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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, AUGUST 5, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan Presents New Central American Plan -- President Reagan summoned congressional leaders to the White House to discuss a new Central America peace plan that in effect would put funding for the Nicaraguan contra rebels on the bargaining table. (Washington Post, Washington Times, Newhouse, Reuter, Scripps Howard, UPI)

IRAN-NICARAGUA

Wright Charges Iran Deals Broke Law; Critics Strike Back -- House Speaker Wright said that members of the Reagan Administration broke at least four federal laws in the Iran-contra affair, prompting members of the congressional committee investigating the matter to say the speaker spoke too quickly. (Washington Times, AP)

NATIONAL NEWS

FCC Ends Fairness Doctrine, Angering Some Congressmen -- The fairness doctrine, requiring broadcasters to present all sides of controversial issues, became history when the FCC voted to abolish the 38-year-old policy. (Washington Post, AP, Reuter)

NETWORK NEWS (Tuesday Evening)

CONTRA AID/PEACE PLAN -- President Reagan's aides are negotiating with Congress on a possible new Central American policy.

IRAN-CONTRA PROBE -- Elliott Abrams said he is not the target of the independent counsel's investigation.

PERSIAN GULF -- The U.S. quietly finished the first two-way escort job for one of the reflagged Kuwaiti tankers.

Status or Style

Cigars are not a big deal in France, but one essential element of what they call [there] the three C's: coffee, Cognac and cigars. If in the U.S. the cigar confers power and status with a touch of rebelliousness, in France it suggests an appreciation of the finer things in life.

—Gordon Mott, *New York Times*

FORBES, AUGUST 10, 1987

INTERNATIONAL NEWS

NICARAGUA PEACE PLAN IS FLOATED

White House Seeks Cease-Fire, Deadline On Managua Reforms

The White House, faced with strong congressional opposition to President Reagan's request for continued military aid to the Nicaraguan contras, has launched a fresh effort to win bipartisan support by floating a new peace initiative that includes terms the Sandinistas previously rejected, Administration and congressional sources said.

The diplomatic initiative has the support of House Speaker Jim Wright. But it immediately drew bipartisan skepticism on Capitol Hill. Democrats who oppose contra-aid expressed concern that Reagan was using the peace plan as a gimmick to win continued assistance, while some Republicans complained that the linkage to more contra-aid was not explicit enough.

Reagan plans to meet this morning with the congressional leadership to iron out details of the plan and determine whether he and Congress can reach the "same understandings" about it, an informed Administration official said last night.

(David Hoffman, Washington Post, A1)

Reagan Presents New Central American Plan

President Reagan summoned congressional leaders to the White House to discuss a new Central America peace plan that in effect would put funding for the Nicaraguan contra rebels on the bargaining table.

Under the proposal, the Reagan Administration would give Nicaragua's leftist Sandinista government a Sept. 30 deadline to accept previously rejected terms for ending U.S. aid to the contras -- or face even more support for the rebels.

(Helen Thomas, UPI)

Reagan Cutting Deal On Contras

The Reagan Administration and congressional leaders are nearing agreement on a 60-day Central American peace initiative calling for a cease-fire between the Nicaraguan resistance and the nation's Marxist Sandinista government, White House and congressional officials said.

"The situation in Nicaragua is very desperate for the Sandinistas," said rebel leader Adolpho Calero in a Capitol Hill press conference. "Anything that will help the Sandinistas out of this deep crisis would be a blow to the cause of the democracy in Nicaragua."

The resistance would not be directly represented in the peace talks and, according to one source familiar with the plan, would be penalized with an immediate cutoff of U.S. support if it failed to cooperate with the peace plan.

(Willis Witter & Jennifer Spevacek, Washington Times, A1)

U.S.-Sponsored Central American Peace Plan In Works

A U.S.-sponsored plan to end the war in Nicaragua is being developed jointly by the White House and bipartisan leaders of Congress and could be announced today, congressional sources said.

But even before the proposal had been publicly revealed in full, questions began to arise over whether it could actually succeed and if the Nicaraguan rebels, a key party to the plan, indicated they may not support it.

(Valerie Strauss, Reuter)

Administration Seeks Congressional Support For Nicaraguan Cease-Fire

The Administration sought congressional support for a Central America peace formula that would force Nicaragua to accept a cease-fire and free elections or face continued insurgency from the U.S.-backed contra rebels.

Two days before a summit of Central American leaders in Guatemala, the Administration proposed setting a Sept. 30 deadline for the Sandinista regime to accept previously rejected terms for an end to U.S. aid for the contras.

The deal, prompted by Secretary of State Shultz in discussions on Capitol Hill, contained elements similar to one Reagan tried to strike last year in exchange for \$100 million in arms and other aid to the contras.

(Norman Sandler, UPI)

New Nicaraguan Peace Initiative Emerges On Capitol Hill

Congress is skeptical of the motives of top Reagan Administration officials in endorsing a Nicaraguan peace initiative similar to one they earlier opposed.

Administration officials went out of their way to call the diplomatic initiative a "bipartisan" effort and credited House Speaker Wright for instigating it.

Critics of contra-aid called the diplomatic initiative and the Reagan Administration's seeming support "a positive development" but cautioned that wouldn't necessarily improve the climate in Congress for voting additional contra-aid.

(Mary Deibel, Scripps Howard)

House Speaker Wright's Role In Peace Proposal Surprising

After weeks of verbally flaying the Reagan White House for the Iran-contras arms deal, House Speaker Wright is making a surprising foreign policy overture to the Administration with his role in the Nicaraguan peace proposal.

The plan would have the Reagan Administration delay its request for new aid to the contra rebels in Nicaragua if the leftist Sandinista government there agrees to a cease-fire and democratic reforms.

(Tom Baden, Newhouse)

U.S. PLANS TO SEND ELITE UNITS TO GULF Suicide Speedboats Training, Iran Says

CAIRO -- Iran said its naval maneuvers in the Persian Gulf and Strait of Hormuz were intended to train suicide squads to ram U.S. warships with speedboats "loaded with explosives."

Referring to those killed in riots in the Saudi Arabian city of Mecca last Friday, Iranian naval commander Commodore Mohammed Hussein Malekzadegan was quoted by Iran's official news agency IRNA as saying, "Iran's naval forces are fully prepared to take revenge on the United States and its criminal accomplices for shedding the blood of innocent pilgrims." Official Tehran radio said "martyrdom-seeking" volunteers were practicing suicide missions on dummy "enemy ships" in the maneuvers.

(Jane Friedman, Washington Post, A1)

Pentagon Counters New Iranian Threats

Pentagon officials are preparing to send new contingents of special-operations forces to the Persian Gulf to help counter possible attacks from terrorists and suicide speedboat crews following new Iranian threats, military sources said.

Defense Secretary Weinberger said he does not know how long the growing U.S. military buildup in the troubled Persian Gulf region will continue.

Despite public assertions by Defense Department officials that Iranian threats are not "relevant to our operations" in the region, Pentagon sources said military leaders are scrambling to draw up new contingency plans to deal with the latest Iranian warnings after Friday's bloody demonstrations in Mecca.

Underscoring the sense of deep concern, Pentagon sources said U.S. intelligence sources detected what they believe to be a previously unknown Silkworm missile site in the final hours of Monday's escorting operations through the Strait of Hormuz, sending military officials into "a flurry for three or four hours."

(Molly Moore, Washington Post, A1)

Special Operations Forces Being Considered For Gulf Duty

Eight mine-sweeping helicopters destined for the Persian Gulf have arrived in the Indian Ocean island of Diego Garcia for transfer to the helicopter carrier USS Guadalcanal, Pentagon sources said.

The 11,000-ton Guadalcanal, chiefly used for helicopter assaults by Marines, also has put into Diego Garcia and will carry the RH-53D Sea Stallion choppers and about 200 Navy support personnel into the gulf for mine-sweeping operations, the sources said.

(Richard Gross, UPI)

BRITAIN EXPECTED TO PROVIDE GULF MINE-SWEEPERS

Britain is likely to supply a small number of mine-sweeping ships to aid U.S. vessels escorting Kuwaiti oil tankers in the Persian Gulf, reversing a previous refusal, British government sources say.

Prime Minister Thatcher began showing signs of relenting as tensions in the Middle East hot spot continued rising this week, sparking new fear that Western allies could see armed conflict with Iran, according to the sources.

British officials also said their military aircraft in Oman, at the southern tip of the strategic gulf, were placed "on a heightened state of alert" following Friday's clashes between Iranian pilgrims and Saudi Arabian police in Mecca.

(Richard Sale, UPI)

IRANIAN NAVY EXERCISES IN PERSIAN GULF AMID REVENGE THREATS

Iran exercised its naval forces in the Persian Gulf for a second day today amid tension in the region and a warning from an Iranian commander that his forces are ready for revenge on the U.S.

Oil tankers plied through the gulf unhindered yesterday and shipping sources reported merchant vessels were moving normally in international waters.

The Iranian Revolutionary Guards announced three days of naval exercises in Iran's waters in the Strait of Hormuz, the Persian Gulf and the Sea of Oman.

(Reuter)

U.S. Jammed Iranian Radar In Tense Gulf Incident

U.S. planes jammed Iranian radar along the Persian Gulf in a false alarm when there were indications the Iranians might be training missiles on an American convoy, U.S. defense officials said.

They said Adm. William Crowe, chairman of the U.S. Military's Joint Chiefs of Staff, had been called to his Washington office at 3:00 a.m. to monitor the situation which occurred when the convoy in the Strait of Hormuz received signals indicating a search radar had been turned on.

One official told Reuters that as the convoy guarding the reflagged tanker Gas Prince approached the strait "our intelligence indicated there were some launcher trucks there and that a search radar had been turned on."
(Charles Aldinger, Reuter)

U.S. WALKS TIGHTROPE BETWEEN FRIENDS, FOES Gulf War Gives Iraqis Motive To Improve Ties

BAGHDAD, Iraq -- The Reagan Administration's push to improve relations with Iraq is starting to pay off as the gulf war heats up.

Iraqi officials here -- once profoundly opposed to the U.S. -- now talk optimistically of improving a relationship that only resumed in 1984 after Iraq cut off relations during the 1967 Middle East War.

Iraq is counting on the U.S to fight for sanctions against Iran on the international diplomatic scene and not to sell them arms.

Iraq wants the Reagan Administration to continue its efforts on behalf of a U.N. resolution calling for a halt to the war.

(Don Kirk, USA Today, A6)

GORBACHEV SEEN FASHIONING MORE FLEXIBLE FOREIGN POLICY Soviet Has An Eye On Post-Reagan Era

MOSCOW -- Soviet party leader Gorbachev is capitalizing on his increasing political strength at home and the erosion of confidence in the Reagan Administration in Washington to recast Soviet foreign policy along more flexible and conciliatory lines, Soviet officials and senior western diplomats report.

In this view, Gorbachev, who reportedly is personally involved in the details of these policy changes, appears to be looking beyond the tenure in office of the Reagan Administration and is seeking to transform the psychology of Soviet-American relations as the next president comes to power.
(News Analysis, Jim Hoagland, Washington Post, A1)

WEST EUROPE CONSIDERS TRADE TIES WITH SOVIET BLOC

BONN -- The European Community, West Europe's main trade bloc, and the East European economic organization Comecon are likely to establish formal relations by the end of this year and end three decades of mutual nonrecognition, EC officials say.

The expected move, under discussion for the past year, would make it easier for the 12-nation EC to negotiate trade accords and other agreements with individual European Communist nations.

The U.S. Administration, which has been skeptical in the past of West European desires for trade with the Soviet Bloc, has taken a cautious attitude toward the EC-Comecon discussions, U.S. officials said.

Washington is concerned that the EC might bolster Comecon's diplomatic status, give up more to the East economically than it gets back or drive a wedge between the EC and the U.S. over the issue, they said.

(Robert McCartney, Washington Post, A16)

USSR AND IRAN PLAN JOINT ECONOMIC PROJECTS

Both Criticize U.S. Presence In The Gulf

MOSCOW -- The Soviet Union and Iran agreed on new "large scale" projects of economic cooperation and jointly criticized the U.S. naval presence in the Persian Gulf following a visit to Tehran by Soviet First Deputy Foreign Minister Yuli Vorontsov, the Tass news agency said.

The two sides expressed "mutual concern" over "the unprecedented build-up of U.S. military presence in the area," Tass said. It said Iran had supported Moscow's proposal for the withdrawal of all foreign naval ships from the Persian Gulf and for Iran and Iraq to refrain from actions which pose a threat to international shipping.

Western diplomats said Vorontsov's visit was a sign of a modest improvement in ties between the Soviet Union and Iran as Moscow sought to take advantage of Tehran's rapidly deteriorating relations with the West. Tass said "mutual interest in further continuation and deepening of Soviet-Iranian political contacts was reaffirmed" by the senior officials' talks.

(Jackson Diehl, Washington Post, A19)

Soviets Report Economic Accord With Iranians

MOSCOW -- The Soviet Union said that it had reached general agreement with Iran to cooperate on large-scale economic projects and to deepen political relations.

In Tehran, the Iranian press agency reported that Soviet and Iranian officials had discussed several major industrial projects, including oil pipelines, refineries and a railroad from the Soviet Union to the gulf.

(New York Times News Service, Washington Times, A1)

13 MAJOR TESTS IN SPACE SLATED BY SDI OFFICIALS
Papers Give Glimpse Of Technology Needed

The Defense Department plans at least 13 major space experiments over the next five years to help develop a limited ballistic-missile defense, according to documents released by the Strategic Defense Initiative Organization.

At least seven are to involve attempted missile interceptions and two the launch of new, state-of-the-art satellites to detect and track Soviet missiles, the documents said.

Prepared for an ongoing SDI review by senior Pentagon decision makers, the documents were described by an SDI spokesman as providing the first official glimpse of technologies needed for the initial phase of a missile defense.

(Jeffrey Smith, Washington Post, A10)

U.S. AIDE'S TRIP TO ISRAEL IGNITES TALK OF PEACE PUSH
Shultz Sending Key Assistant Next Week

Secretary of State Shultz is sending his executive assistant, Charles Hill, to Israel next week for high-level, triggering speculation there that the U.S. may be preparing a new push for an international peace conference to resolve the Arab-Israeli conflict.

Redman confirmed that Hill will visit Israel "for informal discussions on a variety of issues." Asked why Hill is making the trip instead of Richard Murphy, the assistant secretary for Mideast affairs, Redman replied: "He's the person who is available at this point; he works closely with the secretary on these matters."

(John Goshko, Washington Post, A11)

IRAN — NICARAGUA

IRAN PROBERS FIND REAGAN COULD HAVE AVOIDED IT ALL

Shortly after he was elected President in 1980, Ronald Reagan made a little-noticed pledge to sharply curtail the growing power of the White House national security adviser. It was a promise he should have kept.

After an extraordinary three-month public inquiry ending Monday that exposed the inner workings of the Reagan White House, Congress' Iran-contra investigating committees have concluded that Reagan could have avoided the worst scandal of his Presidency if he had simply kept tighter reign on his national security adviser, John Poindexter, and his aide Oliver North. If the affair had not been exposed last November, it now seems clear that North -- with the encouragement of Poindexter and William Casey -- would have established a completely independent quasi-government unit funded by private money to carry out covert activities around the world that did not have the support of Congress. North envisioned it as an "off-the-shelf, self-sustaining, stand-alone entity" known as Project Democracy.

(Sara Fritz & Karen Tumulty, Los Angeles Times, A1)

WALSH INQUIRY APPEARS HEADED TOWARD BROAD CONSPIRACY CASE Private Iran-Contra Network Also Under Scrutiny, Sources Say

With the public phase of the congressional hearings on the Iran-contra affair winding down, the next move is likely to come from independent counsel Lawrence Walsh, who for eight months has been quietly gathering evidence for possible criminal charges.

Since his appointment last December, Walsh has been closemouthed about where he is headed.

However, congressional testimony, court proceedings and interviews with defense attorneys and other sources indicate that Walsh is pursuing a broad case alleging conspiracy to defraud the government. Specific charges under consideration range from obstruction of justice (stemming from destruction of White House documents) to misuse of government funds.

So far, the central figures in Walsh's investigation are believed to be Oliver North and John Poindexter. (Joe Pichirallo, Washington Post, A4)

OFFICIALS BROKE LAW 7 TIMES IN IRAN AFFAIR, WRIGHT SAYS

House Speaker Jim Wright contended that the Reagan Administration broke the law in seven instances in the Iran-contra affair and said it is "absolutely beyond belief" that President Reagan could be unaware of that.

Reagan said Friday that "I haven't heard a single word that indicated in any of the (congressional hearing) testimony that laws were broken." Wright said Reagan's original statement was "very disturbing," because "several laws clearly were flouted by persons in the Reagan Administration. It is absolutely beyond belief that the President would be unaware of this fact at this late date."

(AP)

Wright Charges Iran Deals Broke Law; Critics Strike Back

House Speaker Wright said that members of the Reagan Administration broke at least four federal laws in the Iran-contra affair, prompting members of the congressional committee investigating the matter to say the speaker spoke too quickly.

"I think it's a cheap shot," said Rep. Dick Cheney, House co-chairman of the panel. "The speaker didn't sit on the panel, but if he's already reached his conclusion, perhaps we should pack up our tents and go home."

(Gene Grabowski, Washington Times, A5)

MEESE FAILED TO FOLLOW ETHICS RULES, GAO SAYS
Partner With Wedtech Figure Is Cited

Attorney General Meese failed to comply with federal ethics regulations when he did not disclose securities held and traded in his partnership with a former official of Wedtech Corp., the General Accounting Office reported.

The GAO concluded that Meese's investment partnership with San Francisco businessman W. Franklyn Chinn did not qualify as a "blind" trust under federal ethics regulations.

Therefore, the congressional investigative agency said, Meese was required to provide details on his annual financial-disclosure statement of partnership assets worth more than \$1,000, sales or purchases exceeding \$1,000 and income of more than \$100.

(Ruth Marcus, Washington Post, A10)

Meese Assailed Over Asset Reports; Disclosure Rules Not Met,
Congressional Auditors Charge

Attorney General Meese failed to meet the disclosure requirements of the Ethics in Government Act when he described highly profitable investments he had made with a Wedtech Corp.-related financial adviser, congressional auditors concluded.

"Where Mr. Meese has been trying to pretend there is only smoke, we see from the GAO report that there is fire," said Rep. Gerry Sikorski, chairman of a House Post Office and Civil Service subcommittee who requested the GAO study.

(Ronald Ostrow, Los Angeles Times, A4)

Meese's Disclosure Report Not Scrutinized

The Justice Department and the Office of Government Ethics did not thoroughly scrutinize Attorney General Meese's 1985 financial disclosure report, a GAO report said.

Neither of the agencies, during their reviews of Mr. Meese's disclosure report, "obtained the required information" about Meese's financial assets in a partnership controlled by a businessman linked to the WedTech Corp. scandal, the report said.

(AP)

CONTRA MILITARY LEADER THANKFUL FOR NORTH'S DEFENSE

Nicaraguan rebel leaders, bouyed by Oliver North's passionate hearings, began a round of public lobbying aimed at securing renewed U.S. military assistance.

Adolpho Calero, the contra military leader, said "there has been no embarrassment whatsoever" to the contras from the just concluded hearings on Capitol Hill. "We smelled like a flower," he said.

(Matthew Quinn, UPI)

WHAT THE HEARINGS ACHIEVED

James (Scotty) Reston, who stands with Walter Lippman as American journalism's most influential commentator of the last 50 years, once promulgated what should be characterized as Reston's Rule for Reporters. Beware, he warned, of making the deadline but missing the point.

For the last three months, many reporters have been making the Iran-contra deadline but, now that the public hearings have ended, how well did we grasp the point?

The most important aspect of the hearings is a negative, that is, what would the consequences have been for the democratic system if the hearings had not been held? (Haynes Johnson, Washington Post, A2)

NATIONAL NEWS

FCC RESCINDS 'FAIRNESS DOCTRINE' Broadcasters Hail End To 'Intrusion'

The FCC agreed unanimously to abolish the "fairness doctrine," which has required the nation's radio and television broadcasters since 1949 to air conflicting views on important public issues.

The decision was cause for celebration in the television and radio industry, whose spokesmen said the doctrine often did the opposite of what the FCC originally intended by forcing stations to avoid controversial issues altogether.

"With today's decision, the FCC ended 38 years of formalized government intrusion into the First Amendment freedoms of broadcast journalists," said Edward Fritts, president of the National Association of Broadcasters, which represents more than 5,000 radio stations, 940 television stations and the major networks.

(Eleanor Randolph, Washington Post, A1)

FCC Ends Fairness Doctrine, Angering Some Congressmen

The fairness doctrine, requiring broadcasters to present all sides of controversial issues, became history when the FCC voted to abolish the 38-year-old policy.

"Because we believe it will serve the public interest, we seek to extend to the electronic press the same First Amendment guarantees that the print media have enjoyed since our country's inception," said FCC Chairman Dennis Patrick. (AP)

The FCC Does In The Doctrine

The FCC proved it does know something about obscenity after all. It committed one. The fairness doctrine, which has operated to the salutary and statutory benefit of American broadcasting and its audience for 38 years, was thrown out by the commission in a gesture of colossally arrogant gall.

Four commissioners, as if beset by some exotic ideological influenza, decided the doctrine was "unconstitutional" even though the Supreme Court has previously ruled otherwise and a majority of the Congress has expressed its support for the doctrine. The rule requires TV and radio stations to give balanced treatment to controversial issues; the FCC says that is simply too great a burden for broadcasters to bear.

(Tom Shales, Washington Post, C1)

Fairness Doctrine For Broadcasts To End

The government has abolished the fairness doctrine requiring airing of opposing views, prompting charges that the public would lose an important avenue of expression.

"The FCC's decision to repeal the fairness doctrine is wrong-headed, misguided and illogical," Sen. Hollings, chairman of the Senate Commerce Committee, said after the FCC voted unanimously to abolish the requirement. (Reuter)

SENATE APPROVES BANKING BILL 96-2

Consumers will get checks cleared sooner and the government will be able to start closing or selling hundreds of failing savings and loan institutions under a compromise banking bill passed 96-2 by the Senate.

The bill, which was hammered out by Senate and House conferees in recent weeks and was passed by the House Monday, could be signed into law by President Reagan as early as Saturday, congressional aides said.

If Reagan signs the bill, which he is expected to do, the nation will have its first major banking legislation in five years. Reagan last week promised to sign the legislation after Treasury Secretary Baker devised a last-minute compromise with congressional leaders.

The bill requires banks to make funds available to depositors for checks written on local banks after two intervening business days starting Sept. 1988 and after one intervening business day starting in 1990. Banks would be able to hold funds for checks written on out-of-town banks for a maximum of six intervening business days starting Sept. 1988 and four intervening business days in 1990.

(Kathleen Day, Washington Post, F1)

Senate Accepts Compromise Bill On Bank System

After a tortuous legislative battle, the Senate gave final Congressional approval to a sweeping banking law designed to shore up the weakened savings and loan industry with billions of dollars and to halt further deregulation of banking.

By a 96-to-2 vote, the Senate passed the Competitive Equality Banking Act of 1987 and sent it to President Reagan, who has promised to sign it into law. The House approved the bill Monday, by a vote of 382 to 12.

(Nathaniel Nash, New York Times, A1)

HOUSE-SENATE COMMITTEE ENDORSES HIGHER DEBT LIMIT

A House-Senate committee, faced with new warnings of government financial crisis, endorsed a plan to raise the federal debt limit to \$2.8 trillion to cover the Treasury's borrowing through May 1989.

Some lawmakers are skeptical the measure can be passed before the current debt limit expires at midnight Thursday. In that case, Congress is likely to pass another in a series of short-term extensions of the debt limit -- this one to accommodate government borrowing until at least mid-September, after lawmakers' scheduled return from their summer.

(Linda Werfelman, UPI)

Raised Debt Ceiling Gets Conference Committee OK

A House-Senate conference committee agreed to a new debt ceiling of \$2.8 trillion -- nearly \$500 billion in new borrowing to carry the government until mid-1989.

The resolution approved does not specify any targets. The size of the deficit cut required before President Reagan leaves office will be a key factor in the House-Senate talks, but lawmakers said they thought it could be resolved.

(AP)

ADMINISTRATION PROPOSES ALLOWING
HEALTH CLAIMS ON FOOD PACKAGES
Consumer Groups Oppose Plan To Reverse 81-Year-Old Policy

After more than three years of debate, the Reagan Administration proposed new rules that would allow the nation's food companies to proclaim the health advantages of their products on labels and packaging.

The proposal would reverse a federal policy in effect since 1906 against advertising health claims for foods. Officials of the food industry, who have been eager to take advantage of America's increasing appetite for healthy foods, have pushed hard for the rule change.

Consumer groups have also sought labeling with more nutritional information, but spokesmen for the groups said the proposed change, published in yesterday's Federal Register, would allow food companies to tell only the most favorable part of the story.

(Michael Specter, Washington Post, A3)

NETWORK NEWS SUMMARY

(Tuesday Evening, August 4, 1987)

CONTRA AID/PEACE PLAN

NBC's Tom Brokaw: The Reagan Administration and congressional

Democrats are in active negotiation tonight on a new U.S. peace proposal for Nicaragua. But apparently they do remain far apart on a key issue: what happens to future aid for the contras. The bipartisan discussions came as the White House was preparing a new public campaign for an additional \$150 million in contra aid, and as contra leaders were in Washington to help out.

NBC's Andrea Mitchell: While contra leaders toured the Capitol seeking military support, intense talks between the Administration and Congress produced a tentative bipartisan proposal to end the fighting in Nicaragua. The plan calls for an immediate 60-day cease-fire in place. That would leave contra forces inside Nicaragua; withdrawal of Soviet-backed advisers; the restoration of democracy in Nicaragua; freedom of press and religion; a timetable for future elections; immediate peace talks. In the past the Administration has refused to sit down with the Sandinistas. Under this plan, it would: along with Costa Rica, Honduras, Guatemala and El Salvador.

(Secretary Shultz: "First and foremost, we'd like to see a negotiated outcome, and we intend to work hard for that, as we have been.")

(Adolfo Calero, contra leader: "But certainly, we must be part of any negotiation and I would expect the U.S. plan to help us be a party of any negotiation, whatever.")

The contras could continue to use money already in the pipeline until it runs out September 30th. And the White House wants Congress to promise to support a new contra aid package, although Democrats are resisting. For Nicaragua, there was a carrot: an end to the current trade embargo and a promise of economic aid. But the plan immediately ran into trouble on the left and the right. Some conservatives complained that they were not consulted.

(Rep. Dornan: "So we got something hot about to develop here? I don't know what it's all about and I think it's wrong that I don't know.")

While contra opponents said that Democrat leaders were giving away too much.

(Rep. Boxer: "The question is, is it really sincere, or is it a ploy, because the Administration felt it didn't have the votes for contra aid.")

And the Republican right doesn't think the Sandinistas can be trusted in any negotiation.

(Patrick Buchanan: "They have killed people and have risked their own lives to get and achieve power, and they want to advance the revolution. They're not in the banana export business, they're in the revolution export business and I don't think there's anything that's going to change them.")

Democrat and Republican leaders plan to meet with the President tomorrow to see if a final agreement can be reached. But there are already problems. Democrats say they are making no commitment to support a new contra aid package. And late tonight, a senior White House official said, if there's no commitment to contra aid, what's in it for us?

...More

Brokaw interviews Alejandro Bendana, Nicaraguan Secretary-General of the Foreign Ministry, in Managua:

Brokaw: Do you welcome the idea of a cease-fire within 60 days, and the U.S. possibly as a participant in peace talks?

Bendana: We would like to have a direct U.S.-Nicaraguan negotiation because that's indispensable to bringing about peace in Central America. But...as Contadora and the Central Americans foreign ministers pointed out, for peace to be secured in the area, the financing -- the killing -- of Nicaraguans by way of more financial aid for the contras, would be the first step. That's what we're going to be really looking for.

Brokaw: One of the aspects of the plan...is that there would be no additional aid for the contras if this plan would take effect. So isn't this one way for the Sandinista government to get the U.S. to see to an end of the war in Central America?

Bendana: You can't secure peace by continuing to wage war. The Administration cannot have its cake and eat it too. We must stop the killing of people. That's the first point. And then, let's have negotiations -- not the other way around.

Brokaw: But they are saying that they would have 60 days in which a cease-fire would take effect. Would you welcome that idea?

Bendana: We would welcome a cease-fire with the U.S. In fact, the International Court of Justice ordered the U.S. one year ago to cease-fire. But I'm afraid they shredded that sentence, too.

Brokaw: Bendana and other Sandinista government officials today were not ruling out the possibility that they would ask the Soviets for MiG-21s as the war with the contras escalates, in the meantime.... Even without the MiGs, the Sandinistas are building up their military strength.

NBC's Robin Lloyd reports from Nicaragua on Sandinista soldiers, who are greeted on the streets of Managua as war heroes. Western diplomats acknowledge that recruitment is no longer the problem it once was for the Sandinista government and Lloyd says the Sandinistas have transformed the officers and soldiers into a privileged elite with special benefits. Western diplomats say this has boosted morale for soldiers and families. But many civilians are angry at the preferential treatment. More and more, the country's money is being used to build up the military. (NBC-Lead)

ABC's Peter Jennings: For much of the day the Reagan Administration and members of Congress have been trying to find some middle ground on a peace plan for Central America. And if that doesn't work, how much aid the Nicaraguan contras will get when the current aid program runs out in about two months.

ABC's Sam Donaldson: Administration officials worked hard today on Capitol Hill and elsewhere to draw congressional Democrats into a new peace plan for Central America that would ensure continued funding for the contra rebels if the Nicaraguan Sandinista government doesn't go along. In essence, the plan would call for a cease-fire in place; the withdrawal of all excess foreign military personnel from the region; a negotiation involving for the first time the U.S. at the table with Nicaragua; and a deadline for agreement of September 30th -- important because that's the date the current U.S.-contra funding runs out and the Administration wants no delay in obtaining a new congressional appropriation. As Secretary Shultz made clear when he met today with the contra leadership director.

(Secretary Shultz: "We'd like to see a negotiated outcome and we intend to work hard for that as we have been, and as the members of the directorate have been. But, in the meantime, we have to give a good account of ourselves. And (the contras) do. And that takes support.")

The Administration is considering requesting another \$150-\$160 million for the contras for a new 18-month period, and believes it can win it easily if the Sandinistas refuse to negotiate on a peace plan that congressional Democrats have endorsed. But in reviewing the President's mindset today, congressional Republican leaders made plain, he does not intend to give the Sandinistas much room to maneuver.

(Rep. Michel: "And then frankly press forward with what he normally feels very strongly about, and that is, eradicating the communist state of Nicaragua.")

The contra leadership roamed Capitol Hill today seeking support, expressing the view that the Iran-contra hearings actually strengthened their cause.

(Calero: "I think we came out of the Iran hearings smelling like a flower. There has been no embarrassment whatsoever.")

The announcement of a new peace plan in connection with the request for more money for the contras is a technique the President has used before. If the Democrats sign on, it will probably ensure the money -- but not necessarily peace -- since the President's plan still requires the Sandinistas to surrender. (ABC-2)

CBS's Dan Rather: President Reagan's aides are negotiating with Congress tonight on a possible new Central American policy. This plan would ask major changes from the Sandinista government in Nicaragua in exchange for cutting off U.S. aid to the contra rebels.

CBS's Phil Jones: Both ends of Pennsylvania Avenue were abuzz of talk with a new dramatic Nicaraguan peace plan today. Congressional leaders were the first to disclose the new initiative as they left the meeting with the President this morning. Then, Secretary Shultz and White House Chief of Staff Howard Baker spent three hours at the Capitol discussing with congressional leaders a new, far-reaching peace plan that appears to represent striking changes in attitude within the Reagan Administration.... It is a plan that the Administration's critics say they could embrace. But they are skeptical.

Jones continues:

(Sen. Harkin: "The problem is, we've been tricked so many times before by this Administration with regard to contra aid. This Administration's singular goal has been to fund the contras; to overthrow the Sandinista government. And what I'm saying right now is I haven't seen anything lately that changes their stripes.")

This peace plan does not appear to include the contras in future regional discussions on military strength in the Central American countries. And as might be expected, this did not go over well with contra leaders, who have arrived in Washington to lobby for more contra aid.

(Alfredo Cesar, contra leader: "We cannot support and we will not (agree) to a cease-fire that was not negotiated with us.")

But tonight there are new comments indicating that this peace plan may be in trouble already. A White House official says the President wants a commitment from Congress to call for a vote on new contra aid if the Sandinistas reject this plan -- a commitment Congress may refuse to make. Also, according to sources, the Pentagon is balking at this plan.

Rather: When Congress cut off aid to the contras in 1984, President Reagan's secret operatives helped set up a private aid network.... Now that Congress has resumed aid to the contras, a somewhat similar movement is building on the other side: private American citizens organizing and giving aid to the...Sandinista government of Nicaragua.

CBS's John Blackstone reports on efforts by Quest For Peace, made up largely of church groups and liberal charities, which is attempting to match dollar-for-dollar whatever American government aid is given to the contras. Those raising money say they've actually been helped by the Iran-contra hearings. (CBS-Lead)

IRAN-CONTRA HEARINGS/WRIGHT

Rather: House Speaker Jim Wright said today the Iran arms wheeling and dealing involved lawbreaking seven different ways. The Texas Democrat said it was "absolutely beyond belief that President Reagan could be unaware of that." Last Friday Mr. Reagan said -- and I quote -- "Not a single word of the testimony given to Congress indicated any laws were broken." Now President Reagan has had his spokesman roll back and reverse that. Mr. Reagan's spokesman explained he only meant the snippets of testimony that he had actually watched on television. (CBS-2)

IRAN-CONTRA PROBE

Jennings: The man in charge of the Administration's Central American program said today he is not the target of the independent counsel's investigation. The assistant secretary of state, Elliott Abrams, was, for a time, thought to be under investigation for lying to Congress about American involvement with the private network aiding the contras. ...A good many people thought that Judge Lawrence Walsh would make some sort of move right after the Iran-contra hearings...ended. He is not ready yet. ...More

ABC's Dennis Troute: Criminal indictments from Walsh's investigation are not expected until fall at the earliest. Making it difficult: limited immunity granted to witnesses in the hearings and bureaucratic delays in securing Swiss bank records. The possible charges against North and Poindexter are conspiracy to violate the Boland amendment; conspiracy to misuse government funds; obstruct justice; and possible violations of the Neutrality Act and the Arms Export Control Act. Sources say Walsh has granted total immunity to four participants in the Iran affair: Fawn Hall, Robert Owen, Robert Dutton and Richard Gad. (ABC-3)

IRAN-CONTRA HEARINGS/COMMENTARY

NBC's John Chancellor: The hearings were fascinating.... But when you think about it, nothing fundamental has been changed. The real damage to the President came eight or nine months ago when the country learned that arms had been traded for hostages. That was the worst blow. It was far more harmful to the President than the money which was secretly sent to the contra rebels in Nicaragua.... Everybody knew he supported the contras. But selling arms to the Iranians? He had said he would never do that. It was a mortal blow to his credibility. There were polls last winter which showed something like half the public didn't think Mr. Reagan was telling the truth when he said he didn't know money had been sent to the contras.... When we polled four weeks ago...the 41 percent which thought the President was lying had increased to 56 percent. Mr. Reagan has a stubborn -- a chronic -- credibility problem that has not diminished in the last nine months. We have today essentially what we had last winter: an extremely likable president who broke his word and got into deep trouble with the electorate... (NBC-7)

PERSIAN GULF

Jennings: It's very difficult at times to tell how much substance there is behind the wholesale barrage of words and the public displays of belligerence which the Iranians are capable of mounting. Operation Martyrdom...was planned before so many Iranian pilgrims died at Mecca. But what happened at Mecca, and Iran's determination to threaten the U.S., has certainly given Iran's latest military maneuvers in the gulf an added dimension. And they are making some people nervous.

ABC's Mike Lee: Operation Martyrdom began today with Iranian television reporting that tens of thousands of revolutionary guards and other military forces staged rallies and naval maneuvers along several hundred miles of coast line.... With Iran now staging its show of force in territorial waters and in the so-called chokepoints of the gulf, many commercial ships are staying away from the Strait of Hormuz.... The British Navy here, which has been maintaining a low-profile presence in the gulf -- and whose government has refused to help the U.S. clear underwater mines -- denied that it was actually running interference through the strait today. Further north near Kuwait, the re-loaded supertanker Bridgeton has still not begun its journey out of the gulf. ...More

Jennings: Amid all the storm...the U.S...quietly finished the first two-way escort job for one of the reflagged Kuwaiti tankers. When the...Gas Prince made its way out of the gulf yesterday, it seemed fairly routine. Except, what's routine?

ABC's Bob Zelnick: As the tanker Gas Prince got within range of Iranian Silkworm missile launcher sites near the Strait of Hormuz Monday, ABC News has been told that U.S. intelligence detected unusual activity at the site at Kuhestak. Pentagon sources say trucks used to haul Silkworms were active while air search radar at the site was turned on. Suspecting a possible incident, carrier-based U.S. aircraft were ordered to take a close look at the site while F-14s stood ready to take out the missiles. ABC News has learned that during the incident electronic countermeasures from EA6 Prowler aircraft were used to jam the Iranian radar. And sources here say that Adm. William Crowe...was awakened at 3:30 a.m. and brought to the Pentagon situation room to monitor the incident. In the end it was concluded there were launchers but no Silkworm missiles at the site. Pentagon officials describe the incident as a false alarm. The commander of the convoy operation has been reluctant to discuss it.

(Rear Adm. Harold Bernsen: "I think you're going to have to ask the folks back home in Washington about that.")

As regards Operation Martyrdom, Pentagon officials insisted it will have no impact on U.S. convoy plans. But privately, (Pentagon) sources say the U.S. has no plans to bring its ships anywhere near the strait until the Iranian exercises conclude. In the words of one official, the risks of confrontation are real enough without looking for trouble.
(ABC-Lead)

Brokaw: Iran began three days of naval maneuvers in the Persian Gulf and the Strait of Hormuz today. The Iranians ordered all foreign ships to stand clear and threatened them with missiles and suicide boats. The Pentagon said that U.S. warships would continue to operate normally and eight U.S. minesweeping helicopters arrived on an island in the Indian Ocean for transfer to a carrier.
(NBC-2)

Rather: Iran's revolutionary guards began three days of naval exercises today in the Persian Gulf. They warned foreign ships to stay out of the way.

CBS's David Martin reports Pentagon sources say the U.S. Army is sending specially equipped gunships from its most elite helicopter unit to the Persian Gulf.... The helicopters will be based aboard Navy ships escorting tankers through the gulf -- only the latest in a wave of forces ordered to the gulf by American military commanders who are both embarrassed by their failure to protect the Bridgeton and fearful that Iran is liable to try anything. A senior Pentagon official says U.S. intelligence has uncovered detailed Iranian military plans for attacking Kuwait and other Persian Gulf states.
(CBS-3)

FAIRNESS DOCTRINE

Jennings: In Washington today the FCC voted unanimously to abolish the so-called Fairness Doctrine.... It was not a universally popular decision, by any means.

ABC's John Martin reports that the FCC's staff said that the doctrine chills speech, rather than encourages it. Demonstrators protested the decision, but the commissioners went ahead.

(Dennis Patrick, FCC chairman: "Yes, there are risks. But we as a people have elected to bear the risks of freedom, rather than the greater risks which attend government control of the press.")

(ABC-7)

Brokaw: The FCC voted today to scrap the Fairness Doctrine....

Congress favors the rule -- even voted to require it. But the President vetoed that.... Congress may yet have the last word.

NBC's Carl Stern: ...Industry officials deny that broadcasters will now become unfair. But on Capitol Hill there was new talk of a law to require the FCC to enforce the Fairness Doctrine.

(Rep. Markey: "The Reagan Administration is attempting to reflag the broadcasters with a banner that reads, 'We don't believe in fairness. We don't need to care.'")

Congressional supporters of a fairness doctrine law vow to attach it to some other law in the fall -- some piece of legislation the President won't want to veto.

(NBC-6)

Rather: The FCC today abolished the Fairness Doctrine. Rita Braver reports on why this will touch off a new fight in Congress and why you should care.

CBS's Rita Braver reports some members of Congress think programming will suffer and they'll introduce legislation to make the Fairness Doctrine federal law, despite Administration opposition.

(Rep. Dingell: "The White House will have cause to regret this. The FCC will have cause to regret this. The public interest will be served.")

(CBS-5)

DRUG TESTS

Jennings: We have a...report tonight about the effort to deal with drugs in the workplace. More and more companies are testing their employees, or their potential employees, for drug use.... A growing number of private corporations have begun using these tests and there is a great deal of controversy over their effectiveness, their accuracy and their fairness.

-more-

ABC's Joe Bergantino reports on company policies, employer and employee reactions to the drug testing programs, and critics' comments. He says many studies show drug use is responsible for only a small percentage of on-the-job accidents and that the drug test can be wrong up to 30 percent of the time. Many companies say they see a connection between worker drug use and theft, but the U.S. Justice Department says it is not aware of any solid evidence that drug abuse leads to widespread theft on the job. But the political push to drug tests is a strong one, coming from the President himself.

(President Reagan, in the press briefing room: "Our first goal is to seek a drug-free workplace for all Americans.") (ABC-6)

M-60 TANK

Rather: CBS News has been told that hundreds of the U.S. Army's top-of-the line tanks are off-line: not ready for combat. The problem: bad bolts.

CBS's Richard Schlesinger reports on how substandard parts can make military machines fall apart. More than 10 percent have been taken out of service. The Army will tell Congress tomorrow that the bolts holding the big guns to the bodies of the tanks are too weak.

(Rep. Wyden: "It's a good thing that there isn't any emergency this evening that would require that we have these M-60 tanks, because according to the Army, they're not in a position to be used as intended.") (CBS-4)

-end of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, AUGUST 5, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Reagan Presents New Central American Plan -- President Reagan summoned congressional leaders to the White House to discuss a new Central America peace plan that in effect would put funding for the Nicaraguan contra rebels on the bargaining table. (Washington Post, Washington Times, Newhouse, Reuter, Scripps Howard, UPI)

IRAN-NICARAGUA

Wright Charges Iran Deals Broke Law; Critics Strike Back -- House Speaker Wright said that members of the Reagan Administration broke at least four federal laws in the Iran-contra affair, prompting members of the congressional committee investigating the matter to say the speaker spoke too quickly. (Washington Times, AP)

NATIONAL NEWS

FCC Ends Fairness Doctrine, Angering Some Congressmen -- The fairness doctrine, requiring broadcasters to present all sides of controversial issues, became history when the FCC voted to abolish the 38-year-old policy. (Washington Post, AP, Reuter)

NETWORK NEWS (Tuesday Evening)

CONTRA AID/PEACE PLAN -- President Reagan's aides are negotiating with Congress on a possible new Central American policy.

IRAN-CONTRA PROBE -- Elliott Abrams said he is not the target of the independent counsel's investigation.

PERSIAN GULF -- The U.S. quietly finished the first two-way escort job for one of the reflagged Kuwaiti tankers.

Status or Style

Cigars are not a big deal in France, but one essential element of what they call [there] the three C's: coffee, Cognac and cigars. If in the U.S. the cigar confers power and status with a touch of rebelliousness, in France it suggests an appreciation of the finer things in life.

—Gordon Mott, *New York Times*

FORBES, AUGUST 10, 1987

INTERNATIONAL NEWS

NICARAGUA PEACE PLAN IS FLOATED

White House Seeks Cease-Fire, Deadline On Managua Reforms

The White House, faced with strong congressional opposition to President Reagan's request for continued military aid to the Nicaraguan contras, has launched a fresh effort to win bipartisan support by floating a new peace initiative that includes terms the Sandinistas previously rejected, Administration and congressional sources said.

The diplomatic initiative has the support of House Speaker Jim Wright. But it immediately drew bipartisan skepticism on Capitol Hill. Democrats who oppose contra-aid expressed concern that Reagan was using the peace plan as a gimmick to win continued assistance, while some Republicans complained that the linkage to more contra-aid was not explicit enough.

Reagan plans to meet this morning with the congressional leadership to iron out details of the plan and determine whether he and Congress can reach the "same understandings" about it, an informed Administration official said last night.

(David Hoffman, Washington Post, A1)

Reagan Presents New Central American Plan

President Reagan summoned congressional leaders to the White House to discuss a new Central America peace plan that in effect would put funding for the Nicaraguan contra rebels on the bargaining table.

Under the proposal, the Reagan Administration would give Nicaragua's leftist Sandinista government a Sept. 30 deadline to accept previously rejected terms for ending U.S. aid to the contras -- or face even more support for the rebels.

(Helen Thomas, UPI)

Reagan Cutting Deal On Contras

The Reagan Administration and congressional leaders are nearing agreement on a 60-day Central American peace initiative calling for a cease-fire between the Nicaraguan resistance and the nation's Marxist Sandinista government, White House and congressional officials said.

"The situation in Nicaragua is very desperate for the Sandinistas," said rebel leader Adolpho Calero in a Capitol Hill press conference. "Anything that will help the Sandinistas out of this deep crisis would be a blow to the cause of the democracy in Nicaragua."

The resistance would not be directly represented in the peace talks and, according to one source familiar with the plan, would be penalized with an immediate cutoff of U.S. support if it failed to cooperate with the peace plan.

(Willis Witter & Jennifer Spevacek, Washington Times, A1)

U.S.-Sponsored Central American Peace Plan In Works

A U.S.-sponsored plan to end the war in Nicaragua is being developed jointly by the White House and bipartisan leaders of Congress and could be announced today, congressional sources said.

But even before the proposal had been publicly revealed in full, questions began to arise over whether it could actually succeed and if the Nicaraguan rebels, a key party to the plan, indicated they may not support it.

(Valerie Strauss, Reuter)

Administration Seeks Congressional Support For Nicaraguan Cease-Fire

The Administration sought congressional support for a Central America peace formula that would force Nicaragua to accept a cease-fire and free elections or face continued insurgency from the U.S.-backed contra rebels.

Two days before a summit of Central American leaders in Guatemala, the Administration proposed setting a Sept. 30 deadline for the Sandinista regime to accept previously rejected terms for an end to U.S. aid for the contras.

The deal, prompted by Secretary of State Shultz in discussions on Capitol Hill, contained elements similar to one Reagan tried to strike last year in exchange for \$100 million in arms and other aid to the contras.

(Norman Sandler, UPI)

New Nicaraguan Peace Initiative Emerges On Capitol Hill

Congress is skeptical of the motives of top Reagan Administration officials in endorsing a Nicaraguan peace initiative similar to one they earlier opposed.

Administration officials went out of their way to call the diplomatic initiative a "bipartisan" effort and credited House Speaker Wright for instigating it.

Critics of contra-aid called the diplomatic initiative and the Reagan Administration's seeming support "a positive development" but cautioned that wouldn't necessarily improve the climate in Congress for voting additional contra-aid.

(Mary Deibel, Scripps Howard)

House Speaker Wright's Role In Peace Proposal Surprising

After weeks of verbally flaying the Reagan White House for the Iran-contras arms deal, House Speaker Wright is making a surprising foreign policy overture to the Administration with his role in the Nicaraguan peace proposal.

The plan would have the Reagan Administration delay its request for new aid to the contra rebels in Nicaragua if the leftist Sandinista government there agrees to a cease-fire and democratic reforms.

(Tom Baden, Newhouse)

U.S. PLANS TO SEND ELITE UNITS TO GULF Suicide Speedboats Training, Iran Says

CAIRO -- Iran said its naval maneuvers in the Persian Gulf and Strait of Hormuz were intended to train suicide squads to ram U.S. warships with speedboats "loaded with explosives."

Referring to those killed in riots in the Saudi Arabian city of Mecca last Friday, Iranian naval commander Commodore Mohammed Hussein Malekzadegan was quoted by Iran's official news agency IRNA as saying, "Iran's naval forces are fully prepared to take revenge on the United States and its criminal accomplices for shedding the blood of innocent pilgrims." Official Tehran radio said "martyrdom-seeking" volunteers were practicing suicide missions on dummy "enemy ships" in the maneuvers.

(Jane Friedman, Washington Post, A1)

Pentagon Counters New Iranian Threats

Pentagon officials are preparing to send new contingents of special-operations forces to the Persian Gulf to help counter possible attacks from terrorists and suicide speedboat crews following new Iranian threats, military sources said.

Defense Secretary Weinberger said he does not know how long the growing U.S. military buildup in the troubled Persian Gulf region will continue.

Despite public assertions by Defense Department officials that Iranian threats are not "relevant to our operations" in the region, Pentagon sources said military leaders are scrambling to draw up new contingency plans to deal with the latest Iranian warnings after Friday's bloody demonstrations in Mecca.

Underscoring the sense of deep concern, Pentagon sources said U.S. intelligence sources detected what they believe to be a previously unknown Silkworm missile site in the final hours of Monday's escorting operations through the Strait of Hormuz, sending military officials into "a flurry for three or four hours."

(Molly Moore, Washington Post, A1)

Special Operations Forces Being Considered For Gulf Duty

Eight mine-sweeping helicopters destined for the Persian Gulf have arrived in the Indian Ocean island of Diego Garcia for transfer to the helicopter carrier USS Guadalcanal, Pentagon sources said.

The 11,000-ton Guadalcanal, chiefly used for helicopter assaults by Marines, also has put into Diego Garcia and will carry the RH-53D Sea Stallion choppers and about 200 Navy support personnel into the gulf for mine-sweeping operations, the sources said.

(Richard Gross, UPI)

BRITAIN EXPECTED TO PROVIDE GULF MINE-SWEEPERS

Britain is likely to supply a small number of mine-sweeping ships to aid U.S. vessels escorting Kuwaiti oil tankers in the Persian Gulf, reversing a previous refusal, British government sources say.

Prime Minister Thatcher began showing signs of relenting as tensions in the Middle East hot spot continued rising this week, sparking new fear that Western allies could see armed conflict with Iran, according to the sources.

British officials also said their military aircraft in Oman, at the southern tip of the strategic gulf, were placed "on a heightened state of alert" following Friday's clashes between Iranian pilgrims and Saudi Arabian police in Mecca.

(Richard Sale, UPI)

IRANIAN NAVY EXERCISES IN PERSIAN GULF AMID REVENGE THREATS

Iran exercised its naval forces in the Persian Gulf for a second day today amid tension in the region and a warning from an Iranian commander that his forces are ready for revenge on the U.S.

Oil tankers plied through the gulf unhindered yesterday and shipping sources reported merchant vessels were moving normally in international waters.

The Iranian Revolutionary Guards announced three days of naval exercises in Iran's waters in the Strait of Hormuz, the Persian Gulf and the Sea of Oman.

(Reuter)

U.S. Jammed Iranian Radar In Tense Gulf Incident

U.S. planes jammed Iranian radar along the Persian Gulf in a false alarm when there were indications the Iranians might be training missiles on an American convoy, U.S. defense officials said.

They said Adm. William Crowe, chairman of the U.S. Military's Joint Chiefs of Staff, had been called to his Washington office at 3:00 a.m. to monitor the situation which occurred when the convoy in the Strait of Hormuz received signals indicating a search radar had been turned on.

One official told Reuters that as the convoy guarding the reflagged tanker Gas Prince approached the strait "our intelligence indicated there were some launcher trucks there and that a search radar had been turned on."

(Charles Aldinger, Reuter)

U.S. WALKS TIGHTROPE BETWEEN FRIENDS, FOES Gulf War Gives Iraqis Motive To Improve Ties

BAGHDAD, Iraq -- The Reagan Administration's push to improve relations with Iraq is starting to pay off as the gulf war heats up.

Iraqi officials here -- once profoundly opposed to the U.S. -- now talk optimistically of improving a relationship that only resumed in 1984 after Iraq cut off relations during the 1967 Middle East War.

Iraq is counting on the U.S to fight for sanctions against Iran on the international diplomatic scene and not to sell them arms.

Iraq wants the Reagan Administration to continue its efforts on behalf of a U.N. resolution calling for a halt to the war.

(Don Kirk, USA Today, A6)

GORBACHEV SEEN FASHIONING MORE FLEXIBLE FOREIGN POLICY Soviet Has An Eye On Post-Reagan Era

MOSCOW -- Soviet party leader Gorbachev is capitalizing on his increasing political strength at home and the erosion of confidence in the Reagan Administration in Washington to recast Soviet foreign policy along more flexible and conciliatory lines, Soviet officials and senior western diplomats report.

In this view, Gorbachev, who reportedly is personally involved in the details of these policy changes, appears to be looking beyond the tenure in office of the Reagan Administration and is seeking to transform the psychology of Soviet-American relations as the next president comes to power.

(News Analysis, Jim Hoagland, Washington Post, A1)

WEST EUROPE CONSIDERS TRADE TIES WITH SOVIET BLOC

BONN -- The European Community, West Europe's main trade bloc, and the East European economic organization Comecon are likely to establish formal relations by the end of this year and end three decades of mutual nonrecognition, EC officials say.

The expected move, under discussion for the past year, would make it easier for the 12-nation EC to negotiate trade accords and other agreements with individual European Communist nations.

The U.S. Administration, which has been skeptical in the past of West European desires for trade with the Soviet Bloc, has taken a cautious attitude toward the EC-Comecon discussions, U.S. officials said.

Washington is concerned that the EC might bolster Comecon's diplomatic status, give up more to the East economically than it gets back or drive a wedge between the EC and the U.S. over the issue, they said.

(Robert McCartney, Washington Post, A16)

USSR AND IRAN PLAN JOINT ECONOMIC PROJECTS

Both Criticize U.S. Presence In The Gulf

MOSCOW -- The Soviet Union and Iran agreed on new "large scale" projects of economic cooperation and jointly criticized the U.S. naval presence in the Persian Gulf following a visit to Tehran by Soviet First Deputy Foreign Minister Yuli Vorontsov, the Tass news agency said.

The two sides expressed "mutual concern" over "the unprecedented build-up of U.S. military presence in the area," Tass said. It said Iran had supported Moscow's proposal for the withdrawal of all foreign naval ships from the Persian Gulf and for Iran and Iraq to refrain from actions which pose a threat to international shipping.

Western diplomats said Vorontsov's visit was a sign of a modest improvement in ties between the Soviet Union and Iran as Moscow sought to take advantage of Tehran's rapidly deteriorating relations with the West. Tass said "mutual interest in further continuation and deepening of Soviet-Iranian political contacts was reaffirmed" by the senior officials' talks.

(Jackson Diehl, Washington Post, A19)

Soviets Report Economic Accord With Iranians

MOSCOW -- The Soviet Union said that it had reached general agreement with Iran to cooperate on large-scale economic projects and to deepen political relations.

In Tehran, the Iranian press agency reported that Soviet and Iranian officials had discussed several major industrial projects, including oil pipelines, refineries and a railroad from the Soviet Union to the gulf.

(New York Times News Service, Washington Times, A1)

13 MAJOR TESTS IN SPACE SLATED BY SDI OFFICIALS
Papers Give Glimpse Of Technology Needed

The Defense Department plans at least 13 major space experiments over the next five years to help develop a limited ballistic-missile defense, according to documents released by the Strategic Defense Initiative Organization.

At least seven are to involve attempted missile interceptions and two the launch of new, state-of-the-art satellites to detect and track Soviet missiles, the documents said.

Prepared for an ongoing SDI review by senior Pentagon decision makers, the documents were described by an SDI spokesman as providing the first official glimpse of technologies needed for the initial phase of a missile defense.

(Jeffrey Smith, Washington Post, A10)

U.S. AIDE'S TRIP TO ISRAEL IGNITES TALK OF PEACE PUSH
Shultz Sending Key Assistant Next Week

Secretary of State Shultz is sending his executive assistant, Charles Hill, to Israel next week for high-level, triggering speculation there that the U.S. may be preparing a new push for an international peace conference to resolve the Arab-Israeli conflict.

Redman confirmed that Hill will visit Israel "for informal discussions on a variety of issues." Asked why Hill is making the trip instead of Richard Murphy, the assistant secretary for Mideast affairs, Redman replied: "He's the person who is available at this point; he works closely with the secretary on these matters."

(John Goshko, Washington Post, A11)

IRAN — NICARAGUA

IRAN PROBERS FIND REAGAN COULD HAVE AVOIDED IT ALL

Shortly after he was elected President in 1980, Ronald Reagan made a little-noticed pledge to sharply curtail the growing power of the White House national security adviser. It was a promise he should have kept.

After an extraordinary three-month public inquiry ending Monday that exposed the inner workings of the Reagan White House, Congress' Iran-contra investigating committees have concluded that Reagan could have avoided the worst scandal of his Presidency if he had simply kept tighter reign on his national security adviser, John Poindexter, and his aide Oliver North. If the affair had not been exposed last November, it now seems clear that North -- with the encouragement of Poindexter and William Casey -- would have established a completely independent quasi-government unit funded by private money to carry out covert activities around the world that did not have the support of Congress. North envisioned it as an "off-the-shelf, self-sustaining, stand-alone entity" known as Project Democracy.

(Sara Fritz & Karen Tumulty, Los Angeles Times, A1)

WALSH INQUIRY APPEARS HEADED TOWARD BROAD CONSPIRACY CASE Private Iran-Contra Network Also Under Scrutiny, Sources Say

With the public phase of the congressional hearings on the Iran-contra affair winding down, the next move is likely to come from independent counsel Lawrence Walsh, who for eight months has been quietly gathering evidence for possible criminal charges.

Since his appointment last December, Walsh has been closemouthed about where he is headed.

However, congressional testimony, court proceedings and interviews with defense attorneys and other sources indicate that Walsh is pursuing a broad case alleging conspiracy to defraud the government. Specific charges under consideration range from obstruction of justice (stemming from destruction of White House documents) to misuse of government funds.

So far, the central figures in Walsh's investigation are believed to be Oliver North and John Poindexter. (Joe Pichirallo, Washington Post, A4)

OFFICIALS BROKE LAW 7 TIMES IN IRAN AFFAIR, WRIGHT SAYS

House Speaker Jim Wright contended that the Reagan Administration broke the law in seven instances in the Iran-contra affair and said it is "absolutely beyond belief" that President Reagan could be unaware of that.

Reagan said Friday that "I haven't heard a single word that indicated in any of the (congressional hearing) testimony that laws were broken." Wright said Reagan's original statement was "very disturbing," because "several laws clearly were flouted by persons in the Reagan Administration. It is absolutely beyond belief that the President would be unaware of this fact at this late date." (AP)

Wright Charges Iran Deals Broke Law; Critics Strike Back

House Speaker Wright said that members of the Reagan Administration broke at least four federal laws in the Iran-contra affair, prompting members of the congressional committee investigating the matter to say the speaker spoke too quickly.

"I think it's a cheap shot," said Rep. Dick Cheney, House co-chairman of the panel. "The speaker didn't sit on the panel, but if he's already reached his conclusion, perhaps we should pack up our tents and go home."

(Gene Grabowski, Washington Times, A5)

MEESE FAILED TO FOLLOW ETHICS RULES, GAO SAYS
Partner With Wedtech Figure Is Cited

Attorney General Meese failed to comply with federal ethics regulations when he did not disclose securities held and traded in his partnership with a former official of Wedtech Corp., the General Accounting Office reported.

The GAO concluded that Meese's investment partnership with San Francisco businessman W. Franklyn Chinn did not qualify as a "blind" trust under federal ethics regulations.

Therefore, the congressional investigative agency said, Meese was required to provide details on his annual financial-disclosure statement of partnership assets worth more than \$1,000, sales or purchases exceeding \$1,000 and income of more than \$100.

(Ruth Marcus, Washington Post, A10)

Meese Assailed Over Asset Reports; Disclosure Rules Not Met,
Congressional Auditors Charge

Attorney General Meese failed to meet the disclosure requirements of the Ethics in Government Act when he described highly profitable investments he had made with a Wedtech Corp.-related financial adviser, congressional auditors concluded.

"Where Mr. Meese has been trying to pretend there is only smoke, we see from the GAO report that there is fire," said Rep. Gerry Sikorski, chairman of a House Post Office and Civil Service subcommittee who requested the GAO study.

(Ronald Ostrow, Los Angeles Times, A4)

Meese's Disclosure Report Not Scrutinized

The Justice Department and the Office of Government Ethics did not thoroughly scrutinize Attorney General Meese's 1985 financial disclosure report, a GAO report said.

Neither of the agencies, during their reviews of Mr. Meese's disclosure report, "obtained the required information" about Meese's financial assets in a partnership controlled by a businessman linked to the WedTech Corp. scandal, the report said.

(AP)

CONTRA MILITARY LEADER THANKFUL FOR NORTH'S DEFENSE

Nicaraguan rebel leaders, bouyed by Oliver North's passionate hearings, began a round of public lobbying aimed at securing renewed U.S. military assistance.

Adolpho Calero, the contra military leader, said "there has been no embarrassment whatsoever" to the contras from the just concluded hearings on Capitol Hill. "We smelled like a flower," he said.

(Matthew Quinn, UPI)

WHAT THE HEARINGS ACHIEVED

James (Scotty) Reston, who stands with Walter Lippman as American journalism's most influential commentator of the last 50 years, once promulgated what should be characterized as Reston's Rule for Reporters. Beware, he warned, of making the deadline but missing the point.

For the last three months, many reporters have been making the Iran-contra deadline but, now that the public hearings have ended, how well did we grasp the point?

The most important aspect of the hearings is a negative, that is, what would the consequences have been for the democratic system if the hearings had not been held? (Haynes Johnson, Washington Post, A2)

NATIONAL NEWS

FCC RESCINDS 'FAIRNESS DOCTRINE' Broadcasters Hail End To 'Intrusion'

The FCC agreed unanimously to abolish the "fairness doctrine," which has required the nation's radio and television broadcasters since 1949 to air conflicting views on important public issues.

The decision was cause for celebration in the television and radio industry, whose spokesmen said the doctrine often did the opposite of what the FCC originally intended by forcing stations to avoid controversial issues altogether.

"With today's decision, the FCC ended 38 years of formalized government intrusion into the First Amendment freedoms of broadcast journalists," said Edward Fritts, president of the National Association of Broadcasters, which represents more than 5,000 radio stations, 940 television stations and the major networks.

(Eleanor Randolph, Washington Post, A1)

FCC Ends Fairness Doctrine, Angering Some Congressmen

The fairness doctrine, requiring broadcasters to present all sides of controversial issues, became history when the FCC voted to abolish the 38-year-old policy.

"Because we believe it will serve the public interest, we seek to extend to the electronic press the same First Amendment guarantees that the print media have enjoyed since our country's inception," said FCC Chairman Dennis Patrick. (AP)

The FCC Does In The Doctrine

The FCC proved it does know something about obscenity after all. It committed one. The fairness doctrine, which has operated to the salutary and statutory benefit of American broadcasting and its audience for 38 years, was thrown out by the commission in a gesture of colossally arrogant gall.

Four commissioners, as if beset by some exotic ideological influenza, decided the doctrine was "unconstitutional" even though the Supreme Court has previously ruled otherwise and a majority of the Congress has expressed its support for the doctrine. The rule requires TV and radio stations to give balanced treatment to controversial issues; the FCC says that is simply too great a burden for broadcasters to bear.

(Tom Shales, Washington Post, C1)

Fairness Doctrine For Broadcasts To End

The government has abolished the fairness doctrine requiring airing of opposing views, prompting charges that the public would lose an important avenue of expression.

"The FCC's decision to repeal the fairness doctrine is wrong-headed, misguided and illogical," Sen. Hollings, chairman of the Senate Commerce Committee, said after the FCC voted unanimously to abolish the requirement. (Reuter)

SENATE APPROVES BANKING BILL 96-2

Consumers will get checks cleared sooner and the government will be able to start closing or selling hundreds of failing savings and loan institutions under a compromise banking bill passed 96-2 by the Senate.

The bill, which was hammered out by Senate and House conferees in recent weeks and was passed by the House Monday, could be signed into law by President Reagan as early as Saturday, congressional aides said.

If Reagan signs the bill, which he is expected to do, the nation will have its first major banking legislation in five years. Reagan last week promised to sign the legislation after Treasury Secretary Baker devised a last-minute compromise with congressional leaders.

The bill requires banks to make funds available to depositors for checks written on local banks after two intervening business days starting Sept. 1988 and after one intervening business day starting in 1990. Banks would be able to hold funds for checks written on out-of-town banks for a maximum of six intervening business days starting Sept. 1988 and four intervening business days in 1990.

(Kathleen Day, Washington Post, F1)

Senate Accepts Compromise Bill On Bank System

After a tortuous legislative battle, the Senate gave final Congressional approval to a sweeping banking law designed to shore up the weakened savings and loan industry with billions of dollars and to halt further deregulation of banking.

By a 96-to-2 vote, the Senate passed the Competitive Equality Banking Act of 1987 and sent it to President Reagan, who has promised to sign it into law. The House approved the bill Monday, by a vote of 382 to 12.

(Nathaniel Nash, New York Times, A1)

HOUSE-SENATE COMMITTEE ENDORSES HIGHER DEBT LIMIT

A House-Senate committee, faced with new warnings of government financial crisis, endorsed a plan to raise the federal debt limit to \$2.8 trillion to cover the Treasury's borrowing through May 1989.

Some lawmakers are skeptical the measure can be passed before the current debt limit expires at midnight Thursday. In that case, Congress is likely to pass another in a series of short-term extensions of the debt limit -- this one to accommodate government borrowing until at least mid-September, after lawmakers' scheduled return from their summer.

(Linda Werfelman, UPI)

Raised Debt Ceiling Gets Conference Committee OK

A House-Senate conference committee agreed to a new debt ceiling of \$2.8 trillion -- nearly \$500 billion in new borrowing to carry the government until mid-1989.

The resolution approved does not specify any targets. The size of the deficit cut required before President Reagan leaves office will be a key factor in the House-Senate talks, but lawmakers said they thought it could be resolved.

(AP)

ADMINISTRATION PROPOSES ALLOWING
HEALTH CLAIMS ON FOOD PACKAGES
Consumer Groups Oppose Plan To Reverse 81-Year-Old Policy

After more than three years of debate, the Reagan Administration proposed new rules that would allow the nation's food companies to proclaim the health advantages of their products on labels and packaging.

The proposal would reverse a federal policy in effect since 1906 against advertising health claims for foods. Officials of the food industry, who have been eager to take advantage of America's increasing appetite for healthy foods, have pushed hard for the rule change.

Consumer groups have also sought labeling with more nutritional information, but spokesmen for the groups said the proposed change, published in yesterday's Federal Register, would allow food companies to tell only the most favorable part of the story.

(Michael Specter, Washington Post, A3)

NETWORK NEWS SUMMARY

(Tuesday Evening, August 4, 1987)

CONTRA AID/PEACE PLAN

NBC's Tom Brokaw: The Reagan Administration and congressional

Democrats are in active negotiation tonight on a new U.S. peace proposal for Nicaragua. But apparently they do remain far apart on a key issue: what happens to future aid for the contras. The bipartisan discussions came as the White House was preparing a new public campaign for an additional \$150 million in contra aid, and as contra leaders were in Washington to help out.

NBC's Andrea Mitchell: While contra leaders toured the Capitol seeking military support, intense talks between the Administration and Congress produced a tentative bipartisan proposal to end the fighting in Nicaragua. The plan calls for an immediate 60-day cease-fire in place. That would leave contra forces inside Nicaragua; withdrawal of Soviet-backed advisers; the restoration of democracy in Nicaragua; freedom of press and religion; a timetable for future elections; immediate peace talks. In the past the Administration has refused to sit down with the Sandinistas. Under this plan, it would: along with Costa Rica, Honduras, Guatemala and El Salvador.

(Secretary Shultz: "First and foremost, we'd like to see a negotiated outcome, and we intend to work hard for that, as we have been.")

(Adolfo Calero, contra leader: "But certainly, we must be part of any negotiation and I would expect the U.S. plan to help us be a party of any negotiation, whatever.")

The contras could continue to use money already in the pipeline until it runs out September 30th. And the White House wants Congress to promise to support a new contra aid package, although Democrats are resisting. For Nicaragua, there was a carrot: an end to the current trade embargo and a promise of economic aid. But the plan immediately ran into trouble on the left and the right. Some conservatives complained that they were not consulted.

(Rep. Dornan: "So we got something hot about to develop here? I don't know what it's all about and I think it's wrong that I don't know.")

While contra opponents said that Democrat leaders were giving away too much.

(Rep. Boxer: "The question is, is it really sincere, or is it a ploy, because the Administration felt it didn't have the votes for contra aid.")

And the Republican right doesn't think the Sandinistas can be trusted in any negotiation.

(Patrick Buchanan: "They have killed people and have risked their own lives to get and achieve power, and they want to advance the revolution. They're not in the banana export business, they're in the revolution export business and I don't think there's anything that's going to change them.")

Democrat and Republican leaders plan to meet with the President tomorrow to see if a final agreement can be reached. But there are already problems. Democrats say they are making no commitment to support a new contra aid package. And late tonight, a senior White House official said, if there's no commitment to contra aid, what's in it for us?

...More

Brokaw interviews Alejandro Bendana, Nicaraguan Secretary-General of the Foreign Ministry, in Managua:

Brokaw: Do you welcome the idea of a cease-fire within 60 days, and the U.S. possibly as a participant in peace talks?

Bendana: We would like to have a direct U.S.-Nicaraguan negotiation because that's indispensable to bringing about peace in Central America. But...as Contadora and the Central Americans foreign ministers pointed out, for peace to be secured in the area, the financing -- the killing -- of Nicaraguans by way of more financial aid for the contras, would be the first step. That's what we're going to be really looking for.

Brokaw: One of the aspects of the plan...is that there would be no additional aid for the contras if this plan would take effect. So isn't this one way for the Sandinista government to get the U.S. to see to an end of the war in Central America?

Bendana: You can't secure peace by continuing to wage war. The Administration cannot have its cake and eat it too. We must stop the killing of people. That's the first point. And then, let's have negotiations -- not the other way around.

Brokaw: But they are saying that they would have 60 days in which a cease-fire would take effect. Would you welcome that idea?

Bendana: We would welcome a cease-fire with the U.S. In fact, the International Court of Justice ordered the U.S. one year ago to cease-fire. But I'm afraid they shredded that sentence, too.

Brokaw: Bendana and other Sandinista government officials today were not ruling out the possibility that they would ask the Soviets for MiG-21s as the war with the contras escalates, in the meantime.... Even without the MiGs, the Sandinistas are building up their military strength.

NBC's Robin Lloyd reports from Nicaragua on Sandinista soldiers, who are greeted on the streets of Managua as war heroes. Western diplomats acknowledge that recruitment is no longer the problem it once was for the Sandinista government and Lloyd says the Sandinistas have transformed the officers and soldiers into a privileged elite with special benefits. Western diplomats say this has boosted morale for soldiers and families. But many civilians are angry at the preferential treatment. More and more, the country's money is being used to build up the military. (NBC-Lead)

ABC's Peter Jennings: For much of the day the Reagan Administration and members of Congress have been trying to find some middle ground on a peace plan for Central America. And if that doesn't work, how much aid the Nicaraguan contras will get when the current aid program runs out in about two months.

ABC's Sam Donaldson: Administration officials worked hard today on Capitol Hill and elsewhere to draw congressional Democrats into a new peace plan for Central America that would ensure continued funding for the contra rebels if the Nicaraguan Sandinista government doesn't go along. In essence, the plan would call for a cease-fire in place; the withdrawal of all excess foreign military personnel from the region; a negotiation involving for the first time the U.S. at the table with Nicaragua; and a deadline for agreement of September 30th -- important because that's the date the current U.S.-contra funding runs out and the Administration wants no delay in obtaining a new congressional appropriation. As Secretary Shultz made clear when he met today with the contra leadership director.

(Secretary Shultz: "We'd like to see a negotiated outcome and we intend to work hard for that as we have been, and as the members of the directorate have been. But, in the meantime, we have to give a good account of ourselves. And (the contras) do. And that takes support.")

The Administration is considering requesting another \$150-\$160 million for the contras for a new 18-month period, and believes it can win it easily if the Sandinistas refuse to negotiate on a peace plan that congressional Democrats have endorsed. But in reviewing the President's mindset today, congressional Republican leaders made plain, he does not intend to give the Sandinistas much room to maneuver.

(Rep. Michel: "And then frankly press forward with what he normally feels very strongly about, and that is, eradicating the communist state of Nicaragua.")

The contra leadership roamed Capitol Hill today seeking support, expressing the view that the Iran-contra hearings actually strengthened their cause.

(Calero: "I think we came out of the Iran hearings smelling like a flower. There has been no embarrassment whatsoever.")

The announcement of a new peace plan in connection with the request for more money for the contras is a technique the President has used before. If the Democrats sign on, it will probably ensure the money -- but not necessarily peace -- since the President's plan still requires the Sandinistas to surrender. (ABC-2)

CBS's Dan Rather: President Reagan's aides are negotiating with Congress tonight on a possible new Central American policy. This plan would ask major changes from the Sandinista government in Nicaragua in exchange for cutting off U.S. aid to the contra rebels.

CBS's Phil Jones: Both ends of Pennsylvania Avenue were abuzz of talk with a new dramatic Nicaraguan peace plan today. Congressional leaders were the first to disclose the new initiative as they left the meeting with the President this morning. Then, Secretary Shultz and White House Chief of Staff Howard Baker spent three hours at the Capitol discussing with congressional leaders a new, far-reaching peace plan that appears to represent striking changes in attitude within the Reagan Administration.... It is a plan that the Administration's critics say they could embrace. But they are skeptical.

Jones continues:

(Sen. Harkin: "The problem is, we've been tricked so many times before by this Administration with regard to contra aid. This Administration's singular goal has been to fund the contras; to overthrow the Sandinista government. And what I'm saying right now is I haven't seen anything lately that changes their stripes.")

This peace plan does not appear to include the contras in future regional discussions on military strength in the Central American countries. And as might be expected, this did not go over well with contra leaders, who have arrived in Washington to lobby for more contra aid.

(Alfredo Cesar, contra leader: "We cannot support and we will not (agree) to a cease-fire that was not negotiated with us.")

But tonight there are new comments indicating that this peace plan may be in trouble already. A White House official says the President wants a commitment from Congress to call for a vote on new contra aid if the Sandinistas reject this plan -- a commitment Congress may refuse to make. Also, according to sources, the Pentagon is balking at this plan.

Rather: When Congress cut off aid to the contras in 1984, President Reagan's secret operatives helped set up a private aid network.... Now that Congress has resumed aid to the contras, a somewhat similar movement is building on the other side: private American citizens organizing and giving aid to the...Sandinista government of Nicaragua.

CBS's John Blackstone reports on efforts by Quest For Peace, made up largely of church groups and liberal charities, which is attempting to match dollar-for-dollar whatever American government aid is given to the contras. Those raising money say they've actually been helped by the Iran-contra hearings. (CBS-Lead)

IRAN-CONTRA HEARINGS/WRIGHT

Rather: House Speaker Jim Wright said today the Iran arms wheeling and dealing involved lawbreaking seven different ways. The Texas Democrat said it was "absolutely beyond belief that President Reagan could be unaware of that." Last Friday Mr. Reagan said -- and I quote -- "Not a single word of the testimony given to Congress indicated any laws were broken." Now President Reagan has had his spokesman roll back and reverse that. Mr. Reagan's spokesman explained he only meant the snippets of testimony that he had actually watched on television. (CBS-2)

IRAN-CONTRA PROBE

Jennings: The man in charge of the Administration's Central American program said today he is not the target of the independent counsel's investigation. The assistant secretary of state, Elliott Abrams, was, for a time, thought to be under investigation for lying to Congress about American involvement with the private network aiding the contras. ...A good many people thought that Judge Lawrence Walsh would make some sort of move right after the Iran-contra hearings...ended. He is not ready yet. ...More

ABC's Dennis Troute: Criminal indictments from Walsh's investigation are not expected until fall at the earliest. Making it difficult: limited immunity granted to witnesses in the hearings and bureaucratic delays in securing Swiss bank records. The possible charges against North and Poindexter are conspiracy to violate the Boland amendment; conspiracy to misuse government funds; obstruct justice; and possible violations of the Neutrality Act and the Arms Export Control Act. Sources say Walsh has granted total immunity to four participants in the Iran affair: Fawn Hall, Robert Owen, Robert Dutton and Richard Gad. (ABC-3)

IRAN-CONTRA HEARINGS/COMMENTARY

NBC's John Chancellor: The hearings were fascinating.... But when you think about it, nothing fundamental has been changed. The real damage to the President came eight or nine months ago when the country learned that arms had been traded for hostages. That was the worst blow. It was far more harmful to the President than the money which was secretly sent to the contra rebels in Nicaragua.... Everybody knew he supported the contras. But selling arms to the Iranians? He had said he would never do that. It was a mortal blow to his credibility. There were polls last winter which showed something like half the public didn't think Mr. Reagan was telling the truth when he said he didn't know money had been sent to the contras.... When we polled four weeks ago...the 41 percent which thought the President was lying had increased to 56 percent. Mr. Reagan has a stubborn -- a chronic -- credibility problem that has not diminished in the last nine months. We have today essentially what we had last winter: an extremely likable president who broke his word and got into deep trouble with the electorate... (NBC-7)

PERSIAN GULF

Jennings: It's very difficult at times to tell how much substance there is behind the wholesale barrage of words and the public displays of belligerence which the Iranians are capable of mounting. Operation Martyrdom...was planned before so many Iranian pilgrims died at Mecca. But what happened at Mecca, and Iran's determination to threaten the U.S., has certainly given Iran's latest military maneuvers in the gulf an added dimension. And they are making some people nervous.

ABC's Mike Lee: Operation Martyrdom began today with Iranian television reporting that tens of thousands of revolutionary guards and other military forces staged rallies and naval maneuvers along several hundred miles of coast line.... With Iran now staging its show of force in territorial waters and in the so-called chokepoints of the gulf, many commercial ships are staying away from the Strait of Hormuz.... The British Navy here, which has been maintaining a low-profile presence in the gulf -- and whose government has refused to help the U.S. clear underwater mines -- denied that it was actually running interference through the strait today. Further north near Kuwait, the re-loaded supertanker Bridgeton has still not begun its journey out of the gulf. ...More

Jennings: Amid all the storm...the U.S...quietly finished the first two-way escort job for one of the reflagged Kuwaiti tankers. When the...Gas Prince made its way out of the gulf yesterday, it seemed fairly routine. Except, what's routine?

ABC's Bob Zelnick: As the tanker Gas Prince got within range of Iranian Silkworm missile launcher sites near the Strait of Hormuz Monday, ABC News has been told that U.S. intelligence detected unusual activity at the site at Kuhestak. Pentagon sources say trucks used to haul Silkworms were active while air search radar at the site was turned on. Suspecting a possible incident, carrier-based U.S. aircraft were ordered to take a close look at the site while F-14s stood ready to take out the missiles. ABC News has learned that during the incident electronic countermeasures from EA6 Prowler aircraft were used to jam the Iranian radar. And sources here say that Adm. William Crowe...was awakened at 3:30 a.m. and brought to the Pentagon situation room to monitor the incident. In the end it was concluded there were launchers but no Silkworm missiles at the site. Pentagon officials describe the incident as a false alarm. The commander of the convoy operation has been reluctant to discuss it.

(Rear Adm. Harold Bernsen: "I think you're going to have to ask the folks back home in Washington about that.")

As regards Operation Martyrdom, Pentagon officials insisted it will have no impact on U.S. convoy plans. But privately, (Pentagon) sources say the U.S. has no plans to bring its ships anywhere near the strait until the Iranian exercises conclude. In the words of one official, the risks of confrontation are real enough without looking for trouble.

(ABC-Lead)

Brokaw: Iran began three days of naval maneuvers in the Persian Gulf and the Strait of Hormuz today. The Iranians ordered all foreign ships to stand clear and threatened them with missiles and suicide boats. The Pentagon said that U.S. warships would continue to operate normally and eight U.S. minesweeping helicopters arrived on an island in the Indian Ocean for transfer to a carrier.

(NBC-2)

Rather: Iran's revolutionary guards began three days of naval exercises today in the Persian Gulf. They warned foreign ships to stay out of the way.

CBS's David Martin reports Pentagon sources say the U.S. Army is sending specially equipped gunships from its most elite helicopter unit to the Persian Gulf.... The helicopters will be based aboard Navy ships escorting tankers through the gulf -- only the latest in a wave of forces ordered to the gulf by American military commanders who are both embarrassed by their failure to protect the Bridgeton and fearful that Iran is liable to try anything. A senior Pentagon official says U.S. intelligence has uncovered detailed Iranian military plans for attacking Kuwait and other Persian Gulf states.

(CBS-3)

FAIRNESS DOCTRINE

Jennings: In Washington today the FCC voted unanimously to abolish the so-called Fairness Doctrine.... It was not a universally popular decision, by any means.

ABC's John Martin reports that the FCC's staff said that the doctrine chills speech, rather than encourages it. Demonstrators protested the decision, but the commissioners went ahead.

(Dennis Patrick, FCC chairman: "Yes, there are risks. But we as a people have elected to bear the risks of freedom, rather than the greater risks which attend government control of the press.")

(ABC-7)

Brokaw: The FCC voted today to scrap the Fairness Doctrine....

Congress favors the rule -- even voted to require it. But the President vetoed that.... Congress may yet have the last word.

NBC's Carl Stern: ...Industry officials deny that broadcasters will now become unfair. But on Capitol Hill there was new talk of a law to require the FCC to enforce the Fairness Doctrine.

(Rep. Markey: "The Reagan Administration is attempting to reflag the broadcasters with a banner that reads, 'We don't believe in fairness. We don't need to care.'")

Congressional supporters of a fairness doctrine law vow to attach it to some other law in the fall -- some piece of legislation the President won't want to veto.

(NBC-6)

Rather: The FCC today abolished the Fairness Doctrine. Rita Braver reports on why this will touch off a new fight in Congress and why you should care.

CBS's Rita Braver reports some members of Congress think programming will suffer and they'll introduce legislation to make the Fairness Doctrine federal law, despite Administration opposition.

(Rep. Dingell: "The White House will have cause to regret this. The FCC will have cause to regret this. The public interest will be served.")

(CBS-5)

DRUG TESTS

Jennings: We have a...report tonight about the effort to deal with drugs in the workplace. More and more companies are testing their employees, or their potential employees, for drug use.... A growing number of private corporations have begun using these tests and there is a great deal of controversy over their effectiveness, their accuracy and their fairness.

-more-

ABC's Joe Bergantino reports on company policies, employer and employee reactions to the drug testing programs, and critics' comments. He says many studies show drug use is responsible for only a small percentage of on-the-job accidents and that the drug test can be wrong up to 30 percent of the time. Many companies say they see a connection between worker drug use and theft, but the U.S. Justice Department says it is not aware of any solid evidence that drug abuse leads to widespread theft on the job. But the political push to drug tests is a strong one, coming from the President himself.

(President Reagan, in the press briefing room: "Our first goal is to seek a drug-free workplace for all Americans.") (ABC-6)

M-60 TANK

Rather: CBS News has been told that hundreds of the U.S. Army's top-of-the line tanks are off-line: not ready for combat. The problem: bad bolts.

CBS's Richard Schlesinger reports on how substandard parts can make military machines fall apart. More than 10 percent have been taken out of service. The Army will tell Congress tomorrow that the bolts holding the big guns to the bodies of the tanks are too weak.

(Rep. Wyden: "It's a good thing that there isn't any emergency this evening that would require that we have these M-60 tanks, because according to the Army, they're not in a position to be used as intended.") (CBS-4)

-end of News Summary-