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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JULY 1, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Escort Of Kuwaiti Ships To Begin By Mid-July -- President Reagan, rejecting the advice of key members of Congress and pressing ahead with his intention to escort Kuwaiti oil tankers in the Persian Gulf, has ordered the U.S. Navy to proceed with plans and begin the operation by mid-July.

(Los Angeles Times, New York Times, USA Today, Washington Post, Washington Times, AP, Newhouse, Reuter, Scripps Howard)

NATIONAL NEWS

Reagan Sends Baker, Meese To Consult With Hill On Court Nominee -- President Reagan sent White House Chief of Staff Howard Baker and Attorney General Edwin Meese to Capitol Hill to sound out key leaders on a list of about 10 possible candidates for the Supreme Court.

(Washington Post, Washington Times, AP, UPI)

Ethics Chief Hits Meese Investment -- The government's chief ethics officer has sharply criticized Attorney General Meese for establishing an unapproved "blind partnership" with a financial consultant to the scandal-plagued Wedtech Corp., it was disclosed.

(Los Angeles Times, Washington Post, UPI)

NETWORK NEWS (Tuesday Evening)

PERSIAN GULF -- President Reagan told leaders of Congress that America's credibility and the industrialized world's oil were at stake in the Persian Gulf.

LEBANON/HOSTAGES -- There are reports that two American hostages have been smuggled to Iran.

IRAN-CONTRA -- Oliver North was on Capitol Hill turning over edited copies of his personal materials related to the Iran-contra affair.



INTERNATIONAL NEWS

PRESIDENT REJECTS DELAY IN REFLAGGING

President Reagan rejected Democrats' demands that he delay the reflagging of Kuwaiti oil tankers in the Persian Gulf, and Democratic congressional leaders predicted that Congress would not block the increased U.S. military presence in the region.

The Senate Foreign Relations Committee approved legislation to delay the reflagging, and the House is expected to consider a similar proposal next week. But the congressional leaders indicated that the measures are mostly an attempt to go on record against the Administration policy rather than stop it.

Written in advance (of a meeting with congressional leaders), Reagan (in a statement) he is "moving forward with preparations" to put 11 Kuwaiti tankers under the U.S. flag and provide them with U.S. naval protection." (David Hoffman & Helen Dewar, Washington Post, A1)

Escort Of Kuwait Ships To Begin By Mid-July

President Reagan, rejecting the advice of key members of Congress and pressing ahead with his intention to escort Kuwaiti oil tankers in the Persian Gulf, has ordered the U.S. Navy to proceed with plans and begin the operation by mid-July, the White House announced.

"There's opposition to almost everything we want to do," Secretary Weinberger told reporters. "But the fact of the matter is that delay is not going to change the issue. Delaying is a prescription for simply not doing it." (James Gerstenzang, Los Angeles Times, A1)

Top Reagan Aides Back Gulf Policy

Top Reagan Administration officials, seeking to overwhelm congressional opposition to President Reagan's Persian Gulf policy, acknowledged the risk in escorting Kuwaiti vessels, but argued that it is far more risky to do nothing.

The Administration effort was designed to show that top officials supported the policy and to dispel reports of differences or of high-level concerns about several aspects of the plan.

"Without any question, it is not a risk-free operation," Secretary Weinberger said. "It's never been presented as such. But the risks of not doing (it), I think, are far higher."

(Gerald Boyd, New York Times, A3)

U.S. To Protect Kuwaiti Ships Despite Strong Opposition

President Reagan's plan to protect 11 Kuwaiti ships in the Persian Gulf will likely begin in two weeks despite grave fears in Congress that U.S. forces could be dragged into a military confrontation with Iran.

Congressional leaders, after meeting with Reagan, conceded they were virtually helpless to stop the operation to put the U.S. flag on the Kuwaiti ships and protect them from Iranian attack, even though Democrats and Republicans alike were critical.

"There is not any effective way to stop what has been ordered," said House Speaker Jim Wright.

(Valerie Strauss, Reuter)

Democrats Resist Reagan's Persian Gulf While Conceding They Can't Stop It

Democratic leaders will continue to seek legislation opposing President Reagan's Persian Gulf policy, even though they concede they can't stop White House plans to protect Kuwaiti oil tankers.

"Our choices are really very limited at this point," Sen. Sam Nunn said. "We're rushing ahead and Congress can't really stop it now."

House Speaker Jim Wright and Senate Majority Leader Robert Byrd both said they don't believe the U.S. commitment to Kuwait should be withdrawn after Reagan made it public. (Tim Ahern, AP)

U.S. To Begin Gulf Escort Within 2 Weeks

President Reagan told congressional leaders the U.S. will begin escorting Kuwaiti tankers through the Persian Gulf within the next two weeks despite widespread opposition on Capitol Hill.

"I would be hesitant to pass legislation mandating a stop because that would further injure American credibility that has already been seriously impaired by the Iran-contra arms sale," said Senate Majority Leader Robert Byrd.

"We expressed our reservations," Byrd said. "The President said we've got to make a show of our determination."

(Jeremiah O'Leary & Jennifer Spevacek, Washington Times, A1)

U.S. Pushes For Cease-Fire In Gulf War

President Reagan dispatches his top diplomats today to fine-tune the initiative he hopes will force a negotiated settlement of the Iran-Iraq war.

U.S. Ambassador Vernon Walters is overseas -- stopping first in Moscow -- to lobby U.N. Security Council members. Secretary Shultz goes to New York.

The White House announced the new initiative after Reagan closeted with congressional leaders. They urged him to delay the escorts until after U.N. action.

"The answer was, 'We've got to make a show of determination,'" said Senate Majority Leader Robert Byrd. Byrd conceded Congress can do nothing to stop the plan in a timely fashion.

(Jessica Lee, USA Today, A1)

U.S. Gets Only Minimal Help From Arab Nations In Gulf Initiative

President Reagan's plan to protect Kuwaiti oil tankers flying the American flag in the Persian Gulf will go ahead with only minimal help from friendly Arab nations on the Gulf's western coast.

Kuwait has agreed to let the Navy base MH-53 minesweeping helicopters in its territory to keep the ship channel to its port free of Iranian mines, and Saudi Arabia will allow expanded airborne AWACS radar plane coverage of the gulf from its air bases.

Navy P-3 ocean surveillance planes will continue to fly from bases in Oman, and Bahrain continues to allow U.S. warships to refuel in its port.

But beyond that it will be up to Navy ships to protect U.S.-flagged merchant vessels, and themselves, from Iranian attack.

(Frank Morring, Scripps Howard)

Persian Gulf/The President

President Reagan's defiant decision to move ahead with plans to provide U.S. military protection to tankers carrying oil through the Persian Gulf -- overruling congressional objections and sweeping aside pleas for delay -- is a bold assertion of executive authority by a leader hounded by suggestions his power is in decline.

Reagan's decision to go forward, with or without congressional support, is an impressive exercise of leadership authority at a time when he is widely perceived as a political lame duck whose political clout has been further reduced by the Iran-contra scandal.

(Miles Benson, Newhouse)

REPORTED TRANSFER OF HOSTAGES WEAKEN'S U.S. POSITION IN GULF

The reported transfer of two American hostages from Lebanon to Iran may weaken the Reagan Administration's strategic trump card in the Persian Gulf: its implicit threat to strike back hard in retaliation if Iran attacks any American warships or U.S.-protected Kuwaiti vessels.

Shiite Moslem sources told AP in Beirut that Iranian Revolutionary Guards smuggled two of the hostages to an undisclosed location in Iran last month.

"I don't really want to comment on movement of hostages," National Security Adviser Carlucci told reporters. "That's a very sensitive issue. I've seen these reports and I think there's some reason to question them, but I won't go any further than that."

But specialists on Iran said the reported presence of some of the hostages in Iran -- even if the reports ultimately turn out to be false -- could present the Administration with a cruel dilemma: whether or not to carry out retaliatory raids and risk having the hostages executed in return.

(David Wood, Newhouse)

Optimism For Release Of One American Hostage

BEIRUT -- A source with links to Syrian forces expressed optimism that diplomatic efforts will win release of American hostage Charles Glass, but British television reported three other hostages -- two of them Americans -- have been moved to Iran.

"I strongly believe that these talks and diplomatic efforts will result in freeing Mr. Glass. I don't think force will be used. These (diplomatic) efforts will be enough," a source close to the Syrian forces in Lebanon told UPI.

The source said Brig. Gen. Ghazi Kenaan, chief of the Syrian forces deployed in west Beirut, met late Monday with officials of Hezbollah, the pro-Iranian fundamentalist group believed to be holding Glass.

In London, Independent Television News (quoting Shiite Moslem sources) reported that Church of England envoy Terry Waite and two Americans kidnapped in Lebanon -- AP correspondent Terry Anderson and American University of Beirut official Thomas Sutherland -- have been moved to Iran in recent weeks.

"Terry Waite and the two American hostages are almost certainly being held in the Iranian holy city of Qom," ITN said. (Riad Kaj, UPI)

Iranians Said To Smuggle Two Hostages

BEIRUT -- Iranian Revolutionary Guards have smuggled two American hostages from Lebanon to Iran, hiding them in coffins part of the way, a Shiite Moslem source said.

A top U.S. official (National Security Adviser Carlucci) expressed skepticism about the report and Iran's foreign minister denied it.

The source told AP the Americans were "probably Terry Anderson and Thomas Sutherland," who were seized more than two years ago by Shiite extremists loyal to Iran. The sources has been reliable in the past on information regarding foreign hostages.

(AP story, Washington Post, A26)

ARAB TERRORISTS REPORTED TO HEAD FOR WEST GERMANY

BONN -- Police have warned the government's hostage crisis staff that a band of terrorists is en route to West Germany from Lebanon to free suspected hijacker Mohammed Ali Hamadei from jail, the weekly Stern magazine reported.

But a reliable government source said the report in Stern was "one of many" such threats that have become known to West German security officials. (UPI)

S. KOREAN PRESIDENT ACCEPTS REFORMS

SEOUL -- President Chun Doo Hwan, putting a formal end to a three-week-old political crisis, this morning told South Koreans by television he fully accepts a package of far-reaching democratic reforms demanded by the opposition, including direct presidential elections.

"Our politics must now cast aside its old shabby ways that are incongruous with our level of economic development and thus achieve an advanced form of democracy that we can proudly show to the world," Chun said. (Lena Sun & John Burgess, Washington Post, A1)

Chun Agrees To Direct Elections, Sweeping Democratic Changes

SEOUL -- Bowing to the will of the people, President Chun Doo Hwan announced his agreement to opposition demands for direct presidential elections and sweeping democratic reform.

The president and former army general, who said he had "spent many sleepless nights," announced he would accept demands for direct presidential elections, electoral reform, press freedom, release of political prisoners, curbing of central government power and other measures.

"Now is a crucial moment in the destiny of the nation," Chun said.

(Barry Renfrew, AP)

U.S. Spoke Softly For Seoul Change

Reagan Administration officials described a process of delicate maneuvering over the last few months to encourage the Seoul government to accept a range of political initiatives.

The officials did not try to take credit for the initiatives, and said the main impetus for them had come from within the Korean society. But they stressed that the U.S. strategy was to make clear to South Korean leaders that they would not have Washington's support in any effort to resist political change. (Neil Lewis, New York Times, A8)

State Department Upbeat About South Korea

A top State Department official gave Congress an optimistic forecast for South Korea, saying its people have put themselves on a path toward democracy that "they are not going to be easily derailed from."

Assistant Secretary of State Gaston Sigur, whose visit to Seoul last week preceded historic reforms by South Korea's ruling party, said the U.S. government has "no indication at all" that the South Korean military might a pre-emptive coup against those measures. (Matthew Quinn, UPI)

'Sea Change' Evident Last Week, Sigur Says; Extent Of Conciliation Surprised U.S.

The Reagan Administration's point man on South Korea said that senior government and opposition figures in Seoul told him last week that widespread and continuous protests have altered the political situation there and that "changes are going to take place."

"I got the feeling almost as soon as I arrived that a sea change was taking place in South Korea," Assistant Secretary of State Gaston Sigur said of his mission to Seoul last Tuesday to Thursday.

Senior State Department officials said that, despite this feeling of impending change, neither Sigur nor other Washington officials had warning that Chairman Roh Tae Woo of the ruling Democratic Justice Party would recommend...acceptance of direct presidential elections and almost all other objectives demanded by government opponents.

(Don Oberdorfer, Washington Post, A23)

Roh's Move Could Prove Remedy For S. Korea's Political Crisis

SEOUL -- It was ruling party chairman Roh Tae Woo who sparked the political crisis that swept through the streets of South Korean cities for three weeks. Now, it is Roh who miraculously seems to have solved it.

The protests began June 10, hours after Roh appeared on a convention stage with President Chun Doo Hwan and accepted the ruling party's nomination for president. In the first days of the escalating street violence, Roh's future seemed bleak.

But after a bold political stroke that startled many Koreans, Roh is being hailed as a sort of democratic hero, the man who brought the country through the greatest political storm it has faced in years.

(John Burgess, Washington Post, A23)

U.S., SOVIETS AGREE IN PRINCIPLE ON NUCLEAR MISSILE DEAL

The U.S. and the Soviet Union have reached an agreement in principle on a formula for the elimination of all Soviet medium-range nuclear missiles in Europe and Asia, a Reagan Administration official says.

The agreement could be sealed when Secretary Shultz meets here around mid-July with Soviet Foreign Minister Eduard Shevardnadze. It is designed to remove major obstacles to an accord and could set the stage for a third superpower summit meeting later this year.

The official, who spoke Tuesday night only on condition of anonymity, said Col. Gen. Nikolai Chervov, a senior adviser to the Soviet general staff, had proposed the compromise two weeks ago in Geneva to U.S. negotiator Maynard Glitman.

(Barry Schweid, AP)

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U.S. Said To Endorse Soviet Ideas For Compromise On Missile Cuts

The U.S. has responded favorably to an informal Soviet suggestion that could remove major barriers to a new accord on intermediate-range and short-range missiles, officials here said.

They added that the Administration, having expressed strong interest in the proposal, was waiting to see whether the Soviet Union would submit the compromise in a formal way.

Under the new Soviet formula, each side would agree to eliminate all its medium-range and shorter-range missiles around the world. This would mean that the Russians were dropping their previous insistence on retaining 100 medium-range warheads in Asia, as part of a projected agreement.

In return, the U.S. would agree to give up any right to convert its ground-launched cruise missiles in Europe into sea-launched missiles.

The U.S. would also forgo any right to convert its Pershing 2 medium-range missiles into shorter-range Pershing 1Bs, which could be turned over to West Germany. (Michael Gordon, New York Times, A1)

Soviets Report Plans For Pre-Summit Arms Control Missile Deal

MOSCOW -- Foreign Minister Eduard Shevardnadze will meet Secretary Shultz this month to discuss an arms control agreement both nations hope will be signed at a superpower summit this year, the Novosti news agency reported.

The Novosti report conflicted with U.S. statements that no time had been set for a Shultz-Shevardnadze meeting, although there had been speculation on dates in both July and August. (Jack Redden, UPI)

SOVIETS BID TO ORBIT U.S. CIVIL SATELLITES

Before this year is out, a Washington lawyer (Grier Raclin, serving as a go-between for U.S. satellite firms and the Soviet Union) said, at least one U.S. aerospace firm will take the unprecedented step of hiring the Soviet Union to put an American communications satellite into space.

The Reagan Administration could derail the contract by refusing to grant the export license needed to send the American satellite to the Soviet launching pad. But serious negotiations are going ahead anyway in the belief that such U.S.-Soviet business deals are inevitable.

(George Wilson, Washington Post, A4)

GORBACHEV'S REFORMS BECOME LAW

Soviet Legislature Approves Decentralization, Freer Speech

MOSCOW -- In a major victory for proponents of glasnost, or greater openness in government, the Supreme Soviet voted to permit popular referendums on regional political and social issues and to let citizens appeal to the courts from decisions made by Communist Party officials.

The Soviet legislature also passed a law loosening Moscow's grip on enterprises throughout the Soviet Union. The measure is designed to encourage local decision-making and greater public involvement in Kremlin leader Gorbachev's economic reforms. (Gary Lee, Washington Post, A1)

SENATE APPROVES 2-YEAR BAN ON TOSHIBA'S SALES IN U.S.
Retribution For High-Tech Deal With Soviets

The Senate voted to ban the sale of Toshiba products in the U.S. for at least two years because the company sold sophisticated machinery to the Soviet Union that allowed Moscow to make its submarines quiet enough to avoid detection.

Similar legislation is pending in the House, where two committees are holding hearings, and its passage there is virtually assured, Hill sources said. Administration officials indicated they oppose the measures.

(Stuart Auerbach, Washington Post, A1)

Senate Bars Importation Of Toshiba Products

The Senate, expressing outrage at Toshiba for its part in selling restricted submarine technology to the Soviets, voted to bar the firm from selling its products in this country for at least two years.

On a 92-5 vote, the Senate adopted an amendment to the trade bill barring the sale of all photocopiers, televisions, video recorders and other consumer electronic products made by subsidiaries of the Toshiba Machine Co. to punish the Japanese firm for its role in the technology diversion.

(Bud Newman, UPI)

REAGAN DROPS PART OF UNFAIR TRADE CASE AGAINST BRAZIL

President Reagan dropped part of an unfair trade practice case against Brazil, but kept up pressure for further movement on U.S. access to the Brazilian market for computers and information technology.

White House spokesman Marlin Fitzwater said action last week by the Brazilian Chamber of Deputies to extend copyright protection to U.S.-made computer software prompted Reagan to drop part of a complaint brought in September 1985.

(Norman Sandler, UPI)

U.S. SEEKS DEMOCRACY IN PANAMA -- ABRAMS

Assistant Secretary of State Elliott Abrams said that recent turmoil in Panama highlighted the U.S. dilemma of how to support change in friendly countries in transition to democracy.

He told the Washington World Affairs Council the Reagan Administration wants the Panamanian military to get out of politics and said Washington would halt aid to Haiti if its rulers thwart democracy.

"We are not neutral on democracy, and Panama needs to hold free elections to satisfy its people's demand for democracy," Abrams said.

(Richard Beeston, Washington Times, A6)

Panamanians Throw Rocks At U.S Embassy In Protest Of Senate's Resolution

PANAMA CITY, Panama -- About 5,000 chanting demonstrators threw rocks at the U.S. Embassy here to protest a U.S. Senate resolution calling for investigation into government involvement in violence and alleged vote fraud.

The embassy issued a two-paragraph protest in which it said the demonstration was "orchestrated by well-known political elements," an apparent reference to sympathizers of strongman Gen. Manuel Antonio Noriega and the ruling Democratic Revolutionary Party.

(John McClintock, Baltimore Sun, A7)

DEFECTOR SAYS PUBLIC OPINION LIMITS CASTRO'S MOVES

Cuban Role In Nicaragua Hampered By Opposition
To Angolan War, Radio Marti Told

The Cuban air force general who fled to the U.S. last month said widespread domestic opposition to Cuba's involvement in the Angolan civil war has prevented Fidel Castro from intervening more forcefully in Nicaragua.

Gen. Rafael del Pino Diaz made his statements to Radio Marti, part of the Voice of America, in nine hours of interviews edited for broadcast to Cuba.

(David Hilzenrath, Washington Post, A16)

EEC SUMMIT FAILS TO AGREE ON NEW FUNDING FORMULA

BRUSSELS -- The European Economic Community has agreed on a stopgap measure to hold off bankruptcy, but Britain blocked a proposal to create new funds for the group.

British Prime Minister Thatcher, insisting on tougher budgetary discipline, rejected a 5-year funding plan proposed by Belgium. EEC budget decisions must be taken unanimously.

"The 11 others were totally unable to convince me that we should agree to an entire document without closely examining it," Thatcher told reporters.

"I am not prepared to accept things without discussing them through.... That is not the way I do things, especially where money is concerned."

(Robert Wielaard, AP)

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NATIONAL NEWS

SENATE LEADERS GIVEN LIST OF 10 POSSIBLE NOMINEES Bork Called Top Contender For High Court

Reagan Administration officials presented Senate leaders with a long list of prospective candidates for the Supreme Court, but sources said that conservative U.S. Appeals Court Judge Robert Bork remains the firm choice of the White House and the Justice Department.

A senior official who said that Bork remains the leading candidate added that the decision is "not sewn up." Attorney General Meese said that the President has not made a decision and "the whole matter is open."

But White House officials said Reagan will act quickly, probably this week.... This also was the view at the Justice Department, where spokesman Terry Eastland said, "The appointment could be announced as early as tomorrow. The latest it will be would be sometime next week."

Senate Judiciary Chairman Joseph Biden said there were some "very good people on the list" and others who are "viewed as having very hard edges. If one of them is chosen, it will be a very hot summer and a very hot fall." He declined to say whether Bork was one of the prospective nominees who would cause a problem.

(Lou Cannon & Howard Kurtz, Washington Post, A1)

Reagan Sends Baker, Meese To Consult With Hill On Court Nominee

President Reagan sent White House Chief of Staff Howard Baker and Attorney General Edwin Meese to Capitol Hill to sound out key leaders on a list of about 10 possible candidates for the Supreme Court.

At the same time, Senate Democratic leader Robert Byrd predicted Federal Appeals Court Judge Robert Bork..."probably would be confirmed."

After meeting for about a half-hour with Senate Republican leader Robert Dole and Sen. Strom Thurmond, Meese said the Administration was still reviewing "quite a few" names for the post and it could be a "week, 10 days or two weeks" before Reagan would make a decision.

(Helen Thomas, UPI)

Senators Review List Of Court Candidates

The Reagan Administration presented Republican and Democratic Senate leaders with the names of about a dozen candidates to succeed retiring Supreme Court Justice Lewis Powell.

Senate Judiciary Committee Chairman Joseph Biden...said the list had "some very good people...and some, I bluntly told them, would cause a contentious fight if they came up."

Both moderate and conservative GOP senators are urging Reagan to name a conservative to replace Powell.

"If the President lets himself be turned around by the Democrats, he would be ignoring his own statements when he ran two successful presidential campaigns, the mandate he received from those two elections, and the will of the people expressed in those elections," said Sen. Charles Grassley, a moderate Republican member of the Judiciary Committee.

(Ralph Hallow & Jennifer Spevacek, Washington Times, A1)

Democrats Give Reagan Assessment Of Supreme Court Hopefuls

Senate Democrats gave White House emissaries a candid assessment that shows which of President Reagan's Supreme Court hopefuls may win confirmation and who could face "a very hot summer."

The Democratic scorecard was likely to play an important role today when top Administration officials were scheduled to meet on the nomination.

In giving the Democrats a peek at about a dozen prime candidates, the presidential aides "truly wanted a sense from the chairman of the (Judiciary) committee, and the leader of the Senate, if any problems would arise from that representative list," said Sen. Joseph Biden, chairman of the Senate Judiciary Committee. (Larry Margasak, AP)

Nomination To Test Senate Role In Shaping Of Supreme Court; Democratic Senators Taking More Aggressive Stance This Year

The upcoming battle over President Reagan's eventual nominee to the Supreme Court is likely to be as much a debate about the Senate's proper role in the confirmation process as about the qualifications of the potential associate justice.

In recent years, those opposing nominations have based their arguments on perceived character defects, misconduct or other personal flaws rather than engaging in an all-out assault on the nominee's political or judicial philosophy.

This time around, things are likely to be different. Senate Democrats have signaled their intention to take on any nominee who is, in the words of Majority Whip Alan Cranston, an "ideological extremist." Cranston called on his colleagues Monday to form a "solid phalanx" to block an "ideological court coup" by Reagan.

(Al Kamen & Ruth Marcus, Washington Post, A9)

ETHICS DIRECTOR SAYS MEESE FAILED TO COMPLY WITH RULES 1985 'Limited Blind Partnership' Is Cited

Attorney General Meese failed to comply with federal ethics regulations in 1985 when he set up a "limited blind partnership" with a former official of the scandal-plagued Wedtech Corp., according to David Martin, director of the Office of Government Ethics.

In a June 26 letter to Rep. Gerry Sikorski, released yesterday, Martin said the ethics office would never have approved such an arrangement and that Meese should have reported what securities the \$60,000 trust was invested in to avoid any possible conflicts of interest.

Sikorski, who chairs the House Post Office and Civil Service subcommittee that oversees federal ethics requirements, called Martin's statement "further evidence of a pattern of poor judgement and a frightful collapse of ethics within the attorney general's office."

Terry Eastland, a spokesman for Meese, said, "This is a purely political attack by Sikorski, and it is irresponsible in the extreme. It's a cheap shot." (Mary Thornton, Washington Post, A1)

Ethics Chief Hits Meese Investment

The government's chief ethics officer has sharply criticized Attorney General Meese for establishing an unapproved "blind partnership" with a financial consultant to the scandal-plagued Wedtech Corp., it was disclosed.

David Martin, director of the U.S. Office of Government Ethics, charged in a letter that Meese's \$60,000 investment in a limited partnership with W. Franklyn Chinn in 1985 was never cleared by Martin's office and thus failed to meet the requirements of federal ethics statutes that are designed to prevent conflicts of interest among high government officials.

But Terry Eastland, a Justice Department spokesman for Meese, said that "there are differences in interpretation over the Ethics in Government Act," adding that Meese believes he has complied with both the letter and spirit of the law. Eastland, a spokesman for Meese, said the release of Martin's letter was "a purely partisan attack."

(Robert Jackson, Los Angeles Times, A16)

Meese Now Must Act to Comply With Ethics Law

Attorney General Meese will have to itemize the holdings he placed in a blind trust with an ex-officer of the scandal-plagued Wedtech Corp. in order to comply with federal ethics law, the government says.

The decision from the Office of Government Ethics was prompted by release of a letter from its director, who told the chairman of a House subcommittee that Meese had not complied with the law in setting up his "limited blind partnership" with W. Franklyn Chinn, a former Wedtech director.

(UPI)

ECONOMY IMPROVES BUT WHITE HOUSE WORRIES OVER RATES

Reagan Administration officials are urging the Federal Reserve Board not to push up interest rates to counter inflation because it might risk choking off U.S. economic growth.

The Administration comments, directed at the independent central bank, came amid signs of strengthening in the economy that has been expanding for 55 months.

The Index of Leading Indicators, a barometer of economic activity, rose a strong 0.7 percent in May for the fourth straight monthly rise, the Commerce Department said.

The plea to the Fed not to tighten credit came from Beryl Sprinkel, chairman of the President's Council of Economic Advisers.

If the Fed continued a dramatic slowdown in money growth that it started in April "the continuation of reasonable growth of real output and employment (could be) at risk," Sprinkel told Congress.

(Kenneth Barry, Reuter)

HOUSE APPROVES \$9.4 BILLION SUPPLEMENTAL
Spending Bill Includes U.S. Employee Drug Test Plan,
Delay On Moscow Embassy Decision

The House approved a \$9.4 billion supplemental appropriations bill for the remaining three months of fiscal 1987, sending the measure back to the Senate for possible final enactment this week.

The House-passed version of the legislation included a compromise plan for drug testing of federal employees in "sensitive" jobs and a proposal to settle a House-Senate dispute over the future of the new U.S. Embassy in Moscow by putting off any decisions until at least Nov. 1.

The compromise that emerged from a House-Senate conference committee would expand the conditions under which drug testing would be allowed. Those conditions include requirements for uniform testing plans by federal agencies, uniform certification standards for those who conduct the tests and full access to the test results for employees.

(Edward Walsh, Washington Post, A7)

BUSH WINS ENDORSEMENT OF 66 HOUSE MEMBERS

Vice President Bush, claiming a "tremendous step forward" in his presidential campaign, has won the endorsement of 66 of the 177 Republican House members.

"This will have national significance," the party's front-runner told the representatives. "This is a tremendous step forward in our campaign effort."

Rep. Jack Kemp...claims the backing of 26 House members, a campaign aide said. But Bush claimed the backing of 10 of Kemp's fellow New York Republicans.

(UPI)

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IRAN — NICARAGUA

NORTH GIVES PROBERS PAPERS, SOME NOTES Lawyers Delete Part Of Material

Fired White House aide Oliver North gave congressional investigators seven binders of documents related to the Iran-contra affair, including copies of personal notebooks in which some material had been blacked out by his attorneys.

In his first testimony under oath, North said during a private appearance that the notebooks contain "day-today notations of some of my conversations and activities, which may relate to the subject matter of your inquiry," according to a transcript released by the committees.

Yesterday's session with North was a brief, preliminary one. Investigators were expected to work all night reading the new material in preparation for another closed session with North today in which interrogation will be limited by agreement with North's attorneys to what he told President Reagan about the diversion of funds to the contras, and what others informed him about the President's knowledge.

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

North Meets With Congressional Investigators For First Time

Oliver North, wearing his Marine uniform with medals pinned across his chest, met for the first time with congressional Iran-contra investigators to be granted immunity and to deliver subpoenaed documents.

Rep. Lee Hamilton said North appeared for 15 minutes to deliver the notebooks, telephone logs and appointment calendars that investigators have sought as part of their probe into his role as the kingpin in the Iran-contra scandal.

(Judi Hasson, UPI)

North Turns Over Key Documents To Iran-Contra Committees

Oliver North bowed to the will of Congress and turned over key documents to the Iran-contra committee, including 21 notebooks filled with personal notes of conversations and events.

North broke his months-long silence over the Iran-contra scandal, confirming but not elaborating on his deep involvement in response to questions from congressional investigators.

(Sue Baker, Reuter)

North Begins Talking Today; Doors Closed

Oliver North...ends months of silence today when he makes a private appearance before Congress' investigating committees.

By agreement, his closed-door testimony is limited -- but the topic is crucial: Was the Iran-contra affair conducted with the knowledge and approval of President Reagan?

Legal experts doubt the testimony could lead to Reagan's impeachment, even if he knew of North's role in the affair.

"It's no smoking pistol" for Reagan, even if North statements are confirmed by John Poindexter, says Rev. Robert Drinan of Georgetown Law Center, who drafted articles of impeachment against President Nixon.

The problem says Drinan: "You'd have a hard time proving ...criminal intent."

(Rae Tyson, USA Today, A1)

COHEN SAYS KEY ISSUE IS WHY PRESIDENT
UNAWARE OF ARMS FUNDS DIVERSION

The central question emerging from the Iran-contra hearings is not whether President Reagan knew about the diversion of Iranian arms proceeds to the contras but why he didn't know, a key member of the Iran-contra investigating committee said.

"This is being made into a watershed issue as to whether the President knew or didn't know," said Sen. William Cohen. "To me, it's more complicated than that."

Noting the U.S. tradition of subordinating the military to civilian rule, Cohen said, "If he (Reagan) didn't know, why didn't he know?"

And if he didn't know, "What does that say about the policy-making machinery of the Administration."

(Robert Lewis & Robert Gettlin, Newhouse)

CONGRESS ISN'T ONLY PROBLEM FOR NORTH
He Could Face Marine Court-Martial

The troubles facing Oliver North could go well beyond a mere congressional slap on the wrist for violating the Boland amendment -- or criminal charges resulting from the special prosecutor's investigation.

He could face a court-martial -- and if convicted lose his Marine pension and face a dishonorable discharge and time in the brig -- for his role in the Iran-contra scandal.

"Under a recent U.S. Supreme Court decision, a military person charged with a civil offense could be court-martialed for that offense," said Marine spokesman Capt. Craig Fisher. (Ralph Soda, USA Today, A5)

-End of A-Section-

NETWORK NEWS SUMMARY

(Tuesday Evening, June 30)

PERSIAN GULF

NBC's Tom Brokaw: President Reagan and Congress tonight appear to be heading for a major showdown over his plans to go ahead with American protection for Kuwaiti oil tankers in the Persian Gulf. When the President made it clear today that he is determined to proceed, the White House also announced that the Administration would simultaneously launch a major diplomatic push to end the Iran-Iraq war, using the U.N. and a special envoy. But that wasn't enough to quiet congressional critics, Republicans as well as Democrats.

NBC's Chris Wallace: Meeting with congressional leaders of both parties, the President heard nothing but objections to his plan to escort Kuwaiti ships.

(TV Coverage: Cabinet Room meeting.)

But as soon as the meeting was over, Mr. Reagan sent out word the tankers will be put under the U.S. flag.

(Fitzwater: "We expect those arrangements to be in place by mid-July, at which time we plan to proceed.")

That means U.S. warships will escort 11 tankers through the Persian Gulf, despite Iranian threats to attack such convoys. Today Republicans and Democrats urged the President to delay the plan and consider alternatives. But Secretary Weinberger said the Administration won't budge.

(Weinberger: " -- opposition to almost everything we want to do, but the fact of the matter is that delay is not going to change the issue or is not going to change any of the facts.")

The White House brought out its big guns to defend the plan, but even they raised concerns. Adm. Crowe acknowledged U.S. ships may come under fire.

(Crowe: "I didn't say they wouldn't be attacked. You didn't ask me that; you asked if we could protect them. And yes, we can.")

And CIA Director Webster raised the possibility of other Iranian responses.

(Webster: "The use of terrorism, extensive mining operations, working on the Gulf states, and the potential for stronger methods if those fail.")

Because of those concerns, the Senate Foreign Relations Committee voted to block the President's plan shortly after he reaffirmed it. Sen. Moynihan said the U.S. is protecting Kuwait's interests, not its own.

(Moynihan: "I mean what we have here is a classic condition in which a weak client begins to manipulate a major power.")

But despite the committee action, leading Democrats like Nunn say they don't have the votes to stop the operation.

(Nunn: " -- there's little the Congress can do legislatively to block this if the President is absolutely adamant in going forward without any kind of domestic consensus.")

So it seems clear tonight that Mr. Reagan can go ahead with plans to step up the U.S. role in the Persian Gulf. And if anything goes wrong, the Democrats have put themselves in perfect position to say, "We told you so."
(NBC-Lead)

NBC's John Chancellor -- comments there are three things to keep in mind about the new American policy in the Persian Gulf. Point one: the problem was no big deal half a year ago when Kuwait first asked for American protection. [Point two]: The problem got to be a big deal when Kuwait asked the Russians for help. When the Russians agreed to lease three tankers to Kuwait and give them small naval escorts, Washington moved beyond the pamphlet-in-the-mail stage. Point three: the Soviet naval presence in the Gulf is so small as to be virtually non-existent, and there is no sign the Soviets plan to increase that tiny force. Nevertheless, the Administration is playing that old Cold War song, "The Russians are coming, the Russians are coming." As a result, even though the Russians don't seem to be coming, more American ships and planes will be placed in one of the world's most dangerous battlegrounds. Nobody quite understands this policy, which is why there is more confusion than consensus here tonight. (NBC-11)

ABC's Peter Jennings: We begin tonight with the Reagan Administration's policy for the Persian Gulf. It has always been controversial.... It is now a policy under increasing pressure. Here in Washington today, the President and his staff called in the leaders of Congress and told them that American credibility and the industrialized world's oil was at stake -- that if the U.S. didn't take a leadership role in the Gulf the Soviets would. The political leadership from Capitol Hill does not want the President to go ahead.

ABC's Sam Donaldson: At the White House this morning, not a single congressional leader of either party spoke up in support of President Reagan's plan to put American flags on and American protection around Kuwaiti tankers.

(TV Coverage: Cabinet Room meeting.)

The Democrats urged him to delay the plan's implementation.

(Sen. Byrd: "We came here today to renew our expression of concern.")

(Speaker Wright: "I think we need to take a long and close look at what we're doing, very deliberately.")

(Sen. Cranston: "There are grave risks involved in this policy, and once we embark upon this approach in the Gulf it will not be easy to extract American forces from whatever engagements develop there.")

But the Democrats' entreaties for delay in the reflagging and escorting arrangements got nowhere.

(Fitzwater: "We expect those arrangements to be in place by mid-July, at which time we plan to proceed.")

The President did promise to vigorously pursue United Nations action to defuse the Gulf situation. And U.N. Ambassador Walters is being dispatched to consult U.S. allies. But Administration officials, including the Chairman of the Joint Chiefs, acknowledged today that when the escorting begins, American-flagged vessels may well come under attack.

(Adm. Crowe: "I didn't say they wouldn't be attacked. You didn't ask me that; you asked if we could protect them. And yes, we can.")

Protect the ships, but some intelligence assessments, including one from the CIA, forecast that Iran may also react by stepping up terrorism against Americans worldwide.

Donaldson continues:

(CIA Director Webster: "And if you want to call that an increase in the threat, I think that that would be accurate.")

Secretary Weinberger says the risks are worth taking.

(Weinberger: "Without any question, it is not a risk-free operation. It's never been presented as such. But the risks of not doing it, I think, are far higher.")

Officials here take heart from the fact that all the congressional leaders support the idea that the U.S. must keep the sea lanes open in the Gulf -- and that while the Democratic leaders urged delay in implementing the reflagging plan, none of them has actually rejected it. Said one official, "When the chips are down, we're confident Congress will support us.")

ABC's Ann Compton reports that when leaders took the news back to Capitol Hill that the reflagging would go forward in two weeks, frustrated senators on the Foreign Relations Committee went ahead with a vote on legislation that would prevent the Administration from reflagging ships in the Gulf for one year.

(Sen. Cranston: "I think we should make plain our intent to do what we can to prevent this policy from being carried forward at this time.")

(Sen. Kerry: "I don't think we've been left any course of action otherwise.")

Republicans don't like the reflagging any more than the Democrats, but most argued President Reagan has made a commitment and Congress cannot break it.

(Sen. Evans: "To tie our hands explicitly and without any wiggle room for 12 months, I think, is an extraordinarily bad thing to do.") The ban on reflagging passed with a comfortable 11-8 majority. But it is headed nowhere. The Senate leadership doesn't support it.

(Sen. Byrd: "I personally would be very hesitant to attempt to pass legislation mandating they stop because that could further injure our credibility in the Gulf region.")

(Sen. Nunn: "It's apparent that in the short term, there is very little the Congress can do to block this....")

House leaders say they don't want to undercut the President either.

Jennings reports the results of an ABC News-Washington Post poll, showing widespread support for an American military presence in the Gulf, although no agreement on what the military should actually do there.

-- 79% think it is important to protect the flow of oil.

-- 67% said we should be there to help keep the Soviets from gaining any more influence in the region.

-- 49% approve of reflagging the Kuwaiti tankers; 49% disapprove.

(ABC-Lead)

-more-

CBS's Dan Rather: An Iranian gunboat fired rockets into a Kuwaiti-owned ship in the Persian Gulf today. That's the third such attack in three days by Iran. And a U.S. Navy team reportedly discovered a string of Iranian mines near the main Kuwaiti oil port. Despite the risks, President Reagan made it clear again today that he is going ahead with plans to expand the U.S. role in the Persian Gulf.

CBS's Bill Plante: President Reagan, ignoring congressional objections and Iranian threats, sent his top officials to publicly promise that the U.S. Navy will begin by mid-July to escort Kuwaiti oil tankers flying the U.S. flag through the Persian Gulf, even though the Secretary of Defense admits it's dangerous.

(Weinberger: "Without any question, it is not a risk-free operation....")

And the Chairman of the Joint Chiefs says he can't guarantee U.S. ships won't come under fire.

(Adm. Crowe: "...You asked if we could protect them. And yes, we can.")

In a meeting with the congressional leaders before the White House announcement, the President found no support for the Persian Gulf escorts.

(TV Coverage: Cabinet Room meeting.)

The White House spokesman had to admit that no one in this meeting -- Democrat or Republican -- spoke up in favor of the plan.

(Sen. Cranston: "They are unwilling to delay. They are unwilling to consider our suggestions. They are going to plunge ahead.")

(Sen. Nunn: "So it seems from this senator's point of view that we are increasing our risk without furthering any strategic purpose.")

The Senate Foreign Relations Committee later voted to force a delay in the President's plan and also to invoke the War Powers Act, even though congressional Democrats concede there is no chance that the full Senate will support the vote.

(Sen. Helms: "Such an act by this committee would harm the President's ability to conduct foreign policy.")

(Sen. Kerry: "I don't know when it is that we suddenly found the dictum that says that you have to ratify bad policy to uphold the credibility of bad judgement.")

The White House is also sending U.N. Ambassador Walters to talk to the Soviets and other members of the U.N. Security Council in the Iran-Iraq war. But nobody expects that to be easy to get. So the escort will probably begin with the Administration hoping that the Iranians are not eager to escalate the war.

Rather reports the USS Stark has been patched up and will sail from the Persian Gulf this week, bound for her home port in Florida.

CBS's Alan Pizzey reports on the Stark's pending return and the heightening tension in the Persian Gulf. (CBS-Lead)

LEBANON/HOSTAGES

Brokaw cites reports out of the Middle East that hostages Terry Anderson and Thomas Sutherland have been smuggled out of Lebanon and into Iran via Syria. Iranian officials have denied the report and National Security Advisor Carlucci says there is reason to question the story.

(CBS-2, NBC-2)

Jennings reports the British Television News is reporting from Beirut that Terry Waite has been moved from Lebanon to Iran. The Church of England said it has no confirmation of the report. (ABC-2)

IRAN-CONTRA

Brokaw reports Lt. Col. North was on Capitol Hill today turning over edited copies of his personal materials related to his role in the Iran-contra affair. (ABC-3, CBS-4, NBC-3)

MEESE

Rather: A new accusation today that Attorney General Meese may have broken the law. This latest accusation involves a business arrangement Meese allegedly made without telling the Government Ethics Office as it is said is required by law. But some of the latest and most heated controversy surrounding Meese goes beyond his personal finances.

CBS's Rita Braver reports Meese refused comment on the Government Ethics Office finding. Meese set up a limited partnership with a former director of Wedtech without disclosing the assets of the partnership nor got approval for the trust arrangement.

(Rep. Sikorski: "Yes, it is scary that this person, chief law enforcement officer, would undertake this kind of outside-the-law circumvention of just general financial disclosure forms.")

The Ethics Office said Meese could face civil or criminal penalties if his partnership were intended to violate conflict of interest laws. Today Meese's lawyers announced for the first time that none of Meese's money was invested in Wedtech. Meese's spokesman said Meese violated no law in his financial disclosure findings.

(Terry Eastland: "This is political motivation. This is much ado about nothing.")

(Sen. Metzenbaum: "I think it's just another indication that Ed Meese probably never should have been confirmed as attorney general.")

(ABC-4, NBC-5, CBS-3)

CBS's Lesley Stahl reports Meese may be in trouble on other fronts, specifically the Iran-contra affair -- with charges that he played a more active role in the scandal and the coverup than has been acknowledged.

(Sen. Leahy: "There's no question that Attorney General Meese knew a great deal more about the Iran hostage ransom deal than he ever told the public in his press conference.")

Charles Cooper testified that after they discovered the diversion of funds memo, Meese made no move to protect the evidence. Congressional investigators charge that Meese's news conference revealing the diversion of funds to the contras began the Administration coverup to protect President Reagan by blaming Col. North for everything. Meese made several statements that day investigators say he knew were untrue or misleading. The investigators claim to have evidence which shows that Meese knew the U.S. Government had approved an Israeli shipment of arms, and that Meese participated in a high-level meeting on Nov. 20 to come up with a fictitious story to hide that fact.

Stahl continues: And there are reports of other charges: that Meese steered potential contributors to the contras to North, that White House aides were told that Meese had approved North's actions on behalf of the contras. As the charges pile up, Meese critics question whether he should continue as the President's chief advisor on naming a new Supreme Court Justice and new FBI Director, and whether he should step down as Attorney General.

DEAVER

Brokaw reports Michael Deaver asked the U.S. Supreme Court for a delay in his perjury trial until his suit challenging the constitutionality of the special prosecutor law is resolved. (NBC-4)

KOREA

Brokaw reports that President Chun is preparing to go on national television, where he is expected to endorse substantial democratic reforms for that country, including direct election of a successor.

NBC's Steve Mallory reports presidential hopeful Roh Tae Woo continued his peacemaking role today, taking his proposals for democratic reform to the president. Following the meeting, Roh said Chun had agreed to the proposals. Opposition leaders are obviously pleased about the prospects for reform but warned the people must remain vigilant if full democracy is to be achieved. (ABC-6, NBC-7)

CBS's Barry Peterson reports that during the weeks of protest, Korea's corporations didn't skip a beat. No plants closed, no shipments missed. The ruling party, say insiders, was shaken when the growing middle class joined student demonstrators. That more than anything may have prompted the concessions to political reform. If military-backed rule was good for business, they say here, democracy will be even better. (CBS-7)

ECONOMY

Rather: The government said that its index of leading economic indicators rose 0.7% in May. That was the fourth straight monthly increase for the Commerce Department's main measure of future economic activity. (ABC-11, CBS-5)

WORKER PRODUCTIVITY/PAY

CBS's Ray Brady reports that while American workers are producing more than ever -- their output way up -- you would hardly know it from looking at their paychecks. In the last six years, the increase in output of the nation's factories has been rising a healthy 4% a year, but wages are up less than 1% a year. Corporations say they have to compete against factories abroad that pay low wages. But some of those same factories are owned by American companies. Low wages, say critics, while making the U.S. more competitive will make workers poorer. (CBS-6)

MEDICAL MALPRACTICE

ABC's Mike von Fremd reports a medical industry newspaper has called southern Florida "medicine's Beirut." Hospitals and doctors are not taking patients because they are afraid of malpractice suits they cannot afford. Southern Florida leads the nation in both the number of malpractice claims and the size of settlements. (CBS-9, ABC-8)

ARMS CONTROL

Rather reports correspondent Bill McLaughlin says the Soviets are soon expected to propose a drastic reduction in long-range nuclear missiles. The Soviet offer is expected to come close to a previous American proposal: phased withdrawal of 50% of these missiles over a seven-year period. A big sticking point: the Soviets are expected to insist that President Reagan put strict limits on, perhaps even kill, his star wars missile defense idea. (CBS-9)

SOVIET REFORMS

Brokaw reports the Supreme Soviet approved Soviet leader Gorbachev's latest economic and social reforms. (ABC-7, NBC-6)

PTL

Jennings reports the Justice Department appears to be stepping up its investigation into the finances of the PTL ministry under the stewardship of Jim and Tammy Bakker. (ABC-5)

EUROPE/DRUGS

NBC's Brian Stewart reports on the growing drug problem in Europe. (NBC-10)

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EDITORIALS/COLUMNISTS

SUPREME COURT

To Find a Justice -- "Reagan could search the country and not turn up a candidate who promises to generate more acrimony than Bork. Why? Because Bork combines (1) impeccable credentials which would make it exceedingly difficult for the Senate to reject and (2) a rigid ideology which would make it exceedingly difficult for the Senate to accept.... So Reagan has the choice: He can nominate Bork or someone of like persuasion and engage the Senate in ideological mortal combat, or he can nominate someone like Howard Baker and expect [to] see the new justice in place by the beginning of the Supreme Court's new term on the first Monday in October." (Baltimore Evening Sun, 6/29)

Filling Powell's Seat -- "Ideally, Reagan should appoint another like Powell who took a case-by-case approach and who had no identifiable affinity for either the right or the left. Whoever Reagan nominates must be a man of unquestioned integrity.... Reagan, the popular choice of a free people, has the right to select a person who shares his views as long as his nominee is qualified in every other respect." (Boston Globe, 6/30)

Reagan and the Supreme Court -- "The one nominated should not carry any excess political baggage, should not invite liberal lightning to strike, should not be a lightweight. The nominee should be an experienced, qualified, principled, honorable, Constitution-loving individual of unquestioned integrity and intellect. He or she should be so impressive that any vote in opposition would reflect adversely upon the one who casts it." (Chattanooga News-Free Press, 6/27)

Powell's Moderation Will Be Missed -- "If [President Reagan] nominates a successor who matches the mold of Justice Powell -- well-respected, qualified, thoughtful, reasonable, not doctrinaire -- he is likely to win over the Democratic-controlled Congress. If not, he may find himself in battle with Congress once again and may lose his opportunity to shape the Supreme Court of the future." (St. Louis Post Dispatch, 7/1)

The Court After Powell -- "Certainly the President's third appointment to the court could add weight to the conservative side. At worst, he could name an ideologue, someone who tends to begin consideration of every case with a fixed view, in this case rightist, as opposed to someone in the Powell mode." (Kansas City Times, 6/27)

The 'Movement' and the Court -- "If Reagan chooses an independent conservative in the Powell mold, the precedent of Senate rejection on the basis of ideology won't be an issue. But if he opts for a movement conservative, as Meese and others would like, then the Senate has the right to judge the nominee on the basis he was chosen -- ideology." (Richard Cohen, Washington Post, 6/30)

JUDICIAL APPOINTMENTS

President's Judicial Legacy Will Outlast Him By 30 Years -- "Every president has nominated federal judges in his own philosophical image. Lyndon Johnson named 122 district judges; 94.3% of them were Democrats. Jimmy Carter put 202 persons on the district courts; 92.6% were Democrats. Of Ronald Reagan's 95 district court nominations in 1985 and 1986, 89.5% were Republicans.... This is the way the system is supposed to work...." (James J. Kilpatrick, Chicago Sun-Times, 6/27)

PERSIAN GULF

Full Speed Ahead in the Gulf -- "The Reagan Administration is pressing ahead with its plan to place Kuwaiti oil tankers under U.S. flag protection.... The sooner, the better. The Persian Gulf is smoldering.... Meanwhile, congressional opposition to the Administration's gulf policy continues to turn on irrelevant side-issues and impractical proposals." (New York Post, 6/30)

The Gulf: Congress is Adrift -- "The Reagan Administration has formulated a Persian Gulf policy. Congress should let the Administration implement it. If the policy fails, the people will know who to blame.... World events move too quickly to allow the kind of agonizing indecision we're witnessing as Congress attempts to micromanage foreign policy." (Detroit News, 6/29)

Diplomacy on a Short String -- "We think the Reagan Administration now knows it is on a dangerous course with the Kuwaiti tankers, but is afraid of reneging and losing 'credibility.' There are worse things than credibility to lose by going blindly ahead: lives, treasure, national interests. Since it has no standing with Iran, Washington should -- and can -- get the gulf states to approach Iran about a halt to the tanker war...." (Rocky Mountain News, 6/27)

Breaking Kuwait Commitment Would Shatter U.S. Credibility -- "Breaking the Kuwait commitment [to reflag tankers] would shatter U.S. credibility, already fractured by the Iran arms deal, and send the gulf states scurrying for Soviet protection.... If the United States wants to be taken seriously by Iran, the Soviet Union and the Gulf states, if it wants to contain the spread of Islamic revolution and if it wants to encourage stability in the troubled Middle East, then the United States must take risks in the Gulf. Walking away from the gulf now only invites much worse problems in the future."

(James Phillips, Heritage Foundation, Newport Daily Independent, 6/24)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JULY 1, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Escort Of Kuwaiti Ships To Begin By Mid-July -- President Reagan, rejecting the advice of key members of Congress and pressing ahead with his intention to escort Kuwaiti oil tankers in the Persian Gulf, has ordered the U.S. Navy to proceed with plans and begin the operation by mid-July.

(Los Angeles Times, New York Times, USA Today, Washington Post, Washington Times, AP, Newhouse, Reuter, Scripps Howard)

NATIONAL NEWS

Reagan Sends Baker, Meese To Consult With Hill On Court Nominee -- President Reagan sent White House Chief of Staff Howard Baker and Attorney General Edwin Meese to Capitol Hill to sound out key leaders on a list of about 10 possible candidates for the Supreme Court.

(Washington Post, Washington Times, AP, UPI)

Ethics Chief Hits Meese Investment -- The government's chief ethics officer has sharply criticized Attorney General Meese for establishing an unapproved "blind partnership" with a financial consultant to the scandal-plagued Wedtech Corp., it was disclosed.

(Los Angeles Times, Washington Post, UPI)

NETWORK NEWS (Tuesday Evening)

PERSIAN GULF -- President Reagan told leaders of Congress that America's credibility and the industrialized world's oil were at stake in the Persian Gulf.

LEBANON/HOSTAGES -- There are reports that two American hostages have been smuggled to Iran.

IRAN-CONTRA -- Oliver North was on Capitol Hill turning over edited copies of his personal materials related to the Iran-contra affair.



INTERNATIONAL NEWS

PRESIDENT REJECTS DELAY IN REFLAGGING

President Reagan rejected Democrats' demands that he delay the reflagging of Kuwaiti oil tankers in the Persian Gulf, and Democratic congressional leaders predicted that Congress would not block the increased U.S. military presence in the region.

The Senate Foreign Relations Committee approved legislation to delay the reflagging, and the House is expected to consider a similar proposal next week. But the congressional leaders indicated that the measures are mostly an attempt to go on record against the Administration policy rather than stop it.

Written in advance (of a meeting with congressional leaders), Reagan (in a statement) he is "moving forward with preparations" to put 11 Kuwaiti tankers under the U.S. flag and provide them with U.S. naval protection." (David Hoffman & Helen Dewar, Washington Post, A1)

Escort Of Kuwait Ships To Begin By Mid-July

President Reagan, rejecting the advice of key members of Congress and pressing ahead with his intention to escort Kuwaiti oil tankers in the Persian Gulf, has ordered the U.S. Navy to proceed with plans and begin the operation by mid-July, the White House announced.

"There's opposition to almost everything we want to do," Secretary Weinberger told reporters. "But the fact of the matter is that delay is not going to change the issue. Delaying is a prescription for simply not doing it." (James Gerstenzang, Los Angeles Times, A1)

Top Reagan Aides Back Gulf Policy

Top Reagan Administration officials, seeking to overwhelm congressional opposition to President Reagan's Persian Gulf policy, acknowledged the risk in escorting Kuwaiti vessels, but argued that it is far more risky to do nothing.

The Administration effort was designed to show that top officials supported the policy and to dispel reports of differences or of high-level concerns about several aspects of the plan.

"Without any question, it is not a risk-free operation," Secretary Weinberger said. "It's never been presented as such. But the risks of not doing (it), I think, are far higher."

(Gerald Boyd, New York Times, A3)

U.S. To Protect Kuwaiti Ships Despite Strong Opposition

President Reagan's plan to protect 11 Kuwaiti ships in the Persian Gulf will likely begin in two weeks despite grave fears in Congress that U.S. forces could be dragged into a military confrontation with Iran.

Congressional leaders, after meeting with Reagan, conceded they were virtually helpless to stop the operation to put the U.S. flag on the Kuwaiti ships and protect them from Iranian attack, even though Democrats and Republicans alike were critical.

"There is not any effective way to stop what has been ordered," said House Speaker Jim Wright. (Valerie Strauss, Reuter)

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Democrats Resist Reagan's Persian Gulf While Conceding They Can't Stop It

Democratic leaders will continue to seek legislation opposing President Reagan's Persian Gulf policy, even though they concede they can't stop White House plans to protect Kuwaiti oil tankers.

"Our choices are really very limited at this point," Sen. Sam Nunn said. "We're rushing ahead and Congress can't really stop it now."

House Speaker Jim Wright and Senate Majority Leader Robert Byrd both said they don't believe the U.S. commitment to Kuwait should be withdrawn after Reagan made it public. (Tim Ahern, AP)

U.S. To Begin Gulf Escort Within 2 Weeks

President Reagan told congressional leaders the U.S. will begin escorting Kuwaiti tankers through the Persian Gulf within the next two weeks despite widespread opposition on Capitol Hill.

"I would be hesitant to pass legislation mandating a stop because that would further injure American credibility that has already been seriously impaired by the Iran-contra arms sale," said Senate Majority Leader Robert Byrd.

"We expressed our reservations," Byrd said. "The President said we've got to make a show of our determination."

(Jeremiah O'Leary & Jennifer Spevacek, Washington Times, A1)

U.S. Pushes For Cease-Fire In Gulf War

President Reagan dispatches his top diplomats today to fine-tune the initiative he hopes will force a negotiated settlement of the Iran-Iraq war.

U.S. Ambassador Vernon Walters is overseas -- stopping first in Moscow -- to lobby U.N. Security Council members. Secretary Shultz goes to New York.

The White House announced the new initiative after Reagan closeted with congressional leaders. They urged him to delay the escorts until after U.N. action.

"The answer was, 'We've got to make a show of determination,'" said Senate Majority Leader Robert Byrd. Byrd conceded Congress can do nothing to stop the plan in a timely fashion.

(Jessica Lee, USA Today, A1)

U.S. Gets Only Minimal Help From Arab Nations In Gulf Initiative

President Reagan's plan to protect Kuwaiti oil tankers flying the American flag in the Persian Gulf will go ahead with only minimal help from friendly Arab nations on the Gulf's western coast.

Kuwait has agreed to let the Navy base MH-53 minesweeping helicopters in its territory to keep the ship channel to its port free of Iranian mines, and Saudi Arabia will allow expanded airborne AWACS radar plane coverage of the gulf from its air bases.

Navy P-3 ocean surveillance planes will continue to fly from bases in Oman, and Bahrain continues to allow U.S. warships to refuel in its port.

But beyond that it will be up to Navy ships to protect U.S.-flagged merchant vessels, and themselves, from Iranian attack.

(Frank Morring, Scripps Howard)

Persian Gulf/The President

President Reagan's defiant decision to move ahead with plans to provide U.S. military protection to tankers carrying oil through the Persian Gulf -- overruling congressional objections and sweeping aside pleas for delay -- is a bold assertion of executive authority by a leader hounded by suggestions his power is in decline.

Reagan's decision to go forward, with or without congressional support, is an impressive exercise of leadership authority at a time when he is widely perceived as a political lame duck whose political clout has been further reduced by the Iran-contra scandal.

(Miles Benson, Newhouse)

REPORTED TRANSFER OF HOSTAGES WEAKEN'S U.S. POSITION IN GULF

The reported transfer of two American hostages from Lebanon to Iran may weaken the Reagan Administration's strategic trump card in the Persian Gulf: its implicit threat to strike back hard in retaliation if Iran attacks any American warships or U.S.-protected Kuwaiti vessels.

Shiite Moslem sources told AP in Beirut that Iranian Revolutionary Guards smuggled two of the hostages to an undisclosed location in Iran last month.

"I don't really want to comment on movement of hostages," National Security Adviser Carlucci told reporters. "That's a very sensitive issue. I've seen these reports and I think there's some reason to question them, but I won't go any further than that."

But specialists on Iran said the reported presence of some of the hostages in Iran -- even if the reports ultimately turn out to be false -- could present the Administration with a cruel dilemma: whether or not to carry out retaliatory raids and risk having the hostages executed in return.

(David Wood, Newhouse)

Optimism For Release Of One American Hostage

BEIRUT -- A source with links to Syrian forces expressed optimism that diplomatic efforts will win release of American hostage Charles Glass, but British television reported three other hostages -- two of them Americans -- have been moved to Iran.

"I strongly believe that these talks and diplomatic efforts will result in freeing Mr. Glass. I don't think force will be used. These (diplomatic) efforts will be enough," a source close to the Syrian forces in Lebanon told UPI.

The source said Brig. Gen. Ghazi Kenaan, chief of the Syrian forces deployed in west Beirut, met late Monday with officials of Hezbollah, the pro-Iranian fundamentalist group believed to be holding Glass.

In London, Independent Television News (quoting Shiite Moslem sources) reported that Church of England envoy Terry Waite and two Americans kidnapped in Lebanon -- AP correspondent Terry Anderson and American University of Beirut official Thomas Sutherland -- have been moved to Iran in recent weeks.

"Terry Waite and the two American hostages are almost certainly being held in the Iranian holy city of Qom," ITN said. (Riad Kaj, UPI)

Iranians Said To Smuggle Two Hostages

BEIRUT -- Iranian Revolutionary Guards have smuggled two American hostages from Lebanon to Iran, hiding them in coffins part of the way, a Shiite Moslem source said.

A top U.S. official (National Security Adviser Carlucci) expressed skepticism about the report and Iran's foreign minister denied it.

The source told AP the Americans were "probably Terry Anderson and Thomas Sutherland," who were seized more than two years ago by Shiite extremists loyal to Iran. The sources has been reliable in the past on information regarding foreign hostages.

(AP story, Washington Post, A26)

ARAB TERRORISTS REPORTED TO HEAD FOR WEST GERMANY

BONN -- Police have warned the government's hostage crisis staff that a band of terrorists is en route to West Germany from Lebanon to free suspected hijacker Mohammed Ali Hamadei from jail, the weekly Stern magazine reported.

But a reliable government source said the report in Stern was "one of many" such threats that have become known to West German security officials.

(UPI)

S. KOREAN PRESIDENT ACCEPTS REFORMS

SEOUL -- President Chun Doo Hwan, putting a formal end to a three-week-old political crisis, this morning told South Koreans by television he fully accepts a package of far-reaching democratic reforms demanded by the opposition, including direct presidential elections.

"Our politics must now cast aside its old shabby ways that are incongruous with our level of economic development and thus achieve an advanced form of democracy that we can proudly show to the world," Chun said.

(Lena Sun & John Burgess, Washington Post, A1)

Chun Agrees To Direct Elections, Sweeping Democratic Changes

SEOUL -- Bowing to the will of the people, President Chun Doo Hwan announced his agreement to opposition demands for direct presidential elections and sweeping democratic reform.

The president and former army general, who said he had "spent many sleepless nights," announced he would accept demands for direct presidential elections, electoral reform, press freedom, release of political prisoners, curbing of central government power and other measures.

"Now is a crucial moment in the destiny of the nation," Chun said.

(Barry Renfrew, AP)

U.S. Spoke Softly For Seoul Change

Reagan Administration officials described a process of delicate maneuvering over the last few months to encourage the Seoul government to accept a range of political initiatives.

The officials did not try to take credit for the initiatives, and said the main impetus for them had come from within the Korean society. But they stressed that the U.S. strategy was to make clear to South Korean leaders that they would not have Washington's support in any effort to resist political change.

(Neil Lewis, New York Times, A8)

State Department Upbeat About South Korea

A top State Department official gave Congress an optimistic forecast for South Korea, saying its people have put themselves on a path toward democracy that "they are not going to be easily derailed from."

Assistant Secretary of State Gaston Sigur, whose visit to Seoul last week preceded historic reforms by South Korea's ruling party, said the U.S. government has "no indication at all" that the South Korean military might a pre-emptive coup against those measures. (Matthew Quinn, UPI)

'Sea Change' Evident Last Week, Sigur Says; Extent Of Conciliation Surprised U.S.

The Reagan Administration's point man on South Korea said that senior government and opposition figures in Seoul told him last week that widespread and continuous protests have altered the political situation there and that "changes are going to take place."

"I got the feeling almost as soon as I arrived that a sea change was taking place in South Korea," Assistant Secretary of State Gaston Sigur said of his mission to Seoul last Tuesday to Thursday.

Senior State Department officials said that, despite this feeling of impending change, neither Sigur nor other Washington officials had warning that Chairman Roh Tae Woo of the ruling Democratic Justice Party would recommend...acceptance of direct presidential elections and almost all other objectives demanded by government opponents.

(Don Oberdorfer, Washington Post, A23)

Roh's Move Could Prove Remedy For S. Korea's Political Crisis

SEOUL -- It was ruling party chairman Roh Tae Woo who sparked the political crisis that swept through the streets of South Korean cities for three weeks. Now, it is Roh who miraculously seems to have solved it.

The protests began June 10, hours after Roh appeared on a convention stage with President Chun Doo Hwan and accepted the ruling party's nomination for president. In the first days of the escalating street violence, Roh's future seemed bleak.

But after a bold political stroke that startled many Koreans, Roh is being hailed as a sort of democratic hero, the man who brought the country through the greatest political storm it has faced in years.

(John Burgess, Washington Post, A23)

U.S., SOVIETS AGREE IN PRINCIPLE ON NUCLEAR MISSILE DEAL

The U.S. and the Soviet Union have reached an agreement in principle on a formula for the elimination of all Soviet medium-range nuclear missiles in Europe and Asia, a Reagan Administration official says.

The agreement could be sealed when Secretary Shultz meets here around mid-July with Soviet Foreign Minister Eduard Shevardnadze. It is designed to remove major obstacles to an accord and could set the stage for a third superpower summit meeting later this year.

The official, who spoke Tuesday night only on condition of anonymity, said Col. Gen. Nikolai Chervov, a senior adviser to the Soviet general staff, had proposed the compromise two weeks ago in Geneva to U.S. negotiator Maynard Glitman.

(Barry Schweid, AP)

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U.S. Said To Endorse Soviet Ideas For Compromise On Missile Cuts

The U.S. has responded favorably to an informal Soviet suggestion that could remove major barriers to a new accord on intermediate-range and short-range missiles, officials here said.

They added that the Administration, having expressed strong interest in the proposal, was waiting to see whether the Soviet Union would submit the compromise in a formal way.

Under the new Soviet formula, each side would agree to eliminate all its medium-range and shorter-range missiles around the world. This would mean that the Russians were dropping their previous insistence on retaining 100 medium-range warheads in Asia, as part of a projected agreement.

In return, the U.S. would agree to give up any right to convert its ground-launched cruise missiles in Europe into sea-launched missiles.

The U.S. would also forgo any right to convert its Pershing 2 medium-range missiles into shorter-range Pershing 1Bs, which could be turned over to West Germany. (Michael Gordon, New York Times, A1)

Soviets Report Plans For Pre-Summit Arms Control Missile Deal

MOSCOW -- Foreign Minister Eduard Shevardnadze will meet Secretary Shultz this month to discuss an arms control agreement both nations hope will be signed at a superpower summit this year, the Novosti news agency reported.

The Novosti report conflicted with U.S. statements that no time had been set for a Shultz-Shevardnadze meeting, although there had been speculation on dates in both July and August. (Jack Redden, UPI)

SOVIETS BID TO ORBIT U.S. CIVIL SATELLITES

Before this year is out, a Washington lawyer (Grier Raclin, serving as a go-between for U.S. satellite firms and the Soviet Union) said, at least one U.S. aerospace firm will take the unprecedented step of hiring the Soviet Union to put an American communications satellite into space.

The Reagan Administration could derail the contract by refusing to grant the export license needed to send the American satellite to the Soviet launching pad. But serious negotiations are going ahead anyway in the belief that such U.S.-Soviet business deals are inevitable.

(George Wilson, Washington Post, A4)

GORBACHEV'S REFORMS BECOME LAW

Soviet Legislature Approves Decentralization, Freer Speech

MOSCOW -- In a major victory for proponents of glasnost, or greater openness in government, the Supreme Soviet voted to permit popular referendums on regional political and social issues and to let citizens appeal to the courts from decisions made by Communist Party officials.

The Soviet legislature also passed a law loosening Moscow's grip on enterprises throughout the Soviet Union. The measure is designed to encourage local decision-making and greater public involvement in Kremlin leader Gorbachev's economic reforms. (Gary Lee, Washington Post, A1)

SENATE APPROVES 2-YEAR BAN ON TOSHIBA'S SALES IN U.S.
Retribution For High-Tech Deal With Soviets

The Senate voted to ban the sale of Toshiba products in the U.S. for at least two years because the company sold sophisticated machinery to the Soviet Union that allowed Moscow to make its submarines quiet enough to avoid detection.

Similar legislation is pending in the House, where two committees are holding hearings, and its passage there is virtually assured, Hill sources said. Administration officials indicated they oppose the measures.

(Stuart Auerbach, Washington Post, A1)

Senate Bars Importation Of Toshiba Products

The Senate, expressing outrage at Toshiba for its part in selling restricted submarine technology to the Soviets, voted to bar the firm from selling its products in this country for at least two years.

On a 92-5 vote, the Senate adopted an amendment to the trade bill barring the sale of all photocopiers, televisions, video recorders and other consumer electronic products made by subsidiaries of the Toshiba Machine Co. to punish the Japanese firm for its role in the technology diversion.

(Bud Newman, UPI)

REAGAN DROPS PART OF UNFAIR TRADE CASE AGAINST BRAZIL

President Reagan dropped part of an unfair trade practice case against Brazil, but kept up pressure for further movement on U.S. access to the Brazilian market for computers and information technology.

White House spokesman Marlin Fitzwater said action last week by the Brazilian Chamber of Deputies to extend copyright protection to U.S.-made computer software prompted Reagan to drop part of a complaint brought in September 1985.

(Norman Sandler, UPI)

U.S. SEEKS DEMOCRACY IN PANAMA -- ABRAMS

Assistant Secretary of State Elliott Abrams said that recent turmoil in Panama highlighted the U.S. dilemma of how to support change in friendly countries in transition to democracy.

He told the Washington World Affairs Council the Reagan Administration wants the Panamanian military to get out of politics and said Washington would halt aid to Haiti if its rulers thwart democracy.

"We are not neutral on democracy, and Panama needs to hold free elections to satisfy its people's demand for democracy," Abrams said.

(Richard Beeston, Washington Times, A6)

Panamanians Throw Rocks At U.S Embassy In Protest Of Senate's Resolution

PANAMA CITY, Panama -- About 5,000 chanting demonstrators threw rocks at the U.S. Embassy here to protest a U.S. Senate resolution calling for investigation into government involvement in violence and alleged vote fraud.

The embassy issued a two-paragraph protest in which it said the demonstration was "orchestrated by well-known political elements," an apparent reference to sympathizers of strongman Gen. Manuel Antonio Noriega and the ruling Democratic Revolutionary Party.

(John McClintock, Baltimore Sun, A7)

DEFECTOR SAYS PUBLIC OPINION LIMITS CASTRO'S MOVES

Cuban Role In Nicaragua Hampered By Opposition
To Angolan War, Radio Marti Told

The Cuban air force general who fled to the U.S. last month said widespread domestic opposition to Cuba's involvement in the Angolan civil war has prevented Fidel Castro from intervening more forcefully in Nicaragua.

Gen. Rafael del Pino Diaz made his statements to Radio Marti, part of the Voice of America, in nine hours of interviews edited for broadcast to Cuba.

(David Hilzenrath, Washington Post, A16)

EEC SUMMIT FAILS TO AGREE ON NEW FUNDING FORMULA

BRUSSELS -- The European Economic Community has agreed on a stopgap measure to hold off bankruptcy, but Britain blocked a proposal to create new funds for the group.

British Prime Minister Thatcher, insisting on tougher budgetary discipline, rejected a 5-year funding plan proposed by Belgium. EEC budget decisions must be taken unanimously.

"The 11 others were totally unable to convince me that we should agree to an entire document without closely examining it," Thatcher told reporters.

"I am not prepared to accept things without discussing them through.... That is not the way I do things, especially where money is concerned."

(Robert Wielaard, AP)

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NATIONAL NEWS

SENATE LEADERS GIVEN LIST OF 10 POSSIBLE NOMINEES Bork Called Top Contender For High Court

Reagan Administration officials presented Senate leaders with a long list of prospective candidates for the Supreme Court, but sources said that conservative U.S. Appeals Court Judge Robert Bork remains the firm choice of the White House and the Justice Department.

A senior official who said that Bork remains the leading candidate added that the decision is "not sewn up." Attorney General Meese said that the President has not made a decision and "the whole matter is open."

But White House officials said Reagan will act quickly, probably this week.... This also was the view at the Justice Department, where spokesman Terry Eastland said, "The appointment could be announced as early as tomorrow. The latest it will be would be sometime next week."

Senate Judiciary Chairman Joseph Biden said there were some "very good people on the list" and others who are "viewed as having very hard edges. If one of them is chosen, it will be a very hot summer and a very hot fall." He declined to say whether Bork was one of the prospective nominees who would cause a problem.

(Lou Cannon & Howard Kurtz, Washington Post, A1)

Reagan Sends Baker, Meese To Consult With Hill On Court Nominee

President Reagan sent White House Chief of Staff Howard Baker and Attorney General Edwin Meese to Capitol Hill to sound out key leaders on a list of about 10 possible candidates for the Supreme Court.

At the same time, Senate Democratic leader Robert Byrd predicted Federal Appeals Court Judge Robert Bork..."probably would be confirmed."

After meeting for about a half-hour with Senate Republican leader Robert Dole and Sen. Strom Thurmond, Meese said the Administration was still reviewing "quite a few" names for the post and it could be a "week, 10 days or two weeks" before Reagan would make a decision.

(Helen Thomas, UPI)

Senators Review List Of Court Candidates

The Reagan Administration presented Republican and Democratic Senate leaders with the names of about a dozen candidates to succeed retiring Supreme Court Justice Lewis Powell.

Senate Judiciary Committee Chairman Joseph Biden...said the list had "some very good people...and some, I bluntly told them, would cause a contentious fight if they came up."

Both moderate and conservative GOP senators are urging Reagan to name a conservative to replace Powell.

"If the President lets himself be turned around by the Democrats, he would be ignoring his own statements when he ran two successful presidential campaigns, the mandate he received from those two elections, and the will of the people expressed in those elections," said Sen. Charles Grassley, a moderate Republican member of the Judiciary Committee.

(Ralph Hallow & Jennifer Spevacek, Washington Times, A1)

Democrats Give Reagan Assessment Of Supreme Court Hopefuls

Senate Democrats gave White House emissaries a candid assessment that shows which of President Reagan's Supreme Court hopefuls may win confirmation and who could face "a very hot summer."

The Democratic scorecard was likely to play an important role today when top Administration officials were scheduled to meet on the nomination.

In giving the Democrats a peek at about a dozen prime candidates, the presidential aides "truly wanted a sense from the chairman of the (Judiciary) committee, and the leader of the Senate, if any problems would arise from that representative list," said Sen. Joseph Biden, chairman of the Senate Judiciary Committee. (Larry Margasak, AP)

Nomination To Test Senate Role In Shaping Of Supreme Court; Democratic Senators Taking More Aggressive Stance This Year

The upcoming battle over President Reagan's eventual nominee to the Supreme Court is likely to be as much a debate about the Senate's proper role in the confirmation process as about the qualifications of the potential associate justice.

In recent years, those opposing nominations have based their arguments on perceived character defects, misconduct or other personal flaws rather than engaging in an all-out assault on the nominee's political or judicial philosophy.

This time around, things are likely to be different. Senate Democrats have signaled their intention to take on any nominee who is, in the words of Majority Whip Alan Cranston, an "ideological extremist." Cranston called on his colleagues Monday to form a "solid phalanx" to block an "ideological court coup" by Reagan.

(Al Kamen & Ruth Marcus, Washington Post, A9)

ETHICS DIRECTOR SAYS MEESE FAILED TO COMPLY WITH RULES 1985 'Limited Blind Partnership' Is Cited

Attorney General Meese failed to comply with federal ethics regulations in 1985 when he set up a "limited blind partnership" with a former official of the scandal-plagued Wedtech Corp., according to David Martin, director of the Office of Government Ethics.

In a June 26 letter to Rep. Gerry Sikorski, released yesterday, Martin said the ethics office would never have approved such an arrangement and that Meese should have reported what securities the \$60,000 trust was invested in to avoid any possible conflicts of interest.

Sikorski, who chairs the House Post Office and Civil Service subcommittee that oversees federal ethics requirements, called Martin's statement "further evidence of a pattern of poor judgement and a frightful collapse of ethics within the attorney general's office."

Terry Eastland, a spokesman for Meese, said, "This is a purely political attack by Sikorski, and it is irresponsible in the extreme. It's a cheap shot." (Mary Thornton, Washington Post, A1)

Ethics Chief Hits Meese Investment

The government's chief ethics officer has sharply criticized Attorney General Meese for establishing an unapproved "blind partnership" with a financial consultant to the scandal-plagued Wedtech Corp., it was disclosed.

David Martin, director of the U.S. Office of Government Ethics, charged in a letter that Meese's \$60,000 investment in a limited partnership with W. Franklyn Chinn in 1985 was never cleared by Martin's office and thus failed to meet the requirements of federal ethics statutes that are designed to prevent conflicts of interest among high government officials.

But Terry Eastland, a Justice Department spokesman for Meese, said that "there are differences in interpretation over the Ethics in Government Act," adding that Meese believes he has complied with both the letter and spirit of the law. Eastland, a spokesman for Meese, said the release of Martin's letter was "a purely partisan attack."

(Robert Jackson, Los Angeles Times, A16)

Meese Now Must Act to Comply With Ethics Law

Attorney General Meese will have to itemize the holdings he placed in a blind trust with an ex-officer of the scandal-plagued Wedtech Corp. in order to comply with federal ethics law, the government says.

The decision from the Office of Government Ethics was prompted by release of a letter from its director, who told the chairman of a House subcommittee that Meese had not complied with the law in setting up his "limited blind partnership" with W. Franklyn Chinn, a former Wedtech director.

(UPI)

ECONOMY IMPROVES BUT WHITE HOUSE WORRIES OVER RATES

Reagan Administration officials are urging the Federal Reserve Board not to push up interest rates to counter inflation because it might risk choking off U.S. economic growth.

The Administration comments, directed at the independent central bank, came amid signs of strengthening in the economy that has been expanding for 55 months.

The Index of Leading Indicators, a barometer of economic activity, rose a strong 0.7 percent in May for the fourth straight monthly rise, the Commerce Department said.

The plea to the Fed not to tighten credit came from Beryl Sprinkel, chairman of the President's Council of Economic Advisers.

If the Fed continued a dramatic slowdown in money growth that it started in April "the continuation of reasonable growth of real output and employment (could be) at risk," Sprinkel told Congress.

(Kenneth Barry, Reuter)

HOUSE APPROVES \$9.4 BILLION SUPPLEMENTAL
Spending Bill Includes U.S. Employee Drug Test Plan,
Delay On Moscow Embassy Decision

The House approved a \$9.4 billion supplemental appropriations bill for the remaining three months of fiscal 1987, sending the measure back to the Senate for possible final enactment this week.

The House-passed version of the legislation included a compromise plan for drug testing of federal employees in "sensitive" jobs and a proposal to settle a House-Senate dispute over the future of the new U.S. Embassy in Moscow by putting off any decisions until at least Nov. 1.

The compromise that emerged from a House-Senate conference committee would expand the conditions under which drug testing would be allowed. Those conditions include requirements for uniform testing plans by federal agencies, uniform certification standards for those who conduct the tests and full access to the test results for employees.

(Edward Walsh, Washington Post, A7)

BUSH WINS ENDORSEMENT OF 66 HOUSE MEMBERS

Vice President Bush, claiming a "tremendous step forward" in his presidential campaign, has won the endorsement of 66 of the 177 Republican House members.

"This will have national significance," the party's front-runner told the representatives. "This is a tremendous step forward in our campaign effort."

Rep. Jack Kemp...claims the backing of 26 House members, a campaign aide said. But Bush claimed the backing of 10 of Kemp's fellow New York Republicans.

(UPI)

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IRAN — NICARAGUA

NORTH GIVES PROBERS PAPERS, SOME NOTES Lawyers Delete Part Of Material

Fired White House aide Oliver North gave congressional investigators seven binders of documents related to the Iran-contra affair, including copies of personal notebooks in which some material had been blacked out by his attorneys.

In his first testimony under oath, North said during a private appearance that the notebooks contain "day-today notations of some of my conversations and activities, which may relate to the subject matter of your inquiry," according to a transcript released by the committees.

Yesterday's session with North was a brief, preliminary one. Investigators were expected to work all night reading the new material in preparation for another closed session with North today in which interrogation will be limited by agreement with North's attorneys to what he told President Reagan about the diversion of funds to the contras, and what others informed him about the President's knowledge.

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

North Meets With Congressional Investigators For First Time

Oliver North, wearing his Marine uniform with medals pinned across his chest, met for the first time with congressional Iran-contra investigators to be granted immunity and to deliver subpoenaed documents.

Rep. Lee Hamilton said North appeared for 15 minutes to deliver the notebooks, telephone logs and appointment calendars that investigators have sought as part of their probe into his role as the kingpin in the Iran-contra scandal.

(Judi Hasson, UPI)

North Turns Over Key Documents To Iran-Contra Committees

Oliver North bowed to the will of Congress and turned over key documents to the Iran-contra committee, including 21 notebooks filled with personal notes of conversations and events.

North broke his months-long silence over the Iran-contra scandal, confirming but not elaborating on his deep involvement in response to questions from congressional investigators.

(Sue Baker, Reuter)

North Begins Talking Today; Doors Closed

Oliver North...ends months of silence today when he makes a private appearance before Congress' investigating committees.

By agreement, his closed-door testimony is limited -- but the topic is crucial: Was the Iran-contra affair conducted with the knowledge and approval of President Reagan?

Legal experts doubt the testimony could lead to Reagan's impeachment, even if he knew of North's role in the affair.

"It's no smoking pistol" for Reagan, even if North statements are confirmed by John Poindexter, says Rev. Robert Drinan of Georgetown Law Center, who drafted articles of impeachment against President Nixon.

The problem says Drinan: "You'd have a hard time proving ...criminal intent."

(Rae Tyson, USA Today, A1)

COHEN SAYS KEY ISSUE IS WHY PRESIDENT
UNAWARE OF ARMS FUNDS DIVERSION

The central question emerging from the Iran-contra hearings is not whether President Reagan knew about the diversion of Iranian arms proceeds to the contras but why he didn't know, a key member of the Iran-contra investigating committee said.

"This is being made into a watershed issue as to whether the President knew or didn't know," said Sen. William Cohen. "To me, it's more complicated than that."

Noting the U.S. tradition of subordinating the military to civilian rule, Cohen said, "If he (Reagan) didn't know, why didn't he know?"

And if he didn't know, "What does that say about the policy-making machinery of the Administration."

(Robert Lewis & Robert Gettlin, Newhouse)

CONGRESS ISN'T ONLY PROBLEM FOR NORTH
He Could Face Marine Court-Martial

The troubles facing Oliver North could go well beyond a mere congressional slap on the wrist for violating the Boland amendment -- or criminal charges resulting from the special prosecutor's investigation.

He could face a court-martial -- and if convicted lose his Marine pension and face a dishonorable discharge and time in the brig -- for his role in the Iran-contra scandal.

"Under a recent U.S. Supreme Court decision, a military person charged with a civil offense could be court-martialed for that offense," said Marine spokesman Capt. Craig Fisher. (Ralph Soda, USA Today, A5)

-End of A-Section-

NETWORK NEWS SUMMARY

(Tuesday Evening, June 30)

PERSIAN GULF

NBC's Tom Brokaw: President Reagan and Congress tonight appear to be heading for a major showdown over his plans to go ahead with American protection for Kuwaiti oil tankers in the Persian Gulf. When the President made it clear today that he is determined to proceed, the White House also announced that the Administration would simultaneously launch a major diplomatic push to end the Iran-Iraq war, using the U.N. and a special envoy. But that wasn't enough to quiet congressional critics, Republicans as well as Democrats.

NBC's Chris Wallace: Meeting with congressional leaders of both parties, the President heard nothing but objections to his plan to escort Kuwaiti ships.

(TV Coverage: Cabinet Room meeting.)

But as soon as the meeting was over, Mr. Reagan sent out word the tankers will be put under the U.S. flag.

(Fitzwater: "We expect those arrangements to be in place by mid-July, at which time we plan to proceed.")

That means U.S. warships will escort 11 tankers through the Persian Gulf, despite Iranian threats to attack such convoys. Today Republicans and Democrats urged the President to delay the plan and consider alternatives. But Secretary Weinberger said the Administration won't budge.

(Weinberger: " -- opposition to almost everything we want to do, but the fact of the matter is that delay is not going to change the issue or is not going to change any of the facts.")

The White House brought out its big guns to defend the plan, but even they raised concerns. Adm. Crowe acknowledged U.S. ships may come under fire.

(Crowe: "I didn't say they wouldn't be attacked. You didn't ask me that; you asked if we could protect them. And yes, we can.")

And CIA Director Webster raised the possibility of other Iranian responses.

(Webster: "The use of terrorism, extensive mining operations, working on the Gulf states, and the potential for stronger methods if those fail.")

Because of those concerns, the Senate Foreign Relations Committee voted to block the President's plan shortly after he reaffirmed it. Sen. Moynihan said the U.S. is protecting Kuwait's interests, not its own.

(Moynihan: "I mean what we have here is a classic condition in which a weak client begins to manipulate a major power.")

But despite the committee action, leading Democrats like Nunn say they don't have the votes to stop the operation.

(Nunn: " -- there's little the Congress can do legislatively to block this if the President is absolutely adamant in going forward without any kind of domestic consensus.")

So it seems clear tonight that Mr. Reagan can go ahead with plans to step up the U.S. role in the Persian Gulf. And if anything goes wrong, the Democrats have put themselves in perfect position to say, "We told you so."

(NBC-Lead)

NBC's John Chancellor -- comments there are three things to keep in mind about the new American policy in the Persian Gulf. Point one: the problem was no big deal half a year ago when Kuwait first asked for American protection. [Point two]: The problem got to be a big deal when Kuwait asked the Russians for help. When the Russians agreed to lease three tankers to Kuwait and give them small naval escorts, Washington moved beyond the pamphlet-in-the-mail stage. Point three: the Soviet naval presence in the Gulf is so small as to be virtually non-existent, and there is no sign the Soviets plan to increase that tiny force. Nevertheless, the Administration is playing that old Cold War song, "The Russians are coming, the Russians are coming." As a result, even though the Russians don't seem to be coming, more American ships and planes will be placed in one of the world's most dangerous battlegrounds. Nobody quite understands this policy, which is why there is more confusion than consensus here tonight. (NBC-11)

ABC's Peter Jennings: We begin tonight with the Reagan Administration's policy for the Persian Gulf. It has always been controversial.... It is now a policy under increasing pressure. Here in Washington today, the President and his staff called in the leaders of Congress and told them that American credibility and the industrialized world's oil was at stake -- that if the U.S. didn't take a leadership role in the Gulf the Soviets would. The political leadership from Capitol Hill does not want the President to go ahead.

ABC's Sam Donaldson: At the White House this morning, not a single congressional leader of either party spoke up in support of President Reagan's plan to put American flags on and American protection around Kuwaiti tankers.

(TV Coverage: Cabinet Room meeting.)

The Democrats urged him to delay the plan's implementation.

(Sen. Byrd: "We came here today to renew our expression of concern.")

(Speaker Wright: "I think we need to take a long and close look at what we're doing, very deliberately.")

(Sen. Cranston: "There are grave risks involved in this policy, and once we embark upon this approach in the Gulf it will not be easy to extract American forces from whatever engagements develop there.")

But the Democrats' entreaties for delay in the reflagging and escorting arrangements got nowhere.

(Fitzwater: "We expect those arrangements to be in place by mid-July, at which time we plan to proceed.")

The President did promise to vigorously pursue United Nations action to defuse the Gulf situation. And U.N. Ambassador Walters is being dispatched to consult U.S. allies. But Administration officials, including the Chairman of the Joint Chiefs, acknowledged today that when the escorting begins, American-flagged vessels may well come under attack.

(Adm. Crowe: "I didn't say they wouldn't be attacked. You didn't ask me that; you asked if we could protect them. And yes, we can.")

Protect the ships, but some intelligence assessments, including one from the CIA, forecast that Iran may also react by stepping up terrorism against Americans worldwide.

Donaldson continues:

(CIA Director Webster: "And if you want to call that an increase in the threat, I think that that would be accurate.")

Secretary Weinberger says the risks are worth taking.

(Weinberger: "Without any question, it is not a risk-free operation. It's never been presented as such. But the risks of not doing it, I think, are far higher.")

Officials here take heart from the fact that all the congressional leaders support the idea that the U.S. must keep the sea lanes open in the Gulf -- and that while the Democratic leaders urged delay in implementing the reflagging plan, none of them has actually rejected it. Said one official, "When the chips are down, we're confident Congress will support us.")

ABC's Ann Compton reports that when leaders took the news back to Capitol Hill that the reflagging would go forward in two weeks, frustrated senators on the Foreign Relations Committee went ahead with a vote on legislation that would prevent the Administration from reflagging ships in the Gulf for one year.

(Sen. Cranston: "I think we should make plain our intent to do what we can to prevent this policy from being carried forward at this time.")

(Sen. Kerry: "I don't think we've been left any course of action otherwise.")

Republicans don't like the reflagging any more than the Democrats, but most argued President Reagan has made a commitment and Congress cannot break it.

(Sen. Evans: "To tie our hands explicitly and without any wiggle room for 12 months, I think, is an extraordinarily bad thing to do.")

The ban on reflagging passed with a comfortable 11-8 majority. But it is headed nowhere. The Senate leadership doesn't support it.

(Sen. Byrd: "I personally would be very hesitant to attempt to pass legislation mandating they stop because that could further injure our credibility in the Gulf region.")

(Sen. Nunn: "It's apparent that in the short term, there is very little the Congress can do to block this....")

House leaders say they don't want to undercut the President either.

Jennings reports the results of an ABC News-Washington Post poll, showing widespread support for an American military presence in the Gulf, although no agreement on what the military should actually do there.

-- 79% think it is important to protect the flow of oil.

-- 67% said we should be there to help keep the Soviets from gaining any more influence in the region.

-- 49% approve of reflagging the Kuwaiti tankers; 49% disapprove.

(ABC-Lead)

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CBS's Dan Rather: An Iranian gunboat fired rockets into a Kuwaiti-owned ship in the Persian Gulf today. That's the third such attack in three days by Iran. And a U.S. Navy team reportedly discovered a string of Iranian mines near the main Kuwaiti oil port. Despite the risks, President Reagan made it clear again today that he is going ahead with plans to expand the U.S. role in the Persian Gulf.

CBS's Bill Plante: President Reagan, ignoring congressional objections and Iranian threats, sent his top officials to publicly promise that the U.S. Navy will begin by mid-July to escort Kuwaiti oil tankers flying the U.S. flag through the Persian Gulf, even though the Secretary of Defense admits it's dangerous.

(Weinberger: "Without any question, it is not a risk-free operation....")

And the Chairman of the Joint Chiefs says he can't guarantee U.S. ships won't come under fire.

(Adm. Crowe: "...You asked if we could protect them. And yes, we can.")

In a meeting with the congressional leaders before the White House announcement, the President found no support for the Persian Gulf escorts.

(TV Coverage: Cabinet Room meeting.)

The White House spokesman had to admit that no one in this meeting -- Democrat or Republican -- spoke up in favor of the plan.

(Sen. Cranston: "They are unwilling to delay. They are unwilling to consider our suggestions. They are going to plunge ahead.")

(Sen. Nunn: "So it seems from this senator's point of view that we are increasing our risk without furthering any strategic purpose.")

The Senate Foreign Relations Committee later voted to force a delay in the President's plan and also to invoke the War Powers Act, even though congressional Democrats concede there is no chance that the full Senate will support the vote.

(Sen. Helms: "Such an act by this committee would harm the President's ability to conduct foreign policy.")

(Sen. Kerry: "I don't know when it is that we suddenly found the dictum that says that you have to ratify bad policy to uphold the credibility of bad judgement.")

The White House is also sending U.N. Ambassador Walters to talk to the Soviets and other members of the U.N. Security Council in the Iran-Iraq war. But nobody expects that to be easy to get. So the escort will probably begin with the Administration hoping that the Iranians are not eager to escalate the war.

Rather reports the USS Stark has been patched up and will sail from the Persian Gulf this week, bound for her home port in Florida.

CBS's Alan Pizzey reports on the Stark's pending return and the heightening tension in the Persian Gulf. (CBS-Lead)

LEBANON/HOSTAGES

Brokaw cites reports out of the Middle East that hostages Terry Anderson and Thomas Sutherland have been smuggled out of Lebanon and into Iran via Syria. Iranian officials have denied the report and National Security Advisor Carlucci says there is reason to question the story.

(CBS-2, NBC-2)

Jennings reports the British Television News is reporting from Beirut that Terry Waite has been moved from Lebanon to Iran. The Church of England said it has no confirmation of the report. (ABC-2)

IRAN-CONTRA

Brokaw reports Lt. Col. North was on Capitol Hill today turning over edited copies of his personal materials related to his role in the Iran-contra affair. (ABC-3, CBS-4, NBC-3)

MEESE

Rather: A new accusation today that Attorney General Meese may have broken the law. This latest accusation involves a business arrangement Meese allegedly made without telling the Government Ethics Office as it is said is required by law. But some of the latest and most heated controversy surrounding Meese goes beyond his personal finances.

CBS's Rita Braver reports Meese refused comment on the Government Ethics Office finding. Meese set up a limited partnership with a former director of Wedtech without disclosing the assets of the partnership nor got approval for the trust arrangement.

(Rep. Sikorski: "Yes, it is scary that this person, chief law enforcement officer, would undertake this kind of outside-the-law circumvention of just general financial disclosure forms.")

The Ethics Office said Meese could face civil or criminal penalties if his partnership were intended to violate conflict of interest laws. Today Meese's lawyers announced for the first time that none of Meese's money was invested in Wedtech. Meese's spokesman said Meese violated no law in his financial disclosure findings.

(Terry Eastland: "This is political motivation. This is much ado about nothing.")

(Sen. Metzenbaum: "I think it's just another indication that Ed Meese probably never should have been confirmed as attorney general.")

(ABC-4, NBC-5, CBS-3)

CBS's Lesley Stahl reports Meese may be in trouble on other fronts, specifically the Iran-contra affair -- with charges that he played a more active role in the scandal and the coverup than has been acknowledged.

(Sen. Leahy: "There's no question that Attorney General Meese knew a great deal more about the Iran hostage ransom deal than he ever told the public in his press conference.")

Charles Cooper testified that after they discovered the diversion of funds memo, Meese made no move to protect the evidence. Congressional investigators charge that Meese's news conference revealing the diversion of funds to the contras began the Administration coverup to protect President Reagan by blaming Col. North for everything. Meese made several statements that day investigators say he knew were untrue or misleading. The investigators claim to have evidence which shows that Meese knew the U.S. Government had approved an Israeli shipment of arms, and that Meese participated in a high-level meeting on Nov. 20 to come up with a fictitious story to hide that fact.

Stahl continues: And there are reports of other charges: that Meese steered potential contributors to the contras to North, that White House aides were told that Meese had approved North's actions on behalf of the contras. As the charges pile up, Meese critics question whether he should continue as the President's chief advisor on naming a new Supreme Court Justice and new FBI Director, and whether he should step down as Attorney General.

DEAVER

Brokaw reports Michael Deaver asked the U.S. Supreme Court for a delay in his perjury trial until his suit challenging the constitutionality of the special prosecutor law is resolved. (NBC-4)

KOREA

Brokaw reports that President Chun is preparing to go on national television, where he is expected to endorse substantial democratic reforms for that country, including direct election of a successor.

NBC's Steve Mallory reports presidential hopeful Roh Tae Woo continued his peacemaking role today, taking his proposals for democratic reform to the president. Following the meeting, Roh said Chun had agreed to the proposals. Opposition leaders are obviously pleased about the prospects for reform but warned the people must remain vigilant if full democracy is to be achieved. (ABC-6, NBC-7)

CBS's Barry Peterson reports that during the weeks of protest, Korea's corporations didn't skip a beat. No plants closed, no shipments missed. The ruling party, say insiders, was shaken when the growing middle class joined student demonstrators. That more than anything may have prompted the concessions to political reform. If military-backed rule was good for business, they say here, democracy will be even better. (CBS-7)

ECONOMY

Rather: The government said that its index of leading economic indicators rose 0.7% in May. That was the fourth straight monthly increase for the Commerce Department's main measure of future economic activity. (ABC-11, CBS-5)

WORKER PRODUCTIVITY/PAY

CBS's Ray Brady reports that while American workers are producing more than ever -- their output way up -- you would hardly know it from looking at their paychecks. In the last six years, the increase in output of the nation's factories has been rising a healthy 4% a year, but wages are up less than 1% a year. Corporations say they have to compete against factories abroad that pay low wages. But some of those same factories are owned by American companies. Low wages, say critics, while making the U.S. more competitive will make workers poorer. (CBS-6)

MEDICAL MALPRACTICE

ABC's Mike von Fremd reports a medical industry newspaper has called southern Florida "medicine's Beirut." Hospitals and doctors are not taking patients because they are afraid of malpractice suits they cannot afford. Southern Florida leads the nation in both the number of malpractice claims and the size of settlements. (CBS-9, ABC-8)

ARMS CONTROL

Rather reports correspondent Bill McLaughlin says the Soviets are soon expected to propose a drastic reduction in long-range nuclear missiles. The Soviet offer is expected to come close to a previous American proposal: phased withdrawal of 50% of these missiles over a seven-year period. A big sticking point: the Soviets are expected to insist that President Reagan put strict limits on, perhaps even kill, his star wars missile defense idea. (CBS-9)

SOVIET REFORMS

Brokaw reports the Supreme Soviet approved Soviet leader Gorbachev's latest economic and social reforms. (ABC-7, NBC-6)

PTL

Jennings reports the Justice Department appears to be stepping up its investigation into the finances of the PTL ministry under the stewardship of Jim and Tammy Bakker. (ABC-5)

EUROPE/DRUGS

NBC's Brian Stewart reports on the growing drug problem in Europe. (NBC-10)

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EDITORIALS/COLUMNISTS

SUPREME COURT

To Find a Justice -- "Reagan could search the country and not turn up a candidate who promises to generate more acrimony than Bork. Why? Because Bork combines (1) impeccable credentials which would make it exceedingly difficult for the Senate to reject and (2) a rigid ideology which would make it exceedingly difficult for the Senate to accept.... So Reagan has the choice: He can nominate Bork or someone of like persuasion and engage the Senate in ideological mortal combat, or he can nominate someone like Howard Baker and expect [to] see the new justice in place by the beginning of the Supreme Court's new term on the first Monday in October." (Baltimore Evening Sun, 6/29)

Filling Powell's Seat -- "Ideally, Reagan should appoint another like Powell who took a case-by-case approach and who had no identifiable affinity for either the right or the left. Whoever Reagan nominates must be a man of unquestioned integrity.... Reagan, the popular choice of a free people, has the right to select a person who shares his views as long as his nominee is qualified in every other respect." (Boston Globe, 6/30)

Reagan and the Supreme Court -- "The one nominated should not carry any excess political baggage, should not invite liberal lightning to strike, should not be a lightweight. The nominee should be an experienced, qualified, principled, honorable, Constitution-loving individual of unquestioned integrity and intellect. He or she should be so impressive that any vote in opposition would reflect adversely upon the one who casts it." (Chattanooga News-Free Press, 6/27)

Powell's Moderation Will Be Missed -- "If [President Reagan] nominates a successor who matches the mold of Justice Powell -- well-respected, qualified, thoughtful, reasonable, not doctrinaire -- he is likely to win over the Democratic-controlled Congress. If not, he may find himself in battle with Congress once again and may lose his opportunity to shape the Supreme Court of the future." (St. Louis Post Dispatch, 7/1)

The Court After Powell -- "Certainly the President's third appointment to the court could add weight to the conservative side. At worst, he could name an ideologue, someone who tends to begin consideration of every case with a fixed view, in this case rightist, as opposed to someone in the Powell mode." (Kansas City Times, 6/27)

The 'Movement' and the Court -- "If Reagan chooses an independent conservative in the Powell mold, the precedent of Senate rejection on the basis of ideology won't be an issue. But if he opts for a movement conservative, as Meese and others would like, then the Senate has the right to judge the nominee on the basis he was chosen -- ideology." (Richard Cohen, Washington Post, 6/30)

JUDICIAL APPOINTMENTS

President's Judicial Legacy Will Outlast Him By 30 Years -- "Every president has nominated federal judges in his own philosophical image. Lyndon Johnson named 122 district judges; 94.3% of them were Democrats. Jimmy Carter put 202 persons on the district courts; 92.6% were Democrats. Of Ronald Reagan's 95 district court nominations in 1985 and 1986, 89.5% were Republicans.... This is the way the system is supposed to work...." (James J. Kilpatrick, Chicago Sun-Times, 6/27)

PERSIAN GULF

Full Speed Ahead in the Gulf -- "The Reagan Administration is pressing ahead with its plan to place Kuwaiti oil tankers under U.S. flag protection.... The sooner, the better. The Persian Gulf is smoldering.... Meanwhile, congressional opposition to the Administration's gulf policy continues to turn on irrelevant side-issues and impractical proposals." (New York Post, 6/30)

The Gulf: Congress is Adrift -- "The Reagan Administration has formulated a Persian Gulf policy. Congress should let the Administration implement it. If the policy fails, the people will know who to blame.... World events move too quickly to allow the kind of agonizing indecision we're witnessing as Congress attempts to micromanage foreign policy." (Detroit News, 6/29)

Diplomacy on a Short String -- "We think the Reagan Administration now knows it is on a dangerous course with the Kuwaiti tankers, but is afraid of renegeing and losing 'credibility.' There are worse things than credibility to lose by going blindly ahead: lives, treasure, national interests. Since it has no standing with Iran, Washington should -- and can -- get the gulf states to approach Iran about a halt to the tanker war...." (Rocky Mountain News, 6/27)

Breaking Kuwait Commitment Would Shatter U.S. Credibility -- "Breaking the Kuwait commitment [to reflag tankers] would shatter U.S. credibility, already fractured by the Iran arms deal, and send the gulf states scurrying for Soviet protection.... If the United States wants to be taken seriously by Iran, the Soviet Union and the Gulf states, if it wants to contain the spread of Islamic revolution and if it wants to encourage stability in the troubled Middle East, then the United States must take risks in the Gulf. Walking away from the gulf now only invites much worse problems in the future." (James Phillips, Heritage Foundation, Newport Daily Independent, 6/24)

-end of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JULY 1, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Escort Of Kuwaiti Ships To Begin By Mid-July -- President Reagan, rejecting the advice of key members of Congress and pressing ahead with his intention to escort Kuwaiti oil tankers in the Persian Gulf, has ordered the U.S. Navy to proceed with plans and begin the operation by mid-July.

(Los Angeles Times, New York Times, USA Today, Washington Post, Washington Times, AP, Newhouse, Reuter, Scripps Howard)

NATIONAL NEWS

Reagan Sends Baker, Meese To Consult With Hill On Court Nominee -- President Reagan sent White House Chief of Staff Howard Baker and Attorney General Edwin Meese to Capitol Hill to sound out key leaders on a list of about 10 possible candidates for the Supreme Court.

(Washington Post, Washington Times, AP, UPI)

Ethics Chief Hits Meese Investment -- The government's chief ethics officer has sharply criticized Attorney General Meese for establishing an unapproved "blind partnership" with a financial consultant to the scandal-plagued Wedtech Corp., it was disclosed.

(Los Angeles Times, Washington Post, UPI)

NETWORK NEWS (Tuesday Evening)

PERSIAN GULF -- President Reagan told leaders of Congress that America's credibility and the industrialized world's oil were at stake in the Persian Gulf.

LEBANON/HOSTAGES -- There are reports that two American hostages have been smuggled to Iran.

IRAN-CONTRA -- Oliver North was on Capitol Hill turning over edited copies of his personal materials related to the Iran-contra affair.



INTERNATIONAL NEWS

PRESIDENT REJECTS DELAY IN REFLAGGING

President Reagan rejected Democrats' demands that he delay the reflagging of Kuwaiti oil tankers in the Persian Gulf, and Democratic congressional leaders predicted that Congress would not block the increased U.S. military presence in the region.

The Senate Foreign Relations Committee approved legislation to delay the reflagging, and the House is expected to consider a similar proposal next week. But the congressional leaders indicated that the measures are mostly an attempt to go on record against the Administration policy rather than stop it.

Written in advance (of a meeting with congressional leaders), Reagan (in a statement) he is "moving forward with preparations" to put 11 Kuwaiti tankers under the U.S. flag and provide them with U.S. naval protection." (David Hoffman & Helen Dewar, Washington Post, A1)

Escort Of Kuwait Ships To Begin By Mid-July

President Reagan, rejecting the advice of key members of Congress and pressing ahead with his intention to escort Kuwaiti oil tankers in the Persian Gulf, has ordered the U.S. Navy to proceed with plans and begin the operation by mid-July, the White House announced.

"There's opposition to almost everything we want to do," Secretary Weinberger told reporters. "But the fact of the matter is that delay is not going to change the issue. Delaying is a prescription for simply not doing it." (James Gerstenzang, Los Angeles Times, A1)

Top Reagan Aides Back Gulf Policy

Top Reagan Administration officials, seeking to overwhelm congressional opposition to President Reagan's Persian Gulf policy, acknowledged the risk in escorting Kuwaiti vessels, but argued that it is far more risky to do nothing.

The Administration effort was designed to show that top officials supported the policy and to dispel reports of differences or of high-level concerns about several aspects of the plan.

"Without any question, it is not a risk-free operation," Secretary Weinberger said. "It's never been presented as such. But the risks of not doing (it), I think, are far higher."

(Gerald Boyd, New York Times, A3)

U.S. To Protect Kuwaiti Ships Despite Strong Opposition

President Reagan's plan to protect 11 Kuwaiti ships in the Persian Gulf will likely begin in two weeks despite grave fears in Congress that U.S. forces could be dragged into a military confrontation with Iran.

Congressional leaders, after meeting with Reagan, conceded they were virtually helpless to stop the operation to put the U.S. flag on the Kuwaiti ships and protect them from Iranian attack, even though Democrats and Republicans alike were critical.

"There is not any effective way to stop what has been ordered," said House Speaker Jim Wright. (Valerie Strauss, Reuter)

Democrats Resist Reagan's Persian Gulf While Conceding They Can't Stop It

Democratic leaders will continue to seek legislation opposing President Reagan's Persian Gulf policy, even though they concede they can't stop White House plans to protect Kuwaiti oil tankers.

"Our choices are really very limited at this point," Sen. Sam Nunn said. "We're rushing ahead and Congress can't really stop it now."

House Speaker Jim Wright and Senate Majority Leader Robert Byrd both said they don't believe the U.S. commitment to Kuwait should be withdrawn after Reagan made it public. (Tim Ahern, AP)

U.S. To Begin Gulf Escort Within 2 Weeks

President Reagan told congressional leaders the U.S. will begin escorting Kuwaiti tankers through the Persian Gulf within the next two weeks despite widespread opposition on Capitol Hill.

"I would be hesitant to pass legislation mandating a stop because that would further injure American credibility that has already been seriously impaired by the Iran-contra arms sale," said Senate Majority Leader Robert Byrd.

"We expressed our reservations," Byrd said. "The President said we've got to make a show of our determination."

(Jeremiah O'Leary & Jennifer Spevacek, Washington Times, A1)

U.S. Pushes For Cease-Fire In Gulf War

President Reagan dispatches his top diplomats today to fine-tune the initiative he hopes will force a negotiated settlement of the Iran-Iraq war.

U.S. Ambassador Vernon Walters is overseas -- stopping first in Moscow -- to lobby U.N. Security Council members. Secretary Shultz goes to New York.

The White House announced the new initiative after Reagan closeted with congressional leaders. They urged him to delay the escorts until after U.N. action.

"The answer was, 'We've got to make a show of determination,'" said Senate Majority Leader Robert Byrd. Byrd conceded Congress can do nothing to stop the plan in a timely fashion.

(Jessica Lee, USA Today, A1)

U.S. Gets Only Minimal Help From Arab Nations In Gulf Initiative

President Reagan's plan to protect Kuwaiti oil tankers flying the American flag in the Persian Gulf will go ahead with only minimal help from friendly Arab nations on the Gulf's western coast.

Kuwait has agreed to let the Navy base MH-53 minesweeping helicopters in its territory to keep the ship channel to its port free of Iranian mines, and Saudi Arabia will allow expanded airborne AWACS radar plane coverage of the gulf from its air bases.

Navy P-3 ocean surveillance planes will continue to fly from bases in Oman, and Bahrain continues to allow U.S. warships to refuel in its port.

But beyond that it will be up to Navy ships to protect U.S.-flagged merchant vessels, and themselves, from Iranian attack.

(Frank Morring, Scripps Howard)

Persian Gulf/The President

President Reagan's defiant decision to move ahead with plans to provide U.S. military protection to tankers carrying oil through the Persian Gulf -- overruling congressional objections and sweeping aside pleas for delay -- is a bold assertion of executive authority by a leader hounded by suggestions his power is in decline.

Reagan's decision to go forward, with or without congressional support, is an impressive exercise of leadership authority at a time when he is widely perceived as a political lame duck whose political clout has been further reduced by the Iran-contra scandal.

(Miles Benson, Newhouse)

REPORTED TRANSFER OF HOSTAGES WEAKEN'S U.S. POSITION IN GULF

The reported transfer of two American hostages from Lebanon to Iran may weaken the Reagan Administration's strategic trump card in the Persian Gulf: its implicit threat to strike back hard in retaliation if Iran attacks any American warships or U.S.-protected Kuwaiti vessels.

Shiite Moslem sources told AP in Beirut that Iranian Revolutionary Guards smuggled two of the hostages to an undisclosed location in Iran last month.

"I don't really want to comment on movement of hostages," National Security Adviser Carlucci told reporters. "That's a very sensitive issue. I've seen these reports and I think there's some reason to question them, but I won't go any further than that."

But specialists on Iran said the reported presence of some of the hostages in Iran -- even if the reports ultimately turn out to be false -- could present the Administration with a cruel dilemma: whether or not to carry out retaliatory raids and risk having the hostages executed in return.

(David Wood, Newhouse)

Optimism For Release Of One American Hostage

BEIRUT -- A source with links to Syrian forces expressed optimism that diplomatic efforts will win release of American hostage Charles Glass, but British television reported three other hostages -- two of them Americans -- have been moved to Iran.

"I strongly believe that these talks and diplomatic efforts will result in freeing Mr. Glass. I don't think force will be used. These (diplomatic) efforts will be enough," a source close to the Syrian forces in Lebanon told UPI.

The source said Brig. Gen. Ghazi Kenaan, chief of the Syrian forces deployed in west Beirut, met late Monday with officials of Hezbollah, the pro-Iranian fundamentalist group believed to be holding Glass.

In London, Independent Television News (quoting Shiite Moslem sources) reported that Church of England envoy Terry Waite and two Americans kidnapped in Lebanon -- AP correspondent Terry Anderson and American University of Beirut official Thomas Sutherland -- have been moved to Iran in recent weeks.

"Terry Waite and the two American hostages are almost certainly being held in the Iranian holy city of Qom," ITN said. (Riad Kaj, UPI)

Iranians Said To Smuggle Two Hostages

BEIRUT -- Iranian Revolutionary Guards have smuggled two American hostages from Lebanon to Iran, hiding them in coffins part of the way, a Shiite Moslem source said.

A top U.S. official (National Security Adviser Carlucci) expressed skepticism about the report and Iran's foreign minister denied it.

The source told AP the Americans were "probably Terry Anderson and Thomas Sutherland," who were seized more than two years ago by Shiite extremists loyal to Iran. The source has been reliable in the past on information regarding foreign hostages.

(AP story, Washington Post, A26)

ARAB TERRORISTS REPORTED TO HEAD FOR WEST GERMANY

BONN -- Police have warned the government's hostage crisis staff that a band of terrorists is en route to West Germany from Lebanon to free suspected hijacker Mohammed Ali Hamadei from jail, the weekly Stern magazine reported.

But a reliable government source said the report in Stern was "one of many" such threats that have become known to West German security officials.

(UPI)

S. KOREAN PRESIDENT ACCEPTS REFORMS

SEOUL -- President Chun Doo Hwan, putting a formal end to a three-week-old political crisis, this morning told South Koreans by television he fully accepts a package of far-reaching democratic reforms demanded by the opposition, including direct presidential elections.

"Our politics must now cast aside its old shabby ways that are incongruous with our level of economic development and thus achieve an advanced form of democracy that we can proudly show to the world," Chun said.

(Lena Sun & John Burgess, Washington Post, A1)

Chun Agrees To Direct Elections, Sweeping Democratic Changes

SEOUL -- Bowing to the will of the people, President Chun Doo Hwan announced his agreement to opposition demands for direct presidential elections and sweeping democratic reform.

The president and former army general, who said he had "spent many sleepless nights," announced he would accept demands for direct presidential elections, electoral reform, press freedom, release of political prisoners, curbing of central government power and other measures.

"Now is a crucial moment in the destiny of the nation," Chun said.

(Barry Renfrew, AP)

U.S. Spoke Softly For Seoul Change

Reagan Administration officials described a process of delicate maneuvering over the last few months to encourage the Seoul government to accept a range of political initiatives.

The officials did not try to take credit for the initiatives, and said the main impetus for them had come from within the Korean society. But they stressed that the U.S. strategy was to make clear to South Korean leaders that they would not have Washington's support in any effort to resist political change.

(Neil Lewis, New York Times, A8)

State Department Upbeat About South Korea

A top State Department official gave Congress an optimistic forecast for South Korea, saying its people have put themselves on a path toward democracy that "they are not going to be easily derailed from."

Assistant Secretary of State Gaston Sigur, whose visit to Seoul last week preceded historic reforms by South Korea's ruling party, said the U.S. government has "no indication at all" that the South Korean military might a pre-emptive coup against those measures. (Matthew Quinn, UPI)

'Sea Change' Evident Last Week, Sigur Says; Extent Of Conciliation Surprised U.S.

The Reagan Administration's point man on South Korea said that senior government and opposition figures in Seoul told him last week that widespread and continuous protests have altered the political situation there and that "changes are going to take place."

"I got the feeling almost as soon as I arrived that a sea change was taking place in South Korea," Assistant Secretary of State Gaston Sigur said of his mission to Seoul last Tuesday to Thursday.

Senior State Department officials said that, despite this feeling of impending change, neither Sigur nor other Washington officials had warning that Chairman Roh Tae Woo of the ruling Democratic Justice Party would recommend...acceptance of direct presidential elections and almost all other objectives demanded by government opponents.

(Don Oberdorfer, Washington Post, A23)

Roh's Move Could Prove Remedy For S. Korea's Political Crisis

SEOUL -- It was ruling party chairman Roh Tae Woo who sparked the political crisis that swept through the streets of South Korean cities for three weeks. Now, it is Roh who miraculously seems to have solved it.

The protests began June 10, hours after Roh appeared on a convention stage with President Chun Doo Hwan and accepted the ruling party's nomination for president. In the first days of the escalating street violence, Roh's future seemed bleak.

But after a bold political stroke that startled many Koreans, Roh is being hailed as a sort of democratic hero, the man who brought the country through the greatest political storm it has faced in years.

(John Burgess, Washington Post, A23)

U.S., SOVIETS AGREE IN PRINCIPLE ON NUCLEAR MISSILE DEAL

The U.S. and the Soviet Union have reached an agreement in principle on a formula for the elimination of all Soviet medium-range nuclear missiles in Europe and Asia, a Reagan Administration official says.

The agreement could be sealed when Secretary Shultz meets here around mid-July with Soviet Foreign Minister Eduard Shevardnadze. It is designed to remove major obstacles to an accord and could set the stage for a third superpower summit meeting later this year.

The official, who spoke Tuesday night only on condition of anonymity, said Col. Gen. Nikolai Chervov, a senior adviser to the Soviet general staff, had proposed the compromise two weeks ago in Geneva to U.S. negotiator Maynard Glitman.

(Barry Schweid, AP)

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U.S. Said To Endorse Soviet Ideas For Compromise On Missile Cuts

The U.S. has responded favorably to an informal Soviet suggestion that could remove major barriers to a new accord on intermediate-range and short-range missiles, officials here said.

They added that the Administration, having expressed strong interest in the proposal, was waiting to see whether the Soviet Union would submit the compromise in a formal way.

Under the new Soviet formula, each side would agree to eliminate all its medium-range and shorter-range missiles around the world. This would mean that the Russians were dropping their previous insistence on retaining 100 medium-range warheads in Asia, as part of a projected agreement.

In return, the U.S. would agree to give up any right to convert its ground-launched cruise missiles in Europe into sea-launched missiles.

The U.S. would also forgo any right to convert its Pershing 2 medium-range missiles into shorter-range Pershing 1Bs, which could be turned over to West Germany. (Michael Gordon, New York Times, A1)

Soviets Report Plans For Pre-Summit Arms Control Missile Deal

MOSCOW -- Foreign Minister Eduard Shevardnadze will meet Secretary Shultz this month to discuss an arms control agreement both nations hope will be signed at a superpower summit this year, the Novosti news agency reported.

The Novosti report conflicted with U.S. statements that no time had been set for a Shultz-Shevardnadze meeting, although there had been speculation on dates in both July and August. (Jack Redden, UPI)

SOVIETS BID TO ORBIT U.S. CIVIL SATELLITES

Before this year is out, a Washington lawyer (Grier Raclin, serving as a go-between for U.S. satellite firms and the Soviet Union) said, at least one U.S. aerospace firm will take the unprecedented step of hiring the Soviet Union to put an American communications satellite into space.

The Reagan Administration could derail the contract by refusing to grant the export license needed to send the American satellite to the Soviet launching pad. But serious negotiations are going ahead anyway in the belief that such U.S.-Soviet business deals are inevitable.

(George Wilson, Washington Post, A4)

GORBACHEV'S REFORMS BECOME LAW

Soviet Legislature Approves Decentralization, Freer Speech

MOSCOW -- In a major victory for proponents of glasnost, or greater openness in government, the Supreme Soviet voted to permit popular referendums on regional political and social issues and to let citizens appeal to the courts from decisions made by Communist Party officials.

The Soviet legislature also passed a law loosening Moscow's grip on enterprises throughout the Soviet Union. The measure is designed to encourage local decision-making and greater public involvement in Kremlin leader Gorbachev's economic reforms. (Gary Lee, Washington Post, A1)

SENATE APPROVES 2-YEAR BAN ON TOSHIBA'S SALES IN U.S.
Retribution For High-Tech Deal With Soviets

The Senate voted to ban the sale of Toshiba products in the U.S. for at least two years because the company sold sophisticated machinery to the Soviet Union that allowed Moscow to make its submarines quiet enough to avoid detection.

Similar legislation is pending in the House, where two committees are holding hearings, and its passage there is virtually assured, Hill sources said. Administration officials indicated they oppose the measures.

(Stuart Auerbach, Washington Post, A1)

Senate Bars Importation Of Toshiba Products

The Senate, expressing outrage at Toshiba for its part in selling restricted submarine technology to the Soviets, voted to bar the firm from selling its products in this country for at least two years.

On a 92-5 vote, the Senate adopted an amendment to the trade bill barring the sale of all photocopiers, televisions, video recorders and other consumer electronic products made by subsidiaries of the Toshiba Machine Co. to punish the Japanese firm for its role in the technology diversion.

(Bud Newman, UPI)

REAGAN DROPS PART OF UNFAIR TRADE CASE AGAINST BRAZIL

President Reagan dropped part of an unfair trade practice case against Brazil, but kept up pressure for further movement on U.S. access to the Brazilian market for computers and information technology.

White House spokesman Marlin Fitzwater said action last week by the Brazilian Chamber of Deputies to extend copyright protection to U.S.-made computer software prompted Reagan to drop part of a complaint brought in September 1985.

(Norman Sandler, UPI)

U.S. SEEKS DEMOCRACY IN PANAMA -- ABRAMS

Assistant Secretary of State Elliott Abrams said that recent turmoil in Panama highlighted the U.S. dilemma of how to support change in friendly countries in transition to democracy.

He told the Washington World Affairs Council the Reagan Administration wants the Panamanian military to get out of politics and said Washington would halt aid to Haiti if its rulers thwart democracy.

"We are not neutral on democracy, and Panama needs to hold free elections to satisfy its people's demand for democracy," Abrams said.

(Richard Beeston, Washington Times, A6)

Panamanians Throw Rocks At U.S Embassy In Protest Of Senate's Resolution

PANAMA CITY, Panama -- About 5,000 chanting demonstrators threw rocks at the U.S. Embassy here to protest a U.S. Senate resolution calling for investigation into government involvement in violence and alleged vote fraud.

The embassy issued a two-paragraph protest in which it said the demonstration was "orchestrated by well-known political elements," an apparent reference to sympathizers of strongman Gen. Manuel Antonio Noriega and the ruling Democratic Revolutionary Party.

(John McClintock, Baltimore Sun, A7)

DEFECTOR SAYS PUBLIC OPINION LIMITS CASTRO'S MOVES

Cuban Role In Nicaragua Hampered By Opposition
To Angolan War, Radio Marti Told

The Cuban air force general who fled to the U.S. last month said widespread domestic opposition to Cuba's involvement in the Angolan civil war has prevented Fidel Castro from intervening more forcefully in Nicaragua.

Gen. Rafael del Pino Diaz made his statements to Radio Marti, part of the Voice of America, in nine hours of interviews edited for broadcast to Cuba.

(David Hilzenrath, Washington Post, A16)

EEC SUMMIT FAILS TO AGREE ON NEW FUNDING FORMULA

BRUSSELS -- The European Economic Community has agreed on a stopgap measure to hold off bankruptcy, but Britain blocked a proposal to create new funds for the group.

British Prime Minister Thatcher, insisting on tougher budgetary discipline, rejected a 5-year funding plan proposed by Belgium. EEC budget decisions must be taken unanimously.

"The 11 others were totally unable to convince me that we should agree to an entire document without closely examining it," Thatcher told reporters.

"I am not prepared to accept things without discussing them through.... That is not the way I do things, especially where money is concerned."

(Robert Wielaard, AP)

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NATIONAL NEWS

SENATE LEADERS GIVEN LIST OF 10 POSSIBLE NOMINEES Bork Called Top Contender For High Court

Reagan Administration officials presented Senate leaders with a long list of prospective candidates for the Supreme Court, but sources said that conservative U.S. Appeals Court Judge Robert Bork remains the firm choice of the White House and the Justice Department.

A senior official who said that Bork remains the leading candidate added that the decision is "not sewn up." Attorney General Meese said that the President has not made a decision and "the whole matter is open."

But White House officials said Reagan will act quickly, probably this week.... This also was the view at the Justice Department, where spokesman Terry Eastland said, "The appointment could be announced as early as tomorrow. The latest it will be would be sometime next week."

Senate Judiciary Chairman Joseph Biden said there were some "very good people on the list" and others who are "viewed as having very hard edges. If one of them is chosen, it will be a very hot summer and a very hot fall." He declined to say whether Bork was one of the prospective nominees who would cause a problem.

(Lou Cannon & Howard Kurtz, Washington Post, A1)

Reagan Sends Baker, Meese To Consult With Hill On Court Nominee

President Reagan sent White House Chief of Staff Howard Baker and Attorney General Edwin Meese to Capitol Hill to sound out key leaders on a list of about 10 possible candidates for the Supreme Court.

At the same time, Senate Democratic leader Robert Byrd predicted Federal Appeals Court Judge Robert Bork..."probably would be confirmed."

After meeting for about a half-hour with Senate Republican leader Robert Dole and Sen. Strom Thurmond, Meese said the Administration was still reviewing "quite a few" names for the post and it could be a "week, 10 days or two weeks" before Reagan would make a decision.

(Helen Thomas, UPI)

Senators Review List Of Court Candidates

The Reagan Administration presented Republican and Democratic Senate leaders with the names of about a dozen candidates to succeed retiring Supreme Court Justice Lewis Powell.

Senate Judiciary Committee Chairman Joseph Biden...said the list had "some very good people...and some, I bluntly told them, would cause a contentious fight if they came up."

Both moderate and conservative GOP senators are urging Reagan to name a conservative to replace Powell.

"If the President lets himself be turned around by the Democrats, he would be ignoring his own statements when he ran two successful presidential campaigns, the mandate he received from those two elections, and the will of the people expressed in those elections," said Sen. Charles Grassley, a moderate Republican member of the Judiciary Committee.

(Ralph Hallow & Jennifer Spevacek, Washington Times, A1)

Democrats Give Reagan Assessment Of Supreme Court Hopefuls

Senate Democrats gave White House emissaries a candid assessment that shows which of President Reagan's Supreme Court hopefuls may win confirmation and who could face "a very hot summer."

The Democratic scorecard was likely to play an important role today when top Administration officials were scheduled to meet on the nomination.

In giving the Democrats a peek at about a dozen prime candidates, the presidential aides "truly wanted a sense from the chairman of the (Judiciary) committee, and the leader of the Senate, if any problems would arise from that representative list," said Sen. Joseph Biden, chairman of the Senate Judiciary Committee. (Larry Margasak, AP)

Nomination To Test Senate Role In Shaping Of Supreme Court; Democratic Senators Taking More Aggressive Stance This Year

The upcoming battle over President Reagan's eventual nominee to the Supreme Court is likely to be as much a debate about the Senate's proper role in the confirmation process as about the qualifications of the potential associate justice.

In recent years, those opposing nominations have based their arguments on perceived character defects, misconduct or other personal flaws rather than engaging in an all-out assault on the nominee's political or judicial philosophy.

This time around, things are likely to be different. Senate Democrats have signaled their intention to take on any nominee who is, in the words of Majority Whip Alan Cranston, an "ideological extremist." Cranston called on his colleagues Monday to form a "solid phalanx" to block an "ideological court coup" by Reagan.

(Al Kamen & Ruth Marcus, Washington Post, A9)

ETHICS DIRECTOR SAYS MEESE FAILED TO COMPLY WITH RULES 1985 'Limited Blind Partnership' Is Cited

Attorney General Meese failed to comply with federal ethics regulations in 1985 when he set up a "limited blind partnership" with a former official of the scandal-plagued Wedtech Corp., according to David Martin, director of the Office of Government Ethics.

In a June 26 letter to Rep. Gerry Sikorski, released yesterday, Martin said the ethics office would never have approved such an arrangement and that Meese should have reported what securities the \$60,000 trust was invested in to avoid any possible conflicts of interest.

Sikorski, who chairs the House Post Office and Civil Service subcommittee that oversees federal ethics requirements, called Martin's statement "further evidence of a pattern of poor judgement and a frightful collapse of ethics within the attorney general's office."

Terry Eastland, a spokesman for Meese, said, "This is a purely political attack by Sikorski, and it is irresponsible in the extreme. It's a cheap shot." (Mary Thornton, Washington Post, A1)

Ethics Chief Hits Meese Investment

The government's chief ethics officer has sharply criticized Attorney General Meese for establishing an unapproved "blind partnership" with a financial consultant to the scandal-plagued Wedtech Corp., it was disclosed.

David Martin, director of the U.S. Office of Government Ethics, charged in a letter that Meese's \$60,000 investment in a limited partnership with W. Franklyn Chinn in 1985 was never cleared by Martin's office and thus failed to meet the requirements of federal ethics statutes that are designed to prevent conflicts of interest among high government officials.

But Terry Eastland, a Justice Department spokesman for Meese, said that "there are differences in interpretation over the Ethics in Government Act," adding that Meese believes he has complied with both the letter and spirit of the law. Eastland, a spokesman for Meese, said the release of Martin's letter was "a purely partisan attack."

(Robert Jackson, Los Angeles Times, A16)

Meese Now Must Act to Comply With Ethics Law

Attorney General Meese will have to itemize the holdings he placed in a blind trust with an ex-officer of the scandal-plagued Wedtech Corp. in order to comply with federal ethics law, the government says.

The decision from the Office of Government Ethics was prompted by release of a letter from its director, who told the chairman of a House subcommittee that Meese had not complied with the law in setting up his "limited blind partnership" with W. Franklyn Chinn, a former Wedtech director.

(UPI)

ECONOMY IMPROVES BUT WHITE HOUSE WORRIES OVER RATES

Reagan Administration officials are urging the Federal Reserve Board not to push up interest rates to counter inflation because it might risk choking off U.S. economic growth.

The Administration comments, directed at the independent central bank, came amid signs of strengthening in the economy that has been expanding for 55 months.

The Index of Leading Indicators, a barometer of economic activity, rose a strong 0.7 percent in May for the fourth straight monthly rise, the Commerce Department said.

The plea to the Fed not to tighten credit came from Beryl Sprinkel, chairman of the President's Council of Economic Advisers.

If the Fed continued a dramatic slowdown in money growth that it started in April "the continuation of reasonable growth of real output and employment (could be) at risk," Sprinkel told Congress.

(Kenneth Barry, Reuter)

HOUSE APPROVES \$9.4 BILLION SUPPLEMENTAL
Spending Bill Includes U.S. Employee Drug Test Plan,
Delay On Moscow Embassy Decision

The House approved a \$9.4 billion supplemental appropriations bill for the remaining three months of fiscal 1987, sending the measure back to the Senate for possible final enactment this week.

The House-passed version of the legislation included a compromise plan for drug testing of federal employees in "sensitive" jobs and a proposal to settle a House-Senate dispute over the future of the new U.S. Embassy in Moscow by putting off any decisions until at least Nov. 1.

The compromise that emerged from a House-Senate conference committee would expand the conditions under which drug testing would be allowed. Those conditions include requirements for uniform testing plans by federal agencies, uniform certification standards for those who conduct the tests and full access to the test results for employees.

(Edward Walsh, Washington Post, A7)

BUSH WINS ENDORSEMENT OF 66 HOUSE MEMBERS

Vice President Bush, claiming a "tremendous step forward" in his presidential campaign, has won the endorsement of 66 of the 177 Republican House members.

"This will have national significance," the party's front-runner told the representatives. "This is a tremendous step forward in our campaign effort."

Rep. Jack Kemp...claims the backing of 26 House members, a campaign aide said. But Bush claimed the backing of 10 of Kemp's fellow New York Republicans.

(UPI)

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IRAN — NICARAGUA

NORTH GIVES PROBERS PAPERS, SOME NOTES Lawyers Delete Part Of Material

Fired White House aide Oliver North gave congressional investigators seven binders of documents related to the Iran-contra affair, including copies of personal notebooks in which some material had been blacked out by his attorneys.

In his first testimony under oath, North said during a private appearance that the notebooks contain "day-today notations of some of my conversations and activities, which may relate to the subject matter of your inquiry," according to a transcript released by the committees.

Yesterday's session with North was a brief, preliminary one. Investigators were expected to work all night reading the new material in preparation for another closed session with North today in which interrogation will be limited by agreement with North's attorneys to what he told President Reagan about the diversion of funds to the contras, and what others informed him about the President's knowledge.

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

North Meets With Congressional Investigators For First Time

Oliver North, wearing his Marine uniform with medals pinned across his chest, met for the first time with congressional Iran-contra investigators to be granted immunity and to deliver subpoenaed documents.

Rep. Lee Hamilton said North appeared for 15 minutes to deliver the notebooks, telephone logs and appointment calendars that investigators have sought as part of their probe into his role as the kingpin in the Iran-contra scandal.

(Judi Hasson, UPI)

North Turns Over Key Documents To Iran-Contra Committees

Oliver North bowed to the will of Congress and turned over key documents to the Iran-contra committee, including 21 notebooks filled with personal notes of conversations and events.

North broke his months-long silence over the Iran-contra scandal, confirming but not elaborating on his deep involvement in response to questions from congressional investigators.

(Sue Baker, Reuter)

North Begins Talking Today; Doors Closed

Oliver North...ends months of silence today when he makes a private appearance before Congress' investigating committees.

By agreement, his closed-door testimony is limited -- but the topic is crucial: Was the Iran-contra affair conducted with the knowledge and approval of President Reagan?

Legal experts doubt the testimony could lead to Reagan's impeachment, even if he knew of North's role in the affair.

"It's no smoking pistol" for Reagan, even if North statements are confirmed by John Poindexter, says Rev. Robert Drinan of Georgetown Law Center, who drafted articles of impeachment against President Nixon.

The problem says Drinan: "You'd have a hard time proving ...criminal intent."

(Rae Tyson, USA Today, A1)

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COHEN SAYS KEY ISSUE IS WHY PRESIDENT
UNAWARE OF ARMS FUNDS DIVERSION

The central question emerging from the Iran-contra hearings is not whether President Reagan knew about the diversion of Iranian arms proceeds to the contras but why he didn't know, a key member of the Iran-contra investigating committee said.

"This is being made into a watershed issue as to whether the President knew or didn't know," said Sen. William Cohen. "To me, it's more complicated than that."

Noting the U.S. tradition of subordinating the military to civilian rule, Cohen said, "If he (Reagan) didn't know, why didn't he know?"

And if he didn't know, "What does that say about the policy-making machinery of the Administration."

(Robert Lewis & Robert Gettlin, Newhouse)

CONGRESS ISN'T ONLY PROBLEM FOR NORTH
He Could Face Marine Court-Martial

The troubles facing Oliver North could go well beyond a mere congressional slap on the wrist for violating the Boland amendment -- or criminal charges resulting from the special prosecutor's investigation.

He could face a court-martial -- and if convicted lose his Marine pension and face a dishonorable discharge and time in the brig -- for his role in the Iran-contra scandal.

"Under a recent U.S. Supreme Court decision, a military person charged with a civil offense could be court-martialed for that offense," said Marine spokesman Capt. Craig Fisher. (Ralph Soda, USA Today, A5)

-End of A-Section-

NETWORK NEWS SUMMARY

(Tuesday Evening, June 30)

PERSIAN GULF

NBC's Tom Brokaw: President Reagan and Congress tonight appear to be heading for a major showdown over his plans to go ahead with American protection for Kuwaiti oil tankers in the Persian Gulf. When the President made it clear today that he is determined to proceed, the White House also announced that the Administration would simultaneously launch a major diplomatic push to end the Iran-Iraq war, using the U.N. and a special envoy. But that wasn't enough to quiet congressional critics, Republicans as well as Democrats.

NBC's Chris Wallace: Meeting with congressional leaders of both parties, the President heard nothing but objections to his plan to escort Kuwaiti ships.

(TV Coverage: Cabinet Room meeting.)

But as soon as the meeting was over, Mr. Reagan sent out word the tankers will be put under the U.S. flag.

(Fitzwater: "We expect those arrangements to be in place by mid-July, at which time we plan to proceed.")

That means U.S. warships will escort 11 tankers through the Persian Gulf, despite Iranian threats to attack such convoys. Today Republicans and Democrats urged the President to delay the plan and consider alternatives. But Secretary Weinberger said the Administration won't budge.

(Weinberger: " -- opposition to almost everything we want to do, but the fact of the matter is that delay is not going to change the issue or is not going to change any of the facts.")

The White House brought out its big guns to defend the plan, but even they raised concerns. Adm. Crowe acknowledged U.S. ships may come under fire.

(Crowe: "I didn't say they wouldn't be attacked. You didn't ask me that; you asked if we could protect them. And yes, we can.")

And CIA Director Webster raised the possibility of other Iranian responses.

(Webster: "The use of terrorism, extensive mining operations, working on the Gulf states, and the potential for stronger methods if those fail.")

Because of those concerns, the Senate Foreign Relations Committee voted to block the President's plan shortly after he reaffirmed it. Sen. Moynihan said the U.S. is protecting Kuwait's interests, not its own.

(Moynihan: "I mean what we have here is a classic condition in which a weak client begins to manipulate a major power.")

But despite the committee action, leading Democrats like Nunn say they don't have the votes to stop the operation.

(Nunn: " -- there's little the Congress can do legislatively to block this if the President is absolutely adamant in going forward without any kind of domestic consensus.")

So it seems clear tonight that Mr. Reagan can go ahead with plans to step up the U.S. role in the Persian Gulf. And if anything goes wrong, the Democrats have put themselves in perfect position to say, "We told you so."
(NBC-Lead)

NBC's John Chancellor -- comments there are three things to keep in mind about the new American policy in the Persian Gulf. Point one: the problem was no big deal half a year ago when Kuwait first asked for American protection. [Point two]: The problem got to be a big deal when Kuwait asked the Russians for help. When the Russians agreed to lease three tankers to Kuwait and give them small naval escorts, Washington moved beyond the pamphlet-in-the-mail stage. Point three: the Soviet naval presence in the Gulf is so small as to be virtually non-existent, and there is no sign the Soviets plan to increase that tiny force. Nevertheless, the Administration is playing that old Cold War song, "The Russians are coming, the Russians are coming." As a result, even though the Russians don't seem to be coming, more American ships and planes will be placed in one of the world's most dangerous battlegrounds. Nobody quite understands this policy, which is why there is more confusion than consensus here tonight. (NBC-11)

ABC's Peter Jennings: We begin tonight with the Reagan Administration's policy for the Persian Gulf. It has always been controversial.... It is now a policy under increasing pressure. Here in Washington today, the President and his staff called in the leaders of Congress and told them that American credibility and the industrialized world's oil was at stake -- that if the U.S. didn't take a leadership role in the Gulf the Soviets would. The political leadership from Capitol Hill does not want the President to go ahead.

ABC's Sam Donaldson: At the White House this morning, not a single congressional leader of either party spoke up in support of President Reagan's plan to put American flags on and American protection around Kuwaiti tankers.

(TV Coverage: Cabinet Room meeting.)

The Democrats urged him to delay the plan's implementation.

(Sen. Byrd: "We came here today to renew our expression of concern.")

(Speaker Wright: "I think we need to take a long and close look at what we're doing, very deliberately.")

(Sen. Cranston: "There are grave risks involved in this policy, and once we embark upon this approach in the Gulf it will not be easy to extract American forces from whatever engagements develop there.")

But the Democrats' entreaties for delay in the reflagging and escorting arrangements got nowhere.

(Fitzwater: "We expect those arrangements to be in place by mid-July, at which time we plan to proceed.")

The President did promise to vigorously pursue United Nations action to defuse the Gulf situation. And U.N. Ambassador Walters is being dispatched to consult U.S. allies. But Administration officials, including the Chairman of the Joint Chiefs, acknowledged today that when the escorting begins, American-flagged vessels may well come under attack.

(Adm. Crowe: "I didn't say they wouldn't be attacked. You didn't ask me that; you asked if we could protect them. And yes, we can.")

Protect the ships, but some intelligence assessments, including one from the CIA, forecast that Iran may also react by stepping up terrorism against Americans worldwide.

Donaldson continues:

(CIA Director Webster: "And if you want to call that an increase in the threat, I think that that would be accurate.")

Secretary Weinberger says the risks are worth taking.

(Weinberger: "Without any question, it is not a risk-free operation. It's never been presented as such. But the risks of not doing it, I think, are far higher.")

Officials here take heart from the fact that all the congressional leaders support the idea that the U.S. must keep the sea lanes open in the Gulf -- and that while the Democratic leaders urged delay in implementing the reflagging plan, none of them has actually rejected it. Said one official, "When the chips are down, we're confident Congress will support us.")

ABC's Ann Compton reports that when leaders took the news back to Capitol Hill that the reflagging would go forward in two weeks, frustrated senators on the Foreign Relations Committee went ahead with a vote on legislation that would prevent the Administration from reflagging ships in the Gulf for one year.

(Sen. Cranston: "I think we should make plain our intent to do what we can to prevent this policy from being carried forward at this time.")

(Sen. Kerry: "I don't think we've been left any course of action otherwise.")

Republicans don't like the reflagging any more than the Democrats, but most argued President Reagan has made a commitment and Congress cannot break it.

(Sen. Evans: "To tie our hands explicitly and without any wiggle room for 12 months, I think, is an extraordinarily bad thing to do.") The ban on reflagging passed with a comfortable 11-8 majority. But it is headed nowhere. The Senate leadership doesn't support it.

(Sen. Byrd: "I personally would be very hesitant to attempt to pass legislation mandating they stop because that could further injure our credibility in the Gulf region.")

(Sen. Nunn: "It's apparent that in the short term, there is very little the Congress can do to block this....")

House leaders say they don't want to undercut the President either.

Jennings reports the results of an ABC News-Washington Post poll, showing widespread support for an American military presence in the Gulf, although no agreement on what the military should actually do there.

-- 79% think it is important to protect the flow of oil.

-- 67% said we should be there to help keep the Soviets from gaining any more influence in the region.

-- 49% approve of reflagging the Kuwaiti tankers; 49% disapprove.
(ABC-Lead)

-more-

CBS's Dan Rather: An Iranian gunboat fired rockets into a Kuwaiti-owned ship in the Persian Gulf today. That's the third such attack in three days by Iran. And a U.S. Navy team reportedly discovered a string of Iranian mines near the main Kuwaiti oil port. Despite the risks, President Reagan made it clear again today that he is going ahead with plans to expand the U.S. role in the Persian Gulf.

CBS's Bill Plante: President Reagan, ignoring congressional objections and Iranian threats, sent his top officials to publicly promise that the U.S. Navy will begin by mid-July to escort Kuwaiti oil tankers flying the U.S. flag through the Persian Gulf, even though the Secretary of Defense admits it's dangerous.

(Weinberger: "Without any question, it is not a risk-free operation....")

And the Chairman of the Joint Chiefs says he can't guarantee U.S. ships won't come under fire.

(Adm. Crowe: "...You asked if we could protect them. And yes, we can.")

In a meeting with the congressional leaders before the White House announcement, the President found no support for the Persian Gulf escorts.

(TV Coverage: Cabinet Room meeting.)

The White House spokesman had to admit that no one in this meeting -- Democrat or Republican -- spoke up in favor of the plan.

(Sen. Cranston: "They are unwilling to delay. They are unwilling to consider our suggestions. They are going to plunge ahead.")

(Sen. Nunn: "So it seems from this senator's point of view that we are increasing our risk without furthering any strategic purpose.")

The Senate Foreign Relations Committee later voted to force a delay in the President's plan and also to invoke the War Powers Act, even though congressional Democrats concede there is no chance that the full Senate will support the vote.

(Sen. Helms: "Such an act by this committee would harm the President's ability to conduct foreign policy.")

(Sen. Kerry: "I don't know when it is that we suddenly found the dictum that says that you have to ratify bad policy to uphold the credibility of bad judgement.")

The White House is also sending U.N. Ambassador Walters to talk to the Soviets and other members of the U.N. Security Council in the Iran-Iraq war. But nobody expects that to be easy to get. So the escort will probably begin with the Administration hoping that the Iranians are not eager to escalate the war.

Rather reports the USS Stark has been patched up and will sail from the Persian Gulf this week, bound for her home port in Florida.

CBS's Alan Pizzey reports on the Stark's pending return and the heightening tension in the Persian Gulf. (CBS-Lead)

LEBANON/HOSTAGES

Brokaw cites reports out of the Middle East that hostages Terry Anderson and Thomas Sutherland have been smuggled out of Lebanon and into Iran via Syria. Iranian officials have denied the report and National Security Advisor Carlucci says there is reason to question the story.

(CBS-2, NBC-2)

Jennings reports the British Television News is reporting from Beirut that Terry Waite has been moved from Lebanon to Iran. The Church of England said it has no confirmation of the report. (ABC-2)

IRAN-CONTRA

Brokaw reports Lt. Col. North was on Capitol Hill today turning over edited copies of his personal materials related to his role in the Iran-contra affair. (ABC-3, CBS-4, NBC-3)

MEESE

Rather: A new accusation today that Attorney General Meese may have broken the law. This latest accusation involves a business arrangement Meese allegedly made without telling the Government Ethics Office as it is said is required by law. But some of the latest and most heated controversy surrounding Meese goes beyond his personal finances.

CBS's Rita Braver reports Meese refused comment on the Government Ethics Office finding. Meese set up a limited partnership with a former director of Wedtech without disclosing the assets of the partnership nor got approval for the trust arrangement.
(Rep. Sikorski: "Yes, it is scary that this person, chief law enforcement officer, would undertake this kind of outside-the-law circumvention of just general financial disclosure forms.")
The Ethics Office said Meese could face civil or criminal penalties if his partnership were intended to violate conflict of interest laws. Today Meese's lawyers announced for the first time that none of Meese's money was invested in Wedtech. Meese's spokesman said Meese violated no law in his financial disclosure findings.
(Terry Eastland: "This is political motivation. This is much ado about nothing.")
(Sen. Metzenbaum: "I think it's just another indication that Ed Meese probably never should have been confirmed as attorney general.")
(ABC-4, NBC-5, CBS-3)

CBS's Lesley Stahl reports Meese may be in trouble on other fronts, specifically the Iran-contra affair -- with charges that he played a more active role in the scandal and the coverup than has been acknowledged.
(Sen. Leahy: "There's no question that Attorney General Meese knew a great deal more about the Iran hostage ransom deal than he ever told the public in his press conference.")
Charles Cooper testified that after they discovered the diversion of funds memo, Meese made no move to protect the evidence. Congressional investigators charge that Meese's news conference revealing the diversion of funds to the contras began the Administration coverup to protect President Reagan by blaming Col. North for everything. Meese made several statements that day investigators say he knew were untrue or misleading. The investigators claim to have evidence which shows that Meese knew the U.S. Government had approved an Israeli shipment of arms, and that Meese participated in a high-level meeting on Nov. 20 to come up with a fictitious story to hide that fact.

Stahl continues: And there are reports of other charges: that Meese steered potential contributors to the contras to North, that White House aides were told that Meese had approved North's actions on behalf of the contras. As the charges pile up, Meese critics question whether he should continue as the President's chief advisor on naming a new Supreme Court Justice and new FBI Director, and whether he should step down as Attorney General.

DEAVER

Brokaw reports Michael Deaver asked the U.S. Supreme Court for a delay in his perjury trial until his suit challenging the constitutionality of the special prosecutor law is resolved. (NBC-4)

KOREA

Brokaw reports that President Chun is preparing to go on national television, where he is expected to endorse substantial democratic reforms for that country, including direct election of a successor.

NBC's Steve Mallory reports presidential hopeful Roh Tae Woo continued his peacemaking role today, taking his proposals for democratic reform to the president. Following the meeting, Roh said Chun had agreed to the proposals. Opposition leaders are obviously pleased about the prospects for reform but warned the people must remain vigilant if full democracy is to be achieved. (ABC-6, NBC-7)

CBS's Barry Peterson reports that during the weeks of protest, Korea's corporations didn't skip a beat. No plants closed, no shipments missed. The ruling party, say insiders, was shaken when the growing middle class joined student demonstrators. That more than anything may have prompted the concessions to political reform. If military-backed rule was good for business, they say here, democracy will be even better. (CBS-7)

ECONOMY

Rather: The government said that its index of leading economic indicators rose 0.7% in May. That was the fourth straight monthly increase for the Commerce Department's main measure of future economic activity. (ABC-11, CBS-5)

WORKER PRODUCTIVITY/PAY

CBS's Ray Brady reports that while American workers are producing more than ever -- their output way up -- you would hardly know it from looking at their paychecks. In the last six years, the increase in output of the nation's factories has been rising a healthy 4% a year, but wages are up less than 1% a year. Corporations say they have to compete against factories abroad that pay low wages. But some of those same factories are owned by American companies. Low wages, say critics, while making the U.S. more competitive will make workers poorer. (CBS-6)

MEDICAL MALPRACTICE

ABC's Mike von Fremd reports a medical industry newspaper has called southern Florida "medicine's Beirut." Hospitals and doctors are not taking patients because they are afraid of malpractice suits they cannot afford. Southern Florida leads the nation in both the number of malpractice claims and the size of settlements. (CBS-9, ABC-8)

ARMS CONTROL

Rather reports correspondent Bill McLaughlin says the Soviets are soon expected to propose a drastic reduction in long-range nuclear missiles. The Soviet offer is expected to come close to a previous American proposal: phased withdrawal of 50% of these missiles over a seven-year period. A big sticking point: the Soviets are expected to insist that President Reagan put strict limits on, perhaps even kill, his star wars missile defense idea. (CBS-9)

SOVIET REFORMS

Brokaw reports the Supreme Soviet approved Soviet leader Gorbachev's latest economic and social reforms. (ABC-7, NBC-6)

PTL

Jennings reports the Justice Department appears to be stepping up its investigation into the finances of the PTL ministry under the stewardship of Jim and Tammy Bakker. (ABC-5)

EUROPE/DRUGS

NBC's Brian Stewart reports on the growing drug problem in Europe. (NBC-10)

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EDITORIALS/COLUMNISTS

SUPREME COURT

To Find a Justice -- "Reagan could search the country and not turn up a candidate who promises to generate more acrimony than Bork. Why? Because Bork combines (1) impeccable credentials which would make it exceedingly difficult for the Senate to reject and (2) a rigid ideology which would make it exceedingly difficult for the Senate to accept.... So Reagan has the choice: He can nominate Bork or someone of like persuasion and engage the Senate in ideological mortal combat, or he can nominate someone like Howard Baker and expect [to] see the new justice in place by the beginning of the Supreme Court's new term on the first Monday in October."
(Baltimore Evening Sun, 6/29)

Filling Powell's Seat -- "Ideally, Reagan should appoint another like Powell who took a case-by-case approach and who had no identifiable affinity for either the right or the left. Whoever Reagan nominates must be a man of unquestioned integrity.... Reagan, the popular choice of a free people, has the right to select a person who shares his views as long as his nominee is qualified in every other respect."
(Boston Globe, 6/30)

Reagan and the Supreme Court -- "The one nominated should not carry any excess political baggage, should not invite liberal lightning to strike, should not be a lightweight. The nominee should be an experienced, qualified, principled, honorable, Constitution-loving individual of unquestioned integrity and intellect. He or she should be so impressive that any vote in opposition would reflect adversely upon the one who casts it."
(Chattanooga News-Free Press, 6/27)

Powell's Moderation Will Be Missed -- "If [President Reagan] nominates a successor who matches the mold of Justice Powell -- well-respected, qualified, thoughtful, reasonable, not doctrinaire -- he is likely to win over the Democratic-controlled Congress. If not, he may find himself in battle with Congress once again and may lose his opportunity to shape the Supreme Court of the future."
(St. Louis Post Dispatch, 7/1)

The Court After Powell -- "Certainly the President's third appointment to the court could add weight to the conservative side. At worst, he could name an ideologue, someone who tends to begin consideration of every case with a fixed view, in this case rightist, as opposed to someone in the Powell mode."
(Kansas City Times, 6/27)

The 'Movement' and the Court -- "If Reagan chooses an independent conservative in the Powell mold, the precedent of Senate rejection on the basis of ideology won't be an issue. But if he opts for a movement conservative, as Meese and others would like, then the Senate has the right to judge the nominee on the basis he was chosen -- ideology."
(Richard Cohen, Washington Post, 6/30)

JUDICIAL APPOINTMENTS

President's Judicial Legacy Will Outlast Him By 30 Years -- "Every president has nominated federal judges in his own philosophical image. Lyndon Johnson named 122 district judges; 94.3% of them were Democrats. Jimmy Carter put 202 persons on the district courts; 92.6% were Democrats. Of Ronald Reagan's 95 district court nominations in 1985 and 1986, 89.5% were Republicans.... This is the way the system is supposed to work...." (James J. Kilpatrick, Chicago Sun-Times, 6/27)

PERSIAN GULF

Full Speed Ahead in the Gulf -- "The Reagan Administration is pressing ahead with its plan to place Kuwaiti oil tankers under U.S. flag protection.... The sooner, the better. The Persian Gulf is smoldering.... Meanwhile, congressional opposition to the Administration's gulf policy continues to turn on irrelevant side-issues and impractical proposals." (New York Post, 6/30)

The Gulf: Congress is Adrift -- "The Reagan Administration has formulated a Persian Gulf policy. Congress should let the Administration implement it. If the policy fails, the people will know who to blame.... World events move too quickly to allow the kind of agonizing indecision we're witnessing as Congress attempts to micromanage foreign policy." (Detroit News, 6/29)

Diplomacy on a Short String -- "We think the Reagan Administration now knows it is on a dangerous course with the Kuwaiti tankers, but is afraid of reneging and losing 'credibility.' There are worse things than credibility to lose by going blindly ahead: lives, treasure, national interests. Since it has no standing with Iran, Washington should -- and can -- get the gulf states to approach Iran about a halt to the tanker war...." (Rocky Mountain News, 6/27)

Breaking Kuwait Commitment Would Shatter U.S. Credibility -- "Breaking the Kuwait commitment [to reflag tankers] would shatter U.S. credibility, already fractured by the Iran arms deal, and send the gulf states scurrying for Soviet protection.... If the United States wants to be taken seriously by Iran, the Soviet Union and the Gulf states, if it wants to contain the spread of Islamic revolution and if it wants to encourage stability in the troubled Middle East, then the United States must take risks in the Gulf. Walking away from the gulf now only invites much worse problems in the future."

(James Phillips, Heritage Foundation, Newport Daily Independent, 6/24)

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