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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, DECEMBER 4, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

U.S. -- NICARAGUA

Poindexter Tells Senate He Won't Talk, Invokes Fifth -- Former National Security Adviser Poindexter refused to answer questions yesterday before a Senate panel investigating the Reagan Administration's role in secret arms sales to Iran, his attorney said. (New York Times,

Washington Post, Washington Times, AP, Copley, McClatchy, Newhouse, Reuter, Scripps Howard, UPI)

INTERNATIONAL NEWS

Weinberger Prepared To Defend Summit Stance To NATO Allies -- Defense Secretary Weinberger turned away from the Iran affair today and prepared to quash European allies' fears about President Reagan's Iceland summit stance. (Reuter, UPI)

NATIONAL NEWS

Reagan Administration Primed To Submit First \$1 Trillion Budget -- Despite renewed vows by President Reagan to shrink the nation's huge budget deficit, the Administration is poised to submit to Congress the first \$1 trillion budget in history. (AP)

NETWORK NEWS (Wednesday Evening)

WHITE HOUSE -- The White House is still clearly fighting an uphill battle.

BUSH -- Today George Bush had his say and, at least to some around the President, seemed to try to back away.

ABC POLL -- For the first time since the Iran affair began the President's overall approval rating in our ABC News poll has fallen below 50%.

HEADLINES

'Stock Prices Soar Despite Arms Scandal'
(Washington Post, page C4)

'Stock Prices Soar To Peak In Relief Over Iran Inquiry' (New York Times, page A1)

'Wall Street Makes Its Judgment: New High'
(USA Today, page A1)

IRAN — NICARAGUA

POINDEXTER INVOKES FIFTH AMENDMENT, REFUSES TO TESTIFY

Vice Adm. Poindexter, who resigned as President Reagan's national security adviser last week, invoked his Fifth Amendment right against self-incrimination yesterday, refusing to testify before a Senate committee about the clandestine sale of arms to Iran and the diversion of profits to aid the Nicaraguan contras.

Poindexter became the second recently departed Reagan Administration figure to use the constitutional protection in refusing to testify before the Senate Select Committee on Intelligence. On Monday, Lt. Col. Oliver North, described as the director of the covert arms sale and contra funding project and fired from the National Security Council staff for his role, also invoked the Fifth Amendment.

(Tom Kenworthy, Washington Post, A1)

Poindexter Tells Senate He Won't Talk, Invokes Fifth

Former National Security Adviser Poindexter refused to answer questions yesterday before a Senate panel investigating the Reagan Administration's role in secret arms sales to Iran, his attorney said.

Vice Adm. Poindexter invoked the Fifth Amendment constitutional protection against self-incrimination during an hour of testimony under subpoena before the Senate Intelligence Committee. His attorney, Richard Beckler, said Adm. Poindexter refused to answer questions because he expects to testify before an independent counsel probing possible criminal misconduct by the Administration. (Bill Gertz, Washington Times, A1)

Poindexter Silent In Senate Hearing; Immunity Bid Seen

Vice Adm. Poindexter, the former national security adviser, appeared today at a closed hearing of the Senate Intelligence Committee and repeatedly refused to answer questions. He cited his Fifth Amendment rights against self-incrimination.

Even before today's session, several senators on the committee discussed granting immunity to key witnesses to obtain their testimony. But Sen. Durenberger said today that there had been no formal discussions of immunity. (Martin Tolchin, New York Times, A1)

Poindexter Holds Back; Bush Takes Offensive

President Reagan's former national security adviser refused Wednesday to give Congress details of the secret sale of weapons to Iran or the diversion of profits to Nicaraguan rebels. Vice President Bush conceded that the spiraling controversy has harmed the Administration, saying, "Clearly mistakes were made."

While Congress continued delving into the most serious crisis of the Reagan presidency, there was increasing pressure for the departure of Donald Regan, the President's powerful chief of staff. But White House spokesman Larry Speakes said Regan has no intention of leaving and said the President "has not asked him to leave." (David Espo, AP)

Aide Refuses To Testify As Reagan Says Enough Already Done

President Reagan says he has cranked up the machinery to probe the secret arms deal with Iran, but some lawmakers discounted White House claims of cooperation after the second of two former key aides refused to testify before Senate investigators.

"Here we are dealing with the worst foreign policy fiasco in years and years...and part of the public relations is to announce cooperation," said the committee's vice chairman, Patrick Leahy. "If we don't have testimony, we don't have cooperation." (Robert Kearns, Reuter)

The President/Poindexter

Even though President Reagan has promised Congress full cooperation in trying to untangle the Iran arms-Contra aid affair, two top White House aides who could provide some answers are not talking.

Chairman Durenberger and Sen. Leahy said Wednesday they would unravel the clandestine operation that apparently violated Reagan's arms embargo against Iran and a congressional prohibition against aiding the rebels fighting the Nicaraguan government -- with or without Poindexter and North. (Michael Myers, UPI)

Poindexter Testimony

Admiral Poindexter, who resigned as President Reagan's chief national security adviser, invoked the Fifth Amendment and declined to testify Wednesday during closed hearings before the Senate Intelligence Committee investigating the Iranian arms deal and secret funding for the rebels in Nicaragua.

The attorney said most members of the committee agreed that "it would be a disservice to Admiral Poindexter" if the former top White House aide were to tell the committee of his role in sending millions of dollars in profits from the Iranian arms sale to Nicaragua, despite a congressional ban on American aid to the rebels. (Michael Shanahan, McClatchy)

REAGAN SEEKS TO HEAD OFF EFFORTS TO CUT REBEL AID

President Reagan, trying to take the political offensive in what aides acknowledge as the most serious crisis of his presidency, said yesterday that the Iran-arms and contra funds scandal should not become an excuse for cutting off U.S. aid to "freedom fighters" around the world.

Reagan's attempt to head off what his strategists believe will be a likely Democratic attempt to reduce or cut off aid to the guerrillas fighting the Nicaraguan government came on a day when an ABC News poll showed further erosion in his public support.

(Lou Cannon & David Hoffman, Washington Post, A41)

Future Of U.S. Aid To Contras In Doubt By Congress

The future of U.S. aid to the Nicaraguan rebels is in doubt as members of Congress, angry at the Iran-Contra funding scandal, say they will move as early as February to kill President Reagan's Contra-aid package.

Sen. Dodd, who will be chairman of the Senate Foreign Relations western hemisphere subcommittee in the new Congress, said he will lead a fight in the Senate in February to stop further installment payments of \$70 million in U.S. funds to the Contras. (Lance Gay, Scripps Howard)

SWISS ACCOUNT CALLED CIA MISTAKE

The commingling in a secret Swiss bank account of profits from the sale of U.S. arms to Iran and funds from the Saudi and U.S. governments to aid Afghan rebels was the result of a "dumb" action by a low- or mid-level employee of the CIA, a well-placed senior Administration official said yesterday.

Also yesterday, President Reagan did not deny to Republican congressional leaders that such a secret fund existed, but he said he had not known that the money from Iran had been deposited in it, according to a White House official. Some of the Republican leaders questioned Reagan sharply about the fund, whose existence was disclosed in yesterday's Washington Post. The President promised to cooperate with Congress in providing information about the fund, knowledgeable sources reported.

(Lou Cannon & Bob Woodward, Washington Post, A41)

CIA Defends Handling Of Money From Iran Arms Sales

The CIA said Wednesday that money from the sales of U.S. arms to Iran was properly handled, and denied published reports that it received profits subsequently funneled to the Contra rebels fighting the Sandinista government in Nicaragua.

CIA spokesman George Lauder denied an account published in The Washington Post -- and confirmed by a U.S. government source Wednesday -- that the CIA commingled profits from the Iran sales in the same account with funds for other covert operations. (AP)

REAGAN, BUSH URGE NEW BEGINNING

President Reagan and Vice President Bush appear to be urging a skeptical public not to "let recent events distract us" in the unfolding Iran arms-Contra aid scandal and to "go forward together" with new policy initiatives.

Reagan addressed the scandal directly for the fifth time in three weeks on Wednesday, telling a group of women entrepreneurs that "the machinery is in place to seek answers to the questions that are being asked -- to fix what needs fixing and to restore complete confidence to the conduct of our foreign policy." (Ira Allen, UPI)

Reagan Thinks Worst Is Over On Iran-Contra Scandal, Won't Fire Regan

President Reagan thinks the worst is behind him on the Iran-Contra crisis and has decided against firing his chief of staff, Donald Regan, say White House aides.

But Reagan also has been told that more "revelations" are likely in the unraveling scandal and that it is increasingly likely CIA director William Casey may have to leave his post, sources said.

White House aides say Reagan is heartened that he is being perceived as once again "in control." The White House credits itself with quick action in disclosing damaging details of the White House-based operation.

(Ann McFeatters, Scripps Howard)

Reagan Retains Upbeat Message While Promising Fixes Will Be Made

President Reagan is trying to calm the uproar over the Iran arms sale-Contra aid deal, asserting the nation is filled with optimism and promising that investigations will restore confidence in U.S. foreign policy.

Yet, the mushrooming controversy was fueled by new calls for the ouster of White House Chief of Staff Donald Regan and predictions from Republican congressional leaders that the crisis is far from over, with daily revelations about the secret sale of arms to Iran and the diversion of profits to Nicaraguan Contra rebels.

(Terence Hunt, AP)

BUSH SAYS 'MISTAKES WERE MADE'

But He Defends Reagan On Arms Sale, Handling Of Scandal

While saying that "mistakes were made" and that "our credibility has been damaged," Vice President Bush yesterday defended President Reagan's rationale for secretly selling arms to Iran and praised his handling of the scandal involving the diversion of profits from those sales to aid the contras in Nicaragua.

Bush's policy and political advisers, mindful of the importance of the speech to his presidential aspirations, said afterward they thought he had passed a difficult political test. In the words of one, he "walked a fine line of pledging allegiance to the President, yet establishing an element of independence -- in tone, if not in substance," through his willingness to say that the Administration has erred. In his public comments on the scandal, Reagan has struck a more defiant chord than Bush did yesterday, and has refused to say that mistakes were made.

(Paul Taylor, Washington Post, A1)

Mistakes Made On Fund Issue, Bush Declares

Vice President Bush denied today that he had prior knowledge of the transfer of millions of dollars worth of support to the Nicaraguan rebels from Iranian arms sales.

But the Vice President, in his first detailed public statement on the affair, acknowledged that the Reagan Administration's "credibility has been damaged" because of the clandestine deals.

(Gerald Boyd, New York Times, A1)

'Mistakes Were Made,' Bush Admits

Vice President Bush said yesterday that mistakes were "clearly" made in selling U.S. arms to Iran.

But he defended the secret policy as one of "simple human hope" for the release of American hostages in Lebanon.

Some observers believed that the speech -- the Vice President's first public appearance since news of the arms sales surfaced early last month -- distanced Mr. Bush from Mr. Reagan in the growing controversy. However, the President read and approved the speech before it was delivered, according to Marlin Fitzwater, spokesman for Mr. Bush.

(Mary Belcher, Washington Times, A1)

Bush Defends Reagan's Decision To Ship Arms To Iran

Vice President Bush says it was "simple human hope" that led President Reagan to violate his own policy of not selling arms to Iran.

After a speech Wednesday in which Bush conceded that "clearly, mistakes were made," an aide to the Vice President said favorable reaction came from the general public and political supporters.

Spokesman Marlin Fitzwater said that after the speech to the American Enterprise Institute, Bush told him that "his only concern was that it not be portrayed as an attempt to distance himself from the President."

(Donald Rothberg, AP)

Vice President Bush's Speech

Vice President Bush conceded Wednesday "mistakes were made" in the clandestine arms sale to Iran and the diversion of funds to Nicaraguan rebels and admitted "our credibility has been damaged."

The Vice President's speech was as close to an admission of error as any Administration official has made to date. Reagan, who read and approved Bush's speech beforehand, has consistently refused to label the 18-month operation a mistake.

(Ira Allen, UPI)

Iran-Bush

Vice President Bush, attempting to bolster the Reagan Administration's credibility and his own political standing for 1988, says some "mistakes were made" in the arms sales scheme with Iran, but that "a forgiving American people" will ultimately support the President.

In his longest statement yet on the deepening scandal, Bush Wednesday sought to justify the transactions as necessary to blunt Soviet influence in the Persian Gulf. He reiterated that he knew about the policy of selling arms to Iran and supported it, but denied knowing about the diversion of arms sales profits to Nicaraguan Contras.

"The speech was about the best that Bush could do at this point," said a former aide and longtime Bush associate. "He said that mistakes had been made and that he wanted the truth to come out. He can't really separate himself from the President."

(Robert Gettlin, Newhouse)

Bush Concedes Mistakes In Iran Arms Deal, Denies Knowledge Of Money To Contras

Vice President Bush admitted Wednesday that there had been mistakes in connection with the covert arms sales to Iran and that they had damaged the Reagan Administration credibility.

Bush, however, insisted that neither he nor President Reagan knew of or sanctioned the diversion of the arms sales' profits to the Nicaraguan Contras, which he attributed to "certain activities of the NSC staff."

Bush, in making his first public comments on the controversy, said the efforts to open avenues of communications could be called, in hindsight, "a mistaken tactic, if you want. It was risky, but potentially of long-term value." (Otto Kreisher, Copley)

CARLUCCI LAUNCHED CIA OPERATION IN YEMEN THAT COLLAPSED

Frank Carlucci, who was appointed Tuesday as President Reagan's new national security adviser in the midst of controversy over White House covert operations gone awry, once supervised one of the Central Intelligence Agency's unpublicized failures in the Third World, according to informed sources.

In 1979, as deputy CIA director, Carlucci was urged by President Carter's national security adviser, Zbigniew Brzezinski, to set up a top secret CIA paramilitary effort against South Yemen, a Marxist nation on the Arabian peninsula that was threatening to topple neighboring, pro-Western North Yemen, the sources said.

The episode provided Carlucci with a first-hand understanding of the hazards of secret undertakings, according to sources who worked with Carlucci at the time. Consequently, the sources said, the new national security adviser supports covert operations but is aware of the potential for disastrous consequences. (Bob Woodward, Washington Post, A1)

Carlucci/Yemen

Frank Carlucci, the newly appointed national security adviser, once ran a secret CIA operation in Yemen that ended in failure, The Washington Post reported Thursday.

Carlucci worked with British and Saudi Arabian intelligence agents to coordinate the operation, which involved harassing South Yemen and blocking the country's expansionist ambitions, the newspaper said. (UPI)

CARLUCCI REACHES OUT TO STROKE HILL CONSERVATIVES

Frank Carlucci, President Reagan's new national security adviser, has reached out to conservative Republican legislators on Capitol Hill, asking for their advice and help.

Mr. Carlucci placed phone calls Tuesday to at least two key conservative congressmen -- Rep. Kemp and Rep. Lott -- after being named to replace Vice Adm. Poindexter.

(Ralph Hallow, Washington Times, A7)

PANEL TOLD CARLUCCI KNEW OF ILLEGAL LOBBYING

National Security Adviser Frank Carlucci knew about an illegal lobbying effort to win congressional approval of the purchase of 50 C-5B planes from the Lockheed Corp. when he was at the Pentagon in 1982, a House panel was told yesterday.

Carl Palmer, an associate director of the GAO, testified that an Air Force general directed an effort by Lockheed to violate federal anti-lobbying laws "with the knowledge and consent" of Mr. Carlucci, who was the deputy defense secretary. (UPI story, Washington Times, A7)

JUSTICE DEPARTMENT BLASTED FOR LAXNESS IN CONTRA PROBE

A yearlong Justice Department investigation into whether illegal military assistance has been given to the Nicaraguan rebels shows "a lack of aggressiveness" and has not been thorough enough, a White House official and a senator allege.

"We've been very frustrated by the lack of aggressiveness of the Justice Department," said a spokesman for Sen. Kerry, who said the senator repeatedly offered evidence to department officials last May to no avail.

"It has not been a thorough investigation," a White House official said. "They have not interviewed White House officials who knew North was directing private individuals supplying arms to the Contras."

(Neil Roland, UPI)

HEAVY FLOW OF SUPPLIES REPORTED TO CONTRA BASE

A former CIA air transport company flew more than 400 tons of cargo to a base used by an American-manned operation that resupplied Nicaraguan rebels, documents show, despite Administration claims that supplies were only "trickling in" to the fighters.

According to Transportation Department documents, Southern Air Transport of Miami delivered 406 tons of supplies to El Salvador's Ilopango military airport in 15 flights during the first half of 1986. The flights originated in Portugal, New Orleans, Miami and Washington, D.C.

(Robert Parry, AP)

DOMESTIC REACTION

REAGAN WILLING TO RECALL CONGRESS, DOLE SAYS

Senate Majority Leader Dole yesterday described President Reagan as willing to call a special session of Congress to create a select committee to probe the Iranian arms affair if Democrats insist on putting off action until the Democratic-controlled 100th Congress convenes next month.

Sen. Byrd reiterated his opposition to a special session, saying that it would create "more hype and hoopla" without constructive results.

Congressional sources said they expect that Dole and Byrd will resolve the issue, avoiding the need for a special session.

(Helen Dewar, Washington Post, A52)

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Iran/Senate Committee

Eager to avoid the appearance of an overwhelming congressional attack on the presidency, Senate leaders are trying to arrange for a bi-partisan Watergate-style committee to consolidate the multiple investigations into the Iranian arms sale.

A Senate leadership aide said the special committee would have no more than nine members looking into U.S. arms sales to Iran and how profits from those sales were diverted to Nicaraguan rebels.

After meeting Reagan at the White House Wednesday Dole said of the President, "He just wants to get on with it and I think that if he feels that Congress isn't moving quickly to get this down to one or two committees at most, he's inclined to call a special session."

(Paula Schwed, Newhouse)

Lawmakers Dispute Timing In Creating Committee To Probe Iran Arms Dealings

Republican and Democratic leaders of the Senate agree that a Watergate-style committee will be created to investigate the foreign policy crisis plaguing the White House, but they are at odds over when the panel should begin work.

Dole, apparently trying to seize the initiative on the sticky issue, has said he hoped the panel could be set up and operating before the new Congress convenes.

Byrd, though, said it is not possible to begin organizing a special Senate committee informally because the approval of Congress is needed to hire staff and to give the committee its powers. But he said he was willing to name the members of the committee, possibly by Dec. 15.

(Cliff Haas, AP)

SENATE PANEL TO CALL CABINET OFFICERS FOR TESTIMONY IN IRAN-CONTRA AFFAIR

Members of President Reagan's Cabinet will be called to testify and fill in gaps left by the failure of two Administration officials to tell the Senate Intelligence Committee what they know about the Iran-Contra connection, the panel chairman says.

"North didn't do anything by himself," said Sen. Durenberger. "Everything he did in this entire caper had to have a response. If we can get everybody at the other end of all those phone calls and plane trips, we can find out what went on."

(Jim Drinkard, AP)

INOUE APPEARS AS FAVORIT TO HEAD 'ARMS DEAL' PROBE

Sen. Daniel Inouye of Hawaii has emerged as the favorite to chair a special Senate select committee to investigate the crisis surrounding the Iran arms deal, Capitol Hill sources said yesterday.

"You hear several combinations of names being tossed around, but his is always one of them," said one congressional source.

(Jennifer Spevacek & Damon Thompson, Washington Times, A9)

BAD ADVICE IS BLAMED FOR IRAN ARMS DEBACLE

BRUSSELS -- President Reagan got bad advice from those who had told him there was someone in Iran to deal with other than the "lunatics" who run the country, Defense Secretary Weinberger said yesterday.

"What he [the President] was trying to do was to open an agreement, and an arrangement with people whom he had been advised were of a far different character than the people he was quite properly denouncing as being fanatical lunatics in Iran," Mr. Weinberger said. "I think unfortunately some of that advice has not turned out to have been accurate or correct."
(Washington Times, A8)

MICHEL, BIDEN JOIN CHORUS CALLING FOR REGAN'S REMOVAL

Two congressional leaders called yesterday for the ouster of White House Chief of Staff Donald Regan, prompting renewed speculation that Mr. Regan won't survive the furor surrounding the Iranian arms sales scandal.

"I guess if I were in a similar situation, I personally would" step down, Mr. Michel said on NBC's "Today" show. "I would have felt that I let the President down."

"I believe that Casey and the chief of staff will serve the President best by no longer serving him," Mr. Biden told the National League of Cities in San Antonio, Texas. (Jeremiah O'Leary, Washington Times, A1)

LAWMAKERS WARN MEESE NOT TO LIMIT COUNSEL'S ROLE

Two senior members of the House Judiciary Committee warned Attorney General Meese yesterday that any limits on the authority of an independent counsel in investigating the diversion of U.S. funds to aid the Nicaraguan contras would raise the specter of a cover-up.

Reps. Conyers and Don Edwards, both veterans of the 1974 Nixon impeachment inquiry, urged Meese to seek "the broadest possible jurisdiction" for the independent counsel when Meese makes his application for the appointment by the U.S. Court of Appeals here.

Justice Department spokesman Terry Eastland said that Meese believes the mandate will be "sufficiently broad," but declined further comment.

(George Lardner & Howard Kurtz, Washington Post, A56)

TOO EARLY TO START GRANTING IMMUNITY, FORMER SPECIAL COUNSEL SAYS

Warning that an independent counsel's case could be jeopardized, the nation's first special prosecutor says it would be premature for Congress to grant immunity now to anyone under investigation for diverting Iranian arms sales profits to Nicaraguan rebels.

"I think that if they (a three-judge court) will appoint an independent counsel shortly, I think he would immediately consult with Congress so as not to have the investigation jeopardized by grants of immunity," former special prosecutor Arthur Christy said.

(Larry Margasak, AP)

Iran Investigation Proceeding, Despite Witnesses' Silence

There are problems ahead when the President says he wants the truth to come out, when the attorney general says only two men know the full truth, and when those two say they're not talking.

One way the Reagan White House could demonstrate its cooperation with the investigation is by not attempting to throw a cloak of executive privilege over presidential aides.

The White House has not yet said what it will do, but if sources are correct that all requested documents have been supplied to the committee, it would not seem that executive privilege will be invoked.

(Harry Rosenthal, News Analysis, AP)

PRESIDENT REAGAN/ABC NEWS POLL

Americans are evenly split over whether President Reagan should resign if he lied about when he learned of the diversion of funds from the Iranian arms sale to the Contras, an ABC News poll showed Wednesday.

Reagan's overall approval rating slipped from 67 percent in September to 49 percent in Tuesday's poll -- the steepest three-month decline the network has ever recorded.

(UPI)

CITY LEADERS FEAR SCANDAL WILL OBSCURE NEEDS

SAN ANTONIO -- Leaders of America's cities ended four days of meetings here today amid widespread warnings that pressing urban concerns will remain unaddressed unless President Reagan quickly resolves the widening controversy over the Administration's arms sales to Iran.

Calling for the resignations of CIA Director Casey and White House chief of staff Regan, Sen. Biden said that "the last thing" city officials need "is six months [of] poring over what happened." If that occurs, Biden told civic leaders, "The issues that bring you together will go even more unattended."

(Bill Peterson, Washington Post, A58)

A FUNDAMENTALLY DIFFERENT SCANDAL

In a cartoon in The Christian Science Monitor, a pressman, sitting alongside the presses, holds a Page One mockup and remarks to a fellow worker: "We're just waiting for the rest of the headline...." The upper third of the page is empty, and the middle third says in big, bold type: -- GATE.

There was no missing the analogy. Yet another scandal, affecting another President, was being compared to the champion of them all, Watergate.

President Reagan has dismissed the newest White House scandal as "Beltway bloodletting," but the dramatic free-fall in the President's popularity rating suggests that not only Washington is interested. From Wall Street to Main Street, everywhere people gather, the question being discussed appears to be: Is this -- whatever type of "gate" it ends up being called -- like Watergate?

(Haynes Johnson, Commentary, Washington Post, A54)

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The White House: Not Just Watergate Without The Name

Old Washington hands who were around for the decline and fall of Richard Nixon have a sense of deja vu as they witness the storm that has enveloped the Reagan White House since Election Day.

But this scandal in search of a name is at once broader and less overwhelming than Watergate was. Dubbed "Iran\$cam" by one New York tabloid and "Contragate" by another, this presidential crisis may yet earn a name all its own.

Unlike Watergate, which was kept largely under wraps for nine months despite the determined digging of two young Washington Post reporters and some others, Reagan's problems have mushroomed in a month into a full-scale, multi-act presidential drama.

(Michael Putzel, News Analysis, AP)

FOREIGN REACTION

ISRAEL CONFIRMS AIDE WAS NORTH'S CONTACT It Denies He Knew Money Was For Contras

JERUSALEM -- The man who served as Lt. Col. North's Israeli counterpart in the secret dealing with Iran to exchange American arms for U.S. hostages has become the weakest link in Israel's chain of deniability about the funneling of profits from the sales to the contra rebels of Nicaragua.

Amiram Nir, a former television journalist who serves as counter-terrorism adviser to Prime Minister Yitzhak Shamir, had a close working relationship with North over a 27-month period, according to informed sources here.

The Israeli government today confirmed that Nir was a contact of North but denied that the fired NSC staff aide ever informed Nir of the contra connection.

(Glenn Frankel, Washington Post, A41)

FORMER ISRAELI AMBASSADOR TO TEHRAN URGES CONTACTS WITH IRAN

TEL AVIV -- Israel's former ambassador to Iran is urging his country to develop contacts with Tehran as officials anticipate questioning by U.S. investigators on Israel's role in American arms sales to the Khomeini regime.

"We must renew our searches for discussions and cooperation in the future.... While the first suggestion is to avoid the burning of relations with the Iranian people," said Uri Lubrani, ambassador in Tehran from 1973 to 1978 and now Israel's coordinator for Lebanon.

(Gail Fitzer, Reuter)

Israeli Iran Experts Say Khomeini Regime In Decline

TEL AVIV -- Israel's former ambassador in Iran says the power of the Khomeini regime is waning, and that Israel and the United States are correct to seek communications with Iranian moderates.

"We are seeing the ebbing strength of the revolution. We have passed the zenith," said Uri Lubrani, who was envoy in Tehran for six years until the 1979 fall of Shah Mohammed Reza Pahlevi.

Lubrani said in the seminar Wednesday that once the storm over secret U.S. arms sales to Iran dies down, "history will judge the American moves with a large degree of understanding and justification."

(Ruth Sinai, AP)

MANAGUA CRITICIZES NEW NATIONAL SECURITY ADVISER

MANAGUA -- The ruling Sandinista Front accused Frank Carlucci, President Reagan's new national security adviser, of being a specialist in Third World "dirty work and coup attempts."

Remon Meneses, a spokesman for the Marxist-led Sandinista Front, told reporters Wednesday Carlucci "appears to have been involved in attempted CIA assassinations of Third World political leaders during the 60s."

(Oswaldo Bonilla, UPI)

SAUDIS REPORTEDLY PLAYED KEY FINANCIAL ROLE IN U.S. ARMS SALES TO IRAN

Saudi Arabia, playing a key role in a shadowy arms sales network with Israel, paid for most of the American weapons shipped to Iran, according to congressional and other sources.

"They've got the money and they are very deeply into it," a well-placed congressional aide said Wednesday. The aide, speaking on condition he not be identified, estimated the Saudi financial contribution at "in the hundreds of millions of dollars."

According to the congressional source, the Saudis also provided aid to anti-communist forces in Afghanistan, Nicaragua and Angola as a way of maintaining "good relations" with the United States. (Barry Schweid, AP)

SWISS COMPANY'S CHAIRMAN DENIES WRONGDOING IN IRAN ARMS SALE

GENEVA -- A prominent Swiss lawyer with links to three companies that have been implicated in the arms and money traffic to Iran and the Nicaraguan rebels today denied that his firms had violated the law or done anything wrong.

While refusing to be drawn into discussing any details of the three companies' activities, Jean de Senarclens, 70, a member of one of Geneva's most respected families, said that his companies were not "actors" in the controversial arms supply operations but were simply "executors" of legal transactions for a client he declined to name.

(Loren Jenkins, Washington Post, A53)

INTERNATIONAL NEWS

ORTEGA SAYS U.S. FORCES NEAR NICARAGUAN BORDER Sandinista Warns of Possible Confrontation

MANAGUA -- Nicaraguan President Ortega charged today that U.S. military personnel are concentrated with heavy weapons within nine miles of the Nicaraguan border with Honduras threatening a "direct confrontation" with Sandinista forces.

He suggested that the Reagan Administration was attempting to divert attention from the controversy over secret arms sales to Iran and diversion of the profits to the rebels fighting to overthrow the Sandinista government here.
(Nancy Nusser, Washington Post, A27)

WEINBERGER FACES APPREHENSIVE EUROPEANS

BRUSSELS -- U.S. Defense Secretary Weinberger seeks support from European allies today but faces doubts over Washington's dealings with Moscow and uneasiness over the arms-to-Iran controversy swirling around President Reagan.

Diplomats said Weinberger would find the Western allies in an apprehensive mood when he addressed NATO defense ministers at the start of a two-day session of the alliance's defense planning committee.

(Richard Balmforth, Reuter)

Weinberger Prepared To Defend Summit Stance To NATO Allies

BRUSSELS -- Defense Secretary Weinberger turned away from the Iran affair today and prepared to quash European allies' fears about President Reagan's Iceland summit stance.

"We will be discussing Reykjavik in more detail than ever before," said a senior U.S. official, who spoke on condition he not be identified. "It's a good opportunity to set them straight over differences expressed by the Soviets and the United States."
(Richard Gross, UPI)

SANDINISTA TROOPS REPORTED LESS THAN A MILE FROM REBEL CAMP

TEGUCIGALPA -- Sandinista troops inside Honduras have pushed within a mile of the main camp of the U.S.-backed Nicaraguan contra rebels, according to military sources.

Antonio Erazo, the head of a provincial coffee growers association, said he heard the report of the Sandinista push from dozens of Hondurans fleeing the zone. He said thousands of Hondurans are leaving the area where Sandinista troops are fighting the contras.

(Anne-Marie O'Connor, Reuter)

IZVESTIA SAYS DANILOFF ADMITTED SPYING

MOSCOW -- A Soviet newspaper charged that journalist Nicholas Daniloff admitted to his KGB interrogators that he was a spy and unmasked CIA agents in a "gentleman's agreement" with his jailers.

Izvestia said it went public Wednesday because the former Moscow-based U.S. News & World correspondent broke the agreement by describing his incarceration in a book he is writing.

In Washington, Daniloff denied he was an intelligence agent, called the Izvestia article "a KGB distortion" and said: "I had no gentleman's agreement with the KGB."
(Patricia Koza, UPI)

DEFECTS FOUND IN B1 BOMBER

Air Force Withholds \$250 Million From Four Contractors

The Air Force, citing major problems with crucial components of its new B1B strategic bomber, has withheld more than \$250 million in payments to companies that produce systems for it, Pentagon officials said yesterday.

The supersonic bomber, a cornerstone of President Reagan's program to upgrade the nation's nuclear forces, is also troubled by defects in its terrain-following radar, flight controls and missile-launching system and has persistent problems with fuel leaks, according to officials.

(Molly Moore, Washington Post, A1)

NATIONAL NEWS

REAGAN ADMINISTRATION PRIMED TO SUBMIT FIRST \$1 TRILLION BUDGET

Despite renewed vows by President Reagan to shrink the nation's huge budget deficit, the Administration is poised to submit to Congress the first \$1 trillion budget in history.

Wednesday's presentation was accompanied by a strong pitch by Reagan to his Cabinet on the need to go along with the deep spending cuts needed to meet the Gramm-Rudman deficit target, according to presidential spokesman Larry Speakes. (Tom Raum, AP)

NEW HOUSES DIP 9.6 PCT. IN OCTOBER

Sales of new houses fell 9.6 percent in October, the government said yesterday, and analysts blamed the sixth setback in seven months on rising house prices and supply problems in the Northeast.

Mark Obrinsky, economist for the U.S. League of Savings Institutions, said a widening spread between the price of a new house and an existing house apparently is hurting new house sales. The median price of an existing house sold in October was \$79,700, almost \$14,000 lower than the new-house median price. The difference had been only \$9,000 in 1985. (Martin Crutsinger, Washington Post, D11)

NOVEMBER CAR SALES UP 5.2%

DETROIT -- The nation's auto makers today reported a 5.2 percent gain in sales for November from year-ago levels as the top manufacturers half-heartedly fought a minor buyer incentive skirmish touched off by Chrysler Corp. late in the month.

The annual rate for the industry during the period was 6.3 million cars, compared with last year's 6 million, normal for that "payback" period when sales slow down because of expired buyer incentive offers.

(Jan Zverina, Washington Post, D11)

THE CHRISTMAS TREE & THE PRESS OF EVENTS

Nancy Reagan was waiting in front of the White House yesterday to receive this year's Christmas tree. But she found herself fending off reporters' questions as well.

"I think he has done everything he should do," she said, apparently referring to President Reagan's call for investigations into the Iranian-contra connection. (Desson Howe, Washington Post, C1)

NETWORK NEWS SUMMARY

(Wednesday evening, December 3rd)

WHITE HOUSE

NBC's Tom Brokaw: At the White House today open questions remained who else knew about this operation and what's the future of Donald Regan? The President isn't volunteering much on either subject.

NBC's Chris Wallace: The President said today he has done everything he can to get to the bottom of the scandal, backing appointment of an independent counsel and creation of a Watergate-style congressional committee.

(President Reagan: "The machinery is in place to seek answers to the questions that are being asked, to fix what needs fixing and to restore complete confidence for the conduct of our foreign policy.")

But with the machinery going into place, the White House is now limiting what it will say about the case. Spokesman Larry Speakes refused to discuss any new revelations saying they are under investigation. As for the President questioning his advisers, Speakes said Mr. Reagan will await outside investigations that could last months before he would presume anybody has done anything wrong. The President is also dug in against any more firings, especially of Donald Regan. On NBC's "Today" program the top House Republican called on Regan to step down.

(Rep. Robert Michel: "I guess if I were in a similar situation I personally would. I would feel that I'd let the President down.")

But at a White House meeting later Michel said the President gave him a firm response.

(Michel: "What good does it do to fire, a whole sale firing, if that does not so solve the problem and that, of itself, does not solve the problem.")

Still the First Lady, who sources say is upset with Regan, did not endorse him when given the chance.

(Nancy Reagan: "It has nothing to do with me whatsoever. I have made no recommendations at all and it is up to my husband.")

And there was another development involving Oliver North, who allegedly devised the Iran-Contra connection. Members of a church group say North once told them he often gave the President personal briefings.

(Ellen Kirby, United Methodist Church: "As a matter of fact he said he met with the President twice a week, half the time on Central America and the other half of the time on terrorism.")

(Reporter to North: "Is it true that you spoke with the President twice a week with him?" North: "I have no comment.")

Last week the President called North a national hero, but today Larry Speakes said he didn't think North had ever briefed the President by himself and that he was in the Oval Office "very, very few times."

(NBC-2)

ABC's Peter Jennings: The White House is still clearly fighting an up hill battle.

ABC's Sam Donaldson: Even as a small anti-Contra, anti-Reagan demonstration paraded down on Pennsylvania Ave. this morning, the White House strategy for handling the immediate public reactions aspect of its problem unfolded. Point One: stress that competent investigators are now looking into the problem. The President before a group of women supporters:

(President Reagan: "The machinery is in place to seek answers to the questions that are being asked, to fix what needs fixing, and to restore complete confidence to the conduct of our foreign policy.")

Point Two: admit the obvious that mistakes were made but insist that none of them was made by the President. Republican congressional leaders after seeing the President:

(Rep. Michel: "Obviously there were some mistakes that were made and some things that should have gone better than they did.")

Sen. Dole: "He didn't make any mistakes, the people who work for him made mistakes.")

Point Three: refuse to answer questions about details of the story. Press Secretary Larry Speakes said repeatedly today he doesn't know the details, what's more even if he did he wouldn't discuss them because of the impending independent counsel's investigation. And Point Four: project an up beat, let's all move forward image. Once again the President:

(President Reagan: "If I have one message for you today it's this: that America has a great future ahead.")

There were still problems, however. For one, even top Administration officials are continuing to react adversely to disclosure that arms payments went to the Contras.

(Secretary Weinberger: "I was horrified. I think that's the wrong thing to do, it's all swirling amount of rumors and reports now and I don't have any idea what the facts are.")

For another thing, the calls continue for the resignation of the President's right hand man Donald Regan. Even House Republican leader Michel says if he were Regan he would resign. And the First Lady today pointedly refused to give Regan a public vote of confidence.

(Nancy Regan: "I think that's up to my husband. It has nothing to do with me whatsoever. I have made no recommendations at all and it is up to my husband.")

But the First Lady's husband is still resisting all calls to fire Regan.

(Sen. Dole: "I think the President indicated as far as he knows there are only two people involved and they are both gone. I think he feels that he has cleaned house.")

The out cry over Regan gets in the way of the wider public relations strategy, so the feeling persists there must be more house cleaning if this Administration is to share in the country's great future.

(ABC-3)

BUSH

CBS's Dan Rather: Even as the President and Vice President promised full disclosure another key witness summoned to Congress today disclosed nothing, John Poindexter took the 5th about everything. Bill Plante reports on the day George Bush had his say and, at least to some around the President, seemed to try and back away.

CBS' Bill Plante: Vice President Bush, speaking out for the first time, put some distance between himself and President Reagan on the Administration's Iran policy by saying what the President would not say, that selling arms to Iran was a mistake.

(Vice President Bush: "Simple human hope explains it perhaps better than anything else. The President hoped that we could open a channel that would serve the interests of the United States and of our allies in a variety of ways. Call it leadership, given 20/20 hindsight call it a mistaken tactic if you want to.")

Bush says he personally was unaware of any diversion of funds or ransom payments. He also criticized the National Security Council staff in what sources said was very deliberate language.

(Bush: "Clearly mistakes were made.")

The Vice President also hinted there could be further changes in the White House staff if necessary. Aides said that President Reagan had read and approved Bush's speech without objection. Secretary Weinberger also said the President had gotten bad advice and when he heard about the diversion of funds to the Contras:

(Secretary Weinberger: "I was horrified. I think that's the wrong thing to do.")

The President, attempting to conduct business as usual with a speech to women entrepreneurs, mentioned Iran only briefly suggesting that things are on the mend.

(President Reagan: "The machinery is in place to seek answers to the questions that are being asked, to fix what needs fixing, and to restore complete confidence to the conduct of our foreign policy.")

But many members of Congress believe there must be more staff changes before confidence can be restored. CIA Director Casey, some members think he lied to them about how Contra funds were handled.

(Rep. Michel: "I want to just reserve on...")

Sen Dole: Maybe we better reserve on having to deal with that.")

Chief of Staff Regan still in trouble, some want his head.

(Rep. Michel: "When one has not pulled his share of the load I guess maybe he ought to think of it terms of a fresh start for the President.")

There was no ringing endorsement from the First Lady either.

(Nancy Reagan: "I have made no recommendations at all and it is up to my husband.")

Some of the President's friends are known to believe that even another staff house cleaning won't do the trick unless Mr. Reagan himself softens his position and admits he made a mistake. Today there were hints for the first time that he might be persuaded to do it.

(CBS-Lead)

NBC's Tom Pettit: The Vice President defended himself but provided no new information today. Speaking to an audience in Washington he said the Iran initiative was worth trying but:

(Vice President Bush: "Call it leadership, given 20/20 hindsight, call it a mistake in tactic if you want to, it was risky but potentially of long term value.")

In remarks approved by the White House, he said he knew about Iran but not cash for the Contras.

(Bush: "I was aware of the Iran initiative and I support the President's decision. And I was not aware of and I oppose any diversion of funds, any ransom payments, or any circumvention of the will of the Congress.")

He did not say that the President did not know about the cash. He did not say laws may have been broken. He did not apologize.

(Bush: "And if the truth hurts so be it. We have got to take our lumps and move ahead. Then a forgiving American people, inspite of their misgivings about Iran and weapons and diverted funds will say our President told the truth. He took actions. Let's go forward together. Thank you very much.")

Bush rested his case, a defense essential to keeping his campaign for 1988 alive. There's a little tarnish on it right now, his political advisers say Bush helped himself today barring any new disclosures.

(NBC-3)

ABC's Carole Simpson reports Vice President Bush's speech had been carefully drafted but he caught the most attention when he departed from his text to acknowledge that in the Administration's dealings with Iran some things had gone terribly wrong.

(Bush: "Clearly mistakes were made. There can be no denying that our credibility has been damaged by this entire episode and its aftermath.")

Bush strongly defended President Reagan's decision to open a dialogue with Iran because of its strategic importance to U.S. national security interests. Bush also praised the President for taking swift action in launching investigations of the sale of arms to Iran and the channeling of funds to the Contras, but the Vice President made it clear he was not personally involved in any misdealings. Sources close to the Vice President say his speech reflects the views of both President Reagan and Attorney General Meese. These sources say the Administration has finally realized that the American people believe that the Iranian affair was a mistake and it was time they catch up with the people and admit it was a mistake. (ABC-Lead)

POINDEXTER

Brokaw: Congressional investigators are having a hard time getting much information out of two of the principle figures in the Iran arms scandal. First Lt. Col. Oliver North and then today Adm. John Poindexter took the 5th Amendment, chose not to testify about details of the secret arms sale to Iran and the diversion of profits to the Contras. Poindexter appeared today before the Senate Intelligence Committee.

NBC's John Dancy reports Poindexter arrived at the Senate office building flanked by lawyers, an hour later it was clear why, his chief attorney had advised him to invoke the 5th Amendment against incriminating himself. Meanwhile, one leading Senator, Hollings, said today the controversy will end only when President Reagan acknowledges he knew about the Contra connection.

(Sen. Ernest Hollings: "I think he knew it all, generally speaking, you know that and I know that. But we need the President to come right up on top of the table and level with the American people and that's the only way we are going to solve this problem.")

Hollings voiced what other Senators have been saying privately, the only way the Iran arms affair can end without further damage is for the President to call in his aides, demand the facts and then make them public. (NBC-Lead, ABC-6, CBS-2)

POLL

Jennings: Because the Iran affair continues to so preoccupy the country's political establishment we have again sought your opinion on the subject. For the first time since the Iran affair began the President's overall approval rating in our ABC News poll has fallen below 50%, only 49% of those people we asked thought the President was doing a good job. Now compare that to his approval rating in September, 18 points higher (67% approval in September). Since the last time we conducted a poll, which was only a week ago, an independent counsel has been decided on and an overwhelming percentage of the public approves 91% (7% does not approve). And on the positive side for the President is this, while only 47% of the public believe the President is telling the truth about the Iran affair (49% do not), that is actually an improvement from two weeks ago when only 37% believed him. (ABC-2)

CIA BANK ACCOUNTS

NBC's Art Kent reports a story in today's Washington Post said profits from the sale of U.S. arms to Iran went into a CIA Swiss bank account used to support other secret operations. This afternoon the CIA issued an unusual on the record denial. The funds related to the Iran program that passed through agency hands were the \$12 million dollars owed the Pentagon for the arms. The funds were segregated. The CIA received no profits nor were any funds which passed through agency hands diverted to the Contras or any other covert action programs. Congressional sources are saying tonight they do not believe CIA Director Casey has been totally candid in his appearances before committees. The congressional leadership is described as being tough on Casey at the White House this morning and intelligence sources are saying that if profits from the arms sale to Iran diverted to the Contras were not handled directly by the CIA, the CIA certainly knew where they went. (NBC-4)

ABC's John McWethy reports as the Iran arms investigation broadens, White House advisers and Republican members of Congress are privately pointing a finger at William Casey, joining Democrats in accusing Casey of misleading investigators and Congress. They say Casey must go. Administration officials say revelations in this morning's Washington Post further damage Casey's standing. U.S. officials confirm the Post account. The CIA today denied that it handled any of the money in question. Even so, investigators continue to focus on what role the CIA played and apparent discrepancies in how that role has been portrayed by Casey. (ABC-5, CBS-4)

PORTUGAL CONNECTION

Rather: CBS's News' Robert Schackne reports that just a few week after the arms sale to Iran last year almost 200 tons of supplies were flown from Portugal to the main Contra supply base in El Salvador. The carrier, Southern Air Transport, the, at a minimum, former CIA airline that employed Eugene Hasenfus. Schackne's sources say the Contra supply operation was personally directed from the White House by President Reagan's aide Oliver North. (CBS-5)

U.S./ISRAELI CONNECTION

ABC's Dean Reynolds reports Israeli officials again stressed today that they only shipped U.S. arms to Iran after they were told President Reagan had approved. ABC News has been told that Israel's top leaders believe Attorney General Meese is wrong when he suggests that the Israelis began shipping American-made arms to Iran without a presidential okay. Sources say that before agreeing to cooperate in the summer of 1985, Israel insisted first, that the plan have the highest American authorization, meaning the President. Second, that Secretary Shultz be fully informed, and third, that all sides would deny the plan if it were exposed. Sources say Robert McFarlane assured Israel a short time later that the White House accepted the conditions, that the President approved. Each time someone in the Reagan Administration tries to draw the Israelis closer to this controversy, the government here pulls further away, confident that when the facts are in, the Israeli version will prevail. (ABC-7)

WATERGATE COMPARISON

ABC's Jim Wooten reports Daniel Schorr once worked the Watergate scandal and now has a sense of deja vu. Richard Cohen thinks such comparisons are risky. But the similarities between then and now are striking nevertheless. But like the similarities, the differences between then and now are also compelling. (ABC-8)

CBS's Bruce Morton reports the impeachment hearings 12 years ago were about the Constitution and a president charged with trying to bend it. So far it appears the Reagan-Iran controversy is quite different. That doesn't mean it isn't serious. The United States preached one foreign policy and practiced its opposite. The President sent arms secretly to a country most Americans really dislike, some laws may have been broken. It may add up to more or less than Watergate, it is so far different. (CBS-8)

WEBSTER

Rather: Amid all the talk about who in the President's inner circle will have to go, word tonight of someone who will stay at least for now. Rita Braver has been told that FBI Director William Webster planned to leave soon for personal reasons, but he is said to be concerned now that naming a new FBI chief in the middle of this scandal investigation looks bad and is bad so Webster will reconsider plans to leave. (CBS-3)

BURGLARIES OF ANTI-CONTRA OFFICES

Rather: It's said to have happened more than two dozen times of the past two years in city after city, CBS News correspondent Richard Roth reports tonight on what seems to be a bizarre series of burglaries aimed at offices run by groups opposed to U.S. Central American policy and the burglars weren't after cash. (CBS-7)

EDITORIALS/COLUMNISTS

IRAN/NICARAGUA

No Watergate -- "Those who supposed that, smarting over criticism of the Iran fiasco, a resentful Ronald Reagan was going to hunker down and cover up, repeating all the stupidities of the Watergate scandal, will have to suppose again. Yesterday the President seizing control of the growing imbroglio, asked for an independent counsel and a select congressional committee to sift the evidence and promised his complete cooperation.... Mr. Reagan has done what needed to be done, and he has done it, not grudgingly, but in the proper spirit, eschewing rancor and pledging candor."
(Washington Times, 12/3)

Acting Like a President -- "After three weeks of contradiction and evasion over arms dealings with Iran and the Nicaragua rebels, Ronald Reagan has started acting like a President again. In just a few minutes yesterday, he took three steps, each of which advance the difficult process of restoring confidence in his shaken presidency."
(New York Times, 12/3)

Setting Course -- "Watching President Reagan's brief speech yesterday, we felt for the first time that he was starting to get a grip on his Iran problem. It was not that an independent counsel solves everything, or that Frank Carlucci is a brilliant choice as national security adviser, but that the President had hoisted sail and set his course."
(Wall Street Journal, 12/3)

Reagan Did the Right Thing -- "Evidently the gravity of the crisis besieging his presidency finally has registered its full weight upon President Reagan. The decisions he announced yesterday represent a critical turning point, and an altogether welcome one -- but a long journey still must be traversed through ominous, uncharted territory before the end of this sad drama can be known.... Thank goodness he did not choose to 'stonewall.' At least President Reagan is moving decisively toward resolving the crisis rather than dithering."
(Philadelphia Inquirer, 12/3)

Pinning Failure on the Press -- "Publicity in fact has doomed his under-the-table arms deals with Iran and, perhaps, imperiled the hostages. But that publicity was not the result of nosy reporters prying the lid off sensitive negotiations. It came about because Iranian officials revealed the deals to serve their own political ends. Such disclosure should have been anticipated and, in fact, more cautious members of the President's circle argued that a deal this big was impossible to keep quiet. If there was a reckless irresponsibility involved, it lay in the White House's eagerness to pursue the policy, heedless of warnings."
(Philadelphia Inquirer, 12/3)

Scandals and Inquiries -- "Mr. Reagan's moves to date have been reluctant but not obstructive, and as such they spare him the fate that befell President Nixon after he tried to cover up the Watergate incident. To succeed, he will have to brace himself for further unpleasant revelations (some self-generated) while fulfilling his pledge 'to make all the facts concerning this matter known to the American people.'"
(Baltimore Sun, 12/3)

EDITORIALS/COLUMNISTS (continued)

Take the Candor Option Now -- "In getting out the full story and the bad advisers, the premium is on speed. Congress soon will become a fertile source of leaks and misinformation. It eventually may get itself together, as President Reagan has asked, and consolidate its inquiries. But even if it does, the revelations will be like a water torture unless the President takes charge of the floodlocks and relieves the pressure immediately."

(Chicago Tribune, 12/3)

The Carlucci Appointment -- "Mr. Carlucci, savvy and well-schooled in the substantive issues a national security adviser must deal with, has experience as well in dealing with the men who are President Reagan's principal foreign policy and defense advisers.... We hope the new appointment works. We also hope that Mr. Carlucci has arranged to report directly to the President."

(Washington Post, 12/3)

Don't Blame the Contras for Iran -- "There's a decidedly unpleasant exercise taking place on Capitol Hill -- the beginning of an effort to punish the Nicaraguan freedom fighters for the misguided U.S. dealings with Iran.... Most of the folks in Congress who now say that, on account of the Iran fiasco, U.S. aid to the contras must stop, are the same people who've always opposed that aid effort."

(New York Post, 12/3)

Irangate: the Larger Lesson -- "This is a start. More must be done. The White House staff needs a fresh team.... Next, the Cabinet. Revelations will have their impact. It may follow too that some of those now holding the store may best move on by the time of the President's State of the Union message in late January.... Foreign policy precepts: Behind the Iran-hostages-contras affair lies a worldwide traffic in arms that is immoral to the core.... Out of the Iran mess will come the issues for the next American election. Let's learn the right lessons well."

(Christian Science Monitor, 12/3)

Reagan's Iran-Gate: It's No Watergate -- "On the surface, the parallels between President Reagan's 'Iran-gate' and Richard Nixon's 'Watergate' are compelling.... But it's highly improbable that Iran-gate will end the same way as Watergate. For one thing, Ronald Reagan is no Richard Nixon. It's not easy to imagine him masterminding a plot to bend democracy to his personal uses.... Mr. Reagan should now take as his model President John Kennedy's action after the Bay of Pigs fiasco in 1961.... Rather than trying to blame his staff or the Eisenhower Administration, whose basic plan he used, Kennedy stood up and shouldered full blame. The crisis passed. The American people understand that mistakes are sometimes made."

(Thomas Bray, Detroit News, 11/30)

ARMS CONTROL & SALT II

Pouring SALT on Wounds -- "The problem with the decision is its timing. The nation is involved in an arcane muddle over foreign policy initiatives that strain national credibility. It doesn't need the fallout floating down in the SALT II mercy killing.... The President and his aides should want to stem confrontational impulses until both the government and the public are satisfied they have answers to the steaming questions from the Iranian-contras affair."

(Chicago Sun-Times, 12/2)

EDITORIALS/COLUMNISTS (continued)

Breaking With SALT II -- "We understand well enough why these Democrats believe that forcing the U.S. to comply with SALT II puts them on the side of the angels. But before they take all the citizens of this country with them into the land of the angels, we hope they will be asked to show in detail why tying the hands of the U.S. will alter anything Mr. Gorbachev intends to do to protect and enhance the Soviet Union's own strategic capabilities."
(Wall Street Journal, 12/2)

Violating SALT II Trashes Arms Control -- "Unfortunately for the nation, Ronald Reagan's policy of exceeding the limits imposed by its second strategic arms limitation agreement with the Soviet Union is both risky and pointless. It exhibits the same confusion and shortsightedness as the Administration's covert support of the mullas and contras, if not the same duplicity.... In fact, Reagan's arms control policies now seem to have achieved a state of utter incoherence. And in the long run, that may do the nation infinitely more damage than covert arms sales to Iran and money-laundering for the contras."
(Newsday, 12/1)

SALT II Breakout -- "President Reagan's breakout from the SALT II treaty might make sense to a besieged White House staff seeking diversion from the Iran-Nicaragua fiasco and some way of placating rattled right wingers. But as an exercise in statecraft it serves neither the military nor the political interests of the United States and adds to the imagery of an Administration that is losing its grip."
(Baltimore Sun, 11/30)

SALT: Asking for Trouble -- "A breakout adds a double political burden to the negotiations. It deals one more card to those in the Kremlin disposed to downgrade the talks or -- the same thing -- to seek one-sided advantage from them. And to judge by the forceful reaction of such legislators as Les Aspin and Sam Nunn, it strengthens the inclination and capacity of Congress to cramp Mr. Reagan's negotiating style by writing arms control policy into law. The Administration should not be asking for this trouble."
(Washington Post, 11/30)

Bigger Blunder -- "Even after Reykjavik, where the White House says it came 'that close' to history-making cuts in nuclear weapons, President Reagan's commitment to arms control remains suspect.... A majority of members in Congress...appealed to the President last October not to break the SALT II limits. The next step probably will be to make that appeal binding by using the powers of Congress over spending. That is clear encroachment on the powers of the presidency, but it may be the only way to preserve the arms-control process."
(Los Angeles Times, 11/30)

Farewell to a 'Flawed' Treaty -- "In the final analysis, the trouble with abandoning SALT II is that a lot of people in this country and around the world saw it as the best hope that the arms race would not get worse before it got better. Now that hope is gone."

(Philadelphia Inquirer, 12/3)

FOREIGN MEDIA REACTION

PRESIDENT'S CARLUCCI/INDEPENDENT COUNSEL SPEECH

"President Reagan yesterday named Frank Carlucci...as his new National Security Adviser. He also agreed to the appointment of an independent investigator to look at the Iran arms scandal.... If the inquiry was given a chance to work, he said, all the facts over Iran and the transfer of funds to the Contras would shortly be made public. Looking strained, and with his voice almost breaking, he declared: 'Then the American people, you, will be the final arbiters of this controversy. You will have all the facts and will be able to judge for yourselves.'..."

(Times, Britain)

"In appointing a special prosecutor and Frank Carlucci, Reagan resumed the initiative. It was just about time.... The European allies and moderate Arab countries still must be convinced that U.S. foreign policy is credible and coherent and that its artisans are neither incompetent nor cheaters. Weinberger was delightful yesterday with Chirac.... Shultz will follow in a few days with a similar mission, under the condition that the call for clarifications by President Reagan does not increase the damage."

(Liberation, France)

"President Reagan has turned the investigation of the Iran affair over to a special prosecutor.... This dramatic move indicates that he is determined to keep developments under control and that a new phase of resolute crisis management has begun.... The President decided to take these measures last but not least in view of results of latest public opinion polls which indicated that his popularity declined last week from 67 to 46 percent."

(Die Welt, West Germany)

"Aware of the urgent need to avoid repeating the mistake which cost Nixon the Presidency...Ronald Reagan acted rapidly.... With a mixture of pragmatism and rhetoric characteristic of his instinctive ability in his finest hours, Ronald Reagan tried to regain the initiative by accepting the foreseeable requests for a radical 'house cleaning' in the Administration...."

(Corriere della Sera, Italy)

"The President's first reaction...was indignation and contempt toward the media and Congress, but his tone is different now; he cannot ignore the tremendous pressure, both from Democratic and Republican quarters, requesting a totally objective investigation...."

(El Pais, Spain)

"Congress which requires a debate on every initiative, even clandestine, and which only sporadically supports the President's policy, bears its share of responsibility. But to defend the indefensible, to burn documents, and to blame the press for the mistakes of incompetent aides intoxicated by power will not solve America's problem."

(La Libre Belgique, Belgium)

"To prevent another Watergate and a Republican debacle in 1988, President Reagan has reasserted himself.... Instead of getting himself bogged down in denials and lies, he is playing the game democratically...."

(Le Matin, Switzerland)

-end of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, DECEMBER 4, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

U.S. -- NICARAGUA

Poindexter Tells Senate He Won't Talk, Invokes Fifth -- Former National Security Adviser Poindexter refused to answer questions yesterday before a Senate panel investigating the Reagan Administration's role in secret arms sales to Iran, his attorney said.

(New York Times, Washington Post, Washington Times, AP, Copley, McClatchy, Newhouse, Reuter, Scripps Howard, UPI)

INTERNATIONAL NEWS

Weinberger Prepared To Defend Summit Stance To NATO Allies -- Defense Secretary Weinberger turned away from the Iran affair today and prepared to quash European allies' fears about President Reagan's Iceland summit stance.

(Reuter, UPI)

NATIONAL NEWS

Reagan Administration Primed To Submit First \$1 Trillion Budget -- Despite renewed vows by President Reagan to shrink the nation's huge budget deficit, the Administration is poised to submit to Congress the first \$1 trillion budget in history.

(AP)

NETWORK NEWS (Wednesday Evening)

WHITE HOUSE -- The White House is still clearly fighting an uphill battle.

BUSH -- Today George Bush had his say and, at least to some around the President, seemed to try to back away.

ABC POLL -- For the first time since the Iran affair began the President's overall approval rating in our ABC News poll has fallen below 50%.

HEADLINES

'Stock Prices Soar Despite Arms Scandal'
(Washington Post, page C4)

'Stock Prices Soar To Peak In Relief Over Iran Inquiry'
(New York Times, page A1)

'Wall Street Makes Its Judgment: New High'
(USA Today, page A1)

IRAN — NICARAGUA

POINDEXTER INVOKES FIFTH AMENDMENT, REFUSES TO TESTIFY

Vice Adm. Poindexter, who resigned as President Reagan's national security adviser last week, invoked his Fifth Amendment right against self-incrimination yesterday, refusing to testify before a Senate committee about the clandestine sale of arms to Iran and the diversion of profits to aid the Nicaraguan contras.

Poindexter became the second recently departed Reagan Administration figure to use the constitutional protection in refusing to testify before the Senate Select Committee on Intelligence. On Monday, Lt. Col. Oliver North, described as the director of the covert arms sale and contra funding project and fired from the National Security Council staff for his role, also invoked the Fifth Amendment.

(Tom Kenworthy, Washington Post, A1)

Poindexter Tells Senate He Won't Talk, Invokes Fifth

Former National Security Adviser Poindexter refused to answer questions yesterday before a Senate panel investigating the Reagan Administration's role in secret arms sales to Iran, his attorney said.

Vice Adm. Poindexter invoked the Fifth Amendment constitutional protection against self-incrimination during an hour of testimony under subpoena before the Senate Intelligence Committee. His attorney, Richard Beckler, said Adm. Poindexter refused to answer questions because he expects to testify before an independent counsel probing possible criminal misconduct by the Administration. (Bill Gertz, Washington Times, A1)

Poindexter Silent In Senate Hearing; Immunity Bid Seen

Vice Adm. Poindexter, the former national security adviser, appeared today at a closed hearing of the Senate Intelligence Committee and repeatedly refused to answer questions. He cited his Fifth Amendment rights against self-incrimination.

Even before today's session, several senators on the committee discussed granting immunity to key witnesses to obtain their testimony. But Sen. Durenberger said today that there had been no formal discussions of immunity. (Martin Tolchin, New York Times, A1)

Poindexter Holds Back; Bush Takes Offensive

President Reagan's former national security adviser refused Wednesday to give Congress details of the secret sale of weapons to Iran or the diversion of profits to Nicaraguan rebels. Vice President Bush conceded that the spiraling controversy has harmed the Administration, saying, "Clearly mistakes were made."

While Congress continued delving into the most serious crisis of the Reagan presidency, there was increasing pressure for the departure of Donald Regan, the President's powerful chief of staff. But White House spokesman Larry Speakes said Regan has no intention of leaving and said the President "has not asked him to leave." (David Espo, AP)

Aide Refuses To Testify As Reagan Says Enough Already Done

President Reagan says he has cranked up the machinery to probe the secret arms deal with Iran, but some lawmakers discounted White House claims of cooperation after the second of two former key aides refused to testify before Senate investigators.

"Here we are dealing with the worst foreign policy fiasco in years and years...and part of the public relations is to announce cooperation," said the committee's vice chairman, Patrick Leahy. "If we don't have testimony, we don't have cooperation." (Robert Kearns, Reuter)

The President/Poindexter

Even though President Reagan has promised Congress full cooperation in trying to untangle the Iran arms-Contra aid affair, two top White House aides who could provide some answers are not talking.

Chairman Durenberger and Sen. Leahy said Wednesday they would unravel the clandestine operation that apparently violated Reagan's arms embargo against Iran and a congressional prohibition against aiding the rebels fighting the Nicaraguan government -- with or without Poindexter and North. (Michael Myers, UPI)

Poindexter Testimony

Admiral Poindexter, who resigned as President Reagan's chief national security adviser, invoked the Fifth Amendment and declined to testify Wednesday during closed hearings before the Senate Intelligence Committee investigating the Iranian arms deal and secret funding for the rebels in Nicaragua.

The attorney said most members of the committee agreed that "it would be a disservice to Admiral Poindexter" if the former top White House aide were to tell the committee of his role in sending millions of dollars in profits from the Iranian arms sale to Nicaragua, despite a congressional ban on American aid to the rebels. (Michael Shanahan, McClatchy)

REAGAN SEEKS TO HEAD OFF EFFORTS TO CUT REBEL AID

President Reagan, trying to take the political offensive in what aides acknowledge as the most serious crisis of his presidency, said yesterday that the Iran-arms and contra funds scandal should not become an excuse for cutting off U.S. aid to "freedom fighters" around the world.

Reagan's attempt to head off what his strategists believe will be a likely Democratic attempt to reduce or cut off aid to the guerrillas fighting the Nicaraguan government came on a day when an ABC News poll showed further erosion in his public support.

(Lou Cannon & David Hoffman, Washington Post, A41)

Future Of U.S. Aid To Contras In Doubt By Congress

The future of U.S. aid to the Nicaraguan rebels is in doubt as members of Congress, angry at the Iran-Contra funding scandal, say they will move as early as February to kill President Reagan's Contra-aid package.

Sen. Dodd, who will be chairman of the Senate Foreign Relations western hemisphere subcommittee in the new Congress, said he will lead a fight in the Senate in February to stop further installment payments of \$70 million in U.S. funds to the Contras. (Lance Gay, Scripps Howard)

SWISS ACCOUNT CALLED CIA MISTAKE

The commingling in a secret Swiss bank account of profits from the sale of U.S. arms to Iran and funds from the Saudi and U.S. governments to aid Afghan rebels was the result of a "dumb" action by a low- or mid-level employee of the CIA, a well-placed senior Administration official said yesterday.

Also yesterday, President Reagan did not deny to Republican congressional leaders that such a secret fund existed, but he said he had not known that the money from Iran had been deposited in it, according to a White House official. Some of the Republican leaders questioned Reagan sharply about the fund, whose existence was disclosed in yesterday's Washington Post. The President promised to cooperate with Congress in providing information about the fund, knowledgeable sources reported.

(Lou Cannon & Bob Woodward, Washington Post, A41)

CIA Defends Handling Of Money From Iran Arms Sales

The CIA said Wednesday that money from the sales of U.S. arms to Iran was properly handled, and denied published reports that it received profits subsequently funneled to the Contra rebels fighting the Sandinista government in Nicaragua.

CIA spokesman George Lauder denied an account published in The Washington Post -- and confirmed by a U.S. government source Wednesday -- that the CIA commingled profits from the Iran sales in the same account with funds for other covert operations. (AP)

REAGAN, BUSH URGE NEW BEGINNING

President Reagan and Vice President Bush appear to be urging a skeptical public not to "let recent events distract us" in the unfolding Iran arms-Contra aid scandal and to "go forward together" with new policy initiatives.

Reagan addressed the scandal directly for the fifth time in three weeks on Wednesday, telling a group of women entrepreneurs that "the machinery is in place to seek answers to the questions that are being asked -- to fix what needs fixing and to restore complete confidence to the conduct of our foreign policy." (Ira Allen, UPI)

Reagan Thinks Worst Is Over On Iran-Contra Scandal, Won't Fire Regan

President Reagan thinks the worst is behind him on the Iran-Contra crisis and has decided against firing his chief of staff, Donald Regan, say White House aides.

But Reagan also has been told that more "revelations" are likely in the unraveling scandal and that it is increasingly likely CIA director William Casey may have to leave his post, sources said.

White House aides say Reagan is heartened that he is being perceived as once again "in control." The White House credits itself with quick action in disclosing damaging details of the White House-based operation.

(Ann McFeatters, Scripps Howard)

Reagan Retains Upbeat Message While Promising Fixes Will Be Made

President Reagan is trying to calm the uproar over the Iran arms sale-Contra aid deal, asserting the nation is filled with optimism and promising that investigations will restore confidence in U.S. foreign policy.

Yet, the mushrooming controversy was fueled by new calls for the ouster of White House Chief of Staff Donald Regan and predictions from Republican congressional leaders that the crisis is far from over, with daily revelations about the secret sale of arms to Iran and the diversion of profits to Nicaraguan Contra rebels.

(Terence Hunt, AP)

BUSH SAYS 'MISTAKES WERE MADE'

But He Defends Reagan On Arms Sale, Handling Of Scandal

While saying that "mistakes were made" and that "our credibility has been damaged," Vice President Bush yesterday defended President Reagan's rationale for secretly selling arms to Iran and praised his handling of the scandal involving the diversion of profits from those sales to aid the contras in Nicaragua.

Bush's policy and political advisers, mindful of the importance of the speech to his presidential aspirations, said afterward they thought he had passed a difficult political test. In the words of one, he "walked a fine line of pledging allegiance to the President, yet establishing an element of independence -- in tone, if not in substance," through his willingness to say that the Administration has erred. In his public comments on the scandal, Reagan has struck a more defiant chord than Bush did yesterday, and has refused to say that mistakes were made.

(Paul Taylor, Washington Post, A1)

Mistakes Made On Fund Issue, Bush Declares

Vice President Bush denied today that he had prior knowledge of the transfer of millions of dollars worth of support to the Nicaraguan rebels from Iranian arms sales.

But the Vice President, in his first detailed public statement on the affair, acknowledged that the Reagan Administration's "credibility has been damaged" because of the clandestine deals.

(Gerald Boyd, New York Times, A1)

'Mistakes Were Made,' Bush Admits

Vice President Bush said yesterday that mistakes were "clearly" made in selling U.S. arms to Iran.

But he defended the secret policy as one of "simple human hope" for the release of American hostages in Lebanon.

Some observers believed that the speech -- the Vice President's first public appearance since news of the arms sales surfaced early last month -- distanced Mr. Bush from Mr. Reagan in the growing controversy. However, the President read and approved the speech before it was delivered, according to Marlin Fitzwater, spokesman for Mr. Bush.

(Mary Belcher, Washington Times, A1)

Bush Defends Reagan's Decision To Ship Arms To Iran

Vice President Bush says it was "simple human hope" that led President Reagan to violate his own policy of not selling arms to Iran.

After a speech Wednesday in which Bush conceded that "clearly, mistakes were made," an aide to the Vice President said favorable reaction came from the general public and political supporters.

Spokesman Marlin Fitzwater said that after the speech to the American Enterprise Institute, Bush told him that "his only concern was that it not be portrayed as an attempt to distance himself from the President."

(Donald Rothberg, AP)

Vice President Bush's Speech

Vice President Bush conceded Wednesday "mistakes were made" in the clandestine arms sale to Iran and the diversion of funds to Nicaraguan rebels and admitted "our credibility has been damaged."

The Vice President's speech was as close to an admission of error as any Administration official has made to date. Reagan, who read and approved Bush's speech beforehand, has consistently refused to label the 18-month operation a mistake.

(Ira Allen, UPI)

Iran-Bush

Vice President Bush, attempting to bolster the Reagan Administration's credibility and his own political standing for 1988, says some "mistakes were made" in the arms sales scheme with Iran, but that "a forgiving American people" will ultimately support the President.

In his longest statement yet on the deepening scandal, Bush Wednesday sought to justify the transactions as necessary to blunt Soviet influence in the Persian Gulf. He reiterated that he knew about the policy of selling arms to Iran and supported it, but denied knowing about the diversion of arms sales profits to Nicaraguan Contras.

"The speech was about the best that Bush could do at this point," said a former aide and longtime Bush associate. "He said that mistakes had been made and that he wanted the truth to come out. He can't really separate himself from the President."

(Robert Gettlin, Newhouse)

Bush Concedes Mistakes In Iran Arms Deal, Denies Knowledge Of Money To Contras

Vice President Bush admitted Wednesday that there had been mistakes in connection with the covert arms sales to Iran and that they had damaged the Reagan Administration credibility.

Bush, however, insisted that neither he nor President Reagan knew of or sanctioned the diversion of the arms sales' profits to the Nicaraguan Contras, which he attributed to "certain activities of the NSC staff."

Bush, in making his first public comments on the controversy, said the efforts to open avenues of communications could be called, in hindsight, "a mistaken tactic, if you want. It was risky, but potentially of long-term value." (Otto Kreisher, Copley)

CARLUCCI LAUNCHED CIA OPERATION IN YEMEN THAT COLLAPSED

Frank Carlucci, who was appointed Tuesday as President Reagan's new national security adviser in the midst of controversy over White House covert operations gone awry, once supervised one of the Central Intelligence Agency's unpublicized failures in the Third World, according to informed sources.

In 1979, as deputy CIA director, Carlucci was urged by President Carter's national security adviser, Zbigniew Brzezinski, to set up a top secret CIA paramilitary effort against South Yemen, a Marxist nation on the Arabian peninsula that was threatening to topple neighboring, pro-Western North Yemen, the sources said.

The episode provided Carlucci with a first-hand understanding of the hazards of secret undertakings, according to sources who worked with Carlucci at the time. Consequently, the sources said, the new national security adviser supports covert operations but is aware of the potential for disastrous consequences. (Bob Woodward, Washington Post, A1)

Carlucci/Yemen

Frank Carlucci, the newly appointed national security adviser, once ran a secret CIA operation in Yemen that ended in failure, The Washington Post reported Thursday.

Carlucci worked with British and Saudi Arabian intelligence agents to coordinate the operation, which involved harassing South Yemen and blocking the country's expansionist ambitions, the newspaper said. (UPI)

CARLUCCI REACHES OUT TO STROKE HILL CONSERVATIVES

Frank Carlucci, President Reagan's new national security adviser, has reached out to conservative Republican legislators on Capitol Hill, asking for their advice and help.

Mr. Carlucci placed phone calls Tuesday to at least two key conservative congressmen -- Rep. Kemp and Rep. Lott -- after being named to replace Vice Adm. Poindexter.

(Ralph Hallow, Washington Times, A7)

PANEL TOLD CARLUCCI KNEW OF ILLEGAL LOBBYING

National Security Adviser Frank Carlucci knew about an illegal lobbying effort to win congressional approval of the purchase of 50 C-5B planes from the Lockheed Corp. when he was at the Pentagon in 1982, a House panel was told yesterday.

Carl Palmer, an associate director of the GAO, testified that an Air Force general directed an effort by Lockheed to violate federal anti-lobbying laws "with the knowledge and consent" of Mr. Carlucci, who was the deputy defense secretary. (UPI story, Washington Times, A7)

JUSTICE DEPARTMENT BLASTED FOR LAXNESS IN CONTRA PROBE

A yearlong Justice Department investigation into whether illegal military assistance has been given to the Nicaraguan rebels shows "a lack of aggressiveness" and has not been thorough enough, a White House official and a senator allege.

"We've been very frustrated by the lack of aggressiveness of the Justice Department," said a spokesman for Sen. Kerry, who said the senator repeatedly offered evidence to department officials last May to no avail.

"It has not been a thorough investigation," a White House official said. "They have not interviewed White House officials who knew North was directing private individuals supplying arms to the Contras."

(Neil Roland, UPI)

HEAVY FLOW OF SUPPLIES REPORTED TO CONTRA BASE

A former CIA air transport company flew more than 400 tons of cargo to a base used by an American-manned operation that resupplied Nicaraguan rebels, documents show, despite Administration claims that supplies were only "trickling in" to the fighters.

According to Transportation Department documents, Southern Air Transport of Miami delivered 406 tons of supplies to El Salvador's Ilopango military airport in 15 flights during the first half of 1986. The flights originated in Portugal, New Orleans, Miami and Washington, D.C.

(Robert Parry, AP)

DOMESTIC REACTION

REAGAN WILLING TO RECALL CONGRESS, DOLE SAYS

Senate Majority Leader Dole yesterday described President Reagan as willing to call a special session of Congress to create a select committee to probe the Iranian arms affair if Democrats insist on putting off action until the Democratic-controlled 100th Congress convenes next month.

Sen. Byrd reiterated his opposition to a special session, saying that it would create "more hype and hoopla" without constructive results.

Congressional sources said they expect that Dole and Byrd will resolve the issue, avoiding the need for a special session.

(Helen Dewar, Washington Post, A52)

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Iran/Senate Committee

Eager to avoid the appearance of an overwhelming congressional attack on the presidency, Senate leaders are trying to arrange for a bi-partisan Watergate-style committee to consolidate the multiple investigations into the Iranian arms sale.

A Senate leadership aide said the special committee would have no more than nine members looking into U.S. arms sales to Iran and how profits from those sales were diverted to Nicaraguan rebels.

After meeting Reagan at the White House Wednesday Dole said of the President, "He just wants to get on with it and I think that if he feels that Congress isn't moving quickly to get this down to one or two committees at most, he's inclined to call a special session."

(Paula Schwed, Newhouse)

Lawmakers Dispute Timing In Creating Committee To Probe Iran Arms Dealings

Republican and Democratic leaders of the Senate agree that a Watergate-style committee will be created to investigate the foreign policy crisis plaguing the White House, but they are at odds over when the panel should begin work.

Dole, apparently trying to seize the initiative on the sticky issue, has said he hoped the panel could be set up and operating before the new Congress convenes.

Byrd, though, said it is not possible to begin organizing a special Senate committee informally because the approval of Congress is needed to hire staff and to give the committee its powers. But he said he was willing to name the members of the committee, possibly by Dec. 15.

(Cliff Haas, AP)

SENATE PANEL TO CALL CABINET OFFICERS FOR TESTIMONY IN IRAN-CONTRA AFFAIR

Members of President Reagan's Cabinet will be called to testify and fill in gaps left by the failure of two Administration officials to tell the Senate Intelligence Committee what they know about the Iran-Contra connection, the panel chairman says.

"North didn't do anything by himself," said Sen. Durenberger. "Everything he did in this entire caper had to have a response. If we can get everybody at the other end of all those phone calls and plane trips, we can find out what went on."

(Jim Drinkard, AP)

INOUE APPEARS AS FAVORIT TO HEAD 'ARMS DEAL' PROBE

Sen. Daniel Inouye of Hawaii has emerged as the favorite to chair a special Senate select committee to investigate the crisis surrounding the Iran arms deal, Capitol Hill sources said yesterday.

"You hear several combinations of names being tossed around, but his is always one of them," said one congressional source.

(Jennifer Spevacek & Damon Thompson, Washington Times, A9)

BAD ADVICE IS BLAMED FOR IRAN ARMS DEBACLE

BRUSSELS -- President Reagan got bad advice from those who had told him there was someone in Iran to deal with other than the "lunatics" who run the country, Defense Secretary Weinberger said yesterday.

"What he [the President] was trying to do was to open an agreement, and an arrangement with people whom he had been advised were of a far different character than the people he was quite properly denouncing as being fanatical lunatics in Iran," Mr. Weinberger said. "I think unfortunately some of that advice has not turned out to have been accurate or correct."
(Washington Times, A8)

MICHEL, BIDEN JOIN CHORUS CALLING FOR REGAN'S REMOVAL

Two congressional leaders called yesterday for the ouster of White House Chief of Staff Donald Regan, prompting renewed speculation that Mr. Regan won't survive the furor surrounding the Iranian arms sales scandal.

"I guess if I were in a similar situation, I personally would" step down, Mr. Michel said on NBC's "Today" show. "I would have felt that I let the President down."

"I believe that Casey and the chief of staff will serve the President best by no longer serving him," Mr. Biden told the National League of Cities in San Antonio, Texas. (Jeremiah O'Leary, Washington Times, A1)

LAWMAKERS WARN MEESE NOT TO LIMIT COUNSEL'S ROLE

Two senior members of the House Judiciary Committee warned Attorney General Meese yesterday that any limits on the authority of an independent counsel in investigating the diversion of U.S. funds to aid the Nicaraguan contras would raise the specter of a cover-up.

Reps. Conyers and Don Edwards, both veterans of the 1974 Nixon impeachment inquiry, urged Meese to seek "the broadest possible jurisdiction" for the independent counsel when Meese makes his application for the appointment by the U.S. Court of Appeals here.

Justice Department spokesman Terry Eastland said that Meese believes the mandate will be "sufficiently broad," but declined further comment.

(George Lardner & Howard Kurtz, Washington Post, A56)

TOO EARLY TO START GRANTING IMMUNITY, FORMER SPECIAL COUNSEL SAYS

Warning that an independent counsel's case could be jeopardized, the nation's first special prosecutor says it would be premature for Congress to grant immunity now to anyone under investigation for diverting Iranian arms sales profits to Nicaraguan rebels.

"I think that if they (a three-judge court) will appoint an independent counsel shortly, I think he would immediately consult with Congress so as not to have the investigation jeopardized by grants of immunity," former special prosecutor Arthur Christy said.

(Larry Margasak, AP)

Iran Investigation Proceeding, Despite Witnesses' Silence

There are problems ahead when the President says he wants the truth to come out, when the attorney general says only two men know the full truth, and when those two say they're not talking.

One way the Reagan White House could demonstrate its cooperation with the investigation is by not attempting to throw a cloak of executive privilege over presidential aides.

The White House has not yet said what it will do, but if sources are correct that all requested documents have been supplied to the committee, it would not seem that executive privilege will be invoked.

(Harry Rosenthal, News Analysis, AP)

PRESIDENT REAGAN/ABC NEWS POLL

Americans are evenly split over whether President Reagan should resign if he lied about when he learned of the diversion of funds from the Iranian arms sale to the Contras, an ABC News poll showed Wednesday.

Reagan's overall approval rating slipped from 67 percent in September to 49 percent in Tuesday's poll -- the steepest three-month decline the network has ever recorded.

(UPI)

CITY LEADERS FEAR SCANDAL WILL OBSCURE NEEDS

SAN ANTONIO -- Leaders of America's cities ended four days of meetings here today amid widespread warnings that pressing urban concerns will remain unaddressed unless President Reagan quickly resolves the widening controversy over the Administration's arms sales to Iran.

Calling for the resignations of CIA Director Casey and White House chief of staff Regan, Sen. Biden said that "the last thing" city officials need "is six months [of] poring over what happened." If that occurs, Biden told civic leaders, "The issues that bring you together will go even more unattended."

(Bill Peterson, Washington Post, A58)

A FUNDAMENTALLY DIFFERENT SCANDAL

In a cartoon in The Christian Science Monitor, a pressman, sitting alongside the presses, holds a Page One mockup and remarks to a fellow worker: "We're just waiting for the rest of the headline...." The upper third of the page is empty, and the middle third says in big, bold type: -- GATE.

There was no missing the analogy. Yet another scandal, affecting another President, was being compared to the champion of them all, Watergate.

President Reagan has dismissed the newest White House scandal as "Beltway bloodletting," but the dramatic free-fall in the President's popularity rating suggests that not only Washington is interested. From Wall Street to Main Street, everywhere people gather, the question being discussed appears to be: Is this -- whatever type of "gate" it ends up being called -- like Watergate?

(Haynes Johnson, Commentary, Washington Post, A54)

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The White House: Not Just Watergate Without The Name

Old Washington hands who were around for the decline and fall of Richard Nixon have a sense of déjà vu as they witness the storm that has enveloped the Reagan White House since Election Day.

But this scandal in search of a name is at once broader and less overwhelming than Watergate was. Dubbed "Iran\$cam" by one New York tabloid and "Contragate" by another, this presidential crisis may yet earn a name all its own.

Unlike Watergate, which was kept largely under wraps for nine months despite the determined digging of two young Washington Post reporters and some others, Reagan's problems have mushroomed in a month into a full-scale, multi-act presidential drama.

(Michael Putzel, News Analysis, AP)

FOREIGN REACTION

ISRAEL CONFIRMS AIDE WAS NORTH'S CONTACT It Denies He Knew Money Was For Contras

JERUSALEM -- The man who served as Lt. Col. North's Israeli counterpart in the secret dealing with Iran to exchange American arms for U.S. hostages has become the weakest link in Israel's chain of deniability about the funneling of profits from the sales to the contra rebels of Nicaragua.

Amiram Nir, a former television journalist who serves as counter-terrorism adviser to Prime Minister Yitzhak Shamir, had a close working relationship with North over a 27-month period, according to informed sources here.

The Israeli government today confirmed that Nir was a contact of North but denied that the fired NSC staff aide ever informed Nir of the contra connection.

(Glenn Frankel, Washington Post, A41)

FORMER ISRAELI AMBASSADOR TO TEHRAN URGES CONTACTS WITH IRAN

TEL AVIV -- Israel's former ambassador to Iran is urging his country to develop contacts with Tehran as officials anticipate questioning by U.S. investigators on Israel's role in American arms sales to the Khomeini regime.

"We must renew our searches for discussions and cooperation in the future.... While the first suggestion is to avoid the burning of relations with the Iranian people," said Uri Lubrani, ambassador in Tehran from 1973 to 1978 and now Israel's coordinator for Lebanon.

(Gail Fitzer, Reuter)

Israeli Iran Experts Say Khomeini Regime In Decline

TEL AVIV -- Israel's former ambassador in Iran says the power of the Khomeini regime is waning, and that Israel and the United States are correct to seek communications with Iranian moderates.

"We are seeing the ebbing strength of the revolution. We have passed the zenith," said Uri Lubrani, who was envoy in Tehran for six years until the 1979 fall of Shah Mohammed Reza Pahlevi.

Lubrani said in the seminar Wednesday that once the storm over secret U.S. arms sales to Iran dies down, "history will judge the American moves with a large degree of understanding and justification."

(Ruth Sinai, AP)

MANAGUA CRITICIZES NEW NATIONAL SECURITY ADVISER

MANAGUA -- The ruling Sandinista Front accused Frank Carlucci, President Reagan's new national security adviser, of being a specialist in Third World "dirty work and coup attempts."

Remon Meneses, a spokesman for the Marxist-led Sandinista Front, told reporters Wednesday Carlucci "appears to have been involved in attempted CIA assassinations of Third World political leaders during the 60s."

(Oswaldo Bonilla, UPI)

SAUDIS REPORTEDLY PLAYED KEY FINANCIAL ROLE IN U.S. ARMS SALES TO IRAN

Saudi Arabia, playing a key role in a shadowy arms sales network with Israel, paid for most of the American weapons shipped to Iran, according to congressional and other sources.

"They've got the money and they are very deeply into it," a well-placed congressional aide said Wednesday. The aide, speaking on condition he not be identified, estimated the Saudi financial contribution at "in the hundreds of millions of dollars."

According to the congressional source, the Saudis also provided aid to anti-communist forces in Afghanistan, Nicaragua and Angola as a way of maintaining "good relations" with the United States. (Barry Schweid, AP)

SWISS COMPANY'S CHAIRMAN DENIES WRONGDOING IN IRAN ARMS SALE

GENEVA -- A prominent Swiss lawyer with links to three companies that have been implicated in the arms and money traffic to Iran and the Nicaraguan rebels today denied that his firms had violated the law or done anything wrong.

While refusing to be drawn into discussing any details of the three companies' activities, Jean de Senarclens, 70, a member of one of Geneva's most respected families, said that his companies were not "actors" in the controversial arms supply operations but were simply "executors" of legal transactions for a client he declined to name.

(Loren Jenkins, Washington Post, A53)

INTERNATIONAL NEWS

ORTEGA SAYS U.S. FORCES NEAR NICARAGUAN BORDER Sandinista Warns of Possible Confrontation

MANAGUA -- Nicaraguan President Ortega charged today that U.S. military personnel are concentrated with heavy weapons within nine miles of the Nicaraguan border with Honduras threatening a "direct confrontation" with Sandinista forces.

He suggested that the Reagan Administration was attempting to divert attention from the controversy over secret arms sales to Iran and diversion of the profits to the rebels fighting to overthrow the Sandinista government here.
(Nancy Nusser, Washington Post, A27)

WEINBERGER FACES APPREHENSIVE EUROPEANS

BRUSSELS -- U.S. Defense Secretary Weinberger seeks support from European allies today but faces doubts over Washington's dealings with Moscow and uneasiness over the arms-to-Iran controversy swirling around President Reagan.

Diplomats said Weinberger would find the Western allies in an apprehensive mood when he addressed NATO defense ministers at the start of a two-day session of the alliance's defense planning committee.

(Richard Balmforth, Reuter)

Weinberger Prepared To Defend Summit Stance To NATO Allies

BRUSSELS -- Defense Secretary Weinberger turned away from the Iran affair today and prepared to quash European allies' fears about President Reagan's Iceland summit stance.

"We will be discussing Reykjavik in more detail than ever before," said a senior U.S. official, who spoke on condition he not be identified. "It's a good opportunity to set them straight over differences expressed by the Soviets and the United States."
(Richard Gross, UPI)

SANDINISTA TROOPS REPORTED LESS THAN A MILE FROM REBEL CAMP

TEGUCIGALPA -- Sandinista troops inside Honduras have pushed within a mile of the main camp of the U.S.-backed Nicaraguan contra rebels, according to military sources.

Antonio Erazo, the head of a provincial coffee growers association, said he heard the report of the Sandinista push from dozens of Hondurans fleeing the zone. He said thousands of Hondurans are leaving the area where Sandinista troops are fighting the contras.

(Anne-Marie O'Connor, Reuter)

IZVESTIA SAYS DANILOFF ADMITTED SPYING

MOSCOW -- A Soviet newspaper charged that journalist Nicholas Daniloff admitted to his KGB interrogators that he was a spy and unmasked CIA agents in a "gentleman's agreement" with his jailers.

Izvestia said it went public Wednesday because the former Moscow-based U.S. News & World correspondent broke the agreement by describing his incarceration in a book he is writing.

In Washington, Daniloff denied he was an intelligence agent, called the Izvestia article "a KGB distortion" and said: "I had no gentleman's agreement with the KGB." (Patricia Koza, UPI)

DEFECTS FOUND IN B1 BOMBER

Air Force Withholds \$250 Million From Four Contractors

The Air Force, citing major problems with crucial components of its new B1B strategic bomber, has withheld more than \$250 million in payments to companies that produce systems for it, Pentagon officials said yesterday.

The supersonic bomber, a cornerstone of President Reagan's program to upgrade the nation's nuclear forces, is also troubled by defects in its terrain-following radar, flight controls and missile-launching system and has persistent problems with fuel leaks, according to officials.

(Molly Moore, Washington Post, A1)

NATIONAL NEWS

REAGAN ADMINISTRATION PRIMED TO SUBMIT FIRST \$1 TRILLION BUDGET

Despite renewed vows by President Reagan to shrink the nation's huge budget deficit, the Administration is poised to submit to Congress the first \$1 trillion budget in history.

Wednesday's presentation was accompanied by a strong pitch by Reagan to his Cabinet on the need to go along with the deep spending cuts needed to meet the Gramm-Rudman deficit target, according to presidential spokesman Larry Speakes. (Tom Raum, AP)

NEW HOUSES DIP 9.6 PCT. IN OCTOBER

Sales of new houses fell 9.6 percent in October, the government said yesterday, and analysts blamed the sixth setback in seven months on rising house prices and supply problems in the Northeast.

Mark Obrinsky, economist for the U.S. League of Savings Institutions, said a widening spread between the price of a new house and an existing house apparently is hurting new house sales. The median price of an existing house sold in October was \$79,700, almost \$14,000 lower than the new-house median price. The difference had been only \$9,000 in 1985. (Martin Crutsinger, Washington Post, D11)

NOVEMBER CAR SALES UP 5.2%

DETROIT -- The nation's auto makers today reported a 5.2 percent gain in sales for November from year-ago levels as the top manufacturers half-heartedly fought a minor buyer incentive skirmish touched off by Chrysler Corp. late in the month.

The annual rate for the industry during the period was 6.3 million cars, compared with last year's 6 million, normal for that "payback" period when sales slow down because of expired buyer incentive offers.

(Jan Zverina, Washington Post, D11)

THE CHRISTMAS TREE & THE PRESS OF EVENTS

Nancy Reagan was waiting in front of the White House yesterday to receive this year's Christmas tree. But she found herself fending off reporters' questions as well.

"I think he has done everything he should do," she said, apparently referring to President Reagan's call for investigations into the Iranian-contra connection. (Desson Howe, Washington Post, C1)

NETWORK NEWS SUMMARY

(Wednesday evening, December 3rd)

WHITE HOUSE

NBC's Tom Brokaw: At the White House today open questions remained who else knew about this operation and what's the future of Donald Regan? The President isn't volunteering much on either subject.

NBC's Chris Wallace: The President said today he has done everything he can to get to the bottom of the scandal, backing appointment of an independent counsel and creation of a Watergate-style congressional committee.

(President Reagan: "The machinery is in place to seek answers to the questions that are being asked, to fix what needs fixing and to restore complete confidence for the conduct of our foreign policy.")

But with the machinery going into place, the White House is now limiting what it will say about the case. Spokesman Larry Speakes refused to discuss any new revelations saying they are under investigation. As for the President questioning his advisers, Speakes said Mr. Reagan will await outside investigations that could last months before he would presume anybody has done anything wrong. The President is also dug in against any more firings, especially of Donald Regan. On NBC's "Today" program the top House Republican called on Regan to step down.

(Rep. Robert Michel: "I guess if I were in a similar situation I personally would. I would feel that I'd let the President down.")

But at a White House meeting later Michel said the President gave him a firm response.

(Michel: "What good does it do to fire, a whole sale firing, if that does not so solve the problem and that, of itself, does not solve the problem.")

Still the First Lady, who sources say is upset with Regan, did not endorse him when given the chance.

(Nancy Reagan: "It has nothing to do with me whatsoever. I have made no recommendations at all and it is up to my husband.")

And there was another development involving Oliver North, who allegedly devised the Iran-Contra connection. Members of a church group say North once told them he often gave the President personal briefings.

(Ellen Kirby, United Methodist Church: "As a matter of fact he said he met with the President twice a week, half the time on Central America and the other half of the time on terrorism.")

(Reporter to North: "Is it true that you spoke with the President twice a week with him?" North: "I have no comment.")

Last week the President called North a national hero, but today Larry Speakes said he didn't think North had ever briefed the President by himself and that he was in the Oval Office "very, very few times."

(NBC-2)

ABC's Peter Jennings: The White House is still clearly fighting an up hill battle.

ABC's Sam Donaldson: Even as a small anti-Contra, anti-Reagan demonstration paraded down on Pennsylvania Ave. this morning, the White House strategy for handling the immediate public reactions aspect of its problem unfolded. Point One: stress that competent investigators are now looking into the problem. The President before a group of women supporters:

(President Reagan: "The machinery is in place to seek answers to the questions that are being asked, to fix what needs fixing, and to restore complete confidence to the conduct of our foreign policy.")

Point Two: admit the obvious that mistakes were made but insist that none of them was made by the President. Republican congressional leaders after seeing the President:

(Rep. Michel: "Obviously there were some mistakes that were made and some things that should have gone better than they did.")

Sen. Dole: "He didn't make any mistakes, the people who work for him made mistakes.")

Point Three: refuse to answer questions about details of the story. Press Secretary Larry Speakes said repeatedly today he doesn't know the details, what's more even if he did he wouldn't discuss them because of the impending independent counsel's investigation. And Point Four: project an up beat, let's all move forward image. Once again the President:

(President Reagan: "If I have one message for you today it's this: that America has a great future ahead.")

There were still problems, however. For one, even top Administration officials are continuing to react adversely to disclosure that arms payments went to the Contras.

(Secretary Weinberger: "I was horrified. I think that's the wrong thing to do, it's all swirling amount of rumors and reports now and I don't have any idea what the facts are.")

For another thing, the calls continue for the resignation of the President's right hand man Donald Regan. Even House Republican leader Michel says if he were Regan he would resign. And the First Lady today pointedly refused to give Regan a public vote of confidence.

(Nancy Regan: "I think that's up to my husband. It has nothing to do with me whatsoever. I have made no recommendations at all and it is up to my husband.")

But the First Lady's husband is still resisting all calls to fire Regan.

(Sen. Dole: "I think the President indicated as far as he knows there are only two people involved and they are both gone. I think he feels that he has cleaned house.")

The out cry over Regan gets in the way of the wider public relations strategy, so the feeling persists there must be more house cleaning if this Administration is to share in the country's great future.

(ABC-3)

BUSH

CBS's Dan Rather: Even as the President and Vice President promised full disclosure another key witness summoned to Congress today disclosed nothing, John Poindexter took the 5th about everything. Bill Plante reports on the day George Bush had his say and, at least to some around the President, seemed to try and back away.

CBS' Bill Plante: Vice President Bush, speaking out for the first time, put some distance between himself and President Reagan on the Administration's Iran policy by saying what the President would not say, that selling arms to Iran was a mistake.

(Vice President Bush: "Simple human hope explains it perhaps better than anything else. The President hoped that we could open a channel that would serve the interests of the United States and of our allies in a variety of ways. Call it leadership, given 20/20 hindsight call it a mistaken tactic if you want to.")

Bush says he personally was unaware of any diversion of funds or ransom payments. He also criticized the National Security Council staff in what sources said was very deliberate language.

(Bush: "Clearly mistakes were made.")

The Vice President also hinted there could be further changes in the White House staff if necessary. Aides said that President Reagan had read and approved Bush's speech without objection. Secretary Weinberger also said the President had gotten bad advice and when he heard about the diversion of funds to the Contras:

(Secretary Weinberger: "I was horrified. I think that's the wrong thing to do.")

The President, attempting to conduct business as usual with a speech to women entrepreneurs, mentioned Iran only briefly suggesting that things are on the mend.

(President Reagan: "The machinery is in place to seek answers to the questions that are being asked, to fix what needs fixing, and to restore complete confidence to the conduct of our foreign policy.")

But many members of Congress believe there must be more staff changes before confidence can be restored. CIA Director Casey, some members think he lied to them about how Contra funds were handled.

(Rep. Michel: "I want to just reserve on...")

Sen Dole: Maybe we better reserve on having to deal with that.")

Chief of Staff Regan still in trouble, some want his head.

(Rep. Michel: "When one has not pulled his share of the load I guess maybe he ought to think of it terms of a fresh start for the President.")

There was no ringing endorsement from the First Lady either.

(Nancy Reagan: "I have made no recommendations at all and it is up to my husband.")

Some of the President's friends are known to believe that even another staff house cleaning won't do the trick unless Mr. Reagan himself softens his position and admits he made a mistake. Today there were hints for the first time that he might be persuaded to do it.

(CBS-Lead)

NBC's Tom Pettit: The Vice President defended himself but provided no new information today. Speaking to an audience in Washington he said the Iran initiative was worth trying but:

(Vice President Bush: "Call it leadership, given 20/20 hindsight, call it a mistake in tactic if you want to, it was risky but potentially of long term value.")

In remarks approved by the White House, he said he knew about Iran but not cash for the Contras.

(Bush: "I was aware of the Iran initiative and I support the President's decision. And I was not aware of and I oppose any diversion of funds, any ransom payments, or any circumvention of the will of the Congress.")

He did not say that the President did not know about the cash. He did not say laws may have been broken. He did not apologize.

(Bush: "And if the truth hurts so be it. We have got to take our lumps and move ahead. Then a forgiving American people, in spite of their misgivings about Iran and weapons and diverted funds will say our President told the truth. He took actions. Let's go forward together. Thank you very much.")

Bush rested his case, a defense essential to keeping his campaign for 1988 alive. There's a little tarnish on it right now, his political advisers say Bush helped himself today barring any new disclosures.

(NBC-3)

ABC's Carole Simpson reports Vice President Bush's speech had been carefully drafted but he caught the most attention when he departed from his text to acknowledge that in the Administration's dealings with Iran some things had gone terribly wrong.

(Bush: "Clearly mistakes were made. There can be no denying that our credibility has been damaged by this entire episode and its aftermath.")

Bush strongly defended President Reagan's decision to open a dialogue with Iran because of its strategic importance to U.S. national security interests. Bush also praised the President for taking swift action in launching investigations of the sale of arms to Iran and the channeling of funds to the Contras, but the Vice President made it clear he was not personally involved in any misdealings. Sources close to the Vice President say his speech reflects the views of both President Reagan and Attorney General Meese. These sources say the Administration has finally realized that the American people believe that the Iranian affair was a mistake and it was time they catch up with the people and admit it was a mistake. (ABC-Lead)

POINDEXTER

Brokaw: Congressional investigators are having a hard time getting much information out of two of the principle figures in the Iran arms scandal. First Lt. Col. Oliver North and then today Adm. John Poindexter took the 5th Amendment, chose not to testify about details of the secret arms sale to Iran and the diversion of profits to the Contras. Poindexter appeared today before the Senate Intelligence Committee.

NBC's John Dancy reports Poindexter arrived at the Senate office building flanked by lawyers, an hour later it was clear why, his chief attorney had advised him to invoke the 5th Amendment against incriminating himself. Meanwhile, one leading Senator, Hollings, said today the controversy will end only when President Reagan acknowledges he knew about the Contra connection.

(Sen. Ernest Hollings: "I think he knew it all, generally speaking, you know that and I know that. But we need the President to come right up on top of the table and level with the American people and that's the only way we are going to solve this problem.")

Hollings voiced what other Senators have been saying privately, the only way the Iran arms affair can end without further damage is for the President to call in his aides, demand the facts and then make them public.

(NBC-Lead, ABC-6, CBS-2)

POLL

Jennings: Because the Iran affair continues to so preoccupy the country's political establishment we have again sought your opinion on the subject. For the first time since the Iran affair began the President's overall approval rating in our ABC News poll has fallen below 50%, only 49% of those people we asked thought the President was doing a good job. Now compare that to his approval rating in September, 18 points higher (67% approval in September). Since the last time we conducted a poll, which was only a week ago, an independent counsel has been decided on and an overwhelming percentage of the public approves 91% (7% does not approve). And on the positive side for the President is this, while only 47% of the public believe the President is telling the truth about the Iran affair (49% do not), that is actually an improvement from two weeks ago when only 37% believed him.

(ABC-2)

CIA BANK ACCOUNTS

NBC's Art Kent reports a story in today's Washington Post said profits from the sale of U.S. arms to Iran went into a CIA Swiss bank account used to support other secret operations. This afternoon the CIA issued an unusual on the record denial. The funds related to the Iran program that passed through agency hands were the \$12 million dollars owed the Pentagon for the arms. The funds were segregated. The CIA received no profits nor were any funds which passed through agency hands diverted to the Contras or any other covert action programs. Congressional sources are saying tonight they do not believe CIA Director Casey has been totally candid in his appearances before committees. The congressional leadership is described as being tough on Casey at the White House this morning and intelligence sources are saying that if profits from the arms sale to Iran diverted to the Contras were not handled directly by the CIA, the CIA certainly know where they went.

(NBC-4)

ABC's John McWethy reports as the Iran arms investigation broadens, White House advisers and Republican members of Congress are privately pointing a finger at William Casey, joining Democrats in accusing Casey of misleading investigators and Congress. They say Casey must go. Administration officials say revelations in this morning's Washington Post further damage Casey's standing. U.S. officials confirm the Post account. The CIA today denied that it handled any of the money in question. Even so, investigators continue to focus on what role the CIA played and apparent discrepancies in how that role has been portrayed by Casey. (ABC-5, CBS-4)

PORTUGAL CONNECTION

Rather: CBS's News' Robert Schackne reports that just a few week after the arms sale to Iran last year almost 200 tons of supplies were flown from Portugal to the main Contra supply base in El Salvador. The carrier, Southern Air Transport, the, at a minimum, former CIA airline that employed Eugene Hasenfus. Schackne's sources say the Contra supply operation was personally directed from the White House by President Reagan's aide Oliver North. (CBS-5)

U.S./ISRAELI CONNECTION

ABC's Dean Reynolds reports Israeli officials again stressed today that they only shipped U.S. arms to Iran after they were told President Reagan had approved. ABC News has been told that Israel's top leaders believe Attorney General Meese is wrong when he suggests that the Israelis began shipping American-made arms to Iran without a presidential okay. Sources say that before agreeing to cooperate in the summer of 1985, Israel insisted first, that the plan have the highest American authorization, meaning the President. Second, that Secretary Shultz be fully informed, and third, that all sides would deny the plan if it were exposed. Sources say Robert McFarlane assured Israel a short time later that the White House accepted the conditions, that the President approved. Each time someone in the Reagan Administration tries to draw the Israelis closer to this controversy, the government here pulls further away, confident that when the facts are in, the Israeli version will prevail. (ABC-7)

WATERGATE COMPARISON

ABC's Jim Wooten reports Daniel Schorr once worked the Watergate scandal and now has a sense of deja vu. Richard Cohen thinks such comparisons are risky. But the similarities between then and now are striking nevertheless. But like the similarities, the differences between then and now are also compelling. (ABC-8)

CBS's Bruce Morton reports the impeachment hearings 12 years ago were about the Constitution and a president charged with trying to bend it. So far it appears the Reagan-Iran controversy is quite different. That doesn't mean it isn't serious. The United States preached one foreign policy and practiced its opposite. The President sent arms secretly to a country most Americans really dislike, some laws may have been broken. It may add up to more or less than Watergate, it is so far different. (CBS-8)

WEBSTER

Rather: Amid all the talk about who in the President's inner circle will have to go, word tonight of someone who will stay at least for now. Rita Braver has been told that FBI Director William Webster planned to leave soon for personal reasons, but he is said to be concerned now that naming a new FBI chief in the middle of this scandal investigation looks bad and is bad so Webster will reconsider plans to leave. (CBS-3)

BURGLARIES OF ANTI-CONTRA OFFICES

Rather: It's said to have happened more than two dozen times of the past two years in city after city, CBS News correspondent Richard Roth reports tonight on what seems to be a bizarre series of burglaries aimed at offices run by groups opposed to U.S. Central American policy and the burglars weren't after cash. (CBS-7)

EDITORIALS/COLUMNISTS

IRAN/NICARAGUA

No Watergate -- "Those who supposed that, smarting over criticism of the Iran fiasco, a resentful Ronald Reagan was going to hunker down and cover up, repeating all the stupidities of the Watergate scandal, will have to suppose again. Yesterday the President seizing control of the growing imbroglio, asked for an independent counsel and a select congressional committee to sift the evidence and promised his complete cooperation.... Mr. Reagan has done what needed to be done, and he has done it, not grudgingly, but in the proper spirit, eschewing rancor and pledging candor."
(Washington Times, 12/3)

Acting Like a President -- "After three weeks of contradiction and evasion over arms dealings with Iran and the Nicaragua rebels, Ronald Reagan has started acting like a President again. In just a few minutes yesterday, he took three steps, each of which advance the difficult process of restoring confidence in his shaken presidency."
(New York Times, 12/3)

Setting Course -- "Watching President Reagan's brief speech yesterday, we felt for the first time that he was starting to get a grip on his Iran problem. It was not that an independent counsel solves everything, or that Frank Carlucci is a brilliant choice as national security adviser, but that the President had hoisted sail and set his course."
(Wall Street Journal, 12/3)

Reagan Did the Right Thing -- "Evidently the gravity of the crisis besieging his presidency finally has registered its full weight upon President Reagan. The decisions he announced yesterday represent a critical turning point, and an altogether welcome one -- but a long journey still must be traversed through ominous, uncharted territory before the end of this sad drama can be known.... Thank goodness he did not choose to 'stonewall.' At least President Reagan is moving decisively toward resolving the crisis rather than dithering."
(Philadelphia Inquirer, 12/3)

Pinning Failure on the Press -- "Publicity in fact has doomed his under-the-table arms deals with Iran and, perhaps, imperiled the hostages. But that publicity was not the result of nosy reporters prying the lid off sensitive negotiations. It came about because Iranian officials revealed the deals to serve their own political ends. Such disclosure should have been anticipated and, in fact, more cautious members of the President's circle argued that a deal this big was impossible to keep quiet. If there was a reckless irresponsibility involved, it lay in the White House's eagerness to pursue the policy, heedless of warnings."
(Philadelphia Inquirer, 12/3)

Scandals and Inquiries -- "Mr. Reagan's moves to date have been reluctant but not obstructive, and as such they spare him the fate that befell President Nixon after he tried to cover up the Watergate incident. To succeed, he will have to brace himself for further unpleasant revelations (some self-generated) while fulfilling his pledge 'to make all the facts concerning this matter known to the American people.'"
(Baltimore Sun, 12/3)

EDITORIALS/COLUMNISTS (continued)

Take the Candor Option Now -- "In getting out the full story and the bad advisers, the premium is on speed. Congress soon will become a fertile source of leaks and misinformation. It eventually may get itself together, as President Reagan has asked, and consolidate its inquiries. But even if it does, the revelations will be like a water torture unless the President takes charge of the floodlocks and relieves the pressure immediately."

(Chicago Tribune, 12/3)

The Carlucci Appointment -- "Mr. Carlucci, savvy and well-schooled in the substantive issues a national security adviser must deal with, has experience as well in dealing with the men who are President Reagan's principal foreign policy and defense advisers.... We hope the new appointment works. We also hope that Mr. Carlucci has arranged to report directly to the President."

(Washington Post, 12/3)

Don't Blame the Contras for Iran -- "There's a decidedly unpleasant exercise taking place on Capitol Hill -- the beginning of an effort to punish the Nicaraguan freedom fighters for the misguided U.S. dealings with Iran.... Most of the folks in Congress who now say that, on account of the Iran fiasco, U.S. aid to the contras must stop, are the same people who've always opposed that aid effort."

(New York Post, 12/3)

Irangate: the Larger Lesson -- "This is a start. More must be done. The White House staff needs a fresh team.... Next, the Cabinet. Revelations will have their impact. It may follow too that some of those now holding the store may best move on by the time of the President's State of the Union message in late January.... Foreign policy precepts: Behind the Iran-hostages-contra affair lies a worldwide traffic in arms that is immoral to the core.... Out of the Iran mess will come the issues for the next American election. Let's learn the right lessons well."

(Christian Science Monitor, 12/3)

Reagan's Iran-Gate: It's No Watergate -- "On the surface, the parallels between President Reagan's 'Iran-gate' and Richard Nixon's 'Watergate' are compelling.... But it's highly improbable that Iran-gate will end the same way as Watergate. For one thing, Ronald Reagan is no Richard Nixon. It's not easy to imagine him masterminding a plot to bend democracy to his personal uses.... Mr. Reagan should now take as his model President John Kennedy's action after the Bay of Pigs fiasco in 1961.... Rather than trying to blame his staff or the Eisenhower Administration, whose basic plan he used, Kennedy stood up and shouldered full blame. The crisis passed. The American people understand that mistakes are sometimes made."

(Thomas Bray, Detroit News, 11/30)

ARMS CONTROL & SALT II

Pouring SALT on Wounds -- "The problem with the decision is its timing. The nation is involved in an arcane muddle over foreign policy initiatives that strain national credibility. It doesn't need the fallout floating down in the SALT II mercy killing.... The President and his aides should want to stem confrontational impulses until both the government and the public are satisfied they have answers to the steaming questions from the Iranian-contra affair."

(Chicago Sun-Times, 12/2)

EDITORIALS/COLUMNISTS (continued)

Breaking With SALT II -- "We understand well enough why these Democrats believe that forcing the U.S. to comply with SALT II puts them on the side of the angels. But before they take all the citizens of this country with them into the land of the angels, we hope they will be asked to show in detail why tying the hands of the U.S. will alter anything Mr. Gorbachev intends to do to protect and enhance the Soviet Union's own strategic capabilities."
(Wall Street Journal, 12/2)

Violating SALT II Trashes Arms Control -- "Unfortunately for the nation, Ronald Reagan's policy of exceeding the limits imposed by its second strategic arms limitation agreement with the Soviet Union is both risky and pointless. It exhibits the same confusion and shortsightedness as the Administration's covert support of the mullas and contras, if not the same duplicity.... In fact, Reagan's arms control policies now seem to have achieved a state of utter incoherence. And in the long run, that may do the nation infinitely more damage than covert arms sales to Iran and money-laundering for the contras."
(Newsday, 12/1)

SALT II Breakout -- "President Reagan's breakout from the SALT II treaty might make sense to a besieged White House staff seeking diversion from the Iran-Nicaragua fiasco and some way of placating rattled right wingers. But as an exercise in statecraft it serves neither the military nor the political interests of the United States and adds to the imagery of an Administration that is losing its grip."
(Baltimore Sun, 11/30)

SALT: Asking for Trouble -- "A breakout adds a double political burden to the negotiations. It deals one more card to those in the Kremlin disposed to downgrade the talks or -- the same thing -- to seek one-sided advantage from them. And to judge by the forceful reaction of such legislators as Les Aspin and Sam Nunn, it strengthens the inclination and capacity of Congress to cramp Mr. Reagan's negotiating style by writing arms control policy into law. The Administration should not be asking for this trouble."
(Washington Post, 11/30)

Bigger Blunder -- "Even after Reykjavik, where the White House says it came 'that close' to history-making cuts in nuclear weapons, President Reagan's commitment to arms control remains suspect.... A majority of members in Congress...appealed to the President last October not to break the SALT II limits. The next step probably will be to make that appeal binding by using the powers of Congress over spending. That is clear encroachment on the powers of the presidency, but it may be the only way to preserve the arms-control process."
(Los Angeles Times, 11/30)

Farewell to a 'Flawed' Treaty -- "In the final analysis, the trouble with abandoning SALT II is that a lot of people in this country and around the world saw it as the best hope that the arms race would not get worse before it got better. Now that hope is gone."
(Philadelphia Inquirer, 12/3)

FOREIGN MEDIA REACTION

PRESIDENT'S CARLUCCI/INDEPENDENT COUNSEL SPEECH

"President Reagan yesterday named Frank Carlucci...as his new National Security Adviser. He also agreed to the appointment of an independent investigator to look at the Iran arms scandal.... If the inquiry was given a chance to work, he said, all the facts over Iran and the transfer of funds to the Contras would shortly be made public. Looking strained, and with his voice almost breaking, he declared: 'Then the American people, you, will be the final arbiters of this controversy. You will have all the facts and will be able to judge for yourselves.'..."

(Times, Britain)

"In appointing a special prosecutor and Frank Carlucci, Reagan resumed the initiative. It was just about time.... The European allies and moderate Arab countries still must be convinced that U.S. foreign policy is credible and coherent and that its artisans are neither incompetent nor cheaters. Weinberger was delightful yesterday with Chirac.... Shultz will follow in a few days with a similar mission, under the condition that the call for clarifications by President Reagan does not increase the damage."

(Liberation, France)

"President Reagan has turned the investigation of the Iran affair over to a special prosecutor.... This dramatic move indicates that he is determined to keep developments under control and that a new phase of resolute crisis management has begun.... The President decided to take these measures last but not least in view of results of latest public opinion polls which indicated that his popularity declined last week from 67 to 46 percent."

(Die Welt, West Germany)

"Aware of the urgent need to avoid repeating the mistake which cost Nixon the Presidency...Ronald Reagan acted rapidly.... With a mixture of pragmatism and rhetoric characteristic of his instinctive ability in his finest hours, Ronald Reagan tried to regain the initiative by accepting the foreseeable requests for a radical 'house cleaning' in the Administration...."

(Corriere della Sera, Italy)

"The President's first reaction...was indignation and contempt toward the media and Congress, but his tone is different now; he cannot ignore the tremendous pressure, both from Democratic and Republican quarters, requesting a totally objective investigation...."

(El Pais, Spain)

"Congress which requires a debate on every initiative, even clandestine, and which only sporadically supports the President's policy, bears its share of responsibility. But to defend the indefensible, to burn documents, and to blame the press for the mistakes of incompetent aides intoxicated by power will not solve America's problem."

(La Libre Belgique, Belgium)

"To prevent another Watergate and a Republican debacle in 1988, President Reagan has reasserted himself.... Instead of getting himself bogged down in denials and lies, he is playing the game democratically...."

(Le Matin, Switzerland)

-end of News Summary-