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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JULY 23, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

White House Welcomes Soviet Arms Offer -- The White House welcomed a Soviet offer for the global elimination of medium-range nuclear missiles, but stopped short of declaring an arms control breakthrough in the absence of concrete details.

(Wall Street Journal, Washington Post,
Washington Times, AP, Reuter, UPI)

NATIONAL NEWS

House Passes Catastrophic Illness Package -- The House, ignoring a veto threat, overwhelmingly approved legislation that would protect 31 million elderly Americans from the excessive costs that come with catastrophic illnesses.

(New York Times, Washington Post, Washington Times,
AP, UPI)

IRAN-NICARAGUA

Shultz To Testify Before Iran-Contra Panel -- Secretary Shultz, the highest-ranking U.S. official to appear before the Iran-contra panel, is expected to offer testimony that dramatically differs from other accounts of the worst scandal of the Reagan presidency.

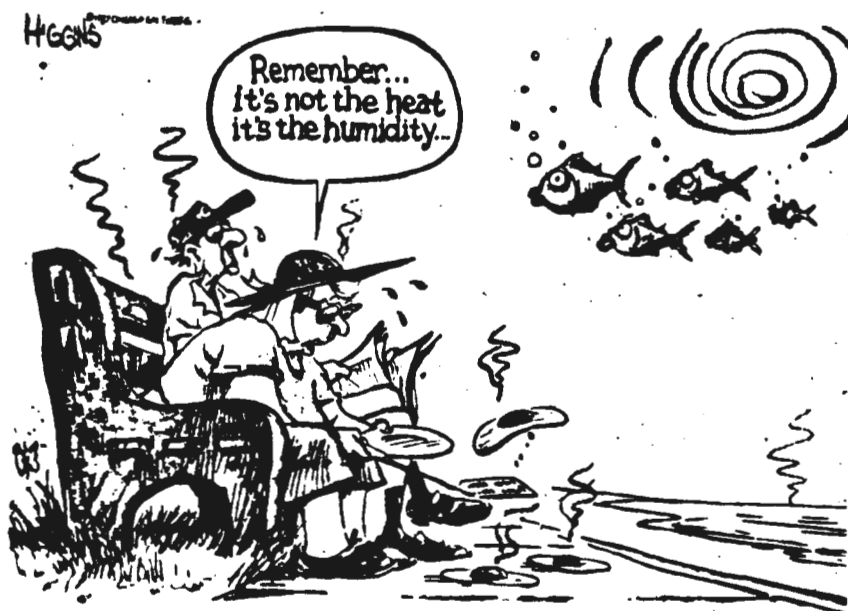
(USA Today,
Washington Post, AP, UPI)

NETWORK NEWS (Wednesday Evening)

PERSIAN GULF -- American warships and planes escorted two tankers through the Strait of Hormuz en route to Kuwait.

ARMS CONTROL -- Kremlin leader Gorbachev said he is ready to eliminate medium and shorter-range missiles from Asia and Europe.

IRAN-CONTRA -- Secretary Shultz will appear before the Iran-contra committee this week.



INTERNATIONAL NEWS

GORBACHEV OFFERS CONCESSION ON MEDIUM-RANGE MISSILES

MOSCOW -- In a major policy shift, Kremlin leader Gorbachev said that Moscow is prepared to drop its demand to retain 100 Soviet nuclear missile warheads in Asia as part of a treaty to eliminate all Soviet and American intermediate-range missiles deployed in Europe and Asia.

b Gorbachev, in an interview with an Indonesian newspaper that was distributed by the official Soviet news agency Tass, offered the concession contingent on the U.S. renouncing its right to deploy 100 warheads on its territory. The U.S., which has solicited such an offer, has already agreed to do so if the Soviets consent to remove the 100 warheads from Asia.

"Shorter-range missiles will also be eliminated. In other words, we will proceed from the concept of a 'global double zero,'" Gorbachev said.

(Gary Lee, Washington Post, A1)

Gorbachev Accepts 'Global Double Zero'

MOSCOW -- Mikhail Gorbachev said in an interview published Wednesday he would accept a "global double zero" option in nuclear arms talks, dropping the Soviet Union's insistence on keeping 100 warheads in Asia if the U.S. gives up the right to base 100 warheads on its own territory.

"And now I can announce: the Soviet Union, going halfway to meet the Asian countries and taking into account their concern, is prepared to destroy all its medium-range missiles also in the Asian part of the country," Gorbachev said in an interview....

"That is, it is prepared to remove the issue of retaining 100 warheads on medium-range missiles that are being discussed at the Geneva talks with the Americans, provided, of course the United States does the same," Gorbachev said. "Operational and tactical missiles will also be eliminated."

(Gerald Nadler, UPI)

White House Welcomes Soviet Arms Offer

The White House welcomed a Soviet offer for the global elimination of medium-range nuclear missiles, but stopped short of declaring an arms control breakthrough in the absence of concrete details.

A senior U.S. official said the Soviets have asked for a plenary session of Thursday's INF talks in Geneva "and we're hoping that they will put this proposal on the table."

There was no explanation of the timing of the Gorbachev offer, which one U.S. official regarded as a sign the stalled INF talks were "back on track." While the offer followed critical testimony in the Iran-contra hearings, [spokesman Marlin] Fitzwater said U.S. officials assumed it was based on policy considerations, rather than politics.

(Norman Sandler, UPI)

Gorbachev Shifts On Asian Missiles

Soviet leader Gorbachev, in a potential breakthrough for the stalled Geneva arms talks, said his nation will agree to U.S. proposals for eliminating both classes of intermediate-range nuclear forces from Asia as well as Europe.

"Some 80 percent of the differences that were remaining in INF between us and the Soviets will now be by the boards -- if there are no hidden conditions," Kenneth Adelman, director of the U.S. Arms Control and Disarmament Agency said in a telephone interview.

(Warren Strobel & Jeremiah O'Leary, Washington Times, A1)

Soviets Appear To Soften Stand On Nuclear Pact

Soviet leader Gorbachev apparently has removed a major obstacle to an arms-control agreement with the U.S., ending a month-long Moscow-induced stalemate in negotiations.

[Kenneth Adelman said] that the Soviet move shows that Moscow still prefers making a deal with President Reagan to waiting for a more friendly administration. "They think of Ronald Reagan as a strong president, one able to deliver the goods and get an agreement ratified."

(Frederick Kempe, Wall Street Journal, A27)

New Gorbachev Overture Raises New Hopes For Arms Accord

Soviet leader Gorbachev's latest arms control overture is reviving U.S. hopes for an agreement to remove all Soviet medium-range missiles in Europe and Asia.

"It's wunderbar," an enthusiastic State Department official said after Gorbachev offered to junk the rockets if the Reagan Administration agreed not to transfer 33 missiles from Western Europe to Alaska.

The official, speaking only on condition he not be named, said Gorbachev's proposal apparently removes the major hurdle to an agreement on medium-range arms -- verification. (Barry Schweid, AP)

Gorbachev Missile Offer Appears To Suit NATO, Officials Say

BRUSSELS -- Soviet leader Gorbachev's offer to accept elimination of medium and shorter-range missiles from both Europe and Asia appears to meet basic NATO demands, Western alliance sources said.

But they said that Gorbachev's words had to be translated into concrete proposals at the negotiating table in Geneva.

"The devil is always in the fine print. We have to see this proposal written down in Geneva yet," one diplomat said.

But NATO diplomats said the signs were that after a spell of foot-dragging by Moscow in Geneva the path may now be clearing toward an INF agreement this year. (Richard Balmforth, Reuter)

REFLAGGED TANKERS ENTER PERSIAN GULF Convoy Passes Iranian Missile Site

KUWAIT -- Two American-flagged vessels accompanied by three U.S. warships passed through the Strait of Hormuz up to 12 miles of the Iranian coastline without incident in the first stage of the controversial U.S. plan to protect Kuwaiti oil tankers from hostilities in the Persian Gulf.

The three American warships, on high alert and bristling with weapons and sensors, lined up in formation with the two Kuwaiti tankers and steamed against a stiff wind and choppy seas into the strait and within range of Iranian Silkworm missile sites.

(Patrick Tyler, Washington Post, A31)

Tankers Steam Through Strait Of Hormuz

ABOARD THE USS KIDD IN THE PERSIAN GULF -- Three Navy warships and a pair of reflagged Kuwaiti tankers steamed through the Strait of Hormuz and entered the Persian Gulf without incident.

The convoy, code-named Earnest Will, is heading for Kuwait at the northern end of the gulf, where the tankers Bridgeton and Gas Prince will be loaded with crude oil and refined oil products for the trip back down the gulf.

"It's pretty quiet right now. Everything looks pretty quiet," Cmdr. Daniel Murphy, skipper of the destroyer Kidd, told his 380 men in a mid-afternoon assessment that summed up the trip past the threat of attack by antiship Silkworm missiles stored by Iran along the north side of the 50-mile wide gulf.

(UPI)

Convoy Enters Gulf With Soviets Shadowing

ABOARD THE USS KIDD IN THE GULF -- Three Navy warships and two Kuwaiti tankers under the U.S. flag steamed through the Strait of Hormuz and entered the gulf unchallenged by Iran but shadowed by the Soviet Union.

Shortly after noon, U.S.-operated AWACS aircraft reported many Iranian F-4 jets taking off from the Iranian base at Bandar Abbas.

The Iranian aircraft were warned by U.S. forces to stay clear and they did so, according to a news agency pool report distributed by the Pentagon.

(Reuter)

Gulf Convoy Steams Beyond Missile Threat

ABOARD THE USS FOX, Persian Gulf -- Three U.S. Navy warships and the two oil tankers they are guarding sailed swiftly up the Persian Gulf after passing safely beyond the range of Iranian Silkworm anti-ship missile batteries guarding the Strait of Hormuz.

But Navy officers commending the ships said one of the most hazardous parts of the voyage will come when the convoy approaches Kuwait tomorrow.

For the second time on their 550-mile passage through the gulf, the warships and the Kuwaiti tankers...will come within a mile of Iran's declared war zone.

(James Dorsey, Washington Times, A1)

Pentagon Delayed News Reports From Persian Gulf

The Defense Department disclosed that it withheld five media reports written Monday by journalists aboard Navy ships in the Persian Gulf because the dispatches contained "sensitive" details of the Kuwaiti tanker escort operation.

Defense Department spokesman Robert Sims said he did not anticipate the Pentagon would withhold any more dispatches because the convoy of three Navy ships and two reflagged Kuwaiti tankers had passed the most dangerous part of its voyage and could no longer be compromised by news reports.

(Mark Lawrence, Washington Post, A36)

Official Sees No Iran Threat To U.S. Warships In Gulf

The safe passage of U.S. warships into the gulf was no surprise to America's U.N. envoy, who said an attack by Iran on the warships or Kuwaiti oil tankers they are escorting was unlikely.

"I would be very surprised if there was an incident," Ambassador Vernon Walters said in a [CNN] television interview.

"The Iranians have their hands full," Walters said, adding that he did not believe they would risk a military confrontation with the U.S.

(Jim Adams, Reuter)

Iraq Hails, Iran Spurns, U.N. Peace Resolution

UNITED NATIONS -- Iraq welcomed a U.N. resolution demanding a cease-fire in the long-running war in the Persian Gulf, but Iran vowed to "never accept" a cease-fire and fight until it had overthrown the Baghdad government.

Diplomats said the conflicting responses appeared to scotch American hopes that a diplomatic offensive could bring the conflict to an end and eliminate the need for a U.S. military presence in the gulf.

(UPI)

Soviet May Balk On Gulf Arms Ban, An Official Hints

MOSCOW -- Soviet support for a U.N. effort to end the Iran-Iraq war does not necessarily extend to a possible international embargo on arms shipments to the combatants, a Soviet official and Middle East diplomats said.

The Soviet official, who is involved in Middle East policy but asked not to be identified, said Moscow's interest in maintaining good relations with Iran might preclude endorsement of an arms ban aimed at bringing Iran into compliance with a Security Council resolution, unanimously approved Monday, calling for a cease-fire.

(Philip Taubman, New York Times, A1)

Iran Won't Allow Iraqi Oil To Be Carried In Kuwaiti Tankers

LONDON -- Iran's foreign minister said that Tehran could not permit Kuwaiti tankers sailing under U.S. flag to carry oil for gulf war enemy Iraq.

Ali Akbar Velayati...said, "Contrary to what American officials have claimed, Kuwaiti oil tankers flying the U.S. flag, are in practice, carrying oil for the aggressor Iraqi regime, and...while Iran's oil is under threat from Iraq, Iran cannot permit Iraq's oil to be protected to strengthen its war machinery by means of Kuwaiti tankers, under whatever flags they may sail," Velayati said.

Velayati said that by strengthening its military presence in the gulf, the U.S. was "preparing itself for a clash with Iran and the expansion of tension."
(Reuter)

Oil Prices Seesaw As U.S. Escorts Kuwaiti Tankers

Oil prices seesawed in volatile trading on world markets as U.S. warships escorted the first Kuwaiti oil tankers flying the American flag into the Persian Gulf without incident.

Prices ended up higher in an emotional late afternoon rally on the New York Mercantile Exchange, but lost ground on the European spot market.
(Roz Liston, UPI)

IRAN REFUSES TO ALLOW FRENCH TO EXIT COUNTRY

PARIS -- Iran widened its diplomatic feud with France by refusing to allow a number of private French citizens to board a flight from Tehran to Paris this week, a French Foreign Ministry spokesman said.

The spokesman, declining to provide specific details of the incident, said France is trying to find out how many French citizens were refused permission to leave for Paris Tuesday on a scheduled Iran Air flight.

"We are trying to establish why these people were not allowed to board the flight," he said. "Obviously we are concerned about their situation, but we are trying to find out how many were made to remain, and why."
(Roman Rollnick, UPI)

U.S. ASKS PAKISTAN TO STOP PRODUCING BOMB-GRADE URANIUM Outside Inspections Also Requested

The Reagan Administration is asking Pakistan to reduce the efficiency of its uranium enrichment plant and permit outside inspection to ease the U.S.-Pakistan confrontation over nuclear weapons proliferation, Administration officials said.

The U.S. proposal is part of the "concrete evidence of Pakistani nuclear restraint" that Assistant Secretary of State Richard Murphy listed as a central U.S. objective in testimony before two House Foreign Affairs subcommittees.
(Don Oberdorfer, Washington Post, A37)

U.S. QUIETLY REDUCES TIES TO PANAMA

The Reagan Administration has quietly suspended military and economic aid to Panama, rejected a Panamanian government request to buy tear gas for use against public demonstrations and downgraded its contacts with military strongman Gen. Manuel Antonio Noriega as U.S.-Panamanian relations have soured in recent weeks, according to Administration officials.

The U.S. actions, none of which have been publicly announced, reflect a growing belief at high levels of the Administration that Noriega's domination of Panama is both unacceptable and under greater pressure than at any time since he took power as commander of the Panamanian Defense Forces in August 1983. (Don Oberdorfer, Washington Post, A1)

U.S.-ANGOLA TALKS ON NAMIBIA CALLED 'WASTE OF TIME'

LISBON -- President Reagan's top African expert described his talks last week with Angolan officials on Namibian independence as a waste of time which had dashed any hope of a new diplomatic initiative.

Assistant Secretary of State Chester Crocker said Angola's Marxist government offered no new ideas for agreement about independence for the South African-occupied territory or the withdrawal of an estimated 30,000 Cuban troops. (Reuter)

HILL LEADERS BEGIN PLANNING FOR CONFERENCE ON TRADE BILLS

A day after the Senate passed its trade bill, Majority Leader Robert Byrd called on House Speaker Jim Wright to begin planning for a crucial House-Senate conference that will have to steer a narrow line between congressional pressure for a tough law and the White House threat to veto a bill it finds objectionable.

The conference, expected to be one of the most complex ever, involving as many as nine House and Senate committees, is not likely to start until after Labor Day, when Congress returns from its August recess.

Nonetheless, U.S. trade officials pointed out that the House and Senate bills are complementary, with none of the provisions that the White House finds most objectionable contained in both measures. This makes it easier for the conference to modify the most objectionable procedures to avoid a veto while preserving parts of the bill Congress wants.

(Stuart Auerbach, Washington Post, E1)

MARINE LONETREE IN COURT-MARTIAL TRIAL

QUANTICO, Va. -- Marine Sgt. Clayton Lonetree, the only former guard at the U.S. Embassy in Moscow charged with spying in the sex-for-secrets scandal, pleaded innocent at the start of his court-martial.

Relatives of Lonetree, a Navajo Indian, clutched eagle feathers inside the court-martial room and a group of Indians outside the building where the trial is being held chanted and beat a drum in a show of support. The defense has said the military's case against Lonetree is "anti-Indian."

(Greg Henderson, UPI)

NATIONAL NEWS

HOUSE PASSES 'CATASTROPHIC' ILLNESS PLAN Bill Seeks To Protect Medicare Recipients

The House defied a veto threat and overwhelmingly approved a landmark bill to protect the nation's 31 million elderly and disabled Medicare beneficiaries against "catastrophic" hospital and doctor bills.

"It shows we can override a veto in the House," said Rep. Fortney (Pete) Stark, chief sponsor of the bill, which passed 302 to 127.

The bill does not provide long-term nursing-home benefits. But it "removes egregious gaps" in Medicare coverage, said Rep. Henry Waxman, the other key sponsor. (Spencer Rich, Washington Post, A1)

Catastrophic Health Bill Sails Through House

The most dramatic expansion of government health care protection for America's elderly since Medicare emerged from the Great Society legislation of the 1960s is headed for the Senate after resounding approval in the House.

The 302 to 127 margin...reflected the bipartisan support for the measure which has emerged as perhaps the most popular domestic issue of 1987.

A substitute that more closely tracked President Reagan's proposal failed on a 242 to 190, mostly party-lone vote that preceded the overwhelming vote for the Democratic version. (Jerry Estill, AP)

House Passes Catastrophic Illness Package

The House, ignoring a veto threat, overwhelmingly approved legislation that would protect 31 million elderly Americans from the excessive costs that come with catastrophic illnesses.

The catastrophic illness insurance bill passed 302 to 127, enough votes to override a veto, and was sent to the Senate. The 241 Democrats voting for the bill were joined by 61 Republicans; 14 Democrats joined 113 Republicans in opposing the measure.

House Republican leader Robert Michel said, "Unfortunately the Democratic majority's bill gives a good idea a bad name. The President's call for catastrophic coverage could have been a sterling example of bipartisan cooperation in Congress." (Tamara Henry, UPI)

A Medicare Shield For Costly Illness Passes The House

The House of Representatives voted to protect 31 million elderly and disabled people against the costs of catastrophic illness by approving the largest expansion of Medicare benefits in the program's 22-year history.

Rep. Pete Stark said: "This bill does not cost the Treasury one red cent. It is paid for entirely by Medicare beneficiaries."

But Republican whip Trent Lott said the bill showed that "Congress cannot control its insatiable appetite to spend and spend."

(Robert Pear, New York Times, A1)

House Overwhelmingly Passes Catastrophic Illness Protection

The House overwhelmingly passed the largest-ever expansion of the Medicare program, despite the controversy over costs and the threat of a presidential veto.

"This is the most important domestic policy improvement Congress will pass this session," said Rep. Pete Stark.... "No longer will going to the hospital be a red-tape nightmare with potentially devastating financial impacts for the elderly."

"We've drafted a financially burdensome and unpredictable piece of legislation," said Rep. Hal Daub. "We're essentially socializing the Medicare program."
(Any Bayer, Washington Times, A1)

BIDEN CAUTIONS DEMOCRATS ON BORK VOTE

Democrats will suffer politically if the battle over the nomination of U.S. Appeals Court Judge Robert Bork to the Supreme Court is seen as hinging on Bork's views on abortion or any other single issue, Senate Judiciary Committee Chairman Joseph Biden said.

Biden, a candidate for the 1988 Democratic presidential nomination, reiterated his opposition to Bork in his strongest terms to date but warned that Democrats risk being portrayed as "a special interest, single-interest vehicle" unless they mount a broad assault on Bork's fitness to succeed retired Justice Lewis Powell on the high court.

(Edward Walsh & Bill Peterson, Washington Post, A9)

Democrats Termed Left-Wing Captives

Senate Democrats reacting to the nomination of Robert Bork to the Supreme Court are showing themselves to be captives of left-wing interest groups, President Reagan's chief adviser on domestic policy said.

"The Bork nomination is an opportunity for the Democratic party to show that they are not in the hip pocket of special interests and leftist ideologues, who are insisting on litmus tests for the confirmation process," said Gary Bauer.

"The early signs are not good," Bauer said at a luncheon with Washington Times editors and reporters....

[Sen. Edward] Kennedy's attack was "predictable," Bauer said. But the fact that no other Democratic senator rebutted Kennedy's remarks -- or even criticized them as premature -- "seems to me a sign of the incredible power of ideologues in that party to cower other-side principled men into silence."
(Jennifer Spevacek, Washington Times, A12)

Biden/Bork

The presidential ambitions of Sen. Joseph Biden and the Supreme Court nomination of Judge Robert Bork are becoming more inextricably bound each day as political constituencies of every stripe focus microscopic attention on the senator's every move.

Acknowledging that some may feel his statements on Bork have been inconsistent, Biden plans to deliver a major speech Thursday of Supreme Court nominees [on the Senate floor].

"I don't regret any statements I made about Judge Bork at all," Biden told reporters. "What I regret is the timing of the statements.... I was more of a public relations mistake."
(Tom Baden, Newhouse)

Senate Split Dead Even On Bork, Cranston Says

The Senate is split dead even, 45 to 45 with 10 undecided, on the nomination of Robert Bork to the Supreme Court, according to a "whip" count made by Assistant Democratic leader Alan Cranston and released Wednesday.

The count, released by a Cranston aide, showed 45 senators supporting Bork, 45 opposing him and 10 undecided. No breakdown of the tally by party was given.

"I think that's very close [to being on target]," a source close to the Republican leadership said when advised of Cranston's count.

(Steve Gerstel, UPI)

Early Views On Civil Rights 'Libertarian,' Bork Explains

Supreme Court nominee Judge Robert Bork said that although he opposed federal civil rights laws in the 1960s -- a position likely to haunt him during his upcoming confirmation hearings -- his beliefs were based on a "libertarian perspective" of constitutional rights that he abandoned in 1971.

"I was always against laws that segregated," said [Bork].... "But at that time I had a libertarian perspective, and I was against laws that controlled individuals in their associations."

"By 1971 I published an article recanting everything, taking it all back," he added. "(It became) much more a question of whether a law is likely to add to the sum of human happiness or not, rather than whether it fits some abstract philosophical principle."

(Michael Fumento, Washington Times, A1)

EX-GOVERNOR NAMED TO COURT

President Reagan will nominate former Louisiana governor David Treen to the 5th U.S. Circuit Court of Appeals, the White House announced.

Treen, the first Republican governor of Louisiana since Reconstruction, would succeed the late Albert Tate on the bench in New Orleans.

(AP)

PARTISAN FIGHT BREWING OVER GRAMM-RUDMAN AS TALKS BREAK OFF

Senate Democrats and Republicans, following a failed attempt to find a bipartisan way of keeping the government from running out of money, are now bracing for a partisan fight.

"It'll be basically who has the votes," Sen. Phil Gramm said shortly after negotiations among Democratic and GOP lawmakers over changes in the Gramm-Rudman deficit reduction law broke off.

The partisan dispute delays congressional action on extending the national debt ceiling beyond its current \$2.111 trillion, with the government facing the prospect of having no money to pay its debts by late next week. The changes in Gramm-Rudman will be offered as amendments to the debt ceiling measure, perhaps as early as today. (Alan Fram, AP)

DEBTORS: UNCLE SAM WANTS YOURS

Owe the government? Uncle Sam wants you, your income tax refund, your car, your house or -- if you're a federal employee -- your paycheck.

"It's dragnet time," federal budget director James Miller announced.

"I will personally ask the attorney general to impound cars, homes and personal items of value belonging to any person who is not repaying a federal loan," Miller declared. (Jessica Lee, USA Today, A4)

PRESIDENT SIGNS HOMELESS BILL INTO LAW

President Reagan has signed legislation for the homeless into law, setting up a federal oversight board and authorizing more than \$1 billion in government aid for the problem during the next 14 months.

The measure directs the head of the Federal Emergency Management Agency to establish the board that will oversee expenditures of money for emergency food and shelter programs, and it authorizes local governments to set up their own commissions for assisting such distribution. (UPI)

PRESIDENTIAL AIDS COMMISSION BEGINS WORK TODAY

The Administration's commitment to the battle against AIDS enters a new phase today as a presidential commission addresses how to meet the challenge of an epidemic that has claimed more than 20,000 American lives.

One month after President Reagan announced its creation, the Presidential Commission on the Human Immunodeficiency Virus Epidemic is a reality. An announcement today was to start the clock ticking on its one-year mandate. (Norman Sandler, UPI)

RUDER: CRACKDOWN ON SECURITIES

David Ruder, President Reagan's choice to head the SEC, assured a Senate panel he would be a tough enforcer of insider trading laws.

Ruder, 58, a law professor and former dean of Northwestern Law School, said his inexperience in enforcing securities laws would not keep him from cracking down on Wall Street crime, as some lawmakers feared.

He told the Senate Banking Committee at a confirmation hearing that once at the SEC, he will "stop being the principal of the school and become the top cop." (Hugh Vickery, UPI)

FIRST LADY/'JUST SAY NO' CAMPAIGN

First Lady Nancy Reagan, backed by a young Hollywood star [Drew Barrymore], reached out to American business for help delivering her "Just Say No" to drugs message to 10 million students this fall.

While others acknowledged the important role government plays in the war on drugs, Mrs. Reagan told her private-sector guests, "What we need more than anything else to solve the problem is people."

"You can have a meaningful impact on the whole drug crisis," the First Lady added. "You have the power to make a difference. And I'm asking you today to use your influence, your energy, your resources, to prevent drug abuse." (Norman Sandler, UPI)

IRAN — NICARAGUA

'86 MEMO WARNED SHULTZ OF ARMS-HOSTAGES DEALS Secretary To Testify At Iran Hearings Today

In a memo from a key aide in June 1986, Secretary Shultz was warned that possibly illegal U.S. arms deals with Iran to free U.S. hostages in Lebanon were still secretly under way and "will have disastrous consequences for foreign policy," according to current and former Administration officials.

The memo, which is in the hands of the House and Senate Iran-contra committees before whom Shultz appears at 9 this morning, was written June 2, 1986, by Ambassador Robert Oakley, then director of the department's office of counterterrorism. It signaled Shultz that a White House-approved operation that State Department specialists believed was laid to rest the previous December had "reared its ugly head again."

According to a former colleague of Oakley, Shultz never responded to the memo or gave any indication that he took action to try to halt the secret program, which he had initially opposed but later told his staff he was powerless to stop because President Reagan wanted to pursue it.

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

Shultz Faces Contra Quiz On TV Today

Secretary Shultz encounters rigorous questioning from lawmakers on his role in the ill-fated Iran-contra policies.

Of particular interest: Did he duck out of the process once the President decided to proceed with the arms sale? Did he ask to be kept in the dark about specifics? (Leslie Philips, USA Today, A1)

Shultz To Face Close Questioning At Iran-Contra Hearing

Secretary Shultz, relatively unscathed so far in the Iran-contra affair, will be questioned closely at the hearings about his opposition to the Iran arms sales, his support for Elliott Abrams and his knowledge of the private contra resupply network.

Shultz will also have an opportunity to rebut Oliver North's story that the secretary praised North for doing a "remarkable job" in keeping the contras alive. (Joan Mower, AP)

Shultz To Testify Before Iran-Contra Panel

Secretary Shultz, the highest-ranking U.S. official to appear before the Iran-contra panel, is expected to offer testimony that dramatically differs from other accounts of the worst scandal of the Reagan presidency.

...Shultz is expected to highlight significant discrepancies between his recall of events and that of other officials, especially from Robert McFarlane, John Poindexter and Oliver North.

Shultz has told reporters he already has learned one lesson from the scandal's disclosures: "Never do business with John Poindexter."

(Jim Anderson, UPI)

IRAN-CONTRA PARDONS FAVORED Poll Reflects Limited Concern About Affair

Most Americans would look favorably on a presidential pardon for key figures in the Iran-contra affair, a new Washington Post-ABC news poll shows.

By a ratio of 2 to 1 and 3 to 1, they reject criminal prosecution of John Poindexter and Oliver North. Majorities would approve a formal pardon of the two men by President Reagan to forestall prosecution or punishment.

The poll showed continuing strong skepticism about Reagan's claims -- buttressed by Poindexter's testimony -- that he was unaware of the fund diversion.... But only one-third of those questioned said they would be bothered "a great deal" if Reagan had known.

The response to that and other questions suggested that many Americans see the whole affair as having limited importance. Only 40 percent said they thought Reagan had made "major mistakes" in this matter -- down from 52 percent at the time of the Tower commission reporting February.

(David Broder, Washington Post, A1)

REBELS GOT SMALL SHARE OF PROFITS Funds Were Set Aside For Other Covert Uses.

If Oliver North and his boss, John Poindexter, saw the diversion of profits from the U.S.-Iran arms sales as a way to keep alive "the body and soul" of the Nicaraguan contras, why did most of the money not reach the rebels?

At a time when North was sending his superiors vivid and gloomy accounts of ragtag contra troops with no money for food or bullets, millions of dollars in profits from the Iran arms sales sat untouched in Swiss bank accounts controlled by North's chief assistant, retired Air Force major general Richard Secord, and Secord's business partner, Albert Hakim, according to records made available by the congressional Iran-contra committees.

Of \$16 million from the sales, just \$3.5 million was spent directly on the contras, congressional investigators have concluded.

(Joe Pichirallo, Washington Post, A23)

IRAN DATA SOUGHT FROM JUSTICE DEPT. Walsh's Request Covers Inquiry Last Fall

Independent counsel Lawrence Walsh has asked about 20 present and former Justice Department officials, including Attorney General Meese and former FBI Director William Webster, to turn over a wide range of documents relating to the department's controversial inquiry into the Iran-contra affair last fall.

Sources said the request did not represent an expansion of Walsh's inquiry but rather an effort by his prosecutors to ensure that nothing had been overlooked before Oliver North and John Poindexter began testifying under grants of limited immunity from prosecution.

(George Lardner, Washington Post, A23)

BYRD PROPOSES CONTROLS ON COVERT
ACTIVITIES DIRECTED BY PRESIDENT

Senate Majority Leader Robert Byrd, in one of the first legislative measures to arise from the Iran-contra affair, is proposing closer controls on a president's ability to carry out covert activities.

"Informal or gentlemanly arrangements" between the president and Congress concerning covert activities are insufficient, the West Virginia Democrat said in a speech on the Senate floor. "Where flexibility is granted to the executive it seems to have simply been taken advantage of."

Byrd also complained there has "apparently been an epidemic of amnesia" on the part of key Iran-contra figures who have testified at the congressional hearings. He charged that some of the witnesses "seem intent on attacking" the committees for their search for the truth.

(AP)

SPECIAL-COUNSEL LAW IS RULED CONSTITUTIONAL

A federal judge has ruled for the first time that the independent counsel law underpinning an unprecedented number of investigations of Reagan Administration officials is constitutional.

U.S. District Court Judge Aubrey Robinson said the legislation was an appropriate and measured response by Congress "to the recurrent question of how to enforce the laws of the U.S. when they are violated by high government officials...."

"For the United States," Robinson added, "the act represents a landmark effort to instill public confidence in the fair and ethical behavior of public officials."

(George Lardner, Washington Post, A1)

-End of A-Section-

NETWORK NEWS SUMMARY

(Wednesday Evening, July 22, 1987)

PERSIAN GULF

NBC's Tom Brokaw: An American Navy captain, addressing his crew on the USS Fox today, "Remember, this is the real thing. This is not a drill. We will make sure that these ships get to Kuwait on time and unharmed." And with that the Fox and two other American warships began their controversial mission escorting two Kuwaiti tankers flying American flags into the Persian Gulf past Iranian missiles sites. Tonight that convoy is into the Gulf and so far -- no trouble. It is scheduled to arrive in Kuwait on Friday.

NBC's Rick Davis: The convoy cleared the Strait of Hormuz this afternoon. Sailors aboard the Navy warships were at general quarters -- the highest alert.... They passed within 14 miles of the Iranian Silkworm missiles.... The commander of the convoy said, "If they launched one, that would probably be the last one." ...

(Robert Sims: "There are still risks involved in the rest of the mission and we'll be quite happy and relieved when Friday comes and we can say that they have reached Kuwait.")

The only Iranian attacks today were verbal. The words of Iran's president directed against the U.N. resolution. He said, "Iran will never accept the resolution implemented under U.S. pressure. We will pursue until the elimination of the regime Iraq." In Baghdad, Iraq's ruling revolutionary command, which runs the country, endorsed the U.N. resolution... But on the NBC Today program, Iraq's ambassador to the U.S. issued a note of caution.

(Nizar Hamdoon: "It's a total war, therefore, one cannot isolate this and ask Iraq to refrain from using its air superiority and just leave that advantage to Iran to launch ground offensive at the time and the place they want to.")

There are reports from Iran and Iraq tonight of renewed heavy fighting in the ground war. In the past, Iraq has responded with air attacks against Iranian oil installations and shipping. If that happens again, Iran promises all-out-tanker war in the Gulf.

(NBC-Lead)

ABC's Peter Jennings: This is the quote of the day: "We are relieved to hear they are out of the Silkworm window." That was the Pentagon spokesman today when he heard that the two Kuwaiti oil tankers which are now registered American ships had navigated the Strait of Hormuz and were well on their way through the Persian Gulf. Did anyone really expect the Iranians would try to make trouble today? There were no displays of hostile intent, but it was an anxious day.

ABC's David Ensor reports that the convoy emerged safely into the Persian Gulf from the Strait of Hormuz at about 4 o'clock this afternoon. So far the operation, code-named...is going well.... As it sails, Iran's president is promising to strike blows against what he calls the ominous U.S.-Kuwaiti alliance. And Tehran radio is saying Iran reserves the right to strike at any ship, whatever the flag.

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Jennings: In Washington today officials were naturally pleased that this first day was without incident, but they also realized there are many days ahead.

ABC's Bob Zelnick reports: Responding to Iranian threats, White House Chief of Staff Howard Baker said U.S. actions in the Persian Gulf furnish no excuse for aggression.

(Sen. Howard Baker: "The United States has but one interest, and that is to make sure that there isn't an interruption of international access to the Persian Gulf.")

Pentagon officials expressed guarded relief that the first convoy had passed the point of maximum danger in the Strait of Hormuz.

(Robert Sims: "However, I must remind you that there are a number of threats that could pertain to us, in addition to Silkworm missiles.")

Those threats include attacks by Iranian patrol boats, other small vessels and helicopters, often hard to distinguish from innocent boats and aircraft. To help meet this threat, ABC News has learned that the SH-2 helicopter aboard the destroyer Kidd has now been outfitted with an M-60 machine gun. In addition, Pentagon officials say the battleship Missouri and four other ships scheduled to join the escort operation in late August will also carry armed helicopters.... But before (the operation) is over, senior officials predict Iran will try to embarrass the United States. (ABC-Lead)

CBS's Dan Rather: After months of debate and military preparation it was full speed ahead today in the Persian Gulf. American warships and planes escorted two tankers through the straits en route to Kuwait. U.S. officials say Iran sent half a dozen warplanes up over its missile sites and one plane was warned to keep its distance by the U.S. destroyer Kidd. But so far as can be determined, the Iranians made no actual moves trying to stop the convoy.

CBS's Allen Pizzey reports on the convoy movement through the Straits. Iranian officials today said they would strike blows if necessary in what they termed the ominous alliance between Kuwait and the U.S.... Maritime officials said the Iranians were keeping a low profile....

(Robert Sims: "There is still risk involved in the rest of the mission and we'll be quite happy and relieved when Friday comes and we can say that they have reached Kuwait.")

CBS's Tom Fenton reports from London that there are no shortage of Iranian volunteers for suicide missions. The current faceoff is how Iran sees itself in a constant state of war with the West, ready to fight at any opportunity and ready to use any means.

(Mohammed Basti, Iranian diplomat: "If America insists on threatening the revolution, threatening the peace and security in the area, well, they've got to wait for its repercussion.")

(CBS-Lead)

ARMS CONTROL

Brokaw: The White House today was dealing with a major new arms control offer from Soviet leader Mikhail Gorbachev. He proposed a double-zero option -- zero intermediate and short-range nuclear missiles in Asia as well as in Europe. This was welcome news to the Reagan Administration.

NBC's Chris Wallace: Gorbachev made his latest move in an interview with an Indonesian newspaper broadcast tonight on Soviet television. He was quoted as saying, "We will proceed from the concept of a global double-zero -- elimination of all medium and short-range missiles from Europe and Asia." This appears to remove a major obstacle to an arms deal. The White House has been pushing the zero option but the Soviets had insisted on keeping 100 warheads in Asia and the U.S. said it might then put 100 warheads in Alaska -- within range of Soviet territory. Today, U.S. officials called Gorbachev's change of mind very encouraging.

(Kenneth Adelman, arms expert: "I would say to the Soviets -- welcome aboard. It's about time that they have agreed with the President to eliminate an entire class of weapon systems.")

Officials say not only will the zero option remove a nuclear threat from Asian, but it would simplify the verification issue since it's easier to make sure no missiles are put in place than to keep track of 100. An arms control activist was optimistic about an agreement --

(Paul Warnke: "If Mr. Gorbachev means what he appears to say and we're prepared to say, 'Yes,' for an answer -- then we can get a deal.")

But White House spokesman Marlin Fitzwater was more cautious, noting positive Soviet statements are often linked to unacceptable conditions. The Soviets have called for a meeting of arms negotiators tomorrow in Geneva at which the U.S. hopes to see a formal proposal. American officials say they will be especially interested in whether Gorbachev drops his call for removal of short-range German missiles, which is another major stumbling block. Congressional leaders warn not to make too much of what Gorbachev tells the newspaper.

(Sen. Dole: "The proof is in the pudding. In this case, the pudding being the firm signed and sealed proposals the Soviets lay on the table in Geneva.")

Officials here say they had no advance warning of Gorbachev's move and, in fact, they had been complaining recently about Soviet foot dragging. But while surprised once again by Gorbachev's timing and tactics, U.S. officials are so far very pleased with the result.

(NBC-2)

Jennings: The Soviet Union has made an important announcement about arms control. After several weeks of no progress at all in Geneva, the Soviets said today they are ready to eliminate medium and shorter range missiles in Asia as well as in Europe. The Reagan Administration is encouraged.

ABC's Rick Inderfurth: Mikhail Gorbachev made the offer in an interview today with an Asian journalist. Soviet television then reported the details of that offer which will be placed on the table in Geneva tomorrow.

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Inderfurth continues:

(Gorbachev via translator: "I am making concrete and new proposals, namely, the Soviet Union is prepared to remove all medium-range missiles from Soviet Asia.")

And Washington's reaction -- at the White House spokesman Marlin Fitzwater said the U.S. welcomes Gorbachev's move, that it gave some reason for encouragement that a treaty can finally be reached. At last year's summit in Iceland, President Reagan and Soviet leader Gorbachev agreed to eliminate all medium-range missiles from Europe while retaining 100 medium-range missile warheads elsewhere.

(TV coverage: File footage of the President and Gorbachev in Iceland.)

Since then, however, the U.S. has pushed hard for a global zero plan, saying that verifying a treaty with no missiles would be far easier than checking on some.... But U.S. officials caution that a medium-range missile agreement is not a done deal. The Soviets continue to insist that West German's 72 short-range Pershing missiles be included as part of the accord -- a demand the U.S. rejects. Still, today's offer by Mikhail Gorbachev could not have come at a better time for President Reagan. Not only does it open up the possibility of the first arms control agreement of his Administration, but a high profile superpower summit with the Soviet counterpart.

(ABC-3)

Rather: The Soviet Union indicated again today it believes President

Reagan may now be eager for a deal on nuclear weapons. Communist party leader Gorbachev offered to sweeten the pot a bit, to trade in some more big chips, and Mr. Reagan quickly sent back a positive signal.

CBS's Bill Plante: In an apparent effort to break an arms control deadlock of several weeks, Soviet leader Mikhail Gorbachev told an interviewer he is willing to eliminate medium-range missiles in Asia as well as Europe. Soviet negotiators are expected to introduce the formal proposal tomorrow in Geneva. At their summit meeting in Reykjavik, Gorbachev and President Reagan agreed in principle to do away with Soviet and U.S. medium-range missiles on European soil but to allow each side to keep 100 warheads in Soviet Asia and on the U.S. mainland.

(TV coverage: File footage of the President, Gorbachev shaking hands at Reykjavik, October 1986).

By endorsing the so-called global double zero option, Gorbachev would agree to scrap those warheads, too -- something the U.S. has wanted all along. The deal would not affect each nation's huge arsenals of long-range nuclear weapons. The President's spokesman said the Soviet offer gives some reason for optimism. On Capitol Hill, even some of the Administration's most conservative supporters were encouraged.

(Sen. James McClure: "The reported acceptance of that option I think is a real step forward and I think it indicates that the President's negotiating posture and his negotiating efforts are bearing fruit.")

But the White House is afraid to appear too excited. Spokesman Marlin Fitzwater noted earlier positive Soviet agreements on arms control, which when examined, contained unacceptable conditions.

Rather: Bill, what are the chances it's the real thing this time?

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Plante: Well, pretty good, according to several experts who believe the Soviets were just waiting to see how Mr. Reagan weathered the most potentially dangerous part of the Iran-contra hearings -- and that they're now ready to do business as usual.

Rather: Then what's the next step?

Plante: The next step would be the announcement of the postponed meeting between the Soviet foreign minister and our Secretary of State. If that's back on, it will be a signal that an arms control agreement -- and a summit -- are likely. (CBS-2)

IRAN-CONTRA HEARINGS

Brokaw: There was no hearing today in the Iran-contra investigation, but tomorrow Secretary of State Shultz will appear and then next week the committee will turn to Attorney General Edwin Meese who has come under closer scrutiny by Special Prosecutor Lawrence Walsh. Investigators disclosed that Walsh has asked for a raft of new documents about Meese's own inquiry into the affair.

NBC's John Dancy: Attending a White House anti-drug meeting today, Attorney General Meese did not talk about Walsh's request for thousands of Justice Dept. documents. Walsh, the special prosecutor, has asked for everything from investigative records to notebooks, to telephone message slips concerning the Justice Dept.'s five-day investigation in late Nov. into the Iran-contra affair.

(Terry Eastland: "We are confident here that this Department -- that there has been nothing here that implicates us in any wrongdoing. And that we have, moreover -- that we have conducted ourselves in an exemplary fashion.")

In the Iran-contra hearings witness after witness has testified that Meese and his men handled the investigation in a manner that some committee members consider sloppy and unprofessional. For example, Assistant Attorney General Charles Cooper told of Meese's meeting with Lt. Col. Oliver North last Nov. as the story became public. Meese asked North about a memo investigators had found in North's files detailing the diversion of money to the contras.... Committee members say it was that question that tipped North that the Attorney General had evidence of a diversion. North used it to his advantage.... Other witnesses, like former National Security Advisor John Poindexter, testified that Meese's questions were perfunctory.... Committee members now want to know whether Meese's fact-finding mission was just inept or part of a cover up -- a signal to the President's staff to get rid of the evidence. (NBC-5)

Jennings: It doesn't take much to remind the Reagan Administration how Iran can suddenly bite you and what the aftereffects can be. In the wake of Adm. Poindexter's Iran-contra testimony on Capitol Hill we have taken another poll. And 63 percent of those we asked still believe that President Reagan did know about the diversion of money from the Iranian arms sales to the contras. And 60 percent tell us they believe the admiral was covering up for Mr. Reagan. Although -- and this is something we haven't seen before -- nearly half the people polled believe that mistakes in the Iran-contra affair were minor. (Polling error margin of 4 percent.)

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Jennings continued:

63% Believe President knew about diversion
60% Believe Poindexter covering up for President
48% Believe mistakes were minor

We asked folks what they thought of this idea that Admiral Poindexter and Colonel North should be pardoned. Fifty-four percent believe the admiral should get a pardon and 66 percent of those we asked approve of a pardon for Colonel North.

Favor Pardon for Poindexter: 54%
Favor Pardon for North: 66%

The hearings continue tomorrow when the witness will be the Secretary of State, George Shultz.

ABC's John Martin reports on the committee's questions, which will center on what George Shultz knew of the sales of arms to Iran -- which he opposed -- and the supply of arms to the contras, which he apparently favored, if carried out legally.... For months, Shultz has insisted the march (of events) continued without his knowledge. On arms to Iran:

(Secretary Shultz on Nov. 16: "My own information about the operational aspects of what was going on was fragmentary at best.")

On diversion of the funds to the contras:

(Secretary Shultz on Dec. 8: "My role in that was zero. I knew nothing about it until it came out.")

But the committee wants to know whether Shultz didn't want to know.... In one White House meeting Shultz called the Iran arms sale policy "perverse." Some committee members want to ask why he did not resign.

(Sen. George Mitchell: "How much he did know and how vigorously he opposed it, and particularly what steps he took after he registered his opposition to the President initially.")

A second key area of questions: what did Shultz know of Oliver North's secret contra supply operation through his deputy, Elliott Abrams. From here, Shultz will apparently say he thought Colonel North was raising morale, not weapons, and that he was misled by Admiral Poindexter and had no control over decisions that led to disaster.

(ABC-2)

LONETREE TRIAL

Brokaw: At a Marine base in Virginia, Sgt. Clayton Lonetree came out of 8 months of solitary confinement to face a court-martial on 13 counts, including espionage. Lonetree, an Indian, is accused of being the pivotal figure in the sex-and-spy scandal of the U.S. Embassy in Moscow. This case now is a lot less sensational than when the story first broke.

NBC's Fred Francis reports on the first day of Lonetree's espionage trial. Charges [against Lonetree] fell apart after investigators were accused of coercing confessions and manipulating polygraph tests. The lesser case against Lonetree is all that remains, though he still faces life in prison, if convicted.

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

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AIDS/HUMPHREY

Brokaw: Sen. Humphrey, a New Hampshire Republican, has criticized the expected appointment of a homosexual to a White House panel on AIDS. Calling homosexuality "immoral," the Senator said that if Dr. Frank Lilly, a genetics expert from New York, is named to the panel, it will send a wrong message to society and to young people. (NBC-8)

INFLATION

Brokaw: If you thought you were paying more for much of what you were buying last month, you were right. The consumer price index in June rose by four-tenths of a percent with rising energy costs and higher food prices accounting for most of the increase. The June figures capped the worst six months of inflation since 1982. The annual rate, based on the first six months of the year now is 5.4 percent. (NBC-11, ABC-7, CBS-5)

CATASTROPHIC INSURANCE

Brokaw: The House of Representatives tonight passed a sweeping expansion of Medicare to protect the nation's 31 million elderly from the high cost of catastrophic illnesses. But the White House is threatening a veto, saying the bill goes beyond what the President wants. (NBC-9, ABC-10, CBS-7)

HOMELESS

Rather: President Reagan signed into law today a much-delayed bill designed to help the homeless. It provides funds for emergency food and shelter programs and it sets up a federal board to oversee them. (CBS-9)

JACK LESCOULIE DIED

Brokaw: We lost a friend today. A member of the NBC family -- Jack Lescoulie died today of cancer in Memphis. He was one of the originals on the NBC Today Show when it began in 1952 and for 15 years Jack Lescoulie expertly played the role of second banana -- interviewing pigeons, scrimmaging with the New York Giants football team and rescuing guests and hosts when they got into trouble. He was 75 years old. (NBC-14, CBS-13)

-End of B-Section-

EDITORIALS/COLUMNISTS

PERSIAN GULF POLICY

U.N. Bid For Cease-fire: Support For Gulf Stability -- "The U.N. Security Council's unanimous demand this week for a truce in the Iran-Iraq war offers welcome global support for stability in the Gulf just as the potentially dangerous U.S. reflagging of Kuwaiti oil tankers there begins.... Unfortunately, the Administration was never interested in an international approach, largely because it would have involved the Soviets as well.... A confrontation with Iran is not in U.S. interests. Instructions to the U.S. fleet should in no way put it in the position of firing first; the United States needs a clear rationale to defend its action. Restraint on every side is the demand of the day."

(Christian Science Monitor, 7/22)

Persian Gulf Patrols: No Real Choice -- "Confusion over the reasons for President Reagan's decision to place 11 Kuwaiti oil tankers under the protection of the U.S. Navy is understandable. Kuwait, after all, is no ally of America.... In protecting Kuwait's tankers, the U.S. is actually defending vital economic interests -- not only its own, but those of the Western allies -- in a strategically crucial waterway.... A failure to act would have virtually abandoned the Gulf to Soviet domination, enabling Moscow, gratis, to achieve a long-cherished ambition. Protecting the Gulf is America's duty. As the leader of the free world, it has no choice. That must be kept in mind during the dangerous days, weeks -- even months -- ahead."

(New York Post, 7/22)

IRAN-CONTRA HEARINGS

Why Even Talk About Pardons? -- "The congressional investigation of the Iran-contra affair isn't over, and the special prosecutor, Lawrence E. Walsh, seems to be just hitting his stride, but already the idea of pardoning the President's men is being talked about. The discussion is not only poorly timed, but highly offensive.... The White House is reacting coolly to the idea of prospectively granting pardons, calling such talk premature but not ruling out the possibility. If Mr. Reagan still knows what's good for him politically -- and he's shown impressive political instincts for many years -- he will make it plain without delay that pardons are out of the question for a President who has crusaded for law and order."

(The Hartford Courant, 7/22)

Is He For Real? -- "Had the Reagan Administration's surreptitious and self-deluding effort to curry favor with Iranian 'pragmatists' and ransom American hostages from Lebanon remained a closely held secret, there's no telling what U.S.-Iran relations might look like today. In Adm. Poindexter's vision, the hostages would no doubt all be safely home and friendly voices in Tehran would be singing the praises of the once-despised Great Satan. It would be a triumph of covert statecraft. To Poindexter's great regret, none of this was to be.... Even the Administration's strongest friends on the committees had to gag at Poindexter's repeated assertions that he did no wrong during his White House tenure. As it happens, that claim was one of the few things in his testimony that he was unequivocal about." (The Los Angeles Times, 7/22)

IRAN-CONTRA HEARINGS (continued)

Take The Offensive -- "Having survived the worst that the Iran-contra committees can come up with, President Reagan should come out of the bunker and start fighting for what he believes. Strike while the iron is hot, Mr. President. For the first time, some polls are showing plurality support among Americans for the Nicaraguan contras. Instead of waiting until fall, as many seem inclined to do, he should demand an aid vote right now. And instead of the piddling \$100 million he asked for last year -- which is about enough to keep the war going but not to win it -- he should demand \$500 million, enough to equip fully every one of the 20,000 or so freedom fighters and allow them to really conduct operations.... If President Reagan allows the flames of public opinion to cool, he will be abandoning the field to the enemies of his policy. After seven months of cowering behind a veil of ignorance, he should come out swinging."

(The Boston Herald, 7/21)

Iran-Contra: Policy Disaster -- "Now that the record of evidence is nearly complete, it is clear that the entire tawdry episode of the Iran-contra arms sales represents a dismal failure of the Reagan Administration's policy in the Middle East and in Central America. And it's equally clear that this awful chapter in American history could have been avoided if the President's men had trusted the constitutional role of elected officials in setting foreign policy -- rather than placing their faith in the hands of proven international liars, a terrorist government and greedy private arms dealers.... The bottomline is this: Poindexter and North completely misread the intentions of their President, secretly designed a foreign policy in contradiction of White House desires, destroyed evidence to cover up the truth of their recklessness, then silently watched the President skewer himself by falling victim to their deceit. And they did all this while wrapping themselves in the protective bunting of patriotism."

(The Denver Post, 7/19)

There's No Smoking Gun; That's The Good News -- "So the smoking gun isn't there. Good for President Reagan. It is a shame that this particular cloud -- the question of whether the President knew about the diversion of Iranian money to the Nicaraguan contras -- has been hanging over his head for so many months; it has been there apparently because of the legal advice one man was getting. Adm. John Poindexter certainly has a right to take advantage of his rights. But the government also has a right -- an obligation -- to investigate the legal aspects of what went on when the Reagan Administration was doing things that, when revealed, apparently shocked even the President.... Is Mr. Reagan somewhat responsible? Was his aide's reading of him irrational? The early Poindexter testimony at the Iran-contra hearings paints a troubling picture of the Reagan Administration. He makes it clear that Col. North did, indeed, have the approval of his superior for his activities, at least in 1986."

(Dayton Daily News, 7/17)

When The President Lost His Battle, His Aides Could Not Win A War -- "In reaction to North, members of Congress and other critics of the Administration ended up doing a lot of preaching and lecturing, and because their motives were in part self-serving it is easy to dismiss what they had to say. But preaching aside, the truth is that what North and Poindexter tried to do (in effect, to save us from ourselves) just didn't work."

(Robert Akerman, The Atlanta Journal/Constitution, 7/19)

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FOREIGN MEDIA REACTION

PERSIAN GULF

"The U.S. rejected a Soviet offer of top-level talks on cooperation in the Gulf in the wake of Monday night's unanimous call by the U.N. Security Council for a cease-fire in the Iran-Iraq war.... The U.S. statement seemed to dash hopes that the superpowers might increase cooperation in an effort to ease Gulf tensions, which Moscow believes have been heightened by the increased U.S. naval presence in the region."
(Financial Times, Britain)

"A more serious problem is that the long-term objectives of the American policy are not clear. Is the U.S. seeking to prevent the war spreading or looking for a pretext to undermine Iran? The U.S. will not be able to turn the war in Iraq's favor. Nor should it do so."
(Independent, Britain)

"The deployment, protested by Moscow, is the direct consequence of the competition between the two superpowers.... For U.S. officials it was unacceptable to let the U.S.S.R. play the role of protector of navigation in the Gulf."
(Le Monde, France)

"Iran gambles that the [U.N.] resolution will remain a dead letter. However the text is not a mere academic exercise. This time the credibility of the Security Council is at stake."
(Figaro, France)

"If sanctions are implemented against Iran, time will be on the side of Iran rather than the side of those implementing the sanctions. However, the U.S. is facing a crisis in credibility in...Arab countries which is forcing it to act. The reflagging of Kuwait ships...is a sign that the U.S. is taking sides with Iraq, if only indirectly.... This alone results in the internationalization of the conflict."
(Die Welt, West Germany)

"Hopes of arriving at peace in the Persian Gulf through the U.N. resolution are hanging by a very thin thread.... A very important element for the success or the failure of the U.S. resolution is represented by the Soviet position. In a letter sent to President Reagan, Soviet leader Gorbachev has just reiterated Moscow's support for the U.N. Security Council initiative...and has additionally proposed U.S.-Soviet talks 'at any level' to put an end to the war. The White House...called the tone of the letter 'positive.'"
(Corriere della Sera, Italy)

"Nobody (in the U.S.) denies that the U.S. presence in the Persian Gulf must be maintained. It is the spectacular methods used to reaffirm it that are not unanimously approved. And one suspects the Administration of having improvised a particularly dangerous region. It is true that the official objective of the undertaking -- to assure free passage of oil -- barely hides the true objectives: to reassure the Arab states about the U.S. credibility after the mad Irangate escapade and to offset Soviet influence in the Gulf."
(Le Soir, Belgium)

-End of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JULY 23, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

White House Welcomes Soviet Arms Offer -- The White House welcomed a Soviet offer for the global elimination of medium-range nuclear missiles, but stopped short of declaring an arms control breakthrough in the absence of concrete details.

(Wall Street Journal, Washington Post,
Washington Times, AP, Reuter, UPI)

NATIONAL NEWS

House Passes Catastrophic Illness Package -- The House, ignoring a veto threat, overwhelmingly approved legislation that would protect 31 million elderly Americans from the excessive costs that come with catastrophic illnesses.

(New York Times, Washington Post, Washington Times,
AP, UPI)

IRAN-NICARAGUA

Shultz To Testify Before Iran-Contra Panel -- Secretary Shultz, the highest-ranking U.S. official to appear before the Iran-contra panel, is expected to offer testimony that dramatically differs from other accounts of the worst scandal of the Reagan presidency.

(USA Today,
Washington Post, AP, UPI)

NETWORK NEWS (Wednesday Evening)

PERSIAN GULF -- American warships and planes escorted two tankers through the Strait of Hormuz en route to Kuwait.

ARMS CONTROL -- Kremlin leader Gorbachev said he is ready to eliminate medium and shorter-range missiles from Asia and Europe.

IRAN-CONTRA -- Secretary Shultz will appear before the Iran-contra committee this week.



INTERNATIONAL NEWS

GORBACHEV OFFERS CONCESSION ON MEDIUM-RANGE MISSILES

MOSCOW -- In a major policy shift, Kremlin leader Gorbachev said that Moscow is prepared to drop its demand to retain 100 Soviet nuclear missile warheads in Asia as part of a treaty to eliminate all Soviet and American intermediate-range missiles deployed in Europe and Asia.

b Gorbachev, in an interview with an Indonesian newspaper that was distributed by the official Soviet news agency Tass, offered the concession contingent on the U.S. renouncing its right to deploy 100 warheads on its territory. The U.S., which has solicited such an offer, has already agreed to do so if the Soviets consent to remove the 100 warheads from Asia.

"Shorter-range missiles will also be eliminated. In other words, we will proceed from the concept of a 'global double zero,'" Gorbachev said.

(Gary Lee, Washington Post, A1)

Gorbachev Accepts 'Global Double Zero'

MOSCOW -- Mikhail Gorbachev said in an interview published Wednesday he would accept a "global double zero" option in nuclear arms talks, dropping the Soviet Union's insistence on keeping 100 warheads in Asia if the U.S. gives up the right to base 100 warheads on its own territory.

"And now I can announce: the Soviet Union, going halfway to meet the Asian countries and taking into account their concern, is prepared to destroy all its medium-range missiles also in the Asian part of the country," Gorbachev said in an interview....

"That is, it is prepared to remove the issue of retaining 100 warheads on medium-range missiles that are being discussed at the Geneva talks with the Americans, provided, of course the United States does the same," Gorbachev said. "Operational and tactical missiles will also be eliminated."

(Gerald Nadler, UPI)

White House Welcomes Soviet Arms Offer

The White House welcomed a Soviet offer for the global elimination of medium-range nuclear missiles, but stopped short of declaring an arms control breakthrough in the absence of concrete details.

A senior U.S. official said the Soviets have asked for a plenary session of Thursday's INF talks in Geneva "and we're hoping that they will put this proposal on the table."

There was no explanation of the timing of the Gorbachev offer, which one U.S. official regarded as a sign the stalled INF talks were "back on track." While the offer followed critical testimony in the Iran-contra hearings, [spokesman Marlin] Fitzwater said U.S. officials assumed it was based on policy considerations, rather than politics.

(Norman Sandler, UPI)

Gorbachev Shifts On Asian Missiles

Soviet leader Gorbachev, in a potential breakthrough for the stalled Geneva arms talks, said his nation will agree to U.S. proposals for eliminating both classes of intermediate-range nuclear forces from Asia as well as Europe.

"Some 80 percent of the differences that were remaining in INF between us and the Soviets will now be by the boards -- if there are no hidden conditions," Kenneth Adelman, director of the U.S. Arms Control and Disarmament Agency said in a telephone interview.

(Warren Strobel & Jeremiah O'Leary, Washington Times, A1)

Soviets Appear To Soften Stand On Nuclear Pact

Soviet leader Gorbachev apparently has removed a major obstacle to an arms-control agreement with the U.S., ending a month-long Moscow-induced stalemate in negotiations.

[Kenneth Adelman said] that the Soviet move shows that Moscow still prefers making a deal with President Reagan to waiting for a more friendly administration. "They think of Ronald Reagan as a strong president, one able to deliver the goods and get an agreement ratified."

(Frederick Kempe, Wall Street Journal, A27)

New Gorbachev Overture Raises New Hopes For Arms Accord

Soviet leader Gorbachev's latest arms control overture is reviving U.S. hopes for an agreement to remove all Soviet medium-range missiles in Europe and Asia.

"It's wunderbar," an enthusiastic State Department official said after Gorbachev offered to junk the rockets if the Reagan Administration agreed not to transfer 33 missiles from Western Europe to Alaska.

The official, speaking only on condition he not be named, said Gorbachev's proposal apparently removes the major hurdle to an agreement on medium-range arms -- verification. (Barry Schweid, AP)

Gorbachev Missile Offer Appears To Suit NATO, Officials Say

BRUSSELS -- Soviet leader Gorbachev's offer to accept elimination of medium and shorter-range missiles from both Europe and Asia appears to meet basic NATO demands, Western alliance sources said.

But they said that Gorbachev's words had to be translated into concrete proposals at the negotiating table in Geneva.

"The devil is always in the fine print. We have to see this proposal written down in Geneva yet," one diplomat said.

But NATO diplomats said the signs were that after a spell of foot-dragging by Moscow in Geneva the path may now be clearing toward an INF agreement this year. (Richard Balmforth, Reuter)

REFLAGGED TANKERS ENTER PERSIAN GULF Convoy Passes Iranian Missile Site

KUWAIT -- Two American-flagged vessels accompanied by three U.S. warships passed through the Strait of Hormuz up to 12 miles of the Iranian coastline without incident in the first stage of the controversial U.S. plan to protect Kuwaiti oil tankers from hostilities in the Persian Gulf.

The three American warships, on high alert and bristling with weapons and sensors, lined up in formation with the two Kuwaiti tankers and steamed against a stiff wind and choppy seas into the strait and within range of Iranian Silkworm missile sites.

(Patrick Tyler, Washington Post, A31)

Tankers Steam Through Strait Of Hormuz

ABOARD THE USS KIDD IN THE PERSIAN GULF -- Three Navy warships and a pair of reflagged Kuwaiti tankers steamed through the Strait of Hormuz and entered the Persian Gulf without incident.

The convoy, code-named Earnest Will, is heading for Kuwait at the northern end of the gulf, where the tankers Bridgeton and Gas Prince will be loaded with crude oil and refined oil products for the trip back down the gulf.

"It's pretty quiet right now. Everything looks pretty quiet," Cmdr. Daniel Murphy, skipper of the destroyer Kidd, told his 380 men in a mid-afternoon assessment that summed up the trip past the threat of attack by antiship Silkworm missiles stored by Iran along the north side of the 50-mile wide gulf.

(UPI)

Convoy Enters Gulf With Soviets Shadowing

ABOARD THE USS KIDD IN THE GULF -- Three Navy warships and two Kuwaiti tankers under the U.S. flag steamed through the Strait of Hormuz and entered the gulf unchallenged by Iran but shadowed by the Soviet Union.

Shortly after noon, U.S.-operated AWACS aircraft reported many Iranian F-4 jets taking off from the Iranian base at Bandar Abbas.

The Iranian aircraft were warned by U.S. forces to stay clear and they did so, according to a news agency pool report distributed by the Pentagon.

(Reuter)

Gulf Convoy Steams Beyond Missile Threat

ABOARD THE USS FOX, Persian Gulf -- Three U.S. Navy warships and the two oil tankers they are guarding sailed swiftly up the Persian Gulf after passing safely beyond the range of Iranian Silkworm anti-ship missile batteries guarding the Strait of Hormuz.

But Navy officers commending the ships said one of the most hazardous parts of the voyage will come when the convoy approaches Kuwait tomorrow.

For the second time on their 550-mile passage through the gulf, the warships and the Kuwaiti tankers...will come within a mile of Iran's declared war zone.

(James Dorsey, Washington Times, A1)

Pentagon Delayed News Reports From Persian Gulf

The Defense Department disclosed that it withheld five media reports written Monday by journalists aboard Navy ships in the Persian Gulf because the dispatches contained "sensitive" details of the Kuwaiti tanker escort operation.

Defense Department spokesman Robert Sims said he did not anticipate the Pentagon would withhold any more dispatches because the convoy of three Navy ships and two reflagged Kuwaiti tankers had passed the most dangerous part of its voyage and could no longer be compromised by news reports.

(Mark Lawrence, Washington Post, A36)

Official Sees No Iran Threat To U.S. Warships In Gulf

The safe passage of U.S. warships into the gulf was no surprise to America's U.N. envoy, who said an attack by Iran on the warships or Kuwaiti oil tankers they are escorting was unlikely.

"I would be very surprised if there was an incident," Ambassador Vernon Walters said in a [CNN] television interview.

"The Iranians have their hands full," Walters said, adding that he did not believe they would risk a military confrontation with the U.S.

(Jim Adams, Reuter)

Iraq Hails, Iran Spurns, U.N. Peace Resolution

UNITED NATIONS -- Iraq welcomed a U.N. resolution demanding a cease-fire in the long-running war in the Persian Gulf, but Iran vowed to "never accept" a cease-fire and fight until it had overthrown the Baghdad government.

Diplomats said the conflicting responses appeared to scotch American hopes that a diplomatic offensive could bring the conflict to an end and eliminate the need for a U.S. military presence in the gulf.

(UPI)

Soviet May Balk On Gulf Arms Ban, An Official Hints

MOSCOW -- Soviet support for a U.N. effort to end the Iran-Iraq war does not necessarily extend to a possible international embargo on arms shipments to the combatants, a Soviet official and Middle East diplomats said.

The Soviet official, who is involved in Middle East policy but asked not to be identified, said Moscow's interest in maintaining good relations with Iran might preclude endorsement of an arms ban aimed at bringing Iran into compliance with a Security Council resolution, unanimously approved Monday, calling for a cease-fire.

(Philip Taubman, New York Times, A1)

Iran Won't Allow Iraqi Oil To Be Carried In Kuwaiti Tankers

LONDON -- Iran's foreign minister said that Tehran could not permit Kuwaiti tankers sailing under U.S. flag to carry oil for gulf war enemy Iraq.

Ali Akbar Velayati...said, "Contrary to what American officials have claimed, Kuwaiti oil tankers flying the U.S. flag, are in practice, carrying oil for the aggressor Iraqi regime, and...while Iran's oil is under threat from Iraq, Iran cannot permit Iraq's oil to be protected to strengthen its war machinery by means of Kuwaiti tankers, under whatever flags they may sail," Velayati said.

Velayati said that by strengthening its military presence in the gulf, the U.S. was "preparing itself for a clash with Iran and the expansion of tension."
(Reuters)

Oil Prices Seesaw As U.S. Escorts Kuwaiti Tankers

Oil prices seesawed in volatile trading on world markets as U.S. warships escorted the first Kuwaiti oil tankers flying the American flag into the Persian Gulf without incident.

Prices ended up higher in an emotional late afternoon rally on the New York Mercantile Exchange, but lost ground on the European spot market.
(Roz Liston, UPI)

IRAN REFUSES TO ALLOW FRENCH TO EXIT COUNTRY

PARIS -- Iran widened its diplomatic feud with France by refusing to allow a number of private French citizens to board a flight from Tehran to Paris this week, a French Foreign Ministry spokesman said.

The spokesman, declining to provide specific details of the incident, said France is trying to find out how many French citizens were refused permission to leave for Paris Tuesday on a scheduled Iran Air flight.

"We are trying to establish why these people were not allowed to board the flight," he said. "Obviously we are concerned about their situation, but we are trying to find out how many were made to remain, and why."
(Roman Rollnick, UPI)

U.S. ASKS PAKISTAN TO STOP PRODUCING BOMB-GRADE URANIUM Outside Inspections Also Requested

The Reagan Administration is asking Pakistan to reduce the efficiency of its uranium enrichment plant and permit outside inspection to ease the U.S.-Pakistan confrontation over nuclear weapons proliferation, Administration officials said.

The U.S. proposal is part of the "concrete evidence of Pakistani nuclear restraint" that Assistant Secretary of State Richard Murphy listed as a central U.S. objective in testimony before two House Foreign Affairs subcommittees.
(Don Oberdorfer, Washington Post, A37)

U.S. QUIETLY REDUCES TIES TO PANAMA

The Reagan Administration has quietly suspended military and economic aid to Panama, rejected a Panamanian government request to buy tear gas for use against public demonstrations and downgraded its contacts with military strongman Gen. Manuel Antonio Noriega as U.S.-Panamanian relations have soured in recent weeks, according to Administration officials.

The U.S. actions, none of which have been publicly announced, reflect a growing belief at high levels of the Administration that Noriega's domination of Panama is both unacceptable and under greater pressure than at any time since he took power as commander of the Panamanian Defense Forces in August 1983. (Don Oberdorfer, Washington Post, A1)

U.S.-ANGOLA TALKS ON NAMIBIA CALLED 'WASTE OF TIME'

LISBON -- President Reagan's top African expert described his talks last week with Angolan officials on Namibian independence as a waste of time which had dashed any hope of a new diplomatic initiative.

Assistant Secretary of State Chester Crocker said Angola's Marxist government offered no new ideas for agreement about independence for the South African-occupied territory or the withdrawal of an estimated 30,000 Cuban troops. (Reuter)

HILL LEADERS BEGIN PLANNING FOR CONFERENCE ON TRADE BILLS

A day after the Senate passed its trade bill, Majority Leader Robert Byrd called on House Speaker Jim Wright to begin planning for a crucial House-Senate conference that will have to steer a narrow line between congressional pressure for a tough law and the White House threat to veto a bill it finds objectionable.

The conference, expected to be one of the most complex ever, involving as many as nine House and Senate committees, is not likely to start until after Labor Day, when Congress returns from its August recess.

Nonetheless, U.S. trade officials pointed out that the House and Senate bills are complementary, with none of the provisions that the White House finds most objectionable contained in both measures. This makes it easier for the conference to modify the most objectionable procedures to avoid a veto while preserving parts of the bill Congress wants.

(Stuart Auerbach, Washington Post, E1)

MARINE LONETREE IN COURT-MARTIAL TRIAL

QUANTICO, Va. -- Marine Sgt. Clayton Lonetree, the only former guard at the U.S. Embassy in Moscow charged with spying in the sex-for-secrets scandal, pleaded innocent at the start of his court-martial.

Relatives of Lonetree, a Navajo Indian, clutched eagle feathers inside the court-martial room and a group of Indians outside the building where the trial is being held chanted and beat a drum in a show of support. The defense has said the military's case against Lonetree is "anti-Indian."

(Greg Henderson, UPI)

NATIONAL NEWS

HOUSE PASSES 'CATASTROPHIC' ILLNESS PLAN Bill Seeks To Protect Medicare Recipients

The House defied a veto threat and overwhelmingly approved a landmark bill to protect the nation's 31 million elderly and disabled Medicare beneficiaries against "catastrophic" hospital and doctor bills.

"It shows we can override a veto in the House," said Rep. Fortney (Pete) Stark, chief sponsor of the bill, which passed 302 to 127.

The bill does not provide long-term nursing-home benefits. But it "removes egregious gaps" in Medicare coverage, said Rep. Henry Waxman, the other key sponsor. (Spencer Rich, Washington Post, A1)

Catastrophic Health Bill Sails Through House

The most dramatic expansion of government health care protection for America's elderly since Medicare emerged from the Great Society legislation of the 1960s is headed for the Senate after resounding approval in the House.

The 302 to 127 margin...reflected the bipartisan support for the measure which has emerged as perhaps the most popular domestic issue of 1987.

A substitute that more closely tracked President Reagan's proposal failed on a 242 to 190, mostly party-lone vote that preceded the overwhelming vote for the Democratic version. (Jerry Estill, AP)

House Passes Catastrophic Illness Package

The House, ignoring a veto threat, overwhelmingly approved legislation that would protect 31 million elderly Americans from the excessive costs that come with catastrophic illnesses.

The catastrophic illness insurance bill passed 302 to 127, enough votes to override a veto, and was sent to the Senate. The 241 Democrats voting for the bill were joined by 61 Republicans; 14 Democrats joined 113 Republicans in opposing the measure.

House Republican leader Robert Michel said, "Unfortunately the Democratic majority's bill gives a good idea a bad name. The President's call for catastrophic coverage could have been a sterling example of bipartisan cooperation in Congress." (Tamara Henry, UPI)

A Medicare Shield For Costly Illness Passes The House

The House of Representatives voted to protect 31 million elderly and disabled people against the costs of catastrophic illness by approving the largest expansion of Medicare benefits in the program's 22-year history.

Rep. Pete Stark said: "This bill does not cost the Treasury one red cent. It is paid for entirely by Medicare beneficiaries."

But Republican whip Trent Lott said the bill showed that "Congress cannot control its insatiable appetite to spend and spend and spend."

(Robert Pear, New York Times, A1)

House Overwhelmingly Passes Catastrophic Illness Protection

The House overwhelmingly passed the largest-ever expansion of the Medicare program, despite the controversy over costs and the threat of a presidential veto.

"This is the most important domestic policy improvement Congress will pass this session," said Rep. Pete Stark.... "No longer will going to the hospital be a red-tape nightmare with potentially devastating financial impacts for the elderly."

"We've drafted a financially burdensome and unpredictable piece of legislation," said Rep. Hal Daub. "We're essentially socializing the Medicare program."
(Any Bayer, Washington Times, A1)

BIDEN CAUTIONS DEMOCRATS ON BORK VOTE

Democrats will suffer politically if the battle over the nomination of U.S. Appeals Court Judge Robert Bork to the Supreme Court is seen as hinging on Bork's views on abortion or any other single issue, Senate Judiciary Committee Chairman Joseph Biden said.

Biden, a candidate for the 1988 Democratic presidential nomination, reiterated his opposition to Bork in his strongest terms to date but warned that Democrats risk being portrayed as "a special interest, single-interest vehicle" unless they mount a broad assault on Bork's fitness to succeed retired Justice Lewis Powell on the high court.

(Edward Walsh & Bill Peterson, Washington Post, A9)

Democrats Termed Left-Wing Captives

Senate Democrats reacting to the nomination of Robert Bork to the Supreme Court are showing themselves to be captives of left-wing interest groups, President Reagan's chief adviser on domestic policy said.

"The Bork nomination is an opportunity for the Democratic party to show that they are not in the hip pocket of special interests and leftist ideologues, who are insisting on litmus tests for the confirmation process," said Gary Bauer.

"The early signs are not good," Bauer said at a luncheon with Washington Times editors and reporters....

[Sen. Edward] Kennedy's attack was "predictable," Bauer said. But the fact that no other Democratic senator rebutted Kennedy's remarks -- or even criticized them as premature -- "seems to me a sign of the incredible power of ideologues in that party to cower other-side principled men into silence."
(Jennifer Spevacek, Washington Times, A12)

Biden/Bork

The presidential ambitions of Sen. Joseph Biden and the Supreme Court nomination of Judge Robert Bork are becoming more inextricably bound each day as political constituencies of every stripe focus microscopic attention on the senator's every move.

Acknowledging that some may feel his statements on Bork have been inconsistent, Biden plans to deliver a major speech Thursday of Supreme Court nominees [on the Senate floor].

"I don't regret any statements I made about Judge Bork at all," Biden told reporters. "What I regret is the timing of the statements.... I was more of a public relations mistake."
(Tom Baden, Newhouse)

Senate Split Dead Even On Bork, Cranston Says

The Senate is split dead even, 45 to 45 with 10 undecided, on the nomination of Robert Bork to the Supreme Court, according to a "whip" count made by Assistant Democratic leader Alan Cranston and released Wednesday.

The count, released by a Cranston aide, showed 45 senators supporting Bork, 45 opposing him and 10 undecided. No breakdown of the tally by party was given.

"I think that's very close [to being on target]," a source close to the Republican leadership said when advised of Cranston's count.

(Steve Gerstel, UPI)

Early Views On Civil Rights 'Libertarian,' Bork Explains

Supreme Court nominee Judge Robert Bork said that although he opposed federal civil rights laws in the 1960s -- a position likely to haunt him during his upcoming confirmation hearings -- his beliefs were based on a "libertarian perspective" of constitutional rights that he abandoned in 1971.

"I was always against laws that segregated," said [Bork].... "But at that time I had a libertarian perspective, and I was against laws that controlled individuals in their associations."

"By 1971 I published an article recanting everything, taking it all back," he added. "(It became) much more a question of whether a law is likely to add to the sum of human happiness or not, rather than whether it fits some abstract philosophical principle."

(Michael Fumento, Washington Times, A1)

EX-GOVERNOR NAMED TO COURT

President Reagan will nominate former Louisiana governor David Treen to the 5th U.S. Circuit Court of Appeals, the White House announced.

Treen, the first Republican governor of Louisiana since Reconstruction, would succeed the late Albert Tate on the bench in New Orleans.

(AP)

PARTISAN FIGHT BREWING OVER GRAMM-RUDMAN AS TALKS BREAK OFF

Senate Democrats and Republicans, following a failed attempt to find a bipartisan way of keeping the government from running out of money, are now bracing for a partisan fight.

"It'll be basically who has the votes," Sen. Phil Gramm said shortly after negotiations among Democratic and GOP lawmakers over changes in the Gramm-Rudman deficit reduction law broke off.

The partisan dispute delays congressional action on extending the national debt ceiling beyond its current \$2.111 trillion, with the government facing the prospect of having no money to pay its debts by late next week. The changes in Gramm-Rudman will be offered as amendments to the debt ceiling measure, perhaps as early as today. (Alan Fram, AP)

DEBTORS: UNCLE SAM WANTS YOURS

Owe the government? Uncle Sam wants you, your income tax refund, your car, your house or -- if you're a federal employee -- your paycheck.

"It's dragnet time," federal budget director James Miller announced.

"I will personally ask the attorney general to impound cars, homes and personal items of value belonging to any person who is not repaying a federal loan," Miller declared.

(Jessica Lee, USA Today, A4)

PRESIDENT SIGNS HOMELESS BILL INTO LAW

President Reagan has signed legislation for the homeless into law, setting up a federal oversight board and authorizing more than \$1 billion in government aid for the problem during the next 14 months.

The measure directs the head of the Federal Emergency Management Agency to establish the board that will oversee expenditures of money for emergency food and shelter programs, and it authorizes local governments to set up their own commissions for assisting such distribution. (UPI)

PRESIDENTIAL AIDS COMMISSION BEGINS WORK TODAY

The Administration's commitment to the battle against AIDS enters a new phase today as a presidential commission addresses how to meet the challenge of an epidemic that has claimed more than 20,000 American lives.

One month after President Reagan announced its creation, the Presidential Commission on the Human Immunodeficiency Virus Epidemic is a reality. An announcement today was to start the clock ticking on its one-year mandate.

(Norman Sandler, UPI)

RUDER: CRACKDOWN ON SECURITIES

David Ruder, President Reagan's choice to head the SEC, assured a Senate panel he would be a tough enforcer of insider trading laws.

Ruder, 58, a law professor and former dean of Northwestern Law School, said his inexperience in enforcing securities laws would not keep him from cracking down on Wall Street crime, as some lawmakers feared.

He told the Senate Banking Committee at a confirmation hearing that once at the SEC, he will "stop being the principal of the school and become the top cop."

(Hugh Vickery, UPI)

FIRST LADY/'JUST SAY NO' CAMPAIGN

First Lady Nancy Reagan, backed by a young Hollywood star [Drew Barrymore], reached out to American business for help delivering her "Just Say No" to drugs message to 10 million students this fall.

While others acknowledged the important role government plays in the war on drugs, Mrs. Reagan told her private-sector guests, "What we need more than anything else to solve the problem is people."

"You can have a meaningful impact on the whole drug crisis," the First Lady added. "You have the power to make a difference. And I'm asking you today to use your influence, your energy, your resources, to prevent drug abuse."

(Norman Sandler, UPI)

IRAN — NICARAGUA

'86 MEMO WARNED SHULTZ OF ARMS-HOSTAGES DEALS Secretary To Testify At Iran Hearings Today

In a memo from a key aide in June 1986, Secretary Shultz was warned that possibly illegal U.S. arms deals with Iran to free U.S. hostages in Lebanon were still secretly under way and "will have disastrous consequences for foreign policy," according to current and former Administration officials.

The memo, which is in the hands of the House and Senate Iran-contra committees before whom Shultz appears at 9 this morning, was written June 2, 1986, by Ambassador Robert Oakley, then director of the department's office of counterterrorism. It signaled Shultz that a White House-approved operation that State Department specialists believed was laid to rest the previous December had "reared its ugly head again."

According to a former colleague of Oakley, Shultz never responded to the memo or gave any indication that he took action to try to halt the secret program, which he had initially opposed but later told his staff he was powerless to stop because President Reagan wanted to pursue it.

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

Shultz Faces Contra Quiz On TV Today

Secretary Shultz encounters rigorous questioning from lawmakers on his role in the ill-fated Iran-contra policies.

Of particular interest: Did he duck out of the process once the President decided to proceed with the arms sale? Did he ask to be kept in the dark about specifics?

(Leslie Philips, USA Today, A1)

Shultz To Face Close Questioning At Iran-Contra Hearing

Secretary Shultz, relatively unscathed so far in the Iran-contra affair, will be questioned closely at the hearings about his opposition to the Iran arms sales, his support for Elliott Abrams and his knowledge of the private contra resupply network.

Shultz will also have an opportunity to rebut Oliver North's story that the secretary praised North for doing a "remarkable job" in keeping the contras alive.

(Joan Mower, AP)

Shultz To Testify Before Iran-Contra Panel

Secretary Shultz, the highest-ranking U.S. official to appear before the Iran-contra panel, is expected to offer testimony that dramatically differs from other accounts of the worst scandal of the Reagan presidency.

...Shultz is expected to highlight significant discrepancies between his recall of events and that of other officials, especially from Robert McFarlane, John Poindexter and Oliver North.

Shultz has told reporters he already has learned one lesson from the scandal's disclosures: "Never do business with John Poindexter."

(Jim Anderson, UPI)

IRAN-CONTRA PARDONS FAVORED Poll Reflects Limited Concern About Affair

Most Americans would look favorably on a presidential pardon for key figures in the Iran-contra affair, a new Washington Post-ABC news poll shows.

By a ratio of 2 to 1 and 3 to 1, they reject criminal prosecution of John Poindexter and Oliver North. Majorities would approve a formal pardon of the two men by President Reagan to forestall prosecution or punishment.

The poll showed continuing strong skepticism about Reagan's claims -- buttressed by Poindexter's testimony -- that he was unaware of the fund diversion.... But only one-third of those questioned said they would be bothered "a great deal" if Reagan had known.

The response to that and other questions suggested that many Americans see the whole affair as having limited importance. Only 40 percent said they thought Reagan had made "major mistakes" in this matter -- down from 52 percent at the time of the Tower commission reporting February.

(David Broder, Washington Post, A1)

REBELS GOT SMALL SHARE OF PROFITS Funds Were Set Aside For Other Covert Uses.

If Oliver North and his boss, John Poindexter, saw the diversion of profits from the U.S.-Iran arms sales as a way to keep alive "the body and soul" of the Nicaraguan contras, why did most of the money not reach the rebels?

At a time when North was sending his superiors vivid and gloomy accounts of ragtag contra troops with no money for food or bullets, millions of dollars in profits from the Iran arms sales sat untouched in Swiss bank accounts controlled by North's chief assistant, retired Air Force major general Richard Secord, and Secord's business partner, Albert Hakim, according to records made available by the congressional Iran-contra committees.

Of \$16 million from the sales, just \$3.5 million was spent directly on the contras, congressional investigators have concluded.

(Joe Pichirallo, Washington Post, A23)

IRAN DATA SOUGHT FROM JUSTICE DEPT. Walsh's Request Covers Inquiry Last Fall

Independent counsel Lawrence Walsh has asked about 20 present and former Justice Department officials, including Attorney General Meese and former FBI Director William Webster, to turn over a wide range of documents relating to the department's controversial inquiry into the Iran-contra affair last fall.

Sources said the request did not represent an expansion of Walsh's inquiry but rather an effort by his prosecutors to ensure that nothing had been overlooked before Oliver North and John Poindexter began testifying under grants of limited immunity from prosecution.

(George Lardner, Washington Post, A23)

BYRD PROPOSES CONTROLS ON COVERT
ACTIVITIES DIRECTED BY PRESIDENT

Senate Majority Leader Robert Byrd, in one of the first legislative measures to arise from the Iran-contra affair, is proposing closer controls on a president's ability to carry out covert activities.

"Informal or gentlemanly arrangements" between the president and Congress concerning covert activities are insufficient, the West Virginia Democrat said in a speech on the Senate floor. "Where flexibility is granted to the executive it seems to have simply been taken advantage of."

Byrd also complained there has "apparently been an epidemic of amnesia" on the part of key Iran-contra figures who have testified at the congressional hearings. He charged that some of the witnesses "seem intent on attacking" the committees for their search for the truth.

(AP)

SPECIAL-COUNSEL LAW IS RULED CONSTITUTIONAL

A federal judge has ruled for the first time that the independent counsel law underpinning an unprecedented number of investigations of Reagan Administration officials is constitutional.

U.S. District Court Judge Aubrey Robinson said the legislation was an appropriate and measured response by Congress "to the recurrent question of how to enforce the laws of the U.S. when they are violated by high government officials...."

"For the United States," Robinson added, "the act represents a landmark effort to instill public confidence in the fair and ethical behavior of public officials."

(George Lardner, Washington Post, A1)

-End of A-Section-

NETWORK NEWS SUMMARY

(Wednesday Evening, July 22, 1987)

PERSIAN GULF

NBC's Tom Brokaw: An American Navy captain, addressing his crew on the USS Fox today, "Remember, this is the real thing. This is not a drill. We will make sure that these ships get to Kuwait on time and unharmed." And with that the Fox and two other American warships began their controversial mission escorting two Kuwaiti tankers flying American flags into the Persian Gulf past Iranian missiles sites. Tonight that convoy is into the Gulf and so far -- no trouble. It is scheduled to arrive in Kuwait on Friday.

NBC's Rick Davis: The convoy cleared the Strait of Hormuz this afternoon. Sailors aboard the Navy warships were at general quarters -- the highest alert.... They passed within 14 miles of the Iranian Silkworm missiles.... The commander of the convoy said, "If they launched one, that would probably be the last one." ...

(Robert Sims: "There are still risks involved in the rest of the mission and we'll be quite happy and relieved when Friday comes and we can say that they have reached Kuwait.")

The only Iranian attacks today were verbal. The words of Iran's president directed against the U.N. resolution. He said, "Iran will never accept the resolution implemented under U.S. pressure. We will pursue until the elimination of the regime Iraq." In Baghdad, Iraq's ruling revolutionary command, which runs the country, endorsed the U.N. resolution... But on the NBC Today program, Iraq's ambassador to the U.S. issued a note of caution.

(Nizar Hamdoon: "It's a total war, therefore, one cannot isolate this and ask Iraq to refrain from using its air superiority and just leave that advantage to Iran to launch ground offensive at the time and the place they want to.")

There are reports from Iran and Iraq tonight of renewed heavy fighting in the ground war. In the past, Iraq has responded with air attacks against Iranian oil installations and shipping. If that happens again, Iran promises all-out-tanker war in the Gulf.

(NBC-Lead)

ABC's Peter Jennings: This is the quote of the day: "We are relieved to hear they are out of the Silkworm window." That was the Pentagon spokesman today when he heard that the two Kuwaiti oil tankers which are now registered American ships had navigated the Strait of Hormuz and were well on their way through the Persian Gulf. Did anyone really expect the Iranians would try to make trouble today? There were no displays of hostile intent, but it was an anxious day.

ABC's David Ensor reports that the convoy emerged safely into the Persian Gulf from the Strait of Hormuz at about 4 o'clock this afternoon. So far the operation, code-named...is going well.... As it sails, Iran's president is promising to strike blows against what he calls the ominous U.S.-Kuwaiti alliance. And Tehran radio is saying Iran reserves the right to strike at any ship, whatever the flag.

-more-

Jennings: In Washington today officials were naturally pleased that this first day was without incident, but they also realized there are many days ahead.

ABC's Bob Zelnick reports: Responding to Iranian threats, White House Chief of Staff Howard Baker said U.S. actions in the Persian Gulf furnish no excuse for aggression.

(Sen. Howard Baker: "The United States has but one interest, and that is to make sure that there isn't an interruption of international access to the Persian Gulf.")

Pentagon officials expressed guarded relief that the first convoy had passed the point of maximum danger in the Strait of Hormuz.

(Robert Sims: "However, I must remind you that there are a number of threats that could pertain to us, in addition to Silkworm missiles.") Those threats include attacks by Iranian patrol boats, other small vessels and helicopters, often hard to distinguish from innocent boats and aircraft. To help meet this threat, ABC News has learned that the SH-2 helicopter aboard the destroyer Kidd has now been outfitted with an M-60 machine gun. In addition, Pentagon officials say the battleship Missouri and four other ships scheduled to join the escort operation in late August will also carry armed helicopters.... But before (the operation) is over, senior officials predict Iran will try to embarrass the United States. (ABC-Lead)

CBS's Dan Rather: After months of debate and military preparation it was full speed ahead today in the Persian Gulf. American warships and planes escorted two tankers through the straits en route to Kuwait. U.S. officials say Iran sent half a dozen warplanes up over its missile sites and one plane was warned to keep its distance by the U.S. destroyer Kidd. But so far as can be determined, the Iranians made no actual moves trying to stop the convoy.

CBS's Allen Pizzey reports on the convoy movement through the Straits. Iranian officials today said they would strike blows if necessary in what they termed the ominous alliance between Kuwait and the U.S.... Maritime officials said the Iranians were keeping a low profile....

(Robert Sims: "There is still risk involved in the rest of the mission and we'll be quite happy and relieved when Friday comes and we can say that they have reached Kuwait.")

CBS's Tom Fenton reports from London that there are no shortage of Iranian volunteers for suicide missions. The current faceoff is how Iran sees itself in a constant state of war with the West, ready to fight at any opportunity and ready to use any means.

(Mohammed Basti, Iranian diplomat: "If America insists on threatening the revolution, threatening the peace and security in the area, well, they've got to wait for its repercussion.")

(CBS-Lead)

ARMS CONTROL

Brokaw: The White House today was dealing with a major new arms control offer from Soviet leader Mikhail Gorbachev. He proposed a double-zero option -- zero intermediate and short-range nuclear missiles in Asia as well as in Europe. This was welcome news to the Reagan Administration.

NBC's Chris Wallace: Gorbachev made his latest move in an interview with an Indonesian newspaper broadcast tonight on Soviet television. He was quoted as saying, "We will proceed from the concept of a global double-zero -- elimination of all medium and short-range missiles from Europe and Asia." This appears to remove a major obstacle to an arms deal. The White House has been pushing the zero option but the Soviets had insisted on keeping 100 warheads in Asia and the U.S. said it might then put 100 warheads in Alaska -- within range of Soviet territory. Today, U.S. officials called Gorbachev's change of mind very encouraging.

(Kenneth Adelman, arms expert: "I would say to the Soviets -- welcome aboard. It's about time that they have agreed with the President to eliminate an entire class of weapon systems.")

Officials say not only will the zero option remove a nuclear threat from Asian, but it would simplify the verification issue since it's easier to make sure no missiles are put in place than to keep track of 100. An arms control activist was optimistic about an agreement --

(Paul Warnke: "If Mr. Gorbachev means what he appears to say and we're prepared to say, 'Yes,' for an answer -- then we can get a deal.")

But White House spokesman Marlin Fitzwater was more cautious, noting positive Soviet statements are often linked to unacceptable conditions. The Soviets have called for a meeting of arms negotiators tomorrow in Geneva at which the U.S. hopes to see a formal proposal. American officials say they will be especially interested in whether Gorbachev drops his call for removal of short-range German missiles, which is another major stumbling block. Congressional leaders warn not to make too much of what Gorbachev tells the newspaper.

(Sen. Dole: "The proof is in the pudding. In this case, the pudding being the firm signed and sealed proposals the Soviets lay on the table in Geneva.")

Officials here say they had no advance warning of Gorbachev's move and, in fact, they had been complaining recently about Soviet foot dragging. But while surprised once again by Gorbachev's timing and tactics, U.S. officials are so far very pleased with the result.

(NBC-2)

Jennings: The Soviet Union has made an important announcement about arms control. After several weeks of no progress at all in Geneva, the Soviets said today they are ready to eliminate medium and shorter range missiles in Asia as well as in Europe. The Reagan Administration is encouraged.

ABC's Rick Inderfurth: Mikhail Gorbachev made the offer in an interview today with an Asian journalist. Soviet television then reported the details of that offer which will be placed on the table in Geneva tomorrow.

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Inderfurth continues:

(Gorbachev via translator: "I am making concrete and new proposals, namely, the Soviet Union is prepared to remove all medium-range missiles from Soviet Asia.")

And Washington's reaction -- at the White House spokesman Marlin Fitzwater said the U.S. welcomes Gorbachev's move, that it gave some reason for encouragement that a treaty can finally be reached. At last year's summit in Iceland, President Reagan and Soviet leader Gorbachev agreed to eliminate all medium-range missiles from Europe while retaining 100 medium-range missile warheads elsewhere.

(TV coverage: File footage of the President and Gorbachev in Iceland.)

Since then, however, the U.S. has pushed hard for a global zero plan, saying that verifying a treaty with no missiles would be far easier than checking on some.... But U.S. officials caution that a medium-range missile agreement is not a done deal. The Soviets continue to insist that West German's 72 short-range Pershing missiles be included as part of the accord -- a demand the U.S. rejects. Still, today's offer by Mikhail Gorbachev could not have come at a better time for President Reagan. Not only does it open up the possibility of the first arms control agreement of his Administration, but a high profile superpower summit with the Soviet counterpart.

(ABC-3)

Rather: The Soviet Union indicated again today it believes President Reagan may now be eager for a deal on nuclear weapons. Communist party leader Gorbachev offered to sweeten the pot a bit, to trade in some more big chips, and Mr. Reagan quickly sent back a positive signal.

CBS's Bill Plante: In an apparent effort to break an arms control deadlock of several weeks, Soviet leader Mikhail Gorbachev told an interviewer he is willing to eliminate medium-range missiles in Asia as well as Europe. Soviet negotiators are expected to introduce the formal proposal tomorrow in Geneva. At their summit meeting in Reykjavik, Gorbachev and President Reagan agreed in principle to do away with Soviet and U.S. medium-range missiles on European soil but to allow each side to keep 100 warheads in Soviet Asia and on the U.S. mainland.

(TV coverage: File footage of the President, Gorbachev shaking hands at Reykjavik, October 1986).

By endorsing the so-called global double zero option, Gorbachev would agree to scrap those warheads, too -- something the U.S. has wanted all along. The deal would not affect each nation's huge arsenals of long-range nuclear weapons. The President's spokesman said the Soviet offer gives some reason for optimism. On Capitol Hill, even some of the Administration's most conservative supporters were encouraged.

(Sen. James McClure: "The reported acceptance of that option I think is a real step forward and I think it indicates that the President's negotiating posture and his negotiating efforts are bearing fruit.")

But the White House is afraid to appear too excited. Spokesman Marlin Fitzwater noted earlier positive Soviet agreements on arms control, which when examined, contained unacceptable conditions.

Rather: Bill, what are the chances it's the real thing this time?

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Plante: Well, pretty good, according to several experts who believe the Soviets were just waiting to see how Mr. Reagan weathered the most potentially dangerous part of the Iran-contra hearings -- and that they're now ready to do business as usual.

Rather: Then what's the next step?

Plante: The next step would be the announcement of the postponed meeting between the Soviet foreign minister and our Secretary of State. If that's back on, it will be a signal that an arms control agreement -- and a summit -- are likely. (CBS-2)

IRAN-CONTRA HEARINGS

Brokaw: There was no hearing today in the Iran-contra investigation, but tomorrow Secretary of State Shultz will appear and then next week the committee will turn to Attorney General Edwin Meese who has come under closer scrutiny by Special Prosecutor Lawrence Walsh. Investigators disclosed that Walsh has asked for a raft of new documents about Meese's own inquiry into the affair.

NBC's John Dancy: Attending a White House anti-drug meeting today, Attorney General Meese did not talk about Walsh's request for thousands of Justice Dept. documents. Walsh, the special prosecutor, has asked for everything from investigative records to notebooks, to telephone message slips concerning the Justice Dept.'s five-day investigation in late Nov. into the Iran-contra affair.

(Terry Eastland: "We are confident here that this Department -- that there has been nothing here that implicates us in any wrongdoing. And that we have, moreover -- that we have conducted ourselves in an exemplary fashion.")

In the Iran-contra hearings witness after witness has testified that Meese and his men handled the investigation in a manner that some committee members consider sloppy and unprofessional. For example, Assistant Attorney General Charles Cooper told of Meese's meeting with Lt. Col. Oliver North last Nov. as the story became public. Meese asked North about a memo investigators had found in North's files detailing the diversion of money to the contras.... Committee members say it was that question that tipped North that the Attorney General had evidence of a diversion. North used it to his advantage.... Other witnesses, like former National Security Advisor John Poindexter, testified that Meese's questions were perfunctory.... Committee members now want to know whether Meese's fact-finding mission was just inept or part of a cover up -- a signal to the President's staff to get rid of the evidence. (NBC-5)

Jennings: It doesn't take much to remind the Reagan Administration how Iran can suddenly bite you and what the aftereffects can be. In the wake of Adm. Poindexter's Iran-contra testimony on Capitol Hill we have taken another poll. And 63 percent of those we asked still believe that President Reagan did know about the diversion of money from the Iranian arms sales to the contras. And 60 percent tell us they believe the admiral was covering up for Mr. Reagan. Although -- and this is something we haven't seen before -- nearly half the people polled believe that mistakes in the Iran-contra affair were minor. (Polling error margin of 4 percent.)

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Jennings continued:

63% Believe President knew about diversion
60% Believe Poindexter covering up for President
48% Believe mistakes were minor

We asked folks what they thought of this idea that Admiral Poindexter and Colonel North should be pardoned. Fifty-four percent believe the admiral should get a pardon and 66 percent of those we asked approve of a pardon for Colonel North.

Favor Pardon for Poindexter: 54%
Favor Pardon for North: 66%

The hearings continue tomorrow when the witness will be the Secretary of State, George Shultz.

ABC's John Martin reports on the committee's questions, which will center on what George Shultz knew of the sales of arms to Iran -- which he opposed -- and the supply of arms to the contras, which he apparently favored, if carried out legally.... For months, Shultz has insisted the march (of events) continued without his knowledge. On arms to Iran:

(Secretary Shultz on Nov. 16: "My own information about the operational aspects of what was going on was fragmentary at best.")

On diversion of the funds to the contras:

(Secretary Shultz on Dec. 8: "My role in that was zero. I knew nothing about it until it came out.")

But the committee wants to know whether Shultz didn't want to know.... In one White House meeting Shultz called the Iran arms sale policy "perverse." Some committee members want to ask why he did not resign.

(Sen. George Mitchell: "How much he did know and how vigorously he opposed it, and particularly what steps he took after he registered his opposition to the President initially.")

A second key area of questions: what did Shultz know of Oliver North's secret contra supply operation through his deputy, Elliott Abrams. From here, Shultz will apparently say he thought Colonel North was raising morale, not weapons, and that he was misled by Admiral Poindexter and had no control over decisions that led to disaster.

(ABC-2)

LONETREE TRIAL

Brokaw: At a Marine base in Virginia, Sgt. Clayton Lonetree came out of 8 months of solitary confinement to face a court-martial on 13 counts, including espionage. Lonetree, an Indian, is accused of being the pivotal figure in the sex-and-spy scandal of the U.S. Embassy in Moscow. This case now is a lot less sensational than when the story first broke.

NBC's Fred Francis reports on the first day of Lonetree's espionage trial. Charges [against Lonetree] fell apart after investigators were accused of coercing confessions and manipulating polygraph tests. The lesser case against Lonetree is all that remains, though he still faces life in prison, if convicted.

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

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AIDS/HUMPHREY

Brokaw: Sen. Humphrey, a New Hampshire Republican, has criticized the expected appointment of a homosexual to a White House panel on AIDS. Calling homosexuality "immoral," the Senator said that if Dr. Frank Lilly, a genetics expert from New York, is named to the panel, it will send a wrong message to society and to young people. (NBC-8)

INFLATION

Brokaw: If you thought you were paying more for much of what you were buying last month, you were right. The consumer price index in June rose by four-tenths of a percent with rising energy costs and higher food prices accounting for most of the increase. The June figures capped the worst six months of inflation since 1982. The annual rate, based on the first six months of the year now is 5.4 percent. (NBC-11, ABC-7, CBS-5)

CATASTROPHIC INSURANCE

Brokaw: The House of Representatives tonight passed a sweeping expansion of Medicare to protect the nation's 31 million elderly from the high cost of catastrophic illnesses. But the White House is threatening a veto, saying the bill goes beyond what the President wants. (NBC-9, ABC-10, CBS-7)

HOMELESS

Rather: President Reagan signed into law today a much-delayed bill designed to help the homeless. It provides funds for emergency food and shelter programs and it sets up a federal board to oversee them. (CBS-9)

JACK LESCOULIE DIED

Brokaw: We lost a friend today. A member of the NBC family -- Jack Lescoulie died today of cancer in Memphis. He was one of the originals on the NBC Today Show when it began in 1952 and for 15 years Jack Lescoulie expertly played the role of second banana -- interviewing pigeons, scrimmaging with the New York Giants football team and rescuing guests and hosts when they got into trouble. He was 75 years old. (NBC-14, CBS-13)

-End of B-Section-

EDITORIALS/COLUMNISTS

PERSIAN GULF POLICY

U.N. Bid For Cease-fire: Support For Gulf Stability -- "The U.N. Security Council's unanimous demand this week for a truce in the Iran-Iraq war offers welcome global support for stability in the Gulf just as the potentially dangerous U.S. reflagging of Kuwaiti oil tankers there begins.... Unfortunately, the Administration was never interested in an international approach, largely because it would have involved the Soviets as well.... A confrontation with Iran is not in U.S. interests. Instructions to the U.S. fleet should in no way put it in the position of firing first; the United States needs a clear rationale to defend its action. Restraint on every side is the demand of the day."

(Christian Science Monitor, 7/22)

Persian Gulf Patrols: No Real Choice -- "Confusion over the reasons for President Reagan's decision to place 11 Kuwaiti oil tankers under the protection of the U.S. Navy is understandable. Kuwait, after all, is no ally of America.... In protecting Kuwait's tankers, the U.S. is actually defending vital economic interests -- not only its own, but those of the Western allies -- in a strategically crucial waterway.... A failure to act would have virtually abandoned the Gulf to Soviet domination, enabling Moscow, gratis, to achieve a long-cherished ambition. Protecting the Gulf is America's duty. As the leader of the free world, it has no choice. That must be kept in mind during the dangerous days, weeks -- even months -- ahead."

(New York Post, 7/22)

IRAN-CONTRA HEARINGS

Why Even Talk About Pardons? -- "The congressional investigation of the Iran-contra affair isn't over, and the special prosecutor, Lawrence E. Walsh, seems to be just hitting his stride, but already the idea of pardoning the President's men is being talked about. The discussion is not only poorly timed, but highly offensive.... The White House is reacting coolly to the idea of prospectively granting pardons, calling such talk premature but not ruling out the possibility. If Mr. Reagan still knows what's good for him politically -- and he's shown impressive political instincts for many years -- he will make it plain without delay that pardons are out of the question for a President who has crusaded for law and order."

(The Hartford Courant, 7/22)

Is He For Real? -- "Had the Reagan Administration's surreptitious and self-deluding effort to curry favor with Iranian 'pragmatists' and ransom American hostages from Lebanon remained a closely held secret, there's no telling what U.S.-Iran relations might look like today. In Adm. Poindexter's vision, the hostages would no doubt all be safely home and friendly voices in Tehran would be singing the praises of the once-despised Great Satan. It would be a triumph of covert statecraft. To Poindexter's great regret, none of this was to be.... Even the Administration's strongest friends on the committees had to gag at Poindexter's repeated assertions that he did no wrong during his White House tenure. As it happens, that claim was one of the few things in his testimony that he was unequivocal about." (The Los Angeles Times, 7/22)

IRAN-CONTRA HEARINGS (continued)

Take The Offensive -- "Having survived the worst that the Iran-contra committees can come up with, President Reagan should come out of the bunker and start fighting for what he believes. Strike while the iron is hot, Mr. President. For the first time, some polls are showing plurality support among Americans for the Nicaraguan contras. Instead of waiting until fall, as many seem inclined to do, he should demand an aid vote right now. And instead of the piddling \$100 million he asked for last year -- which is about enough to keep the war going but not to win it -- he should demand \$500 million, enough to equip fully every one of the 20,000 or so freedom fighters and allow them to really conduct operations.... If President Reagan allows the flames of public opinion to cool, he will be abandoning the field to the enemies of his policy. After seven months of cowering behind a veil of ignorance, he should come out swinging."

(The Boston Herald, 7/21)

Iran-Contra: Policy Disaster -- "Now that the record of evidence is nearly complete, it is clear that the entire tawdry episode of the Iran-contra arms sales represents a dismal failure of the Reagan Administration's policy in the Middle East and in Central America. And it's equally clear that this awful chapter in American history could have been avoided if the President's men had trusted the constitutional role of elected officials in setting foreign policy -- rather than placing their faith in the hands of proven international liars, a terrorist government and greedy private arms dealers.... The bottomline is this: Poindexter and North completely misread the intentions of their President, secretly designed a foreign policy in contradiction of White House desires, destroyed evidence to cover up the truth of their recklessness, then silently watched the President skewer himself by falling victim to their deceit. And they did all this while wrapping themselves in the protective bunting of patriotism."

(The Denver Post, 7/19)

There's No Smoking Gun; That's The Good News -- "So the smoking gun isn't there. Good for President Reagan. It is a shame that this particular cloud -- the question of whether the President knew about the diversion of Iranian money to the Nicaraguan contras -- has been hanging over his head for so many months; it has been there apparently because of the legal advice one man was getting. Adm. John Poindexter certainly has a right to take advantage of his rights. But the government also has a right -- an obligation -- to investigate the legal aspects of what went on when the Reagan Administration was doing things that, when revealed, apparently shocked even the President.... Is Mr. Reagan somewhat responsible? Was his aide's reading of him irrational? The early Poindexter testimony at the Iran-contra hearings paints a troubling picture of the Reagan Administration. He makes it clear that Col. North did, indeed, have the approval of his superior for his activities, at least in 1986."

(Dayton Daily News, 7/17)

When The President Lost His Battle, His Aides Could Not Win A War -- "In reaction to North, members of Congress and other critics of the Administration ended up doing a lot of preaching and lecturing, and because their motives were in part self-serving it is easy to dismiss what they had to say. But preaching aside, the truth is that what North and Poindexter tried to do (in effect, to save us from ourselves) just didn't work."

(Robert Akerman, The Atlanta Journal/Constitution, 7/19)

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FOREIGN MEDIA REACTION

PERSIAN GULF

"The U.S. rejected a Soviet offer of top-level talks on cooperation in the Gulf in the wake of Monday night's unanimous call by the U.N. Security Council for a cease-fire in the Iran-Iraq war.... The U.S. statement seemed to dash hopes that the superpowers might increase cooperation in an effort to ease Gulf tensions, which Moscow believes have been heightened by the increased U.S. naval presence in the region."

(Financial Times, Britain)

"A more serious problem is that the long-term objectives of the American policy are not clear. Is the U.S. seeking to prevent the war spreading or looking for a pretext to undermine Iran? The U.S. will not be able to turn the war in Iraq's favor. Nor should it do so."

(Independent, Britain)

"The deployment, protested by Moscow, is the direct consequence of the competition between the two superpowers.... For U.S. officials it was unacceptable to let the U.S.S.R. play the role of protector of navigation in the Gulf."

(Le Monde, France)

"Iran gambles that the [U.N.] resolution will remain a dead letter. However the text is not a mere academic exercise. This time the credibility of the Security Council is at stake."

(Figaro, France)

"If sanctions are implemented against Iran, time will be on the side of Iran rather than the side of those implementing the sanctions. However, the U.S. is facing a crisis in credibility in...Arab countries which is forcing it to act. The reflagging of Kuwait ships...is a sign that the U.S. is taking sides with Iraq, if only indirectly.... This alone results in the internationalization of the conflict."

(Die Welt, West Germany)

"Hopes of arriving at peace in the Persian Gulf through the U.N. resolution are hanging by a very thin thread.... A very important element for the success or the failure of the U.S. resolution is represented by the Soviet position. In a letter sent to President Reagan, Soviet leader Gorbachev has just reiterated Moscow's support for the U.N. Security Council initiative...and has additionally proposed U.S.-Soviet talks 'at any level' to put an end to the war. The White House...called the tone of the letter 'positive.'"

(Corriere della Sera, Italy)

"Nobody (in the U.S.) denies that the U.S. presence in the Persian Gulf must be maintained. It is the spectacular methods used to reaffirm it that are not unanimously approved. And one suspects the Administration of having improvised a particularly dangerous region. It is true that the official objective of the undertaking -- to assure free passage of oil -- barely hides the true objectives: to reassure the Arab states about the U.S. credibility after the mad Irangate escapade and to offset Soviet influence in the Gulf."

(Le Soir, Belgium)

-End of News Summary-