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News Summary *May Hulte*

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JULY 8, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

North Says He Recommended Diversion Of Arms Sales Funds Five Times --
Oliver North testified that he recommended to President Reagan on five different occasions that proceeds from the Iranian arms sales be diverted to support the contra rebels in Nicaragua. (Baltimore Sun,

Christian Science Monitor, Los Angeles Times, USA Today,
Washington Post, Washington Times, AP, Copley, Newhouse,
Scripps Howard, UPI)

INTERNATIONAL NEWS

Misunderstandings Over Reflagging Plan May Cause Delay --
Misunderstandings between the U.S. and Kuwait over the escort of Kuwaiti tankers in the Persian Gulf could delay the start of the Administration's reflagging policy, Rep. Les Aspin said. (Washington Post, AP,

Newhouse, Reuter, UPI)

NATIONAL NEWS

Meese To Tell Of Partnership With Wedtech Figure -- Attorney General Meese will testify before a Senate Governmental Affairs subcommittee Thursday about his controversial partnership with a former official of the scandal-plagued Wedtech Corp. (Washington Post)

TAXING DAY

NETWORK NEWS (Tuesday Evening)

IRAN-CONTRA -- Oliver North took the witness stand describing his role in the Iran-contra affair.

GLASS -- Charles Glass was seen in a video tape reading a statement which said he was a CIA agent.

PERSIAN GULF -- The Soviet Union offered to join in a withdrawal of all foreign naval forces from the Persian Gulf.

"How would the Democrat-controlled House Ways and Means Committee tax you? Let us count the ways described in a recently released list of committee recommendations: Increase excise, estate and income taxes. Tax employee benefits. Restrict tax deductions for advertising. Limit tax benefits of life insurance policies. Tax publicly traded partnerships as corporations. Tax capital gains at death. Impose a 5% surtax on individual and corporate income...and so on. Altogether, committee Democrats came up with more than 100 ways to raise taxes. Have a nice day."

(Richmond Times-Dispatch, 7/6)

IRAN — NICARAGUA

HAD AUTHORITY TO DIVERT FUNDS, NORTH TESTIFIES Reagan's Approval Sought In 5 Memos, Witness Says

Lt. Col. Oliver North, ending seven months of silence, testifies that he believed he had presidential authority to divert Iran arms sales proceeds to the Nicaraguan contras and had written five memos last year requesting President Reagan's approval for the funding scheme.

During six hours of testimony before a packed Senate Caucus Room and a national television audience, North also told the House and Senate select committees investigating the Iran-contra affair that he had never discussed the diversion with Reagan nor seen any documents reflecting the President's authorization.

Contrary to his presumption that Reagan knew and approved of the covert financing of the contras, North testified, he was told last Nov. 21 by National Security Adviser John Poindexter that the President did not know. Four days later, after North had been fired from his National Security Council staff post, Reagan called him and "said to me words to the effect that, 'I just didn't know,'" North added.

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

North Says He Recommended Diversion Of Arms Sales Funds Five Times

Oliver North testified that he recommended to President Reagan on five different occasions that proceeds from the Iranian arms sales be diverted to support the contra rebels in Nicaragua.

However, North also made it clear that he does not personally know whether the President agreed with his recommendations, and nothing in his testimony appeared to undercut Reagan's insistence that he first learned of the scheme whereby about \$3.5 million in arms sales proceeds was channeled to the contras when it was uncovered by Justice Department aides late last November.

...He added, "I never personally discussed the use of the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure on the (NSC) staff."

(Finlay Lewis, Copley)

North 'Assumed' Reagan OK'd Diversion

Oliver North told Congress that he had never discussed with President Reagan the diversion of proceeds from U.S. weapons sales to Iran to the Nicaraguan resistance, though he "assumed" he had the President's approval.

Neither had he seen any written evidence of the President's approval, he said, even though he sent five memos to his superiors recommending that Reagan be briefed on the diversion.

He said John Poindexter, who was national security adviser from December 1985 to November 1986, had never said he had informed Reagan.

"But again," North said, "I wish to reiterate that throughout I believed that the President had indeed authorized such activity."

(Mary Belcher, Washington Times, A1)

North Believes, But Can't Prove, Reagan OK'd Iran-Contra Funds Deal

Breaking seven months of silence in the Iran-contra affair, Oliver North testified he "assumed" President Reagan had approved everything he did -- but had no first-hand evidence to prove it.

"Throughout the conduct of my entire tenure at the National Security Council, I assumed that the President knew what I was doing, and had, through my superiors, approved it. I sought approval of my superiors for every one of my actions, it is well documented," North said.

"Poindexter may turn out to be the most important witness we will have," said Sen. William Cohen.

(Lance Gay & Walter Friedenberg, Scripps Howard)

Does Poindexter -- Not North -- Hold The Key?

Oliver North, billed as the man with the keys to the Iran-contra scandal, weathered his first day before congressional panels after surrendering almost no new answers.

North's testimony came as no surprise to Sen. Warren Rudman....

"It proves what I've been saying all along -- that Adm. Poindexter will be the key witness, not Oliver North," Rudman said at day's end. North "was not a policymaker" in the mold of Poindexter, he said, and may not know the roots of key events in the affair.

(Michael Wines & Doyle McManus, Los Angeles Times, A1)

North Passes Buck To Higher Authorities, Says He Wrote Five Memos

Oliver North has "kicked the ball upstairs" with his testimony that he wrote not one but five memos intended for President Reagan about diverting money from Iran arms sales to aid Nicaraguan rebels.

"The question of who authorized Colonel North to do what [he did] still remains, I think, largely unanswered," said Rep. Lee Hamilton, chairman of the House Iran-contra investigating committee.

Hamilton said that question, and others raised by North during his first six hours of testimony, may have to wait for next week's scheduled appearance of former National Security Adviser John Poindexter and the testimony of cabinet members still to be called to the witness table.

Sen. Sam Nunn said he was impressed by the intensity of North's belief that he was acting only of higher authority. In North's view, "he was not a loose cannon. He was a cannon that was pointed in certain directions by his superiors."

(Jim Drinkard, AP)

North Testifies Covert Activities Were 'Authorized' By Superiors

Breaking eight months of silence, Oliver North has testified that all of his covert activities in the Iran-contra affair were "authorized" by White House superiors, but he has not yet described how he got approval and whether President Reagan knew the details of his actions.

"I never carried out a single act, not one, in which I did not have authority from my superiors," North said. "I have not in the 23 years that I have been in uniformed service violated an order, not one."

Committee members said that over the next three days they would attempt to find out who specifically authorized all of North's actions. "He (North) hasn't said yet who approved what he did, we have a lot of questions on that," said Sen. David Boren.

(Robert Lewis & Robert Gettlin, Newhouse)

North Says Iran-Contra Blame Must Be Shared

After months of resolute silence, Oliver North sat down in a congressional hearing room and denied that he was the schemer who pulled all the strings in the Iran-contra affair.

Alternatively combative and humorous, North said that as far as he knew President Reagan never approved sending profits from Iranian arms sales to the contras. But in so many words he said that the responsibility for certain questionable aspects of the affair must be shared by some of his government superiors.

"I didn't make a lot of the decisions I've been accused of making," North muttered at one point in his initial day of testimony....

(Peter Grier, Christian Science Monitor, A1)

Scapegoat Role Sidestepped; North Akin To Witness For The Prosecution

Nearly eight months ago a lawyer then representing Oliver North said the Marine officer wanted "to step forward and take the spears in his own chest" in the Iran-contra affair. North testified yesterday that he planned to be the "scapegoat." But when his moment came to take the fall before the Iran-contra committees, he didn't. It turned out that North -- though willing to field a few spears -- had no intention of bearing the blame alone.

By the time he finished his first day on the witness stand, North had in effect accused numerous Cabinet-level members of the Reagan Administration of conniving to provide false information to the President, Congress and the American people. And he raised new problems for President Reagan with testimony that he had sent not one but five memorandums "up the line" seeking Reagan's approval for arms deals with Iran that included diversion of profits to aid the Nicaraguan contras.

(News Analysis, Haynes Johnson, Washington Post, A1)

North Links Top Officials To Cover-Up Bid

Oliver North implicated top current and former Reagan Administration officials in a cover-up of possibly illegal U.S. involvement in a 1985 Israeli-Iranian arms deal and the subsequent diversion of arms-sale profits to Nicaraguan rebels.

In one way or another, North indicated cover-up involvement by two former national security advisers, John Poindexter and Robert McFarlane, former CIA Director William Casey and, to a less certain degree, Attorney General Edwin Meese.

North's testimony that Meese knew a White House chronology put out last November on the Iranian deals was false marks the attorney general's first entry into the ranks of those alleged to have knowledge of that short-lived attempt at concealment.

It was, however, less than conclusive: the witness could recall no specifics to back up his belief.

(Michael Kelly, Baltimore Sun, A1)

North Says Meese Had Role In Arms Cover-Up

Attorney General Meese played a central role last November in a high-level Reagan Administration effort to cover up U.S. involvement in an Israeli shipment of American-made arms to Iran a year earlier, Oliver North said.

At the Justice Department, Meese promptly denied North's allegations through his chief spokesman Terry Eastland. Eastland said the attorney general had been completely unaware of the 1985 Israeli arms shipments to Iran until late November, 1986, when he was conducting a preliminary inquiry into the sales.

In addition, North insisted that he always kept other Administration officials informed of his efforts to help the Nicaraguan resistance -- including...Elliott Abrams, who has testified that he was unaware of North's activities. (Sara Fritz & Ronald Ostrow, Los Angeles Times, A1)

Meese Linked To Iran Cover-Up

Attorney General Meese's ethical problems appeared to mount as he was drawn more deeply into the Iran-contra scandal.

Oliver North...linked Meese to an attempted cover-up of missile sales to Iran.

Meese attended a Nov. 20 meeting with then-CIA Director William Casey and other Administration figures. Discussed, North testified: making a misleading statement about the 1985 arms sales.

"Everybody in the room knew" the story was false, North said, except possibly two lower-level aides.

Said Sen. Daniel Inouye...: "I think most of us were surprised that he (North) came out so strongly and pointed the finger at Attorney General Meese." (Sam Meddis & Paul Clancy, USA Today, A4)

North: Reagan Specifically Approved Arms-For-Hostages

Oliver North offered significant new evidence in the Iran-contra scandal by describing a previously undisclosed 1985 order in which President Reagan approved of arms sales to Iran for the sole purpose of buying freedom for American hostages.

The testimony from North...poses new questions about the President's knowledge of early deals with Iran and about his months of denial that the secret policy ever amounted to ransom for the hostages held by pro-Iranian terrorists in Lebanon. (Neil Roland, UPI)

President's Denials Of Arms-Hostages Swap Contradicted

Oliver North, contradicting President Reagan's numerous declarations that the Iran arms sale did not begin as an arms-for-hostages swap, testified that the President signed an intelligence "finding" in November 1985 that narrowly characterized the initiative as an operation solely designed to gain the release of American hostages in Lebanon.

Reagan, after receiving a highly critical Tower commission report in February that offered a similar assessment, acknowledged only that the clandestine weapons sale "did deteriorate" into an exchange for hostages.

However, North...said he remembered seeing a signed intelligence finding that retroactively approved the November 1985 sale of U.S.-made Hawk surface-to-air missiles by Israel to Iran.

(Julie Johnson, Baltimore Sun, A1)

New Arms 'Finding' Emerges; North: Reagan Signed It

Oliver North said he saw a document signed by President Reagan that approved arms shipments sent to Iran to ransom U.S. hostages held in Lebanon.

The deal outlined was "nothing more than an arms-for-hostages swap," North said.

North's testimony represents the first eyewitness reference to a November 1985 "finding" -- authorizing two shipments of Hawk missiles to Iran in the fall of 1985.

"The November finding specifically...ratified prior actions," North told the Iran-contra committees.

(Jessica Lee & Rae Tyson, USA Today, A4)

Shredding Began In Early October As Affair 'Was Coming Unraveled'

The destruction of key White House documents on the Iran-contra affair began in early October -- more than a month earlier than previously disclosed -- after Oliver North and then-CIA Director William Casey concluded "this whole thing was coming unraveled," the former National Security Council aide testified.

During six hours of testimony, North provided new details about Administration attempts to cover up the secret arms deals with Iran and the subsequent diversion of profits for the benefit of the contras. North's testimony also provided new evidence that Casey and former National Security Advisers Robert McFarlane and John Poindexter attempted to obscure the role of President Reagan and other officials in the Iran arms sales.

(Joe Pichirallo, Washington Post, A1)

North's Testimony/The White House

The White House refused to say officially whether President Reagan ever saw the five or six memos written by Oliver North outlining the possibly illegal shift of money from arms sales to Iran to the Nicaraguan contras.

However, a White House official late in the day told reporters that the only memo on the diversion that Reagan had ever seen was shown to him last November by Attorney General Meese after the arms sales became public and Meese had talked to North.

...North jolted the White House when he said he "assumed that Admiral Poindexter had solicited and obtained the support of the President" for North's activities.

Columnist Jack Anderson, who met with Reagan on a different matter, said the President felt North had "confirmed exactly what he had told the American people about the illegal diversion of funds."

But, Anderson said, Reagan was unhappy that none of the television reports he watched about the hearings at noon mentioned the fact.

(Ann McFeatters, Scripps Howard)

North's Testimony/The White House

The long-awaited testimony of Oliver North on who knew what in the Iran-contra affair brought a sigh of relief from the White House and a virtual claim of vindication from President Reagan.

"The mood around here today is pretty good," said one senior official after North completed a full day of testimony. "North started out the day verifying what this President has said almost from Day One...and didn't back off it."

"You've still got a lot of questions out there and other witnesses to go," said the senior official. "But for now, we're over the hurdle people have set for us on this."
(Ira Allen, UPI)

TV Sets Stay Dark As White House Seeks To Portray 'Business As Usual'

"We think it's more important to be carrying on the business of government than to be watching television," said White House spokesman Marlin Fitzwater. When the hearings began in May, Chief of Staff Howard Baker told the White House staff to go about its daily business without glancing all day long at the flickering images of former colleagues and other witnesses.

Although President Reagan had said at the outset of the hearings that he had hoped he would "finally...hear some of the things I'm still waiting to learn," he refrained from turning on a television set during the day and had no plans to keep an eye on the proceedings later in the day, his spokesman said.

Yet the hearings permeated the atmosphere, from the television set in the back room of a guard house to the White House switchboard.....

(James Gerstenzang, Los Angeles Times, A8)

Once Eager For North's Testimony, Reagan Avoids Watching It

President Reagan, who for seven months said that he eagerly awaited the testimony of Oliver North, did not watch his fired National Security council aide's first public testimony on the Iran-contra affair and instead tended to routine business in the White House, aides said.

Senior White House officials, speaking on condition they not be identified, acknowledged that they were surprised by at least one aspect of North's testimony. North testified that he sent about five memos to then-National Security Adviser John Poindexter for presidential approval in which he discussed the Iran arms sale and mentioned the diversion of funds to the contras.

[One] senior officials said that White House counsel Arthur Culvahouse had questioned the President yesterday about these memos, and Reagan had reaffirmed his earlier statements that he did not know about the diversion. (Lou Cannon & David Hoffman, Washington Post, A12)

Financial Markets Like Oliver North's Testimony

Financial markets responded warmly to the congressional testimony of Oliver North, and experts credited his failure to implicate President Reagan in wrongdoing in the Iran-contra controversy.

The Dow Jones average of 30 industrials rose 20.25 points to close at 2,449.78.

"Ollie North has apparently taken the President out of harm's way," said Larry Wachtel, an analyst for Prudential-Bache Securities Inc.

(Peter Coy, AP)

INTERNATIONAL NEWS

U.S., KUWAIT DIFFER OVER ESCORT PLAN More American Forces May Be Required, House Chairman Says

House Armed Services Committee Chairman Les Aspin said major discrepancies have become apparent between the U.S. and Kuwaiti interpretations of the plan for U.S. naval escort of Kuwaiti oil tankers through the Persian Gulf and that more American forces than previously envisioned may be needed.

Aspin said the differences emerged in a meeting Saturday between Kuwaiti officials and a delegation of House Armed Services Committee members who traveled to the Persian Gulf during the Fourth of July congressional recess.

At a Capitol Hill news conference reporting on the results of his trip, Aspin said it was not clear whether the U.S. or Kuwaiti interpretation would prevail. But he predicted the discrepancy could lead to possibly substantial delays in the Reagan Administration's reflagging and escort operation, due to start July 16, if Kuwait prevails.

(Helen Dewar, Washington Post, A24)

Misunderstandings Over Reflagging Plan May Cause Delay

Misunderstandings between the U.S. and Kuwait over the escort of Kuwaiti tankers in the Persian Gulf could delay the start of the Administration's reflagging policy, Rep. Les Aspin said.

Aspin...said U.S. officials sitting in on a July 4 meeting between a 12-member House delegation and the Kuwaiti oil minister were "totally taken by surprise" at the escort plan laid out by the minister.

The U.S., Aspin said, has been talking about providing gulf escort service for 11 reflagged Kuwaiti tankers, taking convoys out through the Strait of Hormuz where they will head for deliveries around the world....

Aspin said the Kuwaiti spoke of a "major shuttle of oil," using several supertankers to convoy oil to the mouth of the gulf, where it would be loaded on to other ships for delivery and the larger tankers would return to Kuwait for refilling. The difference in plans, he said, could make a major difference in the size of U.S. naval force stationed in the gulf.

(Eliot Brenner, UPI)

U.S., Kuwait Differ About U.S. Gulf Policy

Kuwait and the U.S. have "something different in mind" about President Reagan's Persian Gulf policy, with Kuwait's interpretation leading to a riskier U.S. Navy commitment in the volatile region, a key congressman said.

Under the interpretation recently adopted by Kuwaiti officials, all of their oil eventually could be escorted by the U.S. Navy, "presumably with more U.S. Navy escort ships required," said Rep. Les Aspin.

"Until things get sorted out," said Aspin, the U.S. policy isn't likely to be implemented "anytime soon."

In reaction, White House and State Department officials said there was no disagreement between Kuwait and the U.S., but Aspin said the new Kuwaiti view hadn't yet been advanced to the State Department.

(Tim Ahern, AP)

Key Congressman Says Kuwait Changing Reflagging Plan

[Rep. Les Aspin], back from a tour of the Persian Gulf, said Kuwait unilaterally changed the plan for U.S. forces to protect Kuwaiti ships in the waterway and the White House may have to delay the operation.

A State Department official, however, told Reuter that the Reagan Administration did not have any serious differences with Kuwait over the operation and still intended for it to begin as planned within 10 days.

(Valerie Strauss, Reuter)

House Foreign Affairs Members Advocate Following Through On Reagan Plan

A dozen members of the House Armed Services Committee agreed after visiting four Persian Gulf Countries that the U.S. should follow through on President Reagan's commitment to protect 11 Kuwaiti oil tankers, according to a member of the delegation.

The agreement came despite revelations that Kuwaiti plans to offload oil from the protected tankers soon after the vessels pass through the congested Strait of Hormuz so they can return immediately for more oil. Rep. Bill Nichols, chairman of the committee's investigating subcommittee, said at a news conference held within hours of his return here Tuesday afternoon.

Nichols said the new Kuwaiti plan "would put very little turnaround time on the trips and put a greater burden on or escorts." He criticized the Reagan Administration, adding "that should have been worked out in advance."

(Brad Clemonson, Newhouse)

U.N. CHIEF, STATE DEPARTMENT AIDE CONFER ON GULF WAR

UNITED NATIONS -- Secretary General Javier Perez de Cuellar conferred with Under Secretary of State Michael Armacost on U.S. efforts in the U.N. to bring about a ceasefire in Persian Gulf.

No details of the discussion were made public immediately, but it was assumed that it related to a meeting of the U.N. Security Council on the question, which was expected to be called next week.

(Reuter)

SOVIETS SAY THEY'LL QUIT THE GULF IF WEST WILL U.S. And Allies Will Have To Withdraw Their Naval Vessels First, Moscow Stipulates

MOSCOW -- The Soviet Union said that it would withdraw its naval force from the Persian Gulf if the U.S., Great Britain and France did the same.

Soviet Foreign Ministry press spokesman Boris Pyadyshev said that Moscow is prepared to withdraw the five vessels it has deployed in the gulf to protect merchant shipping in waters made hazardous by belligerents in the Iran-Iraq war.

Pyadyshev made it clear that if a mutual withdrawal is agreed to, the Soviets would expect the U.S. and other Western countries to withdraw their forces first.

(Gary Lee, Washington Post, A24)

HOSTAGE SAYS HE WAS SPY FOR CIA
Glass Distraught In Taped Statement

BEIRUT -- Kidnapped American journalist Charles Glass appeared in a video cassette released by his captors and, speaking haltingly and under obvious strain, said he had been working undercover for the CIA.

It was the first time that an American hostage here has said he was involved in espionage. But Glass' appearance and delivery suggested strongly that his statement was made under duress and both the White House and ABC News, for which he has worked, denied that he had an espionage role.

Observers here noted that the timing of the release of the video tape coincided with the first signs of a Syrian-U.S. rapprochement and could have been intended to further embarrass Syria. U.S. special envoy Vernon Walters left Damascus after talks with President Hafez al-Assad.

(Nora Boustany, Washington Post, A1)

Officials, Journalists Say Glass Not A U.S. Agent

Hostage journalist Charles Glass, whose captors released a video tape in which he says he is a U.S. spy, has never worked for the CIA or any other branch of the U.S. government, White House and State Department officials said.

U.S. officials said publicly and privately that they believed the video tape of former ABC News correspondent Glass was the result of coercion, with his kidnappers using death threats or torture to make him read the statement for the camera.

Friends of Glass and other journalists said the video tape shows that he was not speaking normally and was obviously reading language he had not written.

(Eleanor Randolph, Washington Post, A26)

U.S. TRADE PROPOSAL WELCOMED IN GENEVA
World Farm Subsidies, Barriers Would Be Eliminated In 10 Years

GENEVA -- A proposal by the U.S. to eliminate the world's agricultural subsidies and trade barriers within 10 years was welcomed by many U.S. negotiating partners as a step forward in multilateral negotiations, a trade source said.

The GATT source, who asked not to be identified, said negotiators at the committee "widely recognized the proposal as being courageous and ambitious." The source said words such as "revolutionary, innovative and historic" were used by a number of speakers to describe the plan.

"Virtually every delegation welcomed the fact that the United States made the proposal," said the source, cautioning that this did not necessarily mean they could support the plan.

(AP story, Washington Post, F5)

SENATE VOTES TO MAKE IMPORT RELIEF EASIER FOR U.S. INDUSTRIES

The Democratic-controlled Senate agreed to force President Reagan to give injured American industries temporary protection from foreign imports if they prove they can become competitive.

The measure was included as part of a broad foreign trade bill the Senate is expected to approve this month that would force Reagan to act against unfairly traded imports, would give relief to displaced American workers and set out U.S. negotiating objectives in multinational trade talks.

The trade bill is already a target for a presidential veto, but senators said the new measure would deepen the Administration's opposition to it.
(Jacqueline Frank, Reuter)

Senate Votes Import Relief In Trade Bill

Protectionists won a key victory over free traders when the Senate voted to strip the President of his power to deny import relief, such as higher tariffs or quotas, to domestic industries hurt by imports.

After a sometimes emotional four-hour debate that lasted late into the night, the Senate voted 55-41 to reject an amendment by Sen. Robert Packwood and others that would have restored presidential discretion to deny import relief when he thinks the national economic interest does not warrant relief.
(Bud Newman, UPI)

REAGAN PICKS LOBBYIST FOR CONTRA AID Former Rep. Loeffler Faces Uphill Battle

President Reagan named former Representative Tom Loeffler to head a new lobbying effort aimed at persuading Congress to continue military aid to the contras seeking to overthrow the Sandinista government of Nicaragua.

Senior officials also said that White House Communications Director Thomas Griscom will soon name an aide to direct "public diplomacy" efforts directed at building support for contra aid. Sally Grimes, a veteran U.S. Information Agency official based in Mexico City, was approached for the job last month but declined.

The new lobbying campaign comes at a time when White House officials are privately acknowledging that they face extremely difficult obstacles in convincing Congress to extend the contra aid program when it expires Oct. 1. Asked who would be picked for the public diplomacy post, a senior official said last week, "First off, you've got to find a masochist."

(Lou Cannon, Washington Post, A17)

U.S. WARNS MARCOS AGAINST PLOTTING TO OVERTHROW AQUINO

The Reagan Administration warned former Philippine President Ferdinand Marcos this week not to abuse his status as a guest in this country by seeking to destabilize the successor government of President Corazon Aquino, administration sources said.

The warning was delivered to Marcos at his home in Honolulu yesterday and Monday by State Department legal adviser Abraham Sofaer and a Justice Department official, the sources said.

(Don Oberdorfer, Washington Post, A26)

STATE DEPT. AIDE TO HOLD TALKS IN ANGOLA

Assistant Secretary of State Chester Crocker will hold talks with Angolan officials in Luanda next week on the issues of a possible withdrawal of Cuban troops from that war-torn country and independence for neighboring South Africa-administered Namibia, State Department officials said.

The talks, set for Tuesday and Wednesday, mark the formal resumption of negotiation between the U.S. and Angola after more than a year's interruption. Angola broke off the talks over the Administration's decision to send military aid to antigovernment insurgents led by Jonas Savimbi.

(David Ottaway, Washington Post, A22)

34 MORE ARE SLAIN IN INDIA IN 2 ATTACKS BY EXTREMISTS

NEW DELHI -- Thirty-four persons aboard two Haryana Roadways buses were killed in attacks close to the Punjab border tonight, bringing to at least 71 the number of Hindus slain in two consecutive nights by suspected Sikh extremists.

Tonight's toll was in addition to at least 37 who died in a hail of bullets last night aboard another Haryana Roadways bus about 15 miles south of Chandigarh, the joint capital of Punjab and Haryana states.

(Richard Weintraub, Washington Post, A1)

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NATIONAL NEWS

MEESE TO TELL OF PARTNERSHIP WITH WEDTECH FIGURE

Attorney General Meese will testify before a Senate Governmental Affairs subcommittee Thursday about his controversial partnership with a former official of the scandal-plagued Wedtech Corp. and his failure to disclose the details of that arrangement until this week.

Rep. Gerry Sikorski, chairman of a House Civil Service subcommittee, said there had been "a frightful collapse of ethics within the attorney general's office." Sen. Carl Levin, chairman of the Senate Governmental Affairs oversight subcommittee, scheduled a hearing because of "the cloud" over Meese's actions. David Martin, director of the Office of Governmental Ethics, which administers the ethics laws, will also testify.

Meese "certainly is willing to testify," Justice Department spokesman Terry Eastland said. "He's disclosed everything under the sun that's possible. I can think of no more complete, exhaustive disclosure in the history of the Western world, or even in Washington, D.C."

(Mary Thornton & George Lardner, Washington Post, A3)

Meese Stock Fund Manager Traded Mostly In New Issues Sold In 1 Day

NEW YORK -- The manager [W. Franklyn Chinn] of Attorney General Meese's blind partnership was able to achieve substantial profits for the partnership by buying selected stock -- mostly new issues -- and selling them the same day.

That strategy enabled Chinn to produce more than \$35,000 in profits for Meese's partnership even though the partnership actually owned stock for only 19 days of the 760 days of its existence.

(David Vise, Washington Post, A3)

BORK BEGINS COURTESY CALLS ON CAPITOL HILL AS GOP PUSHES FOR QUICK ACTION

U.S. Appeals Court Judge Robert Bork met with key Senate Republicans as the GOP lawmakers said they will press the Democratic majority for quick Senate action on his nomination to the Supreme Court.

In his initial round of courtesy calls on Capitol Hill, Bork met with Senate Minority Leader Robert Dole, Sen. Strom Thurmond, the ranking Republican on the Senate Judiciary Committee, and Minority Whip Alan Simpson, a Judiciary member.

Thurmond said he hopes that the committee will clear the nomination for floor action by the full Senate by mid-September, giving Bork a chance to be confirmed before the start of the Supreme Court's new term on October 5.

However, one Judiciary Committee Democrat said the Republicans' timetable is unrealistic. "There is no chance in the world of that happening," said Sen. Howard Metzenbaum. He said he does not expect the committee to begin hearings on the nomination until after Labor Day.

(Edward Walsh, Washington Post, A5)

White House Believes Bork Puts Democrats In Political Minefield

President Reagan's chief political adviser says the nomination of appellate Judge Robert Bork to the Supreme Court will draw Democrats into a damaging political battle, energize the GOP, and counter Reagan's image as a lame duck.

"Politically, it gives us a cause," said White House Political Director Frank Donatelli. "It is good for the Republican Party."

The cause is a chance to change the long-term course of the high court in a direction long favored by conservatives, Donatelli said in an interview at his White House office.

More important in the short run, it is a cause sorely needed by Republicans who failed to hold the Senate last year despite Reagan's popularity at the time.

(Ralph Hallow, Washington Times, A2)

ADMINISTRATION BACKS NEW 'FEES' IN LIEU OF TAXES

An Administration tax expert warned Congress not to pass a money-raising package that would reverse "dramatic and important tax reforms," calling instead for \$6.1 billion in new fees outlined in President Reagan's \$1 trillion budget.

"The Administration continues to support the \$6.1 billion of additional government receipts shown in the President's budget proposal," Dennis Ross, the Treasury Department's tax legislative counsel, told the House Ways and Means Committee. (Linda Werfelman (AP), Washington Post, F3)

HHS FIRING OF ABORTION FOE ANGERS SENATOR

Humphrey Urges Probe Of Gasper's Dismissal For Insubordination

Sen. Gordon Humphrey assailed HHS Secretary Otis Bowen for firing antiabortion activist Jo Ann Gasper from her job as head of the \$142.5 million Family Planning Program and urged an investigation into her dismissal.

"Clearly, the secretary of HHS is thwarting the President's policies and he may be in violation of the law and department regulations," said Humphrey, who called on HHS Inspector General Richard Kusserow to look into the events leading to the dismissal.

(Spencer Rich, Washington Post, A17)

NETWORK NEWS SUMMARY

IRAN-CONTRA HEARINGS/NORTH'S TESTIMONY

NBC's Tom Brokaw: It was at times heated, sometimes emotional, complicated, even occasionally confusing, but it was almost always riveting -- Marine Lt. Col. Oliver North on the witness stand today describing for the first time in public his pivotal role in the Iran-contra affair. It was the first of four days of testimony for North and the committee went right to the big questions today and North was not ducking them.

NBC's John Dancy:

(North: "I came here to tell you the truth -- the good, the bad, and the ugly.")

Oliver North's version of the truth was a story of shredded documents, misleading testimony to Congress and a false story that committed the President of the U.S. to supporting a lie. North told the committees he had thought he was operating with President Reagan's approval for using profits from the Iran arms sales, residuals North called them.

(North: "I never personally discussed the use of the residuals, or profits, of the sales of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure with the NSC staff. Throughout the conduct of my entire tenure of the NSC, I assumed that the President was aware of what I was doing and had, through my superiors, approved it. I sought approval of my superiors for every one of my actions and it is well documented. I assumed when I had approval to proceed from either Judge Clark, Bud McFarlane, or Admiral Poindexter that they had indeed solicited and obtained the approval of the President.")

But as the Iran-contra story began to unfold and fingers were pointing to North, both Poindexter and the President told him his assumption was wrong.

(North: "On or about Friday, Nov. 21, I asked Admiral Poindexter, directly, 'Does the President know?' He told me he did not. And on Nov. 25, the day I was reassigned back to the U.S. Marine Corps for service, the President of the U.S. called me. In the course of that call the President said to me words to the effect that, 'I just didn't know.'")

But North testified he had sought approval. He said he sent as many as five memos through Poindexter for the President. In each the diversion of money was spelled out and a place left for the President to approve or disapprove with a checkmark.

(North: "It is my recollection that I sent each one of those up the line and that on the three where I had approval to proceed, I thought I had received authority from the President. I want to make it very clear that no memo ever came back to me with the President's initials on it, or the President's name on it, or a note from the President -- none of these memos.")

North also testified that he had shredded scores of documents, possibly including the memos.

(North: "Did I get them all? I'm not trying to be flippant. I'm just--")

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Dancy continues:

Nields: "Well that was going to be my very next question. Col. North, isn't it true that you shredded them?"

North: "I believe I did."

Nields: "And that would include copies with the checkmarks?"

North: "That would have included all copies. I tried as I was departing the NSC -- a process which began as early as October -- to destroy all references to these covert operations. I willingly admit that.")

North said he started shredding documents out of the covert operation in October, after CIA Director William Casey warned him his story was unravelling. As Attorney General Meese began his investigation in November, North was able to reassure his boss, Admiral Poindexter.

(North: "I assured the Admiral, 'Don't worry, it's all taken care of.'")

Nields: "You had already shredded them?"

North: "That's right.")

But North insisted none of the shredded documents implicated the President.

(North: "I have absolutely no recollection of destroying any document which gave me an indication that the President had seen the document or that the President had specifically approved.")

North also testified that he had knowingly taken part in drafting a false chronology designed to be an official Reagan Administration account of the Iran arms deal. The chronology covered up the fact that the U.S. had agreed to let Israel give Iran U.S.-made missiles and covered up the fact that it was an arms-for-hostages deal all along.

(North: "I believe that if the proper version showing U.S. complicity and U.S. support and U.S. activity in the Nov. 1985 HAWK shipment came to be known to the Iranians, that the American hostages could be killed and that the second channel could go the same way. I was also concerned that there may well have been in that transaction such indication that the original decision had been based solely on arms-for-hostages that could in turn be an enormous international embarrassment to the Administration and the President and could well work into a domestic disaster as we now see before us.")

But Nields insisted the chronology was not true.

(North: "I put great value on truth and I said I came here to tell it. But I also put great value on human life and I put great value on that second channel who was at risk.")

Nields: "By putting out this false version of facts you were committing, were you not, the entire Administration to telling a false story."

North: "I don't want you to think that I went about this all on my own. I realize that there are a lot of folks around that think there is a loose cannon in the gundeck of state at the NSC. That wasn't what I heard while I worked there. I've only heard it since I left. People use to walk up to me and tell me what a great job I was doing and the fact is there were many, many people who include the former Assistant to the President for National Security Affairs, the current National Security Advisor, the Attorney General, the Director of Central Intelligence -- all of whom knew that to be wrong.")

North insisted that he had never been told by former National Security Advisor Robert McFarlane not to solicit contributions from other countries to a bank account to aid the contras.

Dancy continues:

(North: "And thank God somebody put money into that account and the Nicaraguan resistance didn't die.")

To summarize -- North testified he thought President Reagan had authorized him to divert money from the Iran arms sales to the contras. He testified that he shredded documents as the situation began to unravel. He testified that he and others created a piece of fiction which was then given to President Reagan to put forward as the official version. And all of it, he insisted, was justified because the cause was so important.

Brokaw: It was a surprise when North testified today that Attorney General Edwin Meese was in the room when North and others were rearranging the chronology of the Iran arms sales so it would appear that the Administration didn't know about the first shipment of the anti-aircraft missiles until that shipment had been delivered. That was false, North said, and everyone in the room knew it, including Meese, but no one, he said, raised any objections. And at the end of the day North was especially defiant when asked about his role in raising money from individuals in this country for the contras. He said he never personally solicited money but he did acknowledge giving speeches, meeting with prospective donors, even providing price lists for weapons. This matter won't be resolved for some time but already there is a good deal of reaction to Col. North's appearance today. (NBC-Lead)

Brokaw: In Congress reaction to North's testimony was by and large cautious tonight. Members were reluctant to make a judgment on just one day's questioning. Congressman Hamilton, there was a great deal of talk today about the President and what he knew. As you know, Col. North said he assumed the President knew a lot about what was going on, but he had no hard evidence of that. Can we expect that your committee will provide us with some harder evidence before this hearings is over?

(Hamilton: "Of course that's the great question in these hearings and we certainly will probe that further in the days ahead with Col. North and with Admiral Poindexter and others.")

Were you surprised that Col. North today placed Attorney General Meese in the room when they were rearranging the chronology of the arms sales? And if you were, do you expect to call the Attorney General before the committee?

(Hamilton: "Yes I was surprised. That was new evidence to me and we do expect to call Mr. Meese before the committee. He will be deposed in a few days and following that we have him appear publicly.")

And where do you expect the questioning to go tomorrow?

(Hamilton: "Well, there are a lot of questions unresolved and not yet even posed so I think we will continue with a lot of the examination of the documents. We will go into some of the personal enrichment problems that Col. North has been accused of. We want to know a lot more about the question of on what authority did he act. We heard some extraordinary testimony today -- five documents, not one calling for diversion. He controlled the covert actions. He diverted money himself from an account with Israeli money, not American money. All of those things need to be probed in hearings that will follow.")

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Brokaw continues: At the White House the President's men put out the word that Mr. Reagan was just too busy to watch the hearings, but he had concluded that he had been vindicated. What about those five documents -- that must have come as a surprise to the White House.

NBC's Chris Wallace: They say that they were surprised about the five memos -- that up until today all they knew about was that April 1986 memo that kicked off the entire investigation. But they say that they're not nervous about the five memos, that in fact Ollie North could have written 50 memos, but unless you can prove that Ronald Reagan knew about them, it's not damaging. In fact, I think you could argue that it is a little bit more damaging than that. The fact that Ollie North wrote five memos would seem to indicate that this was not some one-time operation, but, in fact, that the diversion was a part of the Iran arms sale from the start and that Ollie North was a good bureaucrat -- but the fact is that there was no hard evidence today linking the President to that diversion.

Brokaw: And they found that good news?

Wallace: Well they did. In fact they are declaring a total victory on that. The President told one visitor that he felt that Ollie North had exonerated him. From the very start they have tried to draw the question of the President's innocence or guilt very narrowly -- just to the diversion of funds -- keeping up the coverup, the question of whether Ronald Reagan knew about the secret resupply of the contras and the fact is that with Ollie North's testimony today there is now only one official left it would seem who could possibly implicate the President as having known about the diversion and that is Ollie North's former boss Admiral John Poindexter. (NBC-2)

NBC's John Chancellor's commentary: When you boil it down, what we saw today in the Iran-contra hearing room was theater -- political theater. The Democrats want to use these hearings to damage the Administration. The Republicans want to save whatever they can of the Administration's tattered reputation. In the full sense of the phrase, these are public hearings. So, how was North's performance? Well, this critic says the star was a terrific witness. Keep in mind that the audience -- the public -- hasn't followed the Iran-contra revelations in great detail. The public watches on a more fundamental level. Did the committee seem fair? Was the committee counsel a bad guy or a good guy? Is Col. North a loose cannon, a flack? The President's supporters wanted us to believe that he was. North didn't look flakey today. He managed to be self assured without being disrespectful. His wearing of his uniform and his medals have enraged many of his fellow officers who believe you don't take the Fifth in a class-A uniform. But to the audience around the country, his costume reenforced the patriotic theme and that's the heart of his defense. So far, Col. North's testimony means trouble for the White House in two ways -- his image as a one man band, overachiever was useful for the White house because it meant he wasn't part of the organization. Today we dispelled the image of an out-of-control Lt. Col. and he said he assumed the President knew a lot about what was going on. That doesn't help Mr. Reagan. It's only the first day of the show, but it's beginning to look good for North. He played well and not so good for the President. (NBC-7)

NBC's Anne Rubenstein: reporters on the public's reaction to North's testimony. (NBC-8)

ABC's Peter Jennings:

(North: "I never discussed the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I assumed that the President was aware of what I was doing and had, through my superiors, approved it.")

Col. Oliver North finally begins to tell his story. When Col. North began to testify on Capitol Hill this morning the sense of drama was made even more acute by the realization that for 7 months Congress and the public have been hearings about the Iran-contra affair from everybody but him. And so there are different impressions of him and his role. Well, he wanted to tell his story and time and again today he made one point very clear -- that he never acted without the knowledge and approval of his superiors. There was real tension when North tried to read that opening statement.

ABC's Brit Hume: North had already gotten the committees to take all of his testimony in public and to grant him limited immunity from prosecution. The committees were in no mood today to grant his lawyer's further request that he be allowed to make an opening statement -- a request the chairman said was two days late under the rules anyway.

(Sen. Inouye "Here once again the witness is asking us to bend the law and to suggest that he may be above the law. And if the Colonel wishes to make the opening statement, he may do so Thursday morning which is 48 hours from this date.")

Brendan Sullivan, North's lawyer: "We are not asking that the law be bended. We are not suggesting that Col. North is above the law. We are simply requesting that you understand the needs for this particular citizen. This is the most extraordinary proceeding, I think Mr. Chairman, in our 200 years. As a defense lawyer, I have never been a position where a client is forced to testify about all matters which are the subject of a pending indictment.")

All of Sullivan's objections were overruled and North was turned over to John Nields, the House Committee chief counsel, who soon asked the question that the nation has waited 7 months to have answered.

(Nields: "What did the President know about the diversion of the proceeds of the Iranian arms sales to the contra? Can you tell us what you know about that, sir")

North: "I never personally discussed the use of the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure at the NSC staff. Throughout the conduct of my entire tenure at the NSC, I assumed that the President was aware of what I was doing and had, through my superiors, approved it.")

North said, however, that his superiors, chiefly National Security Advisor Poindexter, never actually told him they had gotten the President's approval.... North said he sent five memos to Poindexter seeking Presidential approval for the Iran arms sales which also mentioned the use of profits to aid the contras. He said the memos came back but he remembered no marks of Presidential approval.... Nields pressed North about his role in drafting a false chronology of the Iran arms sales that became the basis for false public statements by the President. North admitted his part, but said he was far from alone....

Hume continues: And North said Attorney General Meese was aware of the November 1985 shipment of HAWK missiles to Iran -- which is earlier than Meese has acknowledged he is aware. It suggests the Attorney General knew that some of the President's statements were false yet said nothing. For his part, North insisted none of his actions had been illegal.

(North: "I don't believe that anything I did while I was at the NSC was a violation of law. Nor do I believe that anything we did while I was at the NSC was a violation of law. I didn't believe it then. I don't believe it now. If I'd believed it then, I wouldn't have done it.")

And he insisted repeatedly he always acted on higher authority, such as when he sought Pentagon help to get missiles for sell to Iran.

(North: "If a Marine Lt. Col. called the Pentagon this afternoon and asked for 500 missiles to be shipped overseas, and he didn't have a little more backing than that oak leaves on his collar, they would come collar him and take away. I never carried out a single act -- not one -- in which I didn't have authority from my superiors. I haven't in the 23 years that I have been in the uniformed services of the U.S. ever violated an order -- not one.")

And when questioned about efforts to raise funds for the contras, North found an opening to lecture the committee.

(North: "I didn't have to wander around and beg. There were other countries in the world, and other people in this country, who were more willing to help the Nicaraguan resistance survive and cause democracy to prosper in Central American than this body here. And that is an important factor in all of what you do, counsel. And in what this committee is going to do.")

What this committee is going to do next is question Oliver North probably into next week. There will be questions about his relationship with the late CIA Director Casey, which his testimony today indicated was unusually close. And there will be questions too about the remark he made late today that he never wanted to show Congress one word about any of this. The members won't like that.

Jennings: A lot of emotion and a lot of information to be sorted through. A short while ago I talked with the Chairman of the House Committee. Congressman, it is your judgment which counts in these hearings. What is your impression of Col. North after the first day?

(Hamilton: "My impression is that we've really heard some extraordinary testimony. I was particularly impressed by the fact that there are five diversion memos, not just one that we have to try to trace down. Col. North acknowledged that he controlled the covert actions -- there wasn't any doubt about that in his mind. I was impressed by the fact that he believed that the President approved of all that he was doing. And, of course, he acknowledged changing the chronologies and shredding as we expected him to do.") President Reagan said today that Col. North exonerates him. Do you have the same opinion?

(Hamilton: "I don't think we're in a position to make that kind of judgment yet. This is just the first day of his testimony. There are other days to come and also Admiral Poindexter's testimony.")

There have been a number of observations about whether Col. North would tell the truth or not. Are you impressed he is telling the truth today?

Jennings continues:

(Hamilton: "I think he's trying to tell the truth, yes. We've had a long line of witnesses that have challenged his credibility, so I think it's to be expected that members will receive his testimony with some skepticism. But we certainly owe Col. North his day in court and we should try to keep an open mind about his testimony.") (ABC-Lead)

Jennings: As many of you know and perhaps many of you saw, the hearings today were televised. Sam Donaldson is standing by at the White House. Now, Sam, during the hearing today, you said that the White House was talking this ignorant position of what was going on today.

ABC's Sam Donaldson: White House officials are trying to give the impression that this was just another day of business as usual here with no one paying any particular attention to the hearing. The President is said not to have watched any of the testimony -- just tending to his work and staying out of sight of the press. The White House did release two pictures of Mr. Reagan meeting with outside visitors on matters having nothing to do with the hearings. Although he hadn't watched any of the morning testimony, the President told another visitor, columnist Jack Anderson, that he saw a television summary over the noon hour and he suggested he thought it unfair.... Press Secretary Marlin Fitzwater told reporters the President never saw any of the five memos North testified he prepared in seeking Presidential approval of the diversion of money to the contras. And Fitzwater said the President sticks to his assertion that word of the diversion last November was news to him.

(The President on file footage: "As I told the Tower Board, I didn't know about any diversion of funds to the contras.")

As to North's testimony that he believed he had presidential approval even though he never personally had any evidence of it, the President spoke to such views only last month.

(The President on file footage: "Well evidently maybe some people were giving the impression that there were acting on orders from me. Well I wasn't giving those orders because I no had asked or had told me what was truly happening there.")

White House officials are pleased that North in no way directly contradicted the President's assertion of ignorance. They didn't expect him to. But they are not so pleased with North's testimony that he prepared five memos asking for presidential approval of the contra diversion scheme. They know that next witness, Admiral Poindexter, will be asked where all those memos went. (ABC-2)

ABC's Karen Burnes reports on the background of the Iran-contra operation supposedly directed by Oliver North. (ABC-3)

ABC's Bill Blakemore reports on the public's reaction to Col. North's testimony today. (ABC-9)

CBS's Dan Rather from Capitol Hill: Oliver North -- under oath, under fire and firing back from the witness stand after months of delay and stonewalling.

(North: "I came here to tell you the truth -- the good, the bad and the ugly. I'm here to tell it all.")

Right from the opening gavel an extraordinary day of testimony and testiness here on Capitol Hill.

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Rather continues: The crucial question -- was President Reagan involved in or aware of lawbreaking?

(North: "I never raised it with him and he never raised it with me during my entire tenure at the NSC staff.")

The supercharged atmosphere starts early. Chairman Inouye disallows North's opening until Thursday for failure to submit it on time.... Moments later the testimony did begin and the story of Oliver North as told by North was finally beginning to unfold. One highlight -- testimony that Oliver North actually saw a finding signed by President Reagan indicating a straight-out arms-for-hostages swap with Iranians. The White House says it has never found a version of any document that was actually signed by Mr. Reagan.

CBS's Phil Jones: It's ironic, said one Senate committee member, to watch a man who has wrapped himself in the American flag, raised his right hand to be sworn in by a chairman who lost his right arms defending his country in WW II. After 7 months of silence, North, now protected by a grant of limited immunity, began providing his version of what happened.... The crucial question -- did the President know about the diversion? ...Yet North indicated that he had assumed that his bosses at the NSC had obtained presidential approval.... North attempted repeatedly to defend the secrecy of the covert operations.

(North: "There is great deception practiced in the conduct of covert operations. They are, at essence, a lie. We make every effort to deceive the enemy as to our intent, our conduct and to deny the association of the U.S. with those activities.")

North was faced today with questions about a statement he had made to the Iranians indicating that the President would be impeached if details of the operation ever became public.

(North: "That is a bald faced lie told to the Iranians and I will tell you right now, I would have offered the Iranians a free trip a Disneyland if we could have gotten Americans home for it.")

But for North the toughest questions today were about his involvement in key documents. North disclosed that his shredding actually began in early October.

(North: "Director Casey and I had a lengthy discussion about the fact that this whole thing was coming unraveled and that things ought to be cleaned up.")

North admitted that the shredding intensified after he learned that the Justice Department officials were on their way in late November, but he claimed the shredding was justified.

(North: "That's why the government buys shredders by the tens and dozens and gives them to people running covert operations. Not so that they can have convenient memories, and I don't like the insinuation that I'm up here having a convenient memory lapse like perhaps some others have had.")

And North bristled today at questions suggesting he had been the one behind drafting false and misleading chronologies once the scandal broke.... At the end of the first day North's attorney thought the embattled Marine had done very well. As for North--

(North: "I guess my only disappointment is that I wasn't able to give my opening statement. When we gave it to them this morning to read, they apparently saw something in it that they didn't want the American people to hear.")

Jones continues: According to sources, the opening statement that North wanted to make was for the most part a heavy assault on their investigation and the last thing Congressional investigators wanted was to provide North with a pulpit.

Rather: Several members of the congressional investigating panels gave their first reactions to North's testimony and what they believe the important points were.

(Sen. Nunn: "The thing that came across to me over and over again was that Col. North, by his testimony today, made it clear that from his perspective he had authority for what he was doing. He was not, in his own view, a loose cannon. That he was a cannon that was pointed in certain directions by his superiors.")

(Rep. Hamilton: "Significantly, I think he mentioned five diversion memos. We have known about one diversion memo up to this point and we have not been able to trace it. Now we have five diversion memos. We can't trace the five apparently at this point and he does not recall, significantly he does not recall, what happened to those five diversion memos.")

Rather: I talked to key players on the Congressional committees -- Chairman Daniel Inouye and Congressman Dick Cheney. Senator, what about it? Oliver North says there must have been something in these opening statements that you didn't want to hear. True?

(Inouye: "Not at all. Mr. Sullivan and the Colonel are well aware of the rules of the Senate and the rule specifically says if you have an opening statement it should be presented to us 48 hours in advance. It was presented to us 45 minutes in advance. Secondly, we have been literally giving in to Mr. North and Mr. Sullivan. They wanted to meet on the 7th, today, instead of the 16th as we proposed. We had asked that they give us a deposition like all other witness, they refused. So therefore, their hearings will be dragged out a little.")

Congressman, what was the most revealing thing said today?

(Cheney: "I think from the standpoint of the public and many of the members was the statement that the Colonel never discussed the diversion of funds with the President -- that is he firmly put on the report the fact that he'd never had any such conversation with the President. And the President, to his knowledge, had no knowledge of the diversion.")

It is my understanding that the President said, or words to the effect, that he didn't think enough attention was being given to the point that North exonerated him. Do you agree with that?

(Inouye: "I think the Colonel gave several statements that were very interesting. One, [he was] the first witness to say that he saw the sign finding of the President which authorized the exchange of arms for hostages, which the President has been quite uncertain about until now. Secondly, in no uncertain terms, the Colonel said, 'I was not the only one who knew about the chronology.' The Attorney General was there and he knew all about it just as well as Mr. Casey. And third, I was very interested to hear him say that he had control over these Swiss accounts.")

Congressman, what was the most surprising thing you heard today?

Rather continues:

(Cheney: "Well, I thought that the extent to which the Colonel made the statement repeatedly that everything he did he was authorized to do -- that is to say that he felt he was carrying out orders, instructions and he had guidance and direction at least from Mr. Poindexter to undertake the activities he did and this wasn't a freelance operation by an NSC staffer -- it was in fact an authorization that had been given by the appropriate people.")

Senator, what's the number one question in your mind now?

(Inouye: "It's not the smoking gun. I just want to know how it happened, that's all. Because it's inconceivable to me that a graduate of Annapolis, a Lt. Col., would run around and carry out his own initiatives. He must have had orders.")

What should we look for and listen for tomorrow?

(Cheney: "I want to get into the why this happen to put it within a broader context. Why did the President and his key people make the decision they made to carry out these policies in this particular way?")

(CBS-Lead)

CBS's Bill Plante: President Reagan and his top officials went out of their way to appear not to be paying much attention to Ollie North's testimony today. But Mr. Reagan did complain to a staff member that he understood from reports of the hearings that North had totally exonerated him but that none of the commentators were mentioning that fact. The President has been saying for months that he couldn't wait for key witnesses like North to testify.

(The President on file footage: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

But this morning Mr. Reagan's spokesman said the President was too involved with the nation's business to watch North and the White House issued photographs of various meetings to prove that point. The White House strategy, after all, is business as usual. A presidential trip to Connecticut tomorrow to push his economic agenda, a series of speeches in Washington. But some political pros say that at least for now it won't work.... And even though some testimony has supported his position, over the long haul, the hearings are a problem for the President.... White House staff members are putting out the word that they thought North's testimony was good for the President but they are cautioning one another that this is no time for euphoria. They worry that the testimony next week of Admiral John Poindexter, who after all saw Mr. Reagan every day, could be far more damaging.

(CBS-2)

CBS's Eric Engberg reports on North's lawyer's strategy for the hearings.

(CBS-3)

CBS's Bruce Morton reports on how North's image has been conveyed and if North can be believed.

(CBS-11)

CHARLES GLASS

Brokaw: Kidnapped American journalist Charles Glass was seen in a video tape released by his captors today reading a statement that his main job was working for the CIA....

NBC's Rick Davis: This video tape was released by Charles Glass' kidnappers in Beirut this morning.... Charles Glass read from a prepared statement judging from the style and grammatical errors, it did not seem to be something he would write.... A quick reaction came from State Department spokesman Charles Redman.

(Redman: "He is not now and never has been an employee of the U.S. government. As I just said, he is an innocent victim of cruel terrorism.")

At the White House spokesman Marlin Fitzwater was asked if Glass was a U.S. agent. Answer: No, he was not. ABC News President Roone Arledge for whom Glass worked for years said --

(Arledge: "It is well known that a hostage under stress can be forced by his captors to make statements that should not be accepted as valid. This is such a case.")

Here in Damascus Syrian officials have refused to comment on the Glass statement. But sources in Beirut say the Syrians have issued an ultimatum -- that they know where Charles Glass is being held and if he is not released in 24 hours, they may attempt a rescue operation. The Glass kidnapping was an embarrassment to the Syrians. It happened after they invited journalists and diplomats to return to Beirut. They said it was safe. (NBC-3, ABC-4, CBS-6)

PERSIAN GULF

Rather: The Soviet Union today offered to join in a withdraw of naval forces from the Persian Gulf. A spokesman said Soviet ships would "undoubtedly pull out if the U.S., Britain and France would lead the way." However, the White House has backed away from a statement made Sunday by Howard Baker and now says flatly the U.S. has no plans to leave the Gulf. (CBS-4)

-End of B-Section-

EDITORIALS/COLUMNISTS

IRAN CONTRA HEARINGS/NORTH'S TESTIMONY

Oliver North's Story -- "The startling thing about the weeks of Iran-contra hearings and the months of disclosures and the years of immersion in some of the events themselves is that so little is yet known of what now seems most important to know.... It's how this improbable middle ranking officer...could perform veritable prodigies of policy maneuver in Ronald Reagan's Washington.... On the level on constitutional government, there are grounds for genuine alarm that the American government could be manipulated to allow an extended line of policy to be developed outside the system of checks and balances meant to inhibit secret executive power. This is the part of Oliver North's story that most needs to be understood now."
(Washington Post, 7/7)

Iran-Contra Affair Twisted Our Values -- "The zealots of Iran-contra...misled Congress, because they thought its members could not be trusted. They dodged the law, because they deemed it unwise. They deceived the public, for fear people would not be smart enough to see their wisdom. In the end, they succeeded only in tarnishing their nation's image, crippling the President they served, and undermining the very goals they sought to achieve."
(USA Today, 7/3)

The Iran-Contra Affair Reflected Our Values -- "The mess this soldier [Col. North] was attempting to the best of his ability to clean up and make right was the creation of Congress. When handed the impossible task and commanded to carry it through, he gave it everything he had, including, as it may turn out, his career. I join the millions who hope he will be exonerated and who believe he deserves a medal."
(Jesse Hillford, USA Today, 7/3)

U.S. POLICY IN NICARAGUA

What About Nicaragua? -- "Oliver North's scheduled congressional testimony is probably as good a time as any to bring up a touchy subject -- Nicaragua.... In its most recent vote on the contras, Congress supported military aid. Will Congress really reverse itself once again, with evidence of the totalitarian nature of the Sandinistas growing daily? Either Congress is going to overturn Administration policy and let Danny Ortega work his will, or it is not. If it is, it takes responsibility for what happens in Nicaragua. If not, it tacitly admits that in 1983 and 1984 Congress was wrong on the central issue, and Ronald Reagan and Oliver North were right."
(Wall Street Journal, 7/7)

-more-

NOMINATION OF ROBERT BORK

Bork Battle Lines -- "The anticipated fight over Mr. Bork will boil down to a contest between the President's prerogative under the Constitution to appoint to the Supreme Court justices of his choosing and the Senate's attendant right to provide advice and to consent to the choice. Given the ideological chasm separating Mr. Reagan from the Democratic Senate, the process is likely to be as grueling as it will be political."

(San Diego Union, 7/2)

Court's Center Of Gravity Shifts -- "Federal appellate judge Robert Bork is no Lewis Powell Jr. But that shouldn't disqualify Bork from succeeding Powell as an associate justice of the U.S. Supreme Court if he is President Reagan's choice.... Senate Democrats would do themselves and the country a disservice by refusing to confirm such a well-qualified candidate or attempting to hold his nomination hostage to force the President to compromise on the federal budget."

(San Diego Tribune, 7/1)

President Can Touch Off Ideological War; Should He? -- "The President's opportunity to finally -- after all these years -- make what may be a pivotal appointment to the Supreme Court come as his moral and political authority are at low ebbs. He is wounded by the Iran-contra episodes, and the Democrats have the Senate.... The President's more conservative supporters point out that he ran for office on the promise of appointing starkly conservative justices, and he won. Fair enough; but he has also -- again and again -- gone to the American public to ask it to elect a Congress that will support his policies, and he has been unmistakably rejected in that request. Both of the elected branches of government have obligations to their constituencies. The only reasonable resolution is a compromise."

(Dayton Daily News, 6/30)

The Senate Will Make Itself Heard -- "The upcoming battle over Robert Bork, President Reagan's 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...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.... Sen. Cranston called on his colleagues to form a 'solid phalanx' to block an 'ideological court coup' by Reagan."

(Al Kamen and Ruth Marcus, Kansas City Star, 7/5)

Could Have Been Worse -- "Faced with a political challenge, President Reagan does not look for the easy way out, he does not stand first on one foot and then the other. He gives it his best shot and lives with the consequences. Thus he nominated Robert Bork to replace Lewis Powell on the U.S. Supreme Court.... This is Shootout-at-the-OK-Corral time, folks. The President, in effect, has told Senate: 'All right boys, you've made your brag, now make your play.' I admire that. President Reagan was elected -- twice -- as a conservative. He didn't try to fool anyone. In sending up Bork's name, he is being true to himself and the people who elected him."

(Donald Kaul, Philadelphia Daily News, 7/7)

Jim Kuhn (for the President)

~~H. Baker~~

K. Duberstein

M. Fitzwater

Griscom

Henkel

Weinberg

Jarratt

Arshat

~~Sec. Baldridge~~

Sec. Baldwin

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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JULY 8, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

North Says He Recommended Diversion Of Arms Sales Funds Five Times --
Oliver North testified that he recommended to President Reagan on five different occasions that proceeds from the Iranian arms sales be diverted to support the contra rebels in Nicaragua. (Baltimore Sun,

Christian Science Monitor, Los Angeles Times, USA Today,
Washington Post, Washington Times, AP, Copley, Newhouse,
Scripps Howard, UPI)

INTERNATIONAL NEWS

Misunderstandings Over Reflagging Plan May Cause Delay --
Misunderstandings between the U.S. and Kuwait over the escort of Kuwaiti tankers in the Persian Gulf could delay the start of the Administration's reflagging policy, Rep. Les Aspin said. (Washington Post, AP, Newhouse, Reuter, UPI)

NATIONAL NEWS

Meese To Tell Of Partnership With Wedtech Figure -- Attorney General Meese will testify before a Senate Governmental Affairs subcommittee Thursday about his controversial partnership with a former official of the scandal-plagued Wedtech Corp. (Washington Post)

TAXING DAY

NETWORK NEWS (Tuesday Evening)

IRAN-CONTRA -- Oliver North took the witness stand describing his role in the Iran-contra affair.

GLASS -- Charles Glass was seen in a video tape reading a statement which said he was a CIA agent.

PERSIAN GULF -- The Soviet Union offered to join in a withdrawal of all foreign naval forces from the Persian Gulf.

"How would the Democrat-controlled House Ways and Means Committee tax you? Let us count the ways described in a recently released list of committee recommendations: Increase excise, estate and income taxes. Tax employee benefits. Restrict tax deductions for advertising. Limit tax benefits of life insurance policies. Tax publicly traded partnerships as corporations. Tax capital gains at death. Impose a 5% surtax on individual and corporate income...and so on. Altogether, committee Democrats came up with more than 100 ways to raise taxes. Have a nice day."

(Richmond Times-Dispatch, 7/6)

IRAN — NICARAGUA

HAD AUTHORITY TO DIVERT FUNDS, NORTH TESTIFIES Reagan's Approval Sought In 5 Memos, Witness Says

Lt. Col. Oliver North, ending seven months of silence, testifies that he believed he had presidential authority to divert Iran arms sales proceeds to the Nicaraguan contras and had written five memos last year requesting President Reagan's approval for the funding scheme.

During six hours of testimony before a packed Senate Caucus Room and a national television audience, North also told the House and Senate select committees investigating the Iran-contra affair that he had never discussed the diversion with Reagan nor seen any documents reflecting the President's authorization.

Contrary to his presumption that Reagan knew and approved of the covert financing of the contras, North testified, he was told last Nov. 21 by National Security Adviser John Poindexter that the President did not know. Four days later, after North had been fired from his National Security Council staff post, Reagan called him and "said to me words to the effect that, 'I just didn't know,'" North added.

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

North Says He Recommended Diversion Of Arms Sales Funds Five Times

Oliver North testified that he recommended to President Reagan on five different occasions that proceeds from the Iranian arms sales be diverted to support the contra rebels in Nicaragua.

However, North also made it clear that he does not personally know whether the President agreed with his recommendations, and nothing in his testimony appeared to undercut Reagan's insistence that he first learned of the scheme whereby about \$3.5 million in arms sales proceeds was channeled to the contras when it was uncovered by Justice Department aides late last November.

...He added, "I never personally discussed the use of the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure on the (NSC) staff."

(Finlay Lewis, Copley)

North 'Assumed' Reagan OK'd Diversion

Oliver North told Congress that he had never discussed with President Reagan the diversion of proceeds from U.S. weapons sales to Iran to the Nicaraguan resistance, though he "assumed" he had the President's approval.

Neither had he seen any written evidence of the President's approval, he said, even though he sent five memos to his superiors recommending that Reagan be briefed on the diversion.

He said John Poindexter, who was national security adviser from December 1985 to November 1986, had never said he had informed Reagan.

"But again," North said, "I wish to reiterate that throughout I believed that the President had indeed authorized such activity."

(Mary Belcher, Washington Times, A1)

North Believes, But Can't Prove, Reagan OK'd Iran-Contra Funds Deal

Breaking seven months of silence in the Iran-contra affair, Oliver North testified he "assumed" President Reagan had approved everything he did -- but had no first-hand evidence to prove it.

"Throughout the conduct of my entire tenure at the National Security Council, I assumed that the President knew what I was doing, and had, through my superiors, approved it. I sought approval of my superiors for every one of my actions, it is well documented," North said.

"Poindexter may turn out to be the most important witness we will have," said Sen. William Cohen.

(Lance Gay & Walter Friedenber, Scripps Howard)

Does Poindexter -- Not North -- Hold The Key?

Oliver North, billed as the man with the keys to the Iran-contra scandal, weathered his first day before congressional panels after surrendering almost no new answers.

North's testimony came as no surprise to Sen. Warren Rudman....

"It proves what I've been saying all along -- that Adm. Poindexter will be the key witness, not Oliver North," Rudman said at day's end. North "was not a policymaker" in the mold of Poindexter, he said, and may not know the roots of key events in the affair.

(Michael Wines & Doyle McManus, Los Angeles Times, A1)

North Passes Buck To Higher Authorities, Says He Wrote Five Memos

Oliver North has "kicked the ball upstairs" with his testimony that he wrote not one but five memos intended for President Reagan about diverting money from Iran arms sales to aid Nicaraguan rebels.

"The question of who authorized Colonel North to do what [he did] still remains, I think, largely unanswered," said Rep. Lee Hamilton, chairman of the House Iran-contra investigating committee.

Hamilton said that question, and others raised by North during his first six hours of testimony, may have to wait for next week's scheduled appearance of former National Security Adviser John Poindexter and the testimony of cabinet members still to be called to the witness table.

Sen. Sam Nunn said he was impressed by the intensity of North's belief that he was acting only of higher authority. In North's view, "he was not a loose cannon. He was a cannon that was pointed in certain directions by his superiors."

(Jim Drinkard, AP)

North Testifies Covert Activities Were 'Authorized' By Superiors

Breaking eight months of silence, Oliver North has testified that all of his covert activities in the Iran-contra affair were "authorized" by White House superiors, but he has not yet described how he got approval and whether President Reagan knew the details of his actions.

"I never carried out a single act, not one, in which I did not have authority from my superiors," North said. "I have not in the 23 years that I have been in uniformed service violated an order, not one."

Committee members said that over the next three days they would attempt to find out who specifically authorized all of North's actions. "He (North) hasn't said yet who approved what he did, we have a lot of questions on that," said Sen. David Boren.

(Robert Lewis & Robert Gettlin, Newhouse)

North Says Iran-Contra Blame Must Be Shared

After months of resolute silence, Oliver North sat down in a congressional hearing room and denied that he was the schemer who pulled all the strings in the Iran-contra affair.

Alternatively combative and humorous, North said that as far as he knew President Reagan never approved sending profits from Iranian arms sales to the contras. But in so many words he said that the responsibility for certain questionable aspects of the affair must be shared by some of his government superiors.

"I didn't make a lot of the decisions I've been accused of making," North muttered at one point in his initial day of testimony....

(Peter Grier, Christian Science Monitor, A1)

Scapegoat Role Sidestepped; North Akin To Witness For The Prosecution

Nearly eight months ago a lawyer then representing Oliver North said the Marine officer wanted "to step forward and take the spears in his own chest" in the Iran-contra affair. North testified yesterday that he planned to be the "scapegoat." But when his moment came to take the fall before the Iran-contra committees, he didn't. It turned out that North -- though willing to field a few spears -- had no intention of bearing the blame alone.

By the time he finished his first day on the witness stand, North had in effect accused numerous Cabinet-level members of the Reagan Administration of conniving to provide false information to the President, Congress and the American people. And he raised new problems for President Reagan with testimony that he had sent not one but five memorandums "up the line" seeking Reagan's approval for arms deals with Iran that included diversion of profits to aid the Nicaraguan contras.

(News Analysis, Haynes Johnson, Washington Post, A1)

North Links Top Officials To Cover-Up Bid

Oliver North implicated top current and former Reagan Administration officials in a cover-up of possibly illegal U.S. involvement in a 1985 Israeli-Iranian arms deal and the subsequent diversion of arms-sale profits to Nicaraguan rebels.

In one way or another, North indicated cover-up involvement by two former national security advisers, John Poindexter and Robert McFarlane, former CIA Director William Casey and, to a less certain degree, Attorney General Edwin Meese.

North's testimony that Meese knew a White House chronology put out last November on the Iranian deals was false marks the attorney general's first entry into the ranks of those alleged to have knowledge of that short-lived attempt at concealment.

It was, however, less than conclusive: the witness could recall no specifics to back up his belief.

(Michael Kelly, Baltimore Sun, A1)

North Says Meese Had Role In Arms Cover-Up

Attorney General Meese played a central role last November in a high-level Reagan Administration effort to cover up U.S. involvement in an Israeli shipment of American-made arms to Iran a year earlier, Oliver North said.

At the Justice Department, Meese promptly denied North's allegations through his chief spokesman Terry Eastland. Eastland said the attorney general had been completely unaware of the 1985 Israeli arms shipments to Iran until late November, 1986, when he was conducting a preliminary inquiry into the sales.

In addition, North insisted that he always kept other Administration officials informed of his efforts to help the Nicaraguan resistance -- including...Elliott Abrams, who has testified that he was unaware of North's activities. (Sara Fritz & Ronald Ostrow, Los Angeles Times, A1)

Meese Linked To Iran Cover-Up

Attorney General Meese's ethical problems appeared to mount as he was drawn more deeply into the Iran-contra scandal.

Oliver North...linked Meese to an attempted cover-up of missile sales to Iran.

Meese attended a Nov. 20 meeting with then-CIA Director William Casey and other Administration figures. Discussed, North testified: making a misleading statement about the 1985 arms sales.

"Everybody in the room knew" the story was false, North said, except possibly two lower-level aides.

Said Sen. Daniel Inouye...: "I think most of us were surprised that he (North) came out so strongly and pointed the finger at Attorney General Meese." (Sam Meddis & Paul Clancy, USA Today, A4)

North: Reagan Specifically Approved Arms-For-Hostages

Oliver North offered significant new evidence in the Iran-contra scandal by describing a previously undisclosed 1985 order in which President Reagan approved of arms sales to Iran for the sole purpose of buying freedom for American hostages.

The testimony from North...poses new questions about the President's knowledge of early deals with Iran and about his months of denial that the secret policy ever amounted to ransom for the hostages held by pro-Iranian terrorists in Lebanon. (Neil Roland, UPI)

President's Denials Of Arms-Hostages Swap Contradicted

Oliver North, contradicting President Reagan's numerous declarations that the Iran arms sale did not begin as an arms-for-hostages swap, testified that the President signed an intelligence "finding" in November 1985 that narrowly characterized the initiative as an operation solely designed to gain the release of American hostages in Lebanon.

Reagan, after receiving a highly critical Tower commission report in February that offered a similar assessment, acknowledged only that the clandestine weapons sale "did deteriorate" into an exchange for hostages.

However, North...said he remembered seeing a signed intelligence finding that retroactively approved the November 1985 sale of U.S.-made Hawk surface-to-air missiles by Israel to Iran.

(Julie Johnson, Baltimore Sun, A1)

New Arms 'Finding' Emerges; North: Reagan Signed It

Oliver North said he saw a document signed by President Reagan that approved arms shipments sent to Iran to ransom U.S. hostages held in Lebanon.

The deal outlined was "nothing more than an arms-for-hostages swap," North said.

North's testimony represents the first eyewitness reference to a November 1985 "finding" -- authorizing two shipments of Hawk missiles to Iran in the fall of 1985.

"The November finding specifically...ratified prior actions," North told the Iran-contra committees.

(Jessica Lee & Rae Tyson, USA Today, A4)

Shredding Began In Early October As Affair 'Was Coming Unraveled'

The destruction of key White House documents on the Iran-contra affair began in early October -- more than a month earlier than previously disclosed -- after Oliver North and then-CIA Director William Casey concluded "this whole thing was coming unraveled," the former National Security Council aide testified.

During six hours of testimony, North provided new details about Administration attempts to cover up the secret arms deals with Iran and the subsequent diversion of profits for the benefit of the contras. North's testimony also provided new evidence that Casey and former National Security Advisers Robert McFarlane and John Poindexter attempted to obscure the role of President Reagan and other officials in the Iran arms sales.

(Joe Pichirallo, Washington Post, A1)

North's Testimony/The White House

The White House refused to say officially whether President Reagan ever saw the five or six memos written by Oliver North outlining the possibly illegal shift of money from arms sales to Iran to the Nicaraguan contras.

However, a White House official late in the day told reporters that the only memo on the diversion that Reagan had ever seen was shown to him last November by Attorney General Meese after the arms sales became public and Meese had talked to North.

...North jolted the White House when he said he "assumed that Admiral Poindexter had solicited and obtained the support of the President" for North's activities.

Columnist Jack Anderson, who met with Reagan on a different matter, said the President felt North had "confirmed exactly what he had told the American people about the illegal diversion of funds."

But, Anderson said, Reagan was unhappy that none of the television reports he watched about the hearings at noon mentioned the fact.

(Ann McFeatters, Scripps Howard)

North's Testimony/The White House

The long-awaited testimony of Oliver North on who knew what in the Iran-contra affair brought a sigh of relief from the White House and a virtual claim of vindication from President Reagan.

"The mood around here today is pretty good," said one senior official after North completed a full day of testimony. "North started out the day verifying what this President has said almost from Day One...and didn't back off it."

"You've still got a lot of questions out there and other witnesses to go," said the senior official. "But for now, we're over the hurdle people have set for us on this."
(Ira Allen, UPI)

TV Sets Stay Dark As White House Seeks To Portray 'Business As Usual'

"We think it's more important to be carrying on the business of government than to be watching television," said White House spokesman Marlin Fitzwater. When the hearings began in May, Chief of Staff Howard Baker told the White House staff to go about its daily business without glancing all day long at the flickering images of former colleagues and other witnesses.

Although President Reagan had said at the outset of the hearings that he had hoped he would "finally...hear some of the things I'm still waiting to learn," he refrained from turning on a television set during the day and had no plans to keep an eye on the proceedings later in the day, his spokesman said.

Yet the hearings permeated the atmosphere, from the television set in the back room of a guard house to the White House switchboard.....

(James Gerstenzang, Los Angeles Times, A8)

Once Eager For North's Testimony, Reagan Avoids Watching It

President Reagan, who for seven months said that he eagerly awaited the testimony of Oliver North, did not watch his fired National Security council aide's first public testimony on the Iran-contra affair and instead tended to routine business in the White House, aides said.

Senior White House officials, speaking on condition they not be identified, acknowledged that they were surprised by at least one aspect of North's testimony. North testified that he sent about five memos to then-National Security Adviser John Poindexter for presidential approval in which he discussed the Iran arms sale and mentioned the diversion of funds to the contras.

[One] senior officials said that White House counsel Arthur Culvahouse had questioned the President yesterday about these memos, and Reagan had reaffirmed his earlier statements that he did not know about the diversion. (Lou Cannon & David Hoffman, Washington Post, A12)

Financial Markets Like Oliver North's Testimony

Financial markets responded warmly to the congressional testimony of Oliver North, and experts credited his failure to implicate President Reagan in wrongdoing in the Iran-contra controversy.

The Dow Jones average of 30 industrials rose 20.25 points to close at 2,449.78.

"Ollie North has apparently taken the President out of harm's way," said Larry Wachtel, an analyst for Prudential-Bache Securities Inc.

(Peter Coy, AP)

INTERNATIONAL NEWS

U.S., KUWAIT DIFFER OVER ESCORT PLAN More American Forces May Be Required, House Chairman Says

House Armed Services Committee Chairman Les Aspin said major discrepancies have become apparent between the U.S. and Kuwaiti interpretations of the plan for U.S. naval escort of Kuwaiti oil tankers through the Persian Gulf and that more American forces than previously envisioned may be needed.

Aspin said the differences emerged in a meeting Saturday between Kuwaiti officials and a delegation of House Armed Services Committee members who traveled to the Persian Gulf during the Fourth of July congressional recess.

At a Capitol Hill news conference reporting on the results of his trip, Aspin said it was not clear whether the U.S. or Kuwaiti interpretation would prevail. But he predicted the discrepancy could lead to possibly substantial delays in the Reagan Administration's reflagging and escort operation, due to start July 16, if Kuwait prevails.

(Helen Dewar, Washington Post, A24)

Misunderstandings Over Reflagging Plan May Cause Delay

Misunderstandings between the U.S. and Kuwait over the escort of Kuwaiti tankers in the Persian Gulf could delay the start of the Administration's reflagging policy, Rep. Les Aspin said.

Aspin...said U.S. officials sitting in on a July 4 meeting between a 12-member House delegation and the Kuwaiti oil minister were "totally taken by surprise" at the escort plan laid out by the minister.

The U.S., Aspin said, has been talking about providing gulf escort service for 11 reflagged Kuwaiti tankers, taking convoys out through the Strait of Hormuz where they will head for deliveries around the world....

Aspin said the Kuwaiti spoke of a "major shuttle of oil," using several supertankers to convoy oil to the mouth of the gulf, where it would be loaded on to other ships for delivery and the larger tankers would return to Kuwait for refilling. The difference in plans, he said, could make a major difference in the size of U.S. naval force stationed in the gulf.

(Eliot Brenner, UPI)

U.S., Kuwait Differ About U.S. Gulf Policy

Kuwait and the U.S. have "something different in mind" about President Reagan's Persian Gulf policy, with Kuwait's interpretation leading to a riskier U.S. Navy commitment in the volatile region, a key congressman said.

Under the interpretation recently adopted by Kuwaiti officials, all of their oil eventually could be escorted by the U.S. Navy, "presumably with more U.S. Navy escort ships required," said Rep. Les Aspin.

"Until things get sorted out," said Aspin, the U.S. policy isn't likely to be implemented "anytime soon."

In reaction, White House and State Department officials said there was no disagreement between Kuwait and the U.S., but Aspin said the new Kuwaiti view hadn't yet been advanced to the State Department.

(Tim Ahern, AP)

Key Congressman Says Kuwait Changing Reflagging Plan

[Rep. Les Aspin], back from a tour of the Persian Gulf, said Kuwait unilaterally changed the plan for U.S. forces to protect Kuwaiti ships in the waterway and the White House may have to delay the operation.

A State Department official, however, told Reuter that the Reagan Administration did not have any serious differences with Kuwait over the operation and still intended for it to begin as planned within 10 days.

(Valerie Strauss, Reuter)

House Foreign Affairs Members Advocate Following Through On Reagan Plan

A dozen members of the House Armed Services Committee agreed after visiting four Persian Gulf Countries that the U.S. should follow through on President Reagan's commitment to protect 11 Kuwaiti oil tankers, according to a member of the delegation.

The agreement came despite revelations that Kuwaiti plans to offload oil from the protected tankers soon after the vessels pass through the congested Strait of Hormuz so they can return immediately for more oil, Rep. Bill Nichols, chairman of the committee's investigating subcommittee, said at a news conference held within hours of his return here Tuesday afternoon.

Nichols said the new Kuwaiti plan "would put very little turnaround time on the trips and put a greater burden on our escorts." He criticized the Reagan Administration, adding "that should have been worked out in advance."

(Brad Clemonson, Newhouse)

U.N. CHIEF, STATE DEPARTMENT AIDE CONFER ON GULF WAR

UNITED NATIONS -- Secretary General Javier Perez de Cuellar conferred with Under Secretary of State Michael Armacost on U.S. efforts in the U.N. to bring about a ceasefire in Persian Gulf.

No details of the discussion were made public immediately, but it was assumed that it related to a meeting of the U.N. Security Council on the question, which was expected to be called next week.

(Reuter)

SOVIETS SAY THEY'LL QUIT THE GULF IF WEST WILL
U.S. And Allies Will Have To Withdraw Their
Naval Vessels First, Moscow Stipulates

MOSCOW -- The Soviet Union said that it would withdraw its naval force from the Persian Gulf if the U.S., Great Britain and France did the same.

Soviet Foreign Ministry press spokesman Boris Pyadyshev said that Moscow is prepared to withdraw the five vessels it has deployed in the gulf to protect merchant shipping in waters made hazardous by belligerents in the Iran-Iraq war.

Pyadyshev made it clear that if a mutual withdrawal is agreed to, the Soviets would expect the U.S. and other Western countries to withdraw their forces first.

(Gary Lee, Washington Post, A24)

HOSTAGE SAYS HE WAS SPY FOR CIA
Glass Distraught In Taped Statement

BEIRUT -- Kidnapped American journalist Charles Glass appeared in a video cassette released by his captors and, speaking haltingly and under obvious strain, said he had been working undercover for the CIA.

It was the first time that an American hostage here has said he was involved in espionage. But Glass' appearance and delivery suggested strongly that his statement was made under duress and both the White House and ABC News, for which he has worked, denied that he had an espionage role.

Observers here noted that the timing of the release of the video tape coincided with the first signs of a Syrian-U.S. rapprochement and could have been intended to further embarrass Syria. U.S. special envoy Vernon Walters left Damascus after talks with President Hafez al-Assad.

(Nora Boustany, Washington Post, A1)

Officials, Journalists Say Glass Not A U.S. Agent

Hostage journalist Charles Glass, whose captors released a video tape in which he says he is a U.S. spy, has never worked for the CIA or any other branch of the U.S. government, White House and State Department officials said.

U.S. officials said publicly and privately that they believed the video tape of former ABC News correspondent Glass was the result of coercion, with his kidnappers using death threats or torture to make him read the statement for the camera.

Friends of Glass and other journalists said the video tape shows that he was not speaking normally and was obviously reading language he had not written.

(Eleanor Randolph, Washington Post, A26)

U.S. TRADE PROPOSAL WELCOMED IN GENEVA
World Farm Subsidies, Barriers Would Be Eliminated In 10 Years

GENEVA -- A proposal by the U.S. to eliminate the world's agricultural subsidies and trade barriers within 10 years was welcomed by many U.S. negotiating partners as a step forward in multilateral negotiations, a trade source said.

The GATT source, who asked not to be identified, said negotiators at the committee "widely recognized the proposal as being courageous and ambitious." The source said words such as "revolutionary, innovative and historic" were used by a number of speakers to describe the plan.

"Virtually every delegation welcomed the fact that the United States made the proposal," said the source, cautioning that this did not necessarily mean they could support the plan.

(AP story, Washington Post, F5)

SENATE VOTES TO MAKE IMPORT RELIEF EASIER FOR U.S. INDUSTRIES

The Democratic-controlled Senate agreed to force President Reagan to give injured American industries temporary protection from foreign imports if they prove they can become competitive.

The measure was included as part of a broad foreign trade bill the Senate is expected to approve this month that would force Reagan to act against unfairly traded imports, would give relief to displaced American workers and set out U.S. negotiating objectives in multinational trade talks.

The trade bill is already a target for a presidential veto, but senators said the new measure would deepen the Administration's opposition to it.
(Jacqueline Frank, Reuter)

Senate Votes Import Relief In Trade Bill

Protectionists won a key victory over free traders when the Senate voted to strip the President of his power to deny import relief, such as higher tariffs or quotas, to domestic industries hurt by imports.

After a sometimes emotional four-hour debate that lasted late into the night, the Senate voted 55-41 to reject an amendment by Sen. Robert Packwood and others that would have restored presidential discretion to deny import relief when he thinks the national economic interest does not warrant relief.
(Bud Newman, UPI)

REAGAN PICKS LOBBYIST FOR CONTRA AID Former Rep. Loeffler Faces Uphill Battle

President Reagan named former Representative Tom Loeffler to head a new lobbying effort aimed at persuading Congress to continue military aid to the contras seeking to overthrow the Sandinista government of Nicaragua.

Senior officials also said that White House Communications Director Thomas Griscom will soon name an aide to direct "public diplomacy" efforts directed at building support for contra aid. Sally Grimes, a veteran U.S. Information Agency official based in Mexico City, was approached for the job last month but declined.

The new lobbying campaign comes at a time when White House officials are privately acknowledging that they face extremely difficult obstacles in convincing Congress to extend the contra aid program when it expires Oct. 1. Asked who would be picked for the public diplomacy post, a senior official said last week, "First off, you've got to find a masochist."

(Lou Cannon, Washington Post, A17)

U.S. WARNS MARCOS AGAINST PLOTTING TO OVERTHROW AQUINO

The Reagan Administration warned former Philippine President Ferdinand Marcos this week not to abuse his status as a guest in this country by seeking to destabilize the successor government of President Corazon Aquino, administration sources said.

The warning was delivered to Marcos at his home in Honolulu yesterday and Monday by State Department legal adviser Abraham Sofaer and a Justice Department official, the sources said.

(Don Oberdorfer, Washington Post, A26)

STATE DEPT. AIDE TO HOLD TALKS IN ANGOLA

Assistant Secretary of State Chester Crocker will hold talks with Angolan officials in Luanda next week on the issues of a possible withdrawal of Cuban troops from that war-torn country and independence for neighboring South Africa-administered Namibia, State Department officials said.

The talks, set for Tuesday and Wednesday, mark the formal resumption of negotiation between the U.S. and Angola after more than a year's interruption. Angola broke off the talks over the Administration's decision to send military aid to antigovernment insurgents led by Jonas Savimbi.

(David Ottaway, Washington Post, A22)

34 MORE ARE SLAIN IN INDIA IN 2 ATTACKS BY EXTREMISTS

NEW DELHI -- Thirty-four persons aboard two Haryana Roadways buses were killed in attacks close to the Punjab border tonight, bringing to at least 71 the number of Hindus slain in two consecutive nights by suspected Sikh extremists.

Tonight's toll was in addition to at least 37 who died in a hail of bullets last night aboard another Haryana Roadways bus about 15 miles south of Chandigarh, the joint capital of Punjab and Haryana states.

(Richard Weintraub, Washington Post, A1)

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NATIONAL NEWS

MEESE TO TELL OF PARTNERSHIP WITH WEDTECH FIGURE

Attorney General Meese will testify before a Senate Governmental Affairs subcommittee Thursday about his controversial partnership with a former official of the scandal-plagued Wedtech Corp. and his failure to disclose the details of that arrangement until this week.

Rep. Gerry Sikorski, chairman of a House Civil Service subcommittee, said there had been "a frightful collapse of ethics within the attorney general's office." Sen. Carl Levin, chairman of the Senate Governmental Affairs oversight subcommittee, scheduled a hearing because of "the cloud" over Meese's actions. David Martin, director of the Office of Governmental Ethics, which administers the ethics laws, will also testify.

Meese "certainly is willing to testify," Justice Department spokesman Terry Eastland said. "He's disclosed everything under the sun that's possible. I can think of no more complete, exhaustive disclosure in the history of the Western world, or even in Washington, D.C."

(Mary Thornton & George Lardner, Washington Post, A3)

Meese Stock Fund Manager Traded Mostly In New Issues Sold In 1 Day

NEW YORK -- The manager [W. Franklyn Chinn] of Attorney General Meese's blind partnership was able to achieve substantial profits for the partnership by buying selected stock -- mostly new issues -- and selling them the same day.

That strategy enabled Chinn to produce more than \$35,000 in profits for Meese's partnership even though the partnership actually owned stock for only 19 days of the 760 days of its existence.

(David Vise, Washington Post, A3)

BORK BEGINS COURTESY CALLS ON CAPITOL HILL AS GOP PUSHES FOR QUICK ACTION

U.S. Appeals Court Judge Robert Bork met with key Senate Republicans as the GOP lawmakers said they will press the Democratic majority for quick Senate action on his nomination to the Supreme Court.

In his initial round of courtesy calls on Capitol Hill, Bork met with Senate Minority Leader Robert Dole, Sen. Strom Thurmond, the ranking Republican on the Senate Judiciary Committee, and Minority Whip Alan Simpson, a Judiciary member.

Thurmond said he hopes that the committee will clear the nomination for floor action by the full Senate by mid-September, giving Bork a chance to be confirmed before the start of the Supreme Court's new term on October 5.

However, one Judiciary Committee Democrat said the Republicans' timetable is unrealistic. "There is no chance in the world of that happening," said Sen. Howard Metzenbaum. He said he does not expect the committee to begin hearings on the nomination until after Labor Day.

(Edward Walsh, Washington Post, A5)

White House Believes Bork Puts Democrats In Political Minefield

President Reagan's chief political adviser says the nomination of appellate Judge Robert Bork to the Supreme Court will draw Democrats into a damaging political battle, energize the GOP, and counter Reagan's image as a lame duck.

"Politically, it gives us a cause," said White House Political Director Frank Donatelli. "It is good for the Republican Party."

The cause is a chance to change the long-term course of the high court in a direction long favored by conservatives, Donatelli said in an interview at his White House office.

More important in the short run, it is a cause sorely needed by Republicans who failed to hold the Senate last year despite Reagan's popularity at the time.

(Ralph Hallow, Washington Times, A2)

ADMINISTRATION BACKS NEW 'FEES' IN LIEU OF TAXES

An Administration tax expert warned Congress not to pass a money-raising package that would reverse "dramatic and important tax reforms," calling instead for \$6.1 billion in new fees outlined in President Reagan's \$1 trillion budget.

"The Administration continues to support the \$6.1 billion of additional government receipts shown in the President's budget proposal," Dennis Ross, the Treasury Department's tax legislative counsel, told the House Ways and Means Committee. (Linda Werfelman (AP), Washington Post, F3)

HHS FIRING OF ABORTION FOE ANGERS SENATOR

Humphrey Urges Probe Of Gasper's Dismissal For Insubordination

Sen. Gordon Humphrey assailed HHS Secretary Otis Bowen for firing antiabortion activist Jo Ann Gasper from her job as head of the \$142.5 million Family Planning Program and urged an investigation into her dismissal.

"Clearly, the secretary of HHS is thwarting the President's policies and he may be in violation of the law and department regulations," said Humphrey, who called on HHS Inspector General Richard Kusserow to look into the events leading to the dismissal.

(Spencer Rich, Washington Post, A17)

-End of A-Section-

NETWORK NEWS SUMMARY

IRAN-CONTRA HEARINGS/NORTH'S TESTIMONY

NBC's Tom Brokaw: It was at times heated, sometimes emotional, complicated, even occasionally confusing, but it was almost always riveting -- Marine Lt. Col. Oliver North on the witness stand today describing for the first time in public his pivotal role in the Iran-contra affair. It was the first of four days of testimony for North and the committee went right to the big questions today and North was not ducking them.

NBC's John Dancy:

(North: "I came here to tell you the truth -- the good, the bad, and the ugly.")

Oliver North's version of the truth was a story of shredded documents, misleading testimony to Congress and a false story that committed the President of the U.S. to supporting a lie. North told the committees he had thought he was operating with President Reagan's approval for using profits from the Iran arms sales, residuals North called them.

(North: "I never personally discussed the use of the residuals, or profits, of the sales of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure with the NSC staff. Throughout the conduct of my entire tenure of the NSC, I assumed that the President was aware of what I was doing and had, through my superiors, approved it. I sought approval of my superiors for every one of my actions and it is well documented. I assumed when I had approval to proceed from either Judge Clark, Bud McFarlane, or Admiral Poindexter that they had indeed solicited and obtained the approval of the President.")

But as the Iran-contra story began to unfold and fingers were pointing to North, both Poindexter and the President told him his assumption was wrong.

(North: "On or about Friday, Nov. 21, I asked Admiral Poindexter, directly, 'Does the President know?' He told me he did not. And on Nov. 25, the day I was reassigned back to the U.S. Marine Corps for service, the President of the U.S. called me. In the course of that call the President said to me words to the effect that, 'I just didn't know.'")

But North testified he had sought approval. He said he sent as many as five memos through Poindexter for the President. In each the diversion of money was spelled out and a place left for the President to approve or disapprove with a checkmark.

(North: "It is my recollection that I sent each one of those up the line and that on the three where I had approval to proceed, I thought I had received authority from the President. I want to make it very clear that no memo ever came back to me with the President's initials on it, or the President's name on it, or a note from the President -- none of these memos.")

North also testified that he had shredded scores of documents, possibly including the memos.

(North: "Did I get them all? I'm not trying to be flippanant. I'm just--")

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Dancy continues:

Nields: "Well that was going to be by my very next question. Col. North, isn't it true that you shredded them?"

North: "I believe I did."

Nields: "And that would include copies with the checkmarks?"

North: "That would have included all copies. I tried as I was departing the NSC -- a process which began as early as October -- to destroy all references to these covert operations. I willingly admit that.")

North said he started shredding documents out of the covert operation in October, after CIA Director William Casey warned him his story was unravelling. As Attorney General Meese began his investigation in November, North was able to reassure his boss, Admiral Poindexter.

(North: "I assured the Admiral, 'Don't worry, it's all taken care of.'")

Nields: "You had already shredded them?"

North: "That's right.")

But North insisted none of the shredded documents implicated the President.

(North: "I have absolutely no recollection of destroying any document which gave me an indication that the President had seen the document or that the President had specifically approved.")

North also testified that he had knowingly taken part in drafting a false chronology designed to be an official Reagan Administration account of the Iran arms deal. The chronology covered up the fact that the U.S. had agreed to let Israel give Iran U.S.-made missiles and covered up the fact that it was an arms-for-hostages deal all along.

(North: "I believe that if the proper version showing U.S. complicity and U.S. support and U.S. activity in the Nov. 1985 HAWK shipment came to be known to the Iranians, that the American hostages could be killed and that the second channel could go the same way. I was also concerned that there may well have been in that transaction such indication that the original decision had been based solely on arms-for-hostages that could in turn be an enormous international embarrassment to the Administration and the President and could well work into a domestic disaster as we now see before us.")

But Nields insisted the chronology was not true.

(North: "I put great value on truth and I said I came here to tell it. But I also put great value on human life and I put great value on that second channel who was at risk.")

Nields: "By putting out this false version of facts you were committing, were you not, the entire Administration to telling a false story."

North: "I don't want you to think that I went about this all on my own. I realize that there are a lot of folks around that think there is a loose cannon in the gundeck of state at the NSC. That wasn't what I heard while I worked there. I've only heard it since I left. People use to walk up to me and tell me what a great job I was doing and the fact is there were many, many people who include the former Assistant to the President for National Security Affairs, the current National Security Advisor, the Attorney General, the Director of Central Intelligence -- all of whom knew that to be wrong.")

North insisted that he had never been told by former National Security Advisor Robert McFarlane not to solicit contributions from other countries to a bank account to aid the contras.

Dancy continues:

(North: "And thank God somebody put money into that account and the Nicaraguan resistance didn't die.")

To summarize -- North testified he thought President Reagan had authorized him to divert money from the Iran arms sales to the contras. He testified that he shredded documents as the situation began to unravel. He testified that he and others created a piece of fiction which was then given to President Reagan to put forward as the official version. And all of it, he insisted, was justified because the cause was so important.

Brokaw: It was a surprise when North testified today that Attorney General Edwin Meese was in the room when North and others were rearranging the chronology of the Iran arms sales so it would appear that the Administration didn't know about the first shipment of the anti-aircraft missiles until that shipment had been delivered. That was false, North said, and everyone in the room knew it, including Meese, but no one, he said, raised any objections. And at the end of the day North was especially defiant when asked about his role in raising money from individuals in this country for the contras. He said he never personally solicited money but he did acknowledge giving speeches, meeting with prospective donors, even providing price lists for weapons. This matter won't be resolved for some time but already there is a good deal of reaction to Col. North's appearance today. (NBC-Lead)

Brokaw: In Congress reaction to North's testimony was by and large cautious tonight. Members were reluctant to make a judgment on just one day's questioning. Congressman Hamilton, there was a great deal of talk today about the President and what he knew. As you know, Col. North said he assumed the President knew a lot about what was going on, but he had no hard evidence of that. Can we expect that your committee will provide us with some harder evidence before this hearings is over?

(Hamilton: "Of course that's the great question in these hearings and we certainly will probe that further in the days ahead with Col. North and with Admiral Poindexter and others.")

Were you surprised that Col. North today placed Attorney General Meese in the room when they were rearranging the chronology of the arms sales? And if you were, do you expect to call the Attorney General before the committee?

(Hamilton: "Yes I was surprised. That was new evidence to me and we do expect to call Mr. Meese before the committee. He will be deposed in a few days and following that we have him appear publicly.")

And where do you expect the questioning to go tomorrow?

(Hamilton: "Well, there are a lot of questions unresolved and not yet even posed so I think we will continue with a lot of the examination of the documents. We will go into some of the personal enrichment problems that Col. North has been accused of. We want to know a lot more about the question of on what authority did he act. We heard some extraordinary testimony today -- five documents, not one calling for diversion. He controlled the covert actions. He diverted money himself from an account with Israeli money, not American money. All of those things need to be probed in hearings that will follow.")

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Brokaw continues: At the White House the President's men put out the word that Mr. Reagan was just too busy to watch the hearings, but he had concluded that he had been vindicated. What about those five documents -- that must have come as a surprise to the White House.

NBC's Chris Wallace: They say that they were surprised about the five memos -- that up until today all they knew about was that April 1986 memo that kicked off the entire investigation. But they say that they're not nervous about the five memos, that in fact Ollie North could have written 50 memos, but unless you can prove that Ronald Reagan knew about them, it's not damaging. In fact, I think you could argue that it is a little bit more damaging than that. The fact that Ollie North wrote five memos would seem to indicate that this was not some one-time operation, but, in fact, that the diversion was a part of the Iran arms sale from the start and that Ollie North was a good bureaucrat -- but the fact is that there was no hard evidence today linking the President to that diversion.

Brokaw: And they found that good news?

Wallace: Well they did. In fact they are declaring a total victory on that. The President told one visitor that he felt that Ollie North had exonerated him. From the very start they have tried to draw the question of the President's innocence or guilt very narrowly -- just to the diversion of funds -- keeping up the coverup, the question of whether Ronald Reagan knew about the secret resupply of the contras and the fact is that with Ollie North's testimony today there is now only one official left it would seem who could possibly implicate the President as having known about the diversion and that is Ollie North's former boss Admiral John Poindexter. (NBC-2)

NBC's John Chancellor's commentary: When you boil it down, what we saw today in the Iran-contra hearing room was theater -- political theater. The Democrats want to use these hearings to damage the Administration. The Republicans want to save whatever they can of the Administration's tattered reputation. In the full sense of the phrase, these are public hearings. So, how was North's performance? Well, this critic says the star was a terrific witness. Keep in mind that the audience -- the public -- hasn't followed the Iran-contra revelations in great detail. The public watches on a more fundamental level. Did the committee seem fair? Was the committee counsel a bad guy or a good guy? Is Col. North a loose cannon, a flack? The President's supporters wanted us to believe that he was. North didn't look flakey today. He managed to be self assured without being disrespectful. His wearing of his uniform and his medals have enraged many of his fellow officers who believe you don't take the Fifth in a class-A uniform. But to the audience around the country, his costume reenforced the patriotic theme and that's the heart of his defense. So far, Col. North's testimony means trouble for the White House in two ways -- his image as a one man band, overachiever was useful for the White house because it meant he wasn't part of the organization. Today we dispelled the image of an out-of-control Lt. Col. and he said he assumed the President knew a lot about what was going on. That doesn't help Mr. Reagan. It's only the first day of the show, but it's beginning to look good for North. He played well and not so good for the President. (NBC-7)

NBC's Anne Rubenstein: reporters on the public's reaction to North's testimony. (NBC-8)

ABC's Peter Jennings:

(North: "I never discussed the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I assumed that the President was aware of what I was doing and had, through my superiors, approved it.")

Col. Oliver North finally begins to tell his story. When Col. North began to testify on Capitol Hill this morning the sense of drama was made even more acute by the realization that for 7 months Congress and the public have been hearings about the Iran-contra affair from everybody but him. And so there are different impressions of him and his role. Well, he wanted to tell his story and time and again today he made one point very clear -- that he never acted without the knowledge and approval of his superiors. There was real tension when North tried to read that opening statement.

ABC's Brit Hume: North had already gotten the committees to take all of his testimony in public and to grant him limited immunity from prosecution. The committees were in no mood today to grant his lawyer's further request that he be allowed to make an opening statement -- a request the chairman said was two days late under the rules anyway.

(Sen. Inouye "Here once again the witness is asking us to bend the law and to suggest that he may be above the law. And if the Colonel wishes to make the opening statement, he may do so Thursday morning which is 48 hours from this date.")

Brendan Sullivan, North's lawyer: "We are not asking that the law be bended. We are not suggesting that Col. North is above the law. We are simply requesting that you understand the needs for this particular citizen. This is the most extraordinary proceeding, I think Mr. Chairman, in our 200 years. As a defense lawyer, I have never been a position where a client is forced to testify about all matters which are the subject of a pending indictment.")

All of Sullivan's objections were overruled and North was turned over to John Nields, the House Committee chief counsel, who soon asked the question that the nation has waited 7 months to have answered.

(Nields: "What did the President know about the diversion of the proceeds of the Iranian arms sales to the contra? Can you tell us what you know about that, sir")

North: "I never personally discussed the use of the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure at the NSC staff. Throughout the conduct of my entire tenure at the NSC, I assumed that the President was aware of what I was doing and had, through my superiors, approved it.")

North said, however, that his superiors, chiefly National Security Advisor Poindexter, never actually told him they had gotten the President's approval.... North said he sent five memos to Poindexter seeking Presidential approval for the Iran arms sales which also mentioned the use of profits to aid the contras. He said the memos came back but he remembered no marks of Presidential approval.... Nields pressed North about his role in drafting a false chronology of the Iran arms sales that became the basis for false public statements by the President. North admitted his part, but said he was far from alone....

Hume continues: And North said Attorney General Meese was aware of the November 1985 shipment of HAWK missiles to Iran -- which is earlier than Meese has acknowledged he is aware. It suggests the Attorney General knew that some of the President's statements were false yet said nothing. For his part, North insisted none of his actions had been illegal.

(North: "I don't believe that anything I did while I was at the NSC was a violation of law. Nor do I believe that anything we did while I was at the NSC was a violation of law. I didn't believe it then. I don't believe it now. If I'd believed it then, I wouldn't have done it.")

And he insisted repeatedly he always acted on higher authority, such as when he sought Pentagon help to get missiles for sell to Iran.

(North: "If a Marine Lt. Col. called the Pentagon this afternoon and asked for 500 missiles to be shipped overseas, and he didn't have a little more backing than that oak leaves on his collar, they would come collar him and take away. I never carried out a single act -- not one -- in which I didn't have authority from my superiors. I haven't in the 23 years that I have been in the uniformed services of the U.S. ever violated an order -- not one.")

And when questioned about efforts to raise funds for the contras, North found an opening to lecture the committee.

(North: "I didn't have to wander around and beg. There were other countries in the world, and other people in this country, who were more willing to help the Nicaraguan resistance survive and cause democracy to prosper in Central American than this body here. And that is an important factor in all of what you do, counsel. And in what this committee is going to do.")

What this committee is going to do next is question Oliver North probably into next week. There will be questions about his relationship with the late CIA Director Casey, which his testimony today indicated was unusually close. And there will be questions too about the remark he made late today that he never wanted to show Congress one word about any of this. The members won't like that.

Jennings: A lot of emotion and a lot of information to be sorted through. A short while ago I talked with the Chairman of the House Committee. Congressman, it is your judgment which counts in these hearings. What is your impression of Col. North after the first day?

(Hamilton: "My impression is that we've really heard some extraordinary testimony. I was particularly impressed by the fact that there are five diversion memos, not just one that we have to try to trace down. Col. North acknowledged that he controlled the covert actions -- there wasn't any doubt about that in his mind. I was impressed by the fact that he believed that the President approved of all that he was doing. And, of course, he acknowledged changing the chronologies and shredding as we expected him to do.") President Reagan said today that Col. North exonerates him. Do you have the same opinion?

(Hamilton: "I don't think we're in a position to make that kind of judgment yet. This is just the first day of his testimony. There are other days to come and also Admiral Poindexter's testimony.")

There have been a number of observations about whether Col. North would tell the truth or not. Are you impressed he is telling the truth today?

Jennings continues:

(Hamilton: "I think he's trying to tell the truth, yes. We've had a long line of witnesses that have challenged his credibility, so I think it's to be expected that members will receive his testimony with some skepticism. But we certainly owe Col. North his day in court and we should try to keep an open mind about his testimony.") (ABC-Lead)

Jennings: As many of you know and perhaps many of you saw, the hearings today were televised. Sam Donaldson is standing by at the White House. Now, Sam, during the hearing today, you said that the White House was talking this ignorant position of what was going on today.

ABC's Sam Donaldson: White House officials are trying to give the impression that this was just another day of business as usual here with no one paying any particular attention to the hearing. The President is said not to have watched any of the testimony -- just tending to his work and staying out of sight of the press. The White House did release two pictures of Mr. Reagan meeting with outside visitors on matters having nothing to do with the hearings. Although he hadn't watched any of the morning testimony, the President told another visitor, columnist Jack Anderson, that he saw a television summary over the noon hour and he suggested he thought it unfair.... Press Secretary Marlin Fitzwater told reporters the President never saw any of the five memos North testified he prepared in seeking Presidential approval of the diversion of money to the contras. And Fitzwater said the President sticks to his assertion that word of the diversion last November was news to him.

(The President on file footage: "As I told the Tower Board, I didn't know about any diversion of funds to the contras.")

As to North's testimony that he believed he had presidential approval even though he never personally had any evidence of it, the President spoke to such views only last month.

(The President on file footage: "Well evidently maybe some people were giving the impression that there were acting on orders from me. Well I wasn't giving those orders because I no had asked or had told me what was truly happening there.")

White House officials are pleased that North in no way directly contradicted the President's assertion of ignorance. They didn't expect him to. But they are not so pleased with North's testimony that he prepared five memos asking for presidential approval of the contra diversion scheme. They know that next witness, Admiral Poindexter, will be asked where all those memos went. (ABC-2)

ABC's Karen Burnes reports on the background of the Iran-contra operation supposedly directed by Oliver North. (ABC-3)

ABC's Bill Blakemore reports on the public's reaction to Col. North's testimony today. (ABC-9)

CBS's Dan Rather from Capitol Hill: Oliver North -- under oath, under fire and firing back from the witness stand after months of delay and stonewalling.

(North: "I came here to tell you the truth -- the good, the bad and the ugly. I'm here to tell it all.")

Right from the opening gavel an extraordinary day of testimony and testiness here on Capitol Hill.

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Rather continues: The crucial question -- was President Reagan involved in or aware of lawbreaking?

(North: "I never raised it with him and he never raised it with me during my entire tenure at the NSC staff.")

The supercharged atmosphere starts early. Chairman Inouye disallows North's opening until Thursday for failure to submit it on time.... Moments later the testimony did begin and the story of Oliver North as told by North was finally beginning to unfold. One highlight -- testimony that Oliver North actually saw a finding signed by President Reagan indicating a straight-out arms-for-hostages swap with Iranians. The White House says it has never found a version of any document that was actually signed by Mr. Reagan.

CBS's Phil Jones: It's ironic, said one Senate committee member, to watch a man who has wrapped himself in the American flag, raised his right hand to be sworn in by a chairman who lost his right arms defending his country in WW II. After 7 months of silence, North, now protected by a grant of limited immunity, began providing his version of what happened.... The crucial question -- did the President know about the diversion? ...Yet North indicated that he had assumed that his bosses at the NSC had obtained presidential approval.... North attempted repeatedly to defend the secrecy of the covert operations.

(North: "There is great deception practiced in the conduct of covert operations. They are, at essence, a lie. We make every effort to deceive the enemy as to our intent, our conduct and to deny the association of the U.S. with those activities.")

North was faced today with questions about a statement he had made to the Iranians indicating that the President would be impeached if details of the operation ever became public.

(North: "That is a bald faced lie told to the Iranians and I will tell you right now, I would have offered the Iranians a free trip a Disneyland if we could have gotten Americans home for it.")

But for North the toughest questions today were about his involvement in key documents. North disclosed that his shredding actually began in early October.

(North: "Director Casey and I had a lengthy discussion about the fact that this whole thing was coming unraveled and that things ought to be cleaned up.")

North admitted that the shredding intensified after he learned that the Justice Department officials were on their way in late November, but he claimed the shredding was justified.

(North: "That's why the government buys shredders by the tens and dozens and gives them to people running covert operations. Not so that they can have convenient memories, and I don't like the insinuation that I'm up here having a convenient memory lapse like perhaps some others have had.")

And North bristled today at questions suggesting he had been the one behind drafting false and misleading chronologies once the scandal broke.... At the end of the first day North's attorney thought the embattled Marine had done very well. As for North--

(North: "I guess my only disappointment is that I wasn't able to give my opening statement. When we gave it to them this morning to read, they apparently saw something in it that they didn't want the American people to hear.")

Jones continues: According to sources, the opening statement that North wanted to make was for the most part a heavy assault on their investigation and the last thing Congressional investigators wanted was to provide North with a pulpit.

Rather: Several members of the congressional investigating panels gave their first reactions to North's testimony and what they believe the important points were.

(Sen. Nunn: "The thing that came across to me over and over again was that Col. North, by his testimony today, made it clear that from his perspective he had authority for what he was doing. He was not, in his own view, a loose cannon. That he was a cannon that was pointed in certain directions by his superiors.")

(Rep. Hamilton: "Significantly, I think he mentioned five diversion memos. We have known about one diversion memo up to this point and we have not been able to trace it. Now we have five diversion memos. We can't trace the five apparently at this point and he does not recall, significantly he does not recall, what happened to those five diversion memos.")

Rather: I talked to key players on the Congressional committees -- Chairman Daniel Inouye and Congressman Dick Cheney. Senator, what about it? Oliver North says there must have been something in these opening statements that you didn't want to hear. True?

(Inouye: "Not at all. Mr. Sullivan and the Colonel are well aware of the rules of the Senate and the rule specifically says if you have an opening statement it should be presented to us 48 hours in advance. It was presented to us 45 minutes in advance. Secondly, we have been literally giving in to Mr. North and Mr. Sullivan. They wanted to meet on the 7th, today, instead of the 16th as we proposed. We had asked that they give us a deposition like all other witness, they refused. So therefore, their hearings will be dragged out a little.")

Congressman, what was the most revealing thing said today?

(Cheney: "I think from the standpoint of the public and many of the members was the statement that the Colonel never discussed the diversion of funds with the President -- that is he firmly put on the report the fact that he'd never had any such conversation with the President. And the President, to his knowledge, had no knowledge of the diversion.")

It is my understanding that the President said, or words to the effect, that he didn't think enough attention was being given to the point that North exonerated him. Do you agree with that?

(Inouye: "I think the Colonel gave several statements that were very interesting. One, [he was] the first witness to say that he saw the sign finding of the President which authorized the exchange of arms for hostages, which the President has been quite uncertain about until now. Secondly, in no uncertain terms, the Colonel said, 'I was not the only one who knew about the chronology.' The Attorney General was there and he knew all about it just as well as Mr. Casey. And third, I was very interested to hear him say that he had control over these Swiss accounts.")

Congressman, what was the most surprising thing you heard today?

Rather continues:

(Cheney: "Well, I thought that the extent to which the Colonel made the statement repeatedly that everything he did he was authorized to do -- that is to say that he felt he was carrying out orders, instructions and he had guidance and direction at least from Mr. Poindexter to undertake the activities he did and this wasn't a freelance operation by an NSC staffer -- it was in fact an authorization that had been given by the appropriate people.")

Senator, what's the number one question in your mind now?

(Inouye: "It's not the smoking gun. I just want to know how it happened, that's all. Because it's inconceivable to me that a graduate of Annapolis, a Lt. Col., would run around and carry out his own initiatives. He must have had orders.")

What should we look for and listen for tomorrow?

(Cheney: "I want to get into the why this happen to put it within a broader context. Why did the President and his key people make the decision they made to carry out these policies in this particular way?")

(CBS-Lead)

CBS's Bill Plante: President Reagan and his top officials went out of their way to appear not to be paying much attention to Ollie North's testimony today. But Mr. Reagan did complain to a staff member that he understood from reports of the hearings that North had totally exonerated him but that none of the commentators were mentioning that fact. The President has been saying for months that he couldn't wait for key witnesses like North to testify.

(The President on file footage: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

But this morning Mr. Reagan's spokesman said the President was too involved with the nation's business to watch North and the White House issued photographs of various meetings to prove that point. The White House strategy, after all, is business as usual. A presidential trip to Connecticut tomorrow to push his economic agenda, a series of speeches in Washington. But some political pros say that at least for now it won't work.... And even though some testimony has supported his position, over the long haul, the hearings are a problem for the President.... White House staff members are putting out the word that they thought North's testimony was good for the President but they are cautioning one another that this is no time for euphoria. They worry that the testimony next week of Admiral John Poindexter, who after all saw Mr. Reagan every day, could be far more damaging.

(CBS-2)

CBS's Eric Engberg reports on North's lawyer's strategy for the hearings.

(CBS-3)

CBS's Bruce Morton reports on how North's image has been conveyed and if North can be believed.

(CBS-11)

CHARLES GLASS

Brokaw: Kidnapped American journalist Charles Glass was seen in a video tape released by his captors today reading a statement that his main job was working for the CIA....

NBC's Rick Davis: This video tape was released by Charles Glass' kidnappers in Beirut this morning.... Charles Glass read from a prepared statement judging from the style and grammatical errors, it did not seem to be something he would write.... A quick reaction came from State Department spokesman Charles Redman.

(Redman: "He is not now and never has been an employee of the U.S. government. As I just said, he is an innocent victim of cruel terrorism.")

At the White House spokesman Marlin Fitzwater was asked if Glass was a U.S. agent. Answer: No, he was not. ABC News President Roone Arledge for whom Glass worked for years said --

(Arledge: "It is well known that a hostage under stress can be forced by his captors to make statements that should not be accepted as valid. This is such a case.")

Here in Damascus Syrian officials have refused to comment on the Glass statement. But sources in Beirut say the Syrians have issued an ultimatum -- that they know where Charles Glass is being held and if he is not released in 24 hours, they may attempt a rescue operation. The Glass kidnapping was an embarrassment to the Syrians. It happened after they invited journalists and diplomats to return to Beirut. They said it was safe. (NBC-3, ABC-4, CBS-6)

PERSIAN GULF

Rather: The Soviet Union today offered to join in a withdraw of naval forces from the Persian Gulf. A spokesman said Soviet ships would "undoubtedly pull out if the U.S., Britain and France would lead the way." However, the White House has backed away from a statement made Sunday by Howard Baker and now says flatly the U.S. has no plans to leave the Gulf. (CBS-4)

-End of B-Section-

EDITORIALS/COLUMNISTS

IRAN CONTRA HEARINGS/NORTH'S TESTIMONY

Oliver North's Story -- "The startling thing about the weeks of Iran-contra hearings and the months of disclosures and the years of immersion in some of the events themselves is that so little is yet known of what now seems most important to know.... It's how this improbable middle ranking officer...could perform veritable prodigies of policy maneuver in Ronald Reagan's Washington.... On the level on constitutional government, there are grounds for genuine alarm that the American government could be manipulated to allow an extended line of policy to be developed outside the system of checks and balances meant to inhibit secret executive power. This is the part of Oliver North's story that most needs to be understood now."
(Washington Post, 7/7)

Iran-Contra Affair Twisted Our Values -- "The zealots of Iran-contra...misled Congress, because they thought its members could not be trusted. They dodged the law, because they deemed it unwise. They deceived the public, for fear people would not be smart enough to see their wisdom. In the end, they succeeded only in tarnishing their nation's image, crippling the President they served, and undermining the very goals they sought to achieve."
(USA Today, 7/3)

The Iran-Contra Affair Reflected Our Values -- "The mess this soldier [Col. North] was attempting to the best of his ability to clean up and make right was the creation of Congress. When handed the impossible task and commanded to carry it through, he gave it everything he had, including, as it may turn out, his career. I join the millions who hope he will be exonerated and who believe he deserves a medal."
(Jesse Hillford, USA Today, 7/3)

U.S. POLICY IN NICARAGUA

What About Nicaragua? -- "Oliver North's scheduled congressional testimony is probably as good a time as any to bring up a touchy subject -- Nicaragua.... In its most recent vote on the contras, Congress supported military aid. Will Congress really reverse itself once again, with evidence of the totalitarian nature of the Sandinistas growing daily? Either Congress is going to overturn Administration policy and let Danny Ortega work his will, or it is not. If it is, it takes responsibility for what happens in Nicaragua. If not, it tacitly admits that in 1983 and 1984 Congress was wrong on the central issue, and Ronald Reagan and Oliver North were right."
(Wall Street Journal, 7/7)

NOMINATION OF ROBERT BORK

Bork Battle Lines -- "The anticipated fight over Mr. Bork will boil down to a contest between the President's prerogative under the Constitution to appoint to the Supreme Court justices of his choosing and the Senate's attendant right to provide advice and to consent to the choice. Given the ideological chasm separating Mr. Reagan from the Democratic Senate, the process is likely to be as grueling as it will be political."

(San Diego Union, 7/2)

Court's Center Of Gravity Shifts -- "Federal appellate judge Robert Bork is no Lewis Powell Jr. But that shouldn't disqualify Bork from succeeding Powell as an associate justice of the U.S. Supreme Court if he is President Reagan's choice.... Senate Democrats would do themselves and the country a disservice by refusing to confirm such a well-qualified candidate or attempting to hold his nomination hostage to force the President to compromise on the federal budget."

(San Diego Tribune, 7/1)

President Can Touch Off Ideological War; Should He? -- "The President's opportunity to finally -- after all these years -- make what may be a pivotal appointment to the Supreme Court come as his moral and political authority are at low ebbs. He is wounded by the Iran-contra episodes, and the Democrats have the Senate.... The President's more conservative supporters point out that he ran for office on the promise of appointing starkly conservative justices, and he won. Fair enough; but he has also -- again and again -- gone to the American public to ask it to elect a Congress that will support his policies, and he has been unmistakably rejected in that request. Both of the elected branches of government have obligations to their constituencies. The only reasonable resolution is a compromise."

(Dayton Daily News, 6/30)

The Senate Will Make Itself Heard -- "The upcoming battle over Robert Bork, President Reagan's 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...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.... Sen. Cranston called on his colleagues to form a 'solid phalanx' to block an 'ideological court coup' by Reagan."

(Al Kamen and Ruth Marcus, Kansas City Star, 7/5)

Could Have Been Worse -- "Faced with a political challenge, President Reagan does not look for the easy way out, he does not stand first on one foot and then the other. He gives it his best shot and lives with the consequences. Thus he nominated Robert Bork to replace Lewis Powell on the U.S. Supreme Court.... This is Shootout-at-the-OK-Corral time, folks. The President, in effect, has told Senate: 'All right boys, you've made your brag, now make your play.' I admire that. President Reagan was elected -- twice -- as a conservative. He didn't try to fool anyone. In sending up Bork's name, he is being true to himself and the people who elected him."

(Donald Kaul, Philadelphia Daily News, 7/7)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, JULY 8, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

North Says He Recommended Diversion Of Arms Sales Funds Five Times --
Oliver North testified that he recommended to President Reagan on five different occasions that proceeds from the Iranian arms sales be diverted to support the contra rebels in Nicaragua. (Baltimore Sun,

Christian Science Monitor, Los Angeles Times, USA Today,
Washington Post, Washington Times, AP, Copley, Newhouse,
Scripps Howard, UPI)

INTERNATIONAL NEWS

Misunderstandings Over Reflagging Plan May Cause Delay --
Misunderstandings between the U.S. and Kuwait over the escort of Kuwaiti tankers in the Persian Gulf could delay the start of the Administration's reflagging policy, Rep. Les Aspin said. (Washington Post, AP,

Newhouse, Reuter, UPI)

NATIONAL NEWS

Meese To Tell Of Partnership With Wedtech Figure -- Attorney General Meese will testify before a Senate Governmental Affairs subcommittee Thursday about his controversial partnership with a former official of the scandal-plagued Wedtech Corp. (Washington Post)

TAXING DAY

NETWORK NEWS (Tuesday Evening)

IRAN-CONTRA -- Oliver North took the witness stand describing his role in the Iran-contra affair.

GLASS -- Charles Glass was seen in a video tape reading a statement which said he was a CIA agent.

PERSIAN GULF -- The Soviet Union offered to join in a withdrawal of all foreign naval forces from the Persian Gulf.

"How would the Democrat-controlled House Ways and Means Committee tax you? Let us count the ways described in a recently released list of committee recommendations: Increase excise, estate and income taxes. Tax employee benefits. Restrict tax deductions for advertising. Limit tax benefits of life insurance policies. Tax publicly traded partnerships as corporations. Tax capital gains at death. Impose a 5% surtax on individual and corporate income...and so on. Altogether, committee Democrats came up with more than 100 ways to raise taxes. Have a nice day."

(Richmond Times-Dispatch, 7/6)

IRAN — NICARAGUA

HAD AUTHORITY TO DIVERT FUNDS, NORTH TESTIFIES Reagan's Approval Sought In 5 Memos, Witness Says

Lt. Col. Oliver North, ending seven months of silence, testifies that he believed he had presidential authority to divert Iran arms sales proceeds to the Nicaraguan contras and had written five memos last year requesting President Reagan's approval for the funding scheme.

During six hours of testimony before a packed Senate Caucus Room and a national television audience, North also told the House and Senate select committees investigating the Iran-contra affair that he had never discussed the diversion with Reagan nor seen any documents reflecting the President's authorization.

Contrary to his presumption that Reagan knew and approved of the covert financing of the contras, North testified, he was told last Nov. 21 by National Security Adviser John Poindexter that the President did not know. Four days later, after North had been fired from his National Security Council staff post, Reagan called him and "said to me words to the effect that, 'I just didn't know,'" North added.

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

North Says He Recommended Diversion Of Arms Sales Funds Five Times

Oliver North testified that he recommended to President Reagan on five different occasions that proceeds from the Iranian arms sales be diverted to support the contra rebels in Nicaragua.

However, North also made it clear that he does not personally know whether the President agreed with his recommendations, and nothing in his testimony appeared to undercut Reagan's insistence that he first learned of the scheme whereby about \$3.5 million in arms sales proceeds was channeled to the contras when it was uncovered by Justice Department aides late last November.

...He added, "I never personally discussed the use of the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure on the (NSC) staff."

(Finlay Lewis, Copley)

North 'Assumed' Reagan OK'd Diversion

Oliver North told Congress that he had never discussed with President Reagan the diversion of proceeds from U.S. weapons sales to Iran to the Nicaraguan resistance, though he "assumed" he had the President's approval.

Neither had he seen any written evidence of the President's approval, he said, even though he sent five memos to his superiors recommending that Reagan be briefed on the diversion.

He said John Poindexter, who was national security adviser from December 1985 to November 1986, had never said he had informed Reagan.

"But again," North said, "I wish to reiterate that throughout I believed that the President had indeed authorized such activity."

(Mary Belcher, Washington Times, A1)

North Believes, But Can't Prove, Reagan OK'd Iran-Contra Funds Deal

Breaking seven months of silence in the Iran-contra affair, Oliver North testified he "assumed" President Reagan had approved everything he did -- but had no first-hand evidence to prove it.

"Throughout the conduct of my entire tenure at the National Security Council, I assumed that the President knew what I was doing, and had, through my superiors, approved it. I sought approval of my superiors for every one of my actions, it is well documented," North said.

"Poindexter may turn out to be the most important witness we will have," said Sen. William Cohen.

(Lance Gay & Walter Friedenber, Scripps Howard)

Does Poindexter -- Not North -- Hold The Key?

Oliver North, billed as the man with the keys to the Iran-contra scandal, weathered his first day before congressional panels after surrendering almost no new answers.

North's testimony came as no surprise to Sen. Warren Rudman....

"It proves what I've been saying all along -- that Adm. Poindexter will be the key witness, not Oliver North," Rudman said at day's end. North "was not a policymaker" in the mold of Poindexter, he said, and may not know the roots of key events in the affair.

(Michael Wines & Doyle McManus, Los Angeles Times, A1)

North Passes Buck To Higher Authorities, Says He Wrote Five Memos

Oliver North has "kicked the ball upstairs" with his testimony that he wrote not one but five memos intended for President Reagan about diverting money from Iran arms sales to aid Nicaraguan rebels.

"The question of who authorized Colonel North to do what [he did] still remains, I think, largely unanswered," said Rep. Lee Hamilton, chairman of the House Iran-contra investigating committee.

Hamilton said that question, and others raised by North during his first six hours of testimony, may have to wait for next week's scheduled appearance of former National Security Adviser John Poindexter and the testimony of cabinet members still to be called to the witness table.

Sen. Sam Nunn said he was impressed by the intensity of North's belief that he was acting only of higher authority. In North's view, "he was not a loose cannon. He was a cannon that was pointed in certain directions by his superiors."

(Jim Drinkard, AP)

North Testifies Covert Activities Were 'Authorized' By Superiors

Breaking eight months of silence, Oliver North has testified that all of his covert activities in the Iran-contra affair were "authorized" by White House superiors, but he has not yet described how he got approval and whether President Reagan knew the details of his actions.

"I never carried out a single act, not one, in which I did not have authority from my superiors," North said. "I have not in the 23 years that I have been in uniformed service violated an order, not one."

Committee members said that over the next three days they would attempt to find out who specifically authorized all of North's actions. "He (North) hasn't said yet who approved what he did, we have a lot of questions on that," said Sen. David Boren.

(Robert Lewis & Robert Gettlin, Newhouse)

North Says Iran-Contra Blame Must Be Shared

After months of resolute silence, Oliver North sat down in a congressional hearing room and denied that he was the schemer who pulled all the strings in the Iran-contra affair.

Alternatively combative and humorous, North said that as far as he knew President Reagan never approved sending profits from Iranian arms sales to the contras. But in so many words he said that the responsibility for certain questionable aspects of the affair must be shared by some of his government superiors.

"I didn't make a lot of the decisions I've been accused of making," North muttered at one point in his initial day of testimony....

(Peter Grier, Christian Science Monitor, A1)

Scapegoat Role Sidestepped; North Akin To Witness For The Prosecution

Nearly eight months ago a lawyer then representing Oliver North said the Marine officer wanted "to step forward and take the spears in his own chest" in the Iran-contra affair. North testified yesterday that he planned to be the "scapegoat." But when his moment came to take the fall before the Iran-contra committees, he didn't. It turned out that North -- though willing to field a few spears -- had no intention of bearing the blame alone.

By the time he finished his first day on the witness stand, North had in effect accused numerous Cabinet-level members of the Reagan Administration of conniving to provide false information to the President, Congress and the American people. And he raised new problems for President Reagan with testimony that he had sent not one but five memorandums "up the line" seeking Reagan's approval for arms deals with Iran that included diversion of profits to aid the Nicaraguan contras.

(News Analysis, Haynes Johnson, Washington Post, A1)

North Links Top Officials To Cover-Up Bid

Oliver North implicated top current and former Reagan Administration officials in a cover-up of possibly illegal U.S. involvement in a 1985 Israeli-Iranian arms deal and the subsequent diversion of arms-sale profits to Nicaraguan rebels.

In one way or another, North indicated cover-up involvement by two former national security advisers, John Poindexter and Robert McFarlane, former CIA Director William Casey and, to a less certain degree, Attorney General Edwin Meese.

North's testimony that Meese knew a White House chronology put out last November on the Iranian deals was false marks the attorney general's first entry into the ranks of those alleged to have knowledge of that short-lived attempt at concealment.

It was, however, less than conclusive: the witness could recall no specifics to back up his belief.

(Michael Kelly, Baltimore Sun, A1)

North Says Meese Had Role In Arms Cover-Up

Attorney General Meese played a central role last November in a high-level Reagan Administration effort to cover up U.S. involvement in an Israeli shipment of American-made arms to Iran a year earlier, Oliver North said.

At the Justice Department, Meese promptly denied North's allegations through his chief spokesman Terry Eastland. Eastland said the attorney general had been completely unaware of the 1985 Israeli arms shipments to Iran until late November, 1986, when he was conducting a preliminary inquiry into the sales.

In addition, North insisted that he always kept other Administration officials informed of his efforts to help the Nicaraguan resistance -- including...Elliott Abrams, who has testified that he was unaware of North's activities. (Sara Fritz & Ronald Ostrow, Los Angeles Times, A1)

Meese Linked To Iran Cover-Up

Attorney General Meese's ethical problems appeared to mount as he was drawn more deeply into the Iran-contra scandal.

Oliver North...linked Meese to an attempted cover-up of missile sales to Iran.

Meese attended a Nov. 20 meeting with then-CIA Director William Casey and other Administration figures. Discussed, North testified: making a misleading statement about the 1985 arms sales.

"Everybody in the room knew" the story was false, North said, except possibly two lower-level aides.

Said Sen. Daniel Inouye...: "I think most of us were surprised that he (North) came out so strongly and pointed the finger at Attorney General Meese." (Sam Meddis & Paul Clancy, USA Today, A4)

North: Reagan Specifically Approved Arms-For-Hostages

Oliver North offered significant new evidence in the Iran-contra scandal by describing a previously undisclosed 1985 order in which President Reagan approved of arms sales to Iran for the sole purpose of buying freedom for American hostages.

The testimony from North...poses new questions about the President's knowledge of early deals with Iran and about his months of denial that the secret policy ever amounted to ransom for the hostages held by pro-Iranian terrorists in Lebanon. (Neil Roland, UPI)

President's Denials Of Arms-Hostages Swap Contradicted

Oliver North, contradicting President Reagan's numerous declarations that the Iran arms sale did not begin as an arms-for-hostages swap, testified that the President signed an intelligence "finding" in November 1985 that narrowly characterized the initiative as an operation solely designed to gain the release of American hostages in Lebanon.

Reagan, after receiving a highly critical Tower commission report in February that offered a similar assessment, acknowledged only that the clandestine weapons sale "did deteriorate" into an exchange for hostages.

However, North...said he remembered seeing a signed intelligence finding that retroactively approved the November 1985 sale of U.S.-made Hawk surface-to-air missiles by Israel to Iran.

(Julie Johnson, Baltimore Sun, A1)

New Arms 'Finding' Emerges; North: Reagan Signed It

Oliver North said he saw a document signed by President Reagan that approved arms shipments sent to Iran to ransom U.S. hostages held in Lebanon.

The deal outlined was "nothing more than an arms-for-hostages swap," North said.

North's testimony represents the first eyewitness reference to a November 1985 "finding" -- authorizing two shipments of Hawk missiles to Iran in the fall of 1985.

"The November finding specifically...ratified prior actions," North told the Iran-contra committees.

(Jessica Lee & Rae Tyson, USA Today, A4)

Shredding Began In Early October As Affair 'Was Coming Unraveled'

The destruction of key White House documents on the Iran-contra affair began in early October -- more than a month earlier than previously disclosed -- after Oliver North and then-CIA Director William Casey concluded "this whole thing was coming unraveled," the former National Security Council aide testified.

During six hours of testimony, North provided new details about Administration attempts to cover up the secret arms deals with Iran and the subsequent diversion of profits for the benefit of the contras. North's testimony also provided new evidence that Casey and former National Security Advisers Robert McFarlane and John Poindexter attempted to obscure the role of President Reagan and other officials in the Iran arms sales.

(Joe Pichirallo, Washington Post, A1)

North's Testimony/The White House

The White House refused to say officially whether President Reagan ever saw the five or six memos written by Oliver North outlining the possibly illegal shift of money from arms sales to Iran to the Nicaraguan contras.

However, a White House official late in the day told reporters that the only memo on the diversion that Reagan had ever seen was shown to him last November by Attorney General Meese after the arms sales became public and Meese had talked to North.

...North jolted the White House when he said he "assumed that Admiral Poindexter had solicited and obtained the support of the President" for North's activities.

Columnist Jack Anderson, who met with Reagan on a different matter, said the President felt North had "confirmed exactly what he had told the American people about the illegal diversion of funds."

But, Anderson said, Reagan was unhappy that none of the television reports he watched about the hearings at noon mentioned the fact.

(Ann McFeatters, Scripps Howard)

North's Testimony/The White House

The long-awaited testimony of Oliver North on who knew what in the Iran-contra affair brought a sigh of relief from the White House and a virtual claim of vindication from President Reagan.

"The mood around here today is pretty good," said one senior official after North completed a full day of testimony. "North started out the day verifying what this President has said almost from Day One...and didn't back off it."

"You've still got a lot of questions out there and other witnesses to go," said the senior official. "But for now, we're over the hurdle people have set for us on this."
(Ira Allen, UPI)

TV Sets Stay Dark As White House Seeks To Portray 'Business As Usual'

"We think it's more important to be carrying on the business of government than to be watching television," said White House spokesman Marlin Fitzwater. When the hearings began in May, Chief of Staff Howard Baker told the White House staff to go about its daily business without glancing all day long at the flickering images of former colleagues and other witnesses.

Although President Reagan had said at the outset of the hearings that he had hoped he would "finally...hear some of the things I'm still waiting to learn," he refrained from turning on a television set during the day and had no plans to keep an eye on the proceedings later in the day, his spokesman said.

Yet the hearings permeated the atmosphere, from the television set in the back room of a guard house to the White House switchboard.....

(James Gerstenzang, Los Angeles Times, A8)

Once Eager For North's Testimony, Reagan Avoids Watching It

President Reagan, who for seven months said that he eagerly awaited the testimony of Oliver North, did not watch his fired National Security council aide's first public testimony on the Iran-contra affair and instead tended to routine business in the White House, aides said.

Senior White House officials, speaking on condition they not be identified, acknowledged that they were surprised by at least one aspect of North's testimony. North testified that he sent about five memos to then-National Security Adviser John Poindexter for presidential approval in which he discussed the Iran arms sale and mentioned the diversion of funds to the contras.

[One] senior officials said that White House counsel Arthur Culvahouse had questioned the President yesterday about these memos, and Reagan had reaffirmed his earlier statements that he did not know about the diversion. (Lou Cannon & David Hoffman, Washington Post, A12)

Financial Markets Like Oliver North's Testimony

Financial markets responded warmly to the congressional testimony of Oliver North, and experts credited his failure to implicate President Reagan in wrongdoing in the Iran-contra controversy.

The Dow Jones average of 30 industrials rose 20.25 points to close at 2,449.78.

"Ollie North has apparently taken the President out of harm's way," said Larry Wachtel, an analyst for Prudential-Bache Securities Inc.

(Peter Coy, AP)

INTERNATIONAL NEWS

U.S., KUWAIT DIFFER OVER ESCORT PLAN

More American Forces May Be Required, House Chairman Says

House Armed Services Committee Chairman Les Aspin said major discrepancies have become apparent between the U.S. and Kuwaiti interpretations of the plan for U.S. naval escort of Kuwaiti oil tankers through the Persian Gulf and that more American forces than previously envisioned may be needed.

Aspin said the differences emerged in a meeting Saturday between Kuwaiti officials and a delegation of House Armed Services Committee members who traveled to the Persian Gulf during the Fourth of July congressional recess.

At a Capitol Hill news conference reporting on the results of his trip, Aspin said it was not clear whether the U.S. or Kuwaiti interpretation would prevail. But he predicted the discrepancy could lead to possibly substantial delays in the Reagan Administration's reflagging and escort operation, due to start July 16, if Kuwait prevails.

(Helen Dewar, Washington Post, A24)

Misunderstandings Over Reflagging Plan May Cause Delay

Misunderstandings between the U.S. and Kuwait over the escort of Kuwaiti tankers in the Persian Gulf could delay the start of the Administration's reflagging policy, Rep. Les Aspin said.

Aspin...said U.S. officials sitting in on a July 4 meeting between a 12-member House delegation and the Kuwaiti oil minister were "totally taken by surprise" at the escort plan laid out by the minister.

The U.S., Aspin said, has been talking about providing gulf escort service for 11 reflagged Kuwaiti tankers, taking convoys out through the Strait of Hormuz where they will head for deliveries around the world....

Aspin said the Kuwaiti spoke of a "major shuttle of oil," using several supertankers to convoy oil to the mouth of the gulf, where it would be loaded on to other ships for delivery and the larger tankers would return to Kuwait for refilling. The difference in plans, he said, could make a major difference in the size of U.S. naval force stationed in the gulf.

(Eliot Brenner, UPI)

U.S., Kuwait Differ About U.S. Gulf Policy

Kuwait and the U.S. have "something different in mind" about President Reagan's Persian Gulf policy, with Kuwait's interpretation leading to a riskier U.S. Navy commitment in the volatile region, a key congressman said.

Under the interpretation recently adopted by Kuwaiti officials, all of their oil eventually could be escorted by the U.S. Navy, "presumably with more U.S. Navy escort ships required," said Rep. Les Aspin.

"Until things get sorted out," said Aspin, the U.S. policy isn't likely to be implemented "anytime soon."

In reaction, White House and State Department officials said there was no disagreement between Kuwait and the U.S., but Aspin said the new Kuwaiti view hadn't yet been advanced to the State Department.

(Tim Ahern, AP)

Key Congressman Says Kuwait Changing Reflagging Plan

[Rep. Les Aspin], back from a tour of the Persian Gulf, said Kuwait unilaterally changed the plan for U.S. forces to protect Kuwaiti ships in the waterway and the White House may have to delay the operation.

A State Department official, however, told Reuter that the Reagan Administration did not have any serious differences with Kuwait over the operation and still intended for it to begin as planned within 10 days.

(Valerie Strauss, Reuter)

House Foreign Affairs Members Advocate Following Through On Reagan Plan

A dozen members of the House Armed Services Committee agreed after visiting four Persian Gulf Countries that the U.S. should follow through on President Reagan's commitment to protect 11 Kuwaiti oil tankers, according to a member of the delegation.

The agreement came despite revelations that Kuwaiti plans to offload oil from the protected tankers soon after the vessels pass through the congested Strait of Hormuz so they can return immediately for more oil, Rep. Bill Nichols, chairman of the committee's investigating subcommittee, said at a news conference held within hours of his return here Tuesday afternoon.

Nichols said the new Kuwaiti plan "would put very little turnaround time on the trips and put a greater burden on or escorts." He criticized the Reagan Administration, adding "that should have been worked out in advance."

(Brad Clemonson, Newhouse)

U.N. CHIEF, STATE DEPARTMENT AIDE CONFER ON GULF WAR

UNITED NATIONS -- Secretary General Javier Perez de Cuellar conferred with Under Secretary of State Michael Armacost on U.S. efforts in the U.N. to bring about a ceasefire in Persian Gulf.

No details of the discussion were made public immediately, but it was assumed that it related to a meeting of the U.N. Security Council on the question, which was expected to be called next week.

(Reuter)

SOVIETS SAY THEY'LL QUIT THE GULF IF WEST WILL

U.S. And Allies Will Have To Withdraw Their

Naval Vessels First, Moscow Stipulates

MOSCOW -- The Soviet Union said that it would withdraw its naval force from the Persian Gulf if the U.S., Great Britain and France did the same.

Soviet Foreign Ministry press spokesman Boris Pyadyshev said that Moscow is prepared to withdraw the five vessels it has deployed in the gulf to protect merchant shipping in waters made hazardous by belligerents in the Iran-Iraq war.

Pyadyshev made it clear that if a mutual withdrawal is agreed to, the Soviets would expect the U.S. and other Western countries to withdraw their forces first.

(Gary Lee, Washington Post, A24)

HOSTAGE SAYS HE WAS SPY FOR CIA
Glass Distraught In Taped Statement

BEIRUT -- Kidnapped American journalist Charles Glass appeared in a video cassette released by his captors and, speaking haltingly and under obvious strain, said he had been working undercover for the CIA.

It was the first time that an American hostage here has said he was involved in espionage. But Glass' appearance and delivery suggested strongly that his statement was made under duress and both the White House and ABC News, for which he has worked, denied that he had an espionage role.

Observers here noted that the timing of the release of the video tape coincided with the first signs of a Syrian-U.S. rapprochement and could have been intended to further embarrass Syria. U.S. special envoy Vernon Walters left Damascus after talks with President Hafez al-Assad.

(Nora Boustany, Washington Post, A1)

Officials, Journalists Say Glass Not A U.S. Agent

Hostage journalist Charles Glass, whose captors released a video tape in which he says he is a U.S. spy, has never worked for the CIA or any other branch of the U.S. government, White House and State Department officials said.

U.S. officials said publicly and privately that they believed the video tape of former ABC News correspondent Glass was the result of coercion, with his kidnappers using death threats or torture to make him read the statement for the camera.

Friends of Glass and other journalists said the video tape shows that he was not speaking normally and was obviously reading language he had not written.

(Eleanor Randolph, Washington Post, A26)

U.S. TRADE PROPOSAL WELCOMED IN GENEVA
World Farm Subsidies, Barriers Would Be Eliminated In 10 Years

GENEVA -- A proposal by the U.S. to eliminate the world's agricultural subsidies and trade barriers within 10 years was welcomed by many U.S. negotiating partners as a step forward in multilateral negotiations, a trade source said.

The GATT source, who asked not to be identified, said negotiators at the committee "widely recognized the proposal as being courageous and ambitious." The source said words such as "revolutionary, innovative and historic" were used by a number of speakers to describe the plan.

"Virtually every delegation welcomed the fact that the United States made the proposal," said the source, cautioning that this did not necessarily mean they could support the plan.

(AP story, Washington Post, F5)

SENATE VOTES TO MAKE IMPORT RELIEF EASIER FOR U.S. INDUSTRIES

The Democratic-controlled Senate agreed to force President Reagan to give injured American industries temporary protection from foreign imports if they prove they can become competitive.

The measure was included as part of a broad foreign trade bill the Senate is expected to approve this month that would force Reagan to act against unfairly traded imports, would give relief to displaced American workers and set out U.S. negotiating objectives in multinational trade talks.

The trade bill is already a target for a presidential veto, but senators said the new measure would deepen the Administration's opposition to it.
(Jacqueline Frank, Reuter)

Senate Votes Import Relief In Trade Bill

Protectionists won a key victory over free traders when the Senate voted to strip the President of his power to deny import relief, such as higher tariffs or quotas, to domestic industries hurt by imports.

After a sometimes emotional four-hour debate that lasted late into the night, the Senate voted 55-41 to reject an amendment by Sen. Robert Packwood and others that would have restored presidential discretion to deny import relief when he thinks the national economic interest does not warrant relief.
(Bud Newman, UPI)

REAGAN PICKS LOBBYIST FOR CONTRA AID

Former Rep. Loeffler Faces Uphill Battle

President Reagan named former Representative Tom Loeffler to head a new lobbying effort aimed at persuading Congress to continue military aid to the contras seeking to overthrow the Sandinista government of Nicaragua.

Senior officials also said that White House Communications Director Thomas Griscom will soon name an aide to direct "public diplomacy" efforts directed at building support for contra aid. Sally Grimes, a veteran U.S. Information Agency official based in Mexico City, was approached for the job last month but declined.

The new lobbying campaign comes at a time when White House officials are privately acknowledging that they face extremely difficult obstacles in convincing Congress to extend the contra aid program when it expires Oct. 1. Asked who would be picked for the public diplomacy post, a senior official said last week, "First off, you've got to find a masochist."

(Lou Cannon, Washington Post, A17)

U.S. WARNS MARCOS AGAINST PLOTTING TO OVERTHROW AQUINO

The Reagan Administration warned former Philippine President Ferdinand Marcos this week not to abuse his status as a guest in this country by seeking to destabilize the successor government of President Corazon Aquino, administration sources said.

The warning was delivered to Marcos at his home in Honolulu yesterday and Monday by State Department legal adviser Abraham Sofaer and a Justice Department official, the sources said.

(Don Oberdorfer, Washington Post, A26)

STATE DEPT. AIDE TO HOLD TALKS IN ANGOLA

Assistant Secretary of State Chester Crocker will hold talks with Angolan officials in Luanda next week on the issues of a possible withdrawal of Cuban troops from that war-torn country and independence for neighboring South Africa-administered Namibia, State Department officials said.

The talks, set for Tuesday and Wednesday, mark the formal resumption of negotiation between the U.S. and Angola after more than a year's interruption. Angola broke off the talks over the Administration's decision to send military aid to antigovernment insurgents led by Jonas Savimbi.

(David Ottaway, Washington Post, A22)

34 MORE ARE SLAIN IN INDIA IN 2 ATTACKS BY EXTREMISTS

NEW DELHI -- Thirty-four persons aboard two Haryana Roadways buses were killed in attacks close to the Punjab border tonight, bringing to at least 71 the number of Hindus slain in two consecutive nights by suspected Sikh extremists.

Tonight's toll was in addition to at least 37 who died in a hail of bullets last night aboard another Haryana Roadways bus about 15 miles south of Chandigarh, the joint capital of Punjab and Haryana states.

(Richard Weintraub, Washington Post, A1)

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NATIONAL NEWS

MEESE TO TELL OF PARTNERSHIP WITH WEDTECH FIGURE

Attorney General Meese will testify before a Senate Governmental Affairs subcommittee Thursday about his controversial partnership with a former official of the scandal-plagued Wedtech Corp. and his failure to disclose the details of that arrangement until this week.

Rep. Gerry Sikorski, chairman of a House Civil Service subcommittee, said there had been "a frightful collapse of ethics within the attorney general's office." Sen. Carl Levin, chairman of the Senate Governmental Affairs oversight subcommittee, scheduled a hearing because of "the cloud" over Meese's actions. David Martin, director of the Office of Governmental Ethics, which administers the ethics laws, will also testify.

Meese "certainly is willing to testify," Justice Department spokesman Terry Eastland said. "He's disclosed everything under the sun that's possible. I can think of no more complete, exhaustive disclosure in the history of the Western world, or even in Washington, D.C."

(Mary Thornton & George Lardner, Washington Post, A3)

Meese Stock Fund Manager Traded Mostly In New Issues Sold In 1 Day

NEW YORK -- The manager [W. Franklyn Chinn] of Attorney General Meese's blind partnership was able to achieve substantial profits for the partnership by buying selected stock -- mostly new issues -- and selling them the same day.

That strategy enabled Chinn to produce more than \$35,000 in profits for Meese's partnership even though the partnership actually owned stock for only 19 days of the 760 days of its existence.

(David Vise, Washington Post, A3)

BORK BEGINS COURTESY CALLS ON CAPITOL HILL AS GOP PUSHES FOR QUICK ACTION

U.S. Appeals Court Judge Robert Bork met with key Senate Republicans as the GOP lawmakers said they will press the Democratic majority for quick Senate action on his nomination to the Supreme Court.

In his initial round of courtesy calls on Capitol Hill, Bork met with Senate Minority Leader Robert Dole, Sen. Strom Thurmond, the ranking Republican on the Senate Judiciary Committee, and Minority Whip Alan Simpson, a Judiciary member.

Thurmond said he hopes that the committee will clear the nomination for floor action by the full Senate by mid-September, giving Bork a chance to be confirmed before the start of the Supreme Court's new term on October 5.

However, one Judiciary Committee Democrat said the Republicans' timetable is unrealistic. "There is no chance in the world of that happening," said Sen. Howard Metzenbaum. He said he does not expect the committee to begin hearings on the nomination until after Labor Day.

(Edward Walsh, Washington Post, A5)

White House Believes Bork Puts Democrats In Political Minefield

President Reagan's chief political adviser says the nomination of appellate Judge Robert Bork to the Supreme Court will draw Democrats into a damaging political battle, energize the GOP, and counter Reagan's image as a lame duck.

"Politically, it gives us a cause," said White House Political Director Frank Donatelli. "It is good for the Republican Party."

The cause is a chance to change the long-term course of the high court in a direction long favored by conservatives, Donatelli said in an interview at his White House office.

More important in the short run, it is a cause sorely needed by Republicans who failed to hold the Senate last year despite Reagan's popularity at the time. (Ralph Hallow, Washington Times, A2)

ADMINISTRATION BACKS NEW 'FEES' IN LIEU OF TAXES

An Administration tax expert warned Congress not to pass a money-raising package that would reverse "dramatic and important tax reforms," calling instead for \$6.1 billion in new fees outlined in President Reagan's \$1 trillion budget.

"The Administration continues to support the \$6.1 billion of additional government receipts shown in the President's budget proposal," Dennis Ross, the Treasury Department's tax legislative counsel, told the House Ways and Means Committee. (Linda Werfelman (AP), Washington Post, F3)

HHS FIRING OF ABORTION FOE ANGERS SENATOR

Humphrey Urges Probe Of Gasper's Dismissal For Insubordination

Sen. Gordon Humphrey assailed HHS Secretary Otis Bowen for firing antiabortion activist Jo Ann Gasper from her job as head of the \$142.5 million Family Planning Program and urged an investigation into her dismissal.

"Clearly, the secretary of HHS is thwarting the President's policies and he may be in violation of the law and department regulations," said Humphrey, who called on HHS Inspector General Richard Kusserow to look into the events leading to the dismissal.

(Spencer Rich, Washington Post, A17)

NETWORK NEWS SUMMARY

IRAN-CONTRA HEARINGS/NORTH'S TESTIMONY

NBC's Tom Brokaw: It was at times heated, sometimes emotional, complicated, even occasionally confusing, but it was almost always riveting -- Marine Lt. Col. Oliver North on the witness stand today describing for the first time in public his pivotal role in the Iran-contra affair. It was the first of four days of testimony for North and the committee went right to the big questions today and North was not ducking them.

NBC's John Dancy:

(North: "I came here to tell you the truth -- the good, the bad, and the ugly.")

Oliver North's version of the truth was a story of shredded documents, misleading testimony to Congress and a false story that committed the President of the U.S. to supporting a lie. North told the committees he had thought he was operating with President Reagan's approval for using profits from the Iran arms sales, residuals North called them.

(North: "I never personally discussed the use of the residuals, or profits, of the sales of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure with the NSC staff. Throughout the conduct of my entire tenure of the NSC, I assumed that the President was aware of what I was doing and had, through my superiors, approved it. I sought approval of my superiors for every one of my actions and it is well documented. I assumed when I had approval to proceed from either Judge Clark, Bud McFarlane, or Admiral Poindexter that they had indeed solicited and obtained the approval of the President.")

But as the Iran-contra story began to unfold and fingers were pointing to North, both Poindexter and the President told him his assumption was wrong.

(North: "On or about Friday, Nov. 21, I asked Admiral Poindexter, directly, 'Does the President know?' He told me he did not. And on Nov. 25, the day I was reassigned back to the U.S. Marine Corps for service, the President of the U.S. called me. In the course of that call the President said to me words to the effect that, 'I just didn't know.'")

But North testified he had sought approval. He said he sent as many as five memos through Poindexter for the President. In each the diversion of money was spelled out and a place left for the President to approve or disapprove with a checkmark.

(North: "It is my recollection that I sent each one of those up the line and that on the three where I had approval to proceed, I thought I had received authority from the President. I want to make it very clear that no memo ever came back to me with the President's initials on it, or the President's name on it, or a note from the President -- none of these memos.")

North also testified that he had shredded scores of documents, possibly including the memos.

(North: "Did I get them all? I'm not trying to be flippant. I'm just--")

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Dancy continues:

Nields: "Well that was going to be my very next question. Col. North, isn't it true that you shredded them?"

North: "I believe I did."

Nields: "And that would include copies with the checkmarks?"

North: "That would have included all copies. I tried as I was departing the NSC -- a process which began as early as October -- to destroy all references to these covert operations. I willingly admit that.")

North said he started shredding documents out of the covert operation in October, after CIA Director William Casey warned him his story was unravelling. As Attorney General Meese began his investigation in November, North was able to reassure his boss, Admiral Poindexter.

(North: "I assured the Admiral, 'Don't worry, it's all taken care of.'")

Nields: "You had already shredded them?"

North: "That's right.")

But North insisted none of the shredded documents implicated the President.

(North: "I have absolutely no recollection of destroying any document which gave me an indication that the President had seen the document or that the President had specifically approved.")

North also testified that he had knowingly taken part in drafting a false chronology designed to be an official Reagan Administration account of the Iran arms deal. The chronology covered up the fact that the U.S. had agreed to let Israel give Iran U.S.-made missiles and covered up the fact that it was an arms-for-hostages deal all along.

(North: "I believe that if the proper version showing U.S. complicity and U.S. support and U.S. activity in the Nov. 1985 HAWK shipment came to be known to the Iranians, that the American hostages could be killed and that the second channel could go the same way. I was also concerned that there may well have been in that transaction such indication that the original decision had been based solely on arms-for-hostages that could in turn be an enormous international embarrassment to the Administration and the President and could well work into a domestic disaster as we now see before us.")

But Nields insisted the chronology was not true.

(North: "I put great value on truth and I said I came here to tell it. But I also put great value on human life and I put great value on that second channel who was at risk.")

Nields: "By putting out this false version of facts you were committing, were you not, the entire Administration to telling a false story."

North: "I don't want you to think that I went about this all on my own. I realize that there are a lot of folks around that think there is a loose cannon in the gundeck of state at the NSC. That wasn't what I heard while I worked there. I've only heard it since I left. People use to walk up to me and tell me what a great job I was doing and the fact is there were many, many people who include the former Assistant to the President for National Security Affairs, the current National Security Advisor, the Attorney General, the Director of Central Intelligence -- all of whom knew that to be wrong.")

North insisted that he had never been told by former National Security Advisor Robert McFarlane not to solicit contributions from other countries to a bank account to aid the contras.

Dancy continues:

(North: "And thank God somebody put money into that account and the Nicaraguan resistance didn't die.")

To summarize -- North testified he thought President Reagan had authorized him to divert money from the Iran arms sales to the contras. He testified that he shredded documents as the situation began to unravel. He testified that he and others created a piece of fiction which was then given to President Reagan to put forward as the official version. And all of it, he insisted, was justified because the cause was so important.

Brokaw: It was a surprise when North testified today that Attorney General Edwin Meese was in the room when North and others were rearranging the chronology of the Iran arms sales so it would appear that the Administration didn't know about the first shipment of the anti-aircraft missiles until that shipment had been delivered. That was false, North said, and everyone in the room knew it, including Meese, but no one, he said, raised any objections. And at the end of the day North was especially defiant when asked about his role in raising money from individuals in this country for the contras. He said he never personally solicited money but he did acknowledge giving speeches, meeting with prospective donors, even providing price lists for weapons. This matter won't be resolved for some time but already there is a good deal of reaction to Col. North's appearance today. (NBC-Lead)

Brokaw: In Congress reaction to North's testimony was by and large cautious tonight. Members were reluctant to make a judgment on just one day's questioning. Congressman Hamilton, there was a great deal of talk today about the President and what he knew. As you know, Col. North said he assumed the President knew a lot about what was going on, but he had no hard evidence of that. Can we expect that your committee will provide us with some harder evidence before this hearings is over?

(Hamilton: "Of course that's the great question in these hearings and we certainly will probe that further in the days ahead with Col. North and with Admiral Poindexter and others.")

Were you surprised that Col. North today placed Attorney General Meese in the room when they were rearranging the chronology of the arms sales? And if you were, do you expect to call the Attorney General before the committee?

(Hamilton: "Yes I was surprised. That was new evidence to me and we do expect to call Mr. Meese before the committee. He will be deposed in a few days and following that we have him appear publicly.")

And where do you expect the questioning to go tomorrow?

(Hamilton: "Well, there are a lot of questions unresolved and not yet even posed so I think we will continue with a lot of the examination of the documents. We will go into some of the personal enrichment problems that Col. North has been accused of. We want to know a lot more about the question of on what authority did he act. We heard some extraordinary testimony today -- five documents, not one calling for diversion. He controlled the covert actions. He diverted money himself from an account with Israeli money, not American money. All of those things need to be probed in hearings that will follow.")

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Brokaw continues: At the White House the President's men put out the word that Mr. Reagan was just too busy to watch the hearings, but he had concluded that he had been vindicated. What about those five documents -- that must have come as a surprise to the White House.

NBC's Chris Wallace: They say that they were surprised about the five memos -- that up until today all they knew about was that April 1986 memo that kicked off the entire investigation. But they say that they're not nervous about the five memos, that in fact Ollie North could have written 50 memos, but unless you can prove that Ronald Reagan knew about them, it's not damaging. In fact, I think you could argue that it is a little bit more damaging than that. The fact that Ollie North wrote five memos would seem to indicate that this was not some one-time operation, but, in fact, that the diversion was a part of the Iran arms sale from the start and that Ollie North was a good bureaucrat -- but the fact is that there was no hard evidence today linking the President to that diversion.

Brokaw: And they found that good news?

Wallace: Well they did. In fact they are declaring a total victory on that. The President told one visitor that he felt that Ollie North had exonerated him. From the very start they have tried to draw the question of the President's innocence or guilt very narrowly -- just to the diversion of funds -- keeping up the coverup, the question of whether Ronald Reagan knew about the secret resupply of the contras and the fact is that with Ollie North's testimony today there is now only one official left it would seem who could possibly implicate the President as having known about the diversion and that is Ollie North's former boss Admiral John Poindexter. (NBC-2)

NBC's John Chancellor's commentary: When you boil it down, what we saw today in the Iran-contra hearing room was theater -- political theater. The Democrats want to use these hearings to damage the Administration. The Republicans want to save whatever they can of the Administration's tattered reputation. In the full sense of the phrase, these are public hearings. So, how was North's performance? Well, this critic says the star was a terrific witness. Keep in mind that the audience -- the public -- hasn't followed the Iran-contra revelations in great detail. The public watches on a more fundamental level. Did the committee seem fair? Was the committee counsel a bad guy or a good guy? Is Col. North a loose cannon, a flack? The President's supporters wanted us to believe that he was. North didn't look flakey today. He managed to be self assured without being disrespectful. His wearing of his uniform and his medals have enraged many of his fellow officers who believe you don't take the Fifth in a class-A uniform. But to the audience around the country, his costume reenforced the patriotic theme and that's the heart of his defense. So far, Col. North's testimony means trouble for the White House in two ways -- his image as a one man band, overachiever was useful for the White house because it meant he wasn't part of the organization. Today we dispelled the image of an out-of-control Lt. Col. and he said he assumed the President knew a lot about what was going on. That doesn't help Mr. Reagan. It's only the first day of the show, but it's beginning to look good for North. He played well and not so good for the President. (NBC-7)

NBC's Anne Rubenstein: reporters on the public's reaction to North's testimony. (NBC-8)

ABC's Peter Jennings:

(North: "I never discussed the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I assumed that the President was aware of what I was doing and had, through my superiors, approved it.")

Col. Oliver North finally begins to tell his story. When Col. North began to testify on Capitol Hill this morning the sense of drama was made even more acute by the realization that for 7 months Congress and the public have been hearings about the Iran-contra affair from everybody but him. And so there are different impressions of him and his role. Well, he wanted to tell his story and time and again today he made one point very clear -- that he never acted without the knowledge and approval of his superiors. There was real tension when North tried to read that opening statement.

ABC's Brit Hume: North had already gotten the committees to take all of his testimony in public and to grant him limited immunity from prosecution. The committees were in no mood today to grant his lawyer's further request that he be allowed to make an opening statement -- a request the chairman said was two days late under the rules anyway.

(Sen. Inouye "Here once again the witness is asking us to bend the law and to suggest that he may be above the law. And if the Colonel wishes to make the opening statement, he may do so Thursday morning which is 48 hours from this date.")

Brendan Sullivan, North's lawyer: "We are not asking that the law be bended. We are not suggesting that Col. North is above the law. We are simply requesting that you understand the needs for this particular citizen. This is the most extraordinary proceeding, I think Mr. Chairman, in our 200 years. As a defense lawyer, I have never been a position where a client is forced to testify about all matters which are the subject of a pending indictment.")

All of Sullivan's objections were overruled and North was turned over to John Nields, the House Committee chief counsel, who soon asked the question that the nation has waited 7 months to have answered.

(Nields: "What did the President know about the diversion of the proceeds of the Iranian arms sales to the contra? Can you tell us what you know about that, sir")

North: "I never personally discussed the use of the residuals, or profits, from the sale of U.S. weapons to Iran for the purpose of supporting the Nicaraguan resistance with the President. I never raised it with him and he never raised it with me during my entire tenure at the NSC staff. Throughout the conduct of my entire tenure at the NSC, I assumed that the President was aware of what I was doing and had, through my superiors, approved it.")

North said, however, that his superiors, chiefly National Security Advisor Poindexter, never actually told him they had gotten the President's approval.... North said he sent five memos to Poindexter seeking Presidential approval for the Iran arms sales which also mentioned the use of profits to aid the contras. He said the memos came back but he remembered no marks of Presidential approval.... Nields pressed North about his role in drafting a false chronology of the Iran arms sales that became the basis for false public statements by the President. North admitted his part, but said he was far from alone....

Hume continues: And North said Attorney General Meese was aware of the November 1985 shipment of HAWK missiles to Iran -- which is earlier than Meese has acknowledged he is aware. It suggests the Attorney General knew that some of the President's statements were false yet said nothing. For his part, North insisted none of his actions had been illegal.

(North: "I don't believe that anything I did while I was at the NSC was a violation of law. Nor do I believe that anything we did while I was at the NSC was a violation of law. I didn't believe it then. I don't believe it now. If I'd believed it then, I wouldn't have done it.")

And he insisted repeatedly he always acted on higher authority, such as when he sought Pentagon help to get missiles for sell to Iran.

(North: "If a Marine Lt. Col. called the Pentagon this afternoon and asked for 500 missiles to be shipped overseas, and he didn't have a little more backing than that oak leaves on his collar, they would come collar him and take away. I never carried out a single act -- not one -- in which I didn't have authority from my superiors. I haven't in the 23 years that I have been in the uniformed services of the U.S. ever violated an order -- not one.")

And when questioned about efforts to raise funds for the contras, North found an opening to lecture the committee.

(North: "I didn't have to wander around and beg. There were other countries in the world, and other people in this country, who were more willing to help the Nicaraguan resistance survive and cause democracy to prosper in Central American than this body here. And that is an important factor in all of what you do, counsel. And in what this committee is going to do.")

What this committee is going to do next is question Oliver North probably into next week. There will be questions about his relationship with the late CIA Director Casey, which his testimony today indicated was unusually close. And there will be questions too about the remark he made late today that he never wanted to show Congress one word about any of this. The members won't like that.

Jennings: A lot of emotion and a lot of information to be sorted through. A short while ago I talked with the Chairman of the House Committee. Congressman, it is your judgment which counts in these hearings. What is your impression of Col. North after the first day?

(Hamilton: "My impression is that we've really heard some extraordinary testimony. I was particularly impressed by the fact that there are five diversion memos, not just one that we have to try to trace down. Col. North acknowledged that he controlled the covert actions -- there wasn't any doubt about that in his mind. I was impressed by the fact that he believed that the President approved of all that he was doing. And, of course, he acknowledged changing the chronologies and shredding as we expected him to do.") President Reagan said today that Col. North exonerates him. Do you have the same opinion?

(Hamilton: "I don't think we're in a position to make that kind of judgment yet. This is just the first day of his testimony. There are other days to come and also Admiral Poindexter's testimony.")

There have been a number of observations about whether Col. North would tell the truth or not. Are you impressed he is telling the truth today?

Jennings continues:

(Hamilton: "I think he's trying to tell the truth, yes. We've had a long line of witnesses that have challenged his credibility, so I think it's to be expected that members will receive his testimony with some skepticism. But we certainly owe Col. North his day in court and we should try to keep an open mind about his testimony.") (ABC-Lead)

Jennings: As many of you know and perhaps many of you saw, the hearings today were televised. Sam Donaldson is standing by at the White House. Now, Sam, during the hearing today, you said that the White House was talking this ignorant position of what was going on today.

ABC's Sam Donaldson: White House officials are trying to give the impression that this was just another day of business as usual here with no one paying any particular attention to the hearing. The President is said not to have watched any of the testimony -- just tending to his work and staying out of sight of the press. The White House did release two pictures of Mr. Reagan meeting with outside visitors on matters having nothing to do with the hearings. Although he hadn't watched any of the morning testimony, the President told another visitor, columnist Jack Anderson, that he saw a television summary over the noon hour and he suggested he thought it unfair.... Press Secretary Marlin Fitzwater told reporters the President never saw any of the five memos North testified he prepared in seeking Presidential approval of the diversion of money to the contras. And Fitzwater said the President sticks to his assertion that word of the diversion last November was news to him.

(The President on file footage: "As I told the Tower Board, I didn't know about any diversion of funds to the contras.")

As to North's testimony that he believed he had presidential approval even though he never personally had any evidence of it, the President spoke to such views only last month.

(The President on file footage: "Well evidently maybe some people were giving the impression that there were acting on orders from me. Well I wasn't giving those orders because I no had asked or had told me what was truly happening there.")

White House officials are pleased that North in no way directly contradicted the President's assertion of ignorance. They didn't expect him to. But they are not so pleased with North's testimony that he prepared five memos asking for presidential approval of the contra diversion scheme. They know that next witness, Admiral Poindexter, will be asked where all those memos went. (ABC-2)

ABC's Karen Burnes reports on the background of the Iran-contra operation supposedly directed by Oliver North. (ABC-3)

ABC's Bill Blakemore reports on the public's reaction to Col. North's testimony today. (ABC-9)

CBS's Dan Rather from Capitol Hill: Oliver North -- under oath, under fire and firing back from the witness stand after months of delay and stonewalling.

(North: "I came here to tell you the truth -- the good, the bad and the ugly. I'm here to tell it all.")

Right from the opening gavel an extraordinary day of testimony and testiness here on Capitol Hill.

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Rather continues: The crucial question -- was President Reagan involved in or aware of lawbreaking?

(North: "I never raised it with him and he never raised it with me during my entire tenure at the NSC staff.")

The supercharged atmosphere starts early. Chairman Inouye disallows North's opening until Thursday for failure to submit it on time.... Moments later the testimony did begin and the story of Oliver North as told by North was finally beginning to unfold. One highlight -- testimony that Oliver North actually saw a finding signed by President Reagan indicating a straight-out arms-for-hostages swap with Iranians. The White House says it has never found a version of any document that was actually signed by Mr. Reagan.

CBS's Phil Jones: It's ironic, said one Senate committee member, to watch a man who has wrapped himself in the American flag, raised his right hand to be sworn in by a chairman who lost his right arms defending his country in WW II. After 7 months of silence, North, now protected by a grant of limited immunity, began providing his version of what happened.... The crucial question -- did the President know about the diversion? ...Yet North indicated that he had assumed that his bosses at the NSC had obtained presidential approval.... North attempted repeatedly to defend the secrecy of the covert operations.

(North: "There is great deception practiced in the conduct of covert operations. They are, at essence, a lie. We make every effort to deceive the enemy as to our intent, our conduct and to deny the association of the U.S. with those activities.")

North was faced today with questions about a statement he had made to the Iranians indicating that the President would be impeached if details of the operation ever became public.

(North: "That is a bald faced lie told to the Iranians and I will tell you right now, I would have offered the Iranians a free trip a Disneyland if we could have gotten Americans home for it.")

But for North the toughest questions today were about his involvement in key documents. North disclosed that his shredding actually began in early October.

(North: "Director Casey and I had a lengthy discussion about the fact that this whole thing was coming unraveled and that things ought to be cleaned up.")

North admitted that the shredding intensified after he learned that the Justice Department officials were on their way in late November, but he claimed the shredding was justified.

(North: "That's why the government buys shredders by the tens and dozens and gives them to people running covert operations. Not so that they can have convenient memories, and I don't like the insinuation that I'm up here having a convenient memory lapse like perhaps some others have had.")

And North bristled today at questions suggesting he had been the one behind drafting false and misleading chronologies once the scandal broke.... At the end of the first day North's attorney thought the embattled Marine had done very well. As for North--

(North: "I guess my only disappointment is that I wasn't able to give my opening statement. When we gave it to them this morning to read, they apparently saw something in it that they didn't want the American people to hear.")

Jones continues: According to sources, the opening statement that North wanted to make was for the most part a heavy assault on their investigation and the last thing Congressional investigators wanted was to provide North with a pulpit.

Rather: Several members of the congressional investigating panels gave their first reactions to North's testimony and what they believe the important points were.

(Sen. Nunn: "The thing that came across to me over and over again was that Col. North, by his testimony today, made it clear that from his perspective he had authority for what he was doing. He was not, in his own view, a loose cannon. That he was a cannon that was pointed in certain directions by his superiors.")

(Rep. Hamilton: "Significantly, I think he mentioned five diversion memos. We have known about one diversion memo up to this point and we have not been able to trace it. Now we have five diversion memos. We can't trace the five apparently at this point and he does not recall, significantly he does not recall, what happened to those five diversion memos.")

Rather: I talked to key players on the Congressional committees -- Chairman Daniel Inouye and Congressman Dick Cheney. Senator, what about it? Oliver North says there must have been something in these opening statements that you didn't want to hear. True?

(Inouye: "Not at all. Mr. Sullivan and the Colonel are well aware of the rules of the Senate and the rule specifically says if you have an opening statement it should be presented to us 48 hours in advance. It was presented to us 45 minutes in advance. Secondly, we have been literally giving in to Mr. North and Mr. Sullivan. They wanted to meet on the 7th, today, instead of the 16th as we proposed. We had asked that they give us a deposition like all other witness, they refused. So therefore, their hearings will be dragged out a little.")

Congressman, what was the most revealing thing said today?

(Cheney: "I think from the standpoint of the public and many of the members was the statement that the Colonel never discussed the diversion of funds with the President -- that is he firmly put on the report the fact that he'd never had any such conversation with the President. And the President, to his knowledge, had no knowledge of the diversion.")

It is my understanding that the President said, or words to the effect, that he didn't think enough attention was being given to the point that North exonerated him. Do you agree with that?

(Inouye: "I think the Colonel gave several statements that were very interesting. One, [he was] the first witness to say that he saw the sign finding of the President which authorized the exchange of arms for hostages, which the President has been quite uncertain about until now. Secondly, in no uncertain terms, the Colonel said, 'I was not the only one who knew about the chronology.' The Attorney General was there and he knew all about it just as well as Mr. Casey. And third, I was very interested to hear him say that he had control over these Swiss accounts.")

Congressman, what was the most surprising thing you heard today?

Rather continues:

(Cheney: "Well, I thought that the extent to which the Colonel made the statement repeatedly that everything he did he was authorized to do -- that is to say that he felt he was carrying out orders, instructions and he had guidance and direction at least from Mr. Poindexter to undertake the activities he did and this wasn't a freelance operation by an NSC staffer -- it was in fact an authorization that had been given by the appropriate people.")

Senator, what's the number one question in your mind now?

(Inouye: "It's not the smoking gun. I just want to know how it happened, that's all. Because it's inconceivable to me that a graduate of Annapolis, a Lt. Col., would run around and carry out his own initiatives. He must have had orders.")

What should we look for and listen for tomorrow?

(Cheney: "I want to get into the why this happen to put it within a broader context. Why did the President and his key people make the decision they made to carry out these policies in this particular way?")

(CBS-Lead)

CBS's Bill Plante: President Reagan and his top officials went out of their way to appear not to be paying much attention to Ollie North's testimony today. But Mr. Reagan did complain to a staff member that he understood from reports of the hearings that North had totally exonerated him but that none of the commentators were mentioning that fact. The President has been saying for months that he couldn't wait for key witnesses like North to testify.

(The President on file footage: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

But this morning Mr. Reagan's spokesman said the President was too involved with the nation's business to watch North and the White House issued photographs of various meetings to prove that point. The White House strategy, after all, is business as usual. A presidential trip to Connecticut tomorrow to push his economic agenda, a series of speeches in Washington. But some political pros say that at least for now it won't work.... And even though some testimony has supported his position, over the long haul, the hearings are a problem for the President.... White House staff members are putting out the word that they thought North's testimony was good for the President but they are cautioning one another that this is no time for euphoria. They worry that the testimony next week of Admiral John Poindexter, who after all saw Mr. Reagan every day, could be far more damaging.

(CBS-2)

CBS's Eric Engberg reports on North's lawyer's strategy for the hearings.

(CBS-3)

CBS's Bruce Morton reports on how North's image has been conveyed and if North can be believed.

(CBS-11)

CHARLES GLASS

Brokaw: Kidnapped American journalist Charles Glass was seen in a video tape released by his captors today reading a statement that his main job was working for the CIA....

NBC's Rick Davis: This video tape was released by Charles Glass' kidnappers in Beirut this morning.... Charles Glass read from a prepared statement judging from the style and grammatical errors, it did not seem to be something he would write.... A quick reaction came from State Department spokesman Charles Redman.

(Redman: "He is not now and never has been an employee of the U.S. government. As I just said, he is an innocent victim of cruel terrorism.")

At the White House spokesman Marlin Fitzwater was asked if Glass was a U.S. agent. Answer: No, he was not. ABC News President Roone Arledge for whom Glass worked for years said --

(Arledge: "It is well known that a hostage under stress can be forced by his captors to make statements that should not be accepted as valid. This is such a case.")

Here in Damascus Syrian officials have refused to comment on the Glass statement. But sources in Beirut say the Syrians have issued an ultimatum -- that they know where Charles Glass is being held and if he is not released in 24 hours, they may attempt a rescue operation. The Glass kidnapping was an embarrassment to the Syrians. It happened after they invited journalists and diplomats to return to Beirut. They said it was safe. (NBC-3, ABC-4, CBS-6)

PERSIAN GULF

Rather: The Soviet Union today offered to join in a withdraw of naval forces from the Persian Gulf. A spokesman said Soviet ships would "undoubtedly pull out if the U.S., Britain and France would lead the way." However, the White House has backed away from a statement made Sunday by Howard Baker and now says flatly the U.S. has no plans to leave the Gulf. (CBS-4)

-End of B-Section-

EDITORIALS/COLUMNISTS

IRAN CONTRA HEARINGS/NORTH'S TESTIMONY

Oliver North's Story -- "The startling thing about the weeks of Iran-contra hearings and the months of disclosures and the years of immersion in some of the events themselves is that so little is yet known of what now seems most important to know.... It's how this improbable middle ranking officer...could perform veritable prodigies of policy maneuver in Ronald Reagan's Washington.... On the level on constitutional government, there are grounds for genuine alarm that the American government could be manipulated to allow an extended line of policy to be developed outside the system of checks and balances meant to inhibit secret executive power. This is the part of Oliver North's story that most needs to be understood now."
(Washington Post, 7/7)

Iran-Contra Affair Twisted Our Values -- "The zealots of Iran-contra...misled Congress, because they thought its members could not be trusted. They dodged the law, because they deemed it unwise. They deceived the public, for fear people would not be smart enough to see their wisdom. In the end, they succeeded only in tarnishing their nation's image, crippling the President they served, and undermining the very goals they sought to achieve."
(USA Today, 7/3)

The Iran-Contra Affair Reflected Our Values -- "The mess this soldier [Col. North] was attempting to the best of his ability to clean up and make right was the creation of Congress. When handed the impossible task and commanded to carry it through, he gave it everything he had, including, as it may turn out, his career. I join the millions who hope he will be exonerated and who believe he deserves a medal."
(Jesse Hillford, USA Today, 7/3)

U.S. POLICY IN NICARAGUA

What About Nicaragua? -- "Oliver North's scheduled congressional testimony is probably as good a time as any to bring up a touchy subject -- Nicaragua.... In its most recent vote on the contras, Congress supported military aid. Will Congress really reverse itself once again, with evidence of the totalitarian nature of the Sandinistas growing daily? Either Congress is going to overturn Administration policy and let Danny Ortega work his will, or it is not. If it is, it takes responsibility for what happens in Nicaragua. If not, it tacitly admits that in 1983 and 1984 Congress was wrong on the central issue, and Ronald Reagan and Oliver North were right."
(Wall Street Journal, 7/7)

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NOMINATION OF ROBERT BORK

Bork Battle Lines -- "The anticipated fight over Mr. Bork will boil down to a contest between the President's prerogative under the Constitution to appoint to the Supreme Court justices of his choosing and the Senate's attendant right to provide advice and to consent to the choice. Given the ideological chasm separating Mr. Reagan from the Democratic Senate, the process is likely to be as grueling as it will be political."

(San Diego Union, 7/2)

Court's Center Of Gravity Shifts -- "Federal appellate judge Robert Bork is no Lewis Powell Jr. But that shouldn't disqualify Bork from succeeding Powell as an associate justice of the U.S. Supreme Court if he is President Reagan's choice.... Senate Democrats would do themselves and the country a disservice by refusing to confirm such a well-qualified candidate or attempting to hold his nomination hostage to force the President to compromise on the federal budget."

(San Diego Tribune, 7/1)

President Can Touch Off Ideological War; Should He? -- "The President's opportunity to finally -- after all these years -- make what may be a pivotal appointment to the Supreme Court come as his moral and political authority are at low ebbs. He is wounded by the Iran-contra episodes, and the Democrats have the Senate.... The President's more conservative supporters point out that he ran for office on the promise of appointing starkly conservative justices, and he won. Fair enough; but he has also -- again and again -- gone to the American public to ask it to elect a Congress that will support his policies, and he has been unmistakably rejected in that request. Both of the elected branches of government have obligations to their constituencies. The only reasonable resolution is a compromise."

(Dayton Daily News, 6/30)

The Senate Will Make Itself Heard -- "The upcoming battle over Robert Bork, President Reagan's 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...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.... Sen. Cranston called on his colleagues to form a 'solid phalanx' to block an 'ideological court coup' by Reagan."

(Al Kamen and Ruth Marcus, Kansas City Star, 7/5)

Could Have Been Worse -- "Faced with a political challenge, President Reagan does not look for the easy way out, he does not stand first on one foot and then the other. He gives it his best shot and lives with the consequences. Thus he nominated Robert Bork to replace Lewis Powell on the U.S. Supreme Court.... This is Shootout-at-the-OK-Corral time, folks. The President, in effect, has told Senate: 'All right boys, you've made your brag, now make your play.' I admire that. President Reagan was elected -- twice -- as a conservative. He didn't try to fool anyone. In sending up Bork's name, he is being true to himself and the people who elected him."

(Donald Kaul, Philadelphia Daily News, 7/7)