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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JUNE 4, 1987 -- NOON ITALY/6:00 EDT EDITION

TODAY'S HEADLINES

ECONOMIC SUMMIT

REAGAN EYES ALLIED SOLIDARITY IN PERSIAN GULF -- President Reagan arrived in Italy in quest of allied solidarity on the Persian Gulf and Western support for current U.S. arms control negotiations with the Soviet Union.

(Washington Post, Washington Times, AP, Copley, Reuter)

INTERNATIONAL NEWS

U.S. DISPUTES IRAQI PILOT'S ACCOUNT OF ATTACK -- The U.S. disputes claims by the Iraqi pilot who fired two missiles at the USS Stark that he thought the American warship was an Iranian vessel because it was inside the Persian Gulf war zone.

(Washington Post, Copley, UPI)

IRAN-NICARAGUA

HAKIM TESTIFIES HE BELIEVED HE WAS ACTING AT REAGAN'S DIRECTION -- Albert Hakim, the Iranian-born money man in the Iran-contra affair, told Congress he believed he was acting at President Reagan's direction.

(Washington Post, Newhouse, UPI)

NETWORK NEWS (Wednesday Evening)

VENICE SUMMIT -- President Reagan left for Italy this morning and his seventh economic summit.

IRAN-CONTRA -- Albert Hakim described a \$200,000 secret bank account set up for the family of Oliver North.

USS STARK -- The Pentagon released another report about the Iraqi attack on the USS Stark.

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ECONOMIC SUMMIT

REAGAN BEGINS EUROPEAN VISIT

President Pledges To Aid Allies In Sustaining Peace, Prosperity

VENICE -- President Reagan arrived here today on a nine-day trip to Europe, pledging a renewed commitment to the Western alliance in all-out effort to sustain "the longest period of general peace in this century and the greatest prosperity in the history of man."

On Air Force One en route to Venice, National Security Adviser Carlucci told reporters that the Reagan Administration had "completed its review of what suggestions" it should make to the allies in assisting the U.S. to protect oil tankers in the Persian Gulf.

Carlucci said arms control would be a major topic when the seven leaders of the industrialized democracies meet here next week. He said they were "close to a common position" on an agreement to eliminate intermediate-range missiles in Europe.

(Lou Cannon, Washington Post, A33)

Reagan Arrives In Venice Ready To Pursue Broad Summit Agenda

VENICE -- President Reagan arrived here last night trying to seek broad support at the seven-nation economic summit for his policies on East-West relations, international trade and safeguarding vital oil shipments through the Persian Gulf.

Also on the agenda are efforts toward moving ahead on arms reduction and human rights as well as regional conflicts and terrorism. The President also will discuss joint efforts to defeat the deadly viral disease AIDS.

(Jeremiah O'Leary & Patircia Wilson, Washington Times, A3)

Reagan Eyes Allied Solidarity In Persian Gulf

VENICE -- President Reagan arrived in Italy in quest of allied solidarity on the Persian Gulf and Western support for current U.S. arms control negotiations with the Soviet Union.

In his departure remarks..., the President promised to lead the allies here in a discussion "about how to improve East-West relations."

But the President, who has placed the Persian Gulf on the summit agenda, put special emphasis on the need for the allies to coordinate their strategy. The talks here, he said, must "help strengthen Western solidarity, which is indispensable to progress on issues of contention between East and West."

National Security Adviser Carlucci...said the Administration currently is "making suggestions" to the allies about their responsibilities in the Gulf. But he disputed the notion that the President will insist on a greater show of military force from the allies.

(George Condon, Copley)

Reagan Arrives In Venice Ahead Of Seven-Nation Summit

VENICE -- President Reagan, who has arrived in Venice for next week's seven-nation summit, will urge Washington's allies to cooperate more in preserving freedom of navigation in the Persian Gulf.

National Security Adviser Carlucci said that Reagan "will certainly be pressing for greater coordination, cooperation and support in the Persian Gulf."

Noting that Britain and France already maintained naval forces in the Gulf and that Japan and West Germany were constitutionally barred from sending forces there, Carlucci said the allies had varying capabilities to be helpful.
(Gene Gibbons, Reuter)

Nakasone Suggests Japan Might Honor Requests For Gulf Defense Aid

TOKYO -- Prime Minister Nakasone indicated that Japan would consider requests for some form of financial support to keep open shipping lanes in the Persian Gulf.

Nakasone stressed that Japan's primary contribution toward keeping open the shipping routes would be diplomatic, through "peaceful and non-military efforts." The Gulf provides 70 percent of Japan's oil supplies.

Asked specifically whether Japan would be willing to pay a share of the defense, Nakasone told a news conference that he wanted to discuss the Gulf issue with other Western leaders at next week's summit in Venice.

(James Smith, AP)

Japan May Find A Trade Ambush At Venice Summit

In these days of trading imbalances, Japan exports twice as much as it imports. As such, it could find an ambush waiting for it at the upcoming economic summit in Venice.

The six other nations attending the gathering share a common gripe: a claim that Japanese markets are not nearly as open to their products as their markets are to its goods.

Japanese leaders have vowed to rectify the situation and take steps to stimulate demand for foreign products.

Still, many economists and government leaders here and abroad have voiced skepticism over whether Japan will really buy more and sell less.

(Tom Raum, AP)

Reagan Relaxes Near Venice In Preparation For Summit

VENICE -- President Reagan, on the first day of what was to have been a state visit to Italy, relaxed at an elegant villa, looking forward, like any tourist, to seeing fabled Venice.

After the collapse of Italy's government, officials in Rome indicated they did not want Reagan to make a full-blown state visit, with a lot of fanfare, in the closing days of a national election campaign.

(Terence Hunt, AP)

INTERNATIONAL NEWS

IRAQ CLAIMS USS STARK WAS IN WAR ZONE;
U.S. SAYS IT WAS 12 MILES AWAY

Iraqi officials told American investigators that an Iraqi fighter mistakenly attacked the USS Stark because it was inside the declared war zone at a position about 25 miles from where U.S. authorities have placed the warship, the Pentagon reported.

The conflict over the Stark's position remains the "essential difference in the U.S. and Iraqi versions of what occurred in the attack on the USS Stark" on May 17, the Pentagon said in a statement.

An accounting of the findings of the joint U.S.-Iraqi inquiry revealed the Stark first spotted the approaching jet on radar much later than the ship's captain said and only after the first missile was fired did the ship issue its first radio warnings to the Mirage, get the first indication that it might be under attack and initiate its first defensive efforts.
(Otto Kreisher, Copley)

U.S. Disputes Iraqi Pilot's Account Of Attack

The U.S. disputes claims by the Iraqi pilot who fired two missiles at the USS Stark that he thought the American warship was an Iranian vessel because it was inside the Persian Gulf war zone.

"The pilot felt assured that the target was within the Iranian-Declared Exclusion Zone and that it was therefore Iranian or supporting the Iranian war effort," according to the Pentagon report.

But data recorded simultaneously by the Stark, two other American ships in the Gulf and a patrolling U.S. Air Force AWACS radar plane put the Stark 13.8 miles west of the war zone, the report said.

"We are convinced Stark was 10 to 15 nautical miles (11.5 to 17.3 miles) outside the (war zone)," the report said. "Iraq is convinced Stark was 20 to 25 miles further east, inside the zone."

(Richard Gross, UPI)

USS Stark Had Only Seconds To React

The skipper of the USS Stark had only seconds to react to the Iraqi jet attack last month because the radar warning that would justify taking defensive action did not come until just before the first of two Exocet missiles was fired at his ship, according to a Pentagon chronology released yesterday.

Navy Secretary James Webb (said) that one lesson of the attack on the Stark is that rules of engagement for the Persian Gulf must be clarified. He pledged to back up any skipper who takes action against an intruding aircraft. He said he and Secretary Weinberger agree that U.S. military personnel must not be sent into a high-risk area with a fuzzy mission.

(George Wilson, Washington Post, A3)

MEASURES TO BLOCK SAUDI MISSILE SALE INTRODUCED

Senate and House opponents of the Administration's proposed sale of 1,600 Maverick anti-tank missiles to Saudi Arabia introduced resolutions of disapproval amid strong indications that they will probably gain enough votes to override even a presidential veto and kill the \$360 million arms package.

Sen. Bob Packwood, the resolution's chief sponsor with Sen. Alan Cranston cited as one reason for his opposition to the sale the Saudi failure to intercept the Iraqi warplane that attacked the USS Stark last month in the Persian Gulf. This appeared to be one main cause for immediate strong congressional opposition to the sale. Packwood began with 28 cosponsors of his resolution, but by the end of the day the total had risen to 51; 67 votes would be needed to override a White House veto.

In the House, Rep. Lawrence Smith (D-Fla.) and Rep. Mel Levine (D-Calif.) introduced a similar resolution with "about 100" cosponsors.

(David Ottaway, Washington Post, A34)

IRAN SAID TO NAME HOSTAGE PANEL

Beirut Journal Says Committee Assures Control By Khomeini

BEIRUT -- Iran has set up a top-level committee to propose deals for the release of foreign hostages held in Lebanon, the editor of Beirut's Ash Shiraa magazine Hassan Sabra said.

Sabra said Ayatolla Khomeini wanted total control over any such deals, which probably would involve the sale of arms to Iran and the unblocking of frozen Iranian assets.

"Khomeini is the only man who can judge the proposals. If he accepts them, the release of the hostages would become imminent through a deal between Iran and the countries concerned," Sabra said.

(Reuter story, Washington Post, A17)

ARMS DEAL STIRS BITTERNESS IN BONN

Conservatives Complain U.S. Ignores W. German Interests

BONN -- The Bonn government's bow to its allies' wishes in accepting a proposed short-range nuclear missile deal against its better judgement has revived resentments here best expressed by Bonn's rueful adage that West Germany is "an economic giant but a political dwarf."

Conservatives in Chancellor Kohl's coalition, who normally are this nation's staunchest supporters of U.S. foreign policy, are bitterly unhappy over what they see as excessive pressure from Washington to embrace the proposal, according to high-ranking political and diplomatic sources.

(News Analysis, Robert McCartney, Washington Post, A36)

PILOT TO BE TRIED, SOVIETS INDICATE
Media Stress W. German's Preparations For Flight, Hint At Plot

MOSCOW -- Dismissing the lighter side of last week's airplane landing near Red Square, official Soviet sources began depicting the West German pilot as too well prepared to have acted alone and the case as too serious to go unpunished.

In the most extensive article on the case published here so far, the editor of the official weekly Moscow News said that the pilot -- 19-year-old Mathias Rust -- would be tried for breaking Soviet law.

Culling references from the West German media, the officials news agency Tass portrayed Rust as a pilot who may have had outside help, a political motive and conspiratorial links.

(Gary Lee, Washington Post, A30)

KEMP TELLS REAGAN HABIB PEACE EFFORT COULD BE A DISASTER

Republican Rep. Jack Kemp charged that President Reagan's special envoy to Central America is beginning a series of "shuttle diplomacy" meetings that could "cost us the security and independent future of the region" -- an allegation the State Department denied.

In a letter sent yesterday to Reagan, Kemp claimed special envoy Philip Habib -- who will meet this weekend with leaders in four Central American democracies -- is pursuing peace negotiations along "misguided lines you rejected" last year (referring to the Arias plan).

State Department officials denied that Habib is seeking to embrace the Arias plan. They said his visit to Central America is aimed only at consultations with democracies in the region -- El Salvador, Guatemala, Costa Rica and Honduras. (Christopher Simpson, Washington Times, A3)

MOSCOW SEEN REDUCING OIL FOR NICARAGUA
Latin Nations Plan Increase In Aid

MEXICO CITY -- Amid growing indications that the Soviet Union will greatly reduce the supply of oil to Nicaragua, Latin American diplomatic sources here said that a number of nations are preparing plans to step into the breach with aid for Nicaragua.

Nicaragua, which is estimated to consume between 9,000 and 15,000 barrels of oil a day, has been almost exclusively dependent on Soviet petroleum since early 1985. (William Orme, Washington Post, A1)

ISRAELIS ARGUE OVER NEXT ENVOY TO U.S.
Peres-Shamir Feud Leaves Post Vacant

JERUSALEM -- Israel's most important and prestigious foreign posting -- the job of ambassador to the U.S. -- has become a pawn in the battle over who controls the country's foreign policy and a symbol to critics of the paralysis gripping the coalition government here.

The ambassador's post for several months was held hostage to local politics. But in recent weeks the dispute has become a test of wills between the Israel's two leaders over whether Israel is prepared to participate in an international conference on Middle East peace.

(Glenn Frankel, Washington Post, A33)

IRAN-NICARAGUA

HAKIM PROVIDED FOR NORTH'S KIN
\$200,000 'Death Benefit' Account Secretly Set Up At Swiss Bank

Iranian-born businessman Albert Hakim disclosed that he had secretly set up a \$200,000 Swiss bank account as a "death benefit" for the family of Marine Lt. Col. Oliver North on the eve of the White House aide's mission to Tehran in May 1986.

Hakim testified...that he never told North of the account -- dubbed "Button" -- which was drawn from profits in the sale of U.S. arms to Iran. Hakim said he mentioned the account to his business partner, retired Air force major general Richard Secord, who balked at Hakim's initial proposal to put \$500,000 into the fund.

Establishment of that account was only one of several steps that Hakim took on his own to provide for the financial security of North's family. "Ollie, you are part of the family," Hakim said he once told North. "For as long as one of us is alive, you need not worry about your family."

Hakim insisted that he had grown very fond of North and was not attempting to influence the man who was then one of the most powerful members of the National Security Council staff. Under questioning, however, Hakim said he knew it was unlawful to make a large gift to a U.S. government official.

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

Hakim's Testimony/Swiss Bank Accounts

The disclosure of \$9.6 million in secret Swiss bank accounts indicates that a businessman involved in the U.S. weapons sales to Iran wanted to distribute profits to his associates and to the family of Lt. Col. Oliver North.

Albert Hakim testified that he had deposited \$6.83 million for himself, and almost \$2 million more for his associates, retired Air Force Maj. Gen. Richard Secord and ex-CIA agent Thomas Clines.

(Robert Gettlin & Robert Lewis, Newhouse)

Hakim Testifies He Believed He Was Acting At Reagan's Direction

Albert Hakim, the Iranian-born money man in the Iran-contra affair, told Congress he believed he was acting at President Reagan's direction -- testimony the chairman of the Senate Iran panel said "placed a cloud over the presidency."

"I was told that our contra activities were being undertaken not only with the approval by, but at the request of the President of the United States," Hakim testified.

Sen. Daniel Inouye, chairman of the Senate panel, said North may be the only person who can clear up repeated testimony that those working with North believed they were working for the President.

"Mr. Hakim's testimony this afternoon makes it very clear as far as I'm concerned that Mr. North must appear before the committees and testify," Inouye said, "because Mr. Hakim has unfortunately placed a cloud over the presidency of the United States."

(Michael Myers & Anne Saker, UPI)

ABRAMS CHASTISED BY PANEL MEMBERS
State Dept. Official Vows To Keep Job

Democrats and Republicans on the Iran-contra panels chastised Assistant Secretary of State Elliott Abrams for his role in secret Administration efforts to aid the Nicaraguan contras, with some saying his credibility was so damaged that he no longer could act as an effective salesman for renewed contra aid.

Senate Select Intelligence Committee Chairman David Boren, a contra aid supporter, said there is "too much in the record" for Abrams "to be able to effectively play" a role in rebuilding trust between Congress and the Administration on Central American policy. The intelligence panel plays a major role in overseeing the contra program.

But Abrams, who yesterday completed nearly 10 hours of testimony over two days, vowed to stay on the job as assistant secretary for inter-American affairs and said that he is "very proud" that he still has the complete support of Secretary Shultz.

State Department spokesman Charles Redman said that Shultz believes that Abrams has done a "sensational job" and has "full and complete confidence" in him. (Joe Pichirallo, Washington Post, A1)

Shultz Backs Abrams As Man Of Integrity And Candor

Secretary Shultz issued a ringing endorsement of beleaguered aide Elliott Abrams, describing him as a man of integrity and candor who had his complete confidence.

"He was and remains my selection to be assistant secretary of inter-American affairs," Shultz said in a statement issued after Abrams ended two days of grilling by the Iran-contra committee.

"Despite the difficult situations in which he was put (he) has handled himself extremely well in his dealings with his colleagues in the Administration, with Latin and Caribbean governments, and with the Congress," Shultz added. (Reuter)

Senator Calls Abrams A 'Fall Guy'

Elliott Abrams could lose his job over the Iran-contra controversy, congressional committee members predicted.

"It looks to me like you're one of the Administration's designated fall guys," said Sen. George Mitchell.

Said Rep. Jack Brooks: "You've been very patiently telling us that you don't know about this, you don't know about that, you weren't informed, you weren't authorized to tell the truth. That's the wildest story I ever heard."

"Most people take pride and are smug about knowledge. You seem to be very proud about not knowing anything," Brooks said.

(Rae Tyson, USA Today, A4)

Elliott Abrams' Painful Lesson

His Iran-contra testimony was a painful chapter in the education of Elliott Abrams, and for the congressional committees investigating that affair it provided difficult knowledge of another sort.

Abrams had learned, he testified..., that "there is such a thing as being too clever." As evidence of the truth of his remark, his own reputation for veracity is under attack and his job is at risk.

Members of the Iran-contra committees were learning from Abrams' testimony that despite all that has happened since last November, they still have cause to worry about the truthfulness of the Administration when officials brief House and Senate committees. Many members expressed wonder about whether the sort of secret policymaking that produced the Iran-contra affair has in fact been abandoned.

Abrams left the stand after hearing several committee members say they do not think he will survive as assistant secretary of state.

(Haynes Johnson, Washington Post, A18)

WALSH URGES LAWMAKERS TO DENY OR DELAY IMMUNITY FOR NORTH

Independent counsel Lawrence Walsh met privately with the House and Senate Iran-contra committees in an attempt to persuade them either to refuse or delay a grant of immunity to former National Security Council aide Oliver North.

But Walsh said afterward that his request is not likely to be granted.

The committees are scheduled to decide today whether to grant North immunity in an effort to force him to testify.

Rep. William Broomfield said during yesterday's hearing, "I think the most important thing we can do for our country is to have these hearings move right along. And until we get the principal witnesses, both Oliver North and Poindexter, here I think we're not going to know all the answers."

(Mary Thornton, Washington Post, A18)

Walsh Tells Congress Not To Grant North Immunity

Independent prosecutor Lawrence Walsh attacked Lt. Col. Oliver North on two fronts, telling Congress he does not deserve immunity protection and a federal appeals court his constitutional challenges are without merit.

Senate Committee Vice Chairman Warren Rudman, appearing on "The MacNeil-Lehrer NewsHour," said, "There is no question in my mind or really in the minds of any member of the committees I spoke with after meeting with Judge Walsh that of course the Congress must hear from Oliver North."

Rudman said Walsh made "basically a request to indefinitely postpone or to do something and we'll try to accommodate as best we can, but in my view...Col. North will be heard in July." Committee Chairman Daniel Inouye, on the same program, agreed.

(Lori Santos, UPI)

NATIONAL NEWS

DOT PLANS MORE AIR CONTROLLERS
955 To Be Added To Cope With Growth In Traffic Next Year

The Transportation Department said it plans to divert \$51.5 million and hire 955 additional air traffic controllers, supervisors and managers to meet unexpected air traffic growth next year.

Transportation Secretary Dole advised Congress of the department's plans in letter to the chairmen of both the House and Senate transportation appropriations subcommittees.

She acknowledged the new controllers likely will not be in a position to actually direct planes until late next year. But, because it takes nearly a year to produce a controller trainee, "it is imperative...that we put additional resources into the pipeline starting early this fall," she said.

(Joseph Hebert, Washington Post, A1)

ADMINISTRATION ASSAILS BILL TO
EASE HATCH ACT RESTRICTIONS

The Reagan Administration strongly attacked legislation to revise the Hatch Act, saying it could politicize the federal government "to an extent unprecedented in recent American history."

Constance Horner, director of the Office of Personnel Management, defended the act, which prohibits most partisan political activity by all but the top 0.2 percent of federal workers who are appointed by the President.

Testifying before the House civil service subcommittee, Horner called it "part and parcel of the stability of the modern civil service, which provides employment freed from political patronage for federal workers and assurances of continuity and impartial administration of the laws to the general public."

(Judith Havemann, Washington Post, A21)

HOUSE ORDERS FCC TO RETAIN 'FAIRNESS DOCTRINE'

The House easily (302 to 102) enacted legislation opposed by the Reagan Administration and broadcast industry directing the FCC to continue enforcing the "fairness doctrine" requiring broadcasters to present all sides of controversial public issues.

The Senate approved identical legislation 59 to 31 on April 21, an indication that proponents might have difficulty mustering the 67 votes necessary to override a veto. The White House has not said whether President Reagan will veto the measure, but the Administration opposed it as an outdated mechanism that inhibits free discussion and violates the freedoms of broadcast journalists.

Sen. Bob Packwood has begun an effort to line up enough votes to sustain a veto.

(Tom Kenworthy, Washington Post, E1)

NETWORK NEWS SUMMARY FOR WEDNESDAY, JUNE 3, 1987

VENICE SUMMIT

NBC's TOM BROKAW: The economic summit meeting in Venice does not begin until next week officially, but President Reagan is already there. He arrived tonight for what is billed as an unofficial visit to the city of canals. But he brought with him a long agenda of goals to accomplish once the official business begins.

(TV COVERAGE: The President and First Lady arriving in Venice, walking down the steps off the airplane.)

NBC's CHRIS WALLACE: The President arrived in Venice late tonight, five days before the summit begins. Starting a trip likely to be more impressive for its pictures than big agreements. But as Administration officials saw him off at the White House this morning, Mr. Reagan set an ambitious goal -- to continue the peace and prosperity in the West since WWII.

(THE PRESIDENT: "How can we help make the next 40 years as prosperous as the last 40? How can we help our peoples live in a world of even greater opportunities in the next decade and the next century?")

For the second time, the meeting will be held in Venice.... As usual the economic summit will likely be dominated by political issues. At the top of the Reagan agenda -- the Persian Gulf. The President will push for an arms embargo against Iran, but officials have all but given up on getting the allies to help patrol the Gulf.

(SECRETARY SHULTZ: "Countries are positioned in different ways in terms of their capabilities and so we have to recognize that and what is expected that different countries do.")

The allies will give more support on arms control. All have now endorsed eliminating medium and short-range missiles in Europe and they will call for a U.S.-Soviet agreement. On the economic side, there will be a lot of talk about more coordination to stabilize exchange rates and end trade imbalances. But officials expect fine-tuning, not new initiatives.

(SECRETARY BAKER: "We will go to the summit with the view that we have agreed on what needs to be done. And now what we need to see is implementation.")

One reason little is expected from this summit is that most of the leaders have problems back home....

(TV COVERAGE: File footage of the President and seven other heads of state from last year's economic summit.)

And so as the President arrived here tonight, one top official said the real significance of this trip may be the political impact in the U.S. -- clearly hoping that pictures of Mr. Reagan conferring with world leaders, meeting with the Pope and visiting the Berlin Wall, will boost his sagging popularity at home. (NBC-7)

ABC's PETER JENNINGS: President Reagan left for Italy this morning and his seventh economic summit since taking office. The President will meet with the leaders of France, West Germany, Italy, Canada, Japan and Britain. And they are going to cover a lot of ground -- the economy, the international economy, the Persian Gulf, nuclear missiles in Europe and AIDS.

JENNINGS continues: The President and Mrs. Reagan arrived at the airport near Venice this evening and went almost directly to the villa where he and Mrs. Reagan will stay until the summit begins. We will report from Venice beginning on Monday.

(TV COVERAGE: The President and Mrs. Reagan arriving at the airport in Italy.) (ABC-4)

CBS's CHARLES KURALT: President and Mrs. Reagan arrived in Venice tonight. The President is getting ready for next week's Western economic summit. He'll meet leaders of Italy, France, West Germany, Britain, Canada, and Japan. He has said he will press the allies to help defend freedom of navigation of the Persian Gulf.

(TV COVERAGE: The President and Mrs. Reagan arriving in Venice.) (CBS-4)

IRAN-CONTRA HEARINGS

BROKAW: An arms dealer directly involved in the Iran-contra affair told the Congressional hearings today that former White House aide Oliver North was "an amazing person" torn between love for his country and love for his family.

NBC's JOHN DANCY: Iranian born arms dealer Albert Hakim testified this afternoon he used profits from the Iranian and contra arms sales to set up a fund to educate Oliver North's children if North died. Hakim was one of the three owners of Lake Resources along with North and Gen. Richard Secord. He said he and Secord used \$200,000 in profits from the company to set up something called "the button account" to educate North's children.

(HAKIM: "The way I remarked to him was, 'Ollie, you are part of the family, for as long as one of us is alive you need not to worry about your family.'")

Hakim also set up a \$2 million account to be shared by North, Secord and Hakim's heirs if all three of them died. He said North was never aware of this fund. Earlier today, Assistant Secretary of State Elliott Abrams crossed swords with Jack Brooks, a Texas congressman.... The assistant secretary of state testified yesterday he had misled Congress about government involvement in the contra resupply operation because he was misled by others in the Administration. As for a secret \$10 million contribution from Brunei, Abrams said he didn't tell a congressional committee about it because he wasn't authorized to disclose it.

(REP. BROOKS: "And I can only conclude after this that you're either extremely incompetent, or that you're still, as I say, deceiving us with semantics. And I'm deeply troubled by it and wonder if you can survive as assistant secretary of state.")

ABRAMS: "Fortunately, I guess I have to say I don't work for you. I work for George Shultz and he seems to be pretty satisfied with the job I've done for him. That makes me very happy and very proud."

BROOKS: "And me-- "

ABRAMS: "The characterization that you have made of my testimony here yesterday and of previous testimony I think is-- too many to state in a brief answer -- erroneous."

BROOKS: "I wouldn't think that you would agree with one bit of it because you have been very patiently telling us that you don't know about this, you don't know about that, you weren't involved, you weren't authorized to tell the truth. That's the wildest story I've heard -- that you weren't authorized to tell the committee the truth about something. That's the most cockamamie ideal I've ever heard.")

In all, three Democrats suggested today that Abrams resign. But the State Department said Secretary of State Shultz has full and total confidence in Abrams, so his job appears safe.

BROKAW: As for Oliver North, the Independent Counsel in the Iran affair today asked the Iran-contra committees not to grant immunity to the former White House aide.

NBC's CARL STERN: North went to the court of appeals this afternoon to try to block a possible contempt citation for refusing to turn over files to the special prosecutor. In court his lawyer charged that no one not accountable to the President may conduct a federal criminal investigation. ...His lawyer called the independent counsel law grossly unconstitutional. The judges gave no hint how they would rule. Judge Kenneth Star noted that the President wasn't challenging the law.... A decision is expected in a week or so. Meanwhile, a man North wants to put out of business, Independent Counsel Lawrence Walsh met with the congressional committees. He urged them not to compel any testimony from North or as little as possible to avoid giving North even partial immunity that would complicate a prosecution.

(WALSH: "We urge that immunity was not deserved.")

The committees were not very receptive.

(SEN. RUDMAN: "I would find it inconceivable that with all the charges that have been made about Mr. North's participation, particularly the possible involvement of the President, an allegation unsupported -- that these Congressional committees could ever complete their hearings without hearing from Col. North.")

SEN. INOUE: "The matter of the immunity will be resolved within 48 hours.")

And so the fight over evidence from North was back today in court and Congress. (NBC-2)

JENNINGS: At the Iran-contra hearings in Washington today a surprising revelation -- one of the men who has been central to the whole affair described the \$200,000 secret bank account set up for the family of Col. Oliver North. Albert Hakim, who set it up, said he could not ever recall telling North what he had done....

ABC's BRIT HUME: Hakim led the committee through a complex maze of bank accounts and companies he acknowledged were designed to make tracing them as hard as possible. And he made no bones that he, at least, intended to make a profit on the arms sales to the contras and to Iran that he and Gen. Richard Secord carried out at the request of White House aide Oliver North. But Hakim said it wasn't just North, but the President he thought he was working for. Then Hakim made the unexpected disclosure that he had set up a special account containing \$200,000 in arms proceeds for the benefit of Oliver North's children.

HUME continues: He said he did it without North's knowledge.... Earlier Assistant Secretary of States Elliott Abrams told the committee he intended to stay on the job. Some members didn't like that.

(SEN. BOREN: "Then I'm afraid there is too much in the record at this point for you to be able to effectively play that role and I'm sorry to say that, but it's something that I strongly feel and hope you will ponder it.")... (ABC-Lead)

CBS's PHIL JONES: ...Albert Hakim disclosed today that he had set up a secret arrangement that could have put more than \$2 million in funds meant for the contras in the hands of Oliver North if Hakim and Richard Secord both died. Hakim also set up a secret \$200,000 life insurance fund for North. Hakim said North was unaware of the arrangement.... Hakim said he had no doubt who he was working for.

(HAKIM: "I was told that our contract -- was being undertaken not only with approval by, but at the request of the President of the United States.")

...There were calls for the resignation of Assistant Secretary of State Elliott Abrams -- charging that he could no longer play a role in restoring the Administration's credibility on Central American policy.... Although it was Democrats suggesting today that Abrams should resign, many Republicans on this committee also feel that Abrams is no longer credible and that he should go. (CBS-Lead)

IRAQI ATTACK ON THE USS STARK

JENNINGS: The Pentagon today released another report about the Iraqi attack on the USS Stark. It quotes the Iraqi pilot as saying he fired at the Stark not knowing what it was because it was inside a war zone. The U.S. says that is not true. ABC News has learned that the Stark's captain may be in more trouble than imagined.

ABC's JOHN MCWETHY reports on charges that Captain Brindel may not have acted properly as commander of the USS Stark during the attack by an Iraqi pilot. (ABC-2, NBC-4)

SOUTH AFRICA

BROKAW: There is a major new development tonight in the economic and diplomatic relationship between the U.S. and South Africa. The man who designed the Sullivan principles which have guided most American businesses in South African for ten years now says it is time to come much further -- a complete economic embargo and a break in diplomatic relations until apartheid ends. That man is the Rev. Leon Sullivan of Philadelphia....

NBC's ANNE GARRELS: The Rev. Leon Sullivan said it was a painful and agonizing decision.

(SULLIVAN: "I call on all American companies to withdraw from the Republic of South Africa until statutory apartheid has been abolished.") Sullivan also called on the U.S. government to break diplomatic relations with South Africa and impose a total trade embargo.

GARRELS continues: He called for penalties against foreign companies that pick up business the Americans leave behind.... Some supporters of his principles believe American companies should stay in South Africa.... The State Department agrees.

(CHARLES REDMAN: "We firmly believe that it is now more important than ever for U.S. firms to stay and work for an end to apartheid in South Africa.")
(NBC-Lead, ABC-6, CBS-7)

WEDTECH INDICTMENT

BROKAW: A federal grand jury today indicted a New York Congressman and six other men in the growing scandal involving Wedtech.... Wedtech's ties go right up to the White House.

NBC's BRIAN ROSS: ...In the early years of the Reagan Administration [John] Mariotta was brought in to advise the President on how to create jobs for minorities. And Mariotta became a favorite of the President.

(THE PRESIDENT: "People like John Mariotta are heroes for the 80's.")
...There is a special prosecutor here in Washington looking into the Wedtech-White House connection. Two White House officials who helped Wedtech get big Pentagon contracts -- Lyn Nofziger and James Jenkins -- both ended up working for Wedtech soon after leaving the White House. Nofziger was a consultant. Jenkins was a Wedtech executive. Also involved in helping Wedtech was Attorney General Meese, who as counselor to the President arranged a key meeting that led to a big Army contract for Wedtech....
(NBC-5, ABC-3, CBS-3)

AIDS/MEESE/POLICE

BROKAW: In Washington today a top federal health official took issue with President Reagan's support of mandatory AIDS testings. Donald Hopkins of the Centers for Disease Control said it could scare people away from counselling and treatment.
(NBC-6)

KURALT: Attorney General Meese told a police chief's convention today that police should take steps to avoid AIDS during daily contact with prostitutes, drug abusers, or sexually promiscuous people. He praised the police in Washington, D.C. for wearing rubber gloves Sunday while handling protesters -- many of them AIDS victims -- as they picketed President Reagan.
(CBS-11)

COMMENTARY ON BRITISH ELECTIONS

NBC's JOHN CHANCELLOR: Ronald Reagan made some political news here in London last week. In Washington, the President said he had great admiration for Prime Minister Margaret Thatcher, but some worries about the disarmament policies of the British Labor Party. American presidents usually don't take sides in British politics. The TIMES of London said Mr. Reagan had come closer than any U.S. official to open intervention in this election. But if Mr. Reagan wanted to help Mrs. Thatcher, his comment didn't have it's intended effect.... That tells us something about the British and Mr. Reagan -- he is not popular here. A recent Gallup poll showed that Mikhail Gorbachev has the trust of twice as many people as Ronald Reagan. That same poll showed that more people thought the U.S. would start a nuclear attack in Europe than the Soviet Union....

(NBC-9)

POLITICAL POLL

JENNINGS: As we noted last night our ABC-WASHINGTON POST poll shows that 53 percent of the public now think that Vice President Bush has not been telling the truth about the Iran-contra affair. The same poll also shows it is hurting Mr. Bush politically. Last month the Vice President held an almost 2-to-1 lead over Senate Minority Leader Robert Dole. Our latest polling shows Mr. Bush has dropped 12 points. Mr. Dole and the others each picked up a few.

(ABC-5)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JUNE 4, 1987 -- NOON ITALY/6:00 EDT EDITION

TODAY'S HEADLINES

ECONOMIC SUMMIT

REAGAN EYES ALLIED SOLIDARITY IN PERSIAN GULF -- President Reagan arrived in Italy in quest of allied solidarity on the Persian Gulf and Western support for current U.S. arms control negotiations with the Soviet Union.
(Washington Post, Washington Times, AP, Copley, Reuter)

INTERNATIONAL NEWS

U.S. DISPUTES IRAQI PILOT'S ACCOUNT OF ATTACK -- The U.S. disputes claims by the Iraqi pilot who fired two missiles at the USS Stark that he thought the American warship was an Iranian vessel because it was inside the Persian Gulf war zone.
(Washington Post, Copley, UPI)

IRAN-NICARAGUA

HAKIM TESTIFIES HE BELIEVED HE WAS ACTING AT REAGAN'S DIRECTION -- Albert Hakim, the Iranian-born money man in the Iran-contra affair, told Congress he believed he was acting at President Reagan's direction.
(Washington Post, Newhouse, UPI)

NETWORK NEWS (Wednesday Evening)

VENICE SUMMIT -- President Reagan left for Italy this morning and his seventh economic summit.

IRAN-CONTRA -- Albert Hakim described a \$200,000 secret bank account set up for the family of Oliver North.

USS STARK -- The Pentagon released another report about the Iraqi attack on the USS Stark.

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INTERNATIONAL.....A-3

IRAN-NICARAGUA....A-6

NATIONAL.....A-9

NETWORK NEWS.....B-1

ECONOMIC SUMMIT

REAGAN BEGINS EUROPEAN VISIT

President Pledges To Aid Allies In Sustaining Peace, Prosperity

VENICE -- President Reagan arrived here today on a nine-day trip to Europe, pledging a renewed commitment to the Western alliance in all-out effort to sustain "the longest period of general peace in this century and the greatest prosperity in the history of man."

On Air Force One en route to Venice, National Security Adviser Carlucci told reporters that the Reagan Administration had "completed its review of what suggestions" it should make to the allies in assisting the U.S. to protect oil tankers in the Persian Gulf.

Carlucci said arms control would be a major topic when the seven leaders of the industrialized democracies meet here next week. He said they were "close to a common position" on an agreement to eliminate intermediate-range missiles in Europe.

(Lou Cannon, Washington Post, A33)

Reagan Arrives In Venice Ready To Pursue Broad Summit Agenda

VENICE -- President Reagan arrived here last night trying to seek broad support at the seven-nation economic summit for his policies on East-West relations, international trade and safeguarding vital oil shipments through the Persian Gulf.

Also on the agenda are efforts toward moving ahead on arms reduction and human rights as well as regional conflicts and terrorism. The President also will discuss joint efforts to defeat the deadly viral disease AIDS.

(Jeremiah O'Leary & Patircia Wilson, Washington Times, A3)

Reagan Eyes Allied Solidarity In Persian Gulf

VENICE -- President Reagan arrived in Italy in quest of allied solidarity on the Persian Gulf and Western support for current U.S. arms control negotiations with the Soviet Union.

In his departure remarks..., the President promised to lead the allies here in a discussion "about how to improve East-West relations."

But the President, who has placed the Persian Gulf on the summit agenda, put special emphasis on the need for the allies to coordinate their strategy. The talks here, he said, must "help strengthen Western solidarity, which is indispensable to progress on issues of contention between East and West."

National Security Adviser Carlucci...said the Administration currently is "making suggestions" to the allies about their responsibilities in the Gulf. But he disputed the notion that the President will insist on a greater show of military force from the allies.

(George Condon, Copley)

Reagan Arrives In Venice Ahead Of Seven-Nation Summit

VENICE -- President Reagan, who has arrived in Venice for next week's seven-nation summit, will urge Washington's allies to cooperate more in preserving freedom of navigation in the Persian Gulf.

National Security Adviser Carlucci said that Reagan "will certainly be pressing for greater coordination, cooperation and support in the Persian Gulf."

Noting that Britain and France already maintained naval forces in the Gulf and that Japan and West Germany were constitutionally barred from sending forces there, Carlucci said the allies had varying capabilities to be helpful.
(Gene Gibbons, Reuter)

Nakasone Suggests Japan Might Honor Requests For Gulf Defense Aid

TOKYO -- Prime Minister Nakasone indicated that Japan would consider requests for some form of financial support to keep open shipping lanes in the Persian Gulf.

Nakasone stressed that Japan's primary contribution toward keeping open the shipping routes would be diplomatic, through "peaceful and non-military efforts." The Gulf provides 70 percent of Japan's oil supplies.

Asked specifically whether Japan would be willing to pay a share of the defense, Nakasone told a news conference that he wanted to discuss the Gulf issue with other Western leaders at next week's summit in Venice.
(James Smith, AP)

Japan May Find A Trade Ambush At Venice Summit

In these days of trading imbalances, Japan exports twice as much as it imports. As such, it could find an ambush waiting for it at the upcoming economic summit in Venice.

The six other nations attending the gathering share a common gripe: a claim that Japanese markets are not nearly as open to their products as their markets are to its goods.

Japanese leaders have vowed to rectify the situation and take steps to stimulate demand for foreign products.

Still, many economists and government leaders here and abroad have voiced skepticism over whether Japan will really buy more and sell less.
(Tom Raum, AP)

Reagan Relaxes Near Venice In Preparation For Summit

VENICE -- President Reagan, on the first day of what was to have been a state visit to Italy, relaxed at an elegant villa, looking forward, like any tourist, to seeing fabled Venice.

After the collapse of Italy's government, officials in Rome indicated they did not want Reagan to make a full-blown state visit, with a lot of fanfare, in the closing days of a national election campaign.
(Terence Hunt, AP)

INTERNATIONAL NEWS

IRAQ CLAIMS USS STARK WAS IN WAR ZONE;
U.S. SAYS IT WAS 12 MILES AWAY

Iraqi officials told American investigators that an Iraqi fighter mistakenly attacked the USS Stark because it was inside the declared war zone at a position about 25 miles from where U.S. authorities have placed the warship, the Pentagon reported.

The conflict over the Stark's position remains the "essential difference in the U.S. and Iraqi versions of what occurred in the attack on the USS Stark" on May 17, the Pentagon said in a statement.

An accounting of the findings of the joint U.S.-Iraqi inquiry revealed the Stark first spotted the approaching jet on radar much later than the ship's captain said and only after the first missile was fired did the ship issue its first radio warnings to the Mirage, get the first indication that it might be under attack and initiate its first defensive efforts.
(Otto Kreisher, Copley)

U.S. Disputes Iraqi Pilot's Account Of Attack

The U.S. disputes claims by the Iraqi pilot who fired two missiles at the USS Stark that he thought the American warship was an Iranian vessel because it was inside the Persian Gulf war zone.

"The pilot felt assured that the target was within the Iranian-Declared Exclusion Zone and that it was therefore Iranian or supporting the Iranian war effort," according to the Pentagon report.

But data recorded simultaneously by the Stark, two other American ships in the Gulf and a patrolling U.S. Air Force AWACS radar plane put the Stark 13.8 miles west of the war zone, the report said.

"We are convinced Stark was 10 to 15 nautical miles (11.5 to 17.3 miles) outside the (war zone)," the report said. "Iraq is convinced Stark was 20 to 25 miles further east, inside the zone."

(Richard Gross, UPI)

USS Stark Had Only Seconds To React

The skipper of the USS Stark had only seconds to react to the Iraqi jet attack last month because the radar warning that would justify taking defensive action did not come until just before the first of two Exocet missiles was fired at his ship, according to a Pentagon chronology released yesterday.

Navy Secretary James Webb (said) that one lesson of the attack on the Stark is that rules of engagement for the Persian Gulf must be clarified. He pledged to back up any skipper who takes action against an intruding aircraft. He said he and Secretary Weinberger agree that U.S. military personnel must not be sent into a high-risk area with a fuzzy mission.

(George Wilson, Washington Post, A3)

MEASURES TO BLOCK SAUDI MISSILE SALE INTRODUCED

Senate and House opponents of the Administration's proposed sale of 1,600 Maverick anti-tank missiles to Saudi Arabia introduced resolutions of disapproval amid strong indications that they will probably gain enough votes to override even a presidential veto and kill the \$360 million arms package.

Sen. Bob Packwood, the resolution's chief sponsor with Sen. Alan Cranston cited as one reason for his opposition to the sale the Saudi failure to intercept the Iraqi warplane that attacked the USS Stark last month in the Persian Gulf. This appeared to be one main cause for immediate strong congressional opposition to the sale. Packwood began with 28 cosponsors of his resolution, but by the end of the day the total had risen to 51; 67 votes would be needed to override a White House veto.

In the House, Rep. Lawrence Smith (D-Fla.) and Rep. Mel Levine (D-Calif.) introduced a similar resolution with "about 100" cosponsors.

(David Ottaway, Washington Post, A34)

IRAN SAID TO NAME HOSTAGE PANEL

Beirut Journal Says Committee Assures Control By Khomeini

BEIRUT -- Iran has set up a top-level committee to propose deals for the release of foreign hostages held in Lebanon, the editor of Beirut's Ash Shiraa magazine Hassan Sabra said.

Sabra said Ayatolla Khomeini wanted total control over any such deals, which probably would involve the sale of arms to Iran and the unblocking of frozen Iranian assets.

"Khomeini is the only man who can judge the proposals. If he accepts them, the release of the hostages would become imminent through a deal between Iran and the countries concerned," Sabra said.

(Reuter story, Washington Post, A17)

ARMS DEAL STIRS BITTERNESS IN BONN

Conservatives Complain U.S. Ignores W. German Interests

BONN -- The Bonn government's bow to its allies' wishes in accepting a proposed short-range nuclear missile deal against its better judgement has revived resentments here best expressed by Bonn's rueful adage that West Germany is "an economic giant but a political dwarf."

Conservatives in Chancellor Kohl's coalition, who normally are this nation's staunchest supporters of U.S. foreign policy, are bitterly unhappy over what they see as excessive pressure from Washington to embrace the proposal, according to high-ranking political and diplomatic sources.

(News Analysis, Robert McCartney, Washington Post, A36)

PILOT TO BE TRIED, SOVIETS INDICATE
Media Stress W. German's Preparations For Flight, Hint At Plot

MOSCOW -- Dismissing the lighter side of last week's airplane landing near Red Square, official Soviet sources began depicting the West German pilot as too well prepared to have acted alone and the case as too serious to go unpunished.

In the most extensive article on the case published here so far, the editor of the official weekly Moscow News said that the pilot -- 19-year-old Mathias Rust -- would be tried for breaking Soviet law.

Culling references from the West German media, the officials news agency Tass portrayed Rust as a pilot who may have had outside help, a political motive and conspiratorial links.

(Gary Lee, Washington Post, A30)

KEMP TELLS REAGAN HABIB PEACE EFFORT COULD BE A DISASTER

Republican Rep. Jack Kemp charged that President Reagan's special envoy to Central America is beginning a series of "shuttle diplomacy" meetings that could "cost us the security and independent future of the region" -- an allegation the State Department denied.

In a letter sent yesterday to Reagan, Kemp claimed special envoy Philip Habib -- who will meet this weekend with leaders in four Central American democracies -- is pursuing peace negotiations along "misguided lines you rejected" last year (referring to the Arias plan).

State Department officials denied that Habib is seeking to embrace the Arias plan. They said his visit to Central America is aimed only at consultations with democracies in the region -- El Salvador, Guatemala, Costa Rica and Honduras. (Christopher Simpson, Washington Times, A3)

MOSCOW SEEN REDUCING OIL FOR NICARAGUA
Latin Nations Plan Increase In Aid

MEXICO CITY -- Amid growing indications that the Soviet Union will greatly reduce the supply of oil to Nicaragua, Latin American diplomatic sources here said that a number of nations are preparing plans to step into the breach with aid for Nicaragua.

Nicaragua, which is estimated to consume between 9,000 and 15,000 barrels of oil a day, has been almost exclusively dependent on Soviet petroleum since early 1985. (William Orme, Washington Post, A1)

ISRAELIS ARGUE OVER NEXT ENVOY TO U.S.
Peres-Shamir Feud Leaves Post Vacant

JERUSALEM -- Israel's most important and prestigious foreign posting -- the job of ambassador to the U.S. -- has become a pawn in the battle over who controls the country's foreign policy and a symbol to critics of the paralysis gripping the coalition government here.

The ambassador's post for several months was held hostage to local politics. But in recent weeks the dispute has become a test of wills between the Israel's two leaders over whether Israel is prepared to participate in an international conference on Middle East peace.

(Glenn Frankel, Washington Post, A33)

IRAN-NICARAGUA

HAKIM PROVIDED FOR NORTH'S KIN
\$200,000 'Death Benefit' Account Secretly Set Up At Swiss Bank

Iranian-born businessman Albert Hakim disclosed that he had secretly set up a \$200,000 Swiss bank account as a "death benefit" for the family of Marine Lt. Col. Oliver North on the eve of the White House aide's mission to Tehran in May 1986.

Hakim testified...that he never told North of the account -- dubbed "Button" -- which was drawn from profits in the sale of U.S. arms to Iran. Hakim said he mentioned the account to his business partner, retired Air force major general Richard Secord, who balked at Hakim's initial proposal to put \$500,000 into the fund.

Establishment of that account was only one of several steps that Hakim took on his own to provide for the financial security of North's family. "Ollie, you are part of the family," Hakim said he once told North. "For as long as one of us is alive, you need not worry about your family."

Hakim insisted that he had grown very fond of North and was not attempting to influence the man who was then one of the most powerful members of the National Security Council staff. Under questioning, however, Hakim said he knew it was unlawful to make a large gift to a U.S. government official.

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

Hakim's Testimony/Swiss Bank Accounts

The disclosure of \$9.6 million in secret Swiss bank accounts indicates that a businessman involved in the U.S. weapons sales to Iran wanted to distribute profits to his associates and to the family of Lt. Col. Oliver North.

Albert Hakim testified that he had deposited \$6.83 million for himself, and almost \$2 million more for his associates, retired Air Force Maj. Gen. Richard Secord and ex-CIA agent Thomas Clines.

(Robert Gettlin & Robert Lewis, Newhouse)

Hakim Testifies He Believed He Was Acting At Reagan's Direction

Albert Hakim, the Iranian-born money man in the Iran-contra affair, told Congress he believed he was acting at President Reagan's direction -- testimony the chairman of the Senate Iran panel said "placed a cloud over the presidency."

"I was told that our contra activities were being undertaken not only with the approval by, but at the request of the President of the United States," Hakim testified.

Sen. Daniel Inouye, chairman of the Senate panel, said North may be the only person who can clear up repeated testimony that those working with North believed they were working for the President.

"Mr. Hakim's testimony this afternoon makes it very clear as far as I'm concerned that Mr. North must appear before the committees and testify," Inouye said, "because Mr. Hakim has unfortunately placed a cloud over the presidency of the United States."

(Michael Myers & Anne Saker, UPI)

ABRAMS CHASTISED BY PANEL MEMBERS
State Dept. Official Vows To Keep Job

Democrats and Republicans on the Iran-contra panels chastised Assistant Secretary of State Elliott Abrams for his role in secret Administration efforts to aid the Nicaraguan contras, with some saying his credibility was so damaged that he no longer could act as an effective salesman for renewed contra aid.

Senate Select Intelligence Committee Chairman David Boren, a contra aid supporter, said there is "too much in the record" for Abrams "to be able to effectively play" a role in rebuilding trust between Congress and the Administration on Central American policy. The intelligence panel plays a major role in overseeing the contra program.

But Abrams, who yesterday completed nearly 10 hours of testimony over two days, vowed to stay on the job as assistant secretary for inter-American affairs and said that he is "very proud" that he still has the complete support of Secretary Shultz.

State Department spokesman Charles Redman said that Shultz believes that Abrams has done a "sensational job" and has "full and complete confidence" in him.
(Joe Pichirallo, Washington Post, A1)

Shultz Backs Abrams As Man Of Integrity And Candor

Secretary Shultz issued a ringing endorsement of beleaguered aide Elliott Abrams, describing him as a man of integrity and candor who had his complete confidence.

"He was and remains my selection to be assistant secretary of inter-American affairs," Shultz said in a statement issued after Abrams ended two days of grilling by the Iran-contra committee.

"Despite the difficult situations in which he was put (he) has handled himself extremely well in his dealings with his colleagues in the Administration, with Latin and Caribbean governments, and with the Congress," Shultz added.
(Reuter)

Senator Calls Abrams A 'Fall Guy'

Elliott Abrams could lose his job over the Iran-contra controversy, congressional committee members predicted.

"It looks to me like you're one of the Administration's designated fall guys," said Sen. George Mitchell.

Said Rep. Jack Brooks: "You've been very patiently telling us that you don't know about this, you don't know about that, you weren't informed, you weren't authorized to tell the truth. That's the wildest story I ever heard."

"Most people take pride and are smug about knowledge. You seem to be very proud about not knowing anything," Brooks said.

(Rae Tyson, USA Today, A4)

Elliott Abrams' Painful Lesson

His Iran-contra testimony was a painful chapter in the education of Elliott Abrams, and for the congressional committees investigating that affair it provided difficult knowledge of another sort.

Abrams had learned, he testified..., that "there is such a thing as being too clever." As evidence of the truth of his remark, his own reputation for veracity is under attack and his job is at risk.

Members of the Iran-contra committees were learning from Abrams' testimony that despite all that has happened since last November, they still have cause to worry about the truthfulness of the Administration when officials brief House and Senate committees. Many members expressed wonder about whether the sort of secret policymaking that produced the Iran-contra affair has in fact been abandoned.

Abrams left the stand after hearing several committee members say they do not think he will survive as assistant secretary of state.

(Haynes Johnson, Washington Post, A18)

WALSH URGES LAWMAKERS TO DENY OR DELAY IMMUNITY FOR NORTH

Independent counsel Lawrence Walsh met privately with the House and Senate Iran-contra committees in an attempt to persuade them either to refuse or delay a grant of immunity to former National Security Council aide Oliver North.

But Walsh said afterward that his request is not likely to be granted.

The committees are scheduled to decide today whether to grant North immunity in an effort to force him to testify.

Rep. William Broomfield said during yesterday's hearing, "I think the most important thing we can do for our country is to have these hearings move right along. And until we get the principal witnesses, both Oliver North and Poindexter, here I think we're not going to know all the answers."

(Mary Thornton, Washington Post, A18)

Walsh Tells Congress Not To Grant North Immunity

Independent prosecutor Lawrence Walsh attacked Lt. Col. Oliver North on two fronts, telling Congress he does not deserve immunity protection and a federal appeals court his constitutional challenges are without merit.

Senate Committee Vice Chairman Warren Rudman, appearing on "The MacNeil-Lehrer NewsHour," said, "There is no question in my mind or really in the minds of any member of the committees I spoke with after meeting with Judge Walsh that of course the Congress must hear from Oliver North."

Rudman said Walsh made "basically a request to indefinitely postpone or to do something and we'll try to accommodate as best we can, but in my view...Col. North will be heard in July." Committee Chairman Daniel Inouye, on the same program, agreed.

(Lori Santos, UPI)

NATIONAL NEWS

DOT PLANS MORE AIR CONTROLLERS

955 To Be Added To Cope With Growth In Traffic Next Year

The Transportation Department said it plans to divert \$51.5 million and hire 955 additional air traffic controllers, supervisors and managers to meet unexpected air traffic growth next year.

Transportation Secretary Dole advised Congress of the department's plans in letter to the chairmen of both the House and Senate transportation appropriations subcommittees.

She acknowledged the new controllers likely will not be in a position to actually direct planes until late next year. But, because it takes nearly a year to produce a controller trainee, "it is imperative...that we put additional resources into the pipeline starting early this fall," she said.

(Joseph Hebert, Washington Post, A1)

ADMINISTRATION ASSAILS BILL TO

EASE HATCH ACT RESTRICTIONS

The Reagan Administration strongly attacked legislation to revise the Hatch Act, saying it could politicize the federal government "to an extent unprecedented in recent American history."

Constance Horner, director of the Office of Personnel Management, defended the act, which prohibits most partisan political activity by all but the top 0.2 percent of federal workers who are appointed by the President.

Testifying before the House civil service subcommittee, Horner called it "part and parcel of the stability of the modern civil service, which provides employment freed from political patronage for federal workers and assurances of continuity and impartial administration of the laws to the general public."

(Judith Havemann, Washington Post, A21)

HOUSE ORDERS FCC TO RETAIN 'FAIRNESS DOCTRINE'

The House easily (302 to 102) enacted legislation opposed by the Reagan Administration and broadcast industry directing the FCC to continue enforcing the "fairness doctrine" requiring broadcasters to present all sides of controversial public issues.

The Senate approved identical legislation 59 to 31 on April 21, an indication that proponents might have difficulty mustering the 67 votes necessary to override a veto. The White House has not said whether President Reagan will veto the measure, but the Administration opposed it as an outdated mechanism that inhibits free discussion and violates the freedoms of broadcast journalists.

Sen. Bob Packwood has begun an effort to line up enough votes to sustain a veto.

(Tom Kenworthy, Washington Post, E1)

NETWORK NEWS SUMMARY FOR WEDNESDAY, JUNE 3, 1987

VENICE SUMMIT

NBC's TOM BROKAW: The economic summit meeting in Venice does not begin until next week officially, but President Reagan is already there. He arrived tonight for what is billed as an unofficial visit to the city of canals. But he brought with him a long agenda of goals to accomplish once the official business begins.

(TV COVERAGE: The President and First Lady arriving in Venice, walking down the steps off the airplane.)

NBC's CHRIS WALLACE: The President arrived in Venice late tonight, five days before the summit begins. Starting a trip likely to be more impressive for its pictures than big agreements. But as Administration officials saw him off at the White House this morning, Mr. Reagan set an ambitious goal -- to continue the peace and prosperity in the West since WWII.

(THE PRESIDENT: "How can we help make the next 40 years as prosperous as the last 40? How can we help our peoples live in a world of even greater opportunities in the next decade and the next century?")

For the second time, the meeting will be held in Venice.... As usual the economic summit will likely be dominated by political issues. At the top of the Reagan agenda -- the Persian Gulf. The President will push for an arms embargo against Iran, but officials have all but given up on getting the allies to help patrol the Gulf.

(SECRETARY SHULTZ: "Countries are positioned in different ways in terms of their capabilities and so we have to recognize that and what is expected that different countries do.")

The allies will give more support on arms control. All have now endorsed eliminating medium and short-range missiles in Europe and they will call for a U.S.-Soviet agreement. On the economic side, there will be a lot of talk about more coordination to stabilize exchange rates and end trade imbalances. But officials expect fine-tuning, not new initiatives.

(SECRETARY BAKER: "We will go to the summit with the view that we have agreed on what needs to be done. And now what we need to see is implementation.")

One reason little is expected from this summit is that most of the leaders have problems back home....

(TV COVERAGE: File footage of the President and seven other heads of state from last year's economic summit.)

And so as the President arrived here tonight, one top official said the real significance of this trip may be the political impact in the U.S. -- clearly hoping that pictures of Mr. Reagan conferring with world leaders, meeting with the Pope and visiting the Berlin Wall, will boost his sagging popularity at home.

(NBC-7)

ABC's PETER JENNINGS: President Reagan left for Italy this morning and his seventh economic summit since taking office. The President will meet with the leaders of France, West Germany, Italy, Canada, Japan and Britain. And they are going to cover a lot of ground -- the economy, the international economy, the Persian Gulf, nuclear missiles in Europe and AIDS.

JENNINGS continues: The President and Mrs. Reagan arrived at the airport near Venice this evening and went almost directly to the villa where he and Mrs. Reagan will stay until the summit begins. We will report from Venice beginning on Monday.

(TV COVERAGE: The President and Mrs. Reagan arriving at the airport in Italy.) (ABC-4)

CBS's CHARLES KURALT: President and Mrs. Reagan arrived in Venice tonight. The President is getting ready for next week's Western economic summit. He'll meet leaders of Italy, France, West Germany, Britain, Canada, and Japan. He has said he will press the allies to help defend freedom of navigation of the Persian Gulf.

(TV COVERAGE: The President and Mrs. Reagan arriving in Venice.) (CBS-4)

IRAN-CONTRA HEARINGS

BROKAW: An arms dealer directly involved in the Iran-contra affair told the Congressional hearings today that former White House aide Oliver North was "an amazing person" torn between love for his country and love for his family.

NBC's JOHN DANCY: Iranian born arms dealer Albert Hakim testified this afternoon he used profits from the Iranian and contra arms sales to set up a fund to educate Oliver North's children if North died. Hakim was one of the three owners of Lake Resources along with North and Gen. Richard Secord. He said he and Secord used \$200,000 in profits from the company to set up something called "the button account" to educate North's children.

(HAKIM: "The way I remarked to him was, 'Ollie, you are part of the family, for as long as one of us is alive you need not to worry about your family.'")

Hakim also set up a \$2 million account to be shared by North, Secord and Hakim's heirs if all three of them died. He said North was never aware of this fund. Earlier today, Assistant Secretary of State Elliott Abrams crossed swords with Jack Brooks, a Texas congressman.... The assistant secretary of state testified yesterday he had misled Congress about government involvement in the contra resupply operation because he was misled by others in the Administration. As for a secret \$10 million contribution from Brunei, Abrams said he didn't tell a congressional committee about it because he wasn't authorized to disclose it.

(REP. BROOKS: "And I can only conclude after this that you're either extremely incompetent, or that you're still, as I say, deceiving us with semantics. And I'm deeply troubled by it and wonder if you can survive as assistant secretary of state.")

ABRAMS: "Fortunately, I guess I have to say I don't work for you. I work for George Shultz and he seems to be pretty satisfied with the job I've done for him. That makes me very happy and very proud."

BROOKS: "And me-- "

ABRAMS: "The characterization that you have made of my testimony here yesterday and of previous testimony I think is-- too many to state in a brief answer -- erroneous."

BROOKS: "I wouldn't think that you would agree with one bit of it because you have been very patiently telling us that you don't know about this, you don't know about that, you weren't involved, you weren't authorized to tell the truth. That's the wildest story I've heard -- that you weren't authorized to tell the committee the truth about something. That's the most cockamamie ideal I've ever heard.")

In all, three Democrats suggested today that Abrams resign. But the State Department said Secretary of State Shultz has full and total confidence in Abrams, so his job appears safe.

BROKAW: As for Oliver North, the Independent Counsel in the Iran affair today asked the Iran-contra committees not to grant immunity to the former White House aide.

NBC's CARL STERN: North went to the court of appeals this afternoon to try to block a possible contempt citation for refusing to turn over files to the special prosecutor. In court his lawyer charged that no one not accountable to the President may conduct a federal criminal investigation. ...His lawyer called the independent counsel law grossly unconstitutional. The judges gave no hint how they would rule. Judge Kenneth Star noted that the President wasn't challenging the law.... A decision is expected in a week or so. Meanwhile, a man North wants to put out of business, Independent Counsel Lawrence Walsh met with the congressional committees. He urged them not to compel any testimony from North or as little as possible to avoid giving North even partial immunity that would complicate a prosecution.

(WALSH: "We urge that immunity was not deserved.")

The committees were not very receptive.

(SEN. RUDMAN: "I would find it inconceivable that with all the charges that have been made about Mr. North's participation, particularly the possible involvement of the President, an allegation unsupported -- that these Congressional committees could ever complete their hearings without hearing from Col. North.")

SEN. INOUE: "The matter of the immunity will be resolved within 48 hours.")

And so the fight over evidence from North was back today in court and Congress. (NBC-2)

JENNINGS: At the Iran-contra hearings in Washington today a surprising revelation -- one of the men who has been central to the whole affair described the \$200,000 secret bank account set up for the family of Col. Oliver North. Albert Hakim, who set it up, said he could not ever recall telling North what he had done....

ABC's BRIT HUME: Hakim led the committee through a complex maze of bank accounts and companies he acknowledged were designed to make tracing them as hard as possible. And he made no bones that he, at least, intended to make a profit on the arms sales to the contras and to Iran that he and Gen. Richard Secord carried out at the request of White House aide Oliver North. But Hakim said it wasn't just North, but the President he thought he was working for. Then Hakim made the unexpected disclosure that he had set up a special account containing \$200,000 in arms proceeds for the benefit of Oliver North's children.

HUME continues: He said he did it without North's knowledge.... Earlier Assistant Secretary of States Elliott Abrams told the committee he intended to stay on the job. Some members didn't like that.

(SEN. BOREN: "Then I'm afraid there is too much in the record at this point for you to be able to effectively play that role and I'm sorry to say that, but it's something that I strongly feel and hope you will ponder it.")... (ABC-Lead)

CBS's PHIL JONES: ...Albert Hakim disclosed today that he had set up a secret arrangement that could have put more than \$2 million in funds meant for the contras in the hands of Oliver North if Hakim and Richard Secord both died. Hakim also set up a secret \$200,000 life insurance fund for North. Hakim said North was unaware of the arrangement.... Hakim said he had no doubt who he was working for.

(HAKIM: "I was told that our contract -- was being undertaken not only with approval by, but at the request of the President of the United States.")

...There were calls for the resignation of Assistant Secretary of State Elliott Abrams -- charging that he could no longer play a role in restoring the Administration's credibility on Central American policy.... Although it was Democrats suggesting today that Abrams should resign, many Republicans on this committee also feel that Abrams is no longer credible and that he should go. (CBS-Lead)

IRAQI ATTACK ON THE USS STARK

JENNINGS: The Pentagon today released another report about the Iraqi attack on the USS Stark. It quotes the Iraqi pilot as saying he fired at the Stark not knowing what it was because it was inside a war zone. The U.S. says that is not true. ABC News has learned that the Stark's captain may be in more trouble than imagined.

ABC's JOHN MCWETHY reports on charges that Captain Brindel may not have acted properly as commander of the USS Stark during the attack by an Iraqi pilot. (ABC-2, NBC-4)

SOUTH AFRICA

BROKAW: There is a major new development tonight in the economic and diplomatic relationship between the U.S. and South Africa. The man who designed the Sullivan principles which have guided most American businesses in South Africa for ten years now says it is time to come much further -- a complete economic embargo and a break in diplomatic relations until apartheid ends. That man is the Rev. Leon Sullivan of Philadelphia....

NBC's ANNE GARRELS: The Rev. Leon Sullivan said it was a painful and agonizing decision.

(SULLIVAN: "I call on all American companies to withdraw from the Republic of South Africa until statutory apartheid has been abolished.") Sullivan also called on the U.S. government to break diplomatic relations with South Africa and impose a total trade embargo.

GARRELS continues: He called for penalties against foreign companies that pick up business the Americans leave behind.... Some supporters of his principles believe American companies should stay in South Africa.... The State Department agrees.

(CHARLES REDMAN: "We firmly believe that it is now more important than ever for U.S. firms to stay and work for an end to apartheid in South Africa.")
(NBC-Lead, ABC-6, CBS-7)

WEDTECH INDICTMENT

BROKAW: A federal grand jury today indicted a New York Congressman and six other men in the growing scandal involving Wedtech.... Wedtech's ties go right up to the White House.

NBC's BRIAN ROSS: ...In the early years of the Reagan Administration [John] Mariotta was brought in to advise the President on how to create jobs for minorities. And Mariotta became a favorite of the President.

(THE PRESIDENT: "People like John Mariotta are heroes for the 80's.")

...There is a special prosecutor here in Washington looking into the Wedtech-White House connection. Two White House officials who helped Wedtech get big Pentagon contracts -- Lyn Nofziger and James Jenkins -- both ended up working for Wedtech soon after leaving the White House. Nofziger was a consultant. Jenkins was a Wedtech executive. Also involved in helping Wedtech was Attorney General Meese, who as counselor to the President arranged a key meeting that led to a big Army contract for Wedtech....
(NBC-5, ABC-3, CBS-3)

AIDS/MEESE/POLICE

BROKAW: In Washington today a top federal health official took issue with President Reagan's support of mandatory AIDS testings. Donald Hopkins of the Centers for Disease Control said it could scare people away from counselling and treatment.
(NBC-6)

KURALT: Attorney General Meese told a police chief's convention today that police should take steps to avoid AIDS during daily contact with prostitutes, drug abusers, or sexually promiscuous people. He praised the police in Washington, D.C. for wearing rubber gloves Sunday while handling protesters -- many of them AIDS victims -- as they picketed President Reagan.
(CBS-11)

COMMENTARY ON BRITISH ELECTIONS

NBC's JOHN CHANCELLOR: Ronald Reagan made some political news here in London last week. In Washington, the President said he had great admiration for Prime Minister Margaret Thatcher, but some worries about the disarmament policies of the British Labor Party. American presidents usually don't take sides in British politics. The TIMES of London said Mr. Reagan had come closer than any U.S. official to open intervention in this election. But if Mr. Reagan wanted to help Mrs. Thatcher, his comment didn't have it's intended effect.... That tells us something about the British and Mr. Reagan -- he is not popular here. A recent Gallup poll showed that Mikhail Gorbachev has the trust of twice as many people as Ronald Reagan. That same poll showed that more people thought the U.S. would start a nuclear attack in Europe than the Soviet Union....

(NBC-9)

POLITICAL POLL

JENNINGS: As we noted last night our ABC-WASHINGTON POST poll shows that 53 percent of the public now think that Vice President Bush has not been telling the truth about the Iran-contra affair. The same poll also shows it is hurting Mr. Bush politically. Last month the Vice President held an almost 2-to-1 lead over Senate Minority Leader Robert Dole. Our latest polling shows Mr. Bush has dropped 12 points. Mr. Dole and the others each picked up a few.

(ABC-5)