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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, DECEMBER 11, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Casey Sparks Wrangle On What Reagan Knew -- CIA Director William Casey yesterday denied under oath a published report that he had uncovered the details of the Iran-Contra affair one month before it was publicly disclosed by the Reagan Administration.

(New York Times, Washington Post, Washington Times, AP, Reuter, UPI)

Scandal Will Pass, Reagan Tells Freshman Lawmakers -- President Reagan told congressional freshmen yesterday that he knew nothing about the diversion of profits from Iranian arms sales to the Nicaraguan resistance.

(Washington Times)

INTERNATIONAL NEWS

Soviets Assailed On Rights -- President Reagan, acclaiming Soviet dissident Anatoly Marchenko as "a martyr for the cause of human rights," condemned rights violations in a Human Rights Day speech yesterday.

(Washington Post)

NETWORK NEWS (Wednesday Evening)

CASEY -- Foreign Relations Committee members say the CIA Director raised more questions than he answered.

NORTH -- Oliver North was the principle adviser to political campaigns of opponents to Contra aid.

RANSON RECALLED -- Diplomat David Ranson, the number two man at the embassy in Syria, has been called home to answer questions about his role in the Iran affair.

ABC FLOODED WITH CALLS ABOUT PRE-EMPTIONS

NEW YORK -- ABC was flooded with calls from angry viewers who tuned in to watch their favorite soap operas early this week only to find them pre-empted by live coverage of congressional hearings on the Iran arms sale.

ABC News spokesman Tom Goodman said the network received 1,330 calls. "All objected to pre-emption of soap operas," he said. NBC reported receiving 145 complaints, and a CBS spokesman said his network received fewer than three dozen calls.

(Associated Press, 12/10)

IRAN — NICARAGUA

CIA CHIEF SAYS BUSINESSMAN TIPPED HIM TO FUND DIVERSION Casey Says Oct. 7 Call Told Of Canadian Group's Role In Arms Deal

CIA Director William Casey testified yesterday that a New York businessman told him on Oct. 7 that a group of Canadians who had financed shipments of U.S. arms to Iran had not received money they were owed and that these funds might have been diverted to Central America, according to congressional sources.

Casey "stunned" the House Foreign Affairs Committee, in the words of one member, by asserting in the closed-door session that this was the first inkling he received that funds generated by the sale of U.S. arms to Iran may have been diverted for some other purpose. Casey told the committee that, after his conversations with the New York businessman, he initiated an internal CIA inquiry and alerted Vice Adm. Poindexter, who was then President Reagan's national security adviser.

(David Broder & Edward Walsh, Washington Post, A1)

CIA Aides Made 'Serious Errors,' Legislator Says

William Casey, the Director of Central Intelligence, gave five and a half hours of secret testimony today on the Iran arms operation, and afterward a key Republican legislator said it appeared that "serious errors of judgement" had been committed by senior CIA officials.

Representative William Broomfield of Michigan, the senior Republican on the House Foreign Affairs Committee, said the director's sworn testimony to the panel made it clear that the CIA would have to improve its "internal oversight and control over certain operations."

(Bernard Gwertzman, New York Times, A1)

Casey Sparks Wrangle On What Reagan Knew

CIA Director William Casey yesterday denied under oath a published report that he had uncovered the details of the Iran-Contra affair one month before it was publicly disclosed by the Reagan Administration.

"The cast of characters had grown slightly larger," Rep. Larry Smith said after the close of the third and final day of committee hearings.

Testimony taken in the hearings sparked an angry difference of opinion between committee members over what it revealed about President Reagan's involvement in the scheme.

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

Casey/Hostages/Iran

CIA Director Casey told a House committee Wednesday he did not know Iran arms sales profits were being slipped to the Contra rebels and panel members split sharply over President Reagan's role in the scandal.

The CIA boss declined to talk to reporters after the hearing, saying only, "I've been talking to the committee off the record for 5½ hours and I'm not going to elaborate."

Panel members, however, said he contradicted a report he knew of the operation nearly a month before the public was told profits from clandestine arms deals with Iran were slipped to the U.S.-backed Nicaraguan rebels, but acknowledged the spy agency played a major role in the arms for Iran deals.

(Sean McCormally, UPI)

Mixed Congressional Reaction To CIA Director's Testimony

Most members of a congressional panel looking into Iran arms sales said many gaps remained after three days of hearings, but one member decided that President Reagan must have authorized the diversion of funds to Nicaraguan rebels.

"I am very comfortable with the conclusion that the President must have known about the diversion," Rep. Solarz, of New York, told reporters after a secret hearing yesterday with CIA director Casey.

"The identity of the higher authority is fairly clear -- at least to me -- I believe it's the President of the United States," he said.

(Sue Baker, Reuter)

Casey Says He Learned In October Of Canadian Involvement In Arms Sales

CIA Director Casey, in five hours of secret, sworn congressional testimony, said Wednesday he learned in October that Canadians were involved in the U.S. arms shipments to Iran and that some of the money generated by the sales may have been diverted to Central America, according to published reports.

Rep. Fascell said Casey did offer specifics "with regard to a lot of information which he did not have on the record before" concerning the unraveling scandal that has engulfed the Reagan Administration.

(Cliff Haas, AP)

Report: Casey Said Businessman Tipped Him To Arms Sales Diversion

CIA Director Casey told a House committee that a New York businessman, not his own intelligence operation, tipped him in October to a diversion of profits from Iranian arms sales, says a published report.

Committee members in the closed session were said to be stunned when Casey asserted that his conversation with Furmark was the first hint he had that funds from the sale of U.S. arms to Iran might have been diverted to Central American.

(Lawrence Knutson, AP)

Man Linked To Arms Sale Described Himself As Wheeler-Dealer

NEW HAVEN -- A businessman linked to the Iran-Contra case characterized himself in court documents as a wheeler-dealer who paid off military officials under the shah to secure business for a U.S. corporation.

Court documents indicate that Hakim funneled hundred of thousands of dollars through a secret Swiss bank account to Iranian military officials to help get the Olin Corp. about \$34.5 million in business. The payoffs were arranged before Shah Mohammad Reza Pahlavi was overthrown in 1979.

(Susan Okula, AP)

REAGAN SIDESTEPED '82 SECURITY ORDER
Half Of National Security Group Not Notified Of Iran Arms Sale

President Reagan ignored one of his own national security orders by failing to notify his senior advisers of a Jan. 17 intelligence document authorizing shipments of U.S. arms to Iran, informed sources said yesterday.

The ignored order was a "national security decision directive" (NSDD) approved by the NSC and signed by the President in 1982. It provided rules for presidential intelligence authorizations, known as "findings." Specifically, the 1982 order required that all findings be written and circulated among the eight senior members of the National Security Planning Group (NSPG) before being put into effect, sources said.

(Walter Pincus, Washington Post, A1)

SCANDAL WILL PASS, REAGAN TELLS FRESHMAN LAWMAKERS

President Reagan told congressional freshmen yesterday that he knew nothing about the diversion of profits from Iranian arms sales to the Nicaraguan resistance.

He also said his Administration will weather the scandal.

"The President told the truth," said White House spokesman Larry Speakes, responding to the poll. "The President will continue to emphasize to the American people that he is doing everything he can to get to the bottom of this. And he will be relentless in his pursuit of the facts in this matter."

(Mary Belcher, Washington Times, A1)

STATE DEPT. SUSPECTS A BACK-CHANNEL NETWORK

There is evidence that the ambassador to Lebanon was not the only U.S. envoy recruited for secret, back-channel communications to the White House and CIA, officials said yesterday, indicating the possibility of a network operating without State Department knowledge.

State Department investigators suspect that other senior diplomats may have been enlisted by the NSC staff to bypass the secretary of state on such sensitive matters as hostage negotiations, officials said.

(Stephens Broening, Baltimore Sun, A1)

CLARK CLIFFORD SAID TO BE AMONG CANDIDATES
FOR INDEPENDENT COUNSEL

Former Defense Secretary Clark Clifford is among candidates for the post of independent counsel to investigate the Iran-Contra affair, federal law enforcement officials say.

The appointment of a counsel by a special three-judge appeals court panel could come as early as today and is likely before the end of the week, these officials said Wednesday. They spoke on condition of not being identified.

(Michael Sniffen, AP)

IRAN/NORTH/CAMPAIGNS

Lt. Col North helped target politicians who opposed White House policy on the Nicaraguan Contras and provided information for negative ads on those candidates, NBC News reported Wednesday night.

In addition to his role in the diversion of Iran arms sale profits to the Contras, North advised public relations officials who developed campaigns against President Reagan's critics and for his Contra policy.

(UPI)

CARLUCCI SUPERVISED ARMS ADVISERS AT SEARS

A subsidiary of Sears, Roebuck & Co. has been involved in international arms sales for the past three years under the supervision of Frank Carlucci, President Reagan's choice to head the National Security Council, Sears officials acknowledged yesterday.

Through its Sears World Trade subsidiary in Washington, the nation's largest retailer has acted as a consultant to U.S. and foreign companies wanting to sell military equipment, according to James Allen, a retired four-star general who directly oversees Sears' defense consulting efforts.

(Caroline Mayer, Washington Post, A1)

DOMESTIC REACTION

HIGH-LEVEL EFFORTS TO REPLACE REGAN ARE REPORTED

Michael Deaver and Stuart Spencer, two of President Reagan's closest political advisers, are pressing for the early removal of Donald Regan as White House chief of staff with the active support of Nancy Reagan, according to people with longstanding ties to the Reagan family.

The two men are said to believe that only the departure of Mr. Regan, a hard-bitten 67-year-old former marine, can restore public confidence in the Reagan Administration, which has been shaken by the controversy over arms sales to Iran and the diversion of funds to the Nicaraguan rebels.

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

Report: Nancy And Top Reagan Aides Urge Regan's Ouster

NEW YORK -- Two top Reagan advisers along with First Lady Nancy Reagan are urging that Donald Regan be removed from his job as White House Chief of Staff, The New York Times reported today.

Michael Deaver and Stuart Spencer are said to believe that only Regan's departure can restore confidence in President Reagan's Administration, according to the newspaper, which cited unnamed "people with longstanding ties to the Reagan family."

(Reuter)

CARTER OPPOSES GRANTING IMMUNITY TO NORTH AND POINDEXTER

HOUSTON -- Former President Jimmy Carter said Wednesday that Vice Adm. Poindexter and Lt. Col. North should not be granted immunity in exchange for telling what they know about the Iran arms-Contra aid scheme.

"Only if the ongoing investigation is not able to ascertain the facts from other sources, only as a last resort would I grant immunity to these men," he said. (Mary Schlangenstone, UPI)

Carter Says Reagan Not Forthcoming Enough On Iran Deal

NEW YORK -- Former President Carter said today that President Reagan is not doing all he can to get the truth about the U.S. Iran-Contra arms deal to the American people.

Carter, in an interview with CBS News, also said the worst aspect of the crisis was the "connotation of betraying our allies" by selling arms to the Iranian government.

"I think that now there's a sense (by the Reagan Administration) of, 'We'll wait till things are revealed through the investigative committees and only then will the information be made public.'" (Reuter)

IRAN/WHITE HOUSE PARALYSIS

Reagan Administration officials say the Iran-Contra scandal is paralyzing important activities in the White House at the worst possible moment -- the critical period at the top of the "budget cycle" when legislative plans and political priorities for the year ahead are set in place.

According to some of these officials, dealing with the White House on anything other than the most routine processes, now can be an impossibly frustrating experience. Decisions on major new initiatives are stalled. meetings are cancelled, rescheduled, then cancelled again. Reports go unread. (Miles Benson, Newhouse)

IRAN/MEESE/LEGAL ADVICE

Attorney General Meese's oral legal advice to President Reagan that it was not necessary to notify Congress beforehand of arms shipments to Iran has stunned some legal experts and former government lawyers, who charge it was "irregular" and "inappropriate" for Meese not to draft a written opinion.

Some legal experts criticized the advice itself as well as the manner in which it was given. They say it was a violation of the Intelligence Oversight Act not to notify Congress. (Kathryn Kahler, Newhouse)

MEESE CONTRA PROBE PLAN IS ATTACKED IN CONGRESS Democrats Say Counsel's Charter Too Narrow

Attorney General Meese came under criticism on Capitol Hill yesterday for insisting that the Justice Department would continue its investigation of U.S.-based activities for the Nicaraguan contra rebels.

According to informed sources, Democrats on the Senate Judiciary Committee complained in a secret petition to the U.S. Court of Appeals here that the court-appointed counsel should have broader authority under the 1978 Ethics in Government Act than Meese has proposed.

(George Lardner, Washington Post, A25)

Capitol Hill Democrats Want Broader Probe Of Iran-Contra Affair

Congressional pressure is mounting for an independent counsel's review of the entire Contra aid program, not just the probe of Iran arms sales and fund transfers sought by Attorney General Meese.

All eight Senate Judiciary Committee Democrats took the unusual step Wednesday of directly asking a three-judge federal court for the broadened investigation, congressional sources said.

And in the House, several Judiciary Committee Democrats made similar pleas in interviews, criticizing the Justice Department for beginning a new, internal investigation of aid to Nicaraguan rebels.

(Larry Margasak, AP)

PRESIDENT FINDING THAT TELEVISION IS A TWO-EDGED SWORD

Television has given a great deal to the Great Communicator in the White House, and now it has begun taking some of it away.

For the first time since the Iran-Contra furor erupted a month ago, congressional hearings are being televised nationally during the daytime, with riveting highlights repeated at night on the evening news. The result is a steady stream of news that is bad and impressions that are worse for President Reagan as he and his aides attempt to surmount the crisis that accounts for a swift, 20-point plunge in job approval ratings.

(David Espo, AP)

BUCHANAN AT HOME IN ROLE AS REAGAN'S DEFENDER

Patrick Buchanan, back in his familiar role of defending a besieged President, says his tough-talking ways make him the perfect point man to deflect criticism from his chief in the Iranian arms sale controversy.

Buchanan, a fierce conservative and long-time scourge of Democrats, has raised hackles by asserting that skirting the law just might be justified if the cause is right. And members of his own Republican Party have grumbled over his charges that the GOP leadership has deserted President Reagan.

Buchanan said the investigation into any wrongdoing must "go forward." But he added he draws the line "when it gets into people going on television and trashing the President of the United States. Then I think the President ought to be defended in those same forums, and I'm going to do it."

(Susanne Schafer, AP)

AMERICAN ENVOYS SAY THEIR HOPES OF SOON
GAINING A HOSTAGE RELEASE FADING

BEIRUT -- Two American Moslems seeking the release of U.S. hostages held in Lebanon said their hopes have dimmed of returning home with at least one freed captive.

The Americans on Wednesday also said two men claiming to represent the hostages' captors had contacted them, and that they knew how to reach one of the men who contacted them by telephone.

"Our hope has ebbed over the past 10 days, but it's not lost," said Mohammed Mehdi's deputy, Dale Shaheen. (AP)

MIDDLEMAN TELLS OF PAYOFFS TO SHAH'S OFFICERS

NEW HAVEN -- Albert Hakim, an Iranian-born businessman linked to the Iran-contra case, funneled hundreds of thousands of dollars to Iranian military officials in the 1970s as payoffs to secure business for an American corporation, according to court papers.

Hakim, 50, of Los Gatos, Calif., described himself in depositions as a "wheeler-dealer" whose Tehran firm was hired by about 20 international corporations before the shah of Iran was overthrown in 1979.

(AP story, Washington Post, A25)

FOREIGN REACTION

IRAN NOT A WATERGATE, SHULTZ ASSURES ALLIES

BRUSSELS -- Secretary Shultz sought to bolster European trust in American foreign policy today by stressing the Reagan Administration's determination to reveal all the facts involved in the controversy over U.S. weapons sales to Iran, in contrast to former President Nixon's efforts to cover up the Watergate scandal.

Shultz told reporters that the foreign ministers of Britain, France and West Germany, whom he met yesterday in England, were reassured by his explanation that the Administration's strategy was to "get all of the facts out, to cooperate with the various investigations that are going on, and having done that, to go about our business, which we're doing."

(Jeffrey Smith, Washington Post, A33)

SAUDI ARMS DEALER TIED TO CASEY'S INFORMANT
Longtime Friend Of CIA Chief Said To Have
Entered Venture To Supply Iran

Roy Furmark, the New York businessman who reportedly first alerted CIA Director Casey to the diversion of funds from U.S. arms sales to Iran, once joined with Saudi billionaire Adnan Khashoggi in a venture to supply arms and other goods to Iran, according to sources.

The disclosure of Furmark's connection with Casey and his knowledge of the secret shipment of arms to Tehran adds a new strand to the complicated network of government, business and foreign arms dealers involved in the Iran affair.

(David Ottaway & Ruth Marcus, Washington Post, A25)

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U.S. ACCOUNT DATA STILL INADEQUATE, SWISS DECLARE

BERN -- The United States has not yet supplied the documentation necessary to support its request that Switzerland lift banking secrecy in the U.S. probe of arms sales to Iran, a Justice Ministry spokesman said today.

The spokesman said Switzerland was therefore unable to take any further action on the U.S. request, leaving one of the two bank accounts in question free to further transactions. The second account has been effectively frozen by the bank itself, Credit Suisse, a move which bankers and lawyers say is of dubious legality.

(Reuter story, Washington Post, A26)

IRAN SAYS FOE OF U.S. TIES CONFESSED TO MURDER ON TV

NICOSIA -- Mehdi Hashemi, the former head of Iran's office in charge of exporting revolution -- and an opponent of overtures to Washington -- has confessed to murder and collaboration with the shah's secret police, Iran's official press said today.

The crimes usually bring the death penalty.

Hashemi is the brother of the son-in-law of Ayatollah Hussein Ali Montazeri, Ayatollah Ruhollah Khomeini's designated successor. Hashemi is a hard-liner who sought to torpedo efforts to open channels between Iran and the United States. (Scheherezade Faramarzi, Washington Post, A32)

MARCOS AIDE CAMOUFLAGED IRAN ARMS DEALS, REPORT SAYS

A top aide to deposed Philippine president Ferdinand Marcos signed fake resale certificates in an effort to hide Iranian arms purchases from senior Reagan Administration officials, the San Francisco Examiner reported yesterday.

Gen. Fabian Ver, former chief of staff of the Philippine armed forces, signed the certificates from the fall of 1985 to last February, according to a Justice Department source quoted by the newspaper.

(UPI story, Washington Post, A39)

INTERNATIONAL NEWS

SOVIETS ASSAILED ON RIGHTS Reagan Hails Marchenko As 'Martyr'

President Reagan, acclaiming Soviet dissident Anatoly Marchenko as "a martyr for the cause of human rights," condemned rights violations in a Human Rights Day speech yesterday.

"The United States intends to hold the Soviet Union to the human rights commitments it made at Helsinki," Reagan said, noting that the Soviets were among the signers of accords reached in the Finnish capital 11 years ago.

"The Soviet government, despite a few gestures this year, gestures that reflect posturing more than flexibility, continues its systematic violation of human rights," Reagan said in a speech at the Old Executive Office Building. "These realities remain unacceptable, and we will continue to do our utmost to press for change."

(AP story, Washington Post, A57)

Brain Disease Killed Dissident, Soviets Declare

MOSCOW -- A brain hemorrhage caused the death of imprisoned dissident writer Anatoly Marchenko, a Soviet official said today.

Boris Pyadyshev, a Soviet Foreign Ministry spokesman, told a news conference: "Anatoly Marchenko...died in a hospital of a brain hemorrhage after a long and natural illness." Pyadyshev refused to answer questions on the case.

(Reuter story, Washington Post, A58)

DEMOCRATS PLEDGE FIGHT FOR SALT II

House Democrats warned the Reagan Administration yesterday that they will seek to enact legislations that would force the United States back into compliance early next year with the unratified SALT II strategic arms limitation treaty.

The House Democratic Caucus adopted a resolution criticizing the Administration for exceeding nuclear weapons limits set in the treaty, an action it said "has created confusion and concern among our allies around the world."

(Edward Walsh, Washington Post, A52)

GORBACHEV ISSUES NEW CALL ON U.S. TO RESPECT SALT-2, TEST BAN

MOSCOW -- Kremlin leader Gorbachev has again called on the United States to follow the Soviet Union in observing the SALT-2 arms limitation treaty and halting nuclear tests.

He called on Washington, which breached SALT II last month by deploying its 131st B-52 bomber armed with cruise missiles, to follow suit in the interests of international security.

"The point at issue is the security of nations and this security can be built in the nuclear age only on the basis of reciprocity," Gorbachev said at a dinner in honor of visiting Yugoslave Communist Party leader Milanko Renovica.

(Timothy Heritage, Reuter)

ALLIES SEEK STAND ON CONVENTIONAL FORCE REDUCTION

BRUSSELS -- Foreign ministers of the 16 NATO nations begin consultations today seeking a common stand for negotiations with Moscow on reducing conventional military forces in Europe.

But it is expected the ministers will issue a declaration stressing their willingness to open new talks with Moscow on conventional arms. These would be separate from the Geneva nuclear arms talks between the United States and the Soviet Union, and would replace ongoing East-West talks on conventional forces in central Europe that began in Vienna in 1973 and have yet to produce results. (David Mason, AP)

NICARAGUA SAYS HONDURAS ACTS ON WASHINGTON'S ORDERS

UNITED NATIONS -- Nicaraguan Ambassador Nora Astorga said Wednesday the Honduran army carried out attacks against her country "on orders from Washington" and warned that they may lead to a war of "major proportions."

Astorga told an urgent meeting of the 15-nation Security Council that Honduran war planes bombed Nicaraguan targets near the border with Honduras Sunday, killing seven Nicaraguan soldiers and two civilians.

She said the responsibility "lies with the U.S. policy of state terrorism." (UPI)

Honduras Denies Bombing Nicaragua

TEGUCIGALPA -- President Jose Azcona Hoyo said his country's military bombed Nicaraguan forces that crossed into Honduras but denied it bombed villages in Nicaragua.

In Washington, a Reagan Administration official who spoke on condition of anonymity said U.S. intelligence agencies had confirmed the cross-border air attack but denied Nicaraguan claims it was carried out at Washington's request. (Reid Miller AP)

ALLEGED CONTRA ABUSES REPORTEDLY GO TO GRAND JURY

Allegations of gunrunning and other offenses by Nicaraguan Contra rebels and by some American supporters are being examined by a grand jury in Miami, a federal official says.

The official, who insisted on anonymity, said Wednesday that the federal grand jury investigation started last month, but refused to say who was the target of the probe or who had been called as witnesses.

(Robert Parry, AP)

2 LAWMAKERS CRITICIZE MEESE FOR ROLE IN WHITTLESEY CASE Envoy Will Be Subpoenaed To Testify

The chairman and ranking minority member of a House subcommittee told Attorney General Meese yesterday that they were "shocked" that he did not disqualify himself from last week's decision not to seek an independent counsel to investigate Faith Ryan Whittlesey, the ambassador to Switzerland.

Daniel Mica and Olympia Snowe of the Foreign Affairs subcommittee on international operations, said in a letter to Meese that "it would not only have been prudent but proper for you to excuse yourself from that decision."
(Howard Kurtz, Washington Post, A7)

TUTU PRAISES ANTI-APARTHEID PROTESTS

HOUSTON -- Nobel Laureate Bishop Desmond Tutu on Wednesday praised Americans, especially university students, for protests that led to congressional sanctions against the white-dominated South African government.

Tutu said the past two years have shown ordinary people can make a difference, adding that he was amazed at how conditions changed from 1984 to 1986, when Congress enacted sanctions over President Reagan's veto.
(Donna Gehrke, AP)

ANGOLA SAYS IT CAPTURED REBELS' U.S.-MADE MISSILES

The Marxist Angolan government has captured "at least three" U.S.-made Stinger antiaircraft missiles provided earlier this year by the CIA to the rebel forces of Jonas Savimbi, according to Manuel Pedro Pacavira, Angola's ambassador to Cuba.

There was no immediate independent confirmation of the report. However, Jardo Mwekalia, a spokesman here for Savimbi's group, said the Angolan claim was "completely false. There is no foundation for something like that."
(David Ottaway, Washington Post, A48)

U.S. REVIEWS JAPAN'S POLICY

The Reagan Administration launched an investigation yesterday into Japanese trading practices involving supercomputers after the domestic industry complained about unfair trade practices.

The U.S. government will launch an interagency fact-finding review of the structure and competitive position of Japan's supercomputer industry. It also will review the government of Japan's supercomputer procurement and research funding practices and Japan's trade practices in the United States and in third country markets. Finally, it will evaluate the significance of supercomputer technology to the U.S. economy and national security.
(UPI story, Washington Post, D13)

NATIONAL NEWS

JUSTICE SHIFTS ANTITRUST RESPONSIBILITIES Switching Initial Review To Economists Said To Further Weaken Merger Enforcement

The Justice Department has removed its lawyers from the initial antitrust screening of all proposed mergers and transferred those reviews to its largely conservative economists, a move that critics say will further weaken the Reagan Administration's antitrust enforcement policy.

Charles Rule, acting assistant attorney general in charge of the department's antitrust division, said yesterday that the shift was prompted by a surge in merger filings by companies trying to beat the tax law changes that take effect Jan. 1. But, he said, the temporary change, which took effect about two weeks ago, makes sense and will probably become permanent.

(Howard Kurtz, Washington Post, D9)

WORKFARE EXPERIMENTS HOLD LIMITED PROMISE Large Cut In Relief Rolls Called Unlikely

One of the most ambitious goals put on the 1987 agenda by leading members of Congress and the President is a solution to the welfare problem.

Buoyed by experiments in San Diego and Massachusetts, almost everyone from President Reagan down is touting job training or work experience as a major part of the answer.

The President has repeatedly proposed "workfare," in which welfare clients would be forced to work for their benefits at unpaid community jobs that would give them experience toward jobs in the paying market. Democrats such as Moynihan prefer a much broader approach based on job training and education to boost basic skills.

(Spencer Rich, Washington Post, A4)

SUPREME COURT ENHANCES POWER OF STATE PARTIES Connecticut Ban On Open Primaries Voided

The Supreme Court, in a 5-to-4 ruling that enhances the power of state political parties to regulate their own affairs, struck down as unconstitutional yesterday a Connecticut law that allowed only party members to vote in party primaries.

The badly outnumbered Connecticut Republican Party, which wanted to allow independents to vote in its primaries, had challenged the law. The party argued that the law deprived it of its rights under the First Amendment to enter into political association with individuals of its choosing.

(Al Kamen, Washington Post, A12)

PANEL MAY URGE BIG RISE IN TOP U.S. OFFICIALS' PAY

A federal commission is expected Monday to recommend huge pay increases for high-level federal officials, members of Congress and federal judges that could result in raising top government salaries to nearly \$100,000 a year, a senior Administration official said yesterday.

While knowledgeable sources say that President Reagan is likely to scale back somewhat the expected recommendation by the special Commission on Executive, Legislative, and Judicial Salaries, new procedures make a large pay raise at the top levels more likely this year than in the past. (Judith Havemann, Washington Post, A1)

RHYMES & REAGAN

Mother Goose Visits The Ball For Congress

Capitol Hill came to the White House Tuesday night for a yuletide truce in the Pennsylvania Avenue cross fire. It lasted about two hours, and if the white doves of peace weren't exactly fluttering around, at least Old Mother Hubbard, the Three Blind Mice and Jack Sprat were in place.

President Reagan and First Lady Nancy Reagan, surrounded by a decorative cast of sculptured Mother Goose characters, welcomed the 700 black-tie guests -- but, by Reagan tradition, no press coverage -- to the annual Christmas Ball for Congress. The old place fairly dripped with good will.

"It's a curious phenomenon -- Ronald Reagan may be down but he's not out, because people were still flocking to have their pictures taken with him," said Rep. Dan Glickman.

(Donnie Radcliffe & Victoria Dawson, Washington Post, B9)

NETWORK NEWS SUMMARY

(Wednesday evening, December 10th)

CASEY

NBC's Tom Brokaw: Throughout the Iran arms scandal there have been persistent questions about the role of the CIA and its Director William Casey. Well, today William Casey went before the House Foreign Affairs Committee to answer those questions behind closed doors. But after five hours of testimony many questions remain, there are conflicting accounts of the CIA's role and committee members are feuding over the President's involvement.

NBC's John Dancy reports Casey's testimony came just as new charges surfaced that he had known about the diversion of funds to the Contras at least a month before Attorney General Meese found out and failed to report this Congress as required. Senate Intelligence Committee sources said Casey had hinted to that panel that he had early indications of the diversion but no details. But before the House Foreign Affairs Committee today Casey denied that he knew for certain.

(Rep. Kostmayer: "He said that he learned about it only when the Attorney General informed him of it. Regarding the Iranian matter he of course was more fully informed.")

Meanwhile one leading member of the House committee, Steven Solarz of New York, said he came away with a clear impression President Reagan had known about the Contra connection.

(Solarz: "I am very comfortable with the conclusion that the President must have known about the decision to divert these resources.")

But Republican committee members who also heard Casey's testimony rushed to the cameras to say Solarz was wrong.

(Rep. DeWine: "There is not evidence, absolutely no evidence that we have heard that would link the President of the United States to any of these illegal activities.")

Meanwhile the Senate Intelligence Committee said it has nailed down most of the money trail for the Iran arms sale. So the story is unfolding, but the central question of how the money got to the Contras and who authorized it remains. Meanwhile the Senate Intelligence Committee will begin calling Cabinet members to testify next week. (NBC-Lead)

ABC's Charles Gibson reports today Casey got his swings, committee members saying after more than five hours with the CIA Director he raised more questions than he answered. Said one partisan Democrat, Mr. Casey sees no evil, hears no evil, and will speak no evil about others in the Administration. Members asked him about a morning New York Times report that Mr. Casey knew a month before the public knew about the diversion of Iran arms sale money to the Contras. Casey denied it. (ABC-Lead)

CBS's Phil Jones reports CIA Director William Casey spent 5½ hours behind closed doors with the House Foreign Affairs Committee. He came just as a story had surfaced that he knew about the diversion of arms profits to the Nicaraguan Contra rebels a month before it was uncovered by Attorney General Meese. Casey reportedly denied this. Members of both parties have always claimed that Casey is not trusted. Today when the director of intelligence claimed he didn't know the answers to some of the crucial questions, some members laughed out loud. (CBS-Lead)

NORTH

NBC's Fred Francis reports Oliver North, according to sources with knowledge of the Marine's political activities, was not only the steward of the Iran-Contra supply operation, he was the principle adviser to fundraisers and public relations men who spent more than \$5 million in the past 18 months campaigning against the President political critics and for his Contra policy. The sources told NBC News that North provided information for advertising campaigns and helped to target political candidates opposed to the Contras. The sources added that North also directed the Contras to a Washington foundation which gave the Contras several hundred thousand dollars. North worked closely with The National Endowment for the Preservation of Liberty and other conservative foundations all under the control of Carl Spitz Channel. One Contra official said Oliver North once sent the Contras to Spitz Channel to get several hundred thousand dollars in donations. The Contra described those donations as crumbs compared to the millions that Channel controlled. (NBC-2)

KUWAIT/HOSTAGES

ABC's Dennis Troute reports ABC News has learned that Terry Waite tried to travel to Kuwait last December on behalf of the Reagan Administration in an attempt to enlist the Kuwaitis help in freeing Americans held hostage in Lebanon. Congressional sources say he was to ask the government there to free 17 men convicted in the 1983 truck bombing of the American embassy, but Waite was refused a visa by Kuwaiti officials who didn't even want to talk about his request. Freedom for the 17 has been a key demand of Islamic fundamentalists holding Americans captive in Beirut. The Administration has always refused in public to bend to that demand or to encourage the Kuwaitis to do so. But the former U.S. Ambassador to Saudi Arabia says indirect pressure was applied. Kuwaiti officials deny they were pressured by Washington and insist they will not give in to Islamic Jihad terrorists. Congressional investigators say they want to know if this is another example of the Administration taking one stand in public and another in private. (ABC-2)

ARMS SALES MONEY

CBS's Rita Braver: As the parade of witnesses continues on Capitol Hill, Congressional investigators and the FBI are focusing on the money. There are indications that instead of the Contras, arms dealers and middle men may have reaped much of the profit from arms sales to Iran. (CBS-2, ABC-3)

RANSON RECALLED

ABC's Peter Jennings: Another American diplomat David Ranson, the number two man at the embassy in Syria, has been called home to answer questions about his roll in the Iran affair. The Ambassador to Lebanon John Kelly has already been recalled after he bypassed the Secretary of State and had secret communications with the White House. (ABC-4)

COMMENTARY

NBC's John Chancellor comments everyone in Washington these days seems mesmerised by the Iran-Contra crisis but there are other things for policy makers to think about. Among them the question of what the Russians were doing recently with some missile tests. There is talk that the Soviets may have been experimenting with a new missile defense system. The new system might work this way: In an enemy attack Russian missiles would be sent up carrying millions of steel pellets. The pellets would be released in the path of the incoming missiles which would hit them and be destroyed. It might be very useful if our defense planners would scale down some of their ideas. After all that's what the Russians may be doing right now. (NBC-9)

MILWAUKEE REACTION

Jennings: Since the Iran-Contra connection was first revealed by the Attorney General we have conducted a number of polls on what Americans think. But most of the highly publicized debate about Mr. Reagan's Iran policy, who knew what and when, has been centered in Washington. We were plainly and simply curious to know if there was as much concern about all this here in the heartland. The Iran affair is much on people's minds.

Woman: I think he is doing an adequate job. I think he is being very fair about it.

Man: Whatever the President says I think the people should be behind him 100% because he is our leader.

Jennings: This is a stable city and so are its people. The loyalty which they give to the President is usually without question. A very large number of people believe they have been let down.

Woman: I'm pretty embarrassed for the country to be honest with you.

Man: The President has lied to us and I don't think we deal with terrorists in that way as he said he wouldn't.

Woman: It's just bad news. It's bad. It's just not good for us at all, for the United States.

Jennings: There is nothing particularly scientific about people's opinions here but they do seem to contradict the President's assertion that this is a crisis within the Washington Beltway.

Prof. George Reedy: What has hurt him here is not the Iranian deal so much as the fact that he seems to have let other people run the government and that he seems to have let people do anything they want to without checking. You know, after all, when they went to the polls two years ago the name Lt. Col. North was not on any ballot that they saw. (ABC-11)

RATHER/CARTER

CBS's Dan Rather: Late today I talked to Jimmy Carter. I asked Jimmy Carter if he thinks President Reagan is doing all he can to get the public the truth.

Carter: I don't think that everything is being done that could be done, no. I think that now there's a sense of we'll wait till things are revealed through the investigative committees and only then will the information be made public.

Rather: What is the worst thing about this sending weapons to the Ayatollah?

Carter: I think it has the connotation of betraying our allies. There's a connotation of rewarding terrorists or kidnappers by paying them with weapons to release some of our hostages. They saw the advantage of this by taking at least as many hostages as they released, and it was of great damage to the Arab countries who now see that Iran is a more formidable military power because we have strengthened their military to some, as yet unknown, degree.

(CBS-3)

HUMAN RIGHTS DAY

Rather: Earlier (today) Yuri Orlov and fellow dissident Anatoly Shchransky were at the White House. President Reagan proclaimed today Human Rights Day. Mr. Reagan praised them and dissident Anatoly Marchenko whose death in prison was confirmed today by the Soviet Union. President Reagan called Marchenko a martyr for the cause of human rights.

(TV coverage of the President at the White House.) (CBS-4, ABC-6)

ECONOMY AND TRADE DEFICIT

Rather: Word from Washington today that this nation's balance of payments trade deficit rose to record of more than \$37 billion in the year's third quarter. (CBS-14)

EDITORIALS/COLUMNISTS

IRAN/NICARAGUA AFFAIR

Don't Liken Folly In Iran To Crimes Of Watergate -- "The mishandling does not negate the legitimacy of the objectives. A tempering of the lunatic regime in Iran is no less desirable because Lt. Col. Oliver W. North strayed outside the normal chain of command. The cause of democracy in Nicaragua is no less worthy because of the contra-funding sleight of hand. Most importantly, a President who is willing to reveal all about his Administration's mistakes does not deserve to be likened to a president who would go to great and illegal means to cover up the evidence."

(Pueblo Chieftain, 12/5)

Iran: Soviet Outrage Can Reinforce The Administration's Initiative -- "There is clearly frustration in the Soviet Union over what could well turn out to be a major U.S. advance in Tehran that could doom Moscow's effort to subdue Afghanistan and co-opt Iran. That should be borne in mind as Americans weigh the U.S.-Iranian arms connection."

(Cincinnati Enquirer, 12/6)

Reagan Recovers The Ball... -- "The Ronald Reagan who stepped up so dramatically to events on Tuesday was once again a President in command -- and not a moment too soon. His threatened presidency desperately needed the sort of swift decisive action he took to rescue it.... Having regained the initiative, it is now vital that he retain it.... This requires that he do two things. One is to shift the central focus of attention away from what went wrong in the past, and turn it instead toward ensuring that things go right in the future."

(Raymond Price, San Diego Union, 12/7)

Reagan's Action Needed -- "By conceding that 'mistakes were made' in his Iranian arms-sales policy and promising to 'cooperate fully' with congressional inquiries, President Reagan has taken another step toward relieving a serious threat to his presidency.... President Reagan needs to take steps to provide specific answers to the congressional committees. Any stonewalling will cause further damage to his Administration."

(Dallas Times Herald, 12/9)

On The Right Track -- "For the good of the country, we hope an open and honest trend will continue. There seems a better chance, now, that this will happen. Frank Carlucci's cool hand at the NSC helm should certainly help. Candor can keep this from becoming another Watergate. One of those was enough."

(Sarasota Herald-Tribune, 12/4)

The Real Iran Shocker -- "To negotiate with a hostage-taker may be necessary from time to time. But to first pontificate against dealing with terrorists and then to secretly curry favor -- by sending tools for war -- with a government that has slaughtered your soldiers and diplomats is shocking. Americans who remember ghastly images of the demolished embassy and the desperate efforts by Marine survivors to lift the rubble from their lost comrades might well ask the White House ransom strategists a few stark questions: Have you no shame? Have you no pride? Have you no memory?"

(Boston Globe, 12/9)

EDITORIALS AND COLUMNISTS

Contra Aid -- "As Washington becomes increasingly preoccupied with the unfolding Iran-contra affair, the Hondurans are visibly worried that the U.S. might be constrained from action to protect their security should the Sandinistas seize the moment to launch a full-scale invasion of Honduras. Should that be the case, the U.S. then can add Honduras to the growing list of countries potentially damaged by the harebrained Iranian arms deal."
(Dallas Morning News, 12/9)

Missing the Point -- "Americans have learned many things since the Iran scandal over arms broke. They have been taken on a tour through a shadowy world of international arms dealers and their apparent easy access to the centers of power in Washington. They have discovered how easy it is for a President to demand stern measures against terrorists publicly and deal with terrorists privately. What they still don't know is why. That is the hardest question because there is no acceptable answer."
(Los Angeles Times, 12/9)

The Iran Policy Was Wrong, Too -- "Acknowledging finally that mistakes were made, President Reagan concedes only that the 'execution' of his Iran policy was flawed. He and his aides talk as if their policy were sound because their objectives were noble. Who could quarrel with the goals of encouraging moderate elements in Iran, thereby stopping terrorism, freeing American hostages and ending the Iran-Iraq war? But policy is much more than ends. It encompasses means as well. It entails judgments about feasibility and risks. The President's Iran policy should be weighed by this whole standard. By it, that policy must be judged as fatally flawed."
(New York Times, 12/10)

Reagan Acts Wisely in Seeking Inquiry -- "President Reagan has taken a sensible step in urging the appointment of a special counsel to investigate the spreading arms-sold-to-Iran-for-hostages-in-Lebanon-with-proceeds-to-finance-the-Contras-in-Nicaragua plot. It not only makes sense for himself politically but also for the nation. We need to drag this White House weapons business out into the open, live on prime time TV if necessary, to find out what's been happening and who's been doing it...."

Reagan's choice of Frank Carlucci to be his new national security advisor is a commendable stroke. Carlucci, a veteran of federal service in many roles, is a skilled administrator and negotiator. It's too bad a potential crisis of government was required to bring about such a sound appointment."
(Honolulu Star-Bulletin, 12/3)

Reagan's Actions the Correct Ones -- "Fortunately for both President Reagan and the American people as well, Watergate comparisons to the Iranian arms scandal are no longer apt.... Reagan, after two weeks of confusion, has decided on full disclosure, full cooperation with Congress, and full independence for the criminal investigation. That not only will make his political recovery probable, it could hasten it as well."
(Seattle Post-Intelligencer, 12/3)

FOREIGN MEDIA REACTION

IRAN/NICARAGUA HEARINGS

"The revelations by Mr. George Shultz...on Monday of the way he was bypassed in the Iran arms sales caused consternation in the embattled White House, but more threatening questions were raised by the testimony of Mr. Robert McFarlane, the former National Security Adviser.... The White House was unable again yesterday to reconcile the discrepancy as more and more critics asserted that Mr. Reagan, or at least another senior official, must have authorized the shipments." (Times, Britain)

"Everyone is blaming everyone. Reagan gets blow after blow without any support from his Party.... He does not come out looking better as a result of this flow of testimonies." (Humanite, France)

"Testimonies before the House Foreign Affairs Committee...have given an idea of the jungle of secret activities behind the latest scandal. Indications are that the National Security Council has violated most all the rules of orderly government. The question now is who unleashed the National Security Council, thus enabling it to pursue a foreign policy of its own." (Rheinische Post, West Germany)

"White House silhouettes of President Reagan and Chief of Staff Regan are seen through the testimony before the House.... Poindexter and North are not yet ready to break the thin wall of political responsibility separating them from the presidency." (Il Messaggero, Italy)

"Robert McFarlane's disclosures point increasingly to Ronald Reagan as originator of this unhappy political initiative. The latest polls...show that only one out of 10 Americans believe the President." (El Pais, Spain)

"The further the investigation of this dirty affair goes, the clearer it becomes that figures in the uppermost echelons of the Washington Administration are at the bottom of it." (TASS, Soviet Union)

"The President's popularity is at an unprecedented low. As the affair keeps unfolding, doubts increase about the Reagan Administration's ability to continue its effective management of U.S. foreign policy." (Israeli TV)

"McFarlane has admitted that Reagan was the first to agree to the sales. The approval was oral, and this brings to mind the Watergate scandal. President Nixon's agreement to the break-in was also unwritten." (al-Ahram, Egypt)

"Mr. McFarlane's testimony...contradicted statements by others in the Administration, who have said Mr. Reagan probably did not know in advance that Israel had agreed to act as a middleman in transferring U.S. arms to Iran." (Melbourne Sun, Australia)