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WEDNESDAY, NOVEMBER 26, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

NATIONAL NEWS

Reagan Tries To Regain Command With NSC Purge -- The Reagan Administration, already under attack and deeply divided over arms shipments to Iran, is facing a new firestorm of criticism over revelations that money from the secret arms deal was handed over to Nicaraguan resistance leaders.

(Christian Science Monitor, New York Times, Wall Street Journal, Washington Post, AP, Copley, McClatchy, Newhouse, Scripps Howard, UPI)

U.S. -- IRAN

Up To \$30 Million Transferred -- The Reagan Administration for the first time yesterday confirmed a link between the secret U.S. shipment of arms to Iran and the covert funneling of money to Nicaraguan contra rebels at a time when Congress had barred U.S. military aid to the rebels.

(Washington Post, AP, Copley, Scripps Howard, UPI)

NETWORK NEWS (Tuesday Evening)

POINDEXTER/NORTH -- The Iran affair is now a scandal. John Poindexter has resigned and Oliver North has been fired.

PHILIPPINES/CEASE-FIRE -- The Philippine government and the communist guerrillas have agreed to a cease-fire.

GORBACHEV/INDIA -- In India today Mikhail Gorbachev arrived for a four day visit.



" THIS REMINDS ME... I'VE GOT TO ORDER A THANKSGIVING TURKEY! "

## **NATIONAL NEWS**

### **IRAN ARMS PROFITS WERE DIVERTED TO CONTRAS; POINDEXTER RESIGNS, NSC'S NORTH IS FIRED**

President Reagan yesterday announced the resignation of national security adviser Vice Adm. John Poindexter and the firing of a key deputy, Lt. Col. Oliver North, following the disclosure of a clandestine web of financial transactions in which profits from the sale of American weapons to Iran were diverted to help rebels fighting the Nicaraguan government.

A shaken and grim-faced Reagan, confronting the most serious crisis of his presidency, told reporters "I was not fully informed" about "one of the activities undertaken" in the secret weapons shipments to Iran. "This action raises serious questions of propriety," he said.

(David Hoffman, Washington Post, A1)

### **Iran Payment Found Diverted To Contras; Reagan Security Adviser And Aide Are Out**

President Reagan said today that he had not been in full control of his Administration's Iran policy, and the White House said that as a consequence up to \$30 million intended to pay for American arms had been secretly diverted to rebel forces in Nicaragua.

At the same time, the President announced that two men he held responsible -- Vice Adm. Poindexter and Lt. Col. North of the Marines -- had left their posts in the White House.

With the Administration already in turmoil over the earlier disclosure of clandestine arms shipments to Iran, and with speculation rampant in the capital about a major overhaul of the White House staff, the President's disclosures today seemed to deepen a sense of disarray within the Government. By all accounts, Mr. Reagan now faces the most serious crisis in his six-year Presidency.

(Bernard Weinraub, New York Times, A1)

### **Reagan Effort To Clear Air About Arms To Iran Raises More Questions**

President Reagan's belated effort to end the damage done to his Administration by the Iranian arms sales has resulted in disclosures that add more problems than they solve.

In his press conference, Mr. Meese argued that the diversion of funds to the Contras was an "aberration" in the President's Iran policy and that the White House deserved credit for swiftly disclosing it, even before its investigation was complete. "We have been very careful to lay out the facts for you," he told reporters. A handful of staunch Reagan supporters in Congress agreed. Sen. Thurmond said the President was acting "properly and candidly," and Rep. Kemp praised the President for announcing his own inquiry.

(Robert Greenberger & Jane Mayer, Wall Street Journal, A1)

### Reagan Tries To Regain Command With NSC Purge

The Reagan Administration, already under attack and deeply divided over arms shipments to Iran, is facing a new firestorm of criticism over revelations that money from the secret arms deal was handed over to Nicaraguan resistance leaders.

Claiming that "I was not fully informed" about all aspects of the shipments, President Reagan told a hastily arranged news conference yesterday that an internal investigation has raised "serious questions of propriety" involving senior members of his own Administration.

The moves were the latest in a series of maneuvers to cope with the most serious political crisis of the Reagan Administration.

(George Moffett & Gary Thatcher, Christian Science Monitor, A1)

### The Iran Affair: A Presidency Damaged

After six years of seeming invulnerability, President Reagan has been grievously damaged by the crisis over secret arms shipments to Iran.

With a unanimity rare in Washington, leading Republican and Democratic politicians agreed today that the disclosure of payments to the Nicaraguan rebels and the departure of two White House aides had probably hurt the Administration more than it helped. Some think the damage may be irreparable.

(R.W. Apple, News Analysis, New York Times, A1)

### The President/Staff Changes

Two White House aides tied to a possibly criminal renegade operation that gave Nicaraguan rebels as much as \$30 million from U.S. arms sales to Iran without President Reagan's knowledge lost their jobs Tuesday.

White House spokesman Larry Speakes said the President had given Attorney General Meese -- whose Justice Department uncovered the bizarre twist in the tangled story of Reagan's secret effort to reach out to moderates in Iran -- "a blank check to take it (the investigation) where it leads.

In the future, Reagan said, he would try to assure that "foreign and national security policy initiatives will proceed only in accordance with my authorization."

The President did not go into what would happen next with his program of seeking better relations with Iran, but Secretary Shultz said that Michael Armacost, an undersecretary of state, will become "the lead person" in U.S. policy toward the Islamic Republic headed by the Ayatollah Khomeini.

(Helen Thomas, UPI)

### President Reagan/Iran/Staff Changes

President Reagan's national security adviser resigned Tuesday, and a key operative who handled secret arms sales to Iran was fired as the Administration disclosed that up to \$30 million of the money the Iranians paid for U.S. arms was diverted to U.S.-backed Nicaraguan rebels.

Reagan, nonetheless, continued to defend his Iranian policy while admitting that one element of its implementation "was seriously flawed" and that he was not kept fully informed of his own aides' activities.

In a bizarre twist to the tale that already has enveloped Reagan in his most severe crisis as President, Reagan appeared in the White House briefing room on short notice to announce he was permitting his chief national security adviser, Vice Adm. Poindexter, to resign to return to the Navy and that North, one of Poindexter's deputies, had been "relieved of his duties on the National Security Council staff."

(Michael Putzel, AP)

### Reagan Shakes Up Foreign Policy Team Amid Damaging New Iran-Nicaragua Disclosures

President Reagan Tuesday accepted the resignation of National Security Adviser Poindexter and fired Poindexter's top deputy as the Administration disclosed that up to \$30 million involved in its controversial sales of arms to Iran was diverted to Central America to support the Contras in Nicaragua.

Mr. Reagan lamented that "I was not fully informed" about the Nicaraguan connection devised by his own NSC. As questions of policy shifted to suggestions of scandal, he cited "serious questions of propriety" to explain the shakeup of his national security team amid the deepening of the worst foreign policy crisis of his Administration.

Describing himself as "deeply troubled" by the mounting controversy, the President continued to defend the wisdom of his policies, angrily insisting he had not made a mistake. But, for the first time, he conceded that "implementation of that policy was seriously flawed."

(George Condon, Copley)

### Reagan Shakes Up His Security Council; Poindexter Resigns, North Fired

Reagan, who appeared in the White House press room to announce the shakeup, firmly insisted the arms shipments to Iran were not a mistake. "No!" responded an uncharacteristically tense and irritable Reagan to the question of whether the arms sales were an error.

Poindexter's resignation has been rumored for months. Last summer he wrote a memo urging a "disinformation" campaign to convince Libyan leader Gadhafi the United States was about to attack. He also allegedly gave Reagan poor advice on what the Soviets were prepared to agree on at the Reykjavik summit.

(Ann McFeatters, Scripps Howard)

### President Reagan/Staff Changes

President Reagan announced Tuesday the resignation of his top national security adviser and the firing of another White House aide following the startling disclosure that money obtained in the Iranian arms deal had been diverted to fund American-backed rebels fighting in Nicaragua.

"The only person who precisely knew about this was Col. North," Meese said. "It didn't go any higher than that."

House majority leader Wright said, however, it "defies credulity" to believe that a lower level official like North could have carried off such a fundamental change in Administration policy by himself.

(Michael Shanahan, McClatchy)

### Poindexter Faulted On Supervision, Communication

Vice Adm. Poindexter, who sought to be the least visible of President Reagan's string of national security advisers, was forced out of office yesterday because he had become the most visible symbol of clandestine policies that have provoked the most serious crisis of the Reagan presidency.

But those who worked with Poindexter said he failed not because he tried to accomplish too much but because he did too little in the arena he controlled.

"He cut himself off from the world outside the NSC basement," said one friend. "He didn't want to become overexposed like Bud [his predecessor, Robert McFarlane], and he instead never learned what was going on or how to communicate outside a very small circle."

(Lou Cannon, Washington Post, A7)

### North A Figure Of Drama And Secrecy

Marine Lt. Col. Oliver North, the NSC aide forced to resign yesterday for his role in the plan to finance Nicaraguan rebels with money from Iranian arms sales, was a central figure in many of the Reagan Administration's most dramatic -- and most secret -- foreign policy initiatives.

Although he held an obscure-sounding title on the NSC staff -- deputy director for political-military affairs -- North was used in nearly every international crisis that has confronted this Administration since he came to the White House in August 1981. He was viewed by colleagues as a man of action who could cut through bureaucratic red tape and get things done, especially in tense situations, according to present and former officials.

(Joe Pichirallo, Washington Post, A10)

### North Reportedly Ran Secret Nicaraguan War

Lt. Col. North, fired for his role in diverting money from Iranian arms sales to Nicaraguan Contras, managed a secret network of former military and intelligence operatives who assisted the rebels during a two-year ban on U.S. aid, government officials say.

Administration officials said that while North always operated under orders, he would sometimes use wide discretion in carrying out policy that was entrusted to him. Besides Nicaragua, they said he was a principal planner in the 1983 invasion of Grenada, the decision to send U.S. Marines into Beirut, Lebanon, and the 1985 capture of the hijackers of the Achille Lauro cruise ship.

(Robert Parry, AP)

### Keel Was A Key Player In Challenger Inquiry

Alton Keel who will serve as acting national security adviser until President Reagan appoints a permanent replacement for Vice Adm. John Poindexter, has played key roles in defense budget decisions and the space shuttle accident investigation. The permanent replacement could be named within days, officials said.

Keel, loyal to Poindexter on the issue, has been included in morning briefings to the President, the sources said. While he realized that the Administration had suffered damage to its credibility with recent disclosures, they said, Keel also believed that the larger goal of reaching out to factions in Iran was justified and worthwhile.

(Kathy Sawyer, Washington Post, A6)

### PRESIDENTIAL STUDY WILL FOCUS ON FUTURE OF WHITE HOUSE FOREIGN AFFAIRS TEAM

In ordering a study of the role of the NSC staff in foreign policy, President Reagan is focusing on what began as a small band of paper shufflers 39 years ago and has grown into a thorn in the side for successive secretaries of state.

"Looking to the future, I will appoint a special review board to conduct a comprehensive review of the role and procedures of the National Security Council staff in the conduct of foreign and national security policy," Reagan said in announcing the departure of two key NSC staff members.

(Dale Nelson, AP)

### DOMESTIC REACTION

#### ED MEESE AND THE DAY OF DISCLOSURE

#### The Attorney General, Back In The Glare Of The Spotlight

Ed Meese was acting like the deputy president once again.

At yesterday's bombshell press conference, after a brief introduction by President Reagan, the attorney general stepped behind the podium and informed the incredulous White House press corps that some \$10 million to \$30 million from the already controversial sale of U.S. arms to Iran had found its way into the war chests of the Nicaraguan contras.

What's more, Meese stated flatly -- despite the operation's apparent origins at the National Security Council, in the very basement of the executive mansion -- that Ronald Reagan hadn't known a thing about it.

(Lois Romano, Washington Post, D1)

### Meese, The Man Of The Hour For Reagan

When the going gets tough, the best place to turn is your friends -- and that's what President Reagan did Tuesday by having Attorney General Meese explain the latest twist in the secret Iran arms deals.

With the White House trying to circle the wagons to keep the President's credibility from being routed in the furor over the 18-month clandestine project, it was no surprise to see Meese in the role of wagon master.

(Helen Thomas, News Analysis, UPI)

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### Meese: Request For Special Prosecutor 'Premature'

The chairman of the House Judiciary Committee asked Attorney General Meese on Tuesday to appoint a Watergate-style special prosecutor to investigate the Iran arms deal and the funneling of money to Nicaraguan rebels.

Earlier Tuesday, Meese said appointment of an independent counsel would be requested if Justice Department investigators "find that there is any criminality, and if anyone covered by the Independent Counsel Act was involved."

A spokesman later reiterated Meese's remarks and said the congressional demand for a special prosecutor was "premature."

(Dana Walker, UPI)

### Meese Details How Iran Weapons Payments Went To Contras

Attorney General Meese said Tuesday anywhere from \$10 million to \$30 million from Iranian arms sales was secretly sent to the Nicaraguan Contras without President Reagan's knowledge.

Meese, one of Reagan's oldest friends, said he personally discovered the operation over the weekend while gathering information about the controversial sale of weapons to Iran. As he put it, "There appeared to be more facts out there than we had already pulled together."

(Joan Bennett, Scripps Howard)

### Former Prosecutor Meese Questioned Oliver North Personally

A former county prosecutor in California, Attorney General Meese personally questioned key witnesses in his Iranian arms investigation that quickly produced two White House resignations, a knowledgeable government source says.

The source said Meese personally questioned North and several other key figures in an extraordinary session Sunday in the attorney general's Justice Department office. Among the others apparently interrogated were Poindexter's predecessor, Robert McFarlane.

(Michael Sniffen, AP)

### President Reagan/Staff

It's lonely at the top -- and for President Reagan it's going to get lonelier.

Reagan always has depended heavily on a supportive circle of close advisers who understand his strengths and weaknesses. Now, entering the finale of his White House years with key personnel beginning to look to their own futures and depart for a new jobs and fresh challenges, the 75-year-old President faces a process of growing isolation which already is causing serious problems, according to former members of his Administration and political experts.

The damaging decision to secretly sell arms to Iran, and the way the White House handled the issue once it became public, is the latest example.

One former Reagan aide says, "I think there is the possibility that a number of long-time Reagan associates may come back for the last year or two." Two likely prospects are retiring Sen. Laxalt of Nevada and former Interior Secretary William Clark.

(Miles Benson, Newhouse)



### SHULTZ CLOSES RANKS WITH PRESIDENT AFTER WINNING TURF BATTLE

Secretary Shultz, the apparent winner in a turf battle with the National Security Council, is burying his differences with President Reagan and pledging to support U.S. foreign policy goals, including the pursuit of a new relationship with Iran.

Shultz said Tuesday he would stay at his post and "be very much a part of the effort" to bring those goals to fruition. He closed ranks with Reagan after the resignation of Vice Adm. Poindexter and the firing of Lt. Col. North.

"The President has set our objectives, and I fully subscribe to them and support him," Shultz declared at a State Department reception marking the 25th anniversary of the U.S. Agency for International Development.

(Barry Schweid, AP)

### Shultz, Working Back Into Fold, Commends Reagan

Secretary Shultz, trying to put behind him the spat with the White House over the secret overture to Iran, said Tuesday he now will work "as part of the Administration" in dealing with Tehran.

Shultz, following a shakeup in the NSC that put the State Department back in charge of policy toward Iran, commended Reagan's "magnificent leadership" -- lavish praise in light of the secretary's sharp criticism of the Administration's handling of the clandestine operation to sell arms to the Islamic government of Ayatollah Khomeini.

(Matthew Quinn, UPI)

### Shultz Comes Out On Top Of Struggle -- For Now

Secretary Shultz and his department are apparently on top in the Administration fight over control of foreign policy, but some U.S. officials warn the contest is not over.

The next test, they say, will come when President Reagan appoints his fifth national security adviser to replace Adm. Poindexter and redefines the duties of the NSC in the wake of a possibly criminal operation that diverted money to Nicaraguan rebels from arms sales to Iran.

One U.S. official at the AID reception, however, warned that if Poindexter's replacement is an independent-minded activist, such as former U.N. Ambassador Jeane Kirkpatrick or assistant Defense Secretary Richard Perle, the State Department's primacy in the foreign policy arena could remain in doubt.

(Jim Anderson, UPI)

### INTERNAL INVESTIGATION, EXTERNAL REVIEW

An inside investigation and an outside review will dig into possible criminal action in a scheme the White House says kept President Reagan in the dark, gave Nicaraguan rebels as much as \$30 million from secret U.S. arms sales to Iran and cost two top Administration advisers their jobs.

The President tersely refused to answer questions about the matter, leaving it to Meese to describe a weekend Justice Department review that uncovered an Iran-Contra link "unbeknownst" to Reagan at a time when Congress prohibited any such military aid to the rebels.

(Ira Allen, UPI)

## AT THE NETWORKS, SCRAMBLING AFTER REAGAN'S BOMBSHELL

Today we are all black and blue from pinching ourselves to make sure it wasn't, like last season's episodes of "Dallas," All a Dream.

There amid the daytime soaps was the attorney general of the United States, Edwin Meese, telling the viewing nation and the assembled press corps (all, it would seem, equally incredulous) that money from secret U.S. arms sales to Iran had covertly gone to the contras in Nicaragua.

Meese was introduced at the noon briefing by President Reagan; it was as if Johnny had said "Heeeeere's Ed" and then let the sidekick do the monologue. The reporters seemed restless and a little testy at first, like they did at last week's roughhouse presidential press conference, then settled into rapt attention, in the manner of kids hearing a whopping good horror tale around a campfire. (Tom Shales, Washington Post, D1)

### For Journalists, Shock -- And Hot Pursuit

The rumblings began early in the day -- out of a sixth sense among Washington journalists that a big story is pushing its way toward the surface.

The rumors had Secretary Shultz out, national security adviser Poindexter out, Chief of Staff Regan out. Some jaded reporters were joking about the "big Trifecta."

But when the real news finally erupted, spoken matter-of-factly by the attorney general of the United States after a brief statement by the President, veteran reporters in the White House news room sat stunned over their notebooks. A low whistle seemed to roll from the front of the packed room to the back as Edwin Meese III announced that "certain monies" paid by Iran for U.S. arms had been detoured to the rebel contras in Nicaragua. (Eleanor Randolph, Washington Post, D1)

## NEWS FEEDS RUMOR MILL ACROSS TOWN

Cabdriver Herb Miller was mired in midday traffic on Connecticut Avenue when the news came on the radio. Stockbroker Tom Roddy was on the telephone with a client, who told him of the White House upheavals at the same time he noticed the news conference flickering on his office television. Mary Wilkinson and Rose Glover were directing visitors at the National Gallery of Art when their attention was diverted from Matisse in Nice to Poindexter in Washington.

"There's a little gossip going on here," confided restarateur Duke Zeibert, as his diners digested the events of the morning along with their matzoh balls. "Most people, what they're talking about is what's going to happen with Shultz," said Zeibert, who generally has his finger on the pulse of the capital's power lunchers. His own expert assessment: "Hey, it's a mishmash." (Ruth Marcus, Washington Post, A14)

### EVEN IN A CRISIS, REAGAN STICKS WITH HIS STYLE

Even when confronted with the most serious crisis of his political career, President Reagan is not attacking the problem but letting his staff bring him information and propose solutions, as is his custom.

Never one to get bogged down in detail, Reagan has managed the presidency with detachment, making decisions from the options presented to him, delivering speeches when and where his aides suggest and generally playing the part of a strong leader, a role the American public found most attractive.

The system broke down, it was revealed Tuesday, in the secrecy-shrouded operations of Reagan's NSC staff. (Michael Putzel, AP)

### Reagan Retreats To Ranch To Address Foreign Policy

A beleaguered President Reagan retreats to his mountaintop ranch today for the Thanksgiving holiday, hoping the removal of two top aides and his decision to review the role of the NSC will halt the clamor for a major Administration housecleaning.

Embroided in the worst crisis of his presidency, Reagan began searching for his fifth national security adviser Tuesday with the announced departure of Navy Vice Adm. Poindexter and a key deputy, Marine Lt. Col. North.

Aides indicated other staff changes might be forced into the picture before the new year begins, however, as critics in Congress continued to question who is in charge at the White House. (Helen Thomas, UPI)

### FOREIGN REACTION

#### MOSCOW CALLS RESIGNATIONS MOVE TO 'HUSH UP' SCANDAL

MOSCOW -- The Soviet Union said today the removal of White House national security adviser Poindexter and his assistant, Lt. Col. North, is an attempt to "hush up" a scandal over U.S. arms sales to Iran.

Dubbing the affair "Irangate," Tass said it had cost Washington dearly in credibility.

The news from Washington came after a Soviet official had hinted that the Reagan Administration may take unspecified "risky actions" to divert attention from the scandal. (UPI story, Washington Post, A10)

### TURMOIL IN WASHINGTON LEAVES ALLIES PERPLEXED

PARIS -- The political turmoil in Washington that culminated in the resignation of President Reagan's national security affairs adviser and the ouster of another White House official has confused America's allies abroad, who are likely to be only partly reassured by today's actions.

"If this were happening in a Third World country, we would be talking about a power struggle," a French official said shortly before the departures of Vice Adm. Poindexter and Lt. Col. North were announced. "And we would be saying that the foreign minister appears to be leading a coup attempt."

A West German official volunteered to a reporter yesterday Bonn's fears for the future of arms control and relations within the Atlantic Alliance if Shultz were to leave the Administration as a result of the public quarrels in Washington over the wisdom of and responsibility for secret arms shipments to Iran.

(Jim Hoagland, News Analysis, Washington Post, A10)

### BIG BOOST SOUGHT FOR IRS BUDGET Funding Would Put New Law In Motion

The IRS will need a significant increase in its budget to implement the sweeping tax revision law signed last month by President Reagan, new IRA Commissioner Lawrence Gibbs said yesterday.

Gibbs declined to specify how much more the agency requires for tasks such as informing the public about the myriad provisions of the new law, training examiners, rewriting forms and interpreting the law through rulings and regulations.

(Anne Swardson, Washington Post, B1)

### DURABLE GOODS ORDERS FALL

New orders for durable goods received by American manufacturers plunged 6 percent in October, the largest decline in 2½ years, dimming the nation's short-term economic prospects.

The big drop in new orders, which the Commerce Department said fell to a seasonally adjusted level of \$102.2 billion, more than wiped out a 4.7 percent gain in September that President Reagan hailed as a sign the economy was about to experience a boom.

(John Berry, Washington Post, B1)

## **U.S.—IRAN**

### **UP TO \$30 MILLION TRANSFERRED Deposits Made During Congress' Ban On Aid To Rebels**

The Reagan Administration for the first time yesterday confirmed a link between the secret U.S. shipment of arms to Iran and the covert funneling of money to Nicaraguan contra rebels at a time when Congress had barred U.S. military aid to the rebels.

Attorney General Edwin Meese said yesterday that \$10 million to \$30 million paid by Iran for U.S. arms was transferred to the contras through Swiss bank accounts with the "precise knowledge" of Lt. Col. Oliver North of the National Security Council staff. Also aware of the contra connection, according to Meese, were national security adviser Vice Adm. Poindexter and former national security adviser Robert McFarlane.

(Walter Pincus & David Ottaway, Washington Post, A1)

### **STATE DEPT. GIVEN REINS OF U.S. POLICY ON IRAN Shultz Says He Backs Reagan's Goals**

The State Department announced yesterday that it has been given control over U.S. policy toward Iran, effective "immediately." Secretary Shultz said he fully supports President Reagan's goals there and intends "to be very much a part of the effort to bring them to fruition."

The reassertion of the State Department's primacy in Middle East policymaking followed the announcement of Vice Adm. Poindexter's resignation as Reagan's national security adviser. It also came one day after Shultz's deputy secretary, John Whitehead, appeared before Congress and sharply criticized the National Security Council staff for its role in the secret shipment of arms to Iran. (John Goshko, Washington Post, A6)

### **CROWE CONFIRMS JOINT CHIEFS NOT CONSULTED**

Adm. William Crowe, chairman of the Joint Chiefs of Staff, confirmed yesterday that neither he nor any member of the Joint Chiefs was consulted before the Administration sold weapons to Iran in hopes of winning freedom for American hostages in the Middle East.

The four-star admiral, the nation's top-ranking military officer, told the House Armed Services Committee that "I've not been consulted during the decision-making process" on the arms shipments or informed about it by the White House. He declined to say what his advice would have been had President Reagan asked for it.

(George Wilson, Washington Post, A12)

## SECRET ARMS SALES TO ALLIES ARE EFFECTIVE TOOL, CIA OFFICIAL SAYS

The United States should be able to sell arms to its friends more quickly and "without hanging out all their dirty linen for the world to see," the No. 2 official at the CIA says.

Robert Gates, deputy director of central intelligence, did not mention the Reagan Administration's secret military weapons deal to Iran, the disclosure of which touched off an uproar and triggered the resignation of the national security adviser on Tuesday and the firing of his deputy.

In a speech in San Francisco, however, Gates said expedited and discreet military sales was one of several steps the United States should take to oppose the Soviet Union's support of terrorism and its strategic offensive in the Third World. (William Welch, AP)

## STATE'S TOP LATIN AMERICAN POLICYMAKER UNAWARE OF NORTH ROLE IN IRAN ARMS

Elliot Abrams, the State Department overseer of Latin American policy, says he was unaware that millions of dollars in profits from secret U.S. arms sales to Iran were covertly channeled to the Nicaraguan resistance.

"I didn't know anything about it," Abrams said in a telephone interview Tuesday, hours after the disclosure at Attorney General Meese of the operation.

Abrams expressed hope that Congress will continue to provide assistance to the Nicaraguan rebels despite the disclosure about the operation. (George Gedda, AP)

## DOMESTIC REACTION

### HILL SEES POLICY IN 'DISARRAY'

Members Of Both Parties Express Shock, Plan Probes

President Reagan's foreign policy was described as in "total disarray" yesterday by members of Congress from both parties, who vowed a complete investigation of the escalating controversy and called on Reagan to regain control of Administration policy before his personal and political credibility suffers more severe damage on Capitol Hill.

Key lawmakers said they were stunned by the revelation that funds from the covert arms sales to Iran were secretly transferred to rebel forces in Nicaragua -- a transaction that Senate Majority Leader Robert Dole described as "a bizarre twist" in the controversy over the arms deal.

(Helen Dewar & Edward Walsh, Washington Post, A1)

## Iran Affair Encourages Democrats To Test Reagan's Teflon

Democrats called it the Teflon-coated presidency, a phrase that reflected their frustration over their inability to convince Americans to blame President Reagan for any of his Administration's missteps.

That remarkable ability to dodge political blame is getting its toughest test from the outpouring of information about secret arms deals with Iran and money skimmed into Swiss bank accounts to help Contra forces in Central America. (Donald Rothberg, AP)

### Lawmakers Call For More Resignations, Predict Ban On New Contra Aid

The revelation that Iranian arms money funded Contras in Nicaragua is leading stunned legislators of both parties to call for more firings and new investigations of Reagan Administration foreign policy and predict that Congress will ban further U.S. aid for the Nicaraguan rebels.

"Today you have a situation in which two policies are colliding around a Geneva bank account," said Sen. Durenberger. He said his panel is investigating the tangled situation, but "it is way beyond our wildest imagination" that something like it would occur. "It comes as a shock."

Sen. Nunn said, "The Reagan Administration has to understand that they cannot abuse the laws of democracy to foster democracy abroad."

Sen. Hart said "An atmosphere of recklessness and lawlessness has permeated foreign policy." And Sen. Harkin said, "It is clear from what has been said that laws have been violated" and called for an independent special prosecutor to investigate.

Sen. Glenn said his view of U.S. foreign policy is "complete and total disarray, of a President not in charge of his Administration."

Sen. Pell said Reagan's credibility was damaged and foreign policy is in "a bit of a shambles." He also predicted Contra aid is in deeper trouble.

Rep. Panetta said, "There was a signal given by someone in this Administration that the law need not stand in the way when it came to implementing policies in Iran and Central America. The public needs to know who gave that signal..."

Rep. McCurdy said Reagan should fire White House Chief of Staff Regan because Regan has done "the greatest disservice to his President and the country." "This policy is a cancer on the presidency," said Rep. Bonior, "leading the Administration from one dirty deal to another in an effort to carry out an illegal and immoral war. It is time to put an end to it once and for all."

Sen. Kassebaum said the disclosure was "shocking news" that "only underscores the fact that the NSC is a loose cannon." (Tim Ahern, AP)

### As Questions About Iran Arms Deal Are Answered, Still More Unfold

Like a good suspense novel, the saga of American arms sales to Iran, and now the transfer of money to rebels in Nicaragua, is packed with mystery, secrets being kept from the President, possible violations of the law and numbered Swiss bank accounts.

"Let me say that all of the information is not yet in. We are still continuing our inquiry," Attorney General Meese readily acknowledged Tuesday as he revealed the latest, bizarre twist in the secret U.S. initiative to Iran. (Terence Hunt, AP)



### Reagan Ignores Facts He Doesn't Want To Hear, Wright Says

House Majority leader Jim Wright says President Reagan may have overlooked the explosive nature of his Administration's arms deals with Iran because the President disregards facts he doesn't want to hear.

"Mr. Reagan, of almost all the people I have met in high government positions, is uniquely capable of psyching himself up into a frame of mind in which he can believe whatever he wants to believe and can just utterly reject factual information which does not fit comfortably with his preconceived predilections," Wright told reporters Tuesday after meeting with Reagan at the White House.

"I think that's just a characteristic of Mr. Reagan," Wright said. "It makes it very difficult for those who have information which is unpleasant to him to get through to him and to get him to accept that it is fact, that it is truth.... I think the President is able, in his own mind, to reject information that he doesn't want." (AP)

### Congress Reacts With Shock And Dismay To Revelation That Money From Iran Arms Sales Was Used To Aid Contras

Both Republican and Democratic leaders of Congress Tuesday responded with shock and a level of skepticism toward the Administration that has been unseen since the days of Watergate after revelations that some of the proceeds of the secret Iranian arms sales had been given to Nicaraguan rebels.

"I don't think the resignation of one or two scapegoats is necessarily the answer to this matter," said Senator Byrd.

Byrd said "the White House is in a chaotic state of affairs" and urged Mr. Reagan to "wash it all out and let the people see and hear, and admit it was a mistake and pick up from there."

Rep. Michel said the disclosures were "somewhat shocking, particularly when the President himself was kept in the dark.... If there's any kind of indication of any criminality involved here then I would suspect the Administration of its own volition would probably call for the appointment of a special prosecutor," Michel said.

(Marcus Stern & Robert Estill, Copley)

### As Reagan Leaves Town, Contras, Critics Challenge His Account

President Reagan, gripped by the deepest crisis of his presidency, is under fresh challenge from congressional critics and even Contra leaders who dispute the White House claim that profits from the secret sales of arms to Iran helped finance their war against Nicaragua's leftist government.

With many questions still unresolved, Reagan was escaping the skeptics of Washington today, setting out for a five-day Thanksgiving holiday in the solitude of his California mountaintop ranch.

Reagan was forced to plead ignorance of operations within his own White House -- the funneling of money from the sale of arms to Iran to the Contras -- and in the balance as he prepared to leave town was whether the admission had been so damaging as to cripple his ability to function in office, as some Democrats were suggesting.

Assessing the latest revelation, Senator Dole commented, "It's not going to do any good, but I think he's (Reagan) totally in control."

(Terence Hunt, AP)

#### MONDALE: 'INEVITABLE' THAT OTHERS KNEW OF SECRET ARMS PLAN

Former Vice President Walter Mondale said Tuesday it "seems impossible" that two military officers were the only members of the White House who knew of a secret plan to funnel money to Nicaraguan rebels.

"It's almost inevitable that someone else knew, maybe several," Mondale said. "Others were involved. Either that, or no one is in control" at the White House.

Mondale, who served under President Carter, said in a telephone interview from his law office that a Watergate-type congressional committee should investigate.  
(Thomas Ferraro, UPI)

#### MILITARY COLLEAGUES SEE NORTH AS 'WHIPPING BOY' FOR HIGHER-UPS

Marine Lt. Col. North, fired from his NSC post Tuesday, is a "determined and focused" military officer who was "really into power," according to fellow officers.

But even those who have been stung by his "strong personality" believe that North is being made a scapegoat to deflect blame from his superiors.

"He's being hung out to dry," said one officer who has worked with North -- and who had to search to find a kind word to say about him.

(Frank Morring, Scripps Howard)

#### PROSECUTION SEEN POSSIBLE UNDER RANGE OF LAWS; INDEPENDENT COUNSEL URGED

Attorney General Meese said yesterday that the Justice Department is trying to determine whether any U.S. laws were broken in the international shell game that transformed U.S. arms for Iran into \$10 million to \$30 million worth of cash for the contras in Nicaragua.

But legal experts and Administration critics said they felt sure there are more than enough criminal statutes on the books to provide for prosecution. They also suggested that an independent counsel -- not the Justice Department -- ought to be making the determination.

"These dealings not only raise very serious questions regarding transfer of arms to Iran, they also raise the real possibility that officials at the highest levels of the executive branch have violated federal law," Rep. Rodino and Rep. Glickman said in a letter to Meese. "The credibility of the President and his ability to govern are threatened.... An independent investigation is the only way to restore the confidence of the American people," they wrote. (George Lardner, Washington Post, A12)

### Congress Decries 'Mess' Over Iran-Contras Deal

President Reagan on Tuesday found himself in an angry foreign policy fight with Congress over disclosures that secret arms sales to Iran resulted in additional funds going to the Contra guerrillas in Nicaragua.

"It's a mess, and the mess hasn't been helped by today's revelations," said Sen. Byrd.

Rep. Broomfield said the revelations have resulted in a "very serious foreign policy crisis" that is emerging as the gravest of Reagan's presidency. He predicted more White House advisers may have to resign after Congress completes "a prolonged investigation."

Sen. Sasser, an opponent of Reagan's Central American policies, charged the Administration's policies were "designed to subvert the will of Congress and the American people" by siphoning to the Contras the funds Iran paid Israeli arms dealers for the U.S. arms Iran received.

(Lance Gay, Scripps Howard)

### SECRECY TRIPS A PRESIDENT Iran-Contras Imbroglio May Be Long-Term Trouble

Ronald Reagan is the seventh president in succession to step through a trapdoor into a crisis precipitated by his own secret decision-making. The first two -- Dwight Eisenhower and John Kennedy -- recovered their political footing. The last four -- Lyndon Johnson, Richard Nixon, Gerald Ford and Jimmy Carter -- went into free falls that ended their presidencies prematurely.

Veterans of past White House crises and students of the presidency said yesterday that it may be too soon to judge how lasting the damage will be to the Reagan presidency from the disclosures of secret arms shipments to Iran and unauthorized transfer of the profits to aid the anti-Sandinista forces in Nicaragua.

(David Broder, News Analysis, Washington Post, A1)

### President Reagan/The Presidency

The Iran arms shipments episode, which even before Tuesday's developments was incredible enough, is shaping up as the worst White House scandal since Watergate and is likely to cripple the remainder of Ronald Reagan's presidency.

The accumulating developments, plus the lengthening list of questions about who did what, who knew what and when, inevitably casts new doubt about Reagan's credibility in the Iran story.

The operation, it now is clear, involves a cover-up of secret, and possibly illegal, actions planned in the White House.

(Robert Fichenberg, Newhouse)

## FOREIGN REACTION

### ISRAEL DENIES FUNDING CONTRAS Government Confirms Role In Arms Transfers To Iran

JERUSALEM -- Israel's government early this morning confirmed its involvement in shipping arms to Iran at the behest of the White House but strongly denied it had played any role in funneling a portion of Iranian payments to U.S.-backed Nicaraguan rebels, or contras, in apparent violation of U.S. law.

In a terse statement issued after a two-hour emergency meeting of the country's three top leaders, Israel said the funds were paid directly by an unnamed Iranian representative into a Swiss bank account "in accordance with instructions from the American representative. These funds did not pass through Israel." (Glenn Frankel, Washington Post, A1)

### Israeli Government Acknowledges U.S. Arms Transfer To Iran

JERUSALEM -- Israel today acknowledged shipping weapons to Iran for the United States but denied knowing that payment for the arms was used to finance U.S.-backed Contra rebels in Nicaragua.

"The government of Israel confirms that it helped transfer defensive arms and spare parts from the United States to Iran upon the request of the United States," a statement issued by Prime Minister Yitzhak Shamir's office said.

The Israeli statement said Iranian payments for the arms were made directly to a Swiss bank account by an Iranian representative and did not pass through Israeli hands. (Galina Vromen, Reuter)

### U.S.-Israel Connection

Reagan Administration and Israeli government officials acknowledged for the first time Tuesday that Israel was the go between in shipments of U.S. arms to Iran, but many questions remained about the role of the Jewish state in the convoluted transaction.

Until Tuesday, the U.S. Administration tried to mask Israel's role to avoid angering moderate Arab nations that are normally friendly to the United States and to prevent domestic political problems for the Iranian "moderates" with which Washington was doing business, according to experts in and out of government.

President Reagan also sought to conceal Israel's role for another reason: He feared that excessive publicity could jeopardize two American hostages whose release the Administration sought to win through its contacts with Iran. Three American hostages were released in Beirut after the arms deal began. (Bryan Brumley, AP)

## U.S. Israel

Israel said Tuesday it was the middleman for U.S. arms sales to Iran but insisted if it had known that the money from the transaction went to Nicaraguan rebels, Israel would not have participated in the deal.

The statement from Israel's Embassy, hours after Attorney General Meese said his weekend investigation of the deal turned up the transferring of money from the arms sale to secret Swiss accounts taken out by leaders of the Contra rebels, in apparent violation of U.S. law.

"If such a transaction took place, it had nothing to do with Israel and the government of Israel had no knowledge. Israel did not serve and would not have served for such a transaction." (Jim Anderson, UPI)

### CONTRA LEADERS DENY RECEIVING FUNDS No Swiss Accounts, Says Calero; Link Suggested To Money For Rebel Air-Drop

MIAMI -- Adolfo Calero, the leader of the largest Nicaraguan rebel armed force, denied today that his organization received any of the funds described in Washington by Attorney General Meese.

"We have not been party to any such transactions," Calero said, addressing a press conference several hours after the appearances by Meese and President Reagan. Calero added that the rebels "have no access" to any Swiss bank accounts such as those said to have been used to funnel funds from secret arms sales. to Iran.

(Julia Preston, Washington Post, A10)

## Contra Leaders Say They Know Nothing Of Iran Arms Cash

SAN JOSE -- One of the Nicaraguan "Contra" rebels' three-man leadership, Alfonso Robelo, tonight strongly denied any knowledge of up to \$30 million in cash from U.S. arms sales to Iran said to have gone to the Contras.

But he indicated that money might have reached contra guerrillas in the field without the full leadership knowing where it came from.

In Miami, fellow contra leader Adolpho Calero said he knew of no connection between the anti-Sandinista fighters and any U.S.-Iranian arms deal. (Phil Davison, Reuter)

## Contra Leader Contradicts Meese On Iran Payments

MIAMI -- A Contra leader acknowledged that a fired NSC staff member was the rebels' chief liaison to the U.S. government, but denied that the Contras received money from U.S. arms sales to Iran.

"I have never drawn any check on any accounts in Switzerland or in any other country," Calero said, adding that the group had no Swiss accounts. (Richard Cole, AP)

#### NICARAGUAN PRESIDENT SAYS U.S. BROKE LAW

Nicaraguan President Ortega accused the Reagan Administration Tuesday of breaking international law and U.S. laws by diverting money from an Iran arms sale to Nicaraguan rebels.

In Managua, Nicaragua, Ortega said Reagan should have known about the money going to the rebels, known as Contras. "Either President Reagan knew what was happening and is deceiving the U.S. Congress and violating U.S. laws, or he should not be President of the United States," Ortega said.

"How can someone be President of the United States, not knowing that totally illegal actions and negotiations are taking place in which money is being moved to mercenary forces?" Ortega said. (UPI)

#### WORLD REACTS TO REAGAN'S IRAN ARMS SCANDAL

The Soviet Union mocked the U.S. admission of a Nicaraguan connection in its secret arms shipments to Iran, saying the disclosure finally removed the "Teflon coating" from the Reagan Administration, while Britain's opposition party labeled it the "most appalling shambles" in recent history.

"The U.S. Administration is currently in an extremely complicated situation," the Soviet news agency Tass said, quoting Foreign Ministry deputy spokesman Boris Pyadyshev. "The Teflon coating that covered the White House in the initial period of the Administration now has worn out." (Hiram Feisner, UPI)

Editor's Note: "The Arrogance Of Power -- Again," by Haynes Johnson, appears on page A2 of The Washington Post.

## **INTERNATIONAL NEWS**

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### **GORBACHEV BEGINS VISIT TO INDIA He And Gandhi Criticize U.S. Arms Control Policies**

NEW DELHI -- Soviet leader Gorbachev and Indian Prime Minister Rajiv Gandhi both criticized U.S. arms control policies today as Gorbachev arrived to begin a four-day visit that is expected to test the limits of his new Asian initiative and the possibilities for deepening the three-decade-long Indian-Soviet relationship.

In his airport arrival remarks, Gorbachev signaled his intention to continue placing pressure on the United States over nuclear arms issues.  
(Richard Weintraub, Washington Post, A16)

### **PARIS PULLING MOST OF ITS TROOPS FROM U.N. FORCE IN LEBANON**

PARIS -- Most of France's 1,380-man contingent to the United Nations peace-keeping force in southern Lebanon is to be withdrawn following controversy here over attacks by pro-Iranian Shiite Moslems, French officials said today.

They said they expected that an official announcement of the French pullout would be made by U.S. Secretary General Javier Perez de Cuellar at a Security Council meeting Wednesday. They depicted the move as a United Nations decision.  
(Michael Dobbs, Washington Post, A16)

### **SOVIET DESERTERS CITE ATROCITIES IN AFGHAN WAR Five Draftees, Granted Asylum In Canada, Say They Gave Weapons To Guerrillas**

TORONTO -- Five former Soviet army soldiers told reporters here today that they had deserted their military units in Afghanistan after becoming disillusioned because of the atrocities they saw committed there.

Some of them acknowledged they had smoked hashish to relieve the pressures of battle and admitted they had passed arms to Afghan guerrillas before crossing over to their side.

(Herbert Denton, Washington Post, A17)

### **PLOT TO SELL MILITARY EQUIPMENT TO LIBYA, SYRIA IS ALLEGED IN COURT HERE**

A Philadelphia man was arrested here yesterday and charged with illegally attempting to sell a C130 transport plane to Libyan leader Moammar Gadhafi and a sophisticated air navigational tracking system to Syria.

The sales were two of several that were being arranged by a four-person international arms trading operation that planned to move shipments of military equipment through a number of middlemen in Northern Ireland, Brazil, Pakistan and Cyprus for eventual delivery to Eastern bloc and Middle Eastern countries, including Iran, according to documents filed in U.S. District Court here.

(Nancy Lewis, Washington Post, A15)

-End of A-Section-



## *NETWORK NEWS SUMMARY*

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(Tuesday evening, November 25th)

### POINDEXTER/NORTH

NBC's Tom Brokaw: When President Reagan and Attorney General Meese appeared in the White House briefing room on short notice today no one was prepared for their surprising announcements that money from the controversial Iran arms deal was secretly funneled to the contra rebels fighting the Sandinista government of Nicaragua. According to Attorney General Meese, Adm. John Poindexter knew about the secret transfer of money and one of his deputies, Lt. Col. Oliver North arranged it. Poindexter resigned, North was fired. For his part, the President said he was not informed of North's scheme.

NBC's Chris Wallace: Officials here are calling it the worst scandal of the Reagan presidency, jeopardizing his policy in the Mideast and now Central America and costing a top adviser. The President was still maintaining today that his Iranian arms deal was not a mistake, but he said that over the weekend, the Justice Department uncovered one operation he had not known about which led to Poindexter's resignation and North's dismissal.

(President Reagan: "The information brought to my attention yesterday convinced me that in one aspect implementation of that policy was seriously flawed.")

The President refused to say what the flaw was, leaving that to Meese. And what Meese described was a scheme, devised by North, to get around the congressional ban against military aid to the contras then in effect. This year, he said, the U.S. sent \$12 million in weapons to Israel which Israeli agents then sold to Iran for much higher prices, \$10 to \$30 million dollars more. The Israelis paid the \$12 million back to the U.S. but transferred the extra money to Swiss bank accounts controlled by the contras.

(Edwin Meese: "The only persons in the United States government that knew precisely about this, the only person was Lt. Col. North. Adm. Poindexter did know that something of this nature was occurring but he did not look into it further.")

The Attorney General said later former national security adviser McFarlane had also been aware of the scheme but Meese maintained involvement did not go any higher, that the President, Vice President Bush, chief of staff Regan, Secretary Shultz and CIA director Casey all did not know of the plan. Meese did not explain how a Marine Lt. Colonel on his own could have arranged a deal involving three countries and millions of dollars. Or why and Admiral known for playing by the bureaucratic rules would not have told superiors. Meese said he is looking into whether any laws have been broken and a blue ribbon panel will review NSC operations, but Poindexter's wife said he and North did nothing to embarrass the government.

(Linda Poindexter: "That his decision to resign was to assist the President in continuing on with reforming the country and I don't think they are being made a scapegoat by anybody.")

Wallace continues:

White House officials hope today's action will satisfy demands for a staff shake up, but there is continuing bitterness inside the Administration towards Shultz for distancing himself from Mr. Reagan and Meese hinted Shultz could be next.

(Meese: "I think anyone who is a member of the President's staff or the President Cabinet has an obligation either to support the policy decisions of the President or get out.")

But the biggest worry here tonight is just how far the Iranian operation went because after today's extraordinary events, many officials here are concerned whether there is anything they still don't know. (NBC-Lead)

ABC's Peter Jennings: The Iran affair is now a scandal. John Poindexter has resigned and Oliver North has been fired and as much as \$30 million paid for American arms by Iran has ended up with the contras in Central America. We will devote much of our broadcast to this story tonight which has so rocked the White House and we begin there.

ABC's Sam Donaldson: The President suggested question of serious impropriety were involved, perhaps, thought others, grave illegality. Whatever, Mr. Reagan's Iranian initiative today claimed its first official casualties.

(President Reagan: "I was not fully informed on the nature of one of the activities undertaken in connection with this initiative. This action raises serious questions of propriety. Although not directly involved, Vice Adm. John Poindexter has asked to be relieved of his assignment as assistant to the President for national security affairs, and returned to another assignment in the Navy. Lt. Col. Oliver North has been relieved of his duties on the national security council staff.")

The President said that he had directed Attorney General Meese to investigate certain matters over the weekend. Meese said he had and had uncovered a sophisticated skimming operation involving U.S. arms sales to Iran through Israel. Meese said that since last January, as authorized by the President, \$12 million in arms had been transferred through the CIA to Israel and Israel had sold them to Iran. But what the President hadn't known, said Meese, was that Israel had charged Iran not \$12 million, but \$22 to \$40 million, \$12 of which went back to the CIA as full payment, the remaining \$10 to \$30 million of which was diverted to the U.S.-backed Nicaraguan contra rebels fighting in Central America through Swiss bank accounts reportedly controlled by contra leader Adolfo Colero. Meese said it was Lt. Col. North, who had long been the White House liaison with the contras, who arranged the scheme. In fact, Meese said North okayed a shipment in September of 1985 that no one had known about until after the fact. Meese said national security adviser Poindexter did know that something like this was going on but didn't look into it and that former national security adviser Robert McFarlane, who flew into Iran last May to meet with Iranian leaders at the President's direction, also knew about it. But no one else, not even the CIA. Meese said Poindexter told no one about it.

Donaldson continues:

(Meese: "Let me just say that he did not notify anyone of this, particularly the President or any of the other members of the national security council.")

Meese said it isn't clear whether Col. North violated any laws, that's being looked into. And it isn't clear whether the Administration, as such, violated the congressional prohibition against funding the contras which was in effect all during the period at issue, that's being looked into. And there's is no need yet for an independent council or special prosecutor, said Meese, who rejected a suggestion that Congress would certainly not be satisfied with an Administration investigation of itself.

(Meese: "We are not investigating ourselves, we are investigating certain people within the Administration. There is no question whatsoever or no implication that anything that was done was Administration policy or directed by top Administration officials.")

The certain people of whom Meese spoke operated out of the corner office of the executive wing of the White House, Henry Kissinger's old office, catty-corner from the Oval Office. And Poindexter, as national security adviser, delivered an intelligence briefing to the President every morning. As for Mr. Reagan himself, he said he is deeply troubled that the implementation of his Iranian policy has resulted in such controversy, but he still has no second thoughts about the policy itself.

(Question: "Did you make a mistake in sending arms to Tehran, Sir?"

President Reagan: "No, and I'm not taking any more questions.")

Today's disclosure has transformed this Iranian connection story from a debate over the wisdom of the President's policy to an investigation of the legality of what has been done. Inevitably in the days ahead the question will be heard repeatedly, what did top officials here know and when did they know it. (ABC-Lead)

CBS's Dan Rather: A bombshell of a story at the White House today --

two Administration officials out, the revelation that the Iran arms deal helped funnel secret millions through Swiss banks to the Nicaraguan contras. Today the Reagan Administration said perhaps \$30 million dollars from the secret sales was laundered through Swiss banks then sent to the rebels in Central America. This may have been illegal. President Reagan says he was not informed, didn't know all that was going on. Congress was filled with charges of scapegoating and that's a cover up. Our coverage of today's bizarre White House story begins with Bill Plante.

CBS's Bill Plante: A tense and angry Ronald Reagan announced the resignation of of his national security adviser John Poindexter and the firing of Lt. Col. Oliver North, no surprise in light of the continuing White House credibility problems. But in a bizarre twist at which he only hinted, Mr. Reagan said there was a part of the Iran deal he hadn't known about.

(President Reagan: "I was not fully informed on the nature of one of the activities undertaken in connection with this initiative. This action raises serious questions of propriety." Question: "Did you make a mistake in sending arms to Tehran, Sir?" President Reagan: "No, and I'm not taking any more questions.")

The President then left it to Attorney General Meese to drop the bomb shell.

Plante continues:

(Meese: "Certain moneys which were received in the transaction between representatives of Israel and representatives of Iran were taken and made available to the forces in Central America which are opposing the Sandinista government there.")

Meese insisted the scheme was known only to North, Poindexter and later to Robert McFarlane.

(Meese: "The people who were involved in the situation didn't tell anybody including the President. So it is common understanding why the President wouldn't know because no one in the chain of command was informed.")

Another issue on top of today's revelations, the serious split between Secretary Shultz and the White House, the President declined again today to give Shultz a vote of confidence and Meese seemed to be sending Shultz a message.

(Meese: "But I think anyone who is a member of the President's staff or the President's Cabinet has an obligation either to support the policy decisions of the President or to get out.")

(Nancy Reagan: "If there are more steps to be taken he will take them. He took these immediately, he found out last night and it was done this morning.")

For some the implications were personal.

(Rev. Linda Poindexter: "I think it is the country's loss and our family's gain at this point. We'll have a husband at home again.")

But others see broader questions, the President's lack of knowledge and what that may mean.

(Rep. James Wright: "Well if the President didn't know something as profoundly consequential as this then something is profoundly wrong.")

(David Gergen: "The big question that faces us tonight beyond Iran is whether Reagan can continue to govern effectively over the next two years. We don't know the answer to that question.")

Administration insiders fear there are more potentially embarrassing revelations to come. For instance CBS News has been told the White House believes some CIA agents, though not director Casey, were aware of Oliver North's activities in Central America. (CBS-Lead)

Brokaw: In Congress there is a mixture of astonishment and outrage in both parties tonight. John Dancy reports that there were accusations that the White House had broken the law.

NBC's John Dancy: Congress was stunned by the North revelation, it seemed such a clear attempt to circumvent the will of Congress. Even Republicans were saying the situation for the President is very serious.

(Rep. William Broomfield: "I think this is going to be one of his major tests in his entire tenure as President of the United States.")

At issue is the Boland amendment which Edward Boland introduced in 1982 to control covert aid to Nicaragua. The amendment said none of the funds appropriated for intelligence may be used for the purpose of overthrowing Nicaragua.

(Sen. John Glenn: "It now appears that the Administration has flatly broken the law of this land by sending money to the contras in direct violation of the Boland amendment at the very least.")

(Sen. Sam Nunn: "The law has to be complied with and the law barred lethal aid to contras.")

-more-

Dancy continues:

Congress is not persuaded that Lt. Col. North would take such a major foreign policy step as sending money to the contras without orders from above.

(Rep. James Wright: "It just defies logic that people at the level of field grade officers would be making foreign policy for the United States.")

But no one is ready to say that the shots were being called by the President.

(Sen. Robert Byrd: "Well, I have to believe based on the facts as I have heard them up to this point that the President did not know about this.")

(Sen. John Glenn: "If he knew about it then he was willfully breaking the law, if he did not know about it then he is failing to do his job for after all we expect the President to know about the foreign policy activities at the very least.")

After today's developments Senate Republican leaders were gloomy about prospects for more contra aid next year.

(Sen. David Durenberger: "It is going to be a cold day in Washington, D.C. before any more money goes into Nicaragua and I just suspect that Ollie North may have killed his Nicaraguan program for the President.")

North has done something else, he's given the Democrats a major issue, one they are not likely to put down. Tonight they called on Attorney General Meese to set up an independent investigation about the arms deal and the contra connection. (NBC-2, ABC-5, CRS-3)

Rather: Attorney General Meese joins us now from Washington. Can you assure the nation that we have seen the last of the embarrassing disclosures?

Meese: The President has directed that we pursue and continuing investigation to make sure that we do get all the facts. I think it is important to remember that it was the President who wanted to be sure that the public and the Congress had full information as soon we knew that there might be something wrong and so that's the reason why we provided some preliminary information today, but we will continue until we do know that we have all the facts.

Rather: It was suggested on this broadcast at one point that you were trying to send Secretary Shultz a message today. Do you expect him to be Secretary of State say three months from now?

Meese: I was not trying to send Secretary Shultz or anybody else a message. I would have no knowledge about any member of the Cabinet and wouldn't comment on it. (CBS-4)

Rather: Secretary Shultz is among those who, in effect, forced the White House to tell more about the strange Iran deal than the President and his aides wanted to. Bill McLaughlin reports this evening on the view from the State Department.

CBS's Bill McLaughlin reports Secretary Shultz emerged from today's turmoil as the clear winner, just days after, CBS News has learned, he submitted his resignation. It was not accepted but it remains on the President's desk. Tonight Shultz seemed to put his resignation aside.

(Shultz: "The President has set out our objectives and I fully subscribe to them and support them and intend to be very much a part of the effort to bring them to fruition.")

Shultz's spokesman left no question as to who would oversee U.S. policy toward Iran.

(Charles Redman: "The President now intends that the management, implementation of that policy be handled in normal channels. In short that means under the direction of the Secretary and the Department of State.")

The Western allies, moderate Arab states and the Soviet Union are all convinced that they have been consistently lied to by the U.S. government on the Iranian issue. Clearly George Shultz's first objective is to make American foreign policy believable again.

(CBS-5, NBC-5, ABC-6)

Rather: One of several and sometimes conflicting official stories told about how the arms for Iran deal got started is that President Reagan was trying to free hostages. Bob Schieffer reporters newly learned details about the brutal torture and murder of one hostage, William Buckley.

CBS's Bob Schieffer: When the U.S. embassy in Beirut was bombed in 1983 all of the American CIA agents stationed in Lebanon were killed. Acting under the cover of being a diplomat, Buckley an agent himself, was sent in to start a new CIA station.... Once on the mean streets of Beirut, his real identity was soon learned apparently. Within a year, March 1984, he had been kidnapped. From then until last year when his captors made the gruesome claim he had been executed, authorities believe he was tortured and mistreated and in the process forced to give up crucial secrets about intelligence contacts and U.S. counter-terrorism tactics. For example, in the hijacking of this Kuwaiti air liner and later the infamous capture of TWA flight 847, sources say information that may have been forced from Buckley could have been instrumental in helping terrorists who always seemed to be one step ahead of U.S. anti-terrorist measures. Buckley was one of the first Americans taken hostage in Lebanon. Ironically sources now say it was his death that caused the President to redouble efforts to free all the hostages, an operation the Administration is now trying to untangle.

(CBS-7)

Brokaw: For the moment at least, Oliver North is the principle figure in this scandal. NBC's Fred Francis has more tonight on Col. Oliver North.

(NBC-3, ABC-2)

Brokaw: And there are many legal questions involved in all of this tonight, not the least of which is what now for Lt. Col. North? NBC's Carl Stern has more on that.

(NBC-5, CBS-6)

Brokaw: The Israeli government tonight found itself caught in the middle of this Iran controversy and it was scrambling to make its side of the story known. NBC's Martin Fletcher has late details now from Israel. (NBC-6, ABC-7, CBS-2)

Jennings: And so it is the national security council that is smack-dab in the middle of controversy. ABC's Bob Zelnick reports. (ABC-3)

Jennings: There is no permanent replacement for Poindexter at the moment. The interim national security adviser is Alton Keel, Poindexter's deputy. And Robert McFarlane, of whom there has been much mention on this broadcast and throughout the day, is in London tonight. He told ABC's Barrie Dunsmore a short while ago that he was informed of the money being diverted to the contras in Central America but only after the fact and he told Dunsmore that he was in no way involved in the scheme. (ABC-4)

Jennings: The revelation that millions of dollars were made available to the contras raises new questions about the American role in financing covert operations against Nicaragua. Who got the money and was it used, for example, in the kind of operation that lead to the capture of American mercenary Eugene Hasenfus. ABC's John Martin reports. (ABC-8)

Jennings: Well, you have heard the reporting so far this evening, now some appraisals. Joining us Sam Donaldson at the White House, Brit Hume on Capitol Hill and ABC's commentator George Will. I guess the opening question is is this the end or a new beginning of the President's Iran crisis?

Will: Well, there will be some more turmoil but it is possible that removing Mr. North will indeed cauterize this wound because the money and Iran and Nicaragua all seem to be connected through Mr. North who has gone like a good soldier, protecting the President's deniability. All our covert operations have that principle built into them, which is that the President is not a prime minister, he is constitutionally indispensable, he must be protected, at time even from knowledge. North went off and did a number of things on his own, the impulse for action bubbled up through him in the government but it is plausible that indeed he was the prime mover, the initiator and, in a way, the sole possessor of the crucial knowledge. (ABC-10)

Brokaw: With me now to discuss all these situations today is Henry Kissinger. Is it conceivable in your judgement that this operation could have been carried out by a single Marine Lt. Colonel with the Admiral who is running the NSC only knowing about it and not doing anything about?

Kissinger: No, it is not conceivable to me and I also want to know what did the chairman of the Joint Chiefs of Staff do when he ran across it early in January? Why didn't somebody go to the President and say the consequences of what you are doing are the following? I just cannot believe that if the President had been given the options properly that he would have proceeded with this operation.



Brokaw: Is it your judgement that he did know?

Kissinger: I don't know. I have to believe what the President says, I have confidence in his veracity. On the other hand I cannot imagine a Lt. Colonel or even an Admiral like Poindexter doing this without somebody knowing. Maybe not the President but somebody he believes spoke for the President. (NBC-9)

Brokaw: There is yet another twist to U.S. policy on Iran and the American hostages tonight. U.S. officials are telling NBC's Anne Garrels that as early as 1984 the White House approached other countries known to be selling arms to Iran and asked them to link those sales to the release of the American hostages. These countries were China, South Korea and Taiwan. The White House requests were made despite the Administration's policy of not bargaining for the hostages release. (NBC-10)

#### PHILIPPINES/CEASE-FIRE

Brokaw: Negotiators for the Philippine government and the communists guerrillas in that country have agreed at least in principle to a cease-fire. Final agreement is expected sometime before the Sunday deadline set by President Aquino. (NBC-11, CBS-8)

#### GORBACHEV/INDIA

Brokaw: In India today Mikhail Gorbachev arrived for a four day visit. He was hailed by Indian Prime Minister Gandhi as what he called a crusader for peace. Gandhi and Gorbachev both blame the United State's star wars program for blocking progress towards a nuclear free world. (NBC-12)

#### CONSUMER PRICE INDEX

Brokaw: The federal government reported that while gas prices were falling last month, car prices were on their way up. As a result, the consumer price index rose in October by just .2% and the inflation rate for last 12 months is now standing at 1.5%, the lowest level since the 1960s. (NBC-14, CBS-10)

#### COMMENTARY

NBC's John Chancellor comments: This morning the President's problem was the perception that he had broken his promises and sold arms to terrorists to get back hostages. That was bad. This afternoon we learned that the broken promises produced money which went secretly to the contras and that was much, much worse. The country, as we have seen on this program tonight, is being asked to believe somethings that are hard to swallow. The scandal of dealing with terrorists has turned into a political disaster which could cripple this Administration. (NBC-17)

## EDITORIALS/COLUMNISTS

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### U.S./IRAN

Reagan Must Look Inward To Salvage His Presidency -- "As messy as the situation now is, it is by no means irretrievable, primarily because there is little appetite in Congress or in the press for crippling another presidency. Reagan's is eminently savable if he and his friends demonstrate the will to deal with his problems. The danger arises only if they content themselves with a few executions and a hasty patch-up job."

(Jody Powell, Los Angeles Times, 11/25)

U.S. Views Of Iran Remain Off Target -- "The question of trading weapons and compromising on terrorism aside, Ronald Reagan has indicated to the Iranians the United States is prepared to come to terms with the revolution and play the classic role of balancing Soviet power without demanding a shah's subservience. There is much for the Iranians to learn in his approach. No less do Americans have to learn about Iran."

(Shireen Hunter, Los Angeles Times, 11/25)

After Khomeini -- "No matter what judgement is made of the Reagan Administration's ill-fated efforts to reach an understanding with 'moderates' in Tehran, Iran will outlast the Khomeini regime, and so will America's strong need for friends among the rulers of the strategically important country on the Persian Gulf...."

It should be not shock that the U.S. mission went haywire, considering the madhouse Iran has become under Khomeini. But its failures and the ensuing furor should not obscure the importance of the need to strive for a constructive relationship with post-Khomeini Iran. If the United States fails to do so, a force as bad or worse than Khomeini may fill the vacuum."

(Indianapolis Star, 11/22)

Stumbling Defense -- "President Reagan had such a hard time defending shipments of military supplies to Iran in his press conference Wednesday evening because the policy is indefensible...."

This is the President's most damaging crisis since the bombing of the Marine barracks in Beirut, and even more divisive. The Administration's credibility is burning away daily; and Reagan's stumbling embrace of the arms-to-Iran policy only adds fuel to the fire."

(Shreveport Journal, 11/21)

How Does Ron Stay So Popular? -- "Reagan has stayed popular because he's so much like the rest of us. He understands us and tells us what we love to hear. We all like to be flattered. We flatter him by electing him, and he tells us we're standing tall, we're proud, we're good people who could be great if we'd just try a little harder...."

Having liked a president because he flatters us and acts just the way we do, we now will proceed to tear him apart because a president is supposed to be so much better than the rest of us."

(Otis Pike, Chicago Sun-Times, 11/25)

EDITORIALS (continued)

Reagan Motivated By Compassion -- "President Reagan's secret sale of arms to Iran, motivated at least in part by his desire to free Americans held hostage in Lebanon, was characteristic of this president's willingness to use his considerable power to help individuals in trouble. Often accused by his critics of insensitivity to the nation's needy, Reagan nonetheless has demonstrated since the outset of his Administration that he can be moved by specific hardship cases....

Ostensibly, he wanted to open a channel to potential leaders in (Iran) but also, and perhaps just as convincingly, he wanted to get that handful of Americans out of captivity."

(Michael Putzel, Milwaukee Journal, 11/21)

Surprises -- "The Reagan Administration seems surprised by the fuss over the President's blundering through explanations of why we've been shipping planes loads of deadly hardware to Iran. It shouldn't be. The President and his Administration have blithely tossed away the best thing they had going for them -- Ronald Reagan as everybody's television hero....

Reagan has surrounded himself with second-rate minds. His own, at least, is fronted by a first-rate presentation. Now the cracks are showing. If the Administration doesn't clean house thoroughly, and replace all the White House cowboys with thoughtful foreign policy pros, there will be more wounds."

(Philadelphia Daily News, 11/25)

Why Reagan Did It -- "Why? The question about the rationale for the U.S. arms shipments to Iran persists even after the Administration decided to 'go public.' President Reagan, his previous and present national security advisers, and other top officials have given reasons. But it was at an early-morning press breakfast with the President's chief of staff, Donald Regan, that it became clear that the President's preoccupation with the hostages was the underlying motivation. 'Every single morning the President asked about the efforts to free the hostages,' Mr. Regan said."

(Godfrey Sperling, Christian Science Monitor, 11/25)

Congress And Foreign Policy -- "Leave it to Congress to kick an institution when it is down. In the aftermath of the Reagan Administration's blunder in supposedly sending arms shipments to Iran in return for American hostages, some legislators are advocating making the national security adviser accountable to Congress....

In the end, the power must rest with the President, even if we dislike his policies at the moment. Otherwise, U.S. foreign policy is muddled by a cacophony of conflicting voices, as we have experienced in the 1970s and '80s. Unless the situation is corrected, the din will be too loud for America to think and to act decisively."

(Detroit News, 11/23)

President Is Out Of The Woods But Not Off The Hook -- "Was the President served well, or served up? Mr. Reagan should take a critical look at his advice, and consider the sources. In that sense, the Iran Affair is over. The President can build on his successes and profit from his errors. This wound was largely self-inflicted, and will be healed from within, not without."

(Providence Journal, 11/21)

## **FOREIGN MEDIA REACTION**

### **U.S.-IRAN**

"Mr. Whitehead's comments on Capitol Hill will only add fuel to the controversy about the management of foreign policy which has been triggered by the Iran affair.... Mr. Whitehead's comments were the first public statement by a top official that the management of foreign policy and in particular the active role which the National Security Council has played in implementing policy are at the heart of the dispute."

(Financial Times, Britain)

"The Number Two at the State Department totally opposed the views defended by President Reagan himself.... 'I do not like to have to differ with my President,' said John Whitehead, 'but I believe there is some evidence of Iranian involvement with terrorists.' This spectacular statement is a front-page story this morning."

(Guardian, France)

"From the viewpoint of world politics, the Iran affair was a marginal event. It would be bad if this affair paralyzed the Reagan Administration, for instance in the field of security policy. The Democrats should revise their strategy of extending and exploiting the affair.... Reagan still is more popular than any of his predecessors in this century.... The Democrats are wrong if they assume that this is 'high noon' for Ronald Reagan."

(Die Welt, West Germany)

"If Reagan does not admit what he continues to deny -- that is, having made a mistake -- and if the whole story is not revealed soon in all its details, the last two years of the Reagan Administration risk turning into a slow and inglorious agony characterized by powerlessness."

(La Repubblica, Italy)

"The Secretary of State has made an unprecedented public counterattack against the White House, showing the degree to which Shultz is determined to prevail or to resign.... Deputy Secretary of State Whitehead, several times Reagan's envoy on terrorism to Italy, called on the Administration to change its course."

(La Stampa, Italy)

"It is clear that the official talks held by the U.S. Government about Iran are not consistent with its real policy. There was a lot of talk during recent days about a possible resignation by Secretary of State Shultz. This means that U.S. Mideast policy is not perfectly clear."

(La Presse, Tunisia)

"Presently the U.S. mass media and the American people cannot accept President Reagan's words at their face value.... More important than persuading opposition leaders and making compromises with them is the need for President Reagan to recover the public's trust."

(Hankook Ilbo, South Korea)

"No matter how President Reagan tries to justify the clandestine deals with Iran, he has given in to the men and women of terror."

(South China Morning Post, Hong Kong)