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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 10, 1987 -- VENICE AFTERNOON EDITION
6:00 A.M. EDT, NOON ITALY

TODAY'S HEADLINES

ECONOMIC SUMMIT

SUMMIT DISPLAYS UNITY ON 3 ISSUES -- President Reagan and leaders of six industrial democracies condemned terrorism, backed free navigation in the Persian Gulf and endorsed broad outlines of a proposed U.S.-Soviet arms accord. (USA Today, Washington Post, Washington Times, AP, Reuter, UPI)

IRAN-NICARAGUA

PHASE ONE OF IRAN-CONTRA HEARINGS ENDS WITH TOTAL STORY YET TO COME -- Six weeks of hearings, in addition to investigations by a presidential commission and several committees of Congress, still have not uncovered the full Iran-contra story, the chairman of the House investigating panel says. (Washington Post, AP, Copley, Newhouse)

INTERNATIONAL NEWS

WEINBERGER TELLS IRAN DEPLOYMENT IS TRIGGER -- Secretary Weinberger warned Iran the U.S. will view its Chinese-made Silkworm missiles as a serious threat as soon as they are operational. (Washington Post, Washington Times, Reuter)

NETWORK NEWS (Tuesday Evening)

VENICE SUMMIT -- The Western allies declared themselves in support of the U.S. positions on terrorism and the Persian Gulf.

IRAN-CONTRA -- Fawn Hall denied that helping Oliver North shred documents before he was fired was a cover-up attempt.

ELLIOTT ABRAMS -- State Department officials say that it is just a matter of time until Elliott Abrams resigns.

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ECONOMIC SUMMIT

VENICE SUMMIT WINDS UP AFTER RAPID ACCORD ON POLITICAL ISSUES

VENICE -- The Venice summit winds up today after reaching unexpectedly rapid agreement on political issues, the Persian Gulf and arms control, but making only modest progress on economic problems.

The seven-nation summit group put out a six-page foreign policy statement (which) delighted the White House because of its support for U.S. policy to keep the Persian Gulf seelanes safe from repercussions of the Iran-Iraq war. Secretary Shultz said Washington got "basically what we want."

The summit leaders also gave effective endorsement to a proposed superpower treaty to eliminate almost all nuclear missiles from Europe and tightened the screw further in a coordinated offensive against terrorism.

But as widely expected, the summit appeared to have taken only limited steps in solving some of the world's major economic problems -- how to achieve growth without inflation, correct massive trade imbalances and defuse potential conflicts over agricultural subsidies and surpluses.

(Barry Moody, Reuter)

SUMMIT ALLIES TEPID ON TERRORISM, GULF U.S. Warned On Dangers Of Budget Deficit

VENICE -- President Reagan received only tepid support from allied leaders attending the 13th economic summit here for U.S. policy on terrorism and the Persian Gulf and also came under strong pressure to reduce the U.S. budget deficit.

French President Mitterand and West German Chancellor Kohl described the U.S. deficit as the "central issue" facing the global economy. Japanese Prime Minister Nakasone, usually conciliatory to U.S. policy in Reagan's presence, also spoke out forcefully about the harmful impact of the American deficit.

The general economic package emerging after the seven nations' finance ministers met appeared to fall short of U.S. goals to seek agreement on measures sustaining world economic growth, policy coordination and the reduction of farm subsidies.

(Lou Cannon & Hobart Rowen, Washington Post, A1)

REAGAN LESS THAN HAPPY WITH SUMMIT

VENICE -- The economic summit ends with a communique endorsing cuts in farm subsidies and tighter currency controls -- less than President Reagan had sought.

Reagan won only general blessings from allies on foreign policy issues:
-- Support for a U.N. ceasefire resolution seeking an end to the Iran-Iraq war.

-- An anti-terrorism statement pledging "no concessions to terrorists or their sponsors."

-- Appreciation for U.S. efforts to negotiate cuts in nuclear arms with the Soviets.

(Johanna Neuman & Jessica Lee, USA Today, A1)

SUMMIT DISPLAYS UNITY ON 3 ISSUES

VENICE -- President Reagan and leaders of six industrial democracies condemned terrorism, backed free navigation in the Persian Gulf and endorsed broad outlines of a proposed U.S.-Soviet arms accord.

The flurry of joint communiques issued by the seven world leaders was intended as a display of unity. However, the tough talk on terrorism was marred by morning bombings outside the U.S. and British embassies in Rome, only a few hundred miles away.

President Reagan said he was "delighted" by the declaration of support for freedom of navigation in the Persian Gulf. But European sources said the President was forced to back down from earlier attempts to win pledges of men, money and material to keep oil supplies flowing through the region, where tankers are routinely attacked by warring Iran and Iraq.

Moreover, the third communique did not address divisions among U.S. allies about future arms control initiatives that are expected to follow the proposed U.S.-Soviet treaty eliminating medium-range nuclear missiles from Europe. (Jeremiah O'Leary & Andrew Borowiec, Washington Times, A1)

SUMMIT ENDING WITH AGREEMENT ON DOLLAR, PERHAPS AIDS

VENICE -- Allied leaders, after patching together compromises on political issues, are winding down their annual summit with an agreement that the U.S. dollar has fallen far enough and a possible statement of cooperation on the AIDS epidemic.

Finance ministers agreed that the U.S. dollar had dropped enough and endorsed a plan calling for tighter currency stimulation.

The proposal is intended to prevent sharp fluctuations among major currencies. The plan stops short of replacing the current system of floating exchange rates but moves in the direction of "target zones" for currencies favored by some economists, according to U.S. and European sources who spoke on condition they not be named.

Summit leaders also briefly discussed AIDS and were likely to agree to cooperate in research and other areas. (Terence Hunt, AP)

REAGAN IS FINDING HIMSELF ON THE DEFENSIVE AT THIS SUMMIT

VENICE -- After six years of dominating the annual summit meetings organized by the world's leading industrial democracies, President Reagan has found himself on the defensive and unable to impose his agenda on the opening stages of this year's gathering in Venice.

The political and economic problems that confront almost all of his six fellow leaders have prevented any of them, however, from substituting a clear and coherent alternative view in a summit that has thus far lacked focus and drama. (News Analysis, Jim Hoagland, Washington Post, A22)

NAKASONE PUSHES TRADE PLAN AT SUMMIT

VENICE -- Japanese Prime Minister Nakasone won praise at the Venice summit for plans to trim Japan's trade surplus and channel aid to the Third World, but still must convince his summit peers he can make the plans a reality.

Leaders of the six Western nations at the summit praised Nakasone for the Japanese government's recent \$43 billion economic stimulus program, designed to trim exports and expand imports, and a \$20 billion plan to recycle funds to Third World countries, officials said.

(David Schweisberg, UPI)

IRAN-NICARAGUA

FIRST PHASE OF IRAN-CONTRA HEARINGS COME TO A CLOSE

The Iran-contra congressional hearings recessed with members of the select House and Senate congressional committees agreeing that there has been no evidence that President Reagan knew of the diversion of money from the Iranian arms sales to Nicaraguan rebels.

The question of what the President knew of the diversion and when he learned about it will be pursued, committee members said, when they hear from John Poindexter and Oliver North.

"I have never believed that Col. North acted alone, acted without direction," said Sen. Warren Rudman. "I don't think the President's role can ever be measured until North and Poindexter are heard from."

(Marcus Stern, Copley)

PHASE ONE OF IRAN-CONTRA HEARINGS ENDS WITH TOTAL STORY YET TO COME

Six weeks of hearings, in addition to investigations by a presidential commission and several committees of Congress, still have not uncovered the full Iran-contra story, the chairman of the House investigating panel says.

"Hold on, a lot of remarkable things that have happened will come out," said Rep. Lee Hamilton, referring to the second phase of congressional hearings which will begin June 23.

The next stage of hearings, expected to run through most of July, will feature the biggest names yet to come before the House and Senate investigating panels: Attorney General Meese, Secretaries Shultz and Weinberger, in addition to the affair's two central figures, John Poindexter and his aide, Oliver North.

It is not until that phase of the inquiry that the central question can be answered: How much President Reagan knew about the government's secret plan to aid Nicaragua's contra rebels.

(Jim Drinkard, AP)

IRAN-CONTRA HEARINGS REACH MIDPOINT

The Iran-contra committees -- at the midpoint of their probe -- have documented a tale of how some White House aides conducted foreign policy through private citizens who raised money from foreign governments for secret military operations in Nicaragua, sold arms to an arch U.S. rival and negotiated with terrorists for the release of American hostages.

Using code names, Swiss bank accounts and sharing information on a strict need-to-know basis, the group worked in near-total secrecy to mask clandestine operations not only from Congress and the public, but also from many high-ranking Reagan Administration officials.

But after 110 hours of testimony by 18 witnesses over the past six weeks, the committees still are confronted by two key unanswered questions:

-- Did President Reagan approve of the plan to sell U.S. arms to Iran, at inflated prices, with the twin objectives of winning the release of American hostages and raising funds to support the contras' war in Nicaragua?

- Was the late director of the CIA, William Casey, the mastermind behind the scheme?

(Robert Lewis & Robert Gettlin, Newhouse)

SUCCESSFUL SIDE OF SECRET DEALS: BIG PROFITS FOR THE MIDDLEMAN

Despite the failing of both the secret sale of U.S. arms to Iran and the clandestine effort to aid the Nicaraguan rebels, recent congressional testimony has revealed that the operations were enormously successful in one respect: They provided millions of dollars to the middlemen brokering the operations.

Even staunch congressional defenders of the White House seemed taken aback last week by the revelation that the middlemen funneled \$8 million into Swiss bank accounts while steering only \$4 million to support the contras.

Furthermore, using money garnered in part by charging exorbitant prices to Iran for U.S. missiles -- money that Congress asserts belongs to the U.S. Treasury -- the brokers established their own venture capital fund to underwrite investment deals as disparate as a timber operation in the Northwest and selling submachine guns.

(News Analysis, Joe Pichirallo, Washington Post, A13)

HALL TESTIFIES OF NECESSITY 'TO GO ABOVE WRITTEN LAW' North Walked 'Fine Line,' Ex-Secretary Says

Former White House secretary Fawn Hall said that she shredded telephone records of her boss, Oliver North, last Nov. 21 to prevent the Iran-contra initiatives from becoming "unraveled," and explained that there were "times when you have to go above written law."

Occasionally flashing a temper that had been well-controlled in her first day of testimony to the House and Senate panels investigating the scandal, Hall refused to accept any criticism of North and insisted that he was "walking a fine line in an effort to do what was right" as a member of North's National Security Council "team."

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

FOR HALL, NORTH IS 'EVERY SECRETARY'S DREAM'

Fawn Hall recalls being so inspired by Oliver North, "every secretary's dream of a boss," that she took it upon herself to sneak potential evidence in the Iran-contra scandal out of his office.

In two days at the congressional hearings into the scandal, Hall offered a heartfelt portrayal of her former boss as a tireless worker whose colleagues were willing to make an extraordinary effort to help him.

Perhaps unwittingly, however, Hall also revealed North to be a soldier so single-minded in his pursuit of his cause that he pushed the limits of the law and drew her into the quagmire by having her destroy, alter and smuggle away documents relating to the very scandal that cost him his job when it erupted.

(Dana Walker, UPI)

SHULTZ DEFENDS ABRAMS' ROLE IN CONTRA
AID, DESPITE MISLEADING CONGRESS

VENICE -- Secretary Shultz delivered an impassioned defense of Assistant Secretary of State Elliott Abrams, saying "he's done well" despite what Shultz called the "mistake" of misleading Congress about his solicitation of aid from Brunei for the Nicaraguan rebels.

Shultz said the Administration supports Abrams "top to bottom." The secretary's strong backing for Abrams has angered some White House officials who believe Abrams has become an impediment to further congressional support for the contras. However, the officials say they have acceded to Shultz on the matter for the time being.

(David Hoffman, Washington Post, A13)

SHULTZ ANGRILY DEFENDS ABRAMS

VENICE -- Secretary Shultz defended Assistant Secretary of State Elliott Abrams as "a very patriotic American" and "a good man."

"Elliott Abrams has been doing and is now doing an extraordinarily difficult job with great energy, great skill and great dedication," Shultz said. "...He made a mistake. He said he made a mistake, and I think that people can reflect on that a little bit.

"Let's let a little time pass and reflect on things he has done that are the hard, energetic efforts of a very patriotic American and tremendous public servant. This is a good man."

(UPI)

ATTORNEY REFUSED TO TESTIFY AFTER SEEING PAPERS SMUGGLED
North Got Documents While In Green's Car

Thomas Green, the Washington attorney who was present last November when classified documents in the Iran-contra case were smuggled out of the Old Executive Office Building, refused to testify in April before a federal grand jury investigating the case, according to informed sources.

In the appearance before the grand jury of independent counsel Lawrence Walsh, Green cited several reasons for not testifying, including attorney-client and other privileges and his Fifth Amendment rights against self-incrimination, his lawyer, Earl Silbert, former U.S. attorney here, said.

(Charles Babcock, Washington Post, A1)

EDITOR'S NOTE: "The Iran-Contra Hearings, Week Six Of The Testimony," appears in The Washington Post, A12.

INTERNATIONAL NEWS

WEINBERGER TELLS IRAN DEPLOYMENT IS TRIGGER

Secretary Weinberger warned Iran the U.S. will view its Chinese-made Silkworm missiles as a serious threat as soon as they are operational.

In an interview with The Washington Times, Weinberger said the missiles, which Iran is believed to want to deploy along the strategic Strait of Hormuz, would threaten shipping "when they're ready to shoot."

But the secretary wouldn't say how America might respond to deployment, and declined to comment on whether Iran has the right to deploy weapons on its national territory.

(James Dorsey & Warren Strobel, Washington Times, A1)

AID FROM ALLIES NEEDED IN GULF, ASPIN STRESSES Pentagon Told Not To 'Let Them Off The Hook'

President Reagan's Persian Gulf policy "is going down the drain" unless he can persuade allied nations to do more to help the U.S. keep the waterway safe for international shipping, House Armed Services Committee Chairman Les Aspin warned Secretary Weinberger.

"Congress is all over the map on this issue," Aspin said, "but one thing for sure everybody agrees on is that our allies ought to do more. Do not let them off the hook," he said, "or this policy is going down the drain."

In an impassioned outburst, he declared that allied cooperation is the "vortex" of the political storm swirling around the Administration's plan to escort Kuwaiti tankers, flying the American flag, through the Persian Gulf with Navy warships. Aspin said that "if we end up with American boys losing their lives in the Persian Gulf because of strikes like the Stark, and you've got cars in Europe zooming down the autobahn using up the gas, that is just going to set this country off like a tinderbox."

While stressing that the Administration is seeking allied help, Weinberger appeared to be making the case for going it alone if necessary, warning that the Soviet Union would fill any power vacuum the U.S. left in the Gulf. "The fundamental issue is leadership," Weinberger said, "the leadership of the free world to resist the forces of anarchy and tyranny."

(George Wilson & Helen Dewar, Washington Post, A23)

CHINA SAYS IT IS STUDYING KUWAITI AID REQUEST

PEKING -- China said it was studying a request from Kuwait for help in protecting its shipping in the Persian Gulf.

A foreign ministry spokesman told Reuter, "Kuwait has put forward to China the request of leasing China's oil tankers or having its oil tankers registered in China. The departments concerned in China are studying the request."

(Reuter)

REAGAN-GORBACHEV SUMMIT 'REALISTIC' IDEA, SOVIET SAYS

MOSCOW -- A Soviet spokesman said that it is "realistic to hope" for a U.S.-Soviet summit meeting this year, most probably in the late fall.

Boris Pyadishev, deputy foreign ministry spokesman, noted that a draft treaty on the elimination of medium-range missiles in Europe could be readied by September or October and that a "summit might take place any time after that deadline."

(Celestine Bohlen, Washington Post, A22)

NUCLEAR SITS INSPECTIONS ACCEPTED BY SOVIETS

GENEVA -- The Soviet Union indicated for the first time that it is willing to accept mandatory inspection of suspicious activities within its territory as part of a comprehensive ban on nuclear testing.

In Washington, a State Department official described the Soviet announcement as "a significant development that could make a big splash."

Vladimir Petrovsky, a deputy Soviet foreign minister, said in presenting a detailed nuclear testing proposal to an opening session of the disarmament conference here that he wanted "to stress that the state which has received a request for an on-site inspection will be obliged to allow unconditional access to the location designated in request."

"In other words, the issue at hand is mandatory, not voluntary, inspection."
(Reuter story, Washington Post, A22)

RUSSIANS UNVEIL GENEVA TREATY PLAN TO HALT ATOMIC BLASTS

GENEVA -- The Soviet Union has outlined basic provisions of a treaty aimed at banning nuclear weapon tests, stepping up a prolonged campaign against such blasts.

Speaking at Geneva's 40-nation disarmament conference, Deputy Soviet Foreign Minister Vladimir Petrovsky said stopping atomic tests "would be an important measure in the area of curbing and halting the arms race."

(Claude Fillet, Reuter)

U.S. DELEGATION MEETS BONN OFFICIALS TO PUSH ALLEGED TERRORIST'S EXTRADITION

Cautiously optimistic that West Germany might now be more disposed to extradite a Lebanese man accused by the U.S. of murder and hijacking, a high-level U.S. delegation met with officials in Bonn to press the U.S. argument that the alleged terrorist should be sent here for trial.

U.S. officials said privately there is still no assurance that Bonn, concerned about the safety of two West German businessmen held hostage in Lebanon, will agree to extradite Mohammed Ali Hamadei. He is a Lebanese Shiite who allegedly took part in the June 1985 hijacking of a TWA airliner to Beirut and the murder of a U.S. Navy diver.

However, the sources continued, the Reagan Administration now believes that heavy American pressure has deterred Chancellor Kohl's government from reaching an agreement with Mideast terrorists. That agreement would have seen Hamadei and his brother Abbas Ali Hamadei, also held in a West German prison -- tried in West Germany on lesser charges and given six-month sentences.

(John Goshko, Washington Post, A23)

POLICE SAY ASIAN MAN SOUGHT AFTER EMBASSY BLASTS IN ROME

ROME -- Italian police were hunting an Asian man traveling on Canadian and Thai documents after a powerful car bomb and two near-simultaneous grenade attacks on the U.S. and British embassies.

The interior ministry identified the man in a statement as Edwin Hsu-Kao-Yen, aged between 30 and 40.

(Alan Baldwin, Reuter)

NATIONAL NEWS

CATCHALL BILL SEEN AS ARMS-CONTROL VEHICLE

House Democratic leaders, frustrated at the Senate's stall over arms-control legislation, plan to insist on arms constraints in a long-delayed catchall spending bill in hopes of forcing the Senate to deal with the issue.

"We intend to hang tough in conference," said House Democratic Whip Tony Coelho.

Other sources said the Democratic leadership has decided that House negotiators in a conference with the Senate on the spending bill should send the bill back to the two chambers in disagreement over arms control if a compromise is not possible in the conference.

(Helen Dewar, Washington Post, A7)

ADMINISTRATION BACKS \$5 BILLION FARM CREDIT

The Administration announced its support for a \$5 billion federal line of credit to prop up the failing Farm Credit System on condition that the nation's largest agricultural lender streamline its management practices.

Another and possibly the more controversial element of the Administration plan would provide more capitalization by transferring to the credit system at least 500,000 acres of government-owned farm land from the Farmers Home Administration "surplus" inventory.

Charles Sethness, an assistant treasury secretary, told a House subcommittee that the Administration agreed the system faces "potential disaster" but that management reforms should be achieved and system reserves spent before federal aid becomes necessary.

(Ward Sinclair, Washington Post, A4)

WELFARE-OVERHAUL PLAN CUT BY ALMOST \$1 BILLION

House Ways and Means Committee Democrats chopped nearly \$1 billion from the five-year cost of a major welfare-overhaul bill and dropped a provision imposing minimum benefit levels on states, hoping to beef up support in their party and among Republicans.

But Republicans, led by Hank Brown and Bill Frenzel, told reporters before the committee met in closed session that the measure contains many "restrictions" on incentives to work and makes benefit changes that could discourage welfare clients from seeking jobs.

(Spencer Rich, Washington Post, A3)

SENATE REFUSES TO HALT CAMPAIGN-CASH FILIBUSTER

The Senate refused to break a filibuster against a Democratic bill to overhaul financing of congressional campaigns, but leaders of both parties expressed optimism that a compromise can be reached to curb interest-group influence in elections and to limit campaign spending.

Although the 52-to-47 vote in favor of curtailing the filibuster fell eight votes short of invoking cloture, Majority Leader Robert Byrd and Minority Leader Robert Dole agreed that there is a "willingness to come together," as Dole put it.

(Helen Dewar, Washington Post, A3)

NETWORK NEWS FOR TUESDAY, JUNE 9, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The summit leaders ended their second day here in which they issued political statements long on allied unity and short on new actions. The most controversial involved the Persian Gulf. The U.S. gave up on getting the allies to put more forces in the Gulf and settled for a statement that the flow of oil must continue unimpeded. Still the President said he was delighted.

(THE PRESIDENT: "Yes, they are as concerned as we are.")

REPORTER: "How come your political statement doesn't have more teeth in it?"

THE PRESIDENT: "We couldn't think of anybody to bite.")

(TV COVERAGE: The President and other summit leaders at dinner.)

Secretary of State Shultz said there is some bite -- that the allies support a U.N. arms embargo against Iran if it doesn't stop its war with Iraq.

(SHULTZ: "We feel that our force can do the job set out for it very well. But I want to emphasize, and it was certainly manifest here, we are not alone in this by a long shot.")

The allies also issued a mixed statement on East-West relations. They back U.S. efforts to eliminate hundreds of missiles in Europe and they praise Mikhail Gorbachev's efforts to open up Soviet society. They're concerned about his growing popularity in Europe. They said the West must stay vigilant to the Soviet threat. In addition to diplomacy, summits also provide a fascinating look at world leaders. It was Britain's Thatcher teaching Mr. Reagan how to handle American reporters.

(PRIME MINISTER THATCHER: "I don't answer questions over breakfast.")

THE PRESIDENT: "I'm going to remember that answer.")

(TV COVERAGE: The President and Mrs. Thatcher; then the President talking with other summit leaders and standing for a photo opportunity with the other leaders.)

It was the Secret Service insisting that even if all the other leaders could arrive in an open square, the President had to be taken into a tunnel for protection.... After years of summits, they have become one big family -- very different personalities that put up with each other. In a sense U.S. officials took the same attitude toward those political statements. They knew the allies wouldn't give them much, so they didn't ask for much. Then when they didn't get much -- they said it was exactly what they wanted.

NBC's TOM BROKAW: Iran state-controlled radio warned today that if the U.S. attacks Iranian missile bases, American interests around the world and nuclear reactors in the U.S. would be "vulnerable to counterattack." In their agreement today, the summit leaders also condemned terrorism and they pledged to halt all air travel to and from countries that help hijackers. The statement was made just a few hours after grenade bombs went off on the grounds of the American and the British embassies in Rome.... None of the explosions damaged the U.S. Embassy and no American personnel were wounded....

NBC's BRIAN STEWART reports on declining terrorism in Europe. (NBC-Lead)

BROKAW: When this economic summit winds up tomorrow, the heads of state are expected to approve a plan designed by Treasury Secretary James Baker and the other finance ministers to stabilize the dollar.... Treasury Secretary Baker said he is encouraged by steps the Japanese are taking to stimulate more spending by the Japanese people....

(BAKER: "I can't tell you that they've done enough. No, I really can't. I do think they are beginning to act. I think barriers to trade are beginning to come down. They're beginning to take action in the macroeconomic policy area that is sorely needed. I think they recognize what the problem is and frankly, it's a problem for them worldwide, not just in the U.S. I can't tell you that they've done enough, no. Because I don't think they have. And it's very important that they continue to act aggressively to move in this direction.")

In your judgment have U.S. companies worked hard enough at understanding how to deal in the Japanese economy?

(BAKER: "No and that's part of our problem. They may not have done as good a job as they should have in terms of competing in Japan. And you've heard the old stories about selling automobiles in Japan when we put the steering wheels on the wrong side and that sort of thing. On the other hand, there are barriers and it was not until very recently that we were permitted to sell tobacco products in Japan and advertise in Japanese.... It's a two way street. We need to do more, but quite frankly, they need to do a lot more than we need to do.") (NBC-7)

ABC's SAM DONALDSON: As the summit leaders met today in their first plenary session, it became evident that President Reagan had failed to win the kind of increased allied help in the Persian Gulf that many members of Congress have been demanding. In fact, it turns out he never personally asked for it. But the President tried to sound positive about the outcome.

(THE PRESIDENT: "I am delighted with the support that we're getting and the attitude of the allied nations here with regard to the Gulf.")

(TV COVERAGE: The President meeting with other summit leaders.)

In fact, all the President got was a bland political statement reaffirming the principle of freedom of navigation and backing the adoption in the U.N. Security Council of just and effective measures to end the Iran-Iraq war. Secretary of State Shultz said that meant an agreement on seeking an arms embargo against any party blocking peace efforts if all else fails. But Shultz made it plain no ally is offering any more physical help in keeping the sea lanes open.

(SHULTZ: "The principle thing here is to support the diplomatic moves which are stronger in terms of what we will seek in the security council and so I think that we have done basically what we want.")

Shultz may be satisfied, but others aren't.

(REP. LES ASPIN: "I'm disappointed in the allies for not being more forthcoming. But I'm also disappointed in this Administration for not pushing harder.")

Not only did he not push hard -- the President, warned in advance he wouldn't get anywhere, didn't even raise the subject in any of the general meetings -- according to U.S. officials. On two other political matters -- arms control and terrorism -- the leaders said they appreciated U.S. arms control negotiations with the Soviets, but did not actually endorse the details. And they all, for the first time, said there should be no concessions to terrorists or their sponsors, which U.S. officials hailed as a stiffening of resolve but some other delegations slyly suggested was a poke at Mr. Reagan's arms sales to Iran. As usual, the summit class picture showed none of this division.

DONALDSON continues: As usual the President's strongest ally here was British Prime Minister Thatcher.... And as usual here the most irritating ally was French President Mitterand. Although protocol calls for President Reagan to arrive last for gatherings, tonight, for the third time in a row, Mitterand swept in late and last to the final dinner. U.S. officials arguing against the proposition that this summit is shaping up to be a failure, insist they're getting everything they wanted. But the critics are already saying that what they're getting, particularly on the Persian Gulf, isn't nearly enough.

ABC's PETER JENNINGS: A couple of days ago the President's Chief of Staff Howard Baker said there was nothing wrong if the Soviets, as well as the U.S., were escorting those Kuwaiti tankers. The Secretary of State vigorously disagreed. Mr. Secretary, are you perfectly happy to have the Soviets remain in the Gulf assisting the Kuwaitis?

(SHULTZ: "No. We can take care of that problem and we should. We are. We can provide protection -- protect the freedom of navigation in the Gulf along with the allies....")

Are you gently encouraging the Soviets not to do it? To get out of the Gulf?

(SHULTZ: "They of course have a right to be there. And so they're there. But we can do the job and that's the way we think it's going to work out.")

And you want the Kuwaitis to know that?

(SHULTZ: "They know that very well.")

And you think they may change their minds about Soviet assistance?

(SHULTZ: "I couldn't say. I don't want to speak for somebody else. I think the point is that this oil flows to the West -- to us and our friends. We're the biggest consumer of oil in the world. We're the biggest importer of oil in the world. So, we don't want to see anybody who might have hostile intentions to us standing in any way astride that oil.") Have the allies here in Venice told you that they will support whatever action the U.S. decides to take in the Persian Gulf?

(SHULTZ: "Nobody gives you a blank check like that. But the fact of the matter is that here there is -- we don't even have to argue for it. Everybody agrees this is important. It's necessary to protect the principle of freedom of navigation there. We all understand the significance of the oil supplies. And various people are doing things that they can do.... We are there in a deterrent capacity. We don't threaten anybody and we are not in any kind of a threatening posture.)

(ABC-Lead)

ABC's DAN CORDTZ reports on the changing economy of American manufacturers.

(ABC-6)

CBS's BOB SCHIEFFER: The Western allies declared themselves in support of U.S. positions on terrorism in the Persian Gulf, but behind the united front there were some disagreements and some jitters as bombs went off in another Italian city.

CBS's BILL PLANTE: Less than an hour before President Reagan and British Prime Minister Thatcher met this morning in Venice their respective embassies in Rome were hit by terrorists. A car bomb-- and several grenades launched over embassy walls caused no injuries and little damage.

PLANTE continues: The radical group which claimed responsibility linked the attack to the summit meeting 350 miles away in Venice -- where the already strict security tightened visibly as a result.

(TV COVERAGE: President Reagan and Prime Minister Thatcher.)

Terrorism was already on the summit agenda. The seven leaders today pledged for the first time to make no concessions to terrorists and they promised to retaliate against nations which fail to prosecute and extradite them.

(TV COVERAGE: President Reagan and the allied leaders.)

(PRESIDENT REAGAN: "There's no question about the sincerity of all of us with regard to terrorism.")

(SECRETARY SHULTZ: "And we see more and more emphasis -- no concessions, no place to hide.")

The U.S. came away with a lot less in the way of support for the Administration's policy in the Persian Gulf with the other allies nervous about increasing tension and reluctant to take a larger role in the Gulf. There was almost no discussion as the leaders adopted a mild statement calling for freedom of navigation. U.S. officials admit privately they would have liked an arms embargo against Iran, but publicly the President bristled at the suggestion that he didn't get what he wanted.

(PRESIDENT REAGAN: "I'm afraid somebody's misinformed you. I am delighted with the support we're getting-- the attitude of the allied nations here with regard to the Gulf.")

(PRIME MINISTER THATCHER: "We must uphold the principle of free passage of the Gulf.")

Sources tell CBS News Iran may already be leaning toward a decision not to deploy the Silkworm anti-ship missiles -- a concession the Administration continues to encourage.

(HOWARD BAKER: "All I know they're not yet deployed. There's an opportunity for the Iranians to avoid the escalation of risk to international shipping.")

But it is arms control also discussed here today which is really on the minds of the President and his staff. They expect to be able to announce perhaps as soon as this weekend an agreement among all the NATO allies on a treaty to eliminate nuclear weapons in Europe. And if that happens, then this meeting will have produced more than just talk. (CBS-3)

IRAN-CONTRA HEARINGS

NBC's JOHN DANCY: Fawn Hall said today she was not thinking clearly last November when she hid top secret documents about the Iran initiative and contra funding in her clothing and sneaked them out of the White House through a security checkpoint.... Her testimony completes the first (HAMILTON: "Surely, it seems to me, these committees have heard some of the most extraordinary testimony ever given to the U.S. Congress. An elaborate private network was set up to carry out the foreign policy of the U.S. Private citizens, many with divided loyalties and profit motives, sold arms and negotiated for the release of American hostages. The President was involved in private and third country fund raising for the contras. Senior officials did not know and chose not to know important facts about policy. A national security advisor and an assistant secretary of state withheld information....")

A major part of the story is to unfold after the July 4th recess, when Admiral John Poindexter and Lt. Col. Oliver North are scheduled to testify.

(NBC-2)

ABC's BRIT HUME: After gentle treatment yesterday, the questioning of Fawn Hall turned tougher today -- first about her acknowledgement she had altered documents at Oliver North's orders last November as the scandal was breaking.... Hall was the 18th witness the committee has heard in more than 100 hours of testimony over six weeks. Her appearance marked the end of the first phase of the committees' hearings....

(HAMILTON: "...Those involved, whether public officials or private citizens had no doubt they were acting on the authority of the President of the U.S.")

Hamilton later insisted those were not his final judgments -- merely what he called tentative concerns.... (ABC-2)

SCHIEFFER: ...Fawn Hall denied that helping Oliver North shred documents before he was fired was a cover-up attempt and she called North every secretary's dream of a boss.

CBS's PHIL JONES: Fawn Hall ended her testimony today with moments of remorse and testiness. As part of the team Hall defended helping North shred crucial Iran-contra documents when the scandal broke last November.... Hall was noticeably irritated with the committee questioning about the smuggling of documents from the White House.... After one hundred and ten hours of hearings and eighteen witnesses the committees today completed the contra diversion phase of its investigation.... Congressional investigators concede they are a long way from completing this story and the final chapters won't be written until next month when they hear from John Poindexter and Oliver North. (CBS-Lead)

ELLIOTT ABRAMS

BROKAW: In Venice today Secretary of State Shultz was leaving his news conference when he was asked whether he still supports Elliott Abrams.

(SHULTZ: "Elliott Abrams has violated no laws. He made a mistake in his response or lack of response to a question which he corrected. He has not violated any laws.")

But other State Department officials tell NBC News tonight that it is just a matter of time -- probably about a month -- until Abrams will resign.

(NBC-3)

BIDEN ANNOUNCES CANDIDACY

BROKAW: Delaware Senator Joe Biden today joined the Democratic race for president.

(NBC-6, ABC-3, CBS-6)

ROCK MUSIC IN WEST GERMANY

JENNINGS: East Germany has never been particularly fond of Western rock music which they insist is decadent. For the past three nights police in East Berlin have had ever more reason to resent the influence of rock music on their young people. The music has been coming across the Berlin Wall.

ABC's RICHARD THRELKELD reports on the West Berlin's rock music causing civil unrest among young East Berliners.

(ABC-5, CBS-8)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"President Reagan, who has already been in Italy for six days, is committed to a program that is widely interpreted as a 'Maggie booster.' He met her for a breakfast.... Whether he will be persuaded to show his approval of Mrs. Thatcher and Thatcherism still further, perhaps through the wording of a joint communique, is the question that commentators from both sides of the Atlantic were asking last night."

(DAILY TELEGRAPH, Britain)

"President Ronald Reagan yesterday offered a modest gesture toward encouraging summit harmony with Japan by partially lifting the trade sanctions imposed in retaliation for alleged Japanese unfair trading in world semiconductor markets.... Even this partial concession -- based on Japanese progress in reducing the scale of dumping random access memories -- will bring stern criticism from the U.S. Congress for easing pressures on Japan to alter its trading practice."

(FINANCIAL TIMES, Britain)

"With his decision to lift part of the sanctions against Japan, Reagan was the star of the first day of the conference. The measure is symbolic but also clever. The U.S. President wants to present himself as a staunch supporter of free exchange at a time when Congress' reactions raise questions for U.S. partners. In addition, he is pleasing Japan which holds the keys of world recovery. Will the maneuver be successful? It seems that Tokyo is willing to support the U.S. demarche concerning the Gulf."

(TRIBUNE, France)

"Although bilateral meetings dealt with various topics, the U.S. did not hide its intention to start discussions on the Gulf at the outset during the plenary meetings.... In Venice, Reagan addressed a new warning to Iran. He indicated that Washington is not bluffing.... In any event, the White House prepared a draft resolution on the Gulf with the purpose of having it supported by its partners in Venice."

(FIGARO, France)

"The U.S. comment to obtain freedom of navigation in the Gulf is not hot air. Howard Baker even evoked the possibility of pre-emptive action.... Reagan would not have to repeat that he is not bluffing if he were credible. And if he is not credible, it's not so much because people have doubts about the U.S. military capabilities; it is rather because they have doubts about the effectiveness and especially the coherence of a policy which is clearly puzzling, and not only because of the Irangate scandal but because of the 'real-politik' reasons put forward to justify the arms deliveries to Iran."

(LIBERATION, France)

"On the eve of the meeting at San Giorgio, President Reagan and Treasury Secretary Baker left no doubt that they want to remind Chancellor Kohl and Finance Minister Stoltenberg of the FRG's responsibilities for economic growth.... The Bonn government intends to stand firm against U.S. demands this time as well.... In view of the continuing trade war between the U.S. and the EEC, President Reagan apparently wants to use the Venice summit as a forum to exert additional pressure on the reluctant Europeans to reduce agricultural trade surpluses."

(FRANKFURTER ALLGEMEINE, West Germany)

VENICE SUMMIT (continued)

"The U.S. wants the lifting of sanctions [against the Japanese] to be interpreted as a good will gesture and also as a stimulus for a fair exchange of trade. But the crisis in the Gulf region is much more important to the U.S..... An o.k. by the participants in the Venice summit would be very important in this respect."

(TV-TWO, West Germany)

"President Reagan's visit to Berlin this week is doubtless the political high point of the city's anniversary. Reagan comes as an American statesman who is more deeply impressed by the inhumanity of the Berlin Wall than some German politicians. The President truly deserves the love of all Berliners. Unfortunately, this view is not shared by everyone. There are apparently people who attach greater importance to a visit by Honecker than Reagan."

(BERLINER MORGENPOST, West Germany)

"Ronald Reagan did not even wait for the summit's official opening to launch his diplomatic offensive.... The U.S. President proposed in bilateral meetings...a series of initiatives...aimed at showing that U.S. leadership, despite the Irangate scandal and the dollar's crisis, has regained the strength and the imagination to lead major industrialized democracies. This is a public relations operation from which Reagan intends to emerge as the absolute star of the summit...but it is also a political operation, whose goal is to obtain from the others a consensus on a series of proposals designed to give substance to the revitalization of economic policies, on the Persian Gulf crisis and on the East-West relations."

(LA REPUBBLICA, Italy)

"At 76, the oldest president ever in the history of the U.S. is living a difficult end of term. Harassed by Congress, weakened by the Irangate scandal and still threatened with new disclosures as long as the hearings go on, he is counting on the Venice summit to restore his dimming fortunes."

(LE SOIR, Belgium)

"Since Reagan is bothered with the Irangate investigation, he hopes to take military action against Iran using the excuse that the international waterways of the Persian Gulf are threatened by Iran. (By doing so,) the reputations of the U.S. and Reagan could be restored."

(TA KUNG PAO, Hong Kong)

"President Reagan is determined to prove that he is still capable of strong leadership despite his problems at home, where he is beset by a frequently hostile Congress and the Iran-contra arms scandal. Reagan has only another 18 months in office and, with his eye on a place in the history books, wants to emerge from the summit with full allied backing for a deal on European missiles."

(MANILA JOURNAL, Philippines)

"The route pursued by President Reagan to get a commitment of solidarity from his six allies in order to guarantee freedom of international navigation in the Gulf shows the importance not only by Washington, but also by the international community, to finding an international formula to end the Iran-Iraq war."

(AL JAZIRA, Saudi Arabia)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JUNE 10, 1987 -- VENICE AFTERNOON EDITION
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TODAY'S HEADLINES

ECONOMIC SUMMIT

SUMMIT DISPLAYS UNITY ON 3 ISSUES -- President Reagan and leaders of six industrial democracies condemned terrorism, backed free navigation in the Persian Gulf and endorsed broad outlines of a proposed U.S.-Soviet arms accord. (USA Today, Washington Post, Washington Times, AP, Reuter, UPI)

IRAN-NICARAGUA

PHASE ONE OF IRAN-CONTRA HEARINGS ENDS WITH TOTAL STORY YET TO COME -- Six weeks of hearings, in addition to investigations by a presidential commission and several committees of Congress, still have not uncovered the full Iran-contra story, the chairman of the House investigating panel says. (Washington Post, AP, Copley, Newhouse)

INTERNATIONAL NEWS

WEINBERGER TELLS IRAN DEPLOYMENT IS TRIGGER -- Secretary Weinberger warned Iran the U.S. will view its Chinese-made Silkworm missiles as a serious threat as soon as they are operational. (Washington Post, Washington Times, Reuter)

NETWORK NEWS (Tuesday Evening)

VENICE SUMMIT -- The Western allies declared themselves in support of the U.S. positions on terrorism and the Persian Gulf.

IRAN-CONTRA -- Fawn Hall denied that helping Oliver North shred documents before he was fired was a cover-up attempt.

ELLIOTT ABRAMS -- State Department officials say that it is just a matter of time until Elliott Abrams resigns.

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INTERNATIONAL.....A-7

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NETWORK NEWS.....B-1

ECONOMIC SUMMIT

VENICE SUMMIT WINDS UP AFTER RAPID ACCORD ON POLITICAL ISSUES

VENICE -- The Venice summit winds up today after reaching unexpectedly rapid agreement on political issues, the Persian Gulf and arms control, but making only modest progress on economic problems.

The seven-nation summit group put out a six-page foreign policy statement (which) delighted the White House because of its support for U.S. policy to keep the Persian Gulf seelanes safe from repercussions of the Iran-Iraq war. Secretary Shultz said Washington got "basically what we want."

The summit leaders also gave effective endorsement to a proposed superpower treaty to eliminate almost all nuclear missiles from Europe and tightened the screw further in a coordinated offensive against terrorism.

But as widely expected, the summit appeared to have taken only limited steps in solving some of the world's major economic problems -- how to achieve growth without inflation, correct massive trade imbalances and defuse potential conflicts over agricultural subsidies and surpluses.

(Barry Moody, Reuter)

SUMMIT ALLIES TEPID ON TERRORISM, GULF U.S. Warned On Dangers Of Budget Deficit

VENICE -- President Reagan received only tepid support from allied leaders attending the 13th economic summit here for U.S. policy on terrorism and the Persian Gulf and also came under strong pressure to reduce the U.S. budget deficit.

French President Mitterand and West German Chancellor Kohl described the U.S. deficit as the "central issue" facing the global economy. Japanese Prime Minister Nakasone, usually conciliatory to U.S. policy in Reagan's presence, also spoke out forcefully about the harmful impact of the American deficit.

The general economic package emerging after the seven nations' finance ministers met appeared to fall short of U.S. goals to seek agreement on measures sustaining world economic growth, policy coordination and the reduction of farm subsidies.

(Lou Cannon & Hobart Rowen, Washington Post, A1)

REAGAN LESS THAN HAPPY WITH SUMMIT

VENICE -- The economic summit ends with a communique endorsing cuts in farm subsidies and tighter currency controls -- less than President Reagan had sought.

Reagan won only general blessings from allies on foreign policy issues:
-- Support for a U.N. ceasefire resolution seeking an end to the Iran-Iraq war.

-- An anti-terrorism statement pledging "no concessions to terrorists or their sponsors."

-- Appreciation for U.S. efforts to negotiate cuts in nuclear arms with the Soviets.

(Johanna Neuman & Jessica Lee, USA Today, A1)

SUMMIT DISPLAYS UNITY ON 3 ISSUES

VENICE -- President Reagan and leaders of six industrial democracies condemned terrorism, backed free navigation in the Persian Gulf and endorsed broad outlines of a proposed U.S.-Soviet arms accord.

The flurry of joint communiques issued by the seven world leaders was intended as a display of unity. However, the tough talk on terrorism was marred by morning bombings outside the U.S. and British embassies in Rome, only a few hundred miles away.

President Reagan said he was "delighted" by the declaration of support for freedom of navigation in the Persian Gulf. But European sources said the President was forced to back down from earlier attempts to win pledges of men, money and material to keep oil supplies flowing through the region, where tankers are routinely attacked by warring Iran and Iraq.

Moreover, the third communique did not address divisions among U.S. allies about future arms control initiatives that are expected to follow the proposed U.S.-Soviet treaty eliminating medium-range nuclear missiles from Europe. (Jeremiah O'Leary & Andrew Borowiec, Washington Times, A1)

SUMMIT ENDING WITH AGREEMENT ON DOLLAR, PERHAPS AIDS

VENICE -- Allied leaders, after patching together compromises on political issues, are winding down their annual summit with an agreement that the U.S. dollar has fallen far enough and a possible statement of cooperation on the AIDS epidemic.

Finance ministers agreed that the U.S. dollar had dropped enough and endorsed a plan calling for tighter currency stimulation.

The proposal is intended to prevent sharp fluctuations among major currencies. The plan stops short of replacing the current system of floating exchange rates but moves in the direction of "target zones" for currencies favored by some economists, according to U.S. and European sources who spoke on condition they not be named.

Summit leaders also briefly discussed AIDS and were likely to agree to cooperate in research and other areas. (Terence Hunt, AP)

REAGAN IS FINDING HIMSELF ON THE DEFENSIVE AT THIS SUMMIT

VENICE -- After six years of dominating the annual summit meetings organized by the world's leading industrial democracies, President Reagan has found himself on the defensive and unable to impose his agenda on the opening stages of this year's gathering in Venice.

The political and economic problems that confront almost all of his six fellow leaders have prevented any of them, however, from substituting a clear and coherent alternative view in a summit that has thus far lacked focus and drama. (News Analysis, Jim Hoagland, Washington Post, A22)

NAKASONE PUSHES TRADE PLAN AT SUMMIT

VENICE -- Japanese Prime Minister Nakasone won praise at the Venice summit for plans to trim Japan's trade surplus and channel aid to the Third World, but still must convince his summit peers he can make the plans a reality.

Leaders of the six Western nations at the summit praised Nakasone for the Japanese government's recent \$43 billion economic stimulus program, designed to trim exports and expand imports, and a \$20 billion plan to recycle funds to Third World countries, officials said.

(David Schweisberg, UPI)

IRAN-NICARAGUA

FIRST PHASE OF IRAN-CONTRA HEARINGS COME TO A CLOSE

The Iran-contra congressional hearings recessed with members of the select House and Senate congressional committees agreeing that there has been no evidence that President Reagan knew of the diversion of money from the Iranian arms sales to Nicaraguan rebels.

The question of what the President knew of the diversion and when he learned about it will be pursued, committee members said, when they hear from John Poindexter and Oliver North.

"I have never believed that Col. North acted alone, acted without direction," said Sen. Warren Rudman. "I don't think the President's role can ever be measured until North and Poindexter are heard from."

(Marcus Stern, Copley)

PHASE ONE OF IRAN-CONTRA HEARINGS ENDS WITH TOTAL STORY YET TO COME

Six weeks of hearings, in addition to investigations by a presidential commission and several committees of Congress, still have not uncovered the full Iran-contra story, the chairman of the House investigating panel says.

"Hold on, a lot of remarkable things that have happened will come out," said Rep. Lee Hamilton, referring to the second phase of congressional hearings which will begin June 23.

The next stage of hearings, expected to run through most of July, will feature the biggest names yet to come before the House and Senate investigating panels: Attorney General Meese, Secretaries Shultz and Weinberger, in addition to the affair's two central figures, John Poindexter and his aide, Oliver North.

It is not until that phase of the inquiry that the central question can be answered: How much President Reagan knew about the government's secret plan to aid Nicaragua's contra rebels.

(Jim Drinkard, AP)

IRAN-CONTRA HEARINGS REACH MIDPOINT

The Iran-contra committees -- at the midpoint of their probe -- have documented a tale of how some White House aides conducted foreign policy through private citizens who raised money from foreign governments for secret military operations in Nicaragua, sold arms to an arch U.S. rival and negotiated with terrorists for the release of American hostages.

Using code names, Swiss bank accounts and sharing information on a strict need-to-know basis, the group worked in near-total secrecy to mask clandestine operations not only from Congress and the public, but also from many high-ranking Reagan Administration officials.

But after 110 hours of testimony by 18 witnesses over the past six weeks, the committees still are confronted by two key unanswered questions:

-- Did President Reagan approve of the plan to sell U.S. arms to Iran, at inflated prices, with the twin objectives of winning the release of American hostages and raising funds to support the contras' war in Nicaragua?

- Was the late director of the CIA, William Casey, the mastermind behind the scheme?

(Robert Lewis & Robert Gettlin, Newhouse)

SUCCESSFUL SIDE OF SECRET DEALS: BIG PROFITS FOR THE MIDDLEMAN

Despite the failing of both the secret sale of U.S. arms to Iran and the clandestine effort to aid the Nicaraguan rebels, recent congressional testimony has revealed that the operations were enormously successful in one respect: They provided millions of dollars to the middlemen brokering the operations.

Even staunch congressional defenders of the White House seemed taken aback last week by the revelation that the middlemen funneled \$8 million into Swiss bank accounts while steering only \$4 million to support the contras.

Furthermore, using money garnered in part by charging exorbitant prices to Iran for U.S. missiles -- money that Congress asserts belongs to the U.S. Treasury -- the brokers established their own venture capital fund to underwrite investment deals as disparate as a timber operation in the Northwest and selling submachine guns.

(News Analysis, Joe Pichirallo, Washington Post, A13)

HALL TESTIFIES OF NECESSITY 'TO GO ABOVE WRITTEN LAW' North Walked 'Fine Line,' Ex-Secretary Says

Former White House secretary Fawn Hall said that she shredded telephone records of her boss, Oliver North, last Nov. 21 to prevent the Iran-contra initiatives from becoming "unraveled," and explained that there were "times when you have to go above written law."

Occasionally flashing a temper that had been well-controlled in her first day of testimony to the House and Senate panels investigating the scandal, Hall refused to accept any criticism of North and insisted that he was "walking a fine line in an effort to do what was right" as a member of North's National Security Council "team."

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

FOR HALL, NORTH IS 'EVERY SECRETARY'S DREAM'

Fawn Hall recalls being so inspired by Oliver North, "every secretary's dream of a boss," that she took it upon herself to sneak potential evidence in the Iran-contra scandal out of his office.

In two days at the congressional hearings into the scandal, Hall offered a heartfelt portrayal of her former boss as a tireless worker whose colleagues were willing to make an extraordinary effort to help him.

Perhaps unwittingly, however, Hall also revealed North to be a soldier so single-minded in his pursuit of his cause that he pushed the limits of the law and drew her into the quagmire by having her destroy, alter and smuggle away documents relating to the very scandal that cost him his job when it erupted.

(Dana Walker, UPI)

SHULTZ DEFENDS ABRAMS' ROLE IN CONTRA
AID, DESPITE MISLEADING CONGRESS

VENICE -- Secretary Shultz delivered an impassioned defense of Assistant Secretary of State Elliott Abrams, saying "he's done well" despite what Shultz called the "mistake" of misleading Congress about his solicitation of aid from Brunei for the Nicaraguan rebels.

Shultz said the Administration supports Abrams "top to bottom." The secretary's strong backing for Abrams has angered some White House officials who believe Abrams has become an impediment to further congressional support for the contras. However, the officials say they have acceded to Shultz on the matter for the time being.

(David Hoffman, Washington Post, A13)

SHULTZ ANGRILY DEFENDS ABRAMS

VENICE -- Secretary Shultz defended Assistant Secretary of State Elliott Abrams as "a very patriotic American" and "a good man."

"Elliott Abrams has been doing and is now doing an extraordinarily difficult job with great energy, great skill and great dedication," Shultz said. "...He made a mistake. He said he made a mistake, and I think that people can reflect on that a little bit.

"Let's let a little time pass and reflect on things he has done that are the hard, energetic efforts of a very patriotic American and tremendous public servant. This is a good man."

(UPI)

ATTORNEY REFUSED TO TESTIFY AFTER SEEING PAPERS SMUGGLED
North Got Documents While In Green's Car

Thomas Green, the Washington attorney who was present last November when classified documents in the Iran-contra case were smuggled out of the Old Executive Office Building, refused to testify in April before a federal grand jury investigating the case, according to informed sources.

In the appearance before the grand jury of independent counsel Lawrence Walsh, Green cited several reasons for not testifying, including attorney-client and other privileges and his Fifth Amendment rights against self-incrimination, his lawyer, Earl Silbert, former U.S. attorney here, said.

(Charles Babcock, Washington Post, A1)

EDITOR'S NOTE: "The Iran-Contra Hearings, Week Six Of The Testimony," appears in The Washington Post, A12.

INTERNATIONAL NEWS

WEINBERGER TELLS IRAN DEPLOYMENT IS TRIGGER

Secretary Weinberger warned Iran the U.S. will view its Chinese-made Silkworm missiles as a serious threat as soon as they are operational.

In an interview with The Washington Times, Weinberger said the missiles, which Iran is believed to want to deploy along the strategic Strait of Hormuz, would threaten shipping "when they're ready to shoot."

But the secretary wouldn't say how America might respond to deployment, and declined to comment on whether Iran has the right to deploy weapons on its national territory.

(James Dorsey & Warren Strobel, Washington Times, A1)

AID FROM ALLIES NEEDED IN GULF, ASPIN STRESSES Pentagon Told Not To 'Let Them Off The Hook'

President Reagan's Persian Gulf policy "is going down the drain" unless he can persuade allied nations to do more to help the U.S. keep the waterway safe for international shipping, House Armed Services Committee Chairman Les Aspin warned Secretary Weinberger.

"Congress is all over the map on this issue," Aspin said, "but one thing for sure everybody agrees on is that our allies ought to do more. Do not let them off the hook," he said, "or this policy is going down the drain."

In an impassioned outburst, he declared that allied cooperation is the "vortex" of the political storm swirling around the Administration's plan to escort Kuwaiti tankers, flying the American flag, through the Persian Gulf with Navy warships. Aspin said that "if we end up with American boys losing their lives in the Persian Gulf because of strikes like the Stark, and you've got cars in Europe zooming down the autobahn using up the gas, that is just going to set this country off like a tinderbox."

While stressing that the Administration is seeking allied help, Weinberger appeared to be making the case for going it alone if necessary, warning that the Soviet Union would fill any power vacuum the U.S. left in the Gulf. "The fundamental issue is leadership," Weinberger said, "the leadership of the free world to resist the forces of anarchy and tyranny."

(George Wilson & Helen Dewar, Washington Post, A23)

CHINA SAYS IT IS STUDYING KUWAITI AID REQUEST

PEKING -- China said it was studying a request from Kuwait for help in protecting its shipping in the Persian Gulf.

A foreign ministry spokesman told Reuter, "Kuwait has put forward to China the request of leasing China's oil tankers or having its oil tankers registered in China. The departments concerned in China are studying the request."
(Reuter)

REAGAN-GORBACHEV SUMMIT 'REALISTIC' IDEA, SOVIET SAYS

MOSCOW -- A Soviet spokesman said that it is "realistic to hope" for a U.S.-Soviet summit meeting this year, most probably in the late fall.

Boris Pyadishev, deputy foreign ministry spokesman, noted that a draft treaty on the elimination of medium-range missiles in Europe could be readied by September or October and that a "summit might take place any time after that deadline."
(Celestine Bohlen, Washington Post, A22)

NUCLEAR SITS INSPECTIONS ACCEPTED BY SOVIETS

GENEVA -- The Soviet Union indicated for the first time that it is willing to accept mandatory inspection of suspicious activities within its territory as part of a comprehensive ban on nuclear testing.

In Washington, a State Department official described the Soviet announcement as "a significant development that could make a big splash."

Vladimir Petrovsky, a deputy Soviet foreign minister, said in presenting a detailed nuclear testing proposal to an opening session of the disarmament conference here that he wanted "to stress that the state which has received a request for an on-site inspection will be obliged to allow unconditional access to the location designated in request."

"In other words, the issue at hand is mandatory, not voluntary, inspection."
(Reuter story, Washington Post, A22)

RUSSIANS UNVEIL GENEVA TREATY PLAN TO HALT ATOMIC BLASTS

GENEVA -- The Soviet Union has outlined basic provisions of a treaty aimed at banning nuclear weapon tests, stepping up a prolonged campaign against such blasts.

Speaking at Geneva's 40-nation disarmament conference, Deputy Soviet Foreign Minister Vladimir Petrovsky said stopping atomic tests "would be an important measure in the area of curbing and halting the arms race."

(Claude Fillet, Reuter)

U.S. DELEGATION MEETS BONN OFFICIALS TO PUSH ALLEGED TERRORIST'S EXTRADITION

Cautiously optimistic that West Germany might now be more disposed to extradite a Lebanese man accused by the U.S. of murder and hijacking, a high-level U.S. delegation met with officials in Bonn to press the U.S. argument that the alleged terrorist should be sent here for trial.

U.S. officials said privately there is still no assurance that Bonn, concerned about the safety of two West German businessmen held hostage in Lebanon, will agree to extradite Mohammed Ali Hamadei. He is a Lebanese Shiite who allegedly took part in the June 1985 hijacking of a TWA airliner to Beirut and the murder of a U.S. Navy diver.

However, the sources continued, the Reagan Administration now believes that heavy American pressure has deterred Chancellor Kohl's government from reaching an agreement with Mideast terrorists. That agreement would have seen Hamadei and his brother Abbas Ali Hamadei, also held in a West German prison -- tried in West Germany on lesser charges and given six-month sentences.
(John Goshko, Washington Post, A23)

POLICE SAY ASIAN MAN SOUGHT AFTER EMBASSY BLASTS IN ROME

ROME -- Italian police were hunting an Asian man traveling on Canadian and Thai documents after a powerful car bomb and two near-simultaneous grenade attacks on the U.S. and British embassies.

The interior ministry identified the man in a statement as Edwin Hsu-Kao-Yen, aged between 30 and 40.
(Alan Baldwin, Reuter)

NATIONAL NEWS

CATCHALL BILL SEEN AS ARMS-CONTROL VEHICLE

House Democratic leaders, frustrated at the Senate's stall over arms-control legislation, plan to insist on arms constraints in a long-delayed catchall spending bill in hopes of forcing the Senate to deal with the issue.

"We intend to hang tough in conference," said House Democratic Whip Tony Coelho.

Other sources said the Democratic leadership has decided that House negotiators in a conference with the Senate on the spending bill should send the bill back to the two chambers in disagreement over arms control if a compromise is not possible in the conference.

(Helen Dewar, Washington Post, A7)

ADMINISTRATION BACKS \$5 BILLION FARM CREDIT

The Administration announced its support for a \$5 billion federal line of credit to prop up the failing Farm Credit System on condition that the nation's largest agricultural lender streamline its management practices.

Another and possibly the more controversial element of the Administration plan would provide more capitalization by transferring to the credit system at least 500,000 acres of government-owned farm land from the Farmers Home Administration "surplus" inventory.

Charles Sethness, an assistant treasury secretary, told a House subcommittee that the Administration agreed the system faces "potential disaster" but that management reforms should be achieved and system reserves spent before federal aid becomes necessary.

(Ward Sinclair, Washington Post, A4)

WELFARE-OVERHAUL PLAN CUT BY ALMOST \$1 BILLION

House Ways and Means Committee Democrats chopped nearly \$1 billion from the five-year cost of a major welfare-overhaul bill and dropped a provision imposing minimum benefit levels on states, hoping to beef up support in their party and among Republicans.

But Republicans, led by Hank Brown and Bill Frenzel, told reporters before the committee met in closed session that the measure contains many "restrictions" on incentives to work and makes benefit changes that could discourage welfare clients from seeking jobs.

(Spencer Rich, Washington Post, A3)

SENATE REFUSES TO HALT CAMPAIGN-CASH FILIBUSTER

The Senate refused to break a filibuster against a Democratic bill to overhaul financing of congressional campaigns, but leaders of both parties expressed optimism that a compromise can be reached to curb interest-group influence in elections and to limit campaign spending.

Although the 52-to-47 vote in favor of curtailing the filibuster fell eight votes short of invoking cloture, Majority Leader Robert Byrd and Minority Leader Robert Dole agreed that there is a "willingness to come together," as Dole put it.

(Helen Dewar, Washington Post, A3)

NETWORK NEWS FOR TUESDAY, JUNE 9, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The summit leaders ended their second day here in which they issued political statements long on allied unity and short on new actions. The most controversial involved the Persian Gulf. The U.S. gave up on getting the allies to put more forces in the Gulf and settled for a statement that the flow of oil must continue unimpeded. Still the President said he was delighted.

(THE PRESIDENT: "Yes, they are as concerned as we are.")

REPORTER: "How come your political statement doesn't have more teeth in it?"

THE PRESIDENT: "We couldn't think of anybody to bite.")

(TV COVERAGE: The President and other summit leaders at dinner.)

Secretary of State Shultz said there is some bite -- that the allies support a U.N. arms embargo against Iran if it doesn't stop its war with Iraq.

(SHULTZ: "We feel that our force can do the job set out for it very well. But I want to emphasize, and it was certainly manifest here, we are not alone in this by a long shot.")

The allies also issued a mixed statement on East-West relations. They back U.S. efforts to eliminate hundreds of missiles in Europe and they praise Mikhail Gorbachev's efforts to open up Soviet society. They're concerned about his growing popularity in Europe. They said the West must stay vigilant to the Soviet threat. In addition to diplomacy, summits also provide a fascinating look at world leaders. It was Britain's Thatcher teaching Mr. Reagan how to handle American reporters.

(PRIME MINISTER THATCHER: "I don't answer questions over breakfast.")

THE PRESIDENT: "I'm going to remember that answer.")

(TV COVERAGE: The President and Mrs. Thatcher; then the President talking with other summit leaders and standing for a photo opportunity with the other leaders.)

It was the Secret Service insisting that even if all the other leaders could arrive in an open square, the President had to be taken into a tunnel for protection.... After years of summits, they have become one big family -- very different personalities that put up with each other. In a sense U.S. officials took the same attitude toward those political statements. They knew the allies wouldn't give them much, so they didn't ask for much. Then when they didn't get much -- they said it was exactly what they wanted.

NBC's TOM BROKAW: Iran state-controlled radio warned today that if the U.S. attacks Iranian missile bases, American interests around the world and nuclear reactors in the U.S. would be "vulnerable to counterattack." In their agreement today, the summit leaders also condemned terrorism and they pledged to halt all air travel to and from countries that help hijackers. The statement was made just a few hours after grenade bombs went off on the grounds of the American and the British embassies in Rome.... None of the explosions damaged the U.S. Embassy and no American personnel were wounded....

NBC's BRIAN STEWART reports on declining terrorism in Europe. (NBC-Lead)

BROKAW: When this economic summit winds up tomorrow, the heads of state are expected to approve a plan designed by Treasury Secretary James Baker and the other finance ministers to stabilize the dollar.... Treasury Secretary Baker said he is encouraged by steps the Japanese are taking to stimulate more spending by the Japanese people....

(BAKER: "I can't tell you that they've done enough. No, I really can't. I do think they are beginning to act. I think barriers to trade are beginning to come down. They're beginning to take action in the macroeconomic policy area that is sorely needed. I think they recognize what the problem is and frankly, it's a problem for them worldwide, not just in the U.S. I can't tell you that they've done enough, no. Because I don't think they have. And it's very important that they continue to act aggressively to move in this direction.")

In your judgment have U.S. companies worked hard enough at understanding how to deal in the Japanese economy?

(BAKER: "No and that's part of our problem. They may not have done as good a job as they should have in terms of competing in Japan. And you've heard the old stories about selling automobiles in Japan when we put the steering wheels on the wrong side and that sort of thing. On the other hand, there are barriers and it was not until very recently that we were permitted to sell tobacco products in Japan and advertise in Japanese.... It's a two way street. We need to do more, but quite frankly, they need to do a lot more than we need to do.") (NBC-7)

ABC's SAM DONALDSON: As the summit leaders met today in their first plenary session, it became evident that President Reagan had failed to win the kind of increased allied help in the Persian Gulf that many members of Congress have been demanding. In fact, it turns out he never personally asked for it. But the President tried to sound positive about the outcome. (THE PRESIDENT: "I am delighted with the support that we're getting and the attitude of the allied nations here with regard to the Gulf.")

(TV COVERAGE: The President meeting with other summit leaders.)

In fact, all the President got was a bland political statement reaffirming the principle of freedom of navigation and backing the adoption in the U.N. Security Council of just and effective measures to end the Iran-Iraq war. Secretary of State Shultz said that meant an agreement on seeking an arms embargo against any party blocking peace efforts if all else fails. But Shultz made it plain no ally is offering any more physical help in keeping the sea lanes open.

(SHULTZ: "The principle thing here is to support the diplomatic moves which are stronger in terms of what we will seek in the security council and so I think that we have done basically what we want.") Shultz may be satisfied, but others aren't.

(REP. LES ASPIN: "I'm disappointed in the allies for not being more forthcoming. But I'm also disappointed in this Administration for not pushing harder.")

Not only did he not push hard -- the President, warned in advance he wouldn't get anywhere, didn't even raise the subject in any of the general meetings -- according to U.S. officials. On two other political matters -- arms control and terrorism -- the leaders said they appreciated U.S. arms control negotiations with the Soviets, but did not actually endorse the details. And they all, for the first time, said there should be no concessions to terrorists or their sponsors, which U.S. officials hailed as a stiffening of resolve but some other delegations slyly suggested was a poke at Mr. Reagan's arms sales to Iran. As usual, the summit class picture showed none of this division.

DONALDSON continues: As usual the President's strongest ally here was British Prime Minister Thatcher.... And as usual here the most irritating ally was French President Mitterand. Although protocol calls for President Reagan to arrive last for gatherings, tonight, for the third time in a row, Mitterand swept in late and last to the final dinner. U.S. officials arguing against the proposition that this summit is shaping up to be a failure, insist they're getting everything they wanted. But the critics are already saying that what they're getting, particularly on the Persian Gulf, isn't nearly enough.

ABC's PETER JENNINGS: A couple of days ago the President's Chief of Staff Howard Baker said there was nothing wrong if the Soviets, as well as the U.S., were escorting those Kuwaiti tankers. The Secretary of State vigorously disagreed. Mr. Secretary, are you perfectly happy to have the Soviets remain in the Gulf assisting the Kuwaitis?

(SHULTZ: "No. We can take care of that problem and we should. We are. We can provide protection -- protect the freedom of navigation in the Gulf along with the allies....")

Are you gently encouraging the Soviets not to do it? To get out of the Gulf?

(SHULTZ: "They of course have a right to be there. And so they're there. But we can do the job and that's the way we think it's going to work out.")

And you want the Kuwaitis to know that?

(SHULTZ: "They know that very well.")

And you think they may change their minds about Soviet assistance?

(SHULTZ: "I couldn't say. I don't want to speak for somebody else. I think the point is that this oil flows to the West -- to us and our friends. We're the biggest consumer of oil in the world. We're the biggest importer of oil in the world. So, we don't want to see anybody who might have hostile intentions to us standing in any way astride that oil.") Have the allies here in Venice told you that they will support whatever action the U.S. decides to take in the Persian Gulf?

(SHULTZ: "Nobody gives you a blank check like that. But the fact of the matter is that here there is -- we don't even have to argue for it. Everybody agrees this is important. It's necessary to protect the principle of freedom of navigation there. We all understand the significance of the oil supplies. And various people are doing things that they can do.... We are there in a deterrent capacity. We don't threaten anybody and we are not in any kind of a threatening posture.)

(ABC-Lead)

ABC's DAN CORDTZ reports on the changing economy of American manufacturers.

(ABC-6)

CBS's BOB SCHIEFFER: The Western allies declared themselves in support of U.S. positions on terrorism in the Persian Gulf, but behind the united front there were some disagreements and some jitters as bombs went off in another Italian city.

CBS's BILL PLANTE: Less than an hour before President Reagan and British Prime Minister Thatcher met this morning in Venice their respective embassies in Rome were hit by terrorists. A car bomb-- and several grenades launched over embassy walls caused no injuries and little damage.

PLANTE continues: The radical group which claimed responsibility linked the attack to the summit meeting 350 miles away in Venice -- where the already strict security tightened visibly as a result.

(TV COVERAGE: President Reagan and Prime Minister Thatcher.)

Terrorism was already on the summit agenda. The seven leaders today pledged for the first time to make no concessions to terrorists and they promised to retaliate against nations which fail to prosecute and extradite them.

(TV COVERAGE: President Reagan and the allied leaders.)

(PRESIDENT REAGAN: "There's no question about the sincerity of all of us with regard to terrorism.")

(SECRETARY SHULTZ: "And we see more and more emphasis -- no concessions, no place to hide.")

The U.S. came away with a lot less in the way of support for the Administration's policy in the Persian Gulf with the other allies nervous about increasing tension and reluctant to take a larger role in the Gulf. There was almost no discussion as the leaders adopted a mild statement calling for freedom of navigation. U.S. officials admit privately they would have liked an arms embargo against Iran, but publicly the President bristled at the suggestion that he didn't get what he wanted.

(PRESIDENT REAGAN: "I'm afraid somebody's misinformed you. I am delighted with the support we're getting-- the attitude of the allied nations here with regard to the Gulf.")

(PRIME MINISTER THATCHER: "We must uphold the principle of free passage of the Gulf.")

Sources tell CBS News Iran may already be leaning toward a decision not to deploy the Silkworm anti-ship missiles -- a concession the Administration continues to encourage.

(HOWARD BAKER: "All I know they're not yet deployed. There's an opportunity for the Iranians to avoid the escalation of risk to international shipping.")

But it is arms control also discussed here today which is really on the minds of the President and his staff. They expect to be able to announce perhaps as soon as this weekend an agreement among all the NATO allies on a treaty to eliminate nuclear weapons in Europe. And if that happens, then this meeting will have produced more than just talk. (CBS-3)

IRAN-CONTRA HEARINGS

NBC's JOHN DANCY: Fawn Hall said today she was not thinking clearly last November when she hid top secret documents about the Iran initiative and contra funding in her clothing and sneaked them out of the White House through a security checkpoint.... Her testimony completes the first (HAMILTON: "Surely, it seems to me, these committees have heard some of the most extraordinary testimony ever given to the U.S. Congress. An elaborate private network was set up to carry out the foreign policy of the U.S. Private citizens, many with divided loyalties and profit motives, sold arms and negotiated for the release of American hostages. The President was involved in private and third country fund raising for the contras. Senior officials did not know and chose not to know important facts about policy. A national security advisor and an assistant secretary of state withheld information....")

A major part of the story is to unfold after the July 4th recess, when Admiral John Poindexter and Lt. Col. Oliver North are scheduled to testify.

(NBC-2)

ABC's BRIT HUME: After gentle treatment yesterday, the questioning of Fawn Hall turned tougher today -- first about her acknowledgement she had altered documents at Oliver North's orders last November as the scandal was breaking.... Hall was the 18th witness the committee has heard in more than 100 hours of testimony over six weeks. Her appearance marked the end of the first phase of the committees' hearings....

(HAMILTON: "...Those involved, whether public officials or private citizens had no doubt they were acting on the authority of the President of the U.S.")

Hamilton later insisted those were not his final judgments -- merely what he called tentative concerns.... (ABC-2)

SCHIEFFER: ...Fawn Hall denied that helping Oliver North shred documents before he was fired was a cover-up attempt and she called North every secretary's dream of a boss.

CBS's PHIL JONES: Fawn Hall ended her testimony today with moments of remorse and testiness. As part of the team Hall defended helping North shred crucial Iran-contra documents when the scandal broke last November.... Hall was noticeably irritated with the committee questioning about the smuggling of documents from the White House.... After one hundred and ten hours of hearings and eighteen witnesses the committees today completed the contra diversion phase of its investigation.... Congressional investigators concede they are a long way from completing this story and the final chapters won't be written until next month when they hear from John Poindexter and Oliver North. (CBS-Lead)

ELLIOTT ABRAMS

BROKAW: In Venice today Secretary of State Shultz was leaving his news conference when he was asked whether he still supports Elliott Abrams.

(SHULTZ: "Elliott Abrams has violated no laws. He made a mistake in his response or lack of response to a question which he corrected. He has not violated any laws.")

But other State Department officials tell NBC News tonight that it is just a matter of time -- probably about a month -- until Abrams will resign.

(NBC-3)

BIDEN ANNOUNCES CANDIDACY

BROKAW: Delaware Senator Joe Biden today joined the Democratic race for president.

(NBC-6, ABC-3, CBS-6)

ROCK MUSIC IN WEST GERMANY

JENNINGS: East Germany has never been particularly fond of Western rock music which they insist is decadent. For the past three nights police in East Berlin have had ever more reason to resent the influence of rock music on their young people. The music has been coming across the Berlin Wall.

ABC's RICHARD THRELKELD reports on the West Berlin's rock music causing civil unrest among young East Berliners.

(ABC-5, CBS-8)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"President Reagan, who has already been in Italy for six days, is committed to a program that is widely interpreted as a 'Maggie booster.' He met her for a breakfast.... Whether he will be persuaded to show his approval of Mrs. Thatcher and Thatcherism still further, perhaps through the wording of a joint communique, is the question that commentators from both sides of the Atlantic were asking last night."

(DAILY TELEGRAPH, Britain)

"President Ronald Reagan yesterday offered a modest gesture toward encouraging summit harmony with Japan by partially lifting the trade sanctions imposed in retaliation for alleged Japanese unfair trading in world semiconductor markets.... Even this partial concession -- based on Japanese progress in reducing the scale of dumping random access memories -- will bring stern criticism from the U.S. Congress for easing pressures on Japan to alter its trading practice."

(FINANCIAL TIMES, Britain)

"With his decision to lift part of the sanctions against Japan, Reagan was the star of the first day of the conference. The measure is symbolic but also clever. The U.S. President wants to present himself as a staunch supporter of free exchange at a time when Congress' reactions raise questions for U.S. partners. In addition, he is pleasing Japan which holds the keys of world recovery. Will the maneuver be successful? It seems that Tokyo is willing to support the U.S. demarche concerning the Gulf."

(TRIBUNE, France)

"Although bilateral meetings dealt with various topics, the U.S. did not hide its intention to start discussions on the Gulf at the outset during the plenary meetings.... In Venice, Reagan addressed a new warning to Iran. He indicated that Washington is not bluffing.... In any event, the White House prepared a draft resolution on the Gulf with the purpose of having it supported by its partners in Venice."

(FIGARO, France)

"The U.S. comment to obtain freedom of navigation in the Gulf is not hot air. Howard Baker even evoked the possibility of pre-emptive action.... Reagan would not have to repeat that he is not bluffing if he were credible. And if he is not credible, it's not so much because people have doubts about the U.S. military capabilities; it is rather because they have doubts about the effectiveness and especially the coherence of a policy which is clearly puzzling, and not only because of the Irangate scandal but because of the 'real-politik' reasons put forward to justify the arms deliveries to Iran."

(LIBERATION, France)

"On the eve of the meeting at San Giorgio, President Reagan and Treasury Secretary Baker left no doubt that they want to remind Chancellor Kohl and Finance Minister Stoltenberg of the FRG's responsibilities for economic growth.... The Bonn government intends to stand firm against U.S. demands this time as well.... In view of the continuing trade war between the U.S. and the EEC, President Reagan apparently wants to use the Venice summit as a forum to exert additional pressure on the reluctant Europeans to reduce agricultural trade surpluses."

(FRANKFURTER ALLGEMEINE, West Germany)

VENICE SUMMIT (continued)

"The U.S. wants the lifting of sanctions [against the Japanese] to be interpreted as a good will gesture and also as a stimulus for a fair exchange of trade. But the crisis in the Gulf region is much more important to the U.S..... An o.k. by the participants in the Venice summit would be very important in this respect."

(TV-TWO, West Germany)

"President Reagan's visit to Berlin this week is doubtless the political high point of the city's anniversary. Reagan comes as an American statesman who is more deeply impressed by the inhumanity of the Berlin Wall than some German politicians. The President truly deserves the love of all Berliners. Unfortunately, this view is not shared by everyone. There are apparently people who attach greater importance to a visit by Honecker than Reagan."

(BERLINER MORGENPOST, West Germany)

"Ronald Reagan did not even wait for the summit's official opening to launch his diplomatic offensive.... The U.S. President proposed in bilateral meetings...a series of initiatives...aimed at showing that U.S. leadership, despite the Irangate scandal and the dollar's crisis, has regained the strength and the imagination to lead major industrialized democracies. This is a public relations operation from which Reagan intends to emerge as the absolute star of the summit...but it is also a political operation, whose goal is to obtain from the others a consensus on a series of proposals designed to give substance to the revitalization of economic policies, on the Persian Gulf crisis and on the East-West relations."

(LA REPUBBLICA, Italy)

"At 76, the oldest president ever in the history of the U.S. is living a difficult end of term. Harassed by Congress, weakened by the Irangate scandal and still threatened with new disclosures as long as the hearings go on, he is counting on the Venice summit to restore his dimming fortunes."

(LE SOIR, Belgium)

"Since Reagan is bothered with the Irangate investigation, he hopes to take military action against Iran using the excuse that the international waterways of the Persian Gulf are threatened by Iran. (By doing so,) the reputations of the U.S. and Reagan could be restored."

(TA KUNG PAO, Hong Kong)

"President Reagan is determined to prove that he is still capable of strong leadership despite his problems at home, where he is beset by a frequently hostile Congress and the Iran-contra arms scandal. Reagan has only another 18 months in office and, with his eye on a place in the history books, wants to emerge from the summit with full allied backing for a deal on European missiles."

(MANILA JOURNAL, Philippines)

"The route pursued by President Reagan to get a commitment of solidarity from his six allies in order to guarantee freedom of international navigation in the Gulf shows the importance not only by Washington, but also by the international community, to finding an international formula to end the Iran-Iraq war."

(AL JAZIRA, Saudi Arabia)



News Summary

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WEDNESDAY, JUNE 10, 1987 -- VENICE AFTERNOON EDITION
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TODAY'S HEADLINES

ECONOMIC SUMMIT

SUMMIT DISPLAYS UNITY ON 3 ISSUES -- President Reagan and leaders of six industrial democracies condemned terrorism, backed free navigation in the Persian Gulf and endorsed broad outlines of a proposed U.S.-Soviet arms accord. (USA Today, Washington Post, Washington Times, AP, Reuter, UPI)

IRAN-NICARAGUA

PHASE ONE OF IRAN-CONTRA HEARINGS ENDS WITH TOTAL STORY YET TO COME -- Six weeks of hearings, in addition to investigations by a presidential commission and several committees of Congress, still have not uncovered the full Iran-contra story, the chairman of the House investigating panel says. (Washington Post, AP, Copley, Newhouse)

INTERNATIONAL NEWS

WEINBERGER TELLS IRAN DEPLOYMENT IS TRIGGER -- Secretary Weinberger warned Iran the U.S. will view its Chinese-made Silkworm missiles as a serious threat as soon as they are operational. (Washington Post, Washington Times, Reuter)

NETWORK NEWS (Tuesday Evening)

VENICE SUMMIT -- The Western allies declared themselves in support of the U.S. positions on terrorism and the Persian Gulf.

IRAN-CONTRA -- Fawn Hall denied that helping Oliver North shred documents before he was fired was a cover-up attempt.

ELLIOTT ABRAMS -- State Department officials say that it is just a matter of time until Elliott Abrams resigns.

ECONOMIC SUMMIT...A-2

IRAN-NICARAGUA....A-4

INTERNATIONAL.....A-7

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NETWORK NEWS.....B-1

ECONOMIC SUMMIT

VENICE SUMMIT WINDS UP AFTER RAPID ACCORD ON POLITICAL ISSUES

VENICE -- The Venice summit winds up today after reaching unexpectedly rapid agreement on political issues, the Persian Gulf and arms control, but making only modest progress on economic problems.

The seven-nation summit group put out a six-page foreign policy statement (which) delighted the White House because of its support for U.S. policy to keep the Persian Gulf seelanes safe from repercussions of the Iran-Iraq war. Secretary Shultz said Washington got "basically what we want."

The summit leaders also gave effective endorsement to a proposed superpower treaty to eliminate almost all nuclear missiles from Europe and tightened the screw further in a coordinated offensive against terrorism.

But as widely expected, the summit appeared to have taken only limited steps in solving some of the world's major economic problems -- how to achieve growth without inflation, correct massive trade imbalances and defuse potential conflicts over agricultural subsidies and surpluses.

(Barry Moody, Reuter)

SUMMIT ALLIES TEPID ON TERRORISM, GULF U.S. Warned On Dangers Of Budget Deficit

VENICE -- President Reagan received only tepid support from allied leaders attending the 13th economic summit here for U.S. policy on terrorism and the Persian Gulf and also came under strong pressure to reduce the U.S. budget deficit.

French President Mitterand and West German Chancellor Kohl described the U.S. deficit as the "central issue" facing the global economy. Japanese Prime Minister Nakasone, usually conciliatory to U.S. policy in Reagan's presence, also spoke out forcefully about the harmful impact of the American deficit.

The general economic package emerging after the seven nations' finance ministers met appeared to fall short of U.S. goals to seek agreement on measures sustaining world economic growth, policy coordination and the reduction of farm subsidies.

(Lou Cannon & Hobart Rowen, Washington Post, A1)

REAGAN LESS THAN HAPPY WITH SUMMIT

VENICE -- The economic summit ends with a communique endorsing cuts in farm subsidies and tighter currency controls -- less than President Reagan had sought.

Reagan won only general blessings from allies on foreign policy issues:
-- Support for a U.N. ceasefire resolution seeking an end to the Iran-Iraq war.

-- An anti-terrorism statement pledging "no concessions to terrorists or their sponsors."

-- Appreciation for U.S. efforts to negotiate cuts in nuclear arms with the Soviets.

(Johanna Neuman & Jessica Lee, USA Today, A1)

SUMMIT DISPLAYS UNITY ON 3 ISSUES

VENICE -- President Reagan and leaders of six industrial democracies condemned terrorism, backed free navigation in the Persian Gulf and endorsed broad outlines of a proposed U.S.-Soviet arms accord.

The flurry of joint communiques issued by the seven world leaders was intended as a display of unity. However, the tough talk on terrorism was marred by morning bombings outside the U.S. and British embassies in Rome, only a few hundred miles away.

President Reagan said he was "delighted" by the declaration of support for freedom of navigation in the Persian Gulf. But European sources said the President was forced to back down from earlier attempts to win pledges of men, money and material to keep oil supplies flowing through the region, where tankers are routinely attacked by warring Iran and Iraq.

Moreover, the third communique did not address divisions among U.S. allies about future arms control initiatives that are expected to follow the proposed U.S.-Soviet treaty eliminating medium-range nuclear missiles from Europe. (Jeremiah O'Leary & Andrew Borowiec, Washington Times, A1)

SUMMIT ENDING WITH AGREEMENT ON DOLLAR, PERHAPS AIDS

VENICE -- Allied leaders, after patching together compromises on political issues, are winding down their annual summit with an agreement that the U.S. dollar has fallen far enough and a possible statement of cooperation on the AIDS epidemic.

Finance ministers agreed that the U.S. dollar had dropped enough and endorsed a plan calling for tighter currency stimulation.

The proposal is intended to prevent sharp fluctuations among major currencies. The plan stops short of replacing the current system of floating exchange rates but moves in the direction of "target zones" for currencies favored by some economists, according to U.S. and European sources who spoke on condition they not be named.

Summit leaders also briefly discussed AIDS and were likely to agree to cooperate in research and other areas. (Terence Hunt, AP)

REAGAN IS FINDING HIMSELF ON THE DEFENSIVE AT THIS SUMMIT

VENICE -- After six years of dominating the annual summit meetings organized by the world's leading industrial democracies, President Reagan has found himself on the defensive and unable to impose his agenda on the opening stages of this year's gathering in Venice.

The political and economic problems that confront almost all of his six fellow leaders have prevented any of them, however, from substituting a clear and coherent alternative view in a summit that has thus far lacked focus and drama. (News Analysis, Jim Hoagland, Washington Post, A22)

NAKASONE PUSHES TRADE PLAN AT SUMMIT

VENICE -- Japanese Prime Minister Nakasone won praise at the Venice summit for plans to trim Japan's trade surplus and channel aid to the Third World, but still must convince his summit peers he can make the plans a reality.

Leaders of the six Western nations at the summit praised Nakasone for the Japanese government's recent \$43 billion economic stimulus program, designed to trim exports and expand imports, and a \$20 billion plan to recycle funds to Third World countries, officials said.

(David Schweisberg, UPI)

IRAN-NICARAGUA

FIRST PHASE OF IRAN-CONTRA HEARINGS COME TO A CLOSE

The Iran-contra congressional hearings recessed with members of the select House and Senate congressional committees agreeing that there has been no evidence that President Reagan knew of the diversion of money from the Iranian arms sales to Nicaraguan rebels.

The question of what the President knew of the diversion and when he learned about it will be pursued, committee members said, when they hear from John Poindexter and Oliver North.

"I have never believed that Col. North acted alone, acted without direction," said Sen. Warren Rudman. "I don't think the President's role can ever be measured until North and Poindexter are heard from."

(Marcus Stern, Copley)

PHASE ONE OF IRAN-CONTRA HEARINGS ENDS WITH TOTAL STORY YET TO COME

Six weeks of hearings, in addition to investigations by a presidential commission and several committees of Congress, still have not uncovered the full Iran-contra story, the chairman of the House investigating panel says.

"Hold on, a lot of remarkable things that have happened will come out," said Rep. Lee Hamilton, referring to the second phase of congressional hearings which will begin June 23.

The next stage of hearings, expected to run through most of July, will feature the biggest names yet to come before the House and Senate investigating panels: Attorney General Meese, Secretaries Shultz and Weinberger, in addition to the affair's two central figures, John Poindexter and his aide, Oliver North.

It is not until that phase of the inquiry that the central question can be answered: How much President Reagan knew about the government's secret plan to aid Nicaragua's contra rebels.

(Jim Drinkard, AP)

IRAN-CONTRA HEARINGS REACH MIDPOINT

The Iran-contra committees -- at the midpoint of their probe -- have documented a tale of how some White House aides conducted foreign policy through private citizens who raised money from foreign governments for secret military operations in Nicaragua, sold arms to an arch U.S. rival and negotiated with terrorists for the release of American hostages.

Using code names, Swiss bank accounts and sharing information on a strict need-to-know basis, the group worked in near-total secrecy to mask clandestine operations not only from Congress and the public, but also from many high-ranking Reagan Administration officials.

But after 110 hours of testimony by 18 witnesses over the past six weeks, the committees still are confronted by two key unanswered questions:

-- Did President Reagan approve of the plan to sell U.S. arms to Iran, at inflated prices, with the twin objectives of winning the release of American hostages and raising funds to support the contras' war in Nicaragua?

- Was the late director of the CIA, William Casey, the mastermind behind the scheme?

(Robert Lewis & Robert Gettlin, Newhouse)

SUCCESSFUL SIDE OF SECRET DEALS: BIG PROFITS FOR THE MIDDLEMAN

Despite the failing of both the secret sale of U.S. arms to Iran and the clandestine effort to aid the Nicaraguan rebels, recent congressional testimony has revealed that the operations were enormously successful in one respect: They provided millions of dollars to the middlemen brokering the operations.

Even staunch congressional defenders of the White House seemed taken aback last week by the revelation that the middlemen funneled \$8 million into Swiss bank accounts while steering only \$4 million to support the contras.

Furthermore, using money garnered in part by charging exorbitant prices to Iran for U.S. missiles -- money that Congress asserts belongs to the U.S. Treasury -- the brokers established their own venture capital fund to underwrite investment deals as disparate as a timber operation in the Northwest and selling submachine guns.

(News Analysis, Joe Pichirallo, Washington Post, A13)

HALL TESTIFIES OF NECESSITY 'TO GO ABOVE WRITTEN LAW' North Walked 'Fine Line,' Ex-Secretary Says

Former White House secretary Fawn Hall said that she shredded telephone records of her boss, Oliver North, last Nov. 21 to prevent the Iran-contra initiatives from becoming "unraveled," and explained that there were "times when you have to go above written law."

Occasionally flashing a temper that had been well-controlled in her first day of testimony to the House and Senate panels investigating the scandal, Hall refused to accept any criticism of North and insisted that he was "walking a fine line in an effort to do what was right" as a member of North's National Security Council "team."

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

FOR HALL, NORTH IS 'EVERY SECRETARY'S DREAM'

Fawn Hall recalls being so inspired by Oliver North, "every secretary's dream of a boss," that she took it upon herself to sneak potential evidence in the Iran-contra scandal out of his office.

In two days at the congressional hearings into the scandal, Hall offered a heartfelt portrayal of her former boss as a tireless worker whose colleagues were willing to make an extraordinary effort to help him.

Perhaps unwittingly, however, Hall also revealed North to be a soldier so single-minded in his pursuit of his cause that he pushed the limits of the law and drew her into the quagmire by having her destroy, alter and smuggle away documents relating to the very scandal that cost him his job when it erupted.

(Dana Walker, UPI)

SHULTZ DEFENDS ABRAMS' ROLE IN CONTRA
AID, DESPITE MISLEADING CONGRESS

VENICE -- Secretary Shultz delivered an impassioned defense of Assistant Secretary of State Elliott Abrams, saying "he's done well" despite what Shultz called the "mistake" of misleading Congress about his solicitation of aid from Brunei for the Nicaraguan rebels.

Shultz said the Administration supports Abrams "top to bottom." The secretary's strong backing for Abrams has angered some White House officials who believe Abrams has become an impediment to further congressional support for the contras. However, the officials say they have acceded to Shultz on the matter for the time being.

(David Hoffman, Washington Post, A13)

SHULTZ ANGRILY DEFENDS ABRAMS

VENICE -- Secretary Shultz defended Assistant Secretary of State Elliott Abrams as "a very patriotic American" and "a good man."

"Elliott Abrams has been doing and is now doing an extraordinarily difficult job with great energy, great skill and great dedication," Shultz said. "...He made a mistake. He said he made a mistake, and I think that people can reflect on that a little bit.

"Let's let a little time pass and reflect on things he has done that are the hard, energetic efforts of a very patriotic American and tremendous public servant. This is a good man."

(UPI)

ATTORNEY REFUSED TO TESTIFY AFTER SEEING PAPERS SMUGGLED
North Got Documents While In Green's Car

Thomas Green, the Washington attorney who was present last November when classified documents in the Iran-contra case were smuggled out of the Old Executive Office Building, refused to testify in April before a federal grand jury investigating the case, according to informed sources.

In the appearance before the grand jury of independent counsel Lawrence Walsh, Green cited several reasons for not testifying, including attorney-client and other privileges and his Fifth Amendment rights against self-incrimination, his lawyer, Earl Silbert, former U.S. attorney here, said.

(Charles Babcock, Washington Post, A1)

EDITOR'S NOTE: "The Iran-Contra Hearings, Week Six Of The Testimony," appears in The Washington Post, A12.

INTERNATIONAL NEWS

WEINBERGER TELLS IRAN DEPLOYMENT IS TRIGGER

Secretary Weinberger warned Iran the U.S. will view its Chinese-made Silkworm missiles as a serious threat as soon as they are operational.

In an interview with The Washington Times, Weinberger said the missiles, which Iran is believed to want to deploy along the strategic Strait of Hormuz, would threaten shipping "when they're ready to shoot."

But the secretary wouldn't say how America might respond to deployment, and declined to comment on whether Iran has the right to deploy weapons on its national territory.

(James Dorsey & Warren Strobel, Washington Times, A1)

AID FROM ALLIES NEEDED IN GULF, ASPIN STRESSES
Pentagon Told Not To 'Let Them Off The Hook'

President Reagan's Persian Gulf policy "is going down the drain" unless he can persuade allied nations to do more to help the U.S. keep the waterway safe for international shipping, House Armed Services Committee Chairman Les Aspin warned Secretary Weinberger.

"Congress is all over the map on this issue," Aspin said, "but one thing for sure everybody agrees on is that our allies ought to do more. Do not let them off the hook," he said, "or this policy is going down the drain."

In an impassioned outburst, he declared that allied cooperation is the "vortex" of the political storm swirling around the Administration's plan to escort Kuwaiti tankers, flying the American flag, through the Persian Gulf with Navy warships. Aspin said that "if we end up with American boys losing their lives in the Persian Gulf because of strikes like the Stark, and you've got cars in Europe zooming down the autobahn using up the gas, that is just going to set this country off like a tinderbox."

While stressing that the Administration is seeking allied help, Weinberger appeared to be making the case for going it alone if necessary, warning that the Soviet Union would fill any power vacuum the U.S. left in the Gulf. "The fundamental issue is leadership," Weinberger said, "the leadership of the free world to resist the forces of anarchy and tyranny."

(George Wilson & Helen Dewar, Washington Post, A23)

CHINA SAYS IT IS STUDYING KUWAITI AID REQUEST

PEKING -- China said it was studying a request from Kuwait for help in protecting its shipping in the Persian Gulf.

A foreign ministry spokesman told Reuter, "Kuwait has put forward to China the request of leasing China's oil tankers or having its oil tankers registered in China. The departments concerned in China are studying the request."
(Reuter)

REAGAN-GORBACHEV SUMMIT 'REALISTIC' IDEA, SOVIET SAYS

MOSCOW -- A Soviet spokesman said that it is "realistic to hope" for a U.S.-Soviet summit meeting this year, most probably in the late fall.

Boris Pyadishev, deputy foreign ministry spokesman, noted that a draft treaty on the elimination of medium-range missiles in Europe could be readied by September or October and that a "summit might take place any time after that deadline."
(Celestine Bohlen, Washington Post, A22)

NUCLEAR SITS INSPECTIONS ACCEPTED BY SOVIETS

GENEVA -- The Soviet Union indicated for the first time that it is willing to accept mandatory inspection of suspicious activities within its territory as part of a comprehensive ban on nuclear testing.

In Washington, a State Department official described the Soviet announcement as "a significant development that could make a big splash."

Vladimir Petrovsky, a deputy Soviet foreign minister, said in presenting a detailed nuclear testing proposal to an opening session of the disarmament conference here that he wanted "to stress that the state which has received a request for an on-site inspection will be obliged to allow unconditional access to the location designated in request.

"In other words, the issue at hand is mandatory, not voluntary, inspection."
(Reuter story, Washington Post, A22)

RUSSIANS UNVEIL GENEVA TREATY PLAN TO HALT ATOMIC BLASTS

GENEVA -- The Soviet Union has outlined basic provisions of a treaty aimed at banning nuclear weapon tests, stepping up a prolonged campaign against such blasts.

Speaking at Geneva's 40-nation disarmament conference, Deputy Soviet Foreign Minister Vladimir Petrovsky said stopping atomic tests "would be an important measure in the area of curbing and halting the arms race."

(Claude Fillet, Reuter)

U.S. DELEGATION MEETS BONN OFFICIALS TO PUSH ALLEGED TERRORIST'S EXTRADITION

Cautiously optimistic that West Germany might now be more disposed to extradite a Lebanese man accused by the U.S. of murder and hijacking, a high-level U.S. delegation met with officials in Bonn to press the U.S. argument that the alleged terrorist should be sent here for trial.

U.S. officials said privately there is still no assurance that Bonn, concerned about the safety of two West German businessmen held hostage in Lebanon, will agree to extradite Mohammed Ali Hamadei. He is a Lebanese Shiite who allegedly took part in the June 1985 hijacking of a TWA airliner to Beirut and the murder of a U.S. Navy diver.

However, the sources continued, the Reagan Administration now believes that heavy American pressure has deterred Chancellor Kohl's government from reaching an agreement with Mideast terrorists. That agreement would have seen Hamadei and his brother Abbas Ali Hamadei, also held in a West German prison -- tried in West Germany on lesser charges and given six-month sentences.
(John Goshko, Washington Post, A23)

POLICE SAY ASIAN MAN SOUGHT AFTER EMBASSY BLASTS IN ROME

ROME -- Italian police were hunting an Asian man traveling on Canadian and Thai documents after a powerful car bomb and two near-simultaneous grenade attacks on the U.S. and British embassies.

The interior ministry identified the man in a statement as Edwin Hsu-Kao-Yen, aged between 30 and 40.
(Alan Baldwin, Reuter)

NATIONAL NEWS

CATCHALL BILL SEEN AS ARMS-CONTROL VEHICLE,

House Democratic leaders, frustrated at the Senate's stall over arms-control legislation, plan to insist on arms constraints in a long-delayed catchall spending bill in hopes of forcing the Senate to deal with the issue.

"We intend to hang tough in conference," said House Democratic Whip Tony Coelho.

Other sources said the Democratic leadership has decided that House negotiators in a conference with the Senate on the spending bill should send the bill back to the two chambers in disagreement over arms control if a compromise is not possible in the conference.

(Helen Dewar, Washington Post, A7)

ADMINISTRATION BACKS \$5 BILLION FARM CREDIT

The Administration announced its support for a \$5 billion federal line of credit to prop up the failing Farm Credit System on condition that the nation's largest agricultural lender streamline its management practices.

Another and possibly the more controversial element of the Administration plan would provide more capitalization by transferring to the credit system at least 500,000 acres of government-owned farm land from the Farmers Home Administration "surplus" inventory.

Charles Sethness, an assistant treasury secretary, told a House subcommittee that the Administration agreed the system faces "potential disaster" but that management reforms should be achieved and system reserves spent before federal aid becomes necessary.

(Ward Sinclair, Washington Post, A4)

WELFARE-OVERHAUL PLAN CUT BY ALMOST \$1 BILLION

House Ways and Means Committee Democrats chopped nearly \$1 billion from the five-year cost of a major welfare-overhaul bill and dropped a provision imposing minimum benefit levels on states, hoping to beef up support in their party and among Republicans.

But Republicans, led by Hank Brown and Bill Frenzel, told reporters before the committee met in closed session that the measure contains many "restrictions" on incentives to work and makes benefit changes that could discourage welfare clients from seeking jobs.

(Spencer Rich, Washington Post, A3)

SENATE REFUSES TO HALT CAMPAIGN-CASH FILIBUSTER

The Senate refused to break a filibuster against a Democratic bill to overhaul financing of congressional campaigns, but leaders of both parties expressed optimism that a compromise can be reached to curb interest-group influence in elections and to limit campaign spending.

Although the 52-to-47 vote in favor of curtailing the filibuster fell eight votes short of invoking cloture, Majority Leader Robert Byrd and Minority Leader Robert Dole agreed that there is a "willingness to come together," as Dole put it.

(Helen Dewar, Washington Post, A3)

NETWORK NEWS FOR TUESDAY, JUNE 9, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The summit leaders ended their second day here in which they issued political statements long on allied unity and short on new actions. The most controversial involved the Persian Gulf. The U.S. gave up on getting the allies to put more forces in the Gulf and settled for a statement that the flow of oil must continue unimpeded. Still the President said he was delighted.

(THE PRESIDENT: "Yes, they are as concerned as we are.")

REPORTER: "How come your political statement doesn't have more teeth in it?"

THE PRESIDENT: "We couldn't think of anybody to bite."

(TV COVERAGE: The President and other summit leaders at dinner.)

Secretary of State Shultz said there is some bite -- that the allies support a U.N. arms embargo against Iran if it doesn't stop its war with Iraq.

(SHULTZ: "We feel that our force can do the job set out for it very well. But I want to emphasize, and it was certainly manifest here, we are not alone in this by a long shot.")

The allies also issued a mixed statement on East-West relations. They back U.S. efforts to eliminate hundreds of missiles in Europe and they praise Mikhail Gorbachev's efforts to open up Soviet society. They're concerned about his growing popularity in Europe. They said the West must stay vigilant to the Soviet threat. In addition to diplomacy, summits also provide a fascinating look at world leaders. It was Britain's Thatcher teaching Mr. Reagan how to handle American reporters.

(PRIME MINISTER THATCHER: "I don't answer questions over breakfast.")

THE PRESIDENT: "I'm going to remember that answer."

(TV COVERAGE: The President and Mrs. Thatcher; then the President talking with other summit leaders and standing for a photo opportunity with the other leaders.)

It was the Secret Service insisting that even if all the other leaders could arrive in an open square, the President had to be taken into a tunnel for protection.... After years of summits, they have become one big family -- very different personalities that put up with each other. In a sense U.S. officials took the same attitude toward those political statements. They knew the allies wouldn't give them much, so they didn't ask for much. Then when they didn't get much -- they said it was exactly what they wanted.

NBC's TOM BROKAW: Iran state-controlled radio warned today that if the U.S. attacks Iranian missile bases, American interests around the world and nuclear reactors in the U.S. would be "vulnerable to counterattack." In their agreement today, the summit leaders also condemned terrorism and they pledged to halt all air travel to and from countries that help hijackers. The statement was made just a few hours after grenade bombs went off on the grounds of the American and the British embassies in Rome.... None of the explosions damaged the U.S. Embassy and no American personnel were wounded....

NBC's BRIAN STEWART reports on declining terrorism in Europe. (NBC-Lead)

BROKAW: When this economic summit winds up tomorrow, the heads of state are expected to approve a plan designed by Treasury Secretary James Baker and the other finance ministers to stabilize the dollar.... Treasury Secretary Baker said he is encouraged by steps the Japanese are taking to stimulate more spending by the Japanese people....

(BAKER: "I can't tell you that they've done enough. No, I really can't. I do think they are beginning to act. I think barriers to trade are beginning to come down. They're beginning to take action in the macroeconomic policy area that is sorely needed. I think they recognize what the problem is and frankly, it's a problem for them worldwide, not just in the U.S. I can't tell you that they've done enough, no. Because I don't think they have. And it's very important that they continue to act aggressively to move in this direction.")

In your judgment have U.S. companies worked hard enough at understanding how to deal in the Japanese economy?

(BAKER: "No and that's part of our problem. They may not have done as good a job as they should have in terms of competing in Japan. And you've heard the old stories about selling automobiles in Japan when we put the steering wheels on the wrong side and that sort of thing. On the other hand, there are barriers and it was not until very recently that we were permitted to sell tobacco products in Japan and advertise in Japanese.... It's a two way street. We need to do more, but quite frankly, they need to do a lot more than we need to do.") (NBC-7)

ABC's SAM DONALDSON: As the summit leaders met today in their first plenary session, it became evident that President Reagan had failed to win the kind of increased allied help in the Persian Gulf that many members of Congress have been demanding. In fact, it turns out he never personally asked for it. But the President tried to sound positive about the outcome. (THE PRESIDENT: "I am delighted with the support that we're getting and the attitude of the allied nations here with regard to the Gulf.")

(TV COVERAGE: The President meeting with other summit leaders.)

In fact, all the President got was a bland political statement reaffirming the principle of freedom of navigation and backing the adoption in the U.N. Security Council of just and effective measures to end the Iran-Iraq war. Secretary of State Shultz said that meant an agreement on seeking an arms embargo against any party blocking peace efforts if all else fails. But Shultz made it plain no ally is offering any more physical help in keeping the sea lanes open.

(SHULTZ: "The principle thing here is to support the diplomatic moves which are stronger in terms of what we will seek in the security council and so I think that we have done basically what we want.")

Shultz may be satisfied, but others aren't.

(REP. LES ASPIN: "I'm disappointed in the allies for not being more forthcoming. But I'm also disappointed in this Administration for not pushing harder.")

Not only did he not push hard -- the President, warned in advance he wouldn't get anywhere, didn't even raise the subject in any of the general meetings -- according to U.S. officials. On two other political matters -- arms control and terrorism -- the leaders said they appreciated U.S. arms control negotiations with the Soviets, but did not actually endorse the details. And they all, for the first time, said there should be no concessions to terrorists or their sponsors, which U.S. officials hailed as a stiffening of resolve but some other delegations slyly suggested was a poke at Mr. Reagan's arms sales to Iran. As usual, the summit class picture showed none of this division.

DONALDSON continues: As usual the President's strongest ally here was British Prime Minister Thatcher.... And as usual here the most irritating ally was French President Mitterand. Although protocol calls for President Reagan to arrive last for gatherings, tonight, for the third time in a row, Mitterand swept in late and last to the final dinner. U.S. officials arguing against the proposition that this summit is shaping up to be a failure, insist they're getting everything they wanted. But the critics are already saying that what they're getting, particularly on the Persian Gulf, isn't nearly enough.

ABC's PETER JENNINGS: A couple of days ago the President's Chief of Staff Howard Baker said there was nothing wrong if the Soviets, as well as the U.S., were escorting those Kuwaiti tankers. The Secretary of State vigorously disagreed. Mr. Secretary, are you perfectly happy to have the Soviets remain in the Gulf assisting the Kuwaitis?

(SHULTZ: "No. We can take care of that problem and we should. We are. We can provide protection -- protect the freedom of navigation in the Gulf along with the allies....")

Are you gently encouraging the Soviets not to do it? To get out of the Gulf?

(SHULTZ: "They of course have a right to be there. And so they're there. But we can do the job and that's the way we think it's going to work out.")

And you want the Kuwaitis to know that?

(SHULTZ: "They know that very well.")

And you think they may change their minds about Soviet assistance?

(SHULTZ: "I couldn't say. I don't want to speak for somebody else. I think the point is that this oil flows to the West -- to us and our friends. We're the biggest consumer of oil in the world. We're the biggest importer of oil in the world. So, we don't want to see anybody who might have hostile intentions to us standing in any way astride that oil.") Have the allies here in Venice told you that they will support whatever action the U.S. decides to take in the Persian Gulf?

(SHULTZ: "Nobody gives you a blank check like that. But the fact of the matter is that here there is -- we don't even have to argue for it. Everybody agrees this is important. It's necessary to protect the principle of freedom of navigation there. We all understand the significance of the oil supplies. And various people are doing things that they can do.... We are there in a deterrent capacity. We don't threaten anybody and we are not in any kind of a threatening posture.)

(ABC-Lead)

ABC's DAN CORDTZ reports on the changing economy of American manufacturers. (ABC-6)

CBS's BOB SCHIEFFER: The Western allies declared themselves in support of U.S. positions on terrorism in the Persian Gulf, but behind the united front there were some disagreements and some jitters as bombs went off in another Italian city.

CBS's BILL PLANTE: Less than an hour before President Reagan and British Prime Minister Thatcher met this morning in Venice their respective embassies in Rome were hit by terrorists. A car bomb-- and several grenades launched over embassy walls caused no injuries and little damage.

PLANTE continues: The radical group which claimed responsibility linked the attack to the summit meeting 350 miles away in Venice -- where the already strict security tightened visibly as a result.

(TV COVERAGE: President Reagan and Prime Minister Thatcher.)

Terrorism was already on the summit agenda. The seven leaders today pledged for the first time to make no concessions to terrorists and they promised to retaliate against nations which fail to prosecute and extradite them.

(TV COVERAGE: President Reagan and the allied leaders.)

(PRESIDENT REAGAN: "There's no question about the sincerity of all of us with regard to terrorism.")

(SECRETARY SHULTZ: "And we see more and more emphasis -- no concessions, no place to hide.")

The U.S. came away with a lot less in the way of support for the Administration's policy in the Persian Gulf with the other allies nervous about increasing tension and reluctant to take a larger role in the Gulf. There was almost no discussion as the leaders adopted a mild statement calling for freedom of navigation. U.S. officials admit privately they would have liked an arms embargo against Iran, but publicly the President bristled at the suggestion that he didn't get what he wanted.

(PRESIDENT REAGAN: "I'm afraid somebody's misinformed you. I am delighted with the support we're getting-- the attitude of the allied nations here with regard to the Gulf.")

(PRIME MINISTER THATCHER: "We must uphold the principle of free passage of the Gulf.")

Sources tell CBS News Iran may already be leaning toward a decision not to deploy the Silkworm anti-ship missiles -- a concession the Administration continues to encourage.

(HOWARD BAKER: "All I know they're not yet deployed. There's an opportunity for the Iranians to avoid the escalation of risk to international shipping.")

But it is arms control also discussed here today which is really on the minds of the President and his staff. They expect to be able to announce perhaps as soon as this weekend an agreement among all the NATO allies on a treaty to eliminate nuclear weapons in Europe. And if that happens, then this meeting will have produced more than just talk. (CBS-3)

IRAN-CONTRA HEARINGS

NBC's JOHN DANCY: Fawn Hall said today she was not thinking clearly last November when she hid top secret documents about the Iran initiative and contra funding in her clothing and sneaked them out of the White House through a security checkpoint.... Her testimony completes the first (HAMILTON: "Surely, it seems to me, these committees have heard some of the most extraordinary testimony ever given to the U.S. Congress. An elaborate private network was set up to carry out the foreign policy of the U.S. Private citizens, many with divided loyalties and profit motives, sold arms and negotiated for the release of American hostages. The President was involved in private and third country fund raising for the contras. Senior officials did not know and chose not to know important facts about policy. A national security advisor and an assistant secretary of state withheld information....")

A major part of the story is to unfold after the July 4th recess, when Admiral John Poindexter and Lt. Col. Oliver North are scheduled to testify.

(NBC-2)

ABC's BRIT HUME: After gentle treatment yesterday, the questioning of Fawn Hall turned tougher today -- first about her acknowledgement she had altered documents at Oliver North's orders last November as the scandal was breaking.... Hall was the 18th witness the committee has heard in more than 100 hours of testimony over six weeks. Her appearance marked the end of the first phase of the committees' hearings....

(HAMILTON: "...Those involved, whether public officials or private citizens had no doubt they were acting on the authority of the President of the U.S.")

Hamilton later insisted those were not his final judgments -- merely what he called tentative concerns.... (ABC-2)

SCHIEFFER: ...Fawn Hall denied that helping Oliver North shred documents before he was fired was a cover-up attempt and she called North every secretary's dream of a boss.

CBS's PHIL JONES: Fawn Hall ended her testimony today with moments of remorse and testiness. As part of the team Hall defended helping North shred crucial Iran-contra documents when the scandal broke last November.... Hall was noticeably irritated with the committee questioning about the smuggling of documents from the White House.... After one hundred and ten hours of hearings and eighteen witnesses the committees today completed the contra diversion phase of its investigation.... Congressional investigators concede they are a long way from completing this story and the final chapters won't be written until next month when they hear from John Poindexter and Oliver North. (CBS-Lead)

ELLIOTT ABRAMS

BROKAW: In Venice today Secretary of State Shultz was leaving his news conference when he was asked whether he still supports Elliott Abrams.

(SHULTZ: "Elliott Abrams has violated no laws. He made a mistake in his response or lack of response to a question which he corrected. He has not violated any laws.")

But other State Department officials tell NBC News tonight that it is just a matter of time -- probably about a month -- until Abrams will resign.

(NBC-3)

BIDEN ANNOUNCES CANDIDACY

BROKAW: Delaware Senator Joe Biden today joined the Democratic race for president.

(NBC-6, ABC-3, CBS-6)

ROCK MUSIC IN WEST GERMANY

JENNINGS: East Germany has never been particularly fond of Western rock music which they insist is decadent. For the past three nights police in East Berlin have had ever more reason to resent the influence of rock music on their young people. The music has been coming across the Berlin Wall.

ABC's RICHARD THRELKELD reports on the West Berlin's rock music causing civil unrest among young East Berliners.

(ABC-5, CBS-8)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"President Reagan, who has already been in Italy for six days, is committed to a program that is widely interpreted as a 'Maggie booster.' He met her for a breakfast.... Whether he will be persuaded to show his approval of Mrs. Thatcher and Thatcherism still further, perhaps through the wording of a joint communique, is the question that commentators from both sides of the Atlantic were asking last night."

(DAILY TELEGRAPH, Britain)

"President Ronald Reagan yesterday offered a modest gesture toward encouraging summit harmony with Japan by partially lifting the trade sanctions imposed in retaliation for alleged Japanese unfair trading in world semiconductor markets.... Even this partial concession -- based on Japanese progress in reducing the scale of dumping random access memories -- will bring stern criticism from the U.S. Congress for easing pressures on Japan to alter its trading practice."

(FINANCIAL TIMES, Britain)

"With his decision to lift part of the sanctions against Japan, Reagan was the star of the first day of the conference. The measure is symbolic but also clever. The U.S. President wants to present himself as a staunch supporter of free exchange at a time when Congress' reactions raise questions for U.S. partners. In addition, he is pleasing Japan which holds the keys of world recovery. Will the maneuver be successful? It seems that Tokyo is willing to support the U.S. demarche concerning the Gulf."

(TRIBUNE, France)

"Although bilateral meetings dealt with various topics, the U.S. did not hide its intention to start discussions on the Gulf at the outset during the plenary meetings.... In Venice, Reagan addressed a new warning to Iran. He indicated that Washington is not bluffing.... In any event, the White House prepared a draft resolution on the Gulf with the purpose of having it supported by its partners in Venice."

(FIGARO, France)

"The U.S. comment to obtain freedom of navigation in the Gulf is not hot air. Howard Baker even evoked the possibility of pre-emptive action.... Reagan would not have to repeat that he is not bluffing if he were credible. And if he is not credible, it's not so much because people have doubts about the U.S. military capabilities; it is rather because they have doubts about the effectiveness and especially the coherence of a policy which is clearly puzzling, and not only because of the Irangate scandal but because of the 'real-politik' reasons put forward to justify the arms deliveries to Iran."

(LIBERATION, France)

"On the eve of the meeting at San Giorgio, President Reagan and Treasury Secretary Baker left no doubt that they want to remind Chancellor Kohl and Finance Minister Stoltenberg of the FRG's responsibilities for economic growth.... The Bonn government intends to stand firm against U.S. demands this time as well.... In view of the continuing trade war between the U.S. and the EEC, President Reagan apparently wants to use the Venice summit as a forum to exert additional pressure on the reluctant Europeans to reduce agricultural trade surpluses."

(FRANKFURTER ALLGEMEINE, West Germany)

VENICE SUMMIT (continued)

"The U.S. wants the lifting of sanctions [against the Japanese] to be interpreted as a good will gesture and also as a stimulus for a fair exchange of trade. But the crisis in the Gulf region is much more important to the U.S..... An o.k. by the participants in the Venice summit would be very important in this respect."

(TV-TWO, West Germany)

"President Reagan's visit to Berlin this week is doubtless the political high point of the city's anniversary. Reagan comes as an American statesman who is more deeply impressed by the inhumanity of the Berlin Wall than some German politicians. The President truly deserves the love of all Berliners. Unfortunately, this view is not shared by everyone. There are apparently people who attach greater importance to a visit by Honecker than Reagan."

(BERLINER MORGENPOST, West Germany)

"Ronald Reagan did not even wait for the summit's official opening to launch his diplomatic offensive.... The U.S. President proposed in bilateral meetings...a series of initiatives...aimed at showing that U.S. leadership, despite the Irangate scandal and the dollar's crisis, has regained the strength and the imagination to lead major industrialized democracies. This is a public relations operation from which Reagan intends to emerge as the absolute star of the summit...but it is also a political operation, whose goal is to obtain from the others a consensus on a series of proposals designed to give substance to the revitalization of economic policies, on the Persian Gulf crisis and on the East-West relations."

(LA REPUBBLICA, Italy)

"At 76, the oldest president ever in the history of the U.S. is living a difficult end of term. Harassed by Congress, weakened by the Irangate scandal and still threatened with new disclosures as long as the hearings go on, he is counting on the Venice summit to restore his dimming fortunes."

(LE SOIR, Belgium)

"Since Reagan is bothered with the Irangate investigation, he hopes to take military action against Iran using the excuse that the international waterways of the Persian Gulf are threatened by Iran. (By doing so,) the reputations of the U.S. and Reagan could be restored."

(TA KUNG PAO, Hong Kong)

"President Reagan is determined to prove that he is still capable of strong leadership despite his problems at home, where he is beset by a frequently hostile Congress and the Iran-contra arms scandal. Reagan has only another 18 months in office and, with his eye on a place in the history books, wants to emerge from the summit with full allied backing for a deal on European missiles."

(MANILA JOURNAL, Philippines)

"The route pursued by President Reagan to get a commitment of solidarity from his six allies in order to guarantee freedom of international navigation in the Gulf shows the importance not only by Washington, but also by the international community, to finding an international formula to end the Iran-Iraq war."

(AL JAZIRA, Saudi Arabia)