as that may be, and thereby absolve the President of responsibility." McFarlane: "Mr. Chairman, you have indeed, I think, expressed a collective sentiment eloquently. There is no rebuttal.")

Although the hearings are only eight days old, Hamilton's statement neatly summed up the whole issue: How will the Congress and the President ever deal with each other if there is no trust? (NBC-Lead)

Brokaw: This afternoon, White House aide Jonathan Miller resigned after he was named by Owen as a conduit for money going to the contras. Owen testified that in 1985 Miller helped him cash several thousand dollars in travelers checks from North's safe. The White House says it has advised Miller to get himself a lawyer. (NBC-Lead)

ABC's Ted Koppel: Ever since the Iran-contra hearings began, the President and his spokesmen have held to the position that President Reagan neither authorized nor knew anything about illegal aid to the contras. Late today, the Deputy Assistant Administrator for the President in the White House abruptly resigned. Jonathan Miller apparently quit under White House pressure. It appears he was becoming an embarrassment because of the role he played in distributing and possibly laundering money to the contras.

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ABC's Sam Donaldson: The latest White House official to be swept out by the Iran-contra scandal resigned today as the result of testimony on Capitol Hill from Robert Owen, who had worked with Lt. Col. North in transferring money to the contras.

(Question: "Did you in fact cash these travelers checks?" Owen: "Yes, I did." Question: "Cash them in your own name?" Owen: "Yes." Question: "Was there anyone else present at the time you received the travelers checks from Col. North?" Owen: "Yes." Question: "And who was that?" Owen: "There was an individual by the name of Jonathan Miller." Question: "Did Mr. Miller also cash checks?" Owen: "It was felt that there were probably too many checks for me to cash in the amount of time that I had so he did cash some travelers checks.")

Miller, who had been on the NSC staff, was in recent months Deputy Assistant to the President for Management, running the White House complex. On Tuesday, White House Counsel A.B. Culvahouse told him he'd better get a lawyer. Today, shortly after Owen's Capitol Hill testimony, Miller resigned, telling friends he had done nothing wrong. The question of whether something was done wrong also came up today in connection with a phone call President Reagan made to the week's star witness, Robert McFarlane, last Tuesday evening -- a call McFarlane disclosed under committee questioning.

(McFarlane: "He called to say that he had watched the hearings and thought that they showed more, shed more light on this issue than all of the previous efforts put together.")

The call, said Marlin Fitzwater, was in the nature of a pat on the back, intended to convey to McFarlane that the President thought he was doing a good job. It lasted two minutes and was placed at 7:31, right after Mr. Reagan finished watching network news accounts of McFarlane's assertions that the President was not responsible for any improper actions. But what about the propriety of the call itself, coming from a man who has so much to gain or lose from the testimony of such former aides as McFarlane. The White House Counsel's policy is that contacts with witnesses or their attorneys should be limited to procedural matters; no substance of the testimony should be discussed. White House officials say there was nothing wrong in the President's phone call. And Jonathan Miller says there was nothing wrong in cashing travelers checks from Col. North's safe for the contras. But neither act helps the White House in its battle against a growing public perception that there has been indeed a lot gone wrong in the Reagan presidency that has yet to be disclosed.

ABC's Brit Hume reports the morning brought news reports quoting Saudi sources that despite McFarlane's denials, he had solicited money from them for the contra cause. Specifically, the report said, McFarlane had visited King Fahd during a state visit to Washington and asked him for money.

(Rep. Brooks: "Did you have that meeting with the King out there or not?" McFarlane: "I remember no such meeting, sir." Brooks: "You remember no such meeting. You don't say there was none." McFarlane: "Well, I have met with his highness in Saudi Arabia. I don't believe that we had any meeting here.")

Saudi sources told ABC News, however, the meeting occurred and McFarlane did ask for money for the contras. There was also at last a follow-up to McFarlane's testimony of Monday that North told him last November that North's diversion of Iran arms money to the contras had been approved.

Donaldson continues:

(Brooks: "What do you think he meant by approval? By whom?"

McFarlane: "I had the impression that had to mean at least by Adm. Poindexter, and that I have no basis for judging beyond that. He made no further comment on it.")

The morning ended with a long, stern statement from Rep. Hamilton, taking issue both with McFarlane's repeated acceptance of blame and his calls for bipartisan foreign policy.

(Hamilton: "...And I do not see how the events that you have described, the lack of trust between Congress and the Executive, the lack of candor in response to congressional inquiries, the failure to volunteer information, the misleading responses, the resort to technicalities and nuances, I do not see how those events create the conditions which make a bipartisan foreign policy possible."

McFarlane: "Mr. Chairman, you have indeed expressed a collective sentiment eloquently. There is no rebuttal.")

In the afternoon, the committee heard from Assistant Secretary of State Gaston Sigur about his role in getting other countries to contribute to the contras. Sigur told of being asked by North in the summer of 1985 to sound out an unnamed foreign government, reportedly Taiwan, about giving money to the contras.

(Sigur: "And so I said to Col. North, I said now everything here is quite legal and he said oh yes, we've checked all that out and there's no question about that.")

Later came Owen, who was formally given immunity before the committee. He told of helping North help the contras. (ABC-Lead)

CBS's Bob Schieffer: Another resignation at the White House today because of the Iran-contra affair, this one just minutes after a congressional witness testified that a White House aide distributed money to the contras.

CBS's Phil Jones reports Robert Owen today linked North to possible illegal activity in the Iran-contra operation. He also implicated Jonathan Miller.... Sources close to Saudi Arabia told CBS News today that McFarlane not only solicited funds but that it was his idea that they make payments monthly, payments which eventually totaled some \$32 million. The Saudis are now reportedly annoyed by McFarlane's denial and the fact that they have been caught in the crossfire. The major frustration for the committee at the end of this second week is with McFarlane's testimony.

(Rep. Hamilton: "You've told us that you 'used some tortured language.' That you did not provide 'a full account.'")

Chairman Hamilton went on listing the admissions that McFarlane had made and praised him for his willingness to shoulder great responsibility, but then in a calm but stern voice told McFarlane he could not accept his answers.

(Hamilton: "As the National Security Advisor, you are the spokesman for the President of the United States. And when we write to you, we do not write to Mr. McFarlane, we write to you as the representative of the President. And when you spoke to the Congress and when you wrote to the Congress, we accepted your words and your assurances as those of the President. You spoke for the President. And the responsibility must rest with him as well as with you....")

So at the end of week two, the plot thickens.

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CBS's Peter van Sant reports on Richard Secord's finances. CBS has learned that while investigators have been trying to track down millions of dollars in Iran profits in secret Swiss bank accounts, Secord and Albert Hakim set up a corporation in Washington State to buy millions of dollars of forest land. The corporation, called SRH, was established last October and is still active today. Secord's involvement became common knowledge among timber brokers in the area, who jokingly refer to this land as the Irangate forest. Some members of the congressional committees are now questioning Secord's original testimony. Secord declined to be interviewed for this report. His attorney said Hakim was the main player and Secord didn't know Hakim's sources of funding. (CBS-Lead)

IRAN-CONTRA/PRESIDENT'S ROLE

Brokaw: This week's testimony has raised some new questions about

President Reagan's role in the Iran-contra operation. The President has been portraying himself as an interested but innocent bystander, and yet the descriptions from McFarlane have left a much different impression about the extent of the President's role.

NBC's Chris Wallace: It was a very different portrait of Ronald Reagan that emerged from this week's hearings: a hands-on President in charge of his foreign policy.

(McFarlane in hearings: "He is a decisive man who does what he believes is right.")

McFarlane backed that up with examples. He revealed the President and King Fahd discussed Saudi funding for the contras. He said Mr. Reagan once called the President of Honduras to get a rebel arms shipment released. He said Mr. Reagan approved the mining of harbors in Nicaragua, that he also approved paying \$2 million in ransom to free American hostages. The White House denies that. And he said he briefed the President dozens of times on how the NSC was helping the contras. McFarlane said he worried the White House might be breaking the law, but that Mr. Reagan didn't see a problem. (McFarlane: "There's no doubt in my mind that he had a far more liberal interpretation of that than I did, I think.")

All this is very different from the Tower Board report, which criticized the President for a laid-back management style. Mr. Reagan was embarrassed by that, but aides found it a useful defense for the President.

(President in March 4 speech: "When it came to managing the NSC staff, let's face it, my style didn't match its previous track record.")

Now the President's men must explain how Mr. Reagan knew so much about some operations and nothing about others. Today, spokesman Marlin Fitzwater again denied the President ever asked the Saudis for money. But for the first time he said the White House view is that even if he had, solicitation was legal. Many in Congress disagree. One participant in the hearings said Mr. Reagan's role in the case keeps getting bigger.

(Sen. Cohen: "Well, I think the testimony is emerging that the President indeed was aware of events, was being kept apprised of issues that he was fundamentally concerned with.")

Today there was one more example of the President's involvement. McFarlane said Mr. Reagan called him two nights ago to say how well the hearings were going. The White House says the President was not trying to influence McFarlane's testimony. (NBC-2)

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LEBANON/STEEN

Brokaw reports that in Beirut kidnappers released a videotape of hostage Alann Steen, who was reported to be near death early last month. Today's tape shows Steen apparently in good health. The statement by the 48-year-old professor was awkwardly phrased, however, suggesting that it was written by the kidnappers and translated into English. In it, Steen is critical of the United States. (Steen: "We relied from the beginning on the power our government possesses and we knew our Administration will use it to end our matter quickly. But we found nothing but -- ") Reacting to the Steen tape, the State Department said it has not abandoned the hostages in Lebanon. A spokeswoman said, "We still care deeply about their fate." (NBC-3)

ABC's John McWethy reports the videotape showed that Steen was in better shape than his captors had said he was. (TV Coverage: Steen reading statement.) Steen, who was reading from a statement apparently translated from Arabic, said the U.S. Government no longer cared. Complicating prospects for winning any new releases is the Administration's decision to devalue the hostages, to try to convince the kidnappers the U.S. Government will no longer turn itself upside down to win their freedom. The State Department said today it is not abandoning the hostages, but officials admit for those Americans still being held in Lebanon, the likelihood they will soon be set free is remote. (ABC-2)

Schieffer reports that the Steen statement attacked U.S. policy in the Middle East and praised his captors. (Steen: "I thank God that the Islamic Jihad Organization for the Liberation of Palestine could finally save me, due to the great and huge efforts it made. They tried all possible ways in order to save me because they are Moslems. I don't deserve all this but they have their sacred ideological motives that don't allow them to leave me to die.") There was no indication of when the tape was made. (CBS-2)

WEDTECH/MEESE/NOFZIGER

Koppel: There are new reports today that investigators can prove Attorney General Meese personally stepped in to help the Wedtech Corporation get a \$32 million government contract five years ago. Some of that proof is said to be Meese's office diary, but this afternoon the Attorney General laughed off that report. (Question: " -- diaries to the Independent Counsel?" Meese: "I don't keep diaries.")

ABC's John Martin reports on Wedtech. The appearance of this man -- (TV Coverage shows Candidate Reagan campaigning) -- running for president and promising hope to the South Bronx in 1980 gave a small company the inspiration to seek big projects. The company's president, John Mariotta, was born in Puerto Rico. (President, file film: "Today, through Wedtech, he not only has built a successful corporation, he's helping hundreds of people who would otherwise be condemned to menial jobs or a life on the dole. People like John Mariotta are heroes for the 80s.")

Martin continues: Today, Wedtech is a shell of its former self; it is reorganizing under bankruptcy laws. Investigators have told reporters there may be as many indictments in coming weeks. Some apparently will be low-level bureaucrats, but some may not be so lowly. And the question is, how deeply involved were the President's men? (ABC-4)

COVERT ACTION

CBS's Bruce Morton reports that long before the Iran-contra affair, the history books were littered with blown secret operations. Presidents seem to fall in love with covert operations.

(Patrick Leahy: "There's a kind of a feeling of omnipotence in the White House. We can do that, we don't have to worry about those 535 putative secretaries of state up on the Hill.")

(Walter Mondale: "They think they can do it without anybody knowing about it. It's never worked that way. It always, if it's significant, it always becomes public.")

(David Aaron, former NSC member: "It's a way to do something that the Congress doesn't support, or the American people wouldn't support. And every time we go off in that direction, it ends up leaking, it blows back, it disgraces the administration. Frequently, it disgraces the president.")

The country will support secret military operations, like the raid on Libya. It doesn't like secret policies, when the U.S. says one thing and does another.

(Aaron on when to use covert action: "It should be rare...selective...within the political consensus and the value system of the United States Government, and you should never expect that it won't become public.")

(President in State of the Union address: "We did not achieve what we wished and serious mistakes were made in trying to do so.")

The U.S. paid a price beyond embarrassment for secret policies gone public. The price is loss of trust. One senator who studied the issue says, "In the end, nobody trusts anybody, not the Congress, not the White House, not the news media. Then, in a genuine emergency, you'll need to act secretly and you'll need that trust."

(CBS-3)

SALVADOR REFUGEES

Schieffer: The Reagan Administration has turned down an unusual request from President Duarte. Duarte wants to exempt Salvadorans from the tough, new U.S. immigration law. Hundreds of thousands of Salvadorans are in this country illegally. Duarte says that if large numbers of them are forced to go back to El Salvador, it would put an unbearable strain on the economy there. The State Department said it could not make the exception because it would set a bad precedent. (CBS-9)

TRADE DEFICIT

Koppel reports exports in March rose to their second-highest level ever.

That brought the trade deficit down to about \$13.5 billion, \$1.5 billion better than the month before. (CBS-5, ABC-6)

AIDS

Brokaw reports a study in the Journal of the American Medical Association found the incidence of AIDS in one large city, Baltimore, was much higher than previously thought.

NBC's Robert Bazell reports the study found 3% of those admitted to Johns Hopkins' emergency room and checked by the survey were carriers of the AIDS virus. Since Hopkins serves mostly a black inner-city population, the researchers see the study as evidence of how far the AIDS virus has spread in the ghetto. (NBC-4)

Schieffer reports federal health officials said for the first time there is evidence the spread of AIDS may be slowing down. They base the finding on tests given prospective members of the armed forces. During the testing period, from late October 1985 to the end of last year, the number of people carrying the AIDS virus did not go up. (CBS-7)

FIJI COUP

Brokaw reports there was a military coup in the Fiji Islands. A colonel and 10 soldiers stormed parliament and arrested the Fijian prime minister and his cabinet, who had been in office for just one month. Several hours later, the country's most powerful tribal chieftain called for an end to the revolt. Tonight it's not clear just who is in power. (CBS-4, NBC-6)

SOUTH AFRICA

Koppel says there are reports that a sweeping crackdown on the news media, unions and universities is imminent. (NBC-5, ABC-3)

ABC's Andrea Naverson reports that two black leaders in Los Angeles have refused to share the same platform with Frank Sinatra when he receives the local NAACP's life achievement award, and the anti-apartheid group TransAfrica has condemned the award. But the Los Angeles NAACP said one action -- his performance in Sun City a few years ago -- said one action shouldn't overshadow his lifetime of contributions promoting blacks in show business and pushing for school desegregation. Sinatra, in a statement, said he has always opposed apartheid, he has not returned to Sun City, and he will accept tonight's award.

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EDITORIALS/COLUMNISTS

CONTRA AID/BOLAND AMENDMENT

The Boland Amendment Sting -- "Now Congress pretends to be shocked that the President actually tried to do something for the contras while it was flipping and flopping. The Boland Amendment has been resurrected by the newly Democratic Congress as an instrument to achieve a political "sting" of the Republican White House. The tragedy is that the White House hasn't gone on the offensive against this nonsense. As a result, future presidents may be wimps in fact as well as name."

(Detroit News, 5/14)

GUATEMALA

U.S. and Guatemala -- "Leftist guerrillas in Guatemala are now less of a threat than they were. The U.S. should consider channeling any military aid it sends through President Cerezo rather than through the Defense Ministry, the usual practice. Like economic aid, which lenders often condition on economic reforms, U.S. military aid could be linked to increased civilian control. Mr. Cerezo has not yet been able to shake free of the military's grip. If then U.S. really wants to help strengthen democracy in Latin America, it should help to shift the balance."

(Christian Science Monitor, 5/14)

SALVADORAN REFUGEES

Help for Salvadoran Refugees -- "The hypocrisy and sheer cynicism of the Administration's handling of Salvadoran refugees has never been more apparent.... The White House is reluctant to admit that a civilian government receiving so much U.S. aid to fight leftist guerrillas may have a less-than-perfect record on human rights. The cynicism of the Administration's position was exposed, however, when Duarte showed no hesitation about seeking special refugee status for his countrymen. It was a reasonable and humane request. If the Administration won't reconsider it, Congress must act."

(Los Angeles Times, 5/14)

CASEY/MCGANN

A Tasteless Tirade -- "Bishop McGann shamelessly exploited the publicity surrounding Mr. Casey's funeral.... Bishop McGann's ideological tirade is particularly galling given the well-known reports of Sandinista persecution of Nicaragua's Catholic population. Galling, too, because Mr. Casey was a devout Catholic and a major fund raiser for Bishop McGann's Archdiocese of Rockville Centre. Equally exorable, these tasteless remarks were a personal embarrassment to the President and Mrs. Reagan and to Mr. Casey's family, who were rendered defenseless by the funeral mass setting in which Bishop McGann spoke."

(San Diego Union, 5/12)