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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, DECEMBER 3, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

U.S. -- NICARAGUA

Reagan Moves To Restore Public Faith -- President Reagan, given a vote of confidence by Republican leaders, is banking that his support of two wide-ranging investigations into the Iran arms-Contra aid scandal will put his presidency back on track. (New York Times, Washington Post, Washington Times, AP, Copley, Newhouse, Reuter, Scripps Howard, UPI)

INTERNATIONAL NEWS

Washington Rejects Nuclear Testing Ban, Moscow May End Freeze -- The United States has reaffirmed it will not join a nuclear test moratorium, just as Moscow has hinted it may end its 17-month-old freeze on underground nuclear tests. (Reuter)

NETWORK NEWS (Tuesday Evening)

ADMINISTRATION -- President Reagan went on the offensive today in the Iran scandal.

ARMS TALKS -- American and Soviet negotiators today began a special four day round of talks in Geneva.

CONTRAS -- Since Congress took the operation out of the CIA's control two years ago money has been short, maintenance poor and discipline lax.



IRAN — NICARAGUA

REAGAN SEEKS SPECIAL COUNSEL, NAMES CARLUCCI SECURITY AIDE

President Reagan yesterday called for the appointment of an independent counsel to investigate charges that the Administration illegally diverted money from the Iran weapons sales to the Nicaraguan rebels, and he appointed Frank Carlucci, a former deputy defense secretary and deputy CIA director, as his fifth national security adviser.

Reagan's announcement brought sighs of relief from congressional Republicans who have grown increasingly concerned about the controversy, but leaders in both parties said their own independent inquiries will move ahead regardless of the special counsel or White House personnel moves. Reagan endorsed the idea of a consolidated, Watergate-style congressional investigation. The Republican leaders told Reagan they could not defend him unless they knew the full story, sources said, and they are returning to the White House for another meeting with the President today.

(David Hoffman & Lou Cannon, Washington Post, A1)

Reagan Backs Meese On Special Counsel

President Reagan said yesterday he supports Attorney General Meese's decision to seek an independent counsel to probe allegations of criminality in the secret diversion of Iranian arms funds to Nicaragua's anti-Marxist rebels.

In his midday television address, the President also announced the appointment of former Deputy Defense Secretary Frank Carlucci as his national security adviser and threw his full support behind proposals for a joint congressional committee to consolidate at least nine separate investigations now under way on Capitol Hill.

(Jeremiah O'Leary, Washington Times, A1)

Reagan Moves To Restore Public Faith

President Reagan, given a vote of confidence by Republican leaders, is banking that his support of two wide-ranging investigations into the Iran arms-Contra aid scandal will put his presidency back on track.

The leaders expressed satisfaction Tuesday with Reagan's moves to end the scandal and said he is "telling the truth" about his lack of knowledge of the clandestine deal.

But they also said the problem is not about to go away.

(Helen Thomas, UPI)

Reagan Seeks Independent Counsel; Names New National Security Adviser

Under mounting pressure from Congress, President Reagan called Tuesday for Appointment of a special counsel to investigate the diversion of Iranian arms sales profits to Nicaraguan rebels and named a former top-ranking CIA official as his national security adviser.

Besides seeking to invoke a post Watergate-era law providing for probes independent of the executive branch, Reagan urged members of the House and Senate to consolidate under one committee their own probes of the affair.

(Terence Hunt, AP)

Carlucci Appointment, Tower panel Probe Could Alter Controversial Council

The selection of Frank Carlucci, a career diplomat and skillful bureaucrat, as President Reagan's fifth national security adviser could strengthen U.S. foreign policy planning, even while the role of the National Security Council is reduced.

Ironically, Carlucci is the best-known and probably best-prepared of the five men who have held the post under Reagan. He is a former deputy director of both the CIA and the Pentagon as well as former ambassador to Portugal during the difficult transition in that country from totalitarian rule to liberal democracy. (Barry Schweid, AP)

President Reagan/Carlucci

President Reagan, battling an erosion of public confidence, tapped former CIA and Pentagon No. 2 man Frank Carlucci as his new national security adviser Tuesday and vowed to correct abuses uncovered in the Iran arms-Contra aid scandal.

Confronting the deepest crisis of his presidency, Reagan pledged in a televised address from the Oval Office "to get to the bottom of this matter" and urged patience as the facts are bared for Congress and a skeptical public. (Norman Sandler, UPI)

Reagan Names NSC Adviser; Agrees To Independent Counsel

President Reagan, acting to extricate his Administration from its first full-blown scandal, Tuesday acceded to the appointment of an independent counsel to investigate the flurry of charges swirling about the White House, and named a former top CIA official to take charge of the embattled National Security Council.

The President announced both Carlucci's appointment and his acceptance of an independent counsel in a brief, televised address to the nation from the Oval Office. It was the fourth time in the past 20 days that Reagan has gone to television in an effort to remove the cloud that hangs over his foreign policy since it was disclosed that his Administration oversaw a clandestine web of dealings in which arms were shipped to Iran and the profits from those sales were funneled to the Contras in Nicaragua. (George Condon, Copley)

Selection Of Carlucci Seen Weakening Regan

Selection of veteran diplomat and bureaucrat Frank Carlucci as President Reagan's national security adviser represents a decline in one-man decision-making by White House chief of staff Donald Regan and a return to a more collective leadership in which powerful Cabinet members play a key role, according to informed Administration sources.

As recently as Monday, a day after Carlucci had been called and told he was the choice, Regan told aides that Carlucci was not a leading candidate for the job, White House sources said. One of Regan's choices was outgoing NATO ambassador David Abshire. In choosing Carlucci, the President, for the first time in nearly two years, made a major appointment not advocated by Regan.

(Lou Cannon & David Hoffman, Washington Post, A29)

Will Regan Survive The Crisis?

With investigations under way and President Reagan pledging full cooperation, a major question lingers in the Iran arms-Contra aid scandal: will Donald Regan survive as White House chief of staff?

Regan has been a lightning rod for criticism during much of the 22 months he has served as gatekeeper to the Oval Office, and his boss apparently is not listening to calls that he clean house to help recover from the worst crisis of his presidency.

But doubts persist inside and outside the White House whether Regan, whose iron-fisted rule over the West Wing earned him the titles "prime minister" and "de facto president," ultimately will be among the victims of the current furor. (Norman Sandler, UPI)

Regan Vows To Ride Out Iran Arms Scandal Despite Calls For His Resignation

Donald Regan, President Reagan's embattled chief of staff, is trying to weather the storm of criticism that has erupted over his role in the Iranian arms affair despite continued calls for his resignation.

Asked how the sometimes brash and short-tempered Regan, a former Wall Street executive, was doing in the face of demands for his removal, one White House official said: "After a guy's been on Wall Street for 30 years, he doesn't jump out the window every time the market goes down." (Susanne Schafer, AP)

New Security Adviser Has Wide Experience

President Reagan's new national security adviser, Frank Carlucci, brings to the job unusually close relations with Cabinet members in the foreign affairs field and extensive experience in senior diplomatic, military and intelligence posts for Democratic and Republican Administrations alike.

A senior State Department official said Carlucci's toughness, extensive experience and good relations with top officials throughout government have given rise to optimism that he will bring about a sweeping reorganization of the NSC. (Don Oberdorfer, Washington Post, A29)

A Profile

President Reagan's new national security adviser, Frank Carlucci, earned a reputation as a troubleshooter and strong manager during his long government career.

His appointment won immediate praise on Capitol Hill. Many members of Congress regarded it as one of the first solid steps that Reagan has taken to alleviate the Iranian arms and Contra aid controversy.

Carlucci is "tough and savvy" and "will do a good job," said Rep. Pursell.

Secretary Shultz was "delighted." While he refused to compare Carlucci to his predecessors, Shultz said Carlucci would have "a smooth working relationship" with the State Department.

(Mick Rood & Peter Kelley, Newhouse)

Reagan Easing Pressure Over Iran-Nicaragua Arms Scandal

President Reagan, seeking to blunt congressional criticism and restore public confidence, has requested a Watergate-style inquiry into the diversion of millions of dollars to Nicaraguan rebels from U.S. arms deals with Iran.

The White House arranged for Reagan to appear on national television yesterday to announce his decision to seek an independent counsel to investigate the Iran arms scandal and his appointment of Frank Carlucci, a career diplomat and intelligence expert as his new national security adviser. (Patricia Wilson, Reuter)

POSSIBLE VIOLATIONS TO BE CITED Attorney General Defends Handling Of Investigation

The Justice Department, in requesting an independent counsel in the Iranian arms investigation, plans to cite as many as a dozen laws that may have been violated, including the ban on weapons sales to Iran and a congressional prohibition against U.S. military aid to the Nicaraguan contras, Administration sources said yesterday.

Attorney General Meese's decision yesterday to cite such laws represents an almost complete turnabout in the Justice Department's stance within 24 hours. As late as mid-Monday, department spokesmen were stating that several of the laws now expected to be cited did not apply to this case or that, if they did apply, they did not contain explicit criminal penalties. (Howard Kurtz & George Lardner, Washington Post, A1)

Meese Defends Handling Of Iran Arms-Contra Probe

Attorney General Meese denies he bungled the early stages of an investigation into secret U.S. arms sales to Iran, but a congressional critic says Meese should have removed himself instantly because he had a conflict of interest.

Meese deflected, but did not stop, criticism of his conduct Tuesday by recommending that an independent counsel investigate the sales and diversion of the profits to Nicaraguan rebels.

Rep. Don Edwards, chairman of the House Judiciary subcommittee on civil rights, said in an interview that initial delays by Meese failed to "guard the evidence" -- National Security files. "That's what all district attorneys do," he said. (Larry Margasak, AP)

Meese Defends Handling Of Iran-Contra Affair

Attorney General Meese, leading the criminal probe of secret White House arms deals with Iran and Nicaragua, will seek appointment of a Watergate-style prosecutor to investigate the unfolding scandal.

Answering charges that he moved too slowly and that critical evidence may have been jeopardized, Meese said he brought in trained prosecutors "as soon as the investigation started" on Nov. 25, at which time the Justice Department's criminal division and the FBI entered the probe. (Lori Santos, UPI)

Meese, Citing Possible Crime, Asks A Special Prosecutor; Carlucci Is Named For N.S.C.

Saying that illegal acts may have been committed in the diversion of millions of dollars to Nicaraguan rebels from United States arms sales to Iran, the Reagan Administration announced today that it was requesting an independent prosecutor to look into the case.

Mr. Reagan, who is facing bipartisan Congressional pressure, said in his midday speech that the Justice Department had "turned up reasonable grounds" to seek the appointment of an independent counsel to examine the Iran-Nicaragua affair. (Bernard Weinraub, New York Times, A1)

Meese Says Investigation Of Iran-Contra Deal Shows Possible Criminal Acts

White House and other government officials may have violated federal criminal laws in selling arms to Iran and funneling the profits to U.S.-backed Nicaraguan rebels, Attorney General Meese said Tuesday.

Because of "hints of wrongdoing" in the secret scheme, Meese said, he advised President Reagan Tuesday morning that an independent counsel should be appointed by a special three-judge panel to investigate the matter.

Meese refused to elaborate on what his 11-day probe has uncovered to prompt his decision to seek appointment of an independent counsel.

(Benjamin Shore, Copley)

NO INDEPENDENT COUNSEL'S PROBE HAS ENDED IN
CHARGES SINCE WATERGATE

No independent counsel's investigation such as the one called for Tuesday to probe the Iranian arms sale has ever resulted in criminal charges against anyone since Watergate more than a decade ago.

"It's an insult to suggest that veteran criminal division lawyers couldn't objectively prosecute high government officials, whomever they might be," one Justice lawyer said Tuesday.

"Hell, these guys would prosecute their own grandmothers if they thought a law was broken." (John Bennett, Scripps Howard)

IRAN ARMS CASH TIED TO CIA-RUN ACCOUNT
AIDING AFGHAN REBELS

Congressional investigators have traced profits from the covert sale of U.S. arms to Iran to a Swiss bank account managed by the Central Intelligence Agency, into which the U.S. and Saudi governments also deposited \$250 million each to underwrite rebels fighting Soviet troops in Afghanistan.

Money from the account also was used to buy arms for U.S.-backed contra rebels fighting the government of Nicaragua, informed sources said yesterday, at a time when Congress had forbidden any military support for the contras. (Walter Pincus, Washington Post, A1)

Iran Arms/Rebels

The CIA ran a Swiss bank account to deposit profits from secret arms sales to Iran and \$500 million from the U.S. and Saudi governments for Afghan rebels, The Washington Post reported Wednesday.

Congressional investigators told the Post the money from the CIA-controlled account also went to Contra rebels fighting the government of Nicaragua. (UPI)

BUSH TO DECLARE HIS INNOCENCE, CONFIDENCE IN REAGAN

Vice President Bush will declare his innocence of any illegalities and his confidence in President Reagan's handling of national security affairs today when he makes his first speech on the burgeoning arms-to-Iran and contra-aid scandal, close associates said yesterday.

Confronting what some see as a crisis for his undeclared presidential candidacy stemming from the most serious controversy to engulf the Reagan Administration in six years, Cabinet colleagues and longtime political associates said Bush hopes that a conspicuous display of loyalty will be rewarded by Republican primary voters in 1988.

(David Broder & Paul Taylor, Washington Post, A35)

Bush Emerging With Public Statement On Iran-Contra Affair

Vice President Bush, who has kept a low profile since the disclosures of secret dealings with Iran and Contra rebels, is ready to reaffirm his loyalty to President Reagan and deny personal involvement in the affair.

While associates of the Vice President refused to discuss details of his speech, they acknowledged he would address the controversy that has enveloped the Reagan Administration since disclosure of secret arms sales to Iran and the funneling of funds to the Contras. (Donald Rothberg, AP)

REAGAN ADDS TO CONFUSION OVER IRAN-CONTRA DEALS

President Reagan, who says some aspects of the arms-shipments controversy engulfing his Administration "are difficult to comprehend," has added to the confusion with seemingly contradictory statements of his own.

He has said the United States initiated contacts with Iran -- and that it was the other way around. He said no third country was involved in the arms shipments, then said one was involved, and then gave a version of that involvement that the country in question, Israel, hotly denied.

(Dale Nelson, AP)

WHEN POSITION IS SLIPPING, THE PRESIDENT STARTS KICKING

"This whole thing boils down to a great irresponsibility on the part of the press."

-- President Reagan, to Time magazine, about the furor over the Iran arms deal.

Whenever a president gets into trouble, it seems that his instinctive reaction is to kick the most visible hound at his heels -- the American news media.

"Everybody gets mad at the press. That's easy," said George Reedy, press secretary for Lyndon Johnson and author of "The Twilight of the Presidency." "Who else can they get mad at? Their constituents? There is no virtue in getting mad at the American people. Themselves? Very few of them can ever admit they are wrong."

(Eleanor Randolph, Washington Post, A17)

DOMESTIC REACTION

CONGRESSIONAL LEADERS PRAISE REAGAN CALL FOR SPECIAL COUNSEL AND NEW NATIONAL SECURITY ADVISER

Democratic and Republican congressional leaders Tuesday agreed with President Reagan on the need for a vigorous probe by Congress of the secret Iranian arms sales but disagreed on the need for immediate formation of a single congressional investigatory panel.

The Democrats indicated they would not begin a comprehensive probe until the new Congress forms in January when they will control both chambers for the first time in Reagan's presidency.

(Otto Kreisher & Robert Estill, Copley)

President's Actions Find Support On Capitol Hill

Republican and Democratic lawmakers yesterday praised President Reagan's appointment of Frank Carlucci as his new national security adviser and his Administration's call for an independent counsel to investigate the Iran arms deal.

But many lawmakers continued to press for more resignations at the White House and pledged to continue a vigorous congressional investigation into the arms sale, through which \$10 million to \$30 million in proceeds was diverted to the Nicaraguan resistance.

(Jennifer Spevacek & Damon Thompson, Washington Times, A1)

New NSC Chief Seen Safe Choice Though Viguerie Voices 'Shock'

Frank Carlucci, President Reagan's fifth national security adviser in six years, is considered a safe choice at a critical time for the Administration.

Conservative activist Richard Viguerie said he reacted with "shock and disbelief" at the appointment. "This signals the end of the Reagan revolution. It's gone. They are going to play the establishment game. He is totally capitulated to the Washington establishment."

(Roger Fontaine & George Archibald, Washington Times, A8)

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Democrats Wary Of Capitalizing On Reagan's Crisis

Democrats say it would be contrary to the national interest and politically unwise to try and make partisan gains from the Reagan Administration's crisis over secret arms sales to Iran.

"If we appear to the electorate to try to engineer partisan political advantage from a national crisis, that will be held against us," said Terry Michael, spokesman for the Democratic National Committee. "That makes no sense from a public policy standpoint or from a political standpoint."

(Thomas Brandt, Washington Times, A8)

President Reagan/Special Counsel

Republican congressional leaders, who met with Reagan before his brief TV talk, defended the President's conduct in trying to come to grips with the controversy.

"He's been very forthcoming," Senate GOP leader Dole said. "Everything that's been requested, almost, has been done by the President.... I don't know what else people expect of the President."

"From the standpoint of what he told us, the President hasn't broken any law," said Rep. Michel.

(Lori Santos, UPI)

SENATE PANEL MAY SHARE IRAN-CONTRA INFORMATION

The Senate Intelligence Committee may turn over information given by three key players in the Iran-Contra affair to a presidential panel or a special Watergate-style prosecutor, Sen. Leahy says.

"I think I'd be willing to hand over just about everything" unless it came from a "a very sensitive source," Leahy said Tuesday.

(Michael Myers, UPI)

MCFARLANE'S ATTORNEY BLASTS SENATE FOR LEAKING TESTIMONY

An attorney for former National Security Advisor Robert McFarlane yesterday lambasted the Senate Intelligence Committee for leaking to the press details of Mr. McFarlane's seven-hour testimony Monday behind closed doors.

Leonard Garment, Mr. McFarlane's attorney, wrote to committee Chairman David Durenberger, Minnesota Republican, and complained that his client was dismayed over committee leaks he described as "generally untrue."

(Bill Gertz, Washington Times, A9)

BENNETT BLASTS MATES FOR ABANDONING SHIP

Education Secretary Bennett yesterday rebuked conservative supporters of President Reagan for failing to rally around him as the Iran affair unfolds.

"It strikes me that it's too damn quiet among those...for whom the President has done so much," said Mr. Bennett, a former Democrat who switched his voter registration to the Republican Party earlier this year.

(Carol Innerst, Washington Times, A1)

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WEINBERGER SAYS HE WAS HORRIFIED AT CONTRA-IRAN CONNECTION

Defense Secretary Weinberger says he was "horrified" to learn that profits from U.S. arms sales to Iran went to Nicaraguan rebels and contends that it never should have happened.

In his fullest public discussion yet of the most serious crisis of Ronald Reagan's presidency, Weinberger told reporters last night the Defense Department, acting on Reagan's order, transferred weapons to the CIA so they could be sold to Iran. (Carol Giacomo, Reuter)

Weinberger Says NSC Should Know Its Place

PARIS -- Defense Secretary Weinberger said the National Security Council should advise the President on policy rather than conduct clandestine deals such as running arms to Iran.

"It was a totally wrong thing to do," he said. "I think it's proper that the Contras be supported, but not in that way."

"The role of the NSC that I've outlined, that I believe Frank Carlucci will bring to it, is a proper and necessary role for that agency," Weinberger said. (Richard Gross, UPI)

POINDEXTER FAILS TO ANSWER SENATE PANEL'S QUESTIONS Senators Subpoena Ex-Aide To Return

One day after fired national security aide Oliver North repeatedly invoked his Fifth Amendment rights against self-incrimination to avoid answering a Senate panel's questions about the Iranian arms sale affair, President Reagan's former national security adviser, Vice Adm. Poindexter, declined to answer the committee's questions yesterday.

Poindexter never got to the witness chair, sources said, but was interviewed by the chairman and vice chairman of the Select Committee on Intelligence, David Durenberger and Patrick Leahy, prior to his scheduled formal appearance. When the two senators reported to their colleagues that Poindexter was not prepared to respond to their questions, the panel reacted angrily and decided to subpoena him for a second appearance today, according to Senate sources.

(George Wilson & Tom Kenworthy, Washington Post, A1)

LAWYERS SEEK TO OVERTURN ARMS-SMUGGLING CASES

Defense lawyers in Iranian arms-smuggling prosecutions across the country have seized on revelations of the Administration's secret shipments of arms to Iran to seek to overturn the convictions or guilty pleas of their clients, arguing that the government had a duty to disclose its own weapons sales.

As of yesterday, lawyers for at least six men sentenced to prison for illegally shipping or trying to ship arms to Iran had filed, or said they plan to file, court papers asking that their clients be freed, or at least given a new trial, in the wake of reports of the Administration's covert sales. (Ruth Marcus, Washington Post, A30)

FOREIGN REACTION

IRAN'S 'MODERATE' LEADER COULD BE MASTER OF DECEIT

Statements last week by the Iranian leader tagged as a "moderate" by some top Washington analysts suggest the Iranians have been successfully feeding false intelligence assessments to the United States.

Speaker of the Iranian Majlis Ali-Akbar Hashemi Rafsanjani told a group of senior military commanders in Tehran Thursday that Iran had pitted the Democrats and Republicans against each other so that "they are now cutting each other's throats."

His comments raise the possibility that Iran has been manipulating its U.S. connections to discredit the Reagan Administration.

(Martin Sieff, News Analysis, Washington Times, A1)

SHIITE SAYS U.S. URGED KUWAIT TO HOLD PRISONERS

A leading Shiite Moslem clergyman charged yesterday in Lebanon that pressure by the United States had persuaded Kuwait to drop plans to free 17 convicted terrorists whose release has been demanded by kidnappers holding American and other western hostages.

State Department officials denied the charge by Sheik Mohammed Hussein Fadlallah, however, and other Middle East analysts said all previous indications had been that the United States had privately sought to have at least some of the terrorists freed.

(Richard Homan, Washington Post, A31)

SHAMIR DENIES ISRAELI ROLE Aide Acknowledges Contra Aid Requests

JERUSALEM -- Prime Minister Yitzhak Shamir today told an American visitor that Israel was approached several times to supply aid to the contra rebels of Nicaragua, but he said the government had "always refused to do so."

But an Israeli official later confirmed a local press report that Israel's ambassador to the United Nations, Benjamin Netanyahu, had made several attempts in recent years to persuade the government to provide aid to the contras. The Maariv newspaper said Netanyahu, who is a rising star in Shamir's rightist Likud political bloc, began those efforts while serving as an attache at the Israeli Embassy in Washington.

(Glenn Frankel, Washington Post, A33)

Israel: 'No Link Between Israel And Contras'

JERUSALEM -- Israel's senior leadership said Israel has no reason to investigate its role in U.S. arms sales to Iran because Jerusalem acted at Washington's request and did not funnel any profits to Nicaraguan rebels.

Shamir said U.S. representatives "urged us to pursue" selling U.S. weapons to Iran but "there is no link between the state of Israel and the Contras. Israel never helped and assisted the Contras."

(Peter Smerdon, UPI)

Editor's Note: "Crisis Rooted In An Attitude", by Haynes Johnson, appears on page A2 of The Washington Post.

INTERNATIONAL NEWS

WASHINGTON REJECTS NUCLEAR TESTING BAN, MOSCOW MAY END FREEZE

GENEVA -- The United States has reaffirmed it will not join a nuclear test moratorium, just as Moscow has hinted it may end its 17-month-old freeze on underground nuclear tests.

At a Moscow news briefing, two senior Soviet officials accused Washington of stalling in bilateral talks in Geneva on nuclear weapons tests and indicated Moscow might resume its own tests, suspended since August 1985, in 1987.
(Stephanie Nebehay, Reuter)

PENTAGON RESPONDS TO PRESSURE FOR EARLY 'STAR WARS' DEPLOYMENT

Congressional pressure has forced the Pentagon to assess deploying a defense against Soviet nuclear missiles with technologies near at hand, rather than waiting out the long-term research effort originally foreseen for the Strategic Defense Initiative.

Deployment of "star wars" in the near-term -- a catchall phrase meaning within five to seven years -- would not meet all of the goals President Reagan set when he announced the program. But one possibility under study is an evolution of defenses from basic technologies to more sophisticated ones as they become available.

(Warren Strobel, Washington Times, A1)

SENATE SHOWDOWN FORECAST BY DOLE IF SALT RIFT WIDENS

Senate Majority Leader Dole yesterday threatened to bring the SALT II arms control treaty to a vote if President Reagan's critics try to force Administration compliance with the unratified pact.

His statement raises the possibility of another battle over arms control policy between the President's supporters and lawmakers who have repeatedly threatened to use legislation to stop the Administration from junking SALT II.

(Warren Strobel, Washington Times, A3)

NATO MINISTERS PONDER CHALLENGES AFTER REYKJAVIK

BRUSSELS -- NATO defense ministers open three days of talks today united in the belief that the threat from the Warsaw Pact's superior conventional strength should be countered but divided over how to tackle the problem.

The talks at NATO headquarters come amid calls by the Europeans, prompted by the Reykjavik summit, for future nuclear arms control agreements to take account of what they say is an imbalance between NATO and superior Warsaw Pact conventional forces.

(Richard Balmforth, Reuter)

U.S. OFFICIALS PESSIMISTIC ON ARMS PACT PROSPECTS
Iran Affair, Soviet Disruptive Tactics Cited

Some senior U.S. officials have become pessimistic in recent weeks about the prospects for a nuclear arms agreement during the last two years of the Reagan presidency, citing the turmoil within the Administration caused by the weapons sales to Iran and disruptive tactics adopted by the Soviet Union since the Iceland summit.

"With all the likely personnel shifts and the political distraction, it may be some time before we can move ahead," said one senior official, noting continuing confusion and disagreement within the Administration and the Western alliance in the post-summit period. He also noted fresh signs of hardening U.S. and Soviet arms control positions in key areas such as nuclear testing and ballistic missile defenses.

(Jeffrey Smith, Washington Post, A3)

STUDY SAYS CURBS LAX ON TAINTED IMPORTS

Inadequate federal supervision apparently is allowing significant quantities of contaminated foods imported from foreign countries to reach the U.S. public, according to a new government study.

The GAO, the investigative arm of Congress, will report Wednesday that the federal Food and Drug Administration has failed to prevent "the marketing of about half of the imported fresh fruits and vegetables that it has determined contain illegal pesticide residues."

(J.M. Johnson, McClatchy)

NATIONAL NEWS

INITIAL '88 BUDGET OF \$1.1 TRILLION WOULD HIT DEFICIT TARGET

The Reagan Administration is considering a fiscal 1988 budget with spending of \$1.1 trillion that still meets the \$108 billion deficit target set by the Gramm-Rudman-Hollings law.

The broad outlines of the new budget began to emerge yesterday after two days of meetings between President Reagan with his senior aides to decide how to cut spending, add some revenue and sell government assets to meet the deficit target. James Miller, director of the OMB, said the combination of deficit-reducing measures will have to add up to about \$50 billion. (John Berry & Judith Havemann, Washington Post, A1)

INDICATORS POINT TO MORE SLUGGISHNESS

The main government gauge of future economic activity increased 0.6 percent in October, suggesting that the economy will probably continue on its sluggish, zig-zag course well into the new year.

The Commerce Department reported yesterday that the index of leading economic indicators rose largely because of an increase in prices of raw materials such as recycled paper, aluminum and raw cotton, rather than a pickup in orders for more consumer goods or business supplies, which economists generally look to as a sign of stronger economic activity. (Jane Seaberry, Washington Post, C1)

STOCK PRICES CLIMB TO RECORD HIGH

NEW YORK -- Stock prices soared to a record high today, as traders sensed more gains to come, despite past or present worries about the economy's direction, the Iranian arms affair and the Ivan Boesky insider trading scandal, analysts said.

Computerized program-trading accelerated the updraft, but to what extent was unclear. (John Given, Washington Post, C1)

Stock Prices Soar To Peak In Relief Over Iran Inquiry

Stock prices soared to record levels yesterday as the market, relieved that President Reagan had acted to support a full investigation of the Iranian arms sale controversy, staged the third-best rally in its history.

Analysts attributed the market's spirited performance to Mr. Reagan's midday announcement supporting the naming of an independent counsel to investigate the diversion of millions of dollars to Nicaraguan rebels from arms deals with Iran. (Phillip Wiggins, New York Times, A1)

NETWORK NEWS SUMMARY

(Tuesday evening, December 2nd)

ADMINISTRATION

NBC's Tom Brokaw: President Reagan went on the offensive today in the Iran scandal naming a new National Security Affairs adviser, endorsing the idea of a special congressional committee to investigate this controversy and announcing that the Justice Department would ask for an independent counsel, a special prosecutor in this case. The President's appearance in the Oval Office came in the midst of growing criticism from Republicans and Democrats alike.

NBC's Chris Wallace: The President's top priority was to respond to growing complaints the Administration was investigating itself. He announced Attorney General Meese is turning over the case to an independent counsel.

(TV coverage of President Reagan's Oval Office address: "His investigation has turned up reasonable grounds to believe that further investigation by an independent counsel would be appropriate.")

Mr. Reagan also joined the growing call on Congress to set up a single Watergate-style panel to replace several committees now looking into the case. And as his new National Security Adviser he named respected trouble-shooter Frank Carlucci, former deputy director of the CIA who has worked for Republican and Democratic presidents. Mr. Reagan asked for patience saying these steps will get to the bottom of the scandal.

(President Reagan: "All the facts concerning Iran and the transfer of funds to assist the anti-Sandinista forces will shortly be made public. Then the American people, you will be the final arbiters of this controversy.")

To increase the sense the President had turned the corner, the White House brought in GOP congressional leaders who commended Mr. Reagan's actions and gave him a legal bill of health.

(Rep. Robert Michel: "I personally have to applaud the President for taking the initiative that he has taken today. From the stand point of what he told us I'm convinced the President has not broken any laws.")

But one step the President has not taken continues to draw fire, refusing to get rid of Chief of Staff Regan. Today one top Republican called openly for his dismissal.

(Sen. Richard Lugar: "If you put aside the persons who have been involved in this and get in new people that can govern we can proceed." Question: "Should he ask for Don Regan's resignation?" Lugar: "Yes, I think he ought to.")

Congressional sources say Regan is fighting for his job telling Republican leaders the NSC didn't report to him but that if he leaves now the White House will be hurt. The leaders agreed the President can't afford to lose Regan for now.

(Sen. Alan Simpson: "I don't see how you can possibly leave the President with a coming session, a State of the Union address, and other things. You can't leave him alone to do that.")

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Wallace continues:

But Carlucci's appointment may be a sign Regan is losing power. The new National Security Adviser was pushed by Caspar Weinberger, William Casey and George Shultz, but not by Regan. Today Carlucci would say only he is grateful to the President.

(Frank Carlucci: "I look forward to being of assistance to him and conducting a vigorous foreign policy and until I'm in the job it would not be appropriate for me to make any comments.")

No matter how much the President does, there is a strong sense in Congress and the White House that he can't get out from under this scandal until he gets rid of Regan. Tonight a member of the President's Cabinet told NBC News Regan has little support inside the Administration and he's got to go. (NBC-Lead)

ABC's Peter Jennings: The Reagan Administration has taken a major step in the Iran affair which it clearly hopes will take some of the pressure off. There is going to be an independent counsel to investigate if laws were broken when Administration officials sold arms to Iran and diverted some of the money to the Contras in Central America.

ABC's Sam Donaldson: President Reagan went public again today in an attempt to get out in front of the steamroller bearing down on his presidency. First, after conferring at the White House with Attorney General Meese, he announced Meese would make a move even supporters have been demanding.

(President Reagan: "I immediately urged him to apply to the court here in Washington for the appointment of an independent counsel. If illegal acts were undertaken, those who did so will brought to justice.")

A few moments later Meese himself went on television to explain the move. Second, the President endorsed the idea of one Watergate-style congressional investigative committee.

(President Reagan: "Congress will want to inquire into what occurred. We will cooperate fully with these inquiries.")

Third, the President named Frank Carlucci as his new National Security Adviser.

(President Reagan: "A former deputy secretary of defense, deputy director of the CIA, the American people will be well served by his tenure. Thank you, and God bless you.")

The first reaction to all of this came in from Mr. Reagan's own State Department. Although Carlucci's appointment was urged by CIA Director Casey and Secretary Weinberger, Secretary Shultz was quick through his spokesman to climb on board.

(Charles Redman: "He is delighted he has appointed a man with such experience and stature.")

The second reaction came from Republican congressional leaders brought by the White House to the press room. There they gave the President the type of strong public support they had withheld until now.

(Sen. Robert Dole: "He is trying to lay it out there. I think he has been very forthcoming and my view is he has done an excellent job.")

Rep. Robert Michel: I feel good about what the President told me flat out about the honesty and truthfulness with which he told us the events as he knows them.")

Even Democrats seem pleased.

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Donaldson continues:

(Sen. Robert Byrd: "The President has certainly taken good steps, he has taken the right steps.")

(Rep. James Wright: "I salute the President. I think it is time these things were done.")

If there was a continuing note of discord today, it was over White House Chief of Staff Donald Regan, whose scalp is being called for in so many quarters, the fact of which Regan is well aware.

(Rep. Robert Michel: "Frankly he knows he's not the most popular individual in the country these days, he says that quite frankly.")

But as Regan left for work today the word was he still has the backing of the one person who counts, Ronald Reagan. Swinging behind full independent investigations has clearly won the President some breathing room, but White House officials are well aware that in the end what will count is not the fact of the investigations but their outcome.
(ABC-Lead)

CBS's Dan Rather: Requests for a special prosecutor aside, these are among the other major developments tonight in the still untold full story of secret arms for the Ayatollah and cash for the Contras. Bill Plante has the latest on President Reagan's fourth appearance on national television in three weeks aimed at trying to explain the secret deals and control their damage.

CBS's Bill Plante: By naming a new National Security Adviser and calling for an independent counsel, President Reagan attempted to get the Iran arms sales controversy behind him.

(President Reagan: "If illegal acts were undertaken those who did so will be brought to justice. If actions in implementing my policy were taken without my authorization, knowledge or concurrence, this will be exposed.")

Mr. Reagan named Frank Carlucci, a veteran of the CIA and Defense Departments, to take over the National Security Council which is now under review by a presidential commission.

(President Reagan: "Mr. Carlucci has the depth of experience in foreign affairs, defense and intelligence matters that uniquely qualify him to serve as my National Security Adviser.")

(Frank Carlucci: "And I look forward to being of assistance to him and conducting a vigorous foreign policy.")

Speaking from the Oval Office, Mr. Reagan urged Congress to conduct only one overall investigation so as not to disrupt the government and he underlined his pledge of cooperation.

(President Reagan: "I have already taken the unprecedented step of permitting two of my former National Security Advisers to testify before a committee of Congress.")

The President also privately assured Republican congressional leaders that he had known nothing about diversion of the profits on arms sales to Iran.

(Rep. Robert Michel: "I feel good about what the President told me flat out about the honest and truthfulness with which he told us the events as he knows them. And I believe the President's telling me the truth.")

Plante continues:

The President is also not yet prepared, despite considerable urging, to cut loose his Chief of Staff Donald Regan. Some, put by no means all, GOP members of Congress agree.

(Sen. Robert Dole: "I don't think it would serve any purpose at this time to have Don Regan leave.")

There are still a lot of people around the President who insist that before this is all over Donald Regan will have to go, but for now officials are daring to hope out loud that the President is beginning to get ahead of the game even though they concede that things are far from over. (CBS-Lead)

NBC's Carl Stern reports the application for an independent counsel is now in final draft form and should be submitted to the federal court in the next day or two. There is still concern, however, that the Attorney General may attempt to maintain a measure of control over what the independent counsel does. Three senior federal judges named by the chief justice will choose the independent counsel, but the scope of the investigation is usually defined by what the Attorney General asks the judges for. This afternoon the Attorney General met with members of the White House's own review board which can't prosecute anyone. Its members said Meese had been informative.

(NBC-2)

ABC's Dennis Troute reports speaking just after the President about his decision to seek an independent counsel, Meese admitted that appearances now are critical. In many respects this case continues to be unusual. Even today's widely publicized request for an independent counsel normally is done in secret.

(ABC-2)

CBS's Rita Braver reports Justice Department officials say Meese finally bowed to the inevitable, he acknowledged that his closeness to the President and his involvement in legal approval of a plan to sell arms to Iran made it necessary to remove the investigation from the Justice Department. Meese says he's asked that the scope of a new investigation be as broad as necessary, going anywhere the law may have been broken.

(CBS-2)

Jennings: Joining us tonight Edwin Meese. Mr. Meese you didn't act, you have now acted. The clear implication is that in the meantime you have found the suggestion at least that laws have been broken.

Meese: We found the need for further investigation and we have found that on that basis there is statutory authority for us to now apply for an independent counsel.

Jennings: Don't you have some limits on the counsel that you can actually put on?

Meese: No, the scope of the review of the counsel is determined by the court itself and in our application we will provide the necessary information as the statute requires but the decision as to what the scope of authority and the breath of coverage of the independent counsel's authority is really a matter for the court, not the Department of Justice.

(ABC-3)

NBC's John Dancy reports Republican leaders had wanted a special session of Congress to appoint the select committee this year while they are in control of the Senate but time is running out. Sen. Robert Byrd wants the committee appointed next year when Democrats control the Senate, he seems to have the upper hand. Rep. Jim Wright sees all this cooling the Iran arms issue in the next Congress. Some powerful Senators like Byrd and Richard Lugar are irritated that the same people are still running things for the President. They say they won't be satisfied until there are some changes at the White House.
(NBC-3)

Brokaw: One of the most powerful Senators on Capitol Hill is Robert Dole. Will you tell (President Reagan at your meeting tomorrow morning at 10 o'clock) that you think it is in the interest of the country and the presidency that Don Regan go as the White Chief of Staff?

Dole: No, I have maintained the position that that's up to the President to make judgement on. It doesn't do any good for Bob Dole or any other Senator to say well you ought to fire this person or that person. I don't see any reason for that at this time.

Brokaw: The President has said he believes this a bloodletting confined to Washington. Do you share his assessment of that?

Dole: No, I think it goes beyond Washington. I made that point today to the President. But I think what he did today is going to be a big step in the direction of sort of easing the pressure from outside.
(NBC-4)

Brokaw: The North-Perot connection, Oliver North and H. Ross Perot the Texas billionaire. The Washington Post reported today that North recruited Perot to put up a \$2 million ransom in efforts to free the American hostages in Lebanon.

NBC's Anne Garrels reports North contacted Perot in 1984 to set up the first of what would be two unsuccessful efforts. Today the White House denied all knowledge of any such arrangement and if it took place the White House claims it was without authorization. State Department officials say they were kept in ignorance of any such deal. But at North's request Perot says he agreed to supply up to \$2 million after William Buckley was kidnapped in 1984. The deal never came off and Buckley died in captivity. In May of this year, Perot says North again asked him for \$2 million, this time as part of the deal to free the remaining hostages. Perot's currier waited with the money in Cyprus but once again the deal never came off and Perot got his money back. State Department officials say the pro-Iranian kidnappers have never been interested in cash. But according to senior U.S. officials the pro-Libyan group holding Peter Kilburn was interested in money. These sources say North, this time working with the Departments of State and Defense and the CIA hoped to trick Kilburn's captors into releasing him with the promise of money but without ever actually paying. Before the sting could be brought off Kilburn was killed in retaliation for the U.S. attack on Libya. According to State Department officials the Kilburn sting, paying for information, anything short of buying hostages is acceptable. Perot says this is naive, that every Administration has done whatever is necessary to free its people.

(NBC-6, ABC-8, CBS-7)

Rather: A report today that CIA director William Casey has switched his story about what he knew and when he knew it. The Los Angeles Times says Casey has changed his version of a U.S.-Israeli arms shipment to Iran in November of 1985. Casey first told Congress reportedly, that the arms shipment was approved without his knowledge. He has now reportedly told Congress, that he gave the okay for it himself. (CBS-5)

Rather: There has been some pressure on President Reagan to fire Casey but most of the pressure inside and outside the President's circle is about possibly firing Donald Regan. Lesley Stahl has been looking into the Regan question.

CBS's Lesley Stahl reports the list of those who have urged the President to fire his Chief of Staff, CBS News has been told, now includes Mrs. Reagan. Many wonder how the man who insists his staff call him Chief would not have known what was going on in the White House basement. Donald Regan once said I never walked away from a fight in my life. To help his president he is being told that this time he might have to. (CBS-6)

Jennings: And now the President's choice to be his next National Security Adviser. What sort of a man is he? Here's ABC's Bob Zelnick. (ABC-4, CBS-3)

Jennings: Shortly after the Attorney General announced the Administration's desire for an independent counsel it was immediately clear this would not deter Congress from pursuing its own investigation. Today was day two of the supposedly closed hearing in the Senate Intelligence Committee but some of the testimony has already leaked. As ABC's Brit Hume reports, the focus right now is Oliver North. (ABC-5, CBS-4)

Jennings: Tomorrow Vice President Bush is going to make a statement on Iran and there is no mistaking the fact that is one of the more important political speeches he has ever made.

ABC's Carole Simpson reports sources tell ABC News that in his speech Vice President Bush will maintain his fierce loyalty to the President but also try and maintain his status as the Republican most likely to succeed Ronald Reagan. Many political analysts believe that no matter what Bush says now the scandal which has rocked the Administration could cost him his chance to become President. Sources close to Bush say he is optimistic that once the investigations are completed both President Reagan and he will be vindicated and in two years the whole Iranian arms issue will have been laid to rest and he will win the Republican nomination. But sources within the Republican party say nobody should bet on that. (ABC-6)

Brokaw: It is believed that the kidnapping of William Buckley triggered the U.S. arms dealing with Iran because of fears that Buckley's CIA secrets might be disclosed during captivity. In an interview with Connie Chung for the NBC News program "1986" the former hostage David Jacobsen talked of Buckley and his own captivity. (NBC-7)

ARMS TALKS

Brokaw: American and Soviet negotiators today began a special four day round of arms talks in Geneva to keep the two sides in contact until the regular talks will resume in January. U.S. officials said the meetings could set the stage for what they called concrete new results. As the talks went on a Soviet official in Moscow indicated the Russians might resume nuclear testing at the end of the year citing continued American nuclear tests. (NBC-8)

CONTRAS

ABC's Peter Collins reports since Congress took the operation out of the CIA's control two years ago money has been short, maintenance poor and discipline lax. Despite the uproar over the Iran connection the Contras hope that with new money approved by Congress and the CIA resuming control things will get better. Will all this be enough for the Contras to win? Among the experts, the Sandinistas are considered vulnerable, but they believe the \$100 million now in the Contra pipeline will not be enough and with Congress upset over the Iran affair the Contras are under more pressure than ever to produce impressive results before the time comes to ask for more money next year. (ABC-7)

COMMENTARY

NBC's John Chancellor comments a lot of people are asking if the Reagan Administration has another Watergate on its hands? The answer as of now is no, there are big differences between what's going on now and what happened in the early stages of Watergate. Mr. Reagan's problem, however, is that if it is allowed to drag on it could become another Watergate. Henry Kissinger said the essential thing: Whatever will come out inevitably must come out immediately. If this President allows this crisis to drag on, he could in fact have a Watergate on his hands. (NBC-12)

FOREIGN MEDIA REACTION

IRAN/NICARAGUA

"The White House has been thrown into disarray by the scandal, which has raised doubts about Mr. Reagan's judgments, his leadership and the competence of his senior advisers...." (Financial Times, Britain)

"His tone contrasted with that of Congressional leaders from both parties who called yesterday for a special session of Congress to appoint a Watergate-style committee to investigate the arms sale to Iran.... They spoke of a grave crisis. Mr. Reagan spoke of a tempest in a teapot.... The story now is to find out who is correct." (Europe One Radio, France)

"This Administration, which in its good days was so successful in making the President appear in a bright light, seems to lose orientation quickly. It is doing the worst thing one can do in dealing with such events. It is keeping silent while everybody else is talking.... In such a hothouse atmosphere, feelings and half-truths eventually become facts and find labels for a crisis. One of these labels is Watergate. Sober observers know that it is the wrong label; however, that does not prevent the media and the Congressional opposition from setting the stage for another Watergate." (Die Welt, West Germany)

"Looking back over his first six years in office, and taking care not to be too influenced by the 'catastrophe' talk in Washington, one is inclined to believe he will weather the storm...." (Neue Zuercher Zeitung, Switzerland)

"Reagan's only hope at the moment is that someplace on the globe a crisis of sufficient magnitude will arise as to detract attention from the arms uproar and that the President will know how to tackle this crisis in such a way that the image of the dynamic and competent statesman will be restored...." (Ekstra Bladet, Denmark)

"Regardless of the President's assurances about full investigations, a political tidal wave is engulfing the United States, and it might swallow the President and his men unless something dramatic happens in the next few days to clarify the situation...." (NRK Radio, Norway)

"Colonel North may have run amok, but what was this operation if not a logical extension of the President's obsessive commitment to the contras?..." (Globe and Mail, Canada)

"As the muddy waves of the scandal around U.S. arms shipments to Iran are sweeping Washington, the American and international public can see the darkest and the most disgusting corners of that foreign policy kitchen which -- acting in secret from the Americans and the Congress of the United States -- cooked a foul smelling dish known now as 'Irangate.'... The more facts protected only yesterday by the word 'secret' are coming to light, the more obvious it becomes that it is not only and not so much insignificant persons, like Marine Lt. Col. North, who acted as chefs in that kitchen, but first of all those who are at the very top of the Washington political Olympus...." (TASS, Soviet Union)

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FOREIGN MEDIA REACTION (continued)

SALT II

"Whatever its curiosities of timing, President Reagan's decision to break out of the constraints of the seven-year old SALT II treaty is altogether less momentous than the weekend's criticism has suggested.... It has not made Armageddon seem much more imminent. Indeed, surprise is due not for the fact that the United States has chosen to breach SALT II, but for the fact that it has not done so before...." (Times, Britain)

"Mr. Reagan, who had more than enough to worry about with the scandal over arms sales to Iran, has added to his difficulties by taking a step that can only shock the Democratic majority in Congress and the European allies.... Clearly, not much remains of the 'spirit of Reykjavik,' even in Moscow. But with the Iran affair and now the arms question, it is becoming harder and harder to see the logic of American policy." (Le Monde, France)

"Italy, for the time being, maintains a diplomatic and embarrassed silence on the issue of U.S. policy on SALT II.... However, after the Government of Italy's statement issued by the Prime Minister's office on Saturday, media characterized it as distancing Italy from Reagan's decision...." (La Stampa, Italy)

"No one in Brussels denies the shortcomings of SALT II and its presumable violation by Moscow.... However, there is general agreement that SALT and ABM are the only existing tools for arms control." (Frankfurter Allgemeine, West Germany)

"We regret the U.S. decision to cancel the SALT II pact. We cannot help feeling great concern that the U.S. decision will lead to the elimination of the framework that has served to prevent an endless nuclear arms race...." (Tokyo Shimbun, Japan)

"It seems that a controversy between the two superpowers was unavoidable.... After all, though, who is right and who is wrong? I'm afraid it's hard for outsiders to know. What is certain is that their arms competition will continue its upward spiral...." (People's Daily, China)

"The U.S. cancellation of SALT II, with all that this means, is new proof of the destructive policy Reagan is exercising which carries with it the fate of the world and the future of mankind. Again the world stands facing a horrible unknown." (al Baath, Syria)

LETTERS TO THE EDITOR

IRAN-CONTRAS-U.S.

"There have been biased and anti-Reagan reports in the American press about the Iranian connection. The President has been accused of treason, covering-up, and being untruthful. One local Democrat would like him to be impeached for such un-American activities.... Hooray for the Democrats, the Communists, and the press. Is there really any difference?" (Harold Childs, Warsaw, Richmond News Leader, 11/29)

"President Richard Nixon resigned to avoid being impeached for lying about his knowledge of a break in at the headquarters of a political party. This seems like small potatoes compared with the lying done by President Reagan about many recent events involving our foreign policy.

I've written to my congressional representatives, asking them implement impeachment proceedings against Reagan, for shaming America before the world." (Donn Barton, Portland, Hartford Courant, 11/26)

"Don't pick on Iran. President Reagan knows what he is doing. The Middle East problem started when the Palestinians were driven from their homeland after World War II. We supported the Israelis. The cost has been billions of dollars, and the loss of life also turned the Arab-world against the American people.

Our President is trying to solve the hate and terrorist problem in the Arab world. Even the European nations are starting to think twice about what kind of people we are. Let's support the President before the whole world hates us. That's something we can't afford."

(Paul Kery, Allen Park, Detroit Free Press, 11/26)

"I for one (am I the only one?) want to cast a vote of confidence for President Reagan. Ever since Americans, of their own volition, have gone overseas to troubled areas, America has found itself responsible for them when they're kidnapped. Their families beat their chests and berate the President for not doing anything. And when he does, what does he get? Criticism." (Bonnetta Julliard, Gatlinburg, Tenn., Newsweek, 12/8)

"The Reagan Administration's arms-for-hostages initiative with Iran and its handling of the aftermath are two of the most foolish chapters in a notably shortsighted presidency. A little more than a decade after the bitter lessons of Watergate, we are again faced with an Administration that shows little regard for the truth and a contempt for the rule of law."

(Paul Laird, State College, Pa., Newsweek, 12/8)

"The President's intentions were good, but the intent becomes insignificant when one considers that in order to succeed, he had to deceive the American people."

(Monroe Rubinger, Beverly Hills, Time, 12/8)

LETTERS TO THE EDITOR (continued)

"In the midst of all the Reagan bashing over arms to Iran, above all stands a gallant President Reagan who epitomizes the words of another President, Theodore Roosevelt: 'Far better it is to dare mighty things, to win glorious triumphs, even though checkered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much, because they live in the gray twilight that knows not victory nor defeat.'"

(May Toohey, Minot, N.D., U.S. News & World Report, 12/8)

"President Reagan's statement that he 'had broken no federal law,' in his speech to the nation on Iran reminds me of another president who told us all, 'I am not a crook,' with the books of the Watergate investigation on the desk beside him. The teflon has finally cracked and is falling very quickly with a great thud that is being heard across this nation."

(Bernice Kessler, Aurora, Denver Post, 11/20)

"The American press and Congress seem to have at least one preoccupation in common: a race to judge others, at whatever the cost. This time it is costing lives.... Would it have been so terribly difficult to hold up on the speculation, clamor and rush to judgement until the rest of the hostages were out?"

(Robert Leshner, Aurora, Rocky Mountain News, 11/20)

"Ronald Reagan's plea for secrecy regarding steps taken to secure release of the hostages in Lebanon probably has less to do with their safety than with the preservation of the President's teflon underwear since he's already fumbled away the outer covering of his incredibility.

As Arnold Toynbee said, 'The real struggle in the world is not between capitalism and communism, but rather between vested interests and social justice.'"

(Richard Burlingame, Ann Arbor, Detroit Free Press, 11/26)

"The Administration was right on. We cannot ignore a country as important as Iran. If the Iranians have something we want and we have something they want, we make a deal. The amazing aspect is that the affair was kept secret so long. It shows what can happen if Congress keeps its fingers out of the negotiations."

(Lawrence Skinner, Olympia, Wash., Time, 12/8)

"Once again the Reagan Administration has been caught in a nondefensible foreign policy blunder: Giving arms and spare parts to Iran as ransom for hostages in Lebanon. This after his recent disaster in Reykjavik and his continuing support for terrorists in Nicaragua. Can you image how incredulous and enraged our allies must be and how hard the Soviets and Middle East terrorist states are laughing at our ineptitude and stupidity?"

(Lawrence Hill, Santa Rosa, Calif., U.S. News & World Report, 12/8)

"The Iranian goals of the President eclipse the great secondary gain -- release of the hostages!"

(Max Weinlander, Big Rapids, Mich., U.S. News & World Report, 12/8)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, DECEMBER 3, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

U.S. -- NICARAGUA

Reagan Moves To Restore Public Faith -- President Reagan, given a vote of confidence by Republican leaders, is banking that his support of two wide-ranging investigations into the Iran arms-Contra aid scandal will put his presidency back on track. (New York Times, Washington Post, Washington Times, AP, Copley, Newhouse, Reuter, Scripps Howard, UPI)

INTERNATIONAL NEWS

Washington Rejects Nuclear Testing Ban, Moscow May End Freeze -- The United States has reaffirmed it will not join a nuclear test moratorium, just as Moscow has hinted it may end its 17-month-old freeze on underground nuclear tests. (Reuter)

NETWORK NEWS (Tuesday Evening)

ADMINISTRATION -- President Reagan went on the offensive today in the Iran scandal.

ARMS TALKS -- American and Soviet negotiators today began a special four day round of talks in Geneva.

CONTRAS -- Since Congress took the operation out of the CIA's control two years ago money has been short, maintenance poor and discipline lax.



IRAN — NICARAGUA

REAGAN SEEKS SPECIAL COUNSEL, NAMES CARLUCCI SECURITY AIDE

President Reagan yesterday called for the appointment of an independent counsel to investigate charges that the Administration illegally diverted money from the Iran weapons sales to the Nicaraguan rebels, and he appointed Frank Carlucci, a former deputy defense secretary and deputy CIA director, as his fifth national security adviser.

Reagan's announcement brought sighs of relief from congressional Republicans who have grown increasingly concerned about the controversy, but leaders in both parties said their own independent inquiries will move ahead regardless of the special counsel or White House personnel moves. Reagan endorsed the idea of a consolidated, Watergate-style congressional investigation. The Republican leaders told Reagan they could not defend him unless they knew the full story, sources said, and they are returning to the White House for another meeting with the President today.

(David Hoffman & Lou Cannon, Washington Post, A1)

Reagan Backs Meese On Special Counsel

President Reagan said yesterday he supports Attorney General Meese's decision to seek an independent counsel to probe allegations of criminality in the secret diversion of Iranian arms funds to Nicaragua's anti-Marxist rebels.

In his midday television address, the President also announced the appointment of former Deputy Defense Secretary Frank Carlucci as his national security adviser and threw his full support behind proposals for a joint congressional committee to consolidate at least nine separate investigations now under way on Capitol Hill.

(Jeremiah O'Leary, Washington Times, A1)

Reagan Moves To Restore Public Faith

President Reagan, given a vote of confidence by Republican leaders, is banking that his support of two wide-ranging investigations into the Iran arms-Contra aid scandal will put his presidency back on track.

The leaders expressed satisfaction Tuesday with Reagan's moves to end the scandal and said he is "telling the truth" about his lack of knowledge of the clandestine deal.

But they also said the problem is not about to go away.

(Helen Thomas, UPI)

Reagan Seeks Independent Counsel; Names New National Security Adviser

Under mounting pressure from Congress, President Reagan called Tuesday for Appointment of a special counsel to investigate the diversion of Iranian arms sales profits to Nicaraguan rebels and named a former top-ranking CIA official as his national security adviser.

Besides seeking to invoke a post Watergate-era law providing for probes independent of the executive branch, Reagan urged members of the House and Senate to consolidate under one committee their own probes of the affair.

(Terence Hunt, AP)

Carlucci Appointment, Tower panel Probe Could Alter Controversial Council

The selection of Frank Carlucci, a career diplomat and skillful bureaucrat, as President Reagan's fifth national security adviser could strengthen U.S. foreign policy planning, even while the role of the National Security Council is reduced.

Ironically, Carlucci is the best-known and probably best-prepared of the five men who have held the post under Reagan. He is a former deputy director of both the CIA and the Pentagon as well as former ambassador to Portugal during the difficult transition in that country from totalitarian rule to liberal democracy. (Barry Schweid, AP)

President Reagan/Carlucci

President Reagan, battling an erosion of public confidence, tapped former CIA and Pentagon No. 2 man Frank Carlucci as his new national security adviser Tuesday and vowed to correct abuses uncovered in the Iran arms-Contra aid scandal.

Confronting the deepest crisis of his presidency, Reagan pledged in a televised address from the Oval Office "to get to the bottom of this matter" and urged patience as the facts are bared for Congress and a skeptical public. (Norman Sandler, UPI)

Reagan Names NSC Adviser; Agrees To Independent Counsel

President Reagan, acting to extricate his Administration from its first full-blown scandal, Tuesday acceded to the appointment of an independent counsel to investigate the flurry of charges swirling about the White House, and named a former top CIA official to take charge of the embattled National Security Council.

The President announced both Carlucci's appointment and his acceptance of an independent counsel in a brief, televised address to the nation from the Oval Office. It was the fourth time in the past 20 days that Reagan has gone to television in an effort to remove the cloud that hangs over his foreign policy since it was disclosed that his Administration oversaw a clandestine web of dealings in which arms were shipped to Iran and the profits from those sales were funneled to the Contras in Nicaragua. (George Condon, Copley)

Selection Of Carlucci Seen Weakening Regan

Selection of veteran diplomat and bureaucrat Frank Carlucci as President Reagan's national security adviser represents a decline in one-man decision-making by White House chief of staff Donald Regan and a return to a more collective leadership in which powerful Cabinet members play a key role, according to informed Administration sources.

As recently as Monday, a day after Carlucci had been called and told he was the choice, Regan told aides that Carlucci was not a leading candidate for the job, White House sources said. One of Regan's choices was outgoing NATO ambassador David Abshire. In choosing Carlucci, the President, for the first time in nearly two years, made a major appointment not advocated by Regan.

(Lou Cannon & David Hoffman, Washington Post, A29)

Will Regan Survive The Crisis?

With investigations under way and President Reagan pledging full cooperation, a major question lingers in the Iran arms-Contra aid scandal: will Donald Regan survive as White House chief of staff?

Regan has been a lightning rod for criticism during much of the 22 months he has served as gatekeeper to the Oval Office, and his boss apparently is not listening to calls that he clean house to help recover from the worst crisis of his presidency.

But doubts persist inside and outside the White House whether Regan, whose iron-fisted rule over the West Wing earned him the titles "prime minister" and "de facto president," ultimately will be among the victims of the current furor. (Norman Sandler, UPI)

Regan Vows To Ride Out Iran Arms Scandal Despite Calls For His Resignation

Donald Regan, President Reagan's embattled chief of staff, is trying to weather the storm of criticism that has erupted over his role in the Iranian arms affair despite continued calls for his resignation.

Asked how the sometimes brash and short-tempered Regan, a former Wall Street executive, was doing in the face of demands for his removal, one White House official said: "After a guy's been on Wall Street for 30 years, he doesn't jump out the window every time the market goes down." (Susanne Schafer, AP)

New Security Adviser Has Wide Experience

President Reagan's new national security adviser, Frank Carlucci, brings to the job unusually close relations with Cabinet members in the foreign affairs field and extensive experience in senior diplomatic, military and intelligence posts for Democratic and Republican Administrations alike.

A senior State Department official said Carlucci's toughness, extensive experience and good relations with top officials throughout government have given rise to optimism that he will bring about a sweeping reorganization of the NSC. (Don Oberdorfer, Washington Post, A29)

A Profile

President Reagan's new national security adviser, Frank Carlucci, earned a reputation as a troubleshooter and strong manager during his long government career.

His appointment won immediate praise on Capitol Hill. Many members of Congress regarded it as one of the first solid steps that Reagan has taken to alleviate the Iranian arms and Contra aid controversy.

Carlucci is "tough and savvy" and "will do a good job," said Rep. Pursell.

Secretary Shultz was "delighted." While he refused to compare Carlucci to his predecessors, Shultz said Carlucci would have "a smooth working relationship" with the State Department.

(Mick Rood & Peter Kelley, Newhouse)

Reagan Easing Pressure Over Iran-Nicaragua Arms Scandal

President Reagan, seeking to blunt congressional criticism and restore public confidence, has requested a Watergate-style inquiry into the diversion of millions of dollars to Nicaraguan rebels from U.S. arms deals with Iran.

The White House arranged for Reagan to appear on national television yesterday to announce his decision to seek an independent counsel to investigate the Iran arms scandal and his appointment of Frank Carlucci, a career diplomat and intelligence expert as his new national security adviser.
(Patricia Wilson, Reuter)

POSSIBLE VIOLATIONS TO BE CITED Attorney General Defends Handling Of Investigation

The Justice Department, in requesting an independent counsel in the Iranian arms investigation, plans to cite as many as a dozen laws that may have been violated, including the ban on weapons sales to Iran and a congressional prohibition against U.S. military aid to the Nicaraguan contras, Administration sources said yesterday.

Attorney General Meese's decision yesterday to cite such laws represents an almost complete turnabout in the Justice Department's stance within 24 hours. As late as mid-Monday, department spokesmen were stating that several of the laws now expected to be cited did not apply to this case or that, if they did apply, they did not contain explicit criminal penalties.
(Howard Kurtz & George Lardner, Washington Post, A1)

Meese Defends Handling Of Iran Arms-Contra Probe

Attorney General Meese denies he bungled the early stages of an investigation into secret U.S. arms sales to Iran, but a congressional critic says Meese should have removed himself instantly because he had a conflict of interest.

Meese deflected, but did not stop, criticism of his conduct Tuesday by recommending that an independent counsel investigate the sales and diversion of the profits to Nicaraguan rebels.

Rep. Don Edwards, chairman of the House Judiciary subcommittee on civil rights, said in an interview that initial delays by Meese failed to "guard the evidence" -- National Security files. "That's what all district attorneys do," he said.
(Larry Margasak, AP)

Meese Defends Handling Of Iran-Contra Affair

Attorney General Meese, leading the criminal probe of secret White House arms deals with Iran and Nicaragua, will seek appointment of a Watergate-style prosecutor to investigate the unfolding scandal.

Answering charges that he moved too slowly and that critical evidence may have been jeopardized, Meese said he brought in trained prosecutors "as soon as the investigation started" on Nov. 25, at which time the Justice Department's criminal division and the FBI entered the probe.
(Lori Santos, UPI)

Meese, Citing Possible Crime, Asks A Special Prosecutor; Carlucci Is Named For N.S.C.

Saying that illegal acts may have been committed in the diversion of millions of dollars to Nicaraguan rebels from United States arms sales to Iran, the Reagan Administration announced today that it was requesting an independent prosecutor to look into the case.

Mr. Reagan, who is facing bipartisan Congressional pressure, said in his midday speech that the Justice Department had "turned up reasonable grounds" to seek the appointment of an independent counsel to examine the Iran-Nicaragua affair. (Bernard Weinraub, New York Times, A1)

Meese Says Investigation Of Iran-Contra Deal Shows Possible Criminal Acts

White House and other government officials may have violated federal criminal laws in selling arms to Iran and funneling the profits to U.S.-backed Nicaraguan rebels, Attorney General Meese said Tuesday.

Because of "hints of wrongdoing" in the secret scheme, Meese said, he advised President Reagan Tuesday morning that an independent counsel should be appointed by a special three-judge panel to investigate the matter.

Meese refused to elaborate on what his 11-day probe has uncovered to prompt his decision to seek appointment of an independent counsel.

(Benjamin Shore, Copley)

NO INDEPENDENT COUNSEL'S PROBE HAS ENDED IN
CHARGES SINCE WATERGATE

No independent counsel's investigation such as the one called for Tuesday to probe the Iranian arms sale has ever resulted in criminal charges against anyone since Watergate more than a decade ago.

"It's an insult to suggest that veteran criminal division lawyers couldn't objectively prosecute high government officials, whomever they might be," one Justice lawyer said Tuesday.

"Hell, these guys would prosecute their own grandmothers if they thought a law was broken." (John Bennett, Scripps Howard)

IRAN ARMS CASH TIED TO CIA-RUN ACCOUNT
AIDING AFGHAN REBELS

Congressional investigators have traced profits from the covert sale of U.S. arms to Iran to a Swiss bank account managed by the Central Intelligence Agency, into which the U.S. and Saudi governments also deposited \$250 million each to underwrite rebels fighting Soviet troops in Afghanistan.

Money from the account also was used to buy arms for U.S.-backed contra rebels fighting the government of Nicaragua, informed sources said yesterday, at a time when Congress had forbidden any military support for the contras. (Walter Pincus, Washington Post, A1)

Iran Arms/Rebels

The CIA ran a Swiss bank account to deposit profits from secret arms sales to Iran and \$500 million from the U.S. and Saudi governments for Afghan rebels, The Washington Post reported Wednesday.

Congressional investigators told the Post the money from the CIA-controlled account also went to Contra rebels fighting the government of Nicaragua. (UPI)

BUSH TO DECLARE HIS INNOCENCE, CONFIDENCE IN REAGAN

Vice President Bush will declare his innocence of any illegalities and his confidence in President Reagan's handling of national security affairs today when he makes his first speech on the burgeoning arms-to-Iran and contra-aid scandal, close associates said yesterday.

Confronting what some see as a crisis for his undeclared presidential candidacy stemming from the most serious controversy to engulf the Reagan Administration in six years, Cabinet colleagues and longtime political associates said Bush hopes that a conspicuous display of loyalty will be rewarded by Republican primary voters in 1988.

(David Broder & Paul Taylor, Washington Post, A35)

Bush Emerging With Public Statement On Iran-Contra Affair

Vice President Bush, who has kept a low profile since the disclosures of secret dealings with Iran and Contra rebels, is ready to reaffirm his loyalty to President Reagan and deny personal involvement in the affair.

While associates of the Vice President refused to discuss details of his speech, they acknowledged he would address the controversy that has enveloped the Reagan Administration since disclosure of secret arms sales to Iran and the funneling of funds to the Contras. (Donald Rothberg, AP)

REAGAN ADDS TO CONFUSION OVER IRAN-CONTRA DEALS

President Reagan, who says some aspects of the arms-shipments controversy engulfing his Administration "are difficult to comprehend," has added to the confusion with seemingly contradictory statements of his own.

He has said the United States initiated contacts with Iran -- and that it was the other way around. He said no third country was involved in the arms shipments, then said one was involved, and then gave a version of that involvement that the country in question, Israel, hotly denied.

(Dale Nelson, AP)

WHEN POSITION IS SLIPPING, THE PRESIDENT STARTS KICKING

"This whole thing boils down to a great irresponsibility on the part of the press."

-- President Reagan, to Time magazine, about the furor over the Iran arms deal.

Whenever a president gets into trouble, it seems that his instinctive reaction is to kick the most visible hound at his heels -- the American news media.

"Everybody gets mad at the press. That's easy," said George Reedy, press secretary for Lyndon Johnson and author of "The Twilight of the Presidency." "Who else can they get mad at? Their constituents? There is no virtue in getting mad at the American people. Themselves? Very few of them can ever admit they are wrong."

(Eleanor Randolph, Washington Post, A17)

DOMESTIC REACTION

CONGRESSIONAL LEADERS PRAISE REAGAN CALL FOR SPECIAL COUNSEL AND NEW NATIONAL SECURITY ADVISER

Democratic and Republican congressional leaders Tuesday agreed with President Reagan on the need for a vigorous probe by Congress of the secret Iranian arms sales but disagreed on the need for immediate formation of a single congressional investigatory panel.

The Democrats indicated they would not begin a comprehensive probe until the new Congress forms in January when they will control both chambers for the first time in Reagan's presidency.

(Otto Kreisher & Robert Estill, Copley)

President's Actions Find Support On Capitol Hill

Republican and Democratic lawmakers yesterday praised President Reagan's appointment of Frank Carlucci as his new national security adviser and his Administration's call for an independent counsel to investigate the Iran arms deal.

But many lawmakers continued to press for more resignations at the White House and pledged to continue a vigorous congressional investigation into the arms sale, through which \$10 million to \$30 million in proceeds was diverted to the Nicaraguan resistance.

(Jennifer Spevacek & Damon Thompson, Washington Times, A1)

New NSC Chief Seen Safe Choice Though Viguerie Voices 'Shock'

Frank Carlucci, President Reagan's fifth national security adviser in six years, is considered a safe choice at a critical time for the Administration.

Conservative activist Richard Viguerie said he reacted with "shock and disbelief" at the appointment. "This signals the end of the Reagan revolution. It's gone. They are going to play the establishment game. He is totally capitulated to the Washington establishment."

(Roger Fontaine & George Archibald, Washington Times, A8)

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Democrats Wary Of Capitalizing On Reagan's Crisis

Democrats say it would be contrary to the national interest and politically unwise to try and make partisan gains from the Reagan Administration's crisis over secret arms sales to Iran.

"If we appear to the electorate to try to engineer partisan political advantage from a national crisis, that will be held against us," said Terry Michael, spokesman for the Democratic National Committee. "That makes no sense from a public policy standpoint or from a political standpoint."

(Thomas Brandt, Washington Times, A8)

President Reagan/Special Counsel

Republican congressional leaders, who met with Reagan before his brief TV talk, defended the President's conduct in trying to come to grips with the controversy.

"He's been very forthcoming," Senate GOP leader Dole said. "Everything that's been requested, almost, has been done by the President.... I don't know what else people expect of the President."

"From the standpoint of what he told us, the President hasn't broken any law," said Rep. Michel.

(Lori Santos, UPI)

SENATE PANEL MAY SHARE IRAN-CONTRA INFORMATION

The Senate Intelligence Committee may turn over information given by three key players in the Iran-Contra affair to a presidential panel or a special Watergate-style prosecutor, Sen. Leahy says.

"I think I'd be willing to hand over just about everything" unless it came from a "a very sensitive source," Leahy said Tuesday.

(Michael Myers, UPI)

MCFARLANE'S ATTORNEY BLASTS SENATE FOR LEAKING TESTIMONY

An attorney for former National Security Advisor Robert McFarlane yesterday lambasted the Senate Intelligence Committee for leaking to the press details of Mr. McFarlane's seven-hour testimony Monday behind closed doors.

Leonard Garment, Mr. McFarlane's attorney, wrote to committee Chairman David Durenberger, Minnesota Republican, and complained that his client was dismayed over committee leaks he described as "generally untrue."

(Bill Gertz, Washington Times, A9)

BENNETT BLASTS MATES FOR ABANDONING SHIP

Education Secretary Bennett yesterday rebuked conservative supporters of President Reagan for failing to rally around him as the Iran affair unfolds.

"It strikes me that it's too damn quiet among those...for whom the President has done so much," said Mr. Bennett, a former Democrat who switched his voter registration to the Republican Party earlier this year.

(Carol Innerst, Washington Times, A1)

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WEINBERGER SAYS HE WAS HORRIFIED AT CONTRA-IRAN CONNECTION

Defense Secretary Weinberger says he was "horrified" to learn that profits from U.S. arms sales to Iran went to Nicaraguan rebels and contends that it never should have happened.

In his fullest public discussion yet of the most serious crisis of Ronald Reagan's presidency, Weinberger told reporters last night the Defense Department, acting on Reagan's order, transferred weapons to the CIA so they could be sold to Iran. (Carol Giacomo, Reuter)

Weinberger Says NSC Should Know Its Place

PARIS -- Defense Secretary Weinberger said the National Security Council should advise the President on policy rather than conduct clandestine deals such as running arms to Iran.

"It was a totally wrong thing to do," he said. "I think it's proper that the Contras be supported, but not in that way."

"The role of the NSC that I've outlined, that I believe Frank Carlucci will bring to it, is a proper and necessary role for that agency," Weinberger said. (Richard Gross, UPI)

POINDEXTER FAILS TO ANSWER SENATE PANEL'S QUESTIONS Senators Subpoena Ex-Aide To Return

One day after fired national security aide Oliver North repeatedly invoked his Fifth Amendment rights against self-incrimination to avoid answering a Senate panel's questions about the Iranian arms sale affair, President Reagan's former national security adviser, Vice Adm. Poindexter, declined to answer the committee's questions yesterday.

Poindexter never got to the witness chair, sources said, but was interviewed by the chairman and vice chairman of the Select Committee on Intelligence, David Durenberger and Patrick Leahy, prior to his scheduled formal appearance. When the two senators reported to their colleagues that Poindexter was not prepared to respond to their questions, the panel reacted angrily and decided to subpoena him for a second appearance today, according to Senate sources.

(George Wilson & Tom Kenworthy, Washington Post, A1)

LAWYERS SEEK TO OVERTURN ARMS-SMUGGLING CASES

Defense lawyers in Iranian arms-smuggling prosecutions across the country have seized on revelations of the Administration's secret shipments of arms to Iran to seek to overturn the convictions or guilty pleas of their clients, arguing that the government had a duty to disclose its own weapons sales.

As of yesterday, lawyers for at least six men sentenced to prison for illegally shipping or trying to ship arms to Iran had filed, or said they plan to file, court papers asking that their clients be freed, or at least given a new trial, in the wake of reports of the Administration's covert sales. (Ruth Marcus, Washington Post, A30)

FOREIGN REACTION

IRAN'S 'MODERATE' LEADER COULD BE MASTER OF DECEIT

Statements last week by the Iranian leader tagged as a "moderate" by some top Washington analysts suggest the Iranians have been successfully feeding false intelligence assessments to the United States.

Speaker of the Iranian Majlis Ali-Akbar Hashemi Rafsanjani told a group of senior military commanders in Tehran Thursday that Iran had pitted the Democrats and Republicans against each other so that "they are now cutting each other's throats."

His comments raise the possibility that Iran has been manipulating its U.S. connections to discredit the Reagan Administration.

(Martin Sieff, News Analysis, Washington Times, A1)

SHIITE SAYS U.S. URGED KUWAIT TO HOLD PRISONERS

A leading Shiite Moslem clergyman charged yesterday in Lebanon that pressure by the United States had persuaded Kuwait to drop plans to free 17 convicted terrorists whose release has been demanded by kidnappers holding American and other western hostages.

State Department officials denied the charge by Sheik Mohammed Hussein Fadlallah, however, and other Middle East analysts said all previous indications had been that the United States had privately sought to have at least some of the terrorists freed.

(Richard Homan, Washington Post, A31)

SHAMIR DENIES ISRAELI ROLE

Aide Acknowledges Contra Aid Requests

JERUSALEM -- Prime Minister Yitzhak Shamir today told an American visitor that Israel was approached several times to supply aid to the contra rebels of Nicaragua, but he said the government had "always refused to do so."

But an Israeli official later confirmed a local press report that Israel's ambassador to the United Nations, Benjamin Netanyahu, had made several attempts in recent years to persuade the government to provide aid to the contras. The Maariv newspaper said Netanyahu, who is a rising star in Shamir's rightist Likud political bloc, began those efforts while serving as an attache at the Israeli Embassy in Washington.

(Glenn Frankel, Washington Post, A33)

Israel: 'No Link Between Israel And Contras'

JERUSALEM -- Israel's senior leadership said Israel has no reason to investigate its role in U.S. arms sales to Iran because Jerusalem acted at Washington's request and did not funnel any profits to Nicaraguan rebels.

Shamir said U.S. representatives "urged us to pursue" selling U.S. weapons to Iran but "there is no link between the state of Israel and the Contras. Israel never helped and assisted the Contras."

(Peter Smerdon, UPI)

Editor's Note: "Crisis Rooted In An Attitude", by Haynes Johnson, appears on page A2 of The Washington Post.

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INTERNATIONAL NEWS

WASHINGTON REJECTS NUCLEAR TESTING BAN, MOSCOW MAY END FREEZE

GENEVA -- The United States has reaffirmed it will not join a nuclear test moratorium, just as Moscow has hinted it may end its 17-month-old freeze on underground nuclear tests.

At a Moscow news briefing, two senior Soviet officials accused Washington of stalling in bilateral talks in Geneva on nuclear weapons tests and indicated Moscow might resume its own tests, suspended since August 1985, in 1987. (Stephanie Nebehay, Reuter)

PENTAGON RESPONDS TO PRESSURE FOR EARLY 'STAR WARS' DEPLOYMENT

Congressional pressure has forced the Pentagon to assess deploying a defense against Soviet nuclear missiles with technologies near at hand, rather than waiting out the long-term research effort originally foreseen for the Strategic Defense Initiative.

Deployment of "star wars" in the near-term -- a catchall phrase meaning within five to seven years -- would not meet all of the goals President Reagan set when he announced the program. But one possibility under study is an evolution of defenses from basic technologies to more sophisticated ones as they become available.

(Warren Strobel, Washington Times, A1)

SENATE SHOWDOWN FORECAST BY DOLE IF SALT RIFT WIDENS

Senate Majority Leader Dole yesterday threatened to bring the SALT II arms control treaty to a vote if President Reagan's critics try to force Administration compliance with the unratified pact.

His statement raises the possibility of another battle over arms control policy between the President's supporters and lawmakers who have repeatedly threatened to use legislation to stop the Administration from junking SALT II.

(Warren Strobel, Washington Times, A3)

NATO MINISTERS PONDER CHALLENGES AFTER REYKJAVIK

BRUSSELS -- NATO defense ministers open three days of talks today united in the belief that the threat from the Warsaw Pact's superior conventional strength should be countered but divided over how to tackle the problem.

The talks at NATO headquarters come amid calls by the Europeans, prompted by the Reykjavik summit, for future nuclear arms control agreements to take account of what they say is an imbalance between NATO and superior Warsaw Pact conventional forces.

(Richard Balmforth, Reuter)

U.S. OFFICIALS PESSIMISTIC ON ARMS PACT PROSPECTS
Iran Affair, Soviet Disruptive Tactics Cited

Some senior U.S. officials have become pessimistic in recent weeks about the prospects for a nuclear arms agreement during the last two years of the Reagan presidency, citing the turmoil within the Administration caused by the weapons sales to Iran and disruptive tactics adopted by the Soviet Union since the Iceland summit.

"With all the likely personnel shifts and the political distraction, it may be some time before we can move ahead," said one senior official, noting continuing confusion and disagreement within the Administration and the Western alliance in the post-summit period. He also noted fresh signs of hardening U.S. and Soviet arms control positions in key areas such as nuclear testing and ballistic missile defenses.

(Jeffrey Smith, Washington Post, A3)

STUDY SAYS CURBS LAX ON TAINTED IMPORTS

Inadequate federal supervision apparently is allowing significant quantities of contaminated foods imported from foreign countries to reach the U.S. public, according to a new government study.

The GAO, the investigative arm of Congress, will report Wednesday that the federal Food and Drug Administration has failed to prevent "the marketing of about half of the imported fresh fruits and vegetables that it has determined contain illegal pesticide residues."

(J.M. Johnson, McClatchy)

NATIONAL NEWS

INITIAL '88 BUDGET OF \$1.1 TRILLION WOULD HIT DEFICIT TARGET

The Reagan Administration is considering a fiscal 1988 budget with spending of \$1.1 trillion that still meets the \$108 billion deficit target set by the Gramm-Rudman-Hollings law.

The broad outlines of the new budget began to emerge yesterday after two days of meetings between President Reagan with his senior aides to decide how to cut spending, add some revenue and sell government assets to meet the deficit target. James Miller, director of the OMB, said the combination of deficit-reducing measures will have to add up to about \$50 billion. (John Berry & Judith Havemann, Washington Post, A1)

INDICATORS POINT TO MORE SLUGGISHNESS

The main government gauge of future economic activity increased 0.6 percent in October, suggesting that the economy will probably continue on its sluggish, zig-zag course well into the new year.

The Commerce Department reported yesterday that the index of leading economic indicators rose largely because of an increase in prices of raw materials such as recycled paper, aluminum and raw cotton, rather than a pickup in orders for more consumer goods or business supplies, which economists generally look to as a sign of stronger economic activity. (Jane Seaberry, Washington Post, C1)

STOCK PRICES CLIMB TO RECORD HIGH

NEW YORK -- Stock prices soared to a record high today, as traders sensed more gains to come, despite past or present worries about the economy's direction, the Iranian arms affair and the Ivan Boesky insider trading scandal, analysts said.

Computerized program-trading accelerated the updraft, but to what extent was unclear. (John Given, Washington Post, C1)

Stock Prices Soar To Peak In Relief Over Iran Inquiry

Stock prices soared to record levels yesterday as the market, relieved that President Reagan had acted to support a full investigation of the Iranian arms sale controversy, staged the third-best rally in its history.

Analysts attributed the market's spirited performance to Mr. Reagan's midday announcement supporting the naming of an independent counsel to investigate the diversion of millions of dollars to Nicaraguan rebels from arms deals with Iran. (Phillip Wiggins, New York Times, A1)

NETWORK NEWS SUMMARY

(Tuesday evening, December 2nd)

ADMINISTRATION

NBC's Tom Brokaw: President Reagan went on the offensive today in the Iran scandal naming a new National Security Affairs adviser, endorsing the idea of a special congressional committee to investigate this controversy and announcing that the Justice Department would ask for an independent counsel, a special prosecutor in this case. The President's appearance in the Oval Office came in the midst of growing criticism from Republicans and Democrats alike.

NBC's Chris Wallace: The President's top priority was to respond to growing complaints the Administration was investigating itself. He announced Attorney General Meese is turning over the case to an independent counsel.

(TV coverage of President Reagan's Oval Office address: "His investigation has turned up reasonable grounds to believe that further investigation by an independent counsel would be appropriate.")

Mr. Reagan also joined the growing call on Congress to set up a single Watergate-style panel to replace several committees now looking into the case. And as his new National Security Adviser he named respected trouble-shooter Frank Carlucci, former deputy director of the CIA who has worked for Republican and Democratic presidents. Mr. Reagan asked for patience saying these steps will get to the bottom of the scandal.

(President Reagan: "All the facts concerning Iran and the transfer of funds to assist the anti-Sandinista forces will shortly be made public. Then the American people, you will be the final arbiters of this controversy.")

To increase the sense the President had turned the corner, the White House brought in GOP congressional leaders who commended Mr. Reagan's actions and gave him a legal bill of health.

(Rep. Robert Michel: "I personally have to applaud the President for taking the initiative that he has taken today. From the stand point of what he told us I'm convinced the President has not broken any laws.")

But one step the President has not taken continues to draw fire, refusing to get rid of Chief of Staff Regan. Today one top Republican called openly for his dismissal.

(Sen. Richard Lugar: "If you put aside the persons who have been involved in this and get in new people that can govern we can proceed." Question: "Should he ask for Don Regan's resignation?" Lugar: "Yes, I think he ought to.")

Congressional sources say Regan is fighting for his job telling Republican leaders the NSC didn't report to him but that if he leaves now the White House will be hurt. The leaders agreed the President can't afford to lose Regan for now.

(Sen. Alan Simpson: "I don't see how you can possibly leave the President with a coming session, a State of the Union address, and other things. You can't leave him alone to do that.")

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Wallace continues:

But Carlucci's appointment may be a sign Reagan is losing power. The new National Security Adviser was pushed by Caspar Weinberger, William Casey and George Shultz, but not by Reagan. Today Carlucci would say only he is grateful to the President.

(Frank Carlucci: "I look forward to being of assistance to him and conducting a vigorous foreign policy and until I'm in the job it would not be appropriate for me to make any comments.")

No matter how much the President does, there is a strong sense in Congress and the White House that he can't get out from under this scandal until he gets rid of Reagan. Tonight a member of the President's Cabinet told NBC News Reagan has little support inside the Administration and he's got to go. (NBC-Lead)

ABC's Peter Jennings: The Reagan Administration has taken a major step in the Iran affair which it clearly hopes will take some of the pressure off. There is going to be an independent counsel to investigate if laws were broken when Administration officials sold arms to Iran and diverted some of the money to the Contras in Central America.

ABC's Sam Donaldson: President Reagan went public again today in an attempt to get out in front of the steamroller bearing down on his presidency. First, after conferring at the White House with Attorney General Meese, he announced Meese would make a move even supporters have been demanding.

(President Reagan: "I immediately urged him to apply to the court here in Washington for the appointment of an independent counsel. If illegal acts were undertaken, those who did so will brought to justice.")

A few moments later Meese himself went on television to explain the move. Second, the President endorsed the idea of one Watergate-style congressional investigative committee.

(President Reagan: "Congress will want to inquire into what occurred. We will cooperate fully with these inquiries.")

Third, the President named Frank Carlucci as his new National Security Adviser.

(President Reagan: "A former deputy secretary of defense, deputy director of the CIA, the American people will be well served by his tenure. Thank you, and God bless you.")

The first reaction to all of this came in from Mr. Reagan's own State Department. Although Carlucci's appointment was urged by CIA Director Casey and Secretary Weinberger, Secretary Shultz was quick through his spokesman to climb on board.

(Charles Redman: "He is delighted he has appointed a man with such experience and stature.")

The second reaction came from Republican congressional leaders brought by the White House to the press room. There they gave the President the type of strong public support they had withheld until now.

(Sen. Robert Dole: "He is trying to lay it out there. I think he has been very forthcoming and my view is he has done an excellent job.")

Rep. Robert Michel: I feel good about what the President told me flat out about the honesty and truthfulness with which he told us the events as he knows them.")

Even Democrats seem pleased.

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Donaldson continues:

(Sen. Robert Byrd: "The President has certainly taken good steps, he has taken the right steps.")

(Rep. James Wright: "I salute the President. I think it is time these things were done.")

If there was a continuing note of discord today, it was over White House Chief of Staff Donald Regan, whose scalp is being called for in so many quarters, the fact of which Regan is well aware.

(Rep. Robert Michel: "Frankly he knows he's not the most popular individual in the country these days, he says that quite frankly.")

But as Regan left for work today the word was he still has the backing of the one person who counts, Ronald Reagan. Swinging behind full independent investigations has clearly won the President some breathing room, but White House officials are well aware that in the end what will count is not the fact of the investigations but their outcome.
(ABC-Lead)

CBS's Dan Rather: Requests for a special prosecutor aside, these are among the other major developments tonight in the still untold full story of secret arms for the Ayatollah and cash for the Contras. Bill Plante has the latest on President Reagan's fourth appearance on national television in three weeks aimed at trying to explain the secret deals and control their damage.

CBS's Bill Plante: By naming a new National Security Adviser and calling for an independent counsel, President Reagan attempted to get the Iran arms sales controversy behind him.

(President Reagan: "If illegal acts were undertaken those who did so will be brought to justice. If actions in implementing my policy were taken without my authorization, knowledge or concurrence, this will be exposed.")

Mr. Reagan named Frank Carlucci, a veteran of the CIA and Defense Departments, to take over the National Security Council which is now under review by a presidential commission.

(President Reagan: "Mr. Carlucci has the depth of experience in foreign affairs, defense and intelligence matters that uniquely qualify him to serve as my National Security Adviser.")

(Frank Carlucci: "And I look forward to being of assistance to him and conducting a vigorous foreign policy.")

Speaking from the Oval Office, Mr. Reagan urged Congress to conduct only one overall investigation so as not to disrupt the government and he underlined his pledge of cooperation.

(President Reagan: "I have already taken the unprecedented step of permitting two of my former National Security Advisers to testify before a committee of Congress.")

The President also privately assured Republican congressional leaders that he had known nothing about diversion of the profits on arms sales to Iran.

(Rep. Robert Michel: "I feel good about what the President told me flat out about the honest and truthfulness with which he told us the events as he knows them. And I believe the President's telling me the truth.")

Plante continues:

The President is also not yet prepared, despite considerable urging, to cut loose his Chief of Staff Donald Regan. Some, put by no means all, GOP members of Congress agree.

(Sen. Robert Dole: "I don't think it would serve any purpose at this time to have Don Regan leave.")

There are still a lot of people around the President who insist that before this is all over Donald Regan will have to go, but for now officials are daring to hope out loud that the President is beginning to get ahead of the game even though they concede that things are far from over. (CBS-Lead)

NBC's Carl Stern reports the application for an independent counsel is now in final draft form and should be submitted to the federal court in the next day or two. There is still concern, however, that the Attorney General may attempt to maintain a measure of control over what the independent counsel does. Three senior federal judges named by the chief justice will choose the independent counsel, but the scope of the investigation is usually defined by what the Attorney General asks the judges for. This afternoon the Attorney General met with members of the White House's own review board which can't prosecute anyone. Its members said Meese had been informative.

(NBC-2)

ABC's Dennis Troute reports speaking just after the President about his decision to seek an independent counsel, Meese admitted that appearances now are critical. In many respects this case continues to be unusual. Even today's widely publicized request for an independent counsel normally is done in secret.

(ABC-2)

CBS's Rita Braver reports Justice Department officials say Meese finally bowed to the inevitable, he acknowledged that his closeness to the President and his involvement in legal approval of a plan to sell arms to Iran made it necessary to remove the investigation from the Justice Department. Meese says he's asked that the scope of a new investigation be as broad as necessary, going anywhere the law may have been broken.

(CBS-2)

Jennings: Joining us tonight Edwin Meese. Mr. Meese you didn't act, you have now acted. The clear implication is that in the meantime you have found the suggestion at least that laws have been broken.

Meese: We found the need for further investigation and we have found that on that basis there is statutory authority for us to now apply for an independent counsel.

Jennings: Don't you have some limits on the counsel that you can actually put on?

Meese: No, the scope of the review of the counsel is determined by the court itself and in our application we will provide the necessary information as the statute requires but the decision as to what the scope of authority and the breath of coverage of the independent counsel's authority is really a matter for the court, not the Department of Justice.

(ABC-3)

NBC's John Dancy reports Republican leaders had wanted a special session of Congress to appoint the select committee this year while they are in control of the Senate but time is running out. Sen. Robert Byrd wants the committee appointed next year when Democrats control the Senate, he seems to have the upper hand. Rep. Jim Wright sees all this cooling the Iran arms issue in the next Congress. Some powerful Senators like Byrd and Richard Lugar are irritated that the same people are still running things for the President. They say they won't be satisfied until there are some changes at the White House.
(NBC-3)

Brokaw: One of the most powerful Senators on Capitol Hill is Robert Dole. Will you tell (President Reagan at your meeting tomorrow morning at 10 o'clock) that you think it is in the interest of the country and the presidency that Don Regan go as the White Chief of Staff?

Dole: No, I have maintained the position that that's up to the President to make judgement on. It doesn't do any good for Bob Dole or any other Senator to say well you ought to fire this person or that person. I don't see any reason for that at this time.

Brokaw: The President has said he believes this a bloodletting confined to Washington. Do you share his assessment of that?

Dole: No, I think it goes beyond Washington. I made that point today to the President. But I think what he did today is going to be a big step in the direction of sort of easing the pressure from outside.
(NBC-4)

Brokaw: The North-Perot connection, Oliver North and H. Ross Perot the Texas billionaire. The Washington Post reported today that North recruited Perot to put up a \$2 million ransom in efforts to free the American hostages in Lebanon.

NBC's Anne Garrels reports North contacted Perot in 1984 to set up the first of what would be two unsuccessful efforts. Today the White House denied all knowledge of any such arrangement and if it took place the White House claims it was without authorization. State Department officials say they were kept in ignorance of any such deal. But at North's request Perot says he agreed to supply up to \$2 million after William Buckley was kidnapped in 1984. The deal never came off and Buckley died in captivity. In May of this year, Perot says North again asked him for \$2 million, this time as part of the deal to free the remaining hostages. Perot's currier waited with the money in Cyprus but once again the deal never came off and Perot got his money back. State Department officials say the pro-Iranian kidnappers have never been interested in cash. But according to senior U.S. officials the pro-Libyan group holding Peter Kilburn was interested in money. These sources say North, this time working with the Departments of State and Defense and the CIA hoped to trick Kilburn's captors into releasing him with the promise of money but without ever actually paying. Before the sting could be brought off Kilburn was killed in retaliation for the U.S. attack on Libya. According to State Department officials the Kilburn sting, paying for information, anything short of buying hostages is acceptable. Perot says this is naive, that every Administration has done whatever is necessary to free its people.

(NBC-6, ABC-8, CBS-7)

Rather: A report today that CIA director William Casey has switched his story about what he knew and when he knew it. The Los Angeles Times says Casey has changed his version of a U.S.-Israeli arms shipment to Iran in November of 1985. Casey first told Congress reportedly, that the arms shipment was approved without his knowledge. He has now reportedly told Congress, that he gave the okay for it himself. (CBS-5)

Rather: There has been some pressure on President Reagan to fire Casey but most of the pressure inside and outside the President's circle is about possibly firing Donald Regan. Lesley Stahl has been looking into the Regan question.

CBS's Lesley Stahl reports the list of those who have urged the President to fire his Chief of Staff, CBS News has been told, now includes Mrs. Reagan. Many wonder how the man who insists his staff call him Chief would not have known what was going on in the White House basement. Donald Regan once said I never walked away from a fight in my life. To help his president he is being told that this time he might have to. (CBS-6)

Jennings: And now the President's choice to be his next National Security Adviser. What sort of a man is he? Here's ABC's Bob Zelnick. (ABC-4, CBS-3)

Jennings: Shortly after the Attorney General announced the Administration's desire for an independent counsel it was immediately clear this would not deter Congress from pursuing its own investigation. Today was day two of the supposedly closed hearing in the Senate Intelligence Committee but some of the testimony has already leaked. As ABC's Brit Hume reports, the focus right now is Oliver North. (ABC-5, CBS-4)

Jennings: Tomorrow Vice President Bush is going to make a statement on Iran and there is no mistaking the fact that is one of the more important political speeches he has ever made.

ABC's Carole Simpson reports sources tell ABC News that in his speech Vice President Bush will maintain his fierce loyalty to the President but also try and maintain his status as the Republican most likely to succeed Ronald Reagan. Many political analysts believe that no matter what Bush says now the scandal which has rocked the Administration could cost him his chance to become President. Sources close to Bush say he is optimistic that once the investigations are completed both President Reagan and he will be vindicated and in two years the whole Iranian arms issue will have been laid to rest and he will win the Republican nomination. But sources within the Republican party say nobody should bet on that. (ABC-6)

Brokaw: It is believed that the kidnapping of William Buckley triggered the U.S. arms dealing with Iran because of fears that Buckley's CIA secrets might be disclosed during captivity. In an interview with Connie Chung for the NBC News program "1986" the former hostage David Jacobsen talked of Buckley and his own captivity. (NBC-7)

ARMS TALKS

Brokaw: American and Soviet negotiators today began a special four day round of arms talks in Geneva to keep the two sides in contact until the regular talks will resume in January. U.S. officials said the meetings could set the stage for what they called concrete new results. As the talks went on a Soviet official in Moscow indicated the Russians might resume nuclear testing at the end of the year citing continued American nuclear tests. (NBC-8)

CONTRAS

ABC's Peter Collins reports since Congress took the operation out of the CIA's control two years ago money has been short, maintenance poor and discipline lax. Despite the uproar over the Iran connection the Contras hope that with new money approved by Congress and the CIA resuming control things will get better. Will all this be enough for the Contras to win? Among the experts, the Sandinistas are considered vulnerable, but they believe the \$100 million now in the Contra pipeline will not be enough and with Congress upset over the Iran affair the Contras are under more pressure than ever to produce impressive results before the time comes to ask for more money next year. (ABC-7)

COMMENTARY

NBC's John Chancellor comments a lot of people are asking if the Reagan Administration has another Watergate on its hands? The answer as of now is no, there are big differences between what's going on now and what happened in the early stages of Watergate. Mr. Reagan's problem, however, is that if it is allowed to drag on it could become another Watergate. Henry Kissinger said the essential thing: Whatever will come out inevitably must come out immediately. If this President allows this crisis to drag on, he could in fact have a Watergate on his hands. (NBC-12)

FOREIGN MEDIA REACTION

IRAN/NICARAGUA

"The White House has been thrown into disarray by the scandal, which has raised doubts about Mr. Reagan's judgments, his leadership and the competence of his senior advisers...." (Financial Times, Britain)

"His tone contrasted with that of Congressional leaders from both parties who called yesterday for a special session of Congress to appoint a Watergate-style committee to investigate the arms sale to Iran.... They spoke of a grave crisis. Mr. Reagan spoke of a tempest in a teapot.... The story now is to find out who is correct." (Europe One Radio, France)

"This Administration, which in its good days was so successful in making the President appear in a bright light, seems to lose orientation quickly. It is doing the worst thing one can do in dealing with such events. It is keeping silent while everybody else is talking.... In such a hothouse atmosphere, feelings and half-truths eventually become facts and find labels for a crisis. One of these labels is Watergate. Sober observers know that it is the wrong label; however, that does not prevent the media and the Congressional opposition from setting the stage for another Watergate." (Die Welt, West Germany)

"Looking back over his first six years in office, and taking care not to be too influenced by the 'catastrophe' talk in Washington, one is inclined to believe he will weather the storm...." (Neue Zuercher Zeitung, Switzerland)

"Reagan's only hope at the moment is that someplace on the globe a crisis of sufficient magnitude will arise as to detract attention from the arms uproar and that the President will know how to tackle this crisis in such a way that the image of the dynamic and competent statesman will be restored...." (Ekstra Bladet, Denmark)

"Regardless of the President's assurances about full investigations, a political tidal wave is engulfing the United States, and it might swallow the President and his men unless something dramatic happens in the next few days to clarify the situation...." (NRK Radio, Norway)

"Colonel North may have run amok, but what was this operation if not a logical extension of the President's obsessive commitment to the contras?...?" (Globe and Mail, Canada)

"As the muddy waves of the scandal around U.S. arms shipments to Iran are sweeping Washington, the American and international public can see the darkest and the most disgusting corners of that foreign policy kitchen which -- acting in secret from the Americans and the Congress of the United States -- cooked a foul smelling dish known now as 'Irangate.'... The more facts protected only yesterday by the word 'secret' are coming to light, the more obvious it becomes that it is not only and not so much insignificant persons, like Marine Lt. Col. North, who acted as chefs in that kitchen, but first of all those who are at the very top of the Washington political Olympus...." (TASS, Soviet Union)

FOREIGN MEDIA REACTION (continued)

SALT II

"Whatever its curiosities of timing, President Reagan's decision to break out of the constraints of the seven-year old SALT II treaty is altogether less momentous than the weekend's criticism has suggested.... It has not made Armageddon seem much more imminent. Indeed, surprise is due not for the fact that the United States has chosen to breach SALT II, but for the fact that it has not done so before...." (Times, Britain)

"Mr. Reagan, who had more than enough to worry about with the scandal over arms sales to Iran, has added to his difficulties by taking a step that can only shock the Democratic majority in Congress and the European allies.... Clearly, not much remains of the 'spirit of Reykjavik,' even in Moscow. But with the Iran affair and now the arms question, it is becoming harder and harder to see the logic of American policy." (Le Monde, France)

"Italy, for the time being, maintains a diplomatic and embarrassed silence on the issue of U.S. policy on SALT II.... However, after the Government of Italy's statement issued by the Prime Minister's office on Saturday, media characterized it as distancing Italy from Reagan's decision...." (La Stampa, Italy)

"No one in Brussels denies the shortcomings of SALT II and its presumable violation by Moscow.... However, there is general agreement that SALT and ABM are the only existing tools for arms control." (Frankfurter Allgemeine, West Germany)

"We regret the U.S. decision to cancel the SALT II pact. We cannot help feeling great concern that the U.S. decision will lead to the elimination of the framework that has served to prevent an endless nuclear arms race...." (Tokyo Shimbun, Japan)

"It seems that a controversy between the two superpowers was unavoidable.... After all, though, who is right and who is wrong? I'm afraid it's hard for outsiders to know. What is certain is that their arms competition will continue its upward spiral...." (People's Daily, China)

"The U.S. cancellation of SALT II, with all that this means, is new proof of the destructive policy Reagan is exercising which carries with it the fate of the world and the future of mankind. Again the world stands facing a horrible unknown." (al Baath, Syria)

LETTERS TO THE EDITOR

IRAN-CONTRAS-U.S.

"There have been biased and anti-Reagan reports in the American press about the Iranian connection. The President has been accused of treason, covering-up, and being untruthful. One local Democrat would like him to be impeached for such un-American activities.... Hooray for the Democrats, the Communists, and the press. Is there really any difference?" (Harold Childs, Warsaw, Richmond News Leader, 11/29)

"President Richard Nixon resigned to avoid being impeached for lying about his knowledge of a break in at the headquarters of a political party. This seems like small potatoes compared with the lying done by President Reagan about many recent events involving our foreign policy.

I've written to my congressional representatives, asking them implement impeachment proceedings against Reagan, for shaming America before the world." (Donn Barton, Portland, Hartford Courant, 11/26)

"Don't pick on Iran. President Reagan knows what he is doing. The Middle East problem started when the Palestinians were driven from their homeland after World War II. We supported the Israelis. The cost has been billions of dollars, and the loss of life also turned the Arab-world against the American people.

Our President is trying to solve the hate and terrorist problem in the Arab world. Even the European nations are starting to think twice about what kind of people we are. Let's support the President before the whole world hates us. That's something we can't afford."

(Paul Kery, Allen Park, Detroit Free Press, 11/26)

"I for one (am I the only one?) want to cast a vote of confidence for President Reagan. Ever since Americans, of their own volition, have gone overseas to troubled areas, America has found itself responsible for them when they're kidnapped. Their families beat their chests and berate the President for not doing anything. And when he does, what does he get? Criticism." (Bonnetta Julliard, Gatlinburg, Tenn., Newsweek, 12/8)

"The Reagan Administration's arms-for-hostages initiative with Iran and its handling of the aftermath are two of the most foolish chapters in a notably shortsighted presidency. A little more than a decade after the bitter lessons of Watergate, we are again faced with an Administration that shows little regard for the truth and a contempt for the rule of law."

(Paul Laird, State College, Pa., Newsweek, 12/8)

"The President's intentions were good, but the intent becomes insignificant when one considers that in order to succeed, he had to deceive the American people."

(Monroe Rubinger, Beverly Hills, Time, 12/8)

LETTERS TO THE EDITOR (continued)

"In the midst of all the Reagan bashing over arms to Iran, above all stands a gallant President Reagan who epitomizes the words of another President, Theodore Roosevelt: 'Far better it is to dare mighty things, to win glorious triumphs, even though checkered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much, because they live in the gray twilight that knows not victory nor defeat.'"

(May Toohey, Minot, N.D., U.S. News & World Report, 12/8)

"President Reagan's statement that he 'had broken no federal law,' in his speech to the nation on Iran reminds me of another president who told us all, 'I am not a crook,' with the books of the Watergate investigation on the desk beside him. The teflon has finally cracked and is falling very quickly with a great thud that is being heard across this nation."

(Bernice Kessler, Aurora, Denver Post, 11/20)

"The American press and Congress seem to have at least one preoccupation in common: a race to judge others, at whatever the cost. This time it is costing lives.... Would it have been so terribly difficult to hold up on the speculation, clamor and rush to judgement until the rest of the hostages were out?"

(Robert Leshner, Aurora, Rocky Mountain News, 11/20)

"Ronald Reagan's plea for secrecy regarding steps taken to secure release of the hostages in Lebanon probably has less to do with their safety than with the preservation of the President's teflon underwear since he's already fumbled away the outer covering of his incredibility.

As Arnold Toynbee said, 'The real struggle in the world is not between capitalism and communism, but rather between vested interests and social justice.'"

(Richard Burlingame, Ann Arbor, Detroit Free Press, 11/26)

"The Administration was right on. We cannot ignore a country as important as Iran. If the Iranians have something we want and we have something they want, we make a deal. The amazing aspect is that the affair was kept secret so long. It shows what can happen if Congress keeps its fingers out of the negotiations."

(Lawrence Skinner, Olympia, Wash., Time, 12/8)

"Once again the Reagan Administration has been caught in a nondefensible foreign policy blunder: Giving arms and spare parts to Iran as ransom for hostages in Lebanon. This after his recent disaster in Reykjavik and his continuing support for terrorists in Nicaragua. Can you image how incredulous and enraged our allies must be and how hard the Soviets and Middle East terrorist states are laughing at our ineptitude and stupidity?"

(Lawrence Hill, Santa Rosa, Calif., U.S. News & World Report, 12/8)

"The Iranian goals of the President eclipse the great secondary gain -- release of the hostages!"

(Max Weinlander, Big Rapids, Mich., U.S. News & World Report, 12/8)