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News Summary

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TODAY'S HEADLINES

TRIP NEWS

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

(Washington Post, Washington Times, AP, UPI)

INTERNATIONAL NEWS

THATCHER WINS: LABOR MAKES STRONG COMEBACK -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

(Washington Post, AP, UPI)

NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT -- President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

(USA Today)

NETWORK NEWS (Thursday Evening)

VENICE SUMMIT -- President Reagan said things couldn't have gone better, including the allied agreement on his Persian Gulf policy.

SAUDI ARMS SALE -- President Reagan dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.

BERLIN VISIT -- President Reagan moves on to the Berlin Wall.

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WEST BERLINERS PROTEST REAGAN VISIT

WEST BERLIN -- Hundreds of youths threw stones at police and smashed downtown shop windows this evening at the end of an otherwise peaceful march of about 15,000 leftists who protested President Reagan's scheduled visit here Friday.

Helmeted police carrying large plastic shields repeatedly charged youths and hit them with night sticks. Police arrested several dozen demonstrators and occasionally used tear gas to disperse crowds, witnesses said. The disturbances were expected to continue tonight.

(Robert McCartney, Washington Post, A19)

REAGAN LEAVES TRANQUILITY OF VENICE FOR BERLIN WALL AND DEMONSTRATORS

VENICE -- President Reagan, leaving the tranquility of this lagoon city after 10 days away from Washington, is flying to Berlin where tens of thousands of demonstrators protested his visit on the eve of his arrival.

After a formal welcome from West German President Richard Von Weizsacker, Reagan was to deliver a speech at the Berlin Wall, the concrete and barbed wire barrier between East and West that he once called "as ugly as the idea behind it."

Authorities in Berlin estimated that 24,000 people took part in a huge anti-American demonstration; organizers of the march estimated the total at 80,000.

(Terence Hunt, AP)

REAGAN GIVES ABRAMS A MILD NOD

President Says He Isn't Covered By Boland Amendment

VENICE -- President Reagan gave a lukewarm endorsement to Assistant Secretary of State Elliott Abrams after White House officials said they informed Reagan that Abrams' continued service has imperiled further congressional support for the Nicaraguan rebels.

Reagan discussed Abrams and other developments in the Iran-contra hearings at an outdoor news conference here after the 13th economic summit.

The President also said he believed he was not covered by the Boland amendment in which Congress in 1984 and 1985 barred direct military aid to the contras. In any event, Reagan added, "I don't think that the law was broken."

Asked about prospects for a superpower summit later this year, Reagan said, "I can't deny that I believe there is an increased opportunity" for a meeting in the U.S. with Soviet leader Gorbachev.

(David Hoffman, Washington Post, A1)

WASN'T TOLD OF ILLEGAL EFFORTS TO ARM CONTRAS, REAGAN SAYS

VENICE -- President Reagan said he didn't know of any illegal efforts to arm the Nicaraguan contras at a time when official U.S. military aid was banned by Congress.

"I wasn't giving those orders because no one had asked me or had told me what was truly happening there," Reagan said, referring to recent congressional testimony of individuals who ran a private contra supply network with help from the White House.

(Jeremiah O'Leary, Washington Times, A3)

TRIP NEWS

REAGAN TO CHALLENGE SOVIETS TO TEAR DOWN BERLIN WALL

VENICE -- President Reagan plans to stand at the Berlin Wall's Brandenburg Gate on Friday and challenge Soviet leader Gorbachev to "open this gate" and tear down the wall that was divided East and West Berlin for 26 years.

In a speech released Thursday night prior to a planned telecast throughout Europe, Reagan declares: "'Es gibt nur ein Berlin' -- There is only one Berlin."

"General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization, come here to this gate," Reagan says in the speech to be read before the gate which is the wall's most famous landmark.

"Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall," says Reagan. (Terence Hunt, AP)

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH

VENICE -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

The speech, to be delivered at 8 a.m. EDT Friday at the Brandenburg Gate in full view of the barrier between East and West, proclaims, "The wall cannot withstand freedom."

Some 20,000 people marched through Berlin Thursday night to protest Reagan's visit, denouncing U.S. policies in the Middle East and Persian Gulf and demanding nuclear disarmament. (Helen Thomas, UPI)

REAGAN TO MOSCOW: TEAR DOWN THE WALL

VENICE -- President Reagan will challenge Soviet leader Gorbachev to "tear down" the Berlin Wall.

The speech challenges Gorbachev to prove, by tearing down the wall, that his policy of "glasnost," or openness, is not a sham.

"We hear much from Moscow about the new policy of reform and openness," Reagan will say. "Are these the beginnings of profound changes in the Soviet state or are they token gestures intended to raise false hope in the West or to strengthen the Soviet system without changing it?"

Tearing down the Berlin Wall, Reagan will say, would be "one sign the Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace."

(Patricia Wilson, Washington Times, A1)

REAGAN VIEW OF SOVIETS IN PERSIAN GULF AT ODDS WITH OTHER U.S. OFFICIALS

President Reagan expresses a different view than his associates regarding the Soviet naval presence in the Persian Gulf, with the President saying the Kremlin has a role there while other officials warn that Russian warships threaten U.S. interests.

"Well, the Soviet Union has some vessels there and has made it plain they're going to escort their own ships, mainly carrying oil," Reagan said.

"And, therefore, they have a stake, too, in peaceful shipping and the openness of the international waters," he said.

Other senior Administration officials have accused Moscow of "playing games" in the gulf, and Secretary Weinberger told members of Congress on Wednesday that Washington was increasing naval forces there specifically to prevent the Soviets from filling a power void.

"...We simply cannot allow the Kremlin to have its will over this region, or allow the most extreme, virulently anti-Western forces to control events, threaten friendly nations or jeopardize U.S. interests."

(Brian Brumley, AP)

AIDES REPAIR REAGAN GAFFE

Quick Footwork Follows Slip On Dollar

VENICE -- President Reagan's comment at a press conference here that "there could still be some lowering of the value" of the U.S. dollar set off frantic efforts by top aides to correct him and prevent a further drop by the dollar on international currency markets.

Aides watched in consternation. As soon as the news conference ended, communications director Tom Griscom and White House spokesman Marlin Fitzwater buttonholed reporters milling around the pool of the Hotel Cipriani and insisted that the Administration estimates of the currency situation had not changed (the dollar should be stabilized).

Aides said they moved quickly to clarify what one of them called "an offhand comment" by Reagan because financial markets were opening in New York about the time the President finished his news conference. The dollar declined briefly on world markets after Reagan's statement but quickly recovered.

(Lou Cannon, Washington Post, A19)

INTERNATIONAL NEWS

THATCHER WINS BRITISH ELECTION

LONDON -- Margaret Thatcher became the first prime minister since the early 1800s to win a third straight term, capturing a decisive general election victory hailed as "a tremendous vindication for her policies and her personality."

With practically all the votes counted, Thatcher's Conservative Party had won 347 seats, the left-wing Labor Party 226 and the centrist Alliance 14.

"It is wonderful to be entrusted with the government of this great country once again, the woman dubbed "the Iron Lady" told her Conservative Party supporters. "But we have a great deal of work to do. No one must slack."
(Arthur Herman, UPI)

THATCHER WINS: LABOR MAKES STRONG COMEBACK

LONDON -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

The opposition socialist Labor Party made a strong comeback from its election disaster of 1983, with a more moderate platform and the leadership of Neil Kinnock.

Kinnock...said Britain was falling into "an even greater abyss of division."

"There are people who will have voted today thinking they are secure and safe and becoming instead of victors, victims," Kinnock said, hinting the well-off may pay a bitter price.
(Maureen Johnson, AP)

THATCHER HEADS FOR THIRD TERM

British Voters Appear To Return Prime Minister, Tories To Power

LONDON -- Prime Minister Thatcher headed toward a historic third term in office this morning, as the first results from yesterday's general election indicated that her Conservative Party would be returned to power with a reduced but still substantial majority.

Thatcher, the first woman ever to hold Britain's senior elective office, will become the only person to have won three consecutive terms in modern British history and is well on her way to being the longest serving prime minister since early last century.

Listening to returns at the town hall in her north London constituency of Finchley, Thatcher said she was "cautiously optimistic." But Conservative Party Chairman Norman Tebbit said he would be "very satisfied indeed" with a 50-seat majority.
(Karen DeYoung, Washington Post, A1)

ADMINISTRATION WITHDRAWS PLAN TO SELL MISSILES TO SAUDIS
Reagan Plans New Consultations With Hill

President Reagan, faced with an almost certain rebuff from Congress, announced that he is "temporarily" withdrawing an Administration proposal to sell 1,600 Maverick antitank missiles to Saudi Arabia.

The decision followed a highly acrimonious Administration debate over the sale. It also comes amid delicate negotiations to obtain additional Saudi assistance for the U.S. plan to provide military escorts for 11 Kuwaiti oil tankers being re-registered under U.S. flags.

Administration sources said that Secretary Weinberger, who met with his Saudi counterpart, Prince Sultan, in France last Thursday to discuss an expanded Saudi role, was "furious" over the White House decision to back down on the sale.

In a statement issued from Venice, the President said, "I deeply regret the necessity, temporarily, to withdraw the proposal to sell moderate Maverick air-to-ground missiles to Saudi Arabia because of strong congressional opposition."

The action, he said, "sends exactly the wrong signal" to the Saudi kingdom, which "is our staunchest ally in the gulf in resisting Soviet efforts to establish a presence in the Middle East."

(David Ottaway & Molly Moore, Washington Post, A1)

REAGAN VOWS NEW PUSH FOR SAUDI MISSILES

President Reagan, stymied by swift and unusually strong congressional opposition, is planning a new push to sell 1,600 antitank missiles to Saudi Arabia -- but only after he does some talking with lawmakers.

In a statement from Venice, where he attended the economic summit, he said he regretted having to withdraw the plan but would talk with House and Senate leaders and resubmit it after his return to Washington.

Senate Republican leader Robert Dole reprimanded the Administration by saying the incident "should be a lesson, that I hope will be learned, that sometimes it pays to consult (with Congress) ahead of time."

(Joseph Mianowany, UPI)

MOUNTING DOUBTS IN CONGRESS ON PERSIAN GULF POLICY

Doubts are emerging among influential members of Congress about President Reagan's plan to put 11 Kuwaiti oil tankers under American flag protection in the Persian Gulf.

"It seems to me the status quo (in the gulf) is pretty acceptable," said Sen. Sam Nunn, chairman of the Armed Services Committee.

"I want to support the President, but I'm struggling to do so," warned Sen. John Warner, a former Navy secretary now the ranking Republican on Nunn's committee.

Giving U.S. escorts to the Kuwaiti tankers plying the volatile gulf "will put Americans in harm's way," Warner noted. "It seems to me it's for economic reasons (rather than global security).... Is it for freedom or for the buck?"

(Eliot Brenner, UPI)

IRAN TRADE URGED DESPITE HARSH WORDS

A high-level government panel is privately urging the White House to maintain trade relations with Iran while the Reagan Administration publicly is blasting the Middle Eastern nation as a threat to shipping in the Persian Gulf.

Officials said the panel -- including representatives of the Departments of Defense and Commerce and the National Security Council -- also warned the Administration that further restrictions would "only limit our influence" in Iran even more.

The officials said the recommendations are contained in a report coordinated by the State Department. The report lists the "various options on which way to go concerning trade with Iran," they said.

(James Dorsey, Washington Times, A1)

REVOLUTIONARY GUARD, IRAQI DISSIDENT GROUP THREATEN U.S.

NICOSIA, Cyprus -- An Iranian Revolutionary Guard leader boasted that his fast gunboats could and would destroy any American warship that tried to attack islands off his nation's coast.

Earlier, a Tehran-based Iraqi dissident group warned it would launch suicide operations against Americans if they carried out attacks in the Persian Gulf, Tehran radio reported.

Guards deputy commander Alireza Afshar derided as a "bluff" claims by U.S. officials that they could destroy Iranian land-to-ship missiles installed at the vital Strait of Hormuz.

"If the Americans try to land forces on Iranian and Persian Gulf islands, and in Iranian bases, the navy of the corps...will destroy all their facilities with full force by using missile systems," he was quoted as saying in a report on Tehran radio, also monitored in Nicosia. (AP)

BONN RULES OUT SWAP OF HIJACK SUSPECT FOR HOSTAGES

West German Spokesman Denies That Reagan
Was Told Hamadei Would Not Be Extradited

WEST BERLIN -- The West German government pledged publicly for the first time that it will try an accused Lebanese terrorist in West Germany for murder and hijacking if it does not extradite him to the U.S. to face the same charges there.

The announcement by chief government spokesman Friedhelm Ost represented a significant toughening of Bonn's position on Mohammed Ali Hamadei, a Shiite Moslem.

Ost said Chancellor Kohl did not tell President Reagan at the Venice economic summit that West Germany had reached a final decision against extraditing Hamadei. Reagan said the same thing at a news conference this afternoon.

(Robert McCartney, Washington Post, A20)

NATO AGREES ON U.S.-SOVIET MISSILE PACT
France To Rejoin Alliance's Consultations On Arms Talks

REYKJAVIK -- The NATO allies have agreed to back a U.S.-Soviet accord to remove medium- and shorter-range nuclear missiles from Europe and are paving the way for France to rejoin alliance consultations on arms control, U.S. officials said.

Officials said President Reagan, armed with the Allied approval, plans to announce new instructions to U.S. negotiators in Geneva on Monday in a drive toward early completion of the first U.S.-Soviet treaty of his Administration and a summit meeting in Washington with Gorbachev to sign it later this year.

the possibility of France rejoining NATO consultations on arms control negotiations with the Soviet Union was unexpected. A State Department official who briefed reporters suggested that the initiative had come from Paris because of the "dramatic change" in arms control agenda following the Reagan-Gorbachev talks held in this city eight months ago.

(Don Oberdorfer, Washington Post, A1)

FRANCE SAYS IT WANTS TO PARTICIPATE IN NATO NUCLEAR STRATEGY

REYKJAVIK -- France, reversing a 20-year go-it-alone policy, told its NATO allies it wants a role in planning nuclear strategy toward the Soviet Union, a senior U.S. State Department official said.

"They are interested in participation," said the official, who spoke on condition of anonymity. "We are not troubled by this. It is broadly in our interest to have everybody there who is a legitimate player and France is a legitimate player."

(Barry Schweid, AP)

LEADER EXPRESSES DOUBTS ABOUT WESTERN SINCERITY IN ARMS TALKS

MOSCOW -- Soviet leader Gorbachev said that Western "nervousness" about signing an arms accord makes him doubt the sincerity of NATO nations' claims to want to rid Europe of nuclear missiles.

Gorbachev said political will is all that is needed to sign a superpower agreement to remove all medium-range missiles from Europe. He credited Kremlin initiatives with moving the Geneva arms talks close to an accord.

"...The nervousness which was shown by some people in the West in seeing the real prospect of reaching agreement on medium-range missiles have rise to serious doubts about the sincerity on medium-range missiles gave rise to serious doubts about the sincerity of the pervious assurances by some governments in Western Europe of their interest in the total elimination of Soviet and American medium-range missiles in the European zone," Gorbachev said.

(AP)

YEUTTER LISTS 7 OBJECTIONS TO EMERGING TRADE BILL

U.S. Trade Representative Yeutter said there is less than a 50-50 chance that Congress will craft a trade bill acceptable to President Reagan and listed seven major Administration objections to the bill that is scheduled to go before the Senate as early as next week.

Yeutter told a U.S. Chamber of Commerce International Forum that there is a possibility of combining the House and Senate bills in a way that would produce legislation acceptable to the Administration.

"Where we are troubled by the Senate bill, the House bill is much more acceptable to us, and visa versa. There is a chance of picking the best of both and putting them together," Yeutter said.

As Yeutter spoke to the business organization, Senate Majority Leader Robert Byrd told Senate Democratic leaders that he won't allow a trade bill to be weakened to avoid a veto. (Stuart Auerbach, Washington Post, F1)

U.S. ASKS PANAMA TO HOLD FREE ELECTIONS

The State Department stepped up its critical approach to the government of Panama, calling for free elections and the removal of the military from politics.

The unusually blunt statement followed two days of clashes between police and thousands of demonstrators protesting Panama's military-dominated government.

In a bluntly unsympathetic statement, State Department deputy spokeswoman Phyllis Oakley reminded the Panamanian regime that "freedom of the media is key if Panamanians are to resolve their political problems in an atmosphere of democracy." (Richard Beeston, Washington Times, A8)

PANAMANIAN GOVERNMENT DECLARES STATE OF EMERGENCY

PANAMA CITY, Panama -- The government declared a state of emergency and suspended civil liberties, seeking to end three days of protests over charges of electoral fraud by the military. An opposition leader called for "open rebellion" and the removal of Panama's military strongman.

U.S. military personnel based in Panama -- numbering 10,386 at the end of March, according to the Pentagon -- were placed on a higher level of precaution, Pentagon officials said.

The state of emergency signed by President Eric Arturo Delvalle, Vice President Roderick Esquivel and the cabinet suspended seven articles of the constitution which are similar to the Bill of Rights, a presidential statement said. (Tracy Wilkinson, UPI)

ANGOLANS SEEK TIES WITH U.S.

The Marxist government of Angola, with which the U.S. has refused to establish diplomatic relations, has sent its highest-level delegation here to seek a change in Administration policy and an end to covert U.S. military aid for its rebel opposition.

Led by Pedro de Castro Van Dunem, the No. 2 figure in the Angolan government, the five-member delegation met with Assistant Secretary of State Chester Crocker to discuss the withdrawal of 37,000 Cuban troops, which the Reagan Administration has insisted upon before establishing diplomatic ties. (David Ottaway, Washington Post, A10)

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NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT
Chided By Allies, He Has A Plan

President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

Reagan goes before the nation Monday -- 8 p.m. EDT -- with a speech outlining his plan to cut the deficit through budget restraints.

The White House says neither in his Monday night speech nor in subsequent addresses will he call for tax increases -- which the summit allies...cited as the best way to control the deficit.

(Johanna Neuman, USA Today, A5)

FAA ORDERS AIR TRAFFIC SLOWDOWN

The FAA, pressed by critics to do something to something to improve safety in the crowded skies, said it is turning the screws even tighter on its "flow control" system.

The goal: Ease the crunch on air traffic controllers. The probable result: more delays.

Restrictions are needed to "keep pace" with traffic growth, Transportation Secretary Dole said. (Wayne Beissert, USA Today, A1)

REAGAN MAY EASE MINIMUM-WAGE STAND IS
LEGISLATION IS DILUTED, BROCK INDICATES

The Reagan Administration may be willing to relax its opposition to an increase in the minimum wage if Congress agrees to dilute the legislation significantly, Labor Secretary Brock indicated.

If Congress favors "those positive components (views of the Administration), we can sit down and talk about it," the secretary said. But the Administration will remain opposed to any broad minimum-wage boost that results in "massive disemployment" of young people, Brock said.

(Albert Karr, Wall Street Journal, A3)

\$16 BILLION HOUSING BILL VOTED
Republican Warns Of 'Almost Certain Veto'

The House, after two days of debate, approved a housing authorization bill of more than \$16 billion that Republicans said will almost certainly be vetoed by President Reagan.

The measure, passed 285 to 120, exceeds the Administration request for housing programs in the next fiscal year by about \$5 billion. The authorized funds include \$5.9 billion for low-income housing assistance, \$2 billion for public-housing modernization and construction and \$3.4 billion for rural housing programs.

Rep. Chalmers Wylie, ranking Republican on the House Banking, Finance and Urban Affairs Committee, said an "almost certain veto" awaits the bill in its present forms.

He quoted OMB Director James Miller as describing the legislation as a "costly and burdensome measure and one I am confident will be vetoed...."

(Edward Walsh, Washington Post, A12)

HOUSE DEMOCRATIC LEADERS PRESSURE
SENATE TO LIMIT MILITARY SPENDING

House Democratic leaders, pressuring the Senate to limit military spending, said they would operate without a congressional compromise budget this year unless the Senate made concessions.

But Senate Majority Leader Robert Byrd said he was hopeful that Democrats could unite behind a 1988 fiscal blueprint, and lawmakers vowed to attain that goal.

House Speaker Jim Wright said the Senate needed to lower its military spending figure from the \$299 billion level its leaders called a minimum. If not, "then it is really going to be very difficult" to produce a budget, he said.

House members believe the extra military spending the Senate wants, \$4 billion above a House offer rejected by the Senate Wednesday, "just squeezes out very necessary programs" such as housing and education, Wright said. Unless a deal comes soon, he said, the House would pass a resolution to use its own budget to guide this year's spending and tax bills.

(Steven Komarow, AP)

CAMPAIGN-CASH DISCORD
Byrd Warns GOP Demands Could Kill Bill

Partisan divisions over campaign-finance revision intensified in the Senate as Republicans vowed to continue opposing spending limits and public financing for senatorial elections and Democrats stuck by their demand for both provisions in a bid for compromise on the issue.

Only two days after leaders of both parties expressed optimism about reaching an accord, Minority Leader Robert Dole laid down conditions for a settlement that Majority Leader Robert Byrd said could scuttle the whole bill.

(Helen Dewar, Washington Post, A12)

IRAN-NICARAGUA

SECORD DENIES BUYING NORTH SECURITY NET
Installer Bore Cost, Contra Figure Says

Retired Air Force major general richard Secord denied that money from a Swiss bank account he controlled was used to pay for an electronic security system installed last June at the home of Oliver North.

"The substance and thrust of the story is flat wrong," Secord said, referring to a Washington Post report quoting congressional sources as saying the money came from such an account containing funds generated by Iran-Contra arms profits.

Secord said "the money for the system came from the guy who put it in...without any blessing from me and without any financial assistance from me. We had nothing to do with it." (Washington Post, A10)

CRITICS ATTACK ADVERSARIAL TRENDS
ON UNVEILING OF IRAN-CONTRA FACTS

The Iran-contra hearings have turned into a "legislative grand jury," focusing on details of possible crimes at the expense of examining critical national policy issues, according to some members of the congressional panels.

"We are supposed to be reaching the type of broad conclusions that could aid future presidents, not focusing on what was done when by whom," said Rep. James Courter, New Jersey Republican. "We've got an independent counsel for that. We should be examining what conflicts exist in the law, and how that can be changed."

Rep. Richard Cheney, the ranking minority member on the House committee, said, "I hope there is a time in the hearings when the broader constitutional questions can be raised. In my opinion, that part of it is far more significant than the 'who struck John' of the Iran-contra operations." (Michael Hedges, Washington Times, A3)

NETWORK NEWS FOR THURSDAY EVENING JUNE 11, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The White House had counted on the Venice summit to help get the President out from under the Iran-contra scandal. But, when Mr. Reagan held a post-summit news conference poolside at his luxury hotel, the scandal was still there. The President was asked about testimony from Richard Secord and Albert Hakim that Oliver North told them that Mr. Reagan approved their actions.

(THE PRESIDENT: "Maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

But, even if he didn't know about covert aid to the contras, the President said the Boland amendment, which barred U.S. support, did not apply to him anyway.

(THE PRESIDENT: "I not only think it didn't, but I don't think that the law was broken.")

The President seemed much less committed to Elliott Abrams....

(THE PRESIDENT: "I accept the Secretary's statement on this.")

WALLACE: "You're the boss -- are you comfortable with him working for you?"

THE PRESIDENT: "I have told you -- that is the Administration's position." As for the Venice summit, the President called it a success. He praised the support he got in the Persian Gulf, even though the allies refused to expand their forces there. And he said allied unity on arms control increases chances for a U.S.-Soviet arms deal. But other delegations said the President seemed less energetic than at previous meetings. There were signs of that today when Mr. Reagan talked about the Soviet role in the U.N. Security Council--

(THE PRESIDENT: "We've appealed to the U.N. committee, of which they are a member.")

And when Mr. Reagan seemed to say the dollar could fall further--

(THE PRESIDENT: "Most of us believe that the dollar should remain stable. It could be within reason that there could still be some lowering of the value.")

Minutes after the President finished, aides corrected that, saying the dollar has fallen enough. So, Mr. Reagan did not get the boost from this summit that aides had hoped for. It seems clear that when he returns to Washington late tomorrow, all his problems will be right where he left them.

(NBC-2)

ABC's SAM DONALDSON: President Reagan, trying to fight off the general outside impression that the Venice summit hasn't amounted to much -- that he has failed to achieve his objectives, told an outdoor press conference on his hotel lawn that -- no, things couldn't have gone better; including, he said, the allied agreement on his Persian Gulf policy.

(THE PRESIDENT: "We are gratified completely by the response. I think it has been excellent that there was no criticism from any of our allies about this.")

But the backing came only for diplomatic efforts at the U.N. None of the allies offered any new help in actually keeping the sea lanes open that many on Capitol Hill have been demanding. And the President conceded that he hasn't even asked for more help.

(THE PRESIDENT: "No. We were very satisfied with what they're prepared to do.")

DONALDSON continues: Then there was a lack of success to report on something he had asked for -- the extradition to the U.S. from West Germany of TWA hijacker Mohammad Ali Hamed. Chancellor Kohl didn't agree to it, although the decision is said to be still open. The President said it really doesn't matter.

(THE PRESIDENT: "But whichever way, he is going to be tried for the crime of killing our young Navy man in that hijacking.")

The President got in a little trouble today while talking about economics and the dollar. He followed the standard formula of saying the U.S. wanted stability in the dollar. Then added--

(THE PRESIDENT: "It could be within reason that there could still be some lowering of the value in relation to other currencies.")

And that caused the dollar to drop, at least briefly, on the sensitive money markets. The President was asked several questions today connected with the Iran-contra scandal and on the key point of what Oliver North, Richard Secord, and others were doing to aid the contras. He dropped his most recent assertion that he knew what was going on, it was all his idea, and reverted to his former plea of ignorance.

(THE PRESIDENT: "I told you all the truth that first day after everything hit the fan. Well I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

By most accounts except his own, the Venice summit was not the President's finest hour. But then nothing bad lasts forever. Tomorrow Mr. Reagan flies off to West Berlin for the kind of rousing speech that should lift everyone's spirits.

ABC's PETER JENNINGS: In his post-summit analysis today President Reagan told reporters that he is somewhat more encouraged, more hopeful, about the possibility of a summit meeting with the Soviet leader.... (ABC-2)

JENNINGS: At the Venice summit President Reagan took some real heat from his allies on the worldwide effect of the federal deficit. Mr. Reagan said today the deficit is shrinking. But there is no question that America's allies worry not just about the effect on international economics, but about the defense of the West as well.

ABC's PIERRE SALINGER reports on the relationship between military spending and leadership: ...The Reagan-Gorbachev summit in Reykjavik also had a very negative impact on the credibility of U.S. defense policy....

(TV COVERAGE: File footage of the President and General Secretary Gorbachev from Reykjavik.)

Despite the serious U.S. economic problems and our growing debt, European and Japanese leaders respect and want American military leadership. But after the Venice summit with no major progress on many issues, some of these leaders are expressing doubts about President Reagan's ability to exercise that leadership. (ABC-11)

CBS's BILL PLANTE: President Reagan, trying to make the best of an economic summit at which not much happened, was upbeat about allied unity here on arms control and the eventual outcome if negotiations with the Soviets are successful.

(THE PRESIDENT: "I can't deny that I believe there is an increased opportunity for a summit conference and an increased opportunity for actual reductions of arms -- particularly of the nuclear kind.")

PLANTE continues: Mr. Reagan also praised allied promises of new economic cooperation and embraced a mild statement on the Persian Gulf as an endorsement of U.S. policy.

(THE PRESIDENT: "I'm pleased with the support our allies have shown for a united position in the Persian Gulf -- actually, a commitment to keeping the sea lanes open in that area is a vital strategic objective.")

East-West relations will be the main focus tomorrow as the President concludes his European trip with a speech at the Berlin Wall. Anti-American demonstrators took to the streets today and thousands of extra police are on hand to deal with even larger protests as Mr. Reagan speaks tomorrow. But even 3,000 miles from home and looking toward a likely arms reduction agreement, the President can't escape his domestic political problems. In repeated questioning today about the Iran-contra affair, Mr. Reagan was asked about recent testimony that many of those involved believed they were acting with presidential approval.

(THE PRESIDENT: "Evidently, maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

So, Mr. Reagan's defense is still that he was detached from those events, unaware of what was going on in his own White House. And the fact that he failed to dominate the stage here in Venice this week seems to have cost Mr. Reagan a chance to refurbish his image as a leader -- as the White House had hoped.

(CBS-Lead)

CONGRESSIONAL OPPOSITION TO PERSIAN GULF POLICY/SAUDI ARMS SALE

NBC's JOHN DANCY: Saudi Arabia wanted the 1600 Maverick air-to-ground missiles, it said, to defend against tanks. But Israel's friends in the Senate said the missiles could be used against Israel. And they showed they could rally enough votes to override a presidential veto if necessary.

(SEN. PACKWOOD: "We now have 64 co-sponsors.")

Faced with a certain defeat, Assistant Secretary of State Richard Murphy said the Administration was withdrawing the request....

(REP. LARRY SMITH: "The facts are pretty clear that arms sales have never generated any support for American policies.")

(SEN. PACKWOOD: "The law requires the President to give us notice and, of course, Congress is involved in it -- we have a right to pass on these statements.")

(SEN. CRANSTON: "I hope the Administration will learn from that and will not proceed to put American flags on Kuwaiti ships without first consulting very carefully with the Congress.")

(SEN. WARNER: "Are we doing this in the cause of freedom as we've done traditionally in the history of this country or is it primarily an economic motivation?")

(SEN. NUNN: "Are we really protecting oil or are we tilting in the war?")

Assistant Secretary of State Michael Armacost said Congress had a promise from the President about the ships.

(ARMACOST: "We won't consider any of these reflagged until the protection regime is in place and until the President has finished consultation with you all.")

But the doubts remain. The Administration has not won many converts here on Capitol Hill.

(NBC-3, ABC-10)

CBS's DAVID MARTIN: President Reagan today dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.... The sale was the latest victim of the attack on the USS Stark... Congressional supporters of the sale insisted that was a bum wrap.

(SEN. EVANS: "Frankly, from every piece of credible evidence I have seen, the Saudis acted in an appropriate manner.")

There were traditional congressional concerns about selling arms to a country technically at war with Israel.

(SEN. PACKWOOD: "All I'm asking is that the Saudis negotiate with Israel for peace.") (CBS-2)

VISIT TO WEST BERLIN/PROTEST

BROKAW: Tomorrow President Reagan goes on to West Berlin where he'll visit the Berlin Wall. Today a march by more than 25,000 demonstrators protested the President's visit and that march turned violent.... The demonstrators burned the American flag protesting U.S. involvement in Central America and the President's Star Wars program. (NBC-8, ABC-4)

CBS's BOB SCHIEFFER: President Reagan's trip to Berlin tomorrow will be his first to Germany since he angered many people by going to the Bitburg cemetery two years ago. At the time he said he was trying to heal wounds of WWII.

CBS's BURT QUINT reports on the accusations that today's successful German automotive industries used wartime prisoners to pave their road to prosperity. (CBS-12)

BRITISH ELECTIONS

BROKAW: Margaret Thatcher is apparently headed for a third term as British prime minister.... The BBC projected the conservative majority at 46. The Independent Television News put the conservative majority at 68 seats....

NBC's JOHN COCHRAN reports on the British election from 10 Downing Street:

(THE PRESIDENT: "I don't want to seem to, in any way, try to influence the election in England, but I have to tell you that I have great admiration for the manner in which Prime Minister Thatcher has handled not only the domestic affairs, but the international affairs.")

The President's virtual endorsement of her was criticized in Britain. But it was no surprise....

BROKAW: For the past seven years Mrs. Thatcher has been very close to Ronald Reagan. Now that his term is running out and her third term is just beginning, do you expect that there might be a little more separation between these two?

COCHRAN: I don't think so. Mrs. Thatcher wants to keep good relations with whomever is in the White House. I think she'll get along with Ronald Reagan's successor -- or at least try to. (NBC-Lead, ABC-Lead, CBS-10)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"The Venice Economic Summit broke up last night leaving three of the participating groups with different impressions. The leaders were satisfied, the American journalists disappointed and the Venetians both proud and impatient. Judged on the basis of the original intentions, the leaders were right.... Pressure has gradually compelled leaders to respond to issues of the day in their final declaration, as the mention of AIDS yesterday demonstrated. But the original 1975 spirit has survived."

(TIMES, Britain)

"The Venice summit yesterday ended in self-congratulation but with a notable absence of specific commitments by the seven nations taking part."

(INDEPENDENT, Britain)

"There is no reason to be disappointed because little was expected. In the end, the meeting was not totally negative.... Although modest, the results meet the expectations of the experts.... It's not much, but it's not nil."

(TRIBUNE, France)

"The summit became a milestone to a successful conclusion of Ronald Reagan's term in office. He demonstrated again his ability to establish harmonious communications. While his staff fed U.S. reporters with information about the President's tough stance toward the other leaders about the Gulf issue, the participants actually heard nothing but friendly remarks from him.... The summit partners jointly entered the port of...harmony. Whenever an undesirable subject came up, it was quickly pushed aside."

(DIE WELT, West Germany)

"It was a big show, but the result was small.... The summit was a disappointment for all those who harbored high expectations."

(SUEDEDEUTSCHE ZEITUNG, West Germany)

"The seven are already looking ahead, toward the Reykjavik NATO meeting where they will have to agree on a common response to the zero-zero option and the Soviet peace offensive, toward British and Italian elections, toward developments in the Persian Gulf conflict. As a whole, we can say that the Western nations and the major democratic economies emerge from this 13th summit with a stronger political cohesion as well as with an increased awareness of the need for maximum coordination of different economic policies if disasters are to be avoided."

(IL MESSAGGERO, Italy)

"The political leaders this time seem to have succeeded in avoiding the atmosphere of mere political tourism and in creating the framework for understanding both the political and economic fields. There is a considerable amount of realism in the background. This emerges in the statements which leave the questions of third world indebtedness and inflation to the central banks. Responsibility was transferred away from politicians who recognize their limited possibilities to direct economic development."

(HELSINGIN SANOMAT, Helsinki)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JUNE 12, 1987 -- BERLIN AFTERNOON EDITION
6:00 A.M. EDT

TODAY'S HEADLINES

TRIP NEWS

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

(Washington Post, Washington Times, AP, UPI)

INTERNATIONAL NEWS

THATCHER WINS: LABOR MAKES STRONG COMEBACK -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

(Washington Post, AP, UPI)

NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT -- President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

(USA Today)

NETWORK NEWS (Thursday Evening)

VENICE SUMMIT -- President Reagan said things couldn't have gone better, including the allied agreement on his Persian Gulf policy.

SAUDI ARMS SALE -- President Reagan dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.

BERLIN VISIT -- President Reagan moves on to the Berlin Wall.

TRIP.....A-2
INTERNATIONAL.....A-5
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TRIP NEWS

REAGAN TO CHALLENGE SOVIETS TO TEAR DOWN BERLIN WALL

VENICE -- President Reagan plans to stand at the Berlin Wall's Brandenburg Gate on Friday and challenge Soviet leader Gorbachev to "open this gate" and tear down the wall that was divided East and West Berlin for 26 years.

In a speech released Thursday night prior to a planned telecast throughout Europe, Reagan declares: "'Es gibt nur ein Berlin' -- There is only one Berlin."

"General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization, come here to this gate," Reagan says in the speech to be read before the gate which is the wall's most famous landmark.

"Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall," says Reagan. (Terence Hunt, AP)

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH

VENICE -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

The speech, to be delivered at 8 a.m. EDT Friday at the Brandenburg Gate in full view of the barrier between East and West, proclaims, "The wall cannot withstand freedom."

Some 20,000 people marched through Berlin Thursday night to protest Reagan's visit, denouncing U.S. policies in the Middle East and Persian Gulf and demanding nuclear disarmament. (Helen Thomas, UPI)

REAGAN TO MOSCOW: TEAR DOWN THE WALL

VENICE -- President Reagan will challenge Soviet leader Gorbachev to "tear down" the Berlin Wall.

The speech challenges Gorbachev to prove, by tearing down the wall, that his policy of "glasnost," or openness, is not a sham.

"We hear much from Moscow about the new policy of reform and openness," Reagan will say. "Are these the beginnings of profound changes in the Soviet state or are they token gestures intended to raise false hope in the West or to strengthen the Soviet system without changing it?"

Tearing down the Berlin Wall, Reagan will say, would be "one sign the Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace."

(Patricia Wilson, Washington Times, A1)

WEST BERLINERS PROTEST REAGAN VISIT

WEST BERLIN -- Hundreds of youths threw stones at police and smashed downtown shop windows this evening at the end of an otherwise peaceful march of about 15,000 leftists who protested President Reagan's scheduled visit here Friday.

Helmeted police carrying large plastic shields repeatedly charged youths and hit them with night sticks. Police arrested several dozen demonstrators and occasionally used tear gas to disperse crowds, witnesses said. The disturbances were expected to continue tonight.

(Robert McCartney, Washington Post, A19)

REAGAN LEAVES TRANQUILITY OF VENICE FOR BERLIN WALL AND DEMONSTRATORS

VENICE -- President Reagan, leaving the tranquility of this lagoon city after 10 days away from Washington, is flying to Berlin where tens of thousands of demonstrators protested his visit on the eve of his arrival.

After a formal welcome from West German President Richard Von Weizsacker, Reagan was to deliver a speech at the Berlin Wall, the concrete and barbed wire barrier between East and West that he once called "as ugly as the idea behind it."

Authorities in Berlin estimated that 24,000 people took part in a huge anti-American demonstration; organizers of the march estimated the total at 80,000.

(Terence Hunt, AP)

REAGAN GIVES ABRAMS A MILD NOD

President Says He Isn't Covered By Boland Amendment

VENICE -- President Reagan gave a lukewarm endorsement to Assistant Secretary of State Elliott Abrams after White House officials said they informed Reagan that Abrams' continued service has imperiled further congressional support for the Nicaraguan rebels.

Reagan discussed Abrams and other developments in the Iran-contra hearings at an outdoor news conference here after the 13th economic summit.

The President also said he believed he was not covered by the Boland amendment in which Congress in 1984 and 1985 barred direct military aid to the contras. In any event, Reagan added, "I don't think that the law was broken."

Asked about prospects for a superpower summit later this year, Reagan said, "I can't deny that I believe there is an increased opportunity" for a meeting in the U.S. with Soviet leader Gorbachev.

(David Hoffman, Washington Post, A1)

WASN'T TOLD OF ILLEGAL EFFORTS TO ARM CONTRAS, REAGAN SAYS

VENICE -- President Reagan said he didn't know of any illegal efforts to arm the Nicaraguan contras at a time when official U.S. military aid was banned by Congress.

"I wasn't giving those orders because no one had asked me or had told me what was truly happening there," Reagan said, referring to recent congressional testimony of individuals who ran a private contra supply network with help from the White House.

(Jeremiah O'Leary, Washington Times, A3)

REAGAN VIEW OF SOVIETS IN PERSIAN GULF AT ODDS WITH OTHER U.S. OFFICIALS

President Reagan expresses a different view than his associates regarding the Soviet naval presence in the Persian Gulf, with the President saying the Kremlin has a role there while other officials warn that Russian warships threaten U.S. interests.

"Well, the Soviet Union has some vessels there and has made it plain they're going to escort their own ships, mainly carrying oil," Reagan said.

"And, therefore, they have a stake, too, in peaceful shipping and the openness of the international waters," he said.

Other senior Administration officials have accused Moscow of "playing games" in the gulf, and Secretary Weinberger told members of Congress on Wednesday that Washington was increasing naval forces there specifically to prevent the Soviets from filling a power void.

"...We simply cannot allow the Kremlin to have its will over this region, or allow the most extreme, virulently anti-Western forces to control events, threaten friendly nations or jeopardize U.S. interests."

(Brian Brumley, AP)

AIDES REPAIR REAGAN GAFFE

Quick Footwork Follows Slip On Dollar

VENICE -- President Reagan's comment at a press conference here that "there could still be some lowering of the value" of the U.S. dollar set off frantic efforts by top aides to correct him and prevent a further drop by the dollar on international currency markets.

Aides watched in consternation. As soon as the news conference ended, communications director Tom Griscom and White House spokesman Marlin Fitzwater buttonholed reporters milling around the pool of the Hotel Cipriani and insisted that the Administration estimates of the currency situation had not changed (the dollar should be stabilized).

Aides said they moved quickly to clarify what one of them called "an offhand comment" by Reagan because financial markets were opening in New York about the time the President finished his news conference. The dollar declined briefly on world markets after Reagan's statement but quickly recovered.

(Lou Cannon, Washington Post, A19)

INTERNATIONAL NEWS

THATCHER WINS BRITISH ELECTION

LONDON -- Margaret Thatcher became the first prime minister since the early 1800s to win a third straight term, capturing a decisive general election victory hailed as "a tremendous vindication for her policies and her personality."

With practically all the votes counted, Thatcher's Conservative Party had won 347 seats, the left-wing Labor Party 226 and the centrist Alliance 14.

"It is wonderful to be entrusted with the government of this great country once again, the woman dubbed "the Iron Lady" told her Conservative Party supporters. "But we have a great deal of work to do. No one must slack."
(Arthur Herman, UPI)

THATCHER WINS: LABOR MAKES STRONG COMEBACK

LONDON -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

The opposition socialist Labor Party made a strong comeback from its election disaster of 1983, with a more moderate platform and the leadership of Neil Kinnock.

Kinnock...said Britain was falling into "an even greater abyss of division."

"There are people who will have voted today thinking they are secure and safe and becoming instead of victors, victims," Kinnock said, hinting the well-off may pay a bitter price.
(Maureen Johnson, AP)

THATCHER HEADS FOR THIRD TERM

British Voters Appear To Return Prime Minister, Tories To Power

LONDON -- Prime Minister Thatcher headed toward a historic third term in office this morning, as the first results from yesterday's general election indicated that her Conservative Party would be returned to power with a reduced but still substantial majority.

Thatcher, the first woman ever to hold Britain's senior elective office, will become the only person to have won three consecutive terms in modern British history and is well on her way to being the longest serving prime minister since early last century.

Listening to returns at the town hall in her north London constituency of Finchley, Thatcher said she was "cautiously optimistic." But Conservative Party Chairman Norman Tebbit said he would be "very satisfied indeed" with a 50-seat majority.
(Karen DeYoung, Washington Post, A1)

ADMINISTRATION WITHDRAWS PLAN TO SELL MISSILES TO SAUDIS
Reagan Plans New Consultations With Hill

President Reagan, faced with an almost certain rebuff from Congress, announced that he is "temporarily" withdrawing an Administration proposal to sell 1,600 Maverick antitank missiles to Saudi Arabia.

The decision followed a highly acrimonious Administration debate over the sale. It also comes amid delicate negotiations to obtain additional Saudi assistance for the U.S. plan to provide military escorts for 11 Kuwaiti oil tankers being re-registered under U.S. flags.

Administration sources said that Secretary Weinberger, who met with his Saudi counterpart, Prince Sultan, in France last Thursday to discuss an expanded Saudi role, was "furious" over the White House decision to back down on the sale.

In a statement issued from Venice, the President said, "I deeply regret the necessity, temporarily, to withdraw the proposal to sell moderate Maverick air-to-ground missiles to Saudi Arabia because of strong congressional opposition."

The action, he said, "sends exactly the wrong signal" to the Saudi kingdom, which "is our staunchest ally in the gulf in resisting Soviet efforts to establish a presence in the Middle East."

(David Ottaway & Molly Moore, Washington Post, A1)

REAGAN VOWS NEW PUSH FOR SAUDI MISSILES

President Reagan, stymied by swift and unusually strong congressional opposition, is planning a new push to sell 1,600 antitank missiles to Saudi Arabia -- but only after he does some talking with lawmakers.

In a statement from Venice, where he attended the economic summit, he said he regretted having to withdraw the plan but would talk with House and Senate leaders and resubmit it after his return to Washington.

Senate Republican leader Robert Dole reprimanded the Administration by saying the incident "should be a lesson, that I hope will be learned, that sometimes it pays to consult (with Congress) ahead of time."

(Joseph Mianowany, UPI)

MOUNTING DOUBTS IN CONGRESS ON PERSIAN GULF POLICY

Doubts are emerging among influential members of Congress about President Reagan's plan to put 11 Kuwaiti oil tankers under American flag protection in the Persian Gulf.

"It seems to me the status quo (in the gulf) is pretty acceptable," said Sen. Sam Nunn, chairman of the Armed Services Committee.

"I want to support the President, but I'm struggling to do so," warned Sen. John Warner, a former Navy secretary now the ranking Republican on Nunn's committee.

Giving U.S. escorts to the Kuwaiti tankers plying the volatile gulf "will put Americans in harm's way," Warner noted. "It seems to me it's for economic reasons (rather than global security).... Is it for freedom or for the buck?"

(Eliot Brenner, UPI)

IRAN TRADE URGED DESPITE HARSH WORDS

A high-level government panel is privately urging the White House to maintain trade relations with Iran while the Reagan Administration publicly is blasting the Middle Eastern nation as a threat to shipping in the Persian Gulf.

Officials said the panel -- including representatives of the Departments of Defense and Commerce and the National Security Council -- also warned the Administration that further restrictions would "only limit our influence" in Iran even more.

The officials said the recommendations are contained in a report coordinated by the State Department. The report lists the "various options on which way to go concerning trade with Iran," they said.

(James Dorsey, Washington Times, A1)

REVOLUTIONARY GUARD, IRAQI DISSIDENT GROUP THREATEN U.S.

NICOSIA, Cyprus -- An Iranian Revolutionary Guard leader boasted that his fast gunboats could and would destroy any American warship that tried to attack islands off his nation's coast.

Earlier, a Tehran-based Iraqi dissident group warned it would launch suicide operations against Americans if they carried out attacks in the Persian Gulf, Tehran radio reported.

Guards deputy commander Alireza Afshar derided as a "bluff" claims by U.S. officials that they could destroy Iranian land-to-ship missiles installed at the vital Strait of Hormuz.

"If the Americans try to land forces on Iranian and Persian Gulf islands, and in Iranian bases, the navy of the corps...will destroy all their facilities with full force by using missile systems," he was quoted as saying in a report on Tehran radio, also monitored in Nicosia. (AP)

BONN RULES OUT SWAP OF HIJACK SUSPECT FOR HOSTAGES

West German Spokesman Denies That Reagan

Was Told Hamadei Would Not Be Extradited

WEST BERLIN -- The West German government pledged publicly for the first time that it will try an accused Lebanese terrorist in West Germany for murder and hijacking if it does not extradite him to the U.S. to face the same charges there.

The announcement by chief government spokesman Friedhelm Ost represented a significant toughening of Bonn's position on Mohammed Ali Hamadei, a Shiite Moslem.

Ost said Chancellor Kohl did not tell President Reagan at the Venice economic summit that West Germany had reached a final decision against extraditing Hamadei. Reagan said the same thing at a news conference this afternoon.

(Robert McCartney, Washington Post, A20)

NATO AGREES ON U.S.-SOVIET MISSILE PACT
France To Rejoin Alliance's Consultations On Arms Talks

REYKJAVIK -- The NATO allies have agreed to back a U.S.-Soviet accord to remove medium- and shorter-range nuclear missiles from Europe and are paving the way for France to rejoin alliance consultations on arms control, U.S. officials said.

Officials said President Reagan, armed with the Allied approval, plans to announce new instructions to U.S. negotiators in Geneva on Monday in a drive toward early completion of the first U.S.-Soviet treaty of his Administration and a summit meeting in Washington with Gorbachev to sign it later this year.

the possibility of France rejoining NATO consultations on arms control negotiations with the Soviet Union was unexpected. A State Department official who briefed reporters suggested that the initiative had come from Paris because of the "dramatic change" in arms control agenda following the Reagan-Gorbachev talks held in this city eight months ago.

(Don Oberdorfer, Washington Post, A1)

FRANCE SAYS IT WANTS TO PARTICIPATE IN NATO NUCLEAR STRATEGY

REYKJAVIK -- France, reversing a 20-year go-it-alone policy, told its NATO allies it wants a role in planning nuclear strategy toward the Soviet Union, a senior U.S. State Department official said.

"They are interested in participation," said the official, who spoke on condition of anonymity. "We are not troubled by this. It is broadly in our interest to have everybody there who is a legitimate player and France is a legitimate player."

(Barry Schweid, AP)

LEADER EXPRESSES DOUBTS ABOUT WESTERN SINCERITY IN ARMS TALKS

MOSCOW -- Soviet leader Gorbachev said that Western "nervousness" about signing an arms accord makes him doubt the sincerity of NATO nations' claims to want to rid Europe of nuclear missiles.

Gorbachev said political will is all that is needed to sign a superpower agreement to remove all medium-range missiles from Europe. He credited Kremlin initiatives with moving the Geneva arms talks close to an accord.

"...The nervousness which was shown by some people in the West in seeing the real prospect of reaching agreement on medium-range missiles have rise to serious doubts about the sincerity on medium-range missiles gave rise to serious doubts about the sincerity of the pervious assurances by some governments in Western Europe of their interest in the total elimination of Soviet and American medium-range missiles in the European zone," Gorbachev said.

(AP)

YEUTTER LISTS 7 OBJECTIONS TO EMERGING TRADE BILL

U.S. Trade Representative Yeutter said there is less than a 50-50 chance that Congress will craft a trade bill acceptable to President Reagan and listed seven major Administration objections to the bill that is scheduled to go before the Senate as early as next week.

Yeutter told a U.S. Chamber of Commerce International Forum that there is a possibility of combining the House and Senate bills in a way that would produce legislation acceptable to the Administration.

"Where we are troubled by the Senate bill, the House bill is much more acceptable to us, and visa versa. There is a chance of picking the best of both and putting them together," Yeutter said.

As Yeutter spoke to the business organization, Senate Majority Leader Robert Byrd told Senate Democratic leaders that he won't allow a trade bill to be weakened to avoid a veto. (Stuart Auerbach, Washington Post, F1)

U.S. ASKS PANAMA TO HOLD FREE ELECTIONS

The State Department stepped up its critical approach to the government of Panama, calling for free elections and the removal of the military from politics.

The unusually blunt statement followed two days of clashes between police and thousands of demonstrators protesting Panama's military-dominated government.

In a bluntly unsympathetic statement, State Department deputy spokeswoman Phyllis Oakley reminded the Panamanian regime that "freedom of the media is key if Panamanians are to resolve their political problems in an atmosphere of democracy." (Richard Beeston, Washington Times, A8)

PANAMANIAN GOVERNMENT DECLARES STATE OF EMERGENCY

PANAMA CITY, Panama -- The government declared a state of emergency and suspended civil liberties, seeking to end three days of protests over charges of electoral fraud by the military. An opposition leader called for "open rebellion" and the removal of Panama's military strongman.

U.S. military personnel based in Panama -- numbering 10,386 at the end of March, according to the Pentagon -- were placed on a higher level of precaution, Pentagon officials said.

The state of emergency signed by President Eric Arturo Delvalle, Vice President Roderick Esquivel and the cabinet suspended seven articles of the constitution which are similar to the Bill of Rights, a presidential statement said. (Tracy Wilkinson, UPI)

ANGOLANS SEEK TIES WITH U.S.

The Marxist government of Angola, with which the U.S. has refused to establish diplomatic relations, has sent its highest-level delegation here to seek a change in Administration policy and an end to covert U.S. military aid for its rebel opposition.

Led by Pedro de Castro Van Dunem, the No. 2 figure in the Angolan government, the five-member delegation met with Assistant Secretary of State Chester Crocker to discuss the withdrawal of 37,000 Cuban troops, which the Reagan Administration has insisted upon before establishing diplomatic ties. (David Ottaway, Washington Post, A10)

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NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT
Chided By Allies, He Has A Plan

President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

Reagan goes before the nation Monday -- 8 p.m. EDT -- with a speech outlining his plan to cut the deficit through budget restraints.

The White House says neither in his Monday night speech nor in subsequent addresses will he call for tax increases -- which the summit allies...cited as the best way to control the deficit.

(Johanna Neuman, USA Today, A5)

FAA ORDERS AIR TRAFFIC SLOWDOWN

The FAA, pressed by critics to do something to something to improve safety in the crowded skies, said it is turning the screws even tighter on its "flow control" system.

The goal: Ease the crunch on air traffic controllers. The probable result: more delays.

Restrictions are needed to "keep pace" with traffic growth, Transportation Secretary Dole said. (Wayne Beissert, USA Today, A1)

REAGAN MAY EASE MINIMUM-WAGE STAND IS
LEGISLATION IS DILUTED, BROCK INDICATES

The Reagan Administration may be willing to relax its opposition to an increase in the minimum wage if Congress agrees to dilute the legislation significantly, Labor Secretary Brock indicated.

If Congress favors "those positive components (views of the Administration), we can sit down and talk about it," the secretary said. But the Administration will remain opposed to any broad minimum-wage boost that results in "massive disemployment" of young people, Brock said.

(Albert Karr, Wall Street Journal, A3)

\$16 BILLION HOUSING BILL VOTED
Republican Warns Of 'Almost Certain Veto'

The House, after two days of debate, approved a housing authorization bill of more than \$16 billion that Republicans said will almost certainly be vetoed by President Reagan.

The measure, passed 285 to 120, exceeds the Administration request for housing programs in the next fiscal year by about \$5 billion. The authorized funds include \$5.9 billion for low-income housing assistance, \$2 billion for public-housing modernization and construction and \$3.4 billion for rural housing programs.

Rep. Chalmers Wylie, ranking Republican on the House Banking, Finance and Urban Affairs Committee, said an "almost certain veto" awaits the bill in its present forms.

He quoted OMB Director James Miller as describing the legislation as a "costly and burdensome measure and one I am confident will be vetoed...."

(Edward Walsh, Washington Post, A12)

HOUSE DEMOCRATIC LEADERS PRESSURE
SENATE TO LIMIT MILITARY SPENDING

House Democratic leaders, pressuring the Senate to limit military spending, said they would operate without a congressional compromise budget this year unless the Senate made concessions.

But Senate Majority Leader Robert Byrd said he was hopeful that Democrats could unite behind a 1988 fiscal blueprint, and lawmakers vowed to attain that goal.

House Speaker Jim Wright said the Senate needed to lower its military spending figure from the \$299 billion level its leaders called a minimum. If not, "then it is really going to be very difficult" to produce a budget, he said.

House members believe the extra military spending the Senate wants, \$4 billion above a House offer rejected by the Senate Wednesday, "just squeezes out very necessary programs" such as housing and education, Wright said. Unless a deal comes soon, he said, the House would pass a resolution to use its own budget to guide this year's spending and tax bills.

(Steven Komarow, AP)

CAMPAIGN-CASH DISCORD
Byrd Warns GOP Demands Could Kill Bill

Partisan divisions over campaign-finance revision intensified in the Senate as Republicans vowed to continue opposing spending limits and public financing for senatorial elections and Democrats stuck by their demand for both provisions in a bid for compromise on the issue.

Only two days after leaders of both parties expressed optimism about reaching an accord, Minority Leader Robert Dole laid down conditions for a settlement that Majority Leader Robert Byrd said could scuttle the whole bill.

(Helen Dewar, Washington Post, A12)

IRAN-NICARAGUA

SECORD DENIES BUYING NORTH SECURITY NET
Installer Bore Cost, Contra Figure Says

Retired Air Force major general richard Secord denied that money from a Swiss bank account he controlled was used to pay for an electronic security system installed last June at the home of Oliver North.

"The substance and thrust of the story is flat wrong," Secord said, referring to a Washington Post report quoting congressional sources as saying the money came from such an account containing funds generated by Iran-Contra arms profits.

Secord said "the money for the system came from the guy who put it in...without any blessing from me and without any financial assistance from me. We had nothing to do with it." (Washington Post, A10)

CRITICS ATTACK ADVERSARIAL TRENDS
ON UNVEILING OF IRAN-CONTRA FACTS

The Iran-contra hearings have turned into a "legislative grand jury," focusing on details of possible crimes at the expense of examining critical national policy issues, according to some members of the congressional panels.

"We are supposed to be reaching the type of broad conclusions that could aid future presidents, not focusing on what was done when by whom," said Rep. James Courter, New Jersey Republican. "We've got an independent counsel for that. We should be examining what conflicts exist in the law, and how that can be changed."

Rep. Richard Cheney, the ranking minority member on the House committee, said, "I hope there is a time in the hearings when the broader constitutional questions can be raised. In my opinion, that part of it is far more significant than the 'who struck John' of the Iran-contra operations." (Michael Hedges, Washington Times, A3)

NETWORK NEWS FOR THURSDAY EVENING JUNE 11, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The White House had counted on the Venice summit to help get the President out from under the Iran-contra scandal. But, when Mr. Reagan held a post-summit news conference poolside at his luxury hotel, the scandal was still there. The President was asked about testimony from Richard Secord and Albert Hakim that Oliver North told them that Mr. Reagan approved their actions.

(THE PRESIDENT: "Maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

But, even if he didn't know about covert aid to the contras, the President said the Boland amendment, which barred U.S. support, did not apply to him anyway.

(THE PRESIDENT: "I not only think it didn't, but I don't think that the law was broken.")

The President seemed much less committed to Elliott Abrams....

(THE PRESIDENT: "I accept the Secretary's statement on this.")

WALLACE: "You're the boss -- are you comfortable with him working for you?"

THE PRESIDENT: "I have told you -- that is the Administration's position." As for the Venice summit, the President called it a success. He praised the support he got in the Persian Gulf, even though the allies refused to expand their forces there. And he said allied unity on arms control increases chances for a U.S.-Soviet arms deal. But other delegations said the President seemed less energetic than at previous meetings. There were signs of that today when Mr. Reagan talked about the Soviet role in the U.N. Security Council--

(THE PRESIDENT: "We've appealed to the U.N. committee, of which they are a member.")

And when Mr. Reagan seemed to say the dollar could fall further--

(THE PRESIDENT: "Most of us believe that the dollar should remain stable. It could be within reason that there could still be some lowering of the value.")

Minutes after the President finished, aides corrected that, saying the dollar has fallen enough. So, Mr. Reagan did not get the boost from this summit that aides had hoped for. It seems clear that when he returns to Washington late tomorrow, all his problems will be right where he left them.

(NBC-2)

ABC's SAM DONALDSON: President Reagan, trying to fight off the general outside impression that the Venice summit hasn't amounted to much -- that he has failed to achieve his objectives, told an outdoor press conference on his hotel lawn that -- no, things couldn't have gone better; including he said, the allied agreement on his Persian Gulf policy.

(THE PRESIDENT: "We are gratified completely by the response. I think it has been excellent that there was no criticism from any of our allies about this.")

But the backing came only for diplomatic efforts at the U.N. None of the allies offered any new help in actually keeping the sea lanes open that many on Capitol Hill have been demanding. And the President conceded that he hasn't even asked for more help.

(THE PRESIDENT: "No. We were very satisfied with what they're prepared to do.")

DONALDSON continues: Then there was a lack of success to report on something he had asked for -- the extradition to the U.S. from West Germany of TWA hijacker Mohammad Ali Hamed. Chancellor Kohl didn't agree to it, although the decision is said to be still open. The President said it really doesn't matter.

(THE PRESIDENT: "But whichever way, he is going to be tried for the crime of killing our young Navy man in that hijacking.")

The President got in a little trouble today while talking about economics and the dollar. He followed the standard formula of saying the U.S. wanted stability in the dollar. Then added--

(THE PRESIDENT: "It could be within reason that there could still be some lowering of the value in relation to other currencies.")

And that caused the dollar to drop, at least briefly, on the sensitive money markets. The President was asked several questions today connected with the Iran-contra scandal and on the key point of what Oliver North, Richard Secord, and others were doing to aid the contras. He dropped his most recent assertion that he knew what was going on, it was all his idea, and reverted to his former plea of ignorance.

(THE PRESIDENT: "I told you all the truth that first day after everything hit the fan. Well I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

By most accounts except his own, the Venice summit was not the President's finest hour. But then nothing bad lasts forever. Tomorrow Mr. Reagan flies off to West Berlin for the kind of rousing speech that should lift everyone's spirits.

ABC's PETER JENNINGS: In his post-summit analysis today President Reagan told reporters that he is somewhat more encouraged, more hopeful, about the possibility of a summit meeting with the Soviet leader.... (ABC-2)

JENNINGS: At the Venice summit President Reagan took some real heat from his allies on the worldwide effect of the federal deficit. Mr. Reagan said today the deficit is shrinking. But there is no question that America's allies worry not just about the effect on international economics, but about the defense of the West as well.

ABC's PIERRE SALINGER reports on the relationship between military spending and leadership: ...The Reagan-Gorbachev summit in Reykjavik also had a very negative impact on the credibility of U.S. defense policy....

(TV COVERAGE: File footage of the President and General Secretary Gorbachev from Reykjavik.)

Despite the serious U.S. economic problems and our growing debt, European and Japanese leaders respect and want American military leadership. But after the Venice summit with no major progress on many issues, some of these leaders are expressing doubts about President Reagan's ability to exercise that leadership. (ABC-11)

CBS's BILL PLANTE: President Reagan, trying to make the best of an economic summit at which not much happened, was upbeat about allied unity here on arms control and the eventual outcome if negotiations with the Soviets are successful.

(THE PRESIDENT: "I can't deny that I believe there is an increased opportunity for a summit conference and an increased opportunity for actual reductions of arms -- particularly of the nuclear kind.")

PLANTE continues: Mr. Reagan also praised allied promises of new economic cooperation and embraced a mild statement on the Persian Gulf as a endorsement of U.S. policy.

(THE PRESIDENT: "I'm pleased with the support our allies have shown for a united position in the Persian Gulf -- actually, a commitment to keeping the sea lanes open in that area is a vital strategic objective.")

East-West relations will be the main focus tomorrow as the President concludes his European trip with a speech at the Berlin Wall. Anti-American demonstrators took to the streets today and thousands of extra police are on hand to deal with even larger protests as Mr. Reagan speaks tomorrow. But even 3,000 miles from home and looking toward a likely arms reduction agreement, the President can't escape his domestic political problems. In repeated questioning today about the Iran-contra affair, Mr. Reagan was asked about recent testimony that many of those involved believed they were acting with presidential approval.

(THE PRESIDENT: "Evidently, maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

So, Mr. Reagan's defense is still that he was detached from those events, unaware of what was going on in his own White House. And the fact that he failed to dominate the stage here in Venice this week seems to have cost Mr. Reagan a chance to refurbish his image as a leader -- as the White House had hoped.

(CBS-Lead)

CONGRESSIONAL OPPOSITION TO PERSIAN GULF POLICY/SAUDI ARMS SALE

NBC's JOHN DANCY: Saudi Arabia wanted the 1600 Maverick air-to-ground missiles, it said, to defend against tanks. But Israel's friends in the Senate said the missiles could be used against Israel. And they showed they could rally enough votes to override a presidential veto if necessary.

(SEN. PACKWOOD: "We now have 64 co-sponsors.")

Faced with a certain defeat, Assistant Secretary of State Richard Murphy said the Administration was withdrawing the request....

(REP. LARRY SMITH: "The facts are pretty clear that arms sales have never generated any support for American policies.")

(SEN. PACKWOOD: "The law requires the President to give us notice and, of course, Congress is involved in it -- we have a right to pass on these statements.")

(SEN. CRANSTON: "I hope the Administration will learn from that and will not proceed to put American flags on Kuwaiti ships without first consulting very carefully with the Congress.")

(SEN. WARNER: "Are we doing this in the cause of freedom as we've done traditionally in the history of this country or is it primarily an economic motivation?")

(SEN. NUNN: "Are we really protecting oil or are will tilting in the war?")

Assistant Secretary of State Michael Armacost said Congress had a promise from the President about the ships.

(ARMACOST: "We won't consider any of these reflagged until the protection regime is in place and until the President has finished consultation with you all.")

But the doubts remain. The Administration has not won many converts here on Capitol Hill.

(NBC-3, ABC-10)

CBS's DAVID MARTIN: President Reagan today dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.... The sale was the latest victim of the attack on the USS Stark... Congressional supporters of the sale insisted that was a bum wrap.

(SEN. EVANS: "Frankly, from every piece of credible evidence I have seen, the Saudis acted in an appropriate manner.")

There were traditional congressional concerns about selling arms to a country technically at war with Israel.

(SEN. PACKWOOD: "All I'm asking is that the Saudis negotiate with Israel for peace.") (CBS-2)

VISIT TO WEST BERLIN/PROTEST

BROKAW: Tomorrow President Reagan goes on to West Berlin where he'll visit the Berlin Wall. Today a march by more than 25,000 demonstrators protested the President's visit and that march turned violent.... The demonstrators burned the American flag protesting U.S. involvement in Central America and the President's Star Wars program. (NBC-8, ABC-4)

CBS's BOB SCHIEFFER: President Reagan's trip to Berlin tomorrow will be his first to Germany since he angered many people by going to the Bitburg cemetery two years ago. At the time he said he was trying to heal wounds of WWII.

CBS's BURT QUINT reports on the accusations that today's successful German automotive industries used wartime prisoners to pave their road to prosperity. (CBS-12)

BRITISH ELECTIONS

BROKAW: Margaret Thatcher is apparently headed for a third term as British prime minister.... The BBC projected the conservative majority at 46. The Independent Television News put the conservative majority at 68 seats....

NBC's JOHN COCHRAN reports on the British election from 10 Downing Street:

(THE PRESIDENT: "I don't want to seem to, in any way, try to influence the election in England, but I have to tell you that I have great admiration for the manner in which Prime Minister Thatcher has handled not only the domestic affairs, but the international affairs.")

The President's virtual endorsement of her was criticized in Britain. But it was no surprise....

BROKAW: For the past seven years Mrs. Thatcher has been very close to Ronald Reagan. Now that his term is running out and her third term is just beginning, do you expect that there might be a little more separation between these two?

COCHRAN: I don't think so. Mrs. Thatcher wants to keep good relations with whomever is in the White House. I think she'll get along with Ronald Reagan's successor -- or at least try to. (NBC-Lead, ABC-Lead, CBS-10)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"The Venice Economic Summit broke up last night leaving three of the participating groups with different impressions. The leaders were satisfied, the American journalists disappointed and the Venetians both proud and impatient. Judged on the basis of the original intentions, the leaders were right.... Pressure has gradually compelled leaders to respond to issues of the day in their final declaration, as the mention of AIDS yesterday demonstrated. But the original 1975 spirit has survived."

(TIMES, Britain)

"The Venice summit yesterday ended in self-congratulation but with a notable absence of specific commitments by the seven nations taking part."

(INDEPENDENT, Britain)

"There is no reason to be disappointed because little was expected. In the end, the meeting was not totally negative.... Although modest, the results meet the expectations of the experts.... It's not much, but it's not nil."

(TRIBUNE, France)

"The summit became a milestone to a successful conclusion of Ronald Reagan's term in office. He demonstrated again his ability to establish harmonious communications. While his staff fed U.S. reporters with information about the President's tough stance toward the other leaders about the Gulf issue, the participants actually heard nothing but friendly remarks from him.... The summit partners jointly entered the port of...harmony. Whenever an undesirable subject came up, it was quickly pushed aside."

(DIE WELT, West Germany)

"It was a big show, but the result was small.... The summit was a disappointment for all those who harbored high expectations."

(SUEDEDEUTSCHE ZEITUNG, West Germany)

"The seven are already looking ahead, toward the Reykjavik NATO meeting where they will have to agree on a common response to the zero-zero option and the Soviet peace offensive, toward British and Italian elections, toward developments in the Persian Gulf conflict. As a whole, we can say that the Western nations and the major democratic economies emerge from this 13th summit with a stronger political cohesion as well as with an increased awareness of the need for maximum coordination of different economic policies if disasters are to be avoided."

(IL MESSAGGERO, Italy)

"The political leaders this time seem to have succeeded in avoiding the atmosphere of mere political tourism and in creating the framework for understanding both the political and economic fields. There is a considerable amount of realism in the background. This emerges in the statements which leave the questions of third world indebtedness and inflation to the central banks. Responsibility was transferred away from politicians who recognize their limited possibilities to direct economic development."

(HELSINGIN SANOMAT, Helsinki)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JUNE 12, 1987 -- BERLIN AFTERNOON EDITION
6:00 A.M. EDT

TODAY'S HEADLINES

TRIP NEWS

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

(Washington Post, Washington Times, AP, UPI)

INTERNATIONAL NEWS

THATCHER WINS: LABOR MAKES STRONG COMEBACK -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

(Washington Post, AP, UPI)

NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT -- President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

(USA Today)

NETWORK NEWS (Thursday Evening)

VENICE SUMMIT -- President Reagan said things couldn't have gone better, including the allied agreement on his Persian Gulf policy.

SAUDI ARMS SALE -- President Reagan dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.

BERLIN VISIT -- President Reagan moves on to the Berlin Wall.

TRIP.....A-2
INTERNATIONAL.....A-5
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IRAN-NICARAGUA...A-12
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TRIP NEWS

REAGAN TO CHALLENGE SOVIETS TO TEAR DOWN BERLIN WALL

VENICE -- President Reagan plans to stand at the Berlin Wall's Brandenburg Gate on Friday and challenge Soviet leader Gorbachev to "open this gate" and tear down the wall that was divided East and West Berlin for 26 years.

In a speech released Thursday night prior to a planned telecast throughout Europe, Reagan declares: "'Es gibt nur ein Berlin' -- There is only one Berlin."

"General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization, come here to this gate," Reagan says in the speech to be read before the gate which is the wall's most famous landmark.

"Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall," says Reagan. (Terence Hunt, AP)

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH

VENICE -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

The speech, to be delivered at 8 a.m. EDT Friday at the Brandenburg Gate in full view of the barrier between East and West, proclaims, "The wall cannot withstand freedom."

Some 20,000 people marched through Berlin Thursday night to protest Reagan's visit, denouncing U.S. policies in the Middle East and Persian Gulf and demanding nuclear disarmament. (Helen Thomas, UPI)

REAGAN TO MOSCOW: TEAR DOWN THE WALL

VENICE -- President Reagan will challenge Soviet leader Gorbachev to "tear down" the Berlin Wall.

The speech challenges Gorbachev to prove, by tearing down the wall, that his policy of "glasnost," or openness, is not a sham.

"We hear much from Moscow about the new policy of reform and openness," Reagan will say. "Are these the beginnings of profound changes in the Soviet state or are they token gestures intended to raise false hope in the West or to strengthen the Soviet system without changing it?"

Tearing down the Berlin Wall, Reagan will say, would be "one sign the Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace."

(Patricia Wilson, Washington Times, A1)

WEST BERLINERS PROTEST REAGAN VISIT

WEST BERLIN -- Hundreds of youths threw stones at police and smashed downtown shop windows this evening at the end of an otherwise peaceful march of about 15,000 leftists who protested President Reagan's scheduled visit here Friday.

Helmeted police carrying large plastic shields repeatedly charged youths and hit them with night sticks. Police arrested several dozen demonstrators and occasionally used tear gas to disperse crowds, witnesses said. The disturbances were expected to continue tonight.

(Robert McCartney, Washington Post, A19)

REAGAN LEAVES TRANQUILITY OF VENICE FOR BERLIN WALL AND DEMONSTRATORS

VENICE -- President Reagan, leaving the tranquility of this lagoon city after 10 days away from Washington, is flying to Berlin where tens of thousands of demonstrators protested his visit on the eve of his arrival.

After a formal welcome from West German President Richard Von Weizsacker, Reagan was to deliver a speech at the Berlin Wall, the concrete and barbed wire barrier between East and West that he once called "as ugly as the idea behind it."

Authorities in Berlin estimated that 24,000 people took part in a huge anti-American demonstration; organizers of the march estimated the total at 80,000.

(Terence Hunt, AP)

REAGAN GIVES ABRAMS A MILD NOD

President Says He Isn't Covered By Boland Amendment

VENICE -- President Reagan gave a lukewarm endorsement to Assistant Secretary of State Elliott Abrams after White House officials said they informed Reagan that Abrams' continued service has imperiled further congressional support for the Nicaraguan rebels.

Reagan discussed Abrams and other developments in the Iran-contra hearings at an outdoor news conference here after the 13th economic summit.

The President also said he believed he was not covered by the Boland amendment in which Congress in 1984 and 1985 barred direct military aid to the contras. In any event, Reagan added, "I don't think that the law was broken."

Asked about prospects for a superpower summit later this year, Reagan said, "I can't deny that I believe there is an increased opportunity" for a meeting in the U.S. with Soviet leader Gorbachev.

(David Hoffman, Washington Post, A1)

WASN'T TOLD OF ILLEGAL EFFORTS TO ARM CONTRAS, REAGAN SAYS

VENICE -- President Reagan said he didn't know of any illegal efforts to arm the Nicaraguan contras at a time when official U.S. military aid was banned by Congress.

"I wasn't giving those orders because no one had asked me or had told me what was truly happening there," Reagan said, referring to recent congressional testimony of individuals who ran a private contra supply network with help from the White House.

(Jeremiah O'Leary, Washington Times, A3)

REAGAN VIEW OF SOVIETS IN PERSIAN GULF AT ODDS WITH OTHER U.S. OFFICIALS

President Reagan expresses a different view than his associates regarding the Soviet naval presence in the Persian Gulf, with the President saying the Kremlin has a role there while other officials warn that Russian warships threaten U.S. interests.

"Well, the Soviet Union has some vessels there and has made it plain they're going to escort their own ships, mainly carrying oil," Reagan said.

"And, therefore, they have a stake, too, in peaceful shipping and the openness of the international waters," he said.

Other senior Administration officials have accused Moscow of "playing games" in the gulf, and Secretary Weinberger told members of Congress on Wednesday that Washington was increasing naval forces there specifically to prevent the Soviets from filling a power void.

"...We simply cannot allow the Kremlin to have its will over this region, or allow the most extreme, virulently anti-Western forces to control events, threaten friendly nations or jeopardize U.S. interests."

(Brian Brumley, AP)

AIDES REPAIR REAGAN GAFFE

Quick Footwork Follows Slip On Dollar

VENICE -- President Reagan's comment at a press conference here that "there could still be some lowering of the value" of the U.S. dollar set off frantic efforts by top aides to correct him and prevent a further drop by the dollar on international currency markets.

Aides watched in consternation. As soon as the news conference ended, communications director Tom Griscom and White House spokesman Marlin Fitzwater buttonholed reporters milling around the pool of the Hotel Cipriani and insisted that the Administration estimates of the currency situation had not changed (the dollar should be stabilized).

Aides said they moved quickly to clarify what one of them called "an offhand comment" by Reagan because financial markets were opening in New York about the time the President finished his news conference. The dollar declined briefly on world markets after Reagan's statement but quickly recovered.

(Lou Cannon, Washington Post, A19)

INTERNATIONAL NEWS

THATCHER WINS BRITISH ELECTION

LONDON -- Margaret Thatcher became the first prime minister since the early 1800s to win a third straight term, capturing a decisive general election victory hailed as "a tremendous vindication for her policies and her personality."

With practically all the votes counted, Thatcher's Conservative Party had won 347 seats, the left-wing Labor Party 226 and the centrist Alliance 14.

"It is wonderful to be entrusted with the government of this great country once again, the woman dubbed "the Iron Lady" told her Conservative Party supporters. "But we have a great deal of work to do. No one must slack."

(Arthur Herman, UPI)

THATCHER WINS: LABOR MAKES STRONG COMEBACK

LONDON -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

The opposition socialist Labor Party made a strong comeback from its election disaster of 1983, with a more moderate platform and the leadership of Neil Kinnock.

Kinnock...said Britain was falling into "an even greater abyss of division."

"There are people who will have voted today thinking they are secure and safe and becoming instead of victors, victims," Kinnock said, hinting the well-off may pay a bitter price.

(Maureen Johnson, AP)

THATCHER HEADS FOR THIRD TERM

British Voters Appear To Return Prime Minister, Tories To Power

LONDON -- Prime Minister Thatcher headed toward a historic third term in office this morning, as the first results from yesterday's general election indicated that her Conservative Party would be returned to power with a reduced but still substantial majority.

Thatcher, the first woman ever to hold Britain's senior elective office, will become the only person to have won three consecutive terms in modern British history and is well on her way to being the longest serving prime minister since early last century.

Listening to returns at the town hall in her north London constituency of Finchley, Thatcher said she was "cautiously optimistic." But Conservative Party Chairman Norman Tebbit said he would be "very satisfied indeed" with a 50-seat majority.

(Karen DeYoung, Washington Post, A1)

ADMINISTRATION WITHDRAWS PLAN TO SELL MISSILES TO SAUDIS
Reagan Plans New Consultations With Hill

President Reagan, faced with an almost certain rebuff from Congress, announced that he is "temporarily" withdrawing an Administration proposal to sell 1,600 Maverick antitank missiles to Saudi Arabia.

The decision followed a highly acrimonious Administration debate over the sale. It also comes amid delicate negotiations to obtain additional Saudi assistance for the U.S. plan to provide military escorts for 11 Kuwaiti oil tankers being re-registered under U.S. flags.

Administration sources said that Secretary Weinberger, who met with his Saudi counterpart, Prince Sultan, in France last Thursday to discuss an expanded Saudi role, was "furious" over the White House decision to back down on the sale.

In a statement issued from Venice, the President said, "I deeply regret the necessity, temporarily, to withdraw the proposal to sell moderate Maverick air-to-ground missiles to Saudi Arabia because of strong congressional opposition."

The action, he said, "sends exactly the wrong signal" to the Saudi kingdom, which "is our staunchest ally in the gulf in resisting Soviet efforts to establish a presence in the Middle East."

(David Ottaway & Molly Moore, Washington Post, A1)

REAGAN VOWS NEW PUSH FOR SAUDI MISSILES

President Reagan, stymied by swift and unusually strong congressional opposition, is planning a new push to sell 1,600 antitank missiles to Saudi Arabia -- but only after he does some talking with lawmakers.

In a statement from Venice, where he attended the economic summit, he said he regretted having to withdraw the plan but would talk with House and Senate leaders and resubmit it after his return to Washington.

Senate Republican leader Robert Dole reprimanded the Administration by saying the incident "should be a lesson, that I hope will be learned, that sometimes it pays to consult (with Congress) ahead of time."

(Joseph Mianowany, UPI)

MOUNTING DOUBTS IN CONGRESS ON PERSIAN GULF POLICY

Doubts are emerging among influential members of Congress about President Reagan's plan to put 11 Kuwaiti oil tankers under American flag protection in the Persian Gulf.

"It seems to me the status quo (in the gulf) is pretty acceptable," said Sen. Sam Nunn, chairman of the Armed Services Committee.

"I want to support the President, but I'm struggling to do so," warned Sen. John Warner, a former Navy secretary now the ranking Republican on Nunn's committee.

Giving U.S. escorts to the Kuwaiti tankers plying the volatile gulf "will put Americans in harm's way," Warner noted. "It seems to me it's for economic reasons (rather than global security).... Is it for freedom or for the buck?"

(Eliot Brenner, UPI)

IRAN TRADE URGED DESPITE HARSH WORDS

A high-level government panel is privately urging the White House to maintain trade relations with Iran while the Reagan Administration publicly is blasting the Middle Eastern nation as a threat to shipping in the Persian Gulf.

Officials said the panel -- including representatives of the Departments of Defense and Commerce and the National Security Council -- also warned the Administration that further restrictions would "only limit our influence" in Iran even more.

The officials said the recommendations are contained in a report coordinated by the State Department. The report lists the "various options on which way to go concerning trade with Iran," they said.

(James Dorsey, Washington Times, A1)

REVOLUTIONARY GUARD, IRAQI DISSIDENT GROUP THREATEN U.S.

NICOSIA, Cyprus -- An Iranian Revolutionary Guard leader boasted that his fast gunboats could and would destroy any American warship that tried to attack islands off his nation's coast.

Earlier, a Tehran-based Iraqi dissident group warned it would launch suicide operations against Americans if they carried out attacks in the Persian Gulf, Tehran radio reported.

Guards deputy commander Alireza Afshar derided as a "bluff" claims by U.S. officials that they could destroy Iranian land-to-ship missiles installed at the vital Strait of Hormuz.

"If the Americans try to land forces on Iranian and Persian Gulf islands, and in Iranian bases, the navy of the corps...will destroy all their facilities with full force by using missile systems," he was quoted as saying in a report on Tehran radio, also monitored in Nicosia. (AP)

BONN RULES OUT SWAP OF HIJACK SUSPECT FOR HOSTAGES

West German Spokesman Denies That Reagan

Was Told Hamadei Would Not Be Extradited

WEST BERLIN -- The West German government pledged publicly for the first time that it will try an accused Lebanese terrorist in West Germany for murder and hijacking if it does not extradite him to the U.S. to face the same charges there.

The announcement by chief government spokesman Friedhelm Ost represented a significant toughening of Bonn's position on Mohammed Ali Hamadei, a Shiite Moslem.

Ost said Chancellor Kohl did not tell President Reagan at the Venice economic summit that West Germany had reached a final decision against extraditing Hamadei. Reagan said the same thing at a news conference this afternoon.

(Robert McCartney, Washington Post, A20)

NATO AGREES ON U.S.-SOVIET MISSILE PACT
France To Rejoin Alliance's Consultations On Arms Talks

REYKJAVIK -- The NATO allies have agreed to back a U.S.-Soviet accord to remove medium- and shorter-range nuclear missiles from Europe and are paving the way for France to rejoin alliance consultations on arms control, U.S. officials said.

Officials said President Reagan, armed with the Allied approval, plans to announce new instructions to U.S. negotiators in Geneva on Monday in a drive toward early completion of the first U.S.-Soviet treaty of his Administration and a summit meeting in Washington with Gorbachev to sign it later this year.

the possibility of France rejoining NATO consultations on arms control negotiations with the Soviet Union was unexpected. A State Department official who briefed reporters suggested that the initiative had come from Paris because of the "dramatic change" in arms control agenda following the Reagan-Gorbachev talks held in this city eight months ago.

(Don Oberdorfer, Washington Post, A1)

FRANCE SAYS IT WANTS TO PARTICIPATE IN NATO NUCLEAR STRATEGY

REYKJAVIK -- France, reversing a 20-year go-it-alone policy, told its NATO allies it wants a role in planning nuclear strategy toward the Soviet Union, a senior U.S. State Department official said.

"They are interested in participation," said the official, who spoke on condition of anonymity. "We are not troubled by this. It is broadly in our interest to have everybody there who is a legitimate player and France is a legitimate player."

(Barry Schweid, AP)

LEADER EXPRESSES DOUBTS ABOUT WESTERN SINCERITY IN ARMS TALKS

MOSCOW -- Soviet leader Gorbachev said that Western "nervousness" about signing an arms accord makes him doubt the sincerity of NATO nations' claims to want to rid Europe of nuclear missiles.

Gorbachev said political will is all that is needed to sign a superpower agreement to remove all medium-range missiles from Europe. He credited Kremlin initiatives with moving the Geneva arms talks close to an accord.

"...The nervousness which was shown by some people in the West in seeing the real prospect of reaching agreement on medium-range missiles have rise to serious doubts about the sincerity on medium-range missiles gave rise to serious doubts about the sincerity of the pervious assurances by some governments in Western Europe of their interest in the total elimination of Soviet and American medium-range missiles in the European zone," Gorbachev said.

(AP)

YEUTTER LISTS 7 OBJECTIONS TO EMERGING TRADE BILL

U.S. Trade Representative Yeutter said there is less than a 50-50 chance that Congress will craft a trade bill acceptable to President Reagan and listed seven major Administration objections to the bill that is scheduled to go before the Senate as early as next week.

Yeutter told a U.S. Chamber of Commerce International Forum that there is a possibility of combining the House and Senate bills in a way that would produce legislation acceptable to the Administration.

"Where we are troubled by the Senate bill, the House bill is much more acceptable to us, and visa versa. There is a chance of picking the best of both and putting them together," Yeutter said.

As Yeutter spoke to the business organization, Senate Majority Leader Robert Byrd told Senate Democratic leaders that he won't allow a trade bill to be weakened to avoid a veto. (Stuart Auerbach, Washington Post, F1)

U.S. ASKS PANAMA TO HOLD FREE ELECTIONS

The State Department stepped up its critical approach to the government of Panama, calling for free elections and the removal of the military from politics.

The unusually blunt statement followed two days of clashes between police and thousands of demonstrators protesting Panama's military-dominated government.

In a bluntly unsympathetic statement, State Department deputy spokeswoman Phyllis Oakley reminded the Panamanian regime that "freedom of the media is key if Panamanians are to resolve their political problems in an atmosphere of democracy." (Richard Beeston, Washington Times, A8)

PANAMANIAN GOVERNMENT DECLARES STATE OF EMERGENCY

PANAMA CITY, Panama -- The government declared a state of emergency and suspended civil liberties, seeking to end three days of protests over charges of electoral fraud by the military. An opposition leader called for "open rebellion" and the removal of Panama's military strongman.

U.S. military personnel based in Panama -- numbering 10,386 at the end of March, according to the Pentagon -- were placed on a higher level of precaution, Pentagon officials said.

The state of emergency signed by President Eric Arturo Delvalle, Vice President Roderick Esquivel and the cabinet suspended seven articles of the constitution which are similar to the Bill of Rights, a presidential statement said. (Tracy Wilkinson, UPI)

ANGOLANS SEEK TIES WITH U.S.

The Marxist government of Angola, with which the U.S. has refused to establish diplomatic relations, has sent its highest-level delegation here to seek a change in Administration policy and an end to covert U.S. military aid for its rebel opposition.

Led by Pedro de Castro Van Dunem, the No. 2 figure in the Angolan government, the five-member delegation met with Assistant Secretary of State Chester Crocker to discuss the withdrawal of 37,000 Cuban troops, which the Reagan Administration has insisted upon before establishing diplomatic ties. (David Ottaway, Washington Post, A10)

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NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT
Chided By Allies, He Has A Plan

President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

Reagan goes before the nation Monday -- 8 p.m. EDT -- with a speech outlining his plan to cut the deficit through budget restraints.

The White House says neither in his Monday night speech nor in subsequent addresses will he call for tax increases -- which the summit allies...cited as the best way to control the deficit.

(Johanna Neuman, USA Today, A5)

FAA ORDERS AIR TRAFFIC SLOWDOWN

The FAA, pressed by critics to do something to something to improve safety in the crowded skies, said it is turning the screws even tighter on its "flow control" system.

The goal: Ease the crunch on air traffic controllers. The probable result: more delays.

Restrictions are needed to "keep pace" with traffic growth, Transportation Secretary Dole said. (Wayne Beissert, USA Today, A1)

REAGAN MAY EASE MINIMUM-WAGE STAND IS
LEGISLATION IS DILUTED, BROCK INDICATES

The Reagan Administration may be willing to relax its opposition to an increase in the minimum wage if Congress agrees to dilute the legislation significantly, Labor Secretary Brock indicated.

If Congress favors "those positive components (views of the Administration), we can sit down and talk about it," the secretary said. But the Administration will remain opposed to any broad minimum-wage boost that results in "massive disemployment" of young people, Brock said.

(Albert Karr, Wall Street Journal, A3)

\$16 BILLION HOUSING BILL VOTED
Republican Warns Of 'Almost Certain Veto'

The House, after two days of debate, approved a housing authorization bill of more than \$16 billion that Republicans said will almost certainly be vetoed by President Reagan.

The measure, passed 285 to 120, exceeds the Administration request for housing programs in the next fiscal year by about \$5 billion. The authorized funds include \$5.9 billion for low-income housing assistance, \$2 billion for public-housing modernization and construction and \$3.4 billion for rural housing programs.

Rep. Chalmers Wylie, ranking Republican on the House Banking, Finance and Urban Affairs Committee, said an "almost certain veto" awaits the bill in its present forms.

He quoted OMB Director James Miller as describing the legislation as a "costly and burdensome measure and one I am confident will be vetoed...."

(Edward Walsh, Washington Post, A12)

HOUSE DEMOCRATIC LEADERS PRESSURE
SENATE TO LIMIT MILITARY SPENDING

House Democratic leaders, pressuring the Senate to limit military spending, said they would operate without a congressional compromise budget this year unless the Senate made concessions.

But Senate Majority Leader Robert Byrd said he was hopeful that Democrats could unite behind a 1988 fiscal blueprint, and lawmakers vowed to attain that goal.

House Speaker Jim Wright said the Senate needed to lower its military spending figure from the \$299 billion level its leaders called a minimum. If not, "then it is really going to be very difficult" to produce a budget, he said.

House members believe the extra military spending the Senate wants, \$4 billion above a House offer rejected by the Senate Wednesday, "just squeezes out very necessary programs" such as housing and education, Wright said. Unless a deal comes soon, he said, the House would pass a resolution to use its own budget to guide this year's spending and tax bills.

(Steven Komarow, AP)

CAMPAIGN-CASH DISCORD
Byrd Warns GOP Demands Could Kill Bill

Partisan divisions over campaign-finance revision intensified in the Senate as Republicans vowed to continue opposing spending limits and public financing for senatorial elections and Democrats stuck by their demand for both provisions in a bid for compromise on the issue.

Only two days after leaders of both parties expressed optimism about reaching an accord, Minority Leader Robert Dole laid down conditions for a settlement that Majority Leader Robert Byrd said could scuttle the whole bill.

(Helen Dewar, Washington Post, A12)

IRAN-NICARAGUA

SECORD DENIES BUYING NORTH SECURITY NET
Installer Bore Cost, Contra Figure Says

Retired Air Force major general richard Secord denied that money from a Swiss bank account he controlled was used to pay for an electronic security system installed last June at the home of Oliver North.

"The substance and thrust of the story is flat wrong," Secord said, referring to a Washington Post report quoting congressional sources as saying the money came from such an account containing funds generated by Iran-Contra arms profits.

Secord said "the money for the system came from the guy who put it in...without any blessing from me and without any financial assistance from me. We had nothing to do with it." (Washington Post, A10)

CRITICS ATTACK ADVERSARIAL TRENDS
ON UNVEILING OF IRAN-CONTRA FACTS

The Iran-contra hearings have turned into a "legislative grand jury," focusing on details of possible crimes at the expense of examining critical national policy issues, according to some members of the congressional panels.

"We are supposed to be reaching the type of broad conclusions that could aid future presidents, not focusing on what was done when by whom," said Rep. James Courter, New Jersey Republican. "We've got an independent counsel for that. We should be examining what conflicts exist in the law, and how that can be changed."

Rep. Richard Cheney, the ranking minority member on the House committee, said, "I hope there is a time in the hearings when the broader constitutional questions can be raised. In my opinion, that part of it is far more significant than the 'who struck John' of the Iran-contra operations." (Michael Hedges, Washington Times, A3)

NETWORK NEWS FOR THURSDAY EVENING JUNE 11, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The White House had counted on the Venice summit to help get the President out from under the Iran-contra scandal. But, when Mr. Reagan held a post-summit news conference poolside at his luxury hotel, the scandal was still there. The President was asked about testimony from Richard Secord and Albert Hakim that Oliver North told them that Mr. Reagan approved their actions.

(THE PRESIDENT: "Maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

But, even if he didn't know about covert aid to the contras, the President said the Boland amendment, which barred U.S. support, did not apply to him anyway.

(THE PRESIDENT: "I not only think it didn't, but I don't think that the law was broken.")

The President seemed much less committed to Elliott Abrams....

(THE PRESIDENT: "I accept the Secretary's statement on this.")

WALLACE: "You're the boss -- are you comfortable with him working for you?"

THE PRESIDENT: "I have told you -- that is the Administration's position." As for the Venice summit, the President called it a success. He praised the support he got in the Persian Gulf, even though the allies refused to expand their forces there. And he said allied unity on arms control increases chances for a U.S.-Soviet arms deal. But other delegations said the President seemed less energetic than at previous meetings. There were signs of that today when Mr. Reagan talked about the Soviet role in the U.N. Security Council--

(THE PRESIDENT: "We've appealed to the U.N. committee, of which they are a member.")

And when Mr. Reagan seemed to say the dollar could fall further--

(THE PRESIDENT: "Most of us believe that the dollar should remain stable. It could be within reason that there could still be some lowering of the value.")

Minutes after the President finished, aides corrected that, saying the dollar has fallen enough. So, Mr. Reagan did not get the boost from this summit that aides had hoped for. It seems clear that when he returns to Washington late tomorrow, all his problems will be right where he left them. (NBC-2)

ABC's SAM DONALDSON: President Reagan, trying to fight off the general outside impression that the Venice summit hasn't amounted to much -- that he has failed to achieve his objectives, told an outdoor press conference on his hotel lawn that -- no, things couldn't have gone better; including he said, the allied agreement on his Persian Gulf policy.

(THE PRESIDENT: "We are gratified completely by the response. I think it has been excellent that there was no criticism from any of our allies about this.")

But the backing came only for diplomatic efforts at the U.N. None of the allies offered any new help in actually keeping the sea lanes open that many on Capitol Hill have been demanding. And the President conceded that he hasn't even asked for more help.

(THE PRESIDENT: "No. We were very satisfied with what they're prepared to do.")

DONALDSON continues: Then there was a lack of success to report on something he had asked for -- the extradition to the U.S. from West Germany of TWA hijacker Mohammad Ali Hamedí. Chancellor Kohl didn't agree to it, although the decision is said to be still open. The President said it really doesn't matter.

(THE PRESIDENT: "But whichever way, he is going to be tried for the crime of killing our young Navy man in that hijacking.")

The President got in a little trouble today while talking about economics and the dollar. He followed the standard formula of saying the U.S. wanted stability in the dollar. Then added--

(THE PRESIDENT: "It could be within reason that there could still be some lowering of the value in relation to other currencies.")

And that caused the dollar to drop, at least briefly, on the sensitive money markets. The President was asked several questions today connected with the Iran-contra scandal and on the key point of what Oliver North, Richard Secord, and others were doing to aid the contras. He dropped his most recent assertion that he knew what was going on, it was all his idea, and reverted to his former plea of ignorance.

(THE PRESIDENT: "I told you all the truth that first day after everything hit the fan. Well I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

By most accounts except his own, the Venice summit was not the President's finest hour. But then nothing bad lasts forever. Tomorrow Mr. Reagan flies off to West Berlin for the kind of rousing speech that should lift everyone's spirits.

ABC's PETER JENNINGS: In his post-summit analysis today President Reagan told reporters that he is somewhat more encouraged, more hopeful, about the possibility of a summit meeting with the Soviet leader.... (ABC-2)

JENNINGS: At the Venice summit President Reagan took some real heat from his allies on the worldwide effect of the federal deficit. Mr. Reagan said today the deficit is shrinking. But there is no question that America's allies worry not just about the effect on international economics, but about the defense of the West as well.

ABC's PIERRE SALINGER reports on the relationship between military spending and leadership: ...The Reagan-Gorbachev summit in Reykjavik also had a very negative impact on the credibility of U.S. defense policy....

(TV COVERAGE: File footage of the President and General Secretary Gorbachev from Reykjavik.)

Despite the serious U.S. economic problems and our growing debt, European and Japanese leaders respect and want American military leadership. But after the Venice summit with no major progress on many issues, some of these leaders are expressing doubts about President Reagan's ability to exercise that leadership. (ABC-11)

CBS's BILL PLANTE: President Reagan, trying to make the best of an economic summit at which not much happened, was upbeat about allied unity here on arms control and the eventual outcome if negotiations with the Soviets are successful.

(THE PRESIDENT: "I can't deny that I believe there is an increased opportunity for a summit conference and an increased opportunity for actual reductions of arms -- particularly of the nuclear kind.")

PLANTE continues: Mr. Reagan also praised allied promises of new economic cooperation and embraced a mild statement on the Persian Gulf as an endorsement of U.S. policy.

(THE PRESIDENT: "I'm pleased with the support our allies have shown for a united position in the Persian Gulf -- actually, a commitment to keeping the sea lanes open in that area is a vital strategic objective.")

East-West relations will be the main focus tomorrow as the President concludes his European trip with a speech at the Berlin Wall. Anti-American demonstrators took to the streets today and thousands of extra police are on hand to deal with even larger protests as Mr. Reagan speaks tomorrow. But even 3,000 miles from home and looking toward a likely arms reduction agreement, the President can't escape his domestic political problems. In repeated questioning today about the Iran-contra affair, Mr. Reagan was asked about recent testimony that many of those involved believed they were acting with presidential approval.

(THE PRESIDENT: "Evidently, maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

So, Mr. Reagan's defense is still that he was detached from those events, unaware of what was going on in his own White House. And the fact that he failed to dominate the stage here in Venice this week seems to have cost Mr. Reagan a chance to refurbish his image as a leader -- as the White House had hoped.

(CBS-Lead)

CONGRESSIONAL OPPOSITION TO PERSIAN GULF POLICY/SAUDI ARMS SALE

NBC's JOHN DANCY: Saudi Arabia wanted the 1600 Maverick air-to-ground missiles, it said, to defend against tanks. But Israel's friends in the Senate said the missiles could be used against Israel. And they showed they could rally enough votes to override a presidential veto if necessary.

(SEN. PACKWOOD: "We now have 64 co-sponsors.")

Faced with a certain defeat, Assistant Secretary of State Richard Murphy said the Administration was withdrawing the request....

(REP. LARRY SMITH: "The facts are pretty clear that arms sales have never generated any support for American policies.")

(SEN. PACKWOOD: "The law requires the President to give us notice and, of course, Congress is involved in it -- we have a right to pass on these statements.")

(SEN. CRANSTON: "I hope the Administration will learn from that and will not proceed to put American flags on Kuwaiti ships without first consulting very carefully with the Congress.")

(SEN. WARNER: "Are we doing this in the cause of freedom as we've done traditionally in the history of this country or is it primarily an economic motivation?")

(SEN. NUNN: "Are we really protecting oil or are we tilting in the war?")

Assistant Secretary of State Michael Armacost said Congress had a promise from the President about the ships.

(ARMACOST: "We won't consider any of these reflagged until the protection regime is in place and until the President has finished consultation with you all.")

But the doubts remain. The Administration has not won many converts here on Capitol Hill.

(NBC-3, ABC-10)

CBS's DAVID MARTIN: President Reagan today dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.... The sale was the latest victim of the attack on the USS Stark... Congressional supporters of the sale insisted that was a bum wrap.

(SEN. EVANS: "Frankly, from every piece of credible evidence I have seen, the Saudis acted in an appropriate manner.")

There were traditional congressional concerns about selling arms to a country technically at war with Israel.

(SEN. PACKWOOD: "All I'm asking is that the Saudis negotiate with Israel for peace.") (CBS-2)

VISIT TO WEST BERLIN/PROTEST

BROKAW: Tomorrow President Reagan goes on to West Berlin where he'll visit the Berlin Wall. Today a march by more than 25,000 demonstrators protested the President's visit and that march turned violent.... The demonstrators burned the American flag protesting U.S. involvement in Central America and the President's Star Wars program. (NBC-8, ABC-4)

CBS's BOB SCHIEFFER: President Reagan's trip to Berlin tomorrow will be his first to Germany since he angered many people by going to the Bitburg cemetery two years ago. At the time he said he was trying to heal wounds of WWII.

CBS's BURT QUINT reports on the accusations that today's successful German automotive industries used wartime prisoners to pave their road to prosperity. (CBS-12)

BRITISH ELECTIONS

BROKAW: Margaret Thatcher is apparently headed for a third term as British prime minister.... The BBC projected the conservative majority at 46. The Independent Television News put the conservative majority at 68 seats....

NBC's JOHN COCHRAN reports on the British election from 10 Downing Street:

(THE PRESIDENT: "I don't want to seem to, in any way, try to influence the election in England, but I have to tell you that I have great admiration for the manner in which Prime Minister Thatcher has handled not only the domestic affairs, but the international affairs.")

The President's virtual endorsement of her was criticized in Britain. But it was no surprise....

BROKAW: For the past seven years Mrs. Thatcher has been very close to Ronald Reagan. Now that his term is running out and her third term is just beginning, do you expect that there might be a little more separation between these two?

COCHRAN: I don't think so. Mrs. Thatcher wants to keep good relations with whomever is in the White House. I think she'll get along with Ronald Reagan's successor -- or at least try to. (NBC-Lead, ABC-Lead, CBS-10)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"The Venice Economic Summit broke up last night leaving three of the participating groups with different impressions. The leaders were satisfied, the American journalists disappointed and the Venetians both proud and impatient. Judged on the basis of the original intentions, the leaders were right.... Pressure has gradually compelled leaders to respond to issues of the day in their final declaration, as the mention of AIDS yesterday demonstrated. But the original 1975 spirit has survived."

(TIMES, Britain)

"The Venice summit yesterday ended in self-congratulation but with a notable absence of specific commitments by the seven nations taking part."

(INDEPENDENT, Britain)

"There is no reason to be disappointed because little was expected. In the end, the meeting was not totally negative.... Although modest, the results meet the expectations of the experts.... It's not much, but it's not nil."

(TRIBUNE, France)

"The summit became a milestone to a successful conclusion of Ronald Reagan's term in office. He demonstrated again his ability to establish harmonious communications. While his staff fed U.S. reporters with information about the President's tough stance toward the other leaders about the Gulf issue, the participants actually heard nothing but friendly remarks from him.... The summit partners jointly entered the port of...harmony. Whenever an undesirable subject came up, it was quickly pushed aside."

(DIE WELT, West Germany)

"It was a big show, but the result was small.... The summit was a disappointment for all those who harbored high expectations."

(SUEDEDEUTSCHE ZEITUNG, West Germany)

"The seven are already looking ahead, toward the Reykjavik NATO meeting where they will have to agree on a common response to the zero-zero option and the Soviet peace offensive, toward British and Italian elections, toward developments in the Persian Gulf conflict. As a whole, we can say that the Western nations and the major democratic economies emerge from this 13th summit with a stronger political cohesion as well as with an increased awareness of the need for maximum coordination of different economic policies if disasters are to be avoided."

(IL MESSAGGERO, Italy)

"The political leaders this time seem to have succeeded in avoiding the atmosphere of mere political tourism and in creating the framework for understanding both the political and economic fields. There is a considerable amount of realism in the background. This emerges in the statements which leave the questions of third world indebtedness and inflation to the central banks. Responsibility was transferred away from politicians who recognize their limited possibilities to direct economic development."

(HELSINGIN SANOMAT, Helsinki)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JUNE 12, 1987 -- BERLIN AFTERNOON EDITION
6:00 A.M. EDT

TODAY'S HEADLINES

TRIP NEWS

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

(Washington Post, Washington Times, AP, UPI)

INTERNATIONAL NEWS

THATCHER WINS: LABOR MAKES STRONG COMEBACK -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

(Washington Post, AP, UPI)

NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT -- President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

(USA Today)

NETWORK NEWS (Thursday Evening)

VENICE SUMMIT -- President Reagan said things couldn't have gone better, including the allied agreement on his Persian Gulf policy.

SAUDI ARMS SALE -- President Reagan dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.

BERLIN VISIT -- President Reagan moves on to the Berlin Wall.

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TRIP NEWS

REAGAN TO CHALLENGE SOVIETS TO TEAR DOWN BERLIN WALL

VENICE -- President Reagan plans to stand at the Berlin Wall's Brandenburg Gate on Friday and challenge Soviet leader Gorbachev to "open this gate" and tear down the wall that was divided East and West Berlin for 26 years.

In a speech released Thursday night prior to a planned telecast throughout Europe, Reagan declares: "'Es gibt nur ein Berlin' -- There is only one Berlin."

"General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization, come here to this gate," Reagan says in the speech to be read before the gate which is the wall's most famous landmark.

"Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall," says Reagan. (Terence Hunt, AP)

REAGAN TO CHALLENGE GORBACHEV IN BERLIN SPEECH

VENICE -- President Reagan, in a speech for delivery Friday in West Berlin, challenges Soviet leader Gorbachev to tear down the Berlin Wall "if you seek peace."

The speech, to be delivered at 8 a.m. EDT Friday at the Brandenburg Gate in full view of the barrier between East and West, proclaims, "The wall cannot withstand freedom."

Some 20,000 people marched through Berlin Thursday night to protest Reagan's visit, denouncing U.S. policies in the Middle East and Persian Gulf and demanding nuclear disarmament. (Helen Thomas, UPI)

REAGAN TO MOSCOW: TEAR DOWN THE WALL

VENICE -- President Reagan will challenge Soviet leader Gorbachev to "tear down" the Berlin Wall.

The speech challenges Gorbachev to prove, by tearing down the wall, that his policy of "glasnost," or openness, is not a sham.

"We hear much from Moscow about the new policy of reform and openness," Reagan will say. "Are these the beginnings of profound changes in the Soviet state or are they token gestures intended to raise false hope in the West or to strengthen the Soviet system without changing it?"

Tearing down the Berlin Wall, Reagan will say, would be "one sign the Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace."

(Patricia Wilson, Washington Times, A1)

WEST BERLINERS PROTEST REAGAN VISIT

WEST BERLIN -- Hundreds of youths threw stones at police and smashed downtown shop windows this evening at the end of an otherwise peaceful march of about 15,000 leftists who protested President Reagan's scheduled visit here Friday.

Helmeted police carrying large plastic shields repeatedly charged youths and hit them with night sticks. Police arrested several dozen demonstrators and occasionally used tear gas to disperse crowds, witnesses said. The disturbances were expected to continue tonight.

(Robert McCartney, Washington Post, A19)

REAGAN LEAVES TRANQUILITY OF VENICE FOR BERLIN WALL AND DEMONSTRATORS

VENICE -- President Reagan, leaving the tranquility of this lagoon city after 10 days away from Washington, is flying to Berlin where tens of thousands of demonstrators protested his visit on the eve of his arrival.

After a formal welcome from West German President Richard Von Weizsacker, Reagan was to deliver a speech at the Berlin Wall, the concrete and barbed wire barrier between East and West that he once called "as ugly as the idea behind it."

Authorities in Berlin estimated that 24,000 people took part in a huge anti-American demonstration; organizers of the march estimated the total at 80,000.

(Terence Hunt, AP)

REAGAN GIVES ABRAMS A MILD NOD

President Says He Isn't Covered By Boland Amendment

VENICE -- President Reagan gave a lukewarm endorsement to Assistant Secretary of State Elliott Abrams after White House officials said they informed Reagan that Abrams' continued service has imperiled further congressional support for the Nicaraguan rebels.

Reagan discussed Abrams and other developments in the Iran-contra hearings at an outdoor news conference here after the 13th economic summit.

The President also said he believed he was not covered by the Boland amendment in which Congress in 1984 and 1985 barred direct military aid to the contras. In any event, Reagan added, "I don't think that the law was broken."

Asked about prospects for a superpower summit later this year, Reagan said, "I can't deny that I believe there is an increased opportunity" for a meeting in the U.S. with Soviet leader Gorbachev.

(David Hoffman, Washington Post, A1)

WASN'T TOLD OF ILLEGAL EFFORTS TO ARM CONTRAS, REAGAN SAYS

VENICE -- President Reagan said he didn't know of any illegal efforts to arm the Nicaraguan contras at a time when official U.S. military aid was banned by Congress.

"I wasn't giving those orders because no one had asked me or had told me what was truly happening there," Reagan said, referring to recent congressional testimony of individuals who ran a private contra supply network with help from the White House.

(Jeremiah O'Leary, Washington Times, A3)

REAGAN VIEW OF SOVIETS IN PERSIAN GULF AT ODDS WITH OTHER U.S. OFFICIALS

President Reagan expresses a different view than his associates regarding the Soviet naval presence in the Persian Gulf, with the President saying the Kremlin has a role there while other officials warn that Russian warships threaten U.S. interests.

"Well, the Soviet Union has some vessels there and has made it plain they're going to escort their own ships, mainly carrying oil," Reagan said.

"And, therefore, they have a stake, too, in peaceful shipping and the openness of the international waters," he said.

Other senior Administration officials have accused Moscow of "playing games" in the gulf, and Secretary Weinberger told members of Congress on Wednesday that Washington was increasing naval forces there specifically to prevent the Soviets from filling a power void.

"...We simply cannot allow the Kremlin to have its will over this region, or allow the most extreme, virulently anti-Western forces to control events, threaten friendly nations or jeopardize U.S. interests."

(Brian Brumley, AP)

AIDES REPAIR REAGAN GAFFE

Quick Footwork Follows Slip On Dollar

VENICE -- President Reagan's comment at a press conference here that "there could still be some lowering of the value" of the U.S. dollar set off frantic efforts by top aides to correct him and prevent a further drop by the dollar on international currency markets.

Aides watched in consternation. As soon as the news conference ended, communications director Tom Griscom and White House spokesman Marlin Fitzwater buttonholed reporters milling around the pool of the Hotel Cipriani and insisted that the Administration estimates of the currency situation had not changed (the dollar should be stabilized).

Aides said they moved quickly to clarify what one of them called "an offhand comment" by Reagan because financial markets were opening in New York about the time the President finished his news conference. The dollar declined briefly on world markets after Reagan's statement but quickly recovered.

(Lou Cannon, Washington Post, A19)

INTERNATIONAL NEWS

THATCHER WINS BRITISH ELECTION

LONDON -- Margaret Thatcher became the first prime minister since the early 1800s to win a third straight term, capturing a decisive general election victory hailed as "a tremendous vindication for her policies and her personality."

With practically all the votes counted, Thatcher's Conservative Party had won 347 seats, the left-wing Labor Party 226 and the centrist Alliance 14.

"It is wonderful to be entrusted with the government of this great country once again, the woman dubbed "the Iron Lady" told her Conservative Party supporters. "But we have a great deal of work to do. No one must slack."
(Arthur Herman, UPI)

THATCHER WINS: LABOR MAKES STRONG COMEBACK

LONDON -- Prime Minister Thatcher won a third successive term in Thursday's elections, but with a smaller majority in the House of Commons.

The opposition socialist Labor Party made a strong comeback from its election disaster of 1983, with a more moderate platform and the leadership of Neil Kinnock.

Kinnock...said Britain was falling into "an even greater abyss of division."

"There are people who will have voted today thinking they are secure and safe and becoming instead of victors, victims," Kinnock said, hinting the well-off may pay a bitter price.
(Maureen Johnson, AP)

THATCHER HEADS FOR THIRD TERM

British Voters Appear To Return Prime Minister, Tories To Power

LONDON -- Prime Minister Thatcher headed toward a historic third term in office this morning, as the first results from yesterday's general election indicated that her Conservative Party would be returned to power with a reduced but still substantial majority.

Thatcher, the first woman ever to hold Britain's senior elective office, will become the only person to have won three consecutive terms in modern British history and is well on her way to being the longest serving prime minister since early last century.

Listening to returns at the town hall in her north London constituency of Finchley, Thatcher said she was "cautiously optimistic." But Conservative Party Chairman Norman Tebbit said he would be "very satisfied indeed" with a 50-seat majority.
(Karen DeYoung, Washington Post, A1)

ADMINISTRATION WITHDRAWS PLAN TO SELL MISSILES TO SAUDIS
Reagan Plans New Consultations With Hill

President Reagan, faced with an almost certain rebuff from Congress, announced that he is "temporarily" withdrawing an Administration proposal to sell 1,600 Maverick antitank missiles to Saudi Arabia.

The decision followed a highly acrimonious Administration debate over the sale. It also comes amid delicate negotiations to obtain additional Saudi assistance for the U.S. plan to provide military escorts for 11 Kuwaiti oil tankers being re-registered under U.S. flags.

Administration sources said that Secretary Weinberger, who met with his Saudi counterpart, Prince Sultan, in France last Thursday to discuss an expanded Saudi role, was "furious" over the White House decision to back down on the sale.

In a statement issued from Venice, the President said, "I deeply regret the necessity, temporarily, to withdraw the proposal to sell moderate Maverick air-to-ground missiles to Saudi Arabia because of strong congressional opposition."

The action, he said, "sends exactly the wrong signal" to the Saudi kingdom, which "is our staunchest ally in the gulf in resisting Soviet efforts to establish a presence in the Middle East."

(David Ottaway & Molly Moore, Washington Post, A1)

REAGAN VOWS NEW PUSH FOR SAUDI MISSILES

President Reagan, stymied by swift and unusually strong congressional opposition, is planning a new push to sell 1,600 antitank missiles to Saudi Arabia -- but only after he does some talking with lawmakers.

In a statement from Venice, where he attended the economic summit, he said he regretted having to withdraw the plan but would talk with House and Senate leaders and resubmit it after his return to Washington.

Senate Republican leader Robert Dole reprimanded the Administration by saying the incident "should be a lesson, that I hope will be learned, that sometimes it pays to consult (with Congress) ahead of time."

(Joseph Mianowany, UPI)

MOUNTING DOUBTS IN CONGRESS ON PERSIAN GULF POLICY

Doubts are emerging among influential members of Congress about President Reagan's plan to put 11 Kuwaiti oil tankers under American flag protection in the Persian Gulf.

"It seems to me the status quo (in the gulf) is pretty acceptable," said Sen. Sam Nunn, chairman of the Armed Services Committee.

"I want to support the President, but I'm struggling to do so," warned Sen. John Warner, a former Navy secretary now the ranking Republican on Nunn's committee.

Giving U.S. escorts to the Kuwaiti tankers plying the volatile gulf "will put Americans in harm's way," Warner noted. "It seems to me it's for economic reasons (rather than global security).... Is it for freedom or for the buck?"

(Eliot Brenner, UPI)

IRAN TRADE URGED DESPITE HARSH WORDS

A high-level government panel is privately urging the White House to maintain trade relations with Iran while the Reagan Administration publicly is blasting the Middle Eastern nation as a threat to shipping in the Persian Gulf.

Officials said the panel -- including representatives of the Departments of Defense and Commerce and the National Security Council -- also warned the Administration that further restrictions would "only limit our influence" in Iran even more.

The officials said the recommendations are contained in a report coordinated by the State Department. The report lists the "various options on which way to go concerning trade with Iran," they said.

(James Dorsey, Washington Times, A1)

REVOLUTIONARY GUARD, IRAQI DISSIDENT GROUP THREATEN U.S.

NICOSIA, Cyprus -- An Iranian Revolutionary Guard leader boasted that his fast gunboats could and would destroy any American warship that tried to attack islands off his nation's coast.

Earlier, a Tehran-based Iraqi dissident group warned it would launch suicide operations against Americans if they carried out attacks in the Persian Gulf, Tehran radio reported.

Guards deputy commander Alireza Afshar derided as a "bluff" claims by U.S. officials that they could destroy Iranian land-to-ship missiles installed at the vital Strait of Hormuz.

"If the Americans try to land forces on Iranian and Persian Gulf islands, and in Iranian bases, the navy of the corps...will destroy all their facilities with full force by using missile systems," he was quoted as saying in a report on Tehran radio, also monitored in Nicosia. (AP)

BONN RULES OUT SWAP OF HIJACK SUSPECT FOR HOSTAGES

West German Spokesman Denies That Reagan

Was Told Hamadei Would Not Be Extradited

WEST BERLIN -- The West German government pledged publicly for the first time that it will try an accused Lebanese terrorist in West Germany for murder and hijacking if it does not extradite him to the U.S. to face the same charges there.

The announcement by chief government spokesman Friedhelm Ost represented a significant toughening of Bonn's position on Mohammed Ali Hamadei, a Shiite Moslem.

Ost said Chancellor Kohl did not tell President Reagan at the Venice economic summit that West Germany had reached a final decision against extraditing Hamadei. Reagan said the same thing at a news conference this afternoon.

(Robert McCartney, Washington Post, A20)

NATO AGREES ON U.S.-SOVIET MISSILE PACT
France To Rejoin Alliance's Consultations On Arms Talks

REYKJAVIK -- The NATO allies have agreed to back a U.S.-Soviet accord to remove medium- and shorter-range nuclear missiles from Europe and are paving the way for France to rejoin alliance consultations on arms control, U.S. officials said.

Officials said President Reagan, armed with the Allied approval, plans to announce new instructions to U.S. negotiators in Geneva on Monday in a drive toward early completion of the first U.S.-Soviet treaty of his Administration and a summit meeting in Washington with Gorbachev to sign it later this year.

the possibility of France rejoining NATO consultations on arms control negotiations with the Soviet Union was unexpected. A State Department official who briefed reporters suggested that the initiative had come from Paris because of the "dramatic change" in arms control agenda following the Reagan-Gorbachev talks held in this city eight months ago.

(Don Oberdorfer, Washington Post, A1)

FRANCE SAYS IT WANTS TO PARTICIPATE IN NATO NUCLEAR STRATEGY

REYKJAVIK -- France, reversing a 20-year go-it-alone policy, told its NATO allies it wants a role in planning nuclear strategy toward the Soviet Union, a senior U.S. State Department official said.

"They are interested in participation," said the official, who spoke on condition of anonymity. "We are not troubled by this. It is broadly in our interest to have everybody there who is a legitimate player and France is a legitimate player."

(Barry Schweid, AP)

LEADER EXPRESSES DOUBTS ABOUT WESTERN SINCERITY IN ARMS TALKS

MOSCOW -- Soviet leader Gorbachev said that Western "nervousness" about signing an arms accord makes him doubt the sincerity of NATO nations' claims to want to rid Europe of nuclear missiles.

Gorbachev said political will is all that is needed to sign a superpower agreement to remove all medium-range missiles from Europe. He credited Kremlin initiatives with moving the Geneva arms talks close to an accord.

"...The nervousness which was shown by some people in the West in seeing the real prospect of reaching agreement on medium-range missiles have rise to serious doubts about the sincerity on medium-range missiles gave rise to serious doubts about the sincerity of the pervious assurances by some governments in Western Europe of their interest in the total elimination of Soviet and American medium-range missiles in the European zone," Gorbachev said.

(AP)

YEUTTER LISTS 7 OBJECTIONS TO EMERGING TRADE BILL

U.S. Trade Representative Yeutter said there is less than a 50-50 chance that Congress will craft a trade bill acceptable to President Reagan and listed seven major Administration objections to the bill that is scheduled to go before the Senate as early as next week.

Yeutter told a U.S. Chamber of Commerce International Forum that there is a possibility of combining the House and Senate bills in a way that would produce legislation acceptable to the Administration.

"Where we are troubled by the Senate bill, the House bill is much more acceptable to us, and visa versa. There is a chance of picking the best of both and putting them together," Yeutter said.

As Yeutter spoke to the business organization, Senate Majority Leader Robert Byrd told Senate Democratic leaders that he won't allow a trade bill to be weakened to avoid a veto. (Stuart Auerbach, Washington Post, F1)

U.S. ASKS PANAMA TO HOLD FREE ELECTIONS

The State Department stepped up its critical approach to the government of Panama, calling for free elections and the removal of the military from politics.

The unusually blunt statement followed two days of clashes between police and thousands of demonstrators protesting Panama's military-dominated government.

In a bluntly unsympathetic statement, State Department deputy spokeswoman Phyllis Oakley reminded the Panamanian regime that "freedom of the media is key if Panamanians are to resolve their political problems in an atmosphere of democracy." (Richard Beeston, Washington Times, A8)

PANAMANIAN GOVERNMENT DECLARES STATE OF EMERGENCY

PANAMA CITY, Panama -- The government declared a state of emergency and suspended civil liberties, seeking to end three days of protests over charges of electoral fraud by the military. An opposition leader called for "open rebellion" and the removal of Panama's military strongman.

U.S. military personnel based in Panama -- numbering 10,386 at the end of March, according to the Pentagon -- were placed on a higher level of precaution, Pentagon officials said.

The state of emergency signed by President Eric Arturo Delvalle, Vice President Roderick Esquivel and the cabinet suspended seven articles of the constitution which are similar to the Bill of Rights, a presidential statement said. (Tracy Wilkinson, UPI)

ANGOLANS SEEK TIES WITH U.S.

The Marxist government of Angola, with which the U.S. has refused to establish diplomatic relations, has sent its highest-level delegation here to seek a change in Administration policy and an end to covert U.S. military aid for its rebel opposition.

Led by Pedro de Castro Van Dunem, the No. 2 figure in the Angolan government, the five-member delegation met with Assistant Secretary of State Chester Crocker to discuss the withdrawal of 37,000 Cuban troops, which the Reagan Administration has insisted upon before establishing diplomatic ties. (David Ottaway, Washington Post, A10)

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NATIONAL NEWS

REAGAN RETURNS TO BATTLE DEFICIT
Chided By Allies, He Has A Plan

President Reagan, taken to task at the economic summit for the large U.S. budget, returns home with a game plan for tackling the issue.

Reagan goes before the nation Monday -- 8 p.m. EDT -- with a speech outlining his plan to cut the deficit through budget restraints.

The White House says neither in his Monday night speech nor in subsequent addresses will he call for tax increases -- which the summit allies...cited as the best way to control the deficit.

(Johanna Neuman, USA Today, A5)

FAA ORDERS AIR TRAFFIC SLOWDOWN

The FAA, pressed by critics to do something to something to improve safety in the crowded skies, said it is turning the screws even tighter on its "flow control" system.

The goal: Ease the crunch on air traffic controllers. The probable result: more delays.

Restrictions are needed to "keep pace" with traffic growth, Transportation Secretary Dole said. (Wayne Beissert, USA Today, A1)

REAGAN MAY EASE MINIMUM-WAGE STAND'IS
LEGISLATION IS DILUTED, BROCK INDICATES

The Reagan Administration may be willing to relax its opposition to an increase in the minimum wage if Congress agrees to dilute the legislation significantly, Labor Secretary Brock indicated.

If Congress favors "those positive components (views of the Administration), we can sit down and talk about it," the secretary said. But the Administration will remain opposed to any broad minimum-wage boost that results in "massive disemployment" of young people, Brock said.

(Albert Karr, Wall Street Journal, A3)

\$16 BILLION HOUSING BILL VOTED
Republican Warns Of 'Almost Certain Veto'

The House, after two days of debate, approved a housing authorization bill of more than \$16 billion that Republicans said will almost certainly be vetoed by President Reagan.

The measure, passed 285 to 120, exceeds the Administration request for housing programs in the next fiscal year by about \$5 billion. The authorized funds include \$5.9 billion for low-income housing assistance, \$2 billion for public-housing modernization and construction and \$3.4 billion for rural housing programs.

Rep. Chalmers Wylie, ranking Republican on the House Banking, Finance and Urban Affairs Committee, said an "almost certain veto" awaits the bill in its present forms.

He quoted OMB Director James Miller as describing the legislation as a "costly and burdensome measure and one I am confident will be vetoed...."

(Edward Walsh, Washington Post, A12)

HOUSE DEMOCRATIC LEADERS PRESSURE
SENATE TO LIMIT MILITARY SPENDING

House Democratic leaders, pressuring the Senate to limit military spending, said they would operate without a congressional compromise budget this year unless the Senate made concessions.

But Senate Majority Leader Robert Byrd said he was hopeful that Democrats could unite behind a 1988 fiscal blueprint, and lawmakers vowed to attain that goal.

House Speaker Jim Wright said the Senate needed to lower its military spending figure from the \$299 billion level its leaders called a minimum. If not, "then it is really going to be very difficult" to produce a budget, he said.

House members believe the extra military spending the Senate wants, \$4 billion above a House offer rejected by the Senate Wednesday, "just squeezes out very necessary programs" such as housing and education, Wright said. Unless a deal comes soon, he said, the House would pass a resolution to use its own budget to guide this year's spending and tax bills.

(Steven Komarow, AP)

CAMPAIGN-CASH DISCORD
Byrd Warns GOP Demands Could Kill Bill

Partisan divisions over campaign-finance revision intensified in the Senate as Republicans vowed to continue opposing spending limits and public financing for senatorial elections and Democrats stuck by their demand for both provisions in a bid for compromise on the issue.

Only two days after leaders of both parties expressed optimism about reaching an accord, Minority Leader Robert Dole laid down conditions for a settlement that Majority Leader Robert Byrd said could scuttle the whole bill.

(Helen Dewar, Washington Post, A12)

IRAN-NICARAGUA

SECORD DENIES BUYING NORTH SECURITY NET
Installer Bore Cost, Contra Figure Says

Retired Air Force major general richard Secord denied that money from a Swiss bank account he controlled was used to pay for an electronic security system installed last June at the home of Oliver North.

"The substance and thrust of the story is flat wrong," Secord said, referring to a Washington Post report quoting congressional sources as saying the money came from such an account containing funds generated by Iran-Contra arms profits.

Secord said "the money for the system came from the guy who put it in...without any blessing from me and without any financial assistance from me. We had nothing to do with it." (Washington Post, A10)

CRITICS ATTACK ADVERSARIAL TRENDS
ON UNVEILING OF IRAN-CONTRA FACTS

The Iran-contra hearings have turned into a "legislative grand jury," focusing on details of possible crimes at the expense of examining critical national policy issues, according to some members of the congressional panels.

"We are supposed to be reaching the type of broad conclusions that could aid future presidents, not focusing on what was done when by whom," said Rep. James Courter, New Jersey Republican. "We've got an independent counsel for that. We should be examining what conflicts exist in the law, and how that can be changed."

Rep. Richard Cheney, the ranking minority member on the House committee, said, "I hope there is a time in the hearings when the broader constitutional questions can be raised. In my opinion, that part of it is far more significant than the 'who struck John' of the Iran-contra operations." (Michael Hedges, Washington Times, A3)

NETWORK NEWS FOR THURSDAY EVENING JUNE 11, 1987

VENICE SUMMIT

NBC's CHRIS WALLACE: The White House had counted on the Venice summit to help get the President out from under the Iran-contra scandal. But, when Mr. Reagan held a post-summit news conference poolside at his luxury hotel, the scandal was still there. The President was asked about testimony from Richard Secord and Albert Hakim that Oliver North told them that Mr. Reagan approved their actions.

(THE PRESIDENT: "Maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

But, even if he didn't know about covert aid to the contras, the President said the Boland amendment, which barred U.S. support, did not apply to him anyway.

(THE PRESIDENT: "I not only think it didn't, but I don't think that the law was broken.")

The President seemed much less committed to Elliott Abrams....

(THE PRESIDENT: "I accept the Secretary's statement on this.")

WALLACE: "You're the boss -- are you comfortable with him working for you?"

THE PRESIDENT: "I have told you -- that is the Administration's position." As for the Venice summit, the President called it a success. He praised the support he got in the Persian Gulf, even though the allies refused to expand their forces there. And he said allied unity on arms control increases chances for a U.S.-Soviet arms deal. But other delegations said the President seemed less energetic than at previous meetings. There were signs of that today when Mr. Reagan talked about the Soviet role in the U.N. Security Council--

(THE PRESIDENT: "We've appealed to the U.N. committee, of which they are a member.")

And when Mr. Reagan seemed to say the dollar could fall further--

(THE PRESIDENT: "Most of us believe that the dollar should remain stable. It could be within reason that there could still be some lowering of the value.")

Minutes after the President finished, aides corrected that, saying the dollar has fallen enough. So, Mr. Reagan did not get the boost from this summit that aides had hoped for. It seems clear that when he returns to Washington late tomorrow, all his problems will be right where he left them.

(NBC-2)

ABC's SAM DONALDSON: President Reagan, trying to fight off the general outside impression that the Venice summit hasn't amounted to much -- that he has failed to achieve his objectives, told an outdoor press conference on his hotel lawn that -- no, things couldn't have gone better; including he said, the allied agreement on his Persian Gulf policy.

(THE PRESIDENT: "We are gratified completely by the response. I think it has been excellent that there was no criticism from any of our allies about this.")

But the backing came only for diplomatic efforts at the U.N. None of the allies offered any new help in actually keeping the sea lanes open that many on Capitol Hill have been demanding. And the President conceded that he hasn't even asked for more help.

(THE PRESIDENT: "No. We were very satisfied with what they're prepared to do.")

DONALDSON continues: Then there was a lack of success to report on something he had asked for -- the extradition to the U.S. from West Germany of TWA hijacker Mohammad Ali Hamed. Chancellor Kohl didn't agree to it, although the decision is said to be still open. The President said it really doesn't matter.

(THE PRESIDENT: "But whichever way, he is going to be tried for the crime of killing our young Navy man in that hijacking.")

The President got in a little trouble today while talking about economics and the dollar. He followed the standard formula of saying the U.S. wanted stability in the dollar. Then added--

(THE PRESIDENT: "It could be within reason that there could still be some lowering of the value in relation to other currencies.")

And that caused the dollar to drop, at least briefly, on the sensitive money markets. The President was asked several questions today connected with the Iran-contra scandal and on the key point of what Oliver North, Richard Secord, and others were doing to aid the contras. He dropped his most recent assertion that he knew what was going on, it was all his idea, and reverted to his former plea of ignorance.

(THE PRESIDENT: "I told you all the truth that first day after everything hit the fan. Well I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

By most accounts except his own, the Venice summit was not the President's finest hour. But then nothing bad lasts forever. Tomorrow Mr. Reagan flies off to West Berlin for the kind of rousing speech that should lift everyone's spirits.

ABC's PETER JENNINGS: In his post-summit analysis today President Reagan told reporters that he is somewhat more encouraged, more hopeful, about the possibility of a summit meeting with the Soviet leader.... (ABC-2)

JENNINGS: At the Venice summit President Reagan took some real heat from his allies on the worldwide effect of the federal deficit. Mr. Reagan said today the deficit is shrinking. But there is no question that America's allies worry not just about the effect on international economics, but about the defense of the West as well.

ABC's PIERRE SALINGER reports on the relationship between military spending and leadership: ...The Reagan-Gorbachev summit in Reykjavik also had a very negative impact on the credibility of U.S. defense policy....

(TV COVERAGE: File footage of the President and General Secretary Gorbachev from Reykjavik.)

Despite the serious U.S. economic problems and our growing debt, European and Japanese leaders respect and want American military leadership. But after the Venice summit with no major progress on many issues, some of these leaders are expressing doubts about President Reagan's ability to exercise that leadership. (ABC-11)

CBS's BILL PLANTE: President Reagan, trying to make the best of an economic summit at which not much happened, was upbeat about allied unity here on arms control and the eventual outcome if negotiations with the Soviets are successful.

(THE PRESIDENT: "I can't deny that I believe there is an increased opportunity for a summit conference and an increased opportunity for actual reductions of arms -- particularly of the nuclear kind.")

PLANTE continues: Mr. Reagan also praised allied promises of new economic cooperation and embraced a mild statement on the Persian Gulf as an endorsement of U.S. policy.

(THE PRESIDENT: "I'm pleased with the support our allies have shown for a united position in the Persian Gulf -- actually, a commitment to keeping the sea lanes open in that area is a vital strategic objective.")

East-West relations will be the main focus tomorrow as the President concludes his European trip with a speech at the Berlin Wall. Anti-American demonstrators took to the streets today and thousands of extra police are on hand to deal with even larger protests as Mr. Reagan speaks tomorrow. But even 3,000 miles from home and looking toward a likely arms reduction agreement, the President can't escape his domestic political problems. In repeated questioning today about the Iran-contra affair, Mr. Reagan was asked about recent testimony that many of those involved believed they were acting with presidential approval.

(THE PRESIDENT: "Evidently, maybe some people were giving the impression that they were acting on orders from me. Well, I wasn't giving those orders because no one had asked or had told me what was truly happening there.")

So, Mr. Reagan's defense is still that he was detached from those events, unaware of what was going on in his own White House. And the fact that he failed to dominate the stage here in Venice this week seems to have cost Mr. Reagan a chance to refurbish his image as a leader -- as the White House had hoped.

(CBS-Lead)

CONGRESSIONAL OPPOSITION TO PERSIAN GULF POLICY/SAUDI ARMS SALE

NBC's JOHN DANCY: Saudi Arabia wanted the 1600 Maverick air-to-ground missiles, it said, to defend against tanks. But Israel's friends in the Senate said the missiles could be used against Israel. And they showed they could rally enough votes to override a presidential veto if necessary.

(SEN. PACKWOOD: "We now have 64 co-sponsors.")

Faced with a certain defeat, Assistant Secretary of State Richard Murphy said the Administration was withdrawing the request....

(REP. LARRY SMITH: "The facts are pretty clear that arms sales have never generated any support for American policies.")

(SEN. PACKWOOD: "The law requires the President to give us notice and, of course, Congress is involved in it -- we have a right to pass on these statements.")

(SEN. CRANSTON: "I hope the Administration will learn from that and will not proceed to put American flags on Kuwaiti ships without first consulting very carefully with the Congress.")

(SEN. WARNER: "Are we doing this in the cause of freedom as we've done traditionally in the history of this country or is it primarily an economic motivation?")

(SEN. NUNN: "Are we really protecting oil or are we tilting in the war?")

Assistant Secretary of State Michael Armacost said Congress had a promise from the President about the ships.

(ARMACOST: "We won't consider any of these reflagged until the protection regime is in place and until the President has finished consultation with you all.")

But the doubts remain. The Administration has not won many converts here on Capitol Hill.

(NBC-3, ABC-10)

CBS's DAVID MARTIN: President Reagan today dropped indefinitely plans to sell Maverick missiles to Saudi Arabia.... The sale was the latest victim of the attack on the USS Stark... Congressional supporters of the sale insisted that was a bum wrap.

(SEN. EVANS: "Frankly, from every piece of credible evidence I have seen, the Saudis acted in an appropriate manner.")

There were traditional congressional concerns about selling arms to a country technically at war with Israel.

(SEN. PACKWOOD: "All I'm asking is that the Saudis negotiate with Israel for peace.") (CBS-2)

VISIT TO WEST BERLIN/PROTEST

BROKAW: Tomorrow President Reagan goes on to West Berlin where he'll visit the Berlin Wall. Today a march by more than 25,000 demonstrators protested the President's visit and that march turned violent.... The demonstrators burned the American flag protesting U.S. involvement in Central America and the President's Star Wars program. (NBC-8, ABC-4)

CBS's BOB SCHIEFFER: President Reagan's trip to Berlin tomorrow will be his first to Germany since he angered many people by going to the Bitburg cemetery two years ago. At the time he said he was trying to heal wounds of WWII.

CBS's BURT QUINT reports on the accusations that today's successful German automotive industries used wartime prisoners to pave their road to prosperity. (CBS-12)

BRITISH ELECTIONS

BROKAW: Margaret Thatcher is apparently headed for a third term as British prime minister.... The BBC projected the conservative majority at 46. The Independent Television News put the conservative majority at 68 seats....

NBC's JOHN COCHRAN reports on the British election from 10 Downing Street:

(THE PRESIDENT: "I don't want to seem to, in any way, try to influence the election in England, but I have to tell you that I have great admiration for the manner in which Prime Minister Thatcher has handled not only the domestic affairs, but the international affairs.")

The President's virtual endorsement of her was criticized in Britain. But it was no surprise....

BROKAW: For the past seven years Mrs. Thatcher has been very close to Ronald Reagan. Now that his term is running out and her third term is just beginning, do you expect that there might be a little more separation between these two?

COCHRAN: I don't think so. Mrs. Thatcher wants to keep good relations with whomever is in the White House. I think she'll get along with Ronald Reagan's successor -- or at least try to. (NBC-Lead, ABC-Lead, CBS-10)

FOREIGN MEDIA REACTION

VENICE SUMMIT

"The Venice Economic Summit broke up last night leaving three of the participating groups with different impressions. The leaders were satisfied, the American journalists disappointed and the Venetians both proud and impatient. Judged on the basis of the original intentions, the leaders were right.... Pressure has gradually compelled leaders to respond to issues of the day in their final declaration, as the mention of AIDS yesterday demonstrated. But the original 1975 spirit has survived."

(TIMES, Britain)

"The Venice summit yesterday ended in self-congratulation but with a notable absence of specific commitments by the seven nations taking part."

(INDEPENDENT, Britain)

"There is no reason to be disappointed because little was expected. In the end, the meeting was not totally negative.... Although modest, the results meet the expectations of the experts.... It's not much, but it's not nil."

(TRIBUNE, France)

"The summit became a milestone to a successful conclusion of Ronald Reagan's term in office. He demonstrated again his ability to establish harmonious communications. While his staff fed U.S. reporters with information about the President's tough stance toward the other leaders about the Gulf issue, the participants actually heard nothing but friendly remarks from him.... The summit partners jointly entered the port of...harmony. Whenever an undesirable subject came up, it was quickly pushed aside."

(DIE WELT, West Germany)

"It was a big show, but the result was small.... The summit was a disappointment for all those who harbored high expectations."

(SUEDEDEUTSCHE ZEITUNG, West Germany)

"The seven are already looking ahead, toward the Reykjavik NATO meeting where they will have to agree on a common response to the zero-zero option and the Soviet peace offensive, toward British and Italian elections, toward developments in the Persian Gulf conflict. As a whole, we can say that the Western nations and the major democratic economies emerge from this 13th summit with a stronger political cohesion as well as with an increased awareness of the need for maximum coordination of different economic policies if disasters are to be avoided."

(IL MESSAGGERO, Italy)

"The political leaders this time seem to have succeeded in avoiding the atmosphere of mere political tourism and in creating the framework for understanding both the political and economic fields. There is a considerable amount of realism in the background. This emerges in the statements which leave the questions of third world indebtedness and inflation to the central banks. Responsibility was transferred away from politicians who recognize their limited possibilities to direct economic development."

(HELSINGIN SANOMAT, Helsinki)