

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: News Summary Office, White House:
News Summaries, 1981-1989

Series: II: WHITE HOUSE NEWS SUMMARY FINALS,
1981-1989

Folder Title: 12/01/1986

Box: 392

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

MONDAY, DECEMBER 1, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

U.S. -- IRAN

Reagan Returns To Mounting Criticism -- President Reagan returned to Washington last night after a secluded California weekend to confront an Administration engulfed in allegations of wrongdoing and demands for high-level resignations.

(Christian Science Monitor,
Washington Post, Washington Times, AP, UPI)

INTERNATIONAL NEWS

Reagan Begins Secret Overhaul Of U.S. Counterintelligence -- President Reagan is tightening security at defense plants, increasing scrutiny of federal workers with access to secrets, and encoding satellite communications as part of a sweeping, secret overhaul of U.S. defenses against spying, White House and congressional officials say.

(Washington Times, AP)

NETWORK NEWS (Sunday Evening)

IRAN WEAPONS AFFAIR -- Bipartisan leadership of the Senate today called for the appointment of a special Watergate-style congressional committee to investigate the Reagan Administration's Iranian-Contra connection.

CARY GRANT -- Cary Grant, 82, died of a massive stroke Saturday night.



"Wimble, this kind of reporting
wouldn't even get you arrested in
Moscow!"

U.S.—IRAN

'I'M NOT GOING TO BACK OFF'
Reagan, Facing A Deepening Crisis,
Expresses Defiance, Hits News Media

A defiant President Reagan returned to Washington last night facing a deepening crisis over the secret Iranian and Nicaraguan operations with a pledge that "I'm not going to back off," and saying the storm of criticism has left "bitter bile in my throat these days."

In an interview with Time Magazine published yesterday, Reagan described Lt. Col. Oliver North, whom he fired from the NSC staff last week for his involvement in the clandestine operations, as "a national hero" and added, "My only criticism is that I wasn't told everything."

"I've never seen the sharks circling like they are now with blood in the water," the President said, in remarkably blunt language. "What is driving me up the wall is that this wasn't a failure until the press got a tip from that rag in Beirut and began to play it up.. I told them that publicity could destroy this, that it could get people killed. They then went right on."

(David Hoffman, Washington Post, A1)

Reagan Returns To Mounting Criticism

SANTA BARBARA -- President Reagan returned to Washington last night after a secluded California weekend to confront an Administration engulfed in allegations of wrongdoing and demands for high-level resignations.

Over the weekend, while Mr. Reagan was sequestered at his mountaintop ranch near Santa Barbara, allegations of wrongdoing were aimed at Messrs. Reagan and Bush along with others said to have knowledge of the covert operation. (Mary Belcher, Washington Times, A8)

Reagan Faces Aftershocks Of Iran Affair

The Reagan Administration's damage control strategy isn't working -- yet.

The controversy over the Administration's secret arms sales to Iran, coupled with revelations that profits from the sale were diverted to Nicaraguan contra forces, is widening.

Congress is gearing up to conduct its own probes. The White House still appears to be in disarray over the affair. And new allegations have surfaced suggesting that knowledge of the controversial arms shipments -- and the circle of those who knew about them -- may have been more widespread than the Administration has acknowledged.

(Gary Thatcher, Christian Science Monitor, A1)

Reagan Returns To Work Confronting His Presidency's Gravest Crisis

President Reagan, facing his presidency's gravest controversy, returns to work today confronting calls for a special session of Congress to initiate a Watergate-style probe into the funneling of Iranian arms money to the Nicaraguan Contras.

Reagan is meeting today with a three-member panel he appointed to review the NSC and its staff in the wake of disclosures that NSC aide Lt. Col. North arranged for transfer of up to \$30 million from the weapons sale to the aid of Nicaragua's Contra guerrillas.

White House spokesman Dan Howard called Dole's proposal "a novel idea," but declined direct comment on it. "We simply haven't had time to consider it," he said. (Bryan Brumley, AP)

Reagan, Under Mounting Pressure, Stands By Iran Decision

President Reagan, warned by top political leaders that his presidency was being weakened by growing scandal over the secret sales of arms to Iran, still insists he made the right decision.

In an interview with Time Magazine, his first since the controversy escalated with the revelation of the contra link last Tuesday, Reagan said, "I think we took the only action we could have in Iran.

"I am not going to disavow it. I do not think it was a mistake. No, it has not worked out the way we hoped. But I don't see anything I would have done differently," Reagan said in the interview, published today. (Patricia Wilson, Reuter)

Reagan Says North is 'A National Hero'; Attacks Press On Revelations

NEW YORK -- President Reagan said in a published interview that the sale of arms to Iran arose from that country's offer to "do something" about terrorism, and that more U.S. hostages would be free if not for the press.

Reagan, in the interview with Time magazine, also said he didn't know until Attorney General Meese started an investigation Nov. 21 that money from the arms sales was being channeled to Nicaraguan rebels.

(AP)

Reagan Promises To 'Get To The Bottom' of Iran Affair

President Reagan, describing himself as tasting "bitter bile" over attacks on secret arms deals with Iran, is pledging to "get to the bottom" of the affair.

Returning to the White House on Sunday after a Thanksgiving holiday at his mountaintop ranch, Reagan called out in response to reporters' questions: "We'll do whatever we have to to get to the bottom of this...then we'll make it known."

But Reagan ignored questions about whether he would appoint a special prosecutor in the case or convene a special congressional session so that a Watergate-style panel can be named to investigate. Both suggestions have come from members of Congress. (Dale Nelson, AP)

Reagan's Drive For Damage Control

President Reagan, hoping to blunt attacks from Congress with promises of full disclosure, is about to give marching orders to the panel appointed to review NSC operations tainted by the secret Iran arms sales-Contra aid connection.

Back in the political heat of Washington after a brief California vacation, Reagan prepared a formal directive, with an executive order, for the three-member panel he named last week to "conduct a comprehensive study" of the NSC.

Reagan, visibly upset by the firestorm that has engulfed his Administration, said on his return Sunday to the White House, "We'll do everything necessary to get at the truth and then we'll make the truth known."
(Helen Thomas, UPI)

CARLUCCI HEADS LIST OF NSC CANDIDATES

Frank Carlucci, the former deputy secretary of defense in the Reagan Administration and the deputy director of the CIA in the Carter Administration, has emerged as the front-runner to succeed Vice Adm. Poindexter as the President's national security adviser, it was learned by The Washington Times.

An announcement of the successor might be made as early as this morning, when President Reagan meets with top officials at the White House. The President returned last night from a brief Thanksgiving break at his California ranch to a capital rife with rumor, speculation and intrigue.

Mr. Carlucci is said to have the support of Secretary Shultz, Secretary Weinberger, and CIA Director Casey. Mr. William Hyland is understood to be the favorite of Donald Regan.

(Jeremiah O'Leary, Washington Times, A1)

STATE DEPARTMENT DRAFTING NEW GOVERNMENT-WIDE POLICY ON HOSTAGES AND IRAN

Secretary Shultz named a top aide to dig through the ruins of Reagan Administration policy on Iran and the hostages held in Lebanon to build a new government-wide approach, officials say.

"Shultz wants to find out, first off, what the hell happened. And second, he doesn't want to get blindsided by some new revelation," said a State Department source.

"People are working very quietly behind the scenes," said a third State Department official, who also spoke on condition of anonymity. "We are pursuing various channels, although not perhaps as imaginatively as Ollie North."
(Bryan Brumley, AP)

State Undertakes Own Probe Of Iran Arms Sale

The State Department, hoping to reassert its control of the nation's Iran policy, has begun an investigation of its own into the secret sale of American arms to the Middle Eastern country.

The investigation is seen as an essential preliminary to the vital American foreign policy goal of establishing a new dialogue with Iran.

"Whatever you feel about the arms shipments, there is no argument about the goal of opening up a dialogue," said one senior official. "We should have started this as soon as the hostages were released in 1981."

(Richard Beeston, Washington Times, A9)

FORMER SECURITY ADVISERS DOUBT NORTH ACTED WITHOUT APPROVAL FROM SUPERIORS

Four former national security advisers say the secret transfer of Iranian arms sale proceeds to Nicaraguan rebels could not have been initiated and controlled by Lt. Col. North without the knowledge and approval of higher authority.

Former Secretary of State Kissinger, who held the security adviser's post in the Nixon Administration, said he found the assertion that North acted alone and on his own authority "hard to believe."

Zbigniew Brzezinski, who held the post under President Carter, went even further. He said the contention "boggles the mind."

"I think it is not possible that Col. North could have been operating without a charter," said retired Air Force Lt. Gen. Brent Scowcroft who served as national security adviser under President Ford.

North's NSC predecessor, Raymond Tanter, told reporters, "I can't imagine that North would do this on his own." (Lawrence Knutson, AP)

Top U.S. Officials Reportedly Knew Of North's Contra Operation

Senior Reagan Administration officials knew that a now-fired White House aide was building an American-manned air resupply wing this year for the Nicaraguan Contra rebels, according to government sources.

Lt. Col. North, dismissed last week for what the Administration says was his role in diverting to the Contras as much as \$30 million in Iranian arms sale proceeds, arranged the purchase of a five plane air force and delivery of military supplies to the Contras, said the sources, who insisted on anonymity.

An Administration official said an internal White House review of the Contra resupply operation has found that the Iranian payments were used to pay for the air wing.

U.S. government officials, familiar with the North operation, said that although the Iranian-Contra link was a closely held secret inside the White House, North's management of the air operation was known to officials in the State Department, Pentagon, CIA and the NSC. (Robert Parry, AP)

North Argued With Pentagon To Skirt Covert Aid Procedure

Former NSC aide Lt. Col. North argued against using existing Pentagon procedures for funneling covert U.S. aid to Central America, according to congressional investigators.

At a March 1986 planning session involving a dozen U.S. intelligence and national security officials, Col. North got into a shouting match with Defense Undersecretary Fred Ikle, who argued otherwise.

"Ikle insisted that proper covert action procedures be followed and Ollie said it didn't work," said another Senate aide. "The clear implication was that Ollie had already worked out his own system."

(Bill Gertz, Washington Times, A1)

DOMESTIC REACTION

DOLE URGES RECALLING CONGRESS FOR INQUIRY Special Session Asked On Iran-Contras Affair

Outgoing Senate Majority Leader Robert Dole called on President Reagan yesterday to convene Congress in an extraordinary special session on Wednesday to create a Watergate-style committee to investigate the secret funneling of Iran arms-sale profits to the Nicaraguan contras.

Dole's recommendation for the first special session of Congress since Harry Truman called one 38 years ago contributed to a growing sense of urgency and turmoil over the controversy that Republicans and Democrats said is threatening to paralyze the Reagan Administration in its final two years.

Demands mounted for a general house-cleaning within the Administration, appointment of an independent counsel to take over the investigation from the Justice Department and appointment of a select bipartisan panel to take charge of congressional probes into the matter. There was also widening skepticism over Administration claims that knowledge of the affair was limited to the President's former national security adviser, Vice Adm. John Poindexter, and one of Poindexter's key aides, Marine Lt. Col. Oliver North.

(Barbara Vobejda & Helen Dewar, Washington Post, A1)

Congress Leaders Seek Special Unit On Iran Arms Deal

Congressional leaders from both parties strongly urged today that a special committee like the one used during the Watergate affair be set up to assume control of the rapidly spreading investigation into the Administration's arms deal with Iran and the funneling of funds to the Nicaraguan rebels.

The comments reflected a growing sense of crisis in the capital, as Republicans and Democrats alike warned President Reagan in increasingly urgent tones that if he did not move swiftly to control the situation, the final two years of his Presidency could be irreparably damaged.

But the Administration raised the likelihood of a confrontation with Congress by declining to provide more information about the secret arms shipments to Iran and suggesting it would claim executive privilege.

(Steven Roberts, New York Times, A1)

Aide Regan Hints Executive Privilege May Be Invoked

President Reagan pledged yesterday to do "everything necessary" to determine the facts in the scandal surrounding the diversion of funds from Iran to Nicaragua, but his chief of staff, Donald Regan, edged the President closer to wrapping top Reagan aides such as himself in a cloak of executive privilege.

Mr. Regan cited executive privilege and said he could not "guarantee" that he personally would testify if called by one of the congressional panels gearing up to look into the secret -- and possibly illegal -- use of proceeds from covert arms sales to Iran to supply the U.S.-backed "contra" guerrillas in Nicaragua. (Robert Timberg, Baltimore Sun, A1)

Urgent Session Of Congress Sought On Iran

Senate Republican leader Dole urged President Reagan yesterday to call Congress back this week for a special session to deal with the still-deepening scandal over U.S. arms sales to Iran.

"There isn't time to sit around until Congress comes back Jan. 6," Mr. Dole said in an appearance on the ABC television program "This Week with David Brinkley."

Mr. Dole said he thought such a special panel should be set up now -- presumably during a special session. "Otherwise," the GOP leader said, "we're going to have 15 or 20 committees investigating this problem." (Lyle Denniston, Baltimore Sun, A1)

Dole Urges Reagan To Call In Congress

Senate Republican leader Dole yesterday urged President Reagan to call Congress into the first special session in nearly four decades to deal with the Iranian arms controversy.

Another key Republican -- Sen. Lugar -- said Mr. Reagan should "clean house of all the malefactors" in the White House by naming a new staff and possibly new Cabinet members.

(Ed Rogers, Washington Times, A1)

Reagan Told To Get The Facts Out On Iran

From friend and foe alike, President Reagan is getting the same advice: Take the initiative and get all the facts out about the tangled dealings by members of his Administration that sent arms to Iran and money to Contras.

"He needs to get on top of it," Senate Republican leader Bob Dole of Kansas said on Sunday. "It's not going to go away."

What steps Reagan takes could determine whether he comes out of this crisis able to govern effectively or whether the nation will watch another President struggling to survive a controversy he allowed to get out of control. (Donald Rothberg, AP)

GOP Leaders Warn Reagan

Republican Party leaders, reflecting what they called "a state of shock" at the revelation of "total shambles" in the Administration's foreign policy operations, are warning President Reagan that he must move quickly to repair his tarnished credibility or risk long-term damage to his Administration and his party.

Senate Foreign Relations Committee Chairman Lugar called on Reagan yesterday to "clean house of all the malefactors" and "take charge immediately" by replacing key White House staff officials and perhaps some Cabinet members. At the same time, Senate Majority Leader Dole urged the President to call Congress into special session this week to launch a Watergate-style select committee investigation of what has gone wrong in White House operations.

In their television interviews, Lugar and Dole revealed the depth of Republican concern about the spreading revelations. A cross-section of elected and party officials, interviewed Friday and Saturday, said that while they were heartened by Reagan's initial actions last week, they were increasingly worried that further surprise disclosures stemming from the arms sales to Iran and the diversion of profits to aid the anti-Sandinista forces in Nicaragua could spell deep trouble.

(David Broder, Washington Post, A1)

Congress: Reagan Has '48 Hours' To Restore Credibility

President Reagan is facing a critical period in the Iran arms-Contra aid scandal and his effectiveness as President -- if not the fate of his presidency itself -- depends on fast and full disclosure in Watergate-style investigations, Republican and Democratic leaders say.

"He's got about 48 hours...48 hours or it will be lost," Sen. Moynihan told NBC's "Meet the Press" Sunday, starting the stopwatch on Reagan's time to restore his credibility.

(Dana Walker, UPI)

Special Sessions Of Congress Rare

If President Reagan takes the advice of Senate Republican leader Dole and calls for a special session of Congress, it would mark the first such extraordinary meeting called by a president since 1948.

Sunday, in an interview on ABC's "This Week With David Brinkley," Dole recommended that Reagan should call for a special session next week so a Watergate-style select committee can be created to investigate the U.S. weapons sales to Iran and secret cash transfers to Nicaraguan rebels.

(UPI)

Senate Panel To Call CIA Workers In Closed Probe Of Iran Arms Deal

The Senate Intelligence Committee probably will call at least a halfdozen current and former CIA employees to testify in closed hearings beginning today on Iranian arms sales, the committee's chairman said in an interview televised yesterday.

"We're probably going to call six or eight or more current or past members of the Central Intelligence Agency because there's no one person who knows all the facts of their involvement," Sen. Durenberger said on "John McLaughlin's One on One" program that was taped Friday evening and aired yesterday.

(Damon Thompson & Jennifer Spevacek, Washington Times, A8)

REPORT: BUSH APPROVED AID FOR CONTRAS

MIAMI -- Vice President Bush authorized two aides in 1984 to assist in building a network of aid for the Nicaraguan Contras and was briefed regularly on their efforts, a newspaper reports.

The Miami Herald, quoting Administration sources, reported Sunday that Bush authorized his national affairs security adviser, Donald Gregg, and an aide, Lt. Col. Douglas Menarchik, to cooperate with Lt. Col. North in building the network to aid the rebels fighting Nicaragua's Sandinista government.

The newspaper, citing unidentified Administration, congressional and rebel sources, reported that Bush was briefed regularly by North and Contra leaders during the time North sought alternate supply sources for the rebels.

But the sources could not confirm that Bush knew North played a role in diverting \$10 million to \$30 million from the arms sale to Iran to pay for weapons and services for the Contras. (UPI)

VICE PRESIDENT DEFENDS REAGAN IN ARMS SALE CONTROVERSY

NEW YORK -- Vice President Bush says he still supports President Reagan despite the sale of arms to Iran and alleged diversion of funds to the Contras, because "a wingman doesn't...pull away from the flight leader."

"I am totally convinced from my exposure to the meetings that I did attend -- without going into all that -- that the President is telling the full and total truth," Time quoted Bush as saying. (AP)

QUESTIONS RAISED ABOUT TESTIMONY FROM MCFARLANE, NORTH

Questions have been raised about the truthfulness of congressional testimony in which former White House aides Robert McFarlane and Lt. Col. Oliver North denied that North helped provide military assistance to Nicaraguan rebels, congressional aides say.

"This could constitute obstruction of a congressional investigation," the aide said. "But first we need more facts."

"Recent disclosures certainly raise questions about McFarlane's veracity" with the panel, the aide said. (Neil Roland, UPI)

NOT ENOUGH VOICES

When Ronald Reagan early in his California governorship was rocked by the accusation that two trusted aides were homosexuals, he sorrowfully asked for their resignations and then virtually withdrew from public life.

"It was a heart transplant where one wasn't replaced and where the operation was performed with a dull knife," said a participant in the 1967 investigation of these aides. "The trauma was so severe that the patient -- the governor's office -- went into a state of shock for four months. And the governor cut himself off from a lot of things that he shouldn't. The governorship went into receivership."

Memories of this difficult episode flooded back as Reagan, reeling from the worst scandal of his presidency, retreated to his California ranch for the Thanksgiving holiday.

In 1967, when Reagan was emotionally on the ropes, reporters in Sacramento had no idea that a "homosexual scandal" had occurred. We sensed that something had gone wrong in the governor's office, and that Reagan's customary jauntiness was missing. Only later did we realize that Reagan's indecision and isolation were his way of dealing with a crisis.

(Lou Cannon, Washington Post, A2)

FOREIGN REACTION

ISRAELIS SHIPPED OBSOLETE PARTS

Incident Angered Iranians, Led To Direct U.S. Role

Israeli arms brokers substituted obsolete antiaircraft missile parts in a secret November 1985 arms shipment to Iran, angering the Iranians and causing the Reagan White House to begin sending weapons directly from U.S. military stocks, informed U.S. and Israeli sources said yesterday.

Iranian military officers had given the Israelis a list of specific spare parts for a type of antiaircraft battery known as Improved Hawk, or I-Hawk, but for reasons that are not clear they received parts for an older, less sophisticated version of the Hawk.

The November shipment was eventually returned to Israel, and the incident led the White House to stop using the Israeli arms brokers as intermediaries in the shipments. Those Israelis had begun the clandestine operation with tacit U.S. approval in the fall of 1985, when two arms shipments to Tehran resulted in the Sept. 14 release of the Rev. Benjamin Weir, who had been held hostage in Lebanon by pro-Iranian extremists.

(Walter Pincus, Washington Post, A1)

U.S. Began Arms Deal When Israel Sent Wrong Parts -- Post

The Washington Post said today the United States became involved in direct arms sales to Iran after Israeli arms brokers entrusted with a shipment angered the Iranians by substituting obsolete missile parts.

The Post quoted Administration sources as saying that when former White House National Security Adviser Robert McFarlane, who was organizing the shipments, learned about the obsolete parts he was "damn angry with the Israelis for sending old equipment." (Reuter)

Israeli Dealer Admits Role In Arms-For-Hostages Deal

JERUSALEM -- A Cabinet minister denied Israel skimmed off funds from sales of U.S. arms to Iran, and an Israeli arms dealer admitted he took part in contacts that freed a U.S. hostage in Lebanon.

The Cabinet was briefed Sunday for the first time on Israel's go-between activity in selling U.S. arms to Iran, and Communications Minister Amnon Rubinstein denied any Israeli role in moving receipts from the arms sales to Nicaragua's Contra rebels.

Cabinet Secretary Eliyakim Rubinstein said Israel has not received an official U.S. request to investigate Israel's part in the affair, but added if one is received, a "decision" would be made. (Peter Smerdon, UPI)

REPORT OF LONDON ARMS DEAL 'SAFE HOUSE'

LONDON -- A retired U.S. Air Force general worked from a "safe house" in London to arrange secret deals that supplied American weapons to Iran, the Sunday Times reported.

Another newspaper, the weekly Observer, reported Sunday that an Israeli arms dealer with offices in London supplied Iran with U.S. weapons for the last six years with apparent official sanction from Jerusalem.

"With the knowledge of the British government, London has become the center for the lucrative arms trade which keeps the Iranian war machine supplied," the Observer said.

The Sunday Times, citing "a Washington source intimately involved with the deal" said retired Air Force Gen. Richard Secord "was part of a team brought to London at the end of last year." (UPI)

Newspaper Ties U.S. To Arms Deal In 1981 Between Israel And Iran

LONDON -- A British newspaper yesterday said it had documentary evidence of a \$135 million arms connection between Israel and Iran in 1981 and suggested the United States was involved to some extent.

The arms dealer, Yaacov Nimrodi, said he had contacted Iranians not for profit, but only at the requests of the governments involved.

The London-based Observer said it had obtained a copy of a contract between Mr. Nimrodi's company, International Desalination Equipment Ltd., and the Iranian Ministry of National Defense for the sale of \$135 million worth of U.S. missiles and shells. The contract was dated July 1981 -- before the U.S. hostages were held in Lebanon.

(Peter Almond, Washington Times, A9)

ARMS DEAL UPROAR BOGGLES NICARAGUA
RESISTANCE LEADERS

MIAMI -- To the Nicaraguan resistance forces battling their country's Marxist Sandinista regime, sometimes it seems that the least important part of their fight is the shooting that goes on in the mountains.

"We have to spend so much time on American politics," said a resistance leader over the weekend. "Every little nuance can affect us."

Among the middle echelon of leaders, glimpses of confusion and disconsolation emerged about the American political climate. "We are winning the war in Nicaragua, and losing it in the country of our ally," said one.

(Glenn Garvin, Washington Times, A10)

-more-

Contra Chiefs Say The Iran Affair May Have Doomed The Insurgency

MIAMI -- They have survived four years of battles and blunders, but leaders of the Nicaraguan rebels say they may now finally face defeat, not inside Nicaragua, but in a Washington political uproar beyond their control.

They insisted in interviews that they knew nothing of the scheme that appears to have provided them with supplies bought with the profits from arms sales to Iran. But they added that the furor over the Iran affair has strengthened their opponents in Washington, weakened their backing in Central America and undermined their two greatest advocates and defenders: President Reagan and Lt. Col. North.

(James LeMoine, New York Times, A1)

IRAN-CONTRA LINK SAID TO BE SCHEME OF SAUDI FINANCIER

Funding the Nicaraguan resistance with proceeds from secret U.S. arms sales to Iran was the "creative financing" idea of Saudi Arabian financier Adnan Khashoggi, according to informed sources.

Mr. Khashoggi pushed the idea on retired U.S. Air Force Maj. Gen. Secord, who in turn sold it to Lt. Col. North of the NSC, the sources said.

One high-level source described reports that top White House officials were not aware of the Saudi role in the arms deal as "bull."

(Martin Sieff, Washington Times, A10)

FRANCE REFUSED IRAN ARMS REQUEST

PARIS -- Prime Minister Jacques Chirac said today that Iran had asked France to supply it with arms to help improve relations between the two countries but France had refused.

Chirac said the question of arms was one of four key issues raised by Iran when his right-wing government began efforts to normalize long-strained relations with Tehran as part of efforts to free French hostages in Lebanon.

(Reuter Story, Washington Post, A7)

WEINBERGER LIKELY TO FACE HARD QUESTIONS OVERSEAS

Defense Secretary Weinberger, on his way to Europe for talks with NATO allies, is likely to find himself bombarded with questions about the secret U.S. policy toward Iran and Nicaragua's Contra rebels.

The Pentagon chief, who leaves today for an eight-day trip, also will be in the position of being the first Cabinet official to travel abroad since the Iran-Contras affair exploded.

Since the revelations of the tangled affair, Weinberger has publicly supported President Reagan's goal of trying to reopen the door to Iran that closed with the 1979 seizure of the U.S. Embassy in Tehran. He is expected to promote that position in his meetings with NATO defense ministers and Hassan.

(Richard Gross, UPI)

AMERICAN MOSLEM EXPECTS A HOSTAGE RELEASE BY CHRISTMAS

BEIRUT -- A leading American Moslem on a self-styled mission to free U.S. hostages in Lebanon says he expects an appeal "in the name of Islam" will help win the release of at least one captive by Christmas.

Mohammad Mehdi, secretary general of the New York-based National Council on Islamic Affairs, arrived in Beirut Sunday on what he said would be a two-week mission.

"I absolutely expect a Christmas release," Mehdi said. "As you know, in the Islamic tradition there has been the pattern of releasing prisoners on similar occasions and we are going to appeal to the captors and so provide an opportunity."

(Rima Boulos, UPI)

TEHRAN EDITORIAL SEEKS PROSECUTION OF REAGAN

TEHRAN -- A Tehran newspaper yesterday said President Reagan should be put on trial, but the U.S. Justice Department was not the right body to investigate what is called his "six years of crimes."

In an editorial headlined "Trial of the Satan," the newspaper Islamic Republic said Mr. Reagan had issued "orders to kill in Grenada, Libya, Lebanon, Nicaragua and other corners of the globe" and should be tried by relatives of the victims.

And an Iranian Embassy spokesman in Paris said Iran might release tapes of conversations between the White House and former National Security Adviser McFarlane when he secretly visited Tehran. These would "show how Reagan lied to the American people," he said.

(Washington Times, A9)

INTERNATIONAL NEWS

PRESIDENT OVERSEEING UPGRADING OF DEFENSES AGAINST FOREIGN SPIES

President Reagan is secretly implementing a sweeping overhaul of the nation's defenses against foreign spies that calls for more than 100 security changes from the doors of defense plants to communications satellites in space, White House and congressional officials say.

The changes are the product of studies begun by Mr. Reagan's NSC staff in 1981, and consultations throughout the government and Congress.

But the "Year of the Spy" -- a record 13 spy arrests in 1985 beginning with the Walker family spy ring in the Navy -- galvanized Mr. Reagan and the Congress into acting on those studies now, according to a White House official who spoke on condition of anonymity.

(AP story, Washington Times, A3)

Reagan Begins Secret Overhaul Of U.S. Counterintelligence

President Reagan is tightening security at defense plants, increasing scrutiny of federal workers with access to secrets, and encoding satellite communications as part of a sweeping, secret overhaul of U.S. defenses against spying, White House and congressional officials say.

In contrast to the furor over the NSC's role in Iranian arms sales, the counterintelligence overhaul emerged from cooperation between Congress and the President.

(Michael Sniffen, AP)

KINNOCK PLEDGES TO MATCH U.S. IN IMPOSING SANCTIONS ON PRETORIA

Neil Kinnock, leader of Britain's opposition Labor Party, promised yesterday in Atlanta to match U.S. sanctions against South Africa if he becomes prime minister next year.

For Mr. Kinnock, Atlanta was the easiest of the week's series of visits. The Labor Party leader subsequently will visit New York, Boston and Washington, where he is expected to try to explain his controversial pledge to remove all U.S. and British nuclear missiles from the United Kingdom should Labor win in elections expected next year.

(Richard Beeston, Washington Times, A7)

CANADIAN LIBERALS MOVE LEFT Opposition Reflects Wariness of U.S.

OTTAWA -- Canada's opposition Liberal Party resolved this weekend to oppose the continuation of U.S. cruise missile testing here and declared the goal of making this entire country a nuclear-weapons-free zone.

A distinct hostility toward Canada's links to U.S. defense and economic policy pervaded the atmosphere of the political convention here as the long-governing Liberals plotted a comeback after an overwhelming defeat at the polls two years ago.

(Herbert Denton, Washington Post, A11)

NATIONAL NEWS

KEMP: HEIR TO THE REAGAN REVOLUTION LEGACY?

Rep. Jack Kemp, the New York Republican credited with helping to design the blueprint for President Reagan's economic policy, says his ideas are still popular with the American people.

Kemp says he is the rightful heir to the legacy of Ronald Reagan, a mantle that Vice President George Bush would like to claim.

"I like to think I had as much to do with the Reagan revolution as anyone except the President," Kemp said. (Dale Nelson, AP)

REAGAN HAILS LATE HOLLYWOOD IDOL; CREMATION PLANNED

LOS ANGELES -- Cary Grant's family made plans to cremate his body and mourned his death in private today as the late Hollywood idol won tributes from President Reagan and a host of celebrities.

Reagan, himself a former actor, said yesterday he and his wife Nancy were "very saddened" by the loss of the 82-year-old actor, who died Saturday after suffering a stroke in Davenport, Iowa.

"He was one of the brightest stars in Hollywood and his elegance, wit and charm will endure forever on film and in our hearts," Reagan said in a statement as he flew to Washington from California after the Thanksgiving holiday. (Reuter)

Grant Remembered:

President Reagan and his wife, Nancy, were among those saddened by the death of their friend Cary Grant. He was one of the brightest stars in Hollywood and his elegance, wit and charm will endure forever on film and in our hearts," Reagan said in a statement from Air Force 1 as he flew to Washington from his California ranch. "We will always cherish the memory of his warmth, his loyalty and his friendship and we will miss him dearly." (UPI)

NETWORK NEWS SUMMARY

(Sunday evening, November 30th -- CBS did not air a telecast)

IRAN WEAPONS AFFAIR

ABC's Sam Donaldson: The bipartisan leadership of the Senate today called for the appointment of a special Watergate-style congressional committee to investigate the Reagan Administration's Iranian-Contra connection. Republican leader Robert Dole even urged the President to call a special session of Congress immediately in order to get the probe started.

ABC's Jeanne Meserve: Senate leaders from both parties want to see the formation of a select congressional committee to investigate the Iran arms-Contra funds connection.

(Sen. Robert Dole: "The President is going to say let's get this behind us, you ought to cooperate with Congress, but only one committee, not 15 or 20.")

(Sen. Robert Byrd: "This kind of committee would spare the duplication and the repetition that might follow in the normal course of things if a great number of subcommittees and committees were doing independent investigations.")

Sen. Dole is of the opinion that the President should bring Congress back to Washington immediately to put together such a panel.

(Dole: "There ought to be a special session of Congress, it ought to be called back to town next week.")

But Sen. Byrd says calling a special session would be an over reaction and others agree the matter can wait until Congress reconvenes in January.

(Sen. Patrick Leahy: "We don't need a special session of Congress. We're going back into session on January 6th, that's only six weeks from now.")

Dole is talking about a joint House-Senate committee but House leaders say they have yet to be consulted about the idea and voiced no opinion. Harry Truman was the last President to call a special session of Congress, that was 38 years ago. But the last select congressional committee was of more recent vintage, the year was 1973, the subject was Watergate. In that instance, the committee unraveled a web of malfeasance with the help of an independent counsel. That two track approach is advocated again in this case by some on the Hill.

(Leahy: "A special prosecutor can determine whether somebody should be indicted and brought to trial and convicted and sent to prison. And if these laws were broken on the magnitude they appear to be then some people should be going to prison.")

(Byrd: "We need an independent counsel now to show that the investigation is being carried on by someone who is independent, who has no political ax to grind, who has no personal self-interest.")

The man open to those criticisms is Attorney General Meese, now in charge of the Administration's investigation. A Justice Department spokesman says Meese has not yet decided whether to recommend to the President the appointment of a special prosecutor.

Meserve continues:

Unless a select congressional committee is formed, more than a dozen committees and subcommittees will be probing the Iran-Contra dealings. One of them, Senate Intelligence, begins its investigation tomorrow with the chairman threatening to subpoena witnesses and documents if he has to get to the bottom of the matter.

(ABC-Lead)

Donaldson: President Reagan returned to the White House from his California ranch late today saying he too wants to get to the bottom of all of this. But in an interview with Time magazine the President expressed a deep bitterness toward his critics and blamed the press for all his troubles.

ABC's Kenneth Walker: As the President returned to the White House he wouldn't comment on calls for a Watergate-style committee in Congress or on reports that his Attorney General has agreed to seek a special prosecutor.

(TV coverage of the President and Mrs. Reagan returning to the White House. President Reagan: "Whatever we have to do to get to the bottom of this and then we'll make all of the information known to all of you.")

Chief of Staff Donald Regan, facing growing demands for his resignation, would only repeat the President's words.

(Regan: "The President said that he would do whatever was necessary so that the people could get the truth.")

The President has been calling conservative columnists with his side of the story and in an extraordinary interview with Time magazine an embittered, defiant President Reagan drew a line against his critics. The controversy, Mr. Reagan said, has placed a bitter bile in his throat these days, and the President vowed not to back off or crawl in a hole. I'm going forward, I have lots of things to do. On the Congress, he said the frenzy there was not unusual and will not paralyze the government. On nation security operative Oliver North whom Mr. Reagan fired, the President praised his record and called him a nation hero. The only criticism, Mr. Reagan said, was that North didn't tell him everything. Mr. Reagan saved his sharpest attack for the press calling reporters sharks circling like they now are with blood in the water. The President accused the news media of great irresponsibility and claimed the press has to take the responsibility for the continued detention of American hostages in Lebanon. He denied the controversy will hurt him with the public calling it a Beltway blood-letting.

(Sen. Robert Dole: "There isn't time to sit around until Congress comes back January 6th.")

(Sen. Richard Lugar: "I think the value of this program and others is to encourage this strongly. There has been debate for days out there at the White House." Sen. Patrick Leahy: "Is anybody out there listening? He's got about 48 hours. Does someone out there, or on the plane know, 48 hours or it will be lost.")

Meanwhile, Vice President Bush, while still in Maine yesterday, denied any role in the Iran-Contra connection.

(Vice President Bush: "I had no role in it but I'm not going to discuss it.")

Walker continues:

Bush returned to Washington today still withholding public comment, but in a separate interview with Time magazine Bush swore his allegiance to the President. When the flak gets heavy out there he said, the wingman doesn't peel off and pull away from the flight leader. Officials here say a special session of Congress is a novel idea but they haven't had time to consider it. But the investigations will proceed, certainly in Congress, perhaps with a special prosecutor or both. In the face of that the President has made clear he is drawing the line, he'll not admit he made any mistakes or that his policies were basically flawed(ABC-2)

Donaldson: Today's call for a Watergate-style Senate investigation while not unexpected, may deepen the President's problem. Brit Hume is standing by on Capitol Hill. Sen. Bryd says he is opposed to a quick session of Congress. Why does Sen. Dole want the President to call one now?

Hume: I think all of this proceeds from a feeling here that whatever there is about this case it is all going to come out eventually, Republicans feel the sooner the better, and anything that the President can do to put him in the lead on making it come about, such as calling a special session of Congress to get the committee underway would help his cause and that of the Republican party. Also, the Republicans, until January, still control the Senate so this would be a committee that would be at least nominally, under Republican control, although I think you would have to have a very strong bipartisan tone to it in order to be accepted.... (ABC-3)

Donaldson reports former President Nixon's aide John Ehrlichman has some advice for President Reagan. Ehrlichman told Newsweek magazine Mr. Reagan needs to convince the American people he is telling the truth. To do this, suggested Ehrlichman, the President should undertake a daily fully televised press conference at 10 a.m. from now until Congress returns in January. (ABC-4)

NBC's Chris Wallace: President Reagan is back at the White House tonight from his Thanksgiving vacation while the worst scandal of his presidency has continued to spread. Today Mr. Reagan was urged to convene a special session of Congress, the purpose, to set up a committee to look into the Iranian arms deal. And as Robin Lloyd reports now, that proposal came from the President's own party.

NBC's Robin Lloyd: The call for the first special session in nearly 40 years came from a close ally of the President, Sen. Robert Dole who was interviewed in ABC's "This Week."

(Dole: "There ought to be a special session of Congress, it ought to be called back to town next week, the President is going to say lets get this behind us.")

Dole said he'd like to see a Watergate-style select committee handling the entire investigation. This afternoon the President returned to Washington to face the growing controversy, promising to cooperate fully with Congress.

Lloyd continues:

(TV coverage of the President and Mrs. Reagan returning to the White House. President Reagan: "We'll do whatever we have to do to get to the bottom of this and then we'll make all of the information known to all of you.")

But in an interview in this week's Time magazine the President revealed that he still believes that he did nothing wrong. He said "I think we took the only action we could have in Iran. I do not think it was a mistake." The President praised ousted White House aide Oliver North, calling him a national hero and said my only criticism is that I wasn't told everything. But even some of the President's strongest supporters in Congress were calling for change today. Richard Lugar said on NBC's "Meet the Press" the President should clean house not only in his staff but also in the Cabinet.

(Lugar: "I wouldn't rule out replacing any of them. In other words it just seems to me at this point the President has to have a true new beginning, a new Administration.")

Meanwhile, reports were surfacing that the Administration is setting the groundwork for an independent prosecutor to be called in, a move Democratic leaders were strongly pushing today.

(Sen. Robert Byrd: "I believe that the President should immediately take action himself to instruct the Attorney General to go into the division of the court and apply for an independent counsel.")

But despite these congressional calls for Administration action, top officials in the White House admit no decision has been made yet on how specifically to handle Congress. Chief of Staff Donald Regan, a potential target of a congressional probe, acknowledged today he might refuse to appear before Congress.

(Regan: "I can't guarantee that because the advice I give to the President obviously is a matter of executive privilege or else you wouldn't have a separation of powers.")

Vice President Bush, meanwhile, who returned to Washington this afternoon, has continued to deny any involvement in the transfer of Iranian arms payments to the Contras. Tomorrow the President will meet for the first time with a special panel he set up to investigate the operations of the National Security Council, but even some of the President's aides admit he needs to take more decisive action to avoid an even bigger crisis. (NBC-Lead)

Wallace: Israel said today it will investigate whether its private arms dealers made a profit shipping U.S. weapons to Iran. But one of those dealers, Yakov Nimrodi, said today that he set up the deal as a humanitarian effort to free American hostages. NBC's Martin Fletcher has more from Tel Aviv. (NBC-2)

Wallace: The tangled web of transactions leading to the Iranian arms deal also includes another major player, Saudi Arabia apparently had a big role in the deal and may have helped Iran pay for the arms it received.

NBC's Jim Miklaszewski reports evidence is mounting that Saudi Arabia played a major role in the U.S. arms deal with Iran and there are indications the Saudis not only helped arrange the deal but may have financed the purchase as well.

Miklaszewski continues:

They also saw the deal as an opportunity to further relations with the U.S. and to pay back the Reagan Administration for the U.S. sale of AWACS radar planes to the Saudis. The Saudis, meanwhile, deny reports that they put up cash for the Iran arms deal or contributed directly to the Contras themselves. But Contra sources have reported for sometime that the Saudis have been their secret benefactors whose secret now appears out. (NBC-3)

Wallace: The Iranian controversy has not kept the President from moving boldly in one area, counterintelligence. Reacting to a series of spy incidents, AP reports that Mr. Reagan has ordered sweeping reforms, including tougher background checks for security clearances and federal agents at large defense plants. (NBC-4)

CARY GRANT

Wallace: He was the essence of a movie star, a man whose personality outstripped any of his roles. Cary Grant played Cary Grant, but for most movie fans that was enough. Last night the 82-year-old Grant was in Davenport, Iowa, preparing a lecture when he complained that he didn't feel well. Within hours he died of a massive stroke, his wife Barbara by his side.

(NBC's Don Oliver reports on Grant's career, report includes video of President Reagan at a 1981 lifetime achievement award given to Grant by the Kennedy Center. President Reagan: "Although at the time he ran off to be acrobat he was known as Archie Leech, some actors had to change their names to become successful, others didn't.")

(NBC-5, ABC-5)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: Sam Donaldson and George Will.
Guests: Sen. Robert Dole, Cyrus Vance and Abba Eban, Chairman for the Foreign Affairs Committee of the Israeli Knesset.

Brinkley: Mr. Vance, we are delighted to have you with us today.

Will: If you were asked by the President to say, how do we fix this? How do we get things back on the rails? What institutionally would you recommend? Specifically, do you think this is a situation calling for an independent counsel?

Vance: Yes, I do think it is a situation calling for an independent counsel. I think only by doing that will you have complete confidence, across the board, that all of the facts are being brought out.

Brinkley: Sen. Dole, welcome. Now, we're hearing all sorts of apocalyptic predictions that the President has been so heavily damaged he will be unable to function effectively from here on. Do you think that's true?

Dole: Oh, I don't believe so. I think there are a lot of overstatements in this town. And I think Sen. Moynihan gets the prize. He said the President is tottering. I don't believe that's the case. But it would seem to me the President does have an obligation. He has three problems. He has the American public. He has the Congress. And he has our allies overseas. And I think he must address all those very quickly. He has to lay it all out. I would hope he would call a special session of Congress next week and form this select committee. Otherwise, we're going to have 15 or 20 committees investigating this problem. I've discussed a special committee with Sen. Byrd last week. He thinks it may be a good idea. But I think we ought to implement it now. There ought to be a special session of Congress. It ought to be called back to town next week. The President ought to say, let's get this behind us. He ought to cooperate with Congress. But only one committee; not 15 or 20.

Will: There's a lot of anxiety in the political community here about the quality of the advice the President's getting, which means, the quality of the people around him. And a lot of that is focussing on the person of Donald Regan, who is not a political person, he comes from the business sector. Do you think he is up to the job?

Dole: Well, I have a great deal of respect for Don Regan. I don't want to comment on individuals in the White House.

Will: Well, why not?

Dole: I think the President needs to be on top of this, not Don Regan or anyone else. This is the President's problem. It may have been created by poor advice. And until we have the facts, it's fairly hard to know who deserves the credit for all that bad advice.

-more-

Donaldson: Well, the Administration's story at the moment that's on the record is that Lt. Col. Oliver North did all of this; that Adm. Poindexter, his boss, knew that something was going on but didn't investigate. Do you believe that?

Dole: I don't think Ripley would believe that.

Donaldson: Sen. Dole, does it matter whether the President knew and condoned this money that was going to the Contras? Do we need to find out the answer to that question?

Dole: Well, I think it is important that we find out. I'm not certain it's critical. My view is that the President is still in a very strong position. But he's coming back to Washington today. He is going to meet with his review board tomorrow. But the review is not going to solve this problem. He has a congressional problem. He has a public opinion problem. And to do that, he has to make the next step.

Free-for-all discussion; Martin Kondracke joins panel:

Brinkley: We have just heard the Republican leader of the Senate here and the Democratic leader of the Senate came up with the same idea, a special committee to obviate all these other committees competing with each other for headlines to investigate whatever happened in relation to Iran. Does that make sense to you?

Will: Yes, it does because otherwise you going to have a scramble in Congress to grab jurisdiction of this and it is hard to tell how many committees will get involved and then you have an exponential growth in the number of committee staffs involved and then you have a competition for supremacy in the press waged, by and large, through leaks which are often inaccurate and almost always not helpful. What has to happen to have this happen right away is for the President to come back and call a special session.

Donaldson: It is an excellent idea because I think it is the best chance to get to what I consider the core problem here for the Reagan presidency. Somehow a cloud that has descended over Ronald Reagan himself has to be removed. The question is, the two people above Adm. Poindexter are Donald Regan and Ronald Reagan, did one or both of them know about it? And I think it is central to resolving the problem. If the President didn't know about it, did not condone what I think is definitely an illegal Constitutional crime, then his presidency can be repaired, his advisers can be changed. If he did condone it his presidency cannot be repaired.

Kondracke: No, I disagree with that. I think that if he comes out with the truth, no matter what the truth is, and does it promptly, that he can put it behind him even if he condoned a violation of the law.

Brinkley: Has Mr. Reagan made a mistake by refusing to admit that he has made a mistake?

Kondracke: When it was just the Iran issue he could have and should have done that and he would have been carried out on everyone's shoulders; at last Ronald Reagan the good guy admits a mistake and he is doing the right thing. Now he has got to do more than that.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Andrea Mitchell and Albert Hunt.

Guests: Sen. Richard Lugar, Sen. Daniel P. Moynihan and Walter Mondale.

Hunt: Should there be a special prosecutor appointed?

Mondale: Well, the first thing is that the President should stand up, give a speech and lay it all out. He can find out, if he doesn't know, within hours exactly what happened and clean this up. I have proposed the establishment of a committee in the Senate similar to the Sam Ervin committee, but this time chaired perhaps by, say, Sam Nunn of Georgia, with, say, Bob Dole as the ranking member on the Republican side to try to take a balanced, bipartisan, thorough approach to find out exactly what happened. And secondly, it's perfectly obvious that we need a special prosecutor. This idea of self-investigation is a non-starter and particularly by Mr. Meese.

Kalb: What do you think is the first most important thing that he should do when he gets back? Sen. Moynihan?

Moynihan: First, he should indicate that there is an extraordinary problem and that he is going to deal with it in the ways we have for extraordinary problems, he will see that a special prosecutor is appointed and I would like to see him ask the Senate to appoint, in effect, a Watergate Committee. He's got a bunch of people around him who, as one editorial said this morning, the only thing they seem to have learned from Watergate is to burn the tapes.

Lugar: Well, I agree. I think that he must take charge immediately in the ways that have been suggested. I think that he ought -- he needs a new staff at the White House. He may need new Cabinet members. He clearly needs a new National Security Council and he ought to do that right away and allow then everybody who's investigating and worrying about who did what, and what have you, to move along on that path and find justice.... That's why it's in the interest of the presidency and the President to be President, to clean house of all the malfactors and to move on.

Mitchell: Should Regan be out?

Lugar: Well, clearly, whether Don Regan knew about the bank teller or any of this, I think, is beside the point. The President needs a first class, big league staff. He needs big leaguers.

Mitchell: Starting with the chief of staff?

Lugar: Yes. You know, there are great people in this country that could serve this President right now. They're not on that staff and they need to be.

MEET THE PRESS (continued)

Hunt: Sen. Lugar, you talk about bringing in wise people to run this White House. Could you give us some idea who'd like to see as national security adviser or as chief of staff?

Lugar: Well, let me give you some examples. I don't know whether they're available. I'd like to see Brzezinski, Kissinger, Jeane Kirkpatrick, Bobby Ray Inman, Howard Baker, these people all come to mind. I don't know whether they are available and where they fit, but these are examples of big leaguers I believe who know something about foreign policy, strategic policy, the sorts of advice the President ought to get.

CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Sen. Robert Byrd, Sen. David Durenberger, James Schlesinger and CBS's David Martin.

Stahl: Let me ask you about who you are going to call to testify behind closed doors before the Intelligence Committee?

Durenberger: We are going to spend two weeks laying out the facts with people like the former National Security Council advisers and a variety of other people. Then we'll make the decision to go to the Cabinet level or the Director of Central Intelligence, under oath, to determine their accountability.

Stahl: Do you think that the Justice Department, under Attorney General Meese, can conduct an independent and speedy investigation?

Bryd: I think that Mr. Meese has moved rather quickly, and he's to be complimented. But I think the perception, and possibly the fact, is of personal interest and a political conflict of interest there. I believe that the President should immediately take action himself to instruct the Attorney General to go into the division of the court and apply for an independent counsel. The President is in trouble, the presidency itself is being weakened, this thing is not going to go away by itself, and the quicker the President can take action himself and appear to be in control, the better off he will be and we will all be.

Stahl: Sen. Durenberger, I have read some quotes of your's that suggest you are not totally certain that the Administration has been telling you the truth, and I speak most specifically about CIA Director William Casey. Did he lie to you?

Durenberger: No, I don't think he's lied to us, but I think Bill Casey is famous for instructing his subordinates and his colleagues to tell us everything that they think we should know. I don't think the American public is going to settle for that, we've never been willing to settle for that.

Stahl: Do you believe that Don Regan didn't know?

Durenberger: I don't know at this stage. I've always tended to doubt how much the President knew at least of the detail -- and I always give the President the benefit of the doubt.

Stahl: Joining us now, James Schlesinger. Is there any question in your mind that the CIA knew about this operation, and specifically the Director, William Casey, knew about the operation?

Schlesinger: I think it highly probable that parts of the CIA knew about it. Whether the Director himself was informed remains to be seen, as a result of these investigations.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Fred Barnes, Robert Novak, Morton Kondracke and Jack Germond.

McLaughlin: Is the White House bent on leveling with the American people or on shielding the President?

Barnes: The fact is they are bad, as all White Houses are, on shielding the President. What the White House ought to realize is the best way to do that is to level with the American people because the faster the facts get out, and they are all going to get out eventually, the less damage that will be done to the White House and to President Reagan.

Novak: Fred is exactly right, but there is one thing he left out and that is that these guys over at the White House are most interested in shielding themselves. When Don Regan says that it is like a bank president not being responsible for a teller putting his hand in the drawer, that's disgusting.

Germond: There isn't any doubt that they are trying to protect the President and also trying to protect Don Regan, they are trying to protect Bill Casey, they are trying to protect a slew of people in this Administration and they are not going to get away with it and it is going to end up being pulled out one thread at a time like it always is.

Kondracke: They would be advised right now to appoint a special prosecutor, to appoint a Democrat as a special prosecutor and lay it all clean, get it all out and be done with it and that's the only way to prevent this from destroying the Contra policy which the President tried to start and also being forced even into an arms control agreement that they might not want.

McLaughlin: How could this crisis escalate into a credible call for impeachment or resignation?

Kondracke: I think you would have to have the smoking gun, the document, the tape, something like that, that showed that Reagan knew and authorized this whole operation, and two, that he also authorized a cover up of it. I think you probably will not see that. What I think Reagan really did was to say isn't there some way that we can help the Contras....

Novak: The atmosphere is entirely different, this in not Richard Nixon, he can't be impeached.

Predictions:

Barnes: The big political loser in the Iran crisis is George Bush and the winner for the '88 race is Jack Kemp.

Novak: President Reagan has promised Pat Buchanan that he can be ambassador to NATO, the State Department says no, gut check for Reagan.

Germond: Shultz will be gone by March 1st.

Kondracke: Cap Weinberger is going to come out for a short term SDI program.

McLaughlin: The stock market is bullish, penetration of the 2,000 barrier before New Year's Day by the Dow Jones.

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Jack Kilpatrick, Hugh Sidey, Elizabeth Drew and Carl Rowan.

Agronsky: During Watergate Sen. Howard Baker raised what became the central questions of that crisis: What did the President know and when did he know it? Have these become the central questions of the current White House crisis?

Rowan: Well, that's only one of the central questions. Another grave question is whether or not we can reign in a National Security Council Staff that I said two weeks ago was running amuck. Another central question is can this President get around him people of the competence needed to run a foreign policy of the United States?

Drew: Either way Reagan is responsible. We didn't elect him just to cheer us up. We elected him to run a reasonably competent Administration and it says in the Constitution that the President is to take care that the laws are faithfully executed. This was right down in his own basement of his own White House and I think he has to be held responsible for it whether he knew it or not.

Sidey: Well, I do think your question is correct because what was a story about a foreign policy initiative that went wrong has become a Watergate-based inquiry. Even though Mr. Reagan for six years has been honest with the American people about all the central issues that's not enough. His word is not enough now given the aftermath of Watergate. He has to clear himself and be innocent and that is the key question in my judgement.

Kilpatrick: This is not a Watergate, there are certain superficial similarities, but they stop right there.