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# News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, DECEMBER 18, 1986 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

Special Panels Say Iran Probe Won't Be Witch hunt -- Promising neither a fishing expedition nor a witch hunt, the select House and Senate committees formed to investigate the Iran-Contra affair are unofficially beginning work. (New York Times, Washington Post, AP, Copley, Newhouse, Reuter, Scripps Howard, UPI)

### NATIONAL NEWS

Reagan To Undergo Prostate Surgery -- President Reagan will enter the Bethesda naval hospital Jan. 4 for surgery on an enlarged prostate gland that has been causing him "mild, recurring discomfort," the White House announced yesterday. (Washington Post, McClatchy, UPI)

### INTERNATIONAL NEWS

Moscow Is Said To Plan End Of Test Moratorium -- The Soviet Union has informed other governments that it plans to abandon its nuclear test moratorium after the first U.S. nuclear test next year, diplomatic sources said yesterday. (Washington Post)

### NETWORK NEWS (Wednesday Evening)

**PRESIDENT/HEALTH** -- The White House announced today that President Reagan will undergo surgery for an enlarged prostate.

**LIMITED IMMUNITY REJECTED** -- The Senate Intelligence Committee rejected the President's request that Poindexter and North be granted immunity.

**HASENFUS** -- After two and a half months in a Nicaraguan prison, Eugene Hasenfus was given a presidential pardon today.



## **IRAN — NICARAGUA**

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### **REP. HAMILTON NAMED TO HEAD HOUSE IRAN-CONTRAS INQUIRY Nine Democrats, Six Republicans Appointed To Panel**

Rep. Lee Hamilton (D-Ind.) was named yesterday to head the House committee that will investigate the Iran arms sales and the diversion of funds to the Nicaraguan contras, a process that his Senate counterpart said could take through next September.

Hamilton, the outgoing chairman of the House Permanent Select Committee on Intelligence, was among nine Democrats and six Republicans appointed to the select committee by Speaker-designate James Wright and Minority Leader Robert Michel. The Democrats include several leading critics of President Reagan's foreign policy, while the Republicans are among the President's staunchest supporters in the House.

(Edward Walsh & Helen Dewar, Washington Post, A29)

### **House Selects Members Of Iran-Contra Arms Committee**

House Democrats picked seasoned, cautious party veterans to serve on the Watergate-style committee named Wednesday to investigate the Iran-Contra arms deal, while Republicans salted the panel with conservative firebrands and Reagan loyalists.

Rep. Cheney will have his hands full dealing with some of the GOP colleagues on the committee, including conservative firebrand Henry Hyde of Illinois and Reagan loyalist Bill McCullom of Florida.

(Lance Gay, Scripps Howard)

### **SENATOR SAYS ARMS SOLD AT HEAVY DISCOUNT; PANEL NIXES IMMUNITY**

The Senate Intelligence Committee on Wednesday spurned President Reagan's request that limited immunity be used to obtain testimony from two key figures in the Iran-Contra affair, while Attorney General Meese denied he received early warnings of CIA suspicions of the diversion of arms sales proceeds to Nicaraguan rebels.

The leaders of the Senate panel revealed that committee members reached a consensus against granting limited immunity to Marine Lt. Col. North and Vice Adm. Poindexter, both former White House officials.

(Robert Andrews, AP)

### **Special Panels Say Iran Probe Won't Be Witch hunt**

Promising neither a fishing expedition nor a witch hunt, the select House and Senate committees formed to investigate the Iran-Contra affair are unofficially beginning work.

The members of the Senate panel had their first meeting Wednesday and afterwards Sen. Rudman said, "There is a fervent desire on both sides to be non-partisan and keep partisanship out of it.

"The Democrats are not interested in being perceived as trying to get the President and the Republicans are not interested in being perceived as defending the President," Rudman added.

(Cliff Haas, AP)

Leaders of Senate Iran-Contra Committee Vow "No Witch-Hunt;" House Names Own Panel

The Democratic chairman and the ranking Republican on the Senate select investigation committee vowed Wednesday to conduct a non-partisan search for the truth in the Iran-Contra scandal and said they do not believe that President Reagan personally has broken the law.

"All of us, on both sides, hope it doesn't lead to the President," Sen. Rudman said. "The current evidence is that it doesn't."

(Otto Kreisher, Copley)

Senate Panel Rejects Reagan's Bid For Immunity For Aides

Members of the Senate Intelligence Committee Wednesday rejected President Reagan's plea to grant immunity to his two former NSC aides so they can tell Congress what they know about arms sales to Iran and money for Nicaraguan rebels.

"It is premature for the Intelligence Committee to make the decision on immunity at this time," he (Durenberger) said, adding his committee reached an "informal agreement" but took no vote.

But Sen. Specter said he feels there's enough evidence gathered to charge the two aides with "fraudulent conversion" -- a felony -- for diverting U.S. funds from the Iranian arms sale to provide weapons for the Contra rebels.

(Lance Gay, Scripps Howard)

Immunity Request Rejected; Select Committees Probe Iran

The Senate Intelligence Committee has rejected President Reagan's immunity request for two former aides, a sign of how little control the President has over the Iran arms scandal.

"The early mishandling of the affair has limited his options," said Republican political analyst Kevin Phillips.

The pattern of the last two weeks has ingrained in a lot of people a sense that the White House is befuddled, that the Administration has not been quite straight and that there are still a lot of contradictions," he said.

(Carol Giacomo, Reuter)

Was Reagan's Immunity Call Premature?

White House spokesman Larry Speakes, trying to defend President Reagan's proposal that former aides Oliver North and John Poindexter be granted limited immunity in exchange for their testimony, talked himself into something of a logical box.

Speakes criticized Archibald Cox, the former Watergate special prosecutor, and others not directly involved in the Iran-Contra investigation for opposing grants of immunity. Speakes said they were judging the case prematurely without access to the evidence collected so far.

(Michael Putzel, AP)

### Senate Committee/Immunity

The Senate Intelligence Committee Wednesday rejected President Reagan's request to give immunity to officials involved in the Iran-Contra affair, but Attorney General Meese said the committee was still considering the action.

"I think the committee is still considering it," Meese said.

Earlier Sens. Durenberger and Leahy said the panel debated the request, but decided it was too early to grant limited immunity to Vice Adm. Poindexter, the former head of the NSC, and his aide, Lt. Col. North -- two key players in the worst scandal of the Reagan presidency.

(Judi Hasson, UPI)

### Intelligence Committee Nears Finish Of Investigation

Attorney General Meese, in the last Cabinet testimony before the Senate Intelligence Committee, added to the credibility of his November revelation of a Contra connection in the Iran arms deal, chairman Durenberger said Wednesday.

Meese, who spoke to reporters after testifying for nearly 4½ hours, said, "I was able to explain to them both things what I knew of my own personal knowledge and also to a great extent a number of things which I have learned in conducting a fact-finding review of the matter over the weekend of the 21st through the 24th of November." (Dana Walker, UPI)

### Only North And Poindexter Knew Of Fund Diversion, Meese Asserts

Attorney General Meese said today that he had not "seen anything" that would contradict his original finding that only Vice Adm. Poindexter and Lt. Col. North knew of the secret plan to divert funds to Nicaraguan rebels.

The comments came as the Senate Intelligence Committee indicated tonight that there were major discrepancies in testimony about President Reagan's role in the Iran arms affair, and that it was recalling Donald Regan and Robert McFarlane in an effort to resolve them.

(Gerald Boyd, New York Times, A1)

### Meese Still Sees North As Prime Mover In Arms Scheme

Attorney General Meese says he now has more details on the diversion to Nicaraguan rebels of profits from Iran arms sales and Lt. Col. North still stands alone as the scheme's prime mover.

But Meese admits he still can't trace the money trail of the arms profits, and can't be sure the Contra rebels really received the money.

(Lawrence Knutson, AP)

### Iran/Meese/Money

Investigations into the Iran-Contra scandal have failed to establish who received up to \$30 million in profits believed to have been diverted through Swiss bank accounts to the Nicaraguan rebels.

So far, the whereabouts of the profits and who, if anyone, benefited from the diversion remains a mystery.

(Robert Gettlin, Newhouse)

### Meese Says He Doesn't Know For Certain Where Iran Money Trail Led

The Reagan Administration revealed the diversion of money from an Iranian arms sale to Nicaragua's Contra rebels without direct evidence that any transfer of money or arms had taken place, senators familiar with the investigation say.

Asked afterward whether the Contras received anything, Meese said, "I don't know because our fact-finding review stopped short of that. A criminal investigation is going forward...and ultimately that's one of the issues that will probably be determined by independent counsel once one is appointed."  
(Jim Drinkard, AP)

### Senate Panel In Search Of \$30 Million

The Senate Intelligence Committee, winding up three weeks of hearings into the Iran arms-Contra aid scandal, still does not know where the arms sale profits went and is recalling a key witness to resolve conflicts in testimony.

Former national security adviser Robert McFarlane was to return before the committee today to clear up differences in testimony by witnesses who appeared before the panel probing the worst scandal of the Reagan presidency.

"It is an open agenda to call back witnesses to examine them on areas in which other testimony may be somewhat different from their own," said Durenberger.  
(Judi Hasson, UPI)

### Senate Committee/Testimony

The Senate Intelligence Committee asked Defense Secretary Weinberger Wednesday why Iran was overcharged for weapons, raising questions about whether the price tags were deliberately marked up to skirt U.S. law or create secret profits.

Sen. Cohen said Iran clearly "paid a lot more (for the arms) than they were worth. They were underpriced to the middleman and then the price went up."

Sen. Simon has charged that the value of the weapons was kept low deliberately so the White House could avoid triggering the Arms Export Control Act, which requires that Congress be notified about weapons shipments valued at more than \$14 million.  
(Anne Saker, UPI)

### Select Committees: A Long Road To The Answers

The chairmen of two select congressional committees probing the Iran-Contra scandal say the process will be long and painstaking despite the Administration's call for a quick end to the controversy.

"We really don't know the answers to the key questions," Rep. Hamilton said Wednesday after being named chairman of the 15-member special House committee.

"We all realize that although we don't know how long it will take, it will not be finished in two months," Inouye said following the 11-member committee's first meeting Wednesday.  
(Robert Shepard, UPI)



### Special Probe Could Take Many Months To Complete

Saying President Reagan seems "already convicted" in some minds regarding the Iran arms-Contra aid scandal, the chairman of the special Senate panel that will probe the matter promises to avoid any "witch hunt."

Sen. Daniel Inouye also warned Wednesday it could take most of 1987 for his special committee to finish its work and file a report, saying he believes a "reasonable date" for conclusion would be "the end of September."  
(Robert Doherty, UPI)

### North-Reagan Ties Questioned

The White House is trying to distance President Reagan from fired NSC aide Oliver North by asserting that the two seldom crossed paths and then only in large groups. However, an associate of North disputes that claim.

At a White House briefing Wednesday, spokesman Larry Speakes told reporters that during 1985 and 1986, North attended "around 20 or less" meetings with the President, all in large groups.

But one North associate, who insisted on anonymity, said the Marine Lieutenant colonel would personally brief Reagan on "a fairly regular basis...often after normal White House working hours."

(Robert Parry, AP)

### TOP AIDE SAYS REGAN SHOULD QUIT President Needs A 'Fresh Start,' Staff Chief Told

White House political director Mitchell Daniels has told chief of staff Donald Regan that President Reagan's political standing and support in Washington have been seriously hampered by the Iran-contra crisis, and he has suggested that Regan resign to give the President a "fresh start," informed Republican sources said yesterday.

In a private conversation with Regan within the last two weeks, Daniels reported that the President's relationship with the "Republican community" in Congress and elsewhere had been hurt and that a clean break would allow the President to recapture at least some of his previously high standing, the sources said.

(David Hoffman, Washington Post, A1)

### Daniels/Regan

The White House political director encouraged chief of staff Donald Regan to resign to give the President a fresh start, The Washington Post reported Thursday.

Republican sources told the Post political director Mitchell Daniels met with Regan within the last two weeks and told him the President's support and political standing had been hurt by the Iran arms-Contra affair.

Daniels suggested a clean break with Regan would help the President recapture some of the credibility and high regard he has lost since the Nov. 25 disclosure of the diversion of Iran arms sale profits to the Nicaraguan Contras.  
(UPI)

## MCFARLANE IS SUMMONED OVER CONFLICT WITH REGAN STATEMENT Timing Of Arms Authorization At Issue

Former national security adviser Robert McFarlane has been summoned back to the Senate Select Committee on Intelligence today to testify about a conflict between his previous sworn testimony and that of White House chief of staff Donald Regan.

The contradiction is emerging as one of the major questions from recent testimony on the Iran scandal. The issue is important because any shipments by Israel to Iran without prior approval of the President would be illegal under the arms export control act. It is also important because Regan initially said on Nov. 13 that his actions were in "full compliance" with federal law, and Israel has maintained that it was only acting at the behest of the U.S. government in sending the weapons.

(David Hoffman & Walter Pincus, Washington Times, A1)

## ATTORNEY: NORTH TOLD MCFARLANE NOTHING

Lt. Col. North told his boss, former national security adviser McFarlane, he was doing nothing to assist the Nicaraguan rebels when the two discussed the matter in 1985, McFarlane's lawyer says.

Attorney Leonard Garment said McFarlane later repeated that assertion to the House and Senate Intelligence committees last year, when they questioned him about North's involvement with the Contras, Garment said.

The House Intelligence Committee is now "examining the veracity" of McFarlane's September 1985 testimony, said committee Chairman Lee Hamilton.

(Neil Roland, UPI)

## 'ADMONISHED' BY SHULTZ, KELLY RETURNING TO BEIRUT Secretary Restrict 'Back Channel' Actions

Ambassador John Kelly is being sent back to his post in Lebanon after being "admonished" by Secretary of State Shultz, but Administration sources said yesterday that Shultz had strongly considered reassigning Kelly for keeping him in the dark about secret White House discussions regarding U.S. hostages.

The State Department announcement that Kelly will return shortly to his post came after the ambassador met twice with Shultz, who also discussed the issue with President Reagan. An informed source said Reagan was reluctant to remove Kelly from Beirut for not keeping Shultz informed of secret "back-channel" communications about the release of U.S. hostages in Lebanon; the President's attitude may have saved the envoy's job, the source added.

(John Goshko & Don Oberdorfer, Washington Post, A29)

## Shultz Sends Ambassador Kelly Back To Beirut

Secretary Shultz, in a move to stop meddling by White House aides, is ordering American ambassadors not to bypass him by engaging in secret communications with the NSC.

In a cable Wednesday to all U.S. embassies, Shultz said "all messages" should be sent through the State Department unless he or President Reagan orders the envoy to use the "back channel" facilities set up by the CIA.

(Barry Schweid, AP)



### U.S. Ambassador Admonished But Retains Post

Ambassador John Kelly heads back to his post in Lebanon with a warning not to repeat the end run he made around the State Department in dealing directly with the White House regarding American hostages.

At the same time, Secretary Shultz has sent instructions to U.S. ambassadors worldwide detailing strict procedures to ensure that contact with the White House is made with the knowledge of his department "unless you are explicitly directed" otherwise by the President.

(Jim Anderson, UPI)

### NORTH/KIDNAPPING

A presidential spokesman said Wednesday there was "no substance" to reports that Lt. Col. North planned to kidnap relatives of top Iranians and swap them for American hostages and that the whole matter was apparently a joke by North.

"Everybody knows that North was putting Major on," said a White House official who asked not to be named. "Apparently Major fell for it."

"There's absolutely no substance to the story," said White House spokesman Dan Howard.

(Ira Allen, UPI)

### HOSPITALIZED CIA CHIEF UNDERGOES MORE TESTS

Condition 'Stable'; White House Aides Barred From Phoning Casey

Doctors at Georgetown University Hospital yesterday ordered "further testing and consultation" on CIA Director William Casey in order to make a "definitive diagnosis" of the cause of two seizures he suffered Monday, according to a statement by the hospital and the CIA.

A senior Administration official said that, at a White House discussion yesterday, aides wanted to question Casey on an important matter. The official said the aides were told that "Casey could not take any calls" and said he was in "a serious situation." The aides were not told the nature of Casey's condition or what treatment would be necessary, the official said.

(Cristine Russell, Washington Post, A33)

### Casey Reportedly To Have Surgery Today

Hospitalized CIA Director Casey appears certain to be prevented until after the holiday season from further testimony about his role in the Iran arms-Contra aid scandal.

NBC News, meanwhile, cited hospital sources in reporting Wednesday night that Casey, 73, would undergo neurological surgery as early as today.

(UPI)

## CAREER DIPLOMATS WILL HEAD NSC'S MIDEAST, AFRICA SECTIONS

Incoming national security affairs adviser Frank Carlucci has picked two veteran Foreign Service officers to head the Middle East and African divisions of the NSC staff, Administration officials said yesterday.

Carlucci's choices, Robert Oakley and Herman Cohen, are career diplomats with extensive experience in their areas of work. Both are less controversial within government ranks than Carlucci's earlier choices of Fritz Ermarth to head the Soviet affairs section and Jose Sorzano as senior specialist on Latin American affairs. (Washington Post, A35)

## DOMESTIC REACTION

### TAX, ELECTION LAW QUESTIONS ARISE ON ACTIVIST'S PRO-CONTRA EFFORTS

Carl Russell (Spitz) Channell, the head of a network of conservative organizations, may have avoided involvement in a potentially major scandal, but now he may face a series of investigations.

Earlier this week, Channell denied charges that he had received money skimmed from Iranian arms sales to finance lobbying in support of the Nicaraguan contras and political campaigns against Democratic opponents of contra aid.

At the same time, however, he publicly acknowledged activities that now appear certain to bring investigations by the Internal Revenue Service, Congress and the Federal Election Commission.

(Thomas Edsall, Washington Post, A30)

### FIRST LADY: REAGAN UPSET TRUTH WITHHELD

First Lady Nancy Reagan said yesterday that her husband was disappointed and upset he "was not told the truth" about the Iran arms-contra scandal and that he has done all he can to get former national security adviser Vice Adm. Poindexter and his former aide Lt. Col. North to tell what they know about the affair.

"Well, he's tried everything," she said of Reagan's efforts. "He's tried granting them immunity if that would do it.... Naturally, he would wish that they would come out on their own."

(Helen Thomas, UPI, Washington Post, C9)

## Nancy Reagan Says Testimony By North, Poindexter Would Help President

Nancy Reagan says her husband would recover from the current "valley" in his presidency if former aides Vice Adm. Poindexter and Lt. Col. North would publicly reveal their roles in the secret Iran-Contra arms deals.

Mrs. Reagan said she does not believe the controversy will scar Reagan's legacy. "I think he's done so many wonderful things for this country over the past six years...you know, there are peaks and valleys and this is a valley," she said. (Susanne Schafer, AP)

First Lady: Reagan Will Weather Iran-Contra Storm

Nancy Reagan maintains confidence that her husband will weather the Iran arms-Contra aid storm, but she says he's disappointed that the "only two men who know anything" about the scheme have refused to talk.

Interviewed on a sofa in the White House family quarters, the first lady spoke definitively Wednesday for the first time on the crisis that has rocked the White House and has sent her husband's popularity plunging in the polls.

Wearing a red-and-black print dress and gold triangle-shaped earrings, Mrs. Reagan clearly did not want to dwell on the worst crisis of her husband's presidency, but she nonetheless answered questions about it and asserted he is bearing up "just fine" under the strain.

(Helen Thomas, UPI)

IRAN/REAGAN

President Reagan's demand for full public "disclosure of all the facts" in the Iran-Contra scandal apparently does not extend to Attorney General Meese.

So far, Reagan has refused to direct Meese to make public information given him by former national security adviser Vice Adm. Poindexter and his deputy, Lt. Col. North, about how profits from Iran arms sales were diverted to Nicaraguan rebels, and who, if anyone, authorized the transfer.

Larry Speakes said disclosure of the information in Meese's hands "could be detrimental to the cause of justice..."

Speakes' explanation seems to contradict Reagan's declaration that Congress should grant limited immunity from prosecution to Poindexter and North so they could tell their story in public. Both men recently refused under oath to answer questions of congressional investigators, citing their Fifth Amendment right against self-incrimination.

(Miles Benson, Newhouse)

BROADCAST BOOSTERISM  
Lobby Makes TV Ad In Support Of Reagan

It begins with a picture of Abraham Lincoln and an 1862 statement that Lincoln has "no enthusiastic supporters," and ends with a plea to call the White House if you support Ronald Reagan. ("President Reagan needs our help now.")

It is called a "video commentary." What it is is a commercial for the President. The product of the conservative lobby, Citizens for America, it debuted as a commercial on last Sunday's "This Week With David Brinkley" as the Iran-contra affair continued to boil.

(Carla Hall, Washington Post, C1)

## FOREIGN REACTION

### ORTEGA HANDS OVER HASENFUS TO SEN. DODD IN MANAGUA

MANAGUA -- Eugene Hasenfus, who had begun serving a 30-year sentence for running guns to Nicaraguan rebels, was pardoned today and released to visiting Sen. Dodd.

Hasenfus was taken to the offices of Nicaraguan President Ortega where he shook Ortega's hand and told reporters, "Today has been a day of great surprises, a day I will remember in my heart."

Ortega described the pardon as a holiday gesture of good will "to the people of the United States" and an effort to dissuade the Reagan Administration from what he called "the insane act of a direct invasion against Nicaragua." (Nancy Nusser, Washington Post, A1)

### Hasenfus/Dodd/Ortega

Nicaragua Wednesday pardoned convicted American gunrunner Eugene Hasenfus, who immediately left the country to return home for Christmas and possibly an appearance before congressional committees investigating the Iran arms-Contra aid scandal.

"There was no deal at all," Dodd said of the pardon. "It was a Christmas gesture."

In Washington, the State Department said although the United States was gratified that Hasenfus will be reunited with his family during the Christmas season, the "entire incident was orchestrated by the Sandinistas for maximum propaganda effect." (Tracy Wilkinson, UPI)

### Hasenfus Freed, Begins Trips Home

MANAGUA -- Convicted U.S. gun-runner Eugene Hasenfus is heading for home a free man after the Nicaraguan government pardoned him yesterday as a Christmas gesture to the American people.

"With this gesture we call on Mr. Reagan's conscience to reflect on the present course he is following," Ortega said.

The White House expressed approval at the pardon, saying, "We are glad he's been released and will be able to spend Christmas with his family." (Angus MacSwan, Reuter)

### HALL WANTED MONEY FOR BRIDGE-DESTROYING TRIP TO NICARAGUA

The publisher of a paramilitary magazine said Wednesday he was asked by adventurer Sam Hall to help fund a trip to Nicaragua, where Hall planned to destroy bridges.

Soldier of Fortune publisher Robert Brown said Hall called him in the fall of 1985 requesting money for the trip. Hall wanted to "blow up some bridges" in connection with expected armed conflict between Nicaragua and the governments of El Salvador and Honduras, Brown said.

(Adam Condo, Scripps Howard)

SWISS EXPAND ORDER FREEZING SECRET ACCOUNTS  
Action, At U.S. Request, Extends Probe

GENEVA -- The Swiss government, acting on a new U.S. Justice Department request, today ordered the Credit Suisse bank branch here to freeze a new group of accounts linked to secret U.S. arms sales to Iran, according to Swiss officials.

Today's order extended the freeze to accounts of three companies and six individuals, apparently including multimillionaire arms dealers Adnan Khashoggi of Saudi Arabia and Iranian exile Manucher Ghorbanifar, according to Swiss authorities. (Loren Jenkins, Washington Post, A29)

JAPAN'S ROLE ON U.S. HOSTAGES QUESTIONED

TOKYO-- Japan's major opposition parties will look into Prime Minister Yasuhiro Nakasone's efforts to win the freedom of Americans taken hostage in Beirut, party officials said today.

Opposition parties are concerned that Japan was following the United States too closely. There are also suspicions that Japan somehow played a role in the secret sale of arms to Iran by the United States.

(Washington Post, A38)

CAYMAN AIDES OFFER TO HELP U.S.  
No Inquiry Yet On Alleged Funding Channel, Say 2 Officials

GEORGETOWN, Cayman Islands -- Two senior officials of the Cayman Islands government said Tuesday they would offer full cooperation if U.S. authorities asked for their help in verifying charges that millions of dollars in Iranian arms profits were channeled through secret Cayman Islands bank accounts on their way to the Nicaraguan rebels.

But the officials, Attorney General Michael Bradley and Financial Secretary Thomas Jefferson, said they had not received a formal request from the Department of Justice for assistance.

(Los Angeles Times story, Washington Post, A39)

## **NATIONAL NEWS**

### **REAGAN TO UNDERGO PROSTATE SURGERY**

President Reagan will enter the Bethesda naval hospital Jan. 4 for surgery on an enlarged prostate gland that has been causing him "mild, recurring discomfort," the White House announced yesterday.

Presidential spokesman Larry Speakes said the operation, called a transurethral resection of the prostate, will be performed on Jan. 5 by two Minnesota specialists associated with the Mayo Clinic. Reagan is expected to be in the hospital for three or four days.

(Susan Okie, Washington Post, A1)

### **Doctors Agree Reagan Surgery Generally Safe**

The minor surgery President Reagan will undergo next month to ease the discomfort of an enlarged prostate gland is a generally safe operation and common among elderly men, medical experts agree.

"This has been something that has been contemplated for a period of time," Speakes told reporters. "He decided this was the appropriate time."

Doctors discounted any connection between the prostate problem and Reagan's earlier colon cancer.

(Ira Allen, UPI)

### **Reagan Prostate Surgery Called Routine**

President will undergo minor surgery on Jan. 5 to relieve urinary constrictions from an enlarged prostate that have caused him discomfort in recent weeks, the White House announced Wednesday.

Presidential spokesman Larry Speakes said the prostate condition poses no "urgent" problem and Reagan will not change his schedule or activities in the next two and a half weeks, including a year-end trip to Los Angeles and Palm Springs Dec. 27-Jan. 2. (Leo Rennert, McClatchy)

### **2 INDEPENDENT COUNSELS ARE SECRETLY APPOINTED**

#### **Justice Dept. Ex-Aide Reportedly Probed**

An independent counsel, whose appointment has not been made public, is investigating the personal finances of former assistant attorney general W. Lawrence Wallace, according to Administration sources.

The prosecutor is one of two active independent counsels whose appointments have been kept secret at the Justice Department's request, the sources said. It could not be learned what the other independent counsel, who also was named this year, is investigating. The identities of the outside prosecutors also could not be learned.

(Howard Kurtz, Washington Post, A10)

GNP RISES 2.8 PCT. IN QUARTER  
Inflation Grows Moderately As Economy Drags

The nation's output of goods and services increased at an annual rate of 2.8 percent between July and September and inflation picked up moderately, the government reported yesterday, as economists continued to search for renewed signs of life in the economy.

The economy this year has disappointed many economists who thought the benefits from sharply lower oil prices would produce a robust second quarter. Although lower prices led to one of the best inflation performances in decades, it did not pump up growth as expected. Instead, lower oil prices led to a widespread shutdown of production of oil and gas for most of the year. (Jane Seaberry, Washington Post, E1)

U.S. Economy Posts Moderate Growth; Corporate Profits Rise

The U.S. economy grew at a moderate clip over the summer as after-tax profits of the nation's corporations posted their biggest gain in three years, the government says.

But the Commerce Department, which issued both reports Wednesday, also said that inflation had revived from July through September.

(Vivian Marino, AP)

USDA SEEKING PROBE OF POSSIBLE KLAN ROLE  
Officials In Arkansas May Be Involved

The Agriculture Department called yesterday for an investigation of possible improper involvement by the Ku Klux Klan and other extremist groups in department activities in Arkansas.

The action came after release of a department report saying interviews with USDA employees in Arkansas turned up perceptions "that many Agriculture officials in the north-central part of the state are members of the KKK."

(Mike Robinson, Washington Post, A18)



## *INTERNATIONAL NEWS*

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### MOSCOW IS SAID TO PLAN END OF TEST MORATORIUM

The Soviet Union has informed other governments that it plans to abandon its nuclear test moratorium after the first U.S. nuclear test next year, diplomatic sources said yesterday.

During the past week, Soviet officials have informed several heads of government that an announcement of plans to end the 16-month halt in weapons testing will probably be made within a day or two, according to well-informed sources. (Jeffrey Smith, Washington Post, A1)

### STATE DEPARTMENT CHALLENGES REPORT OF ARMS TALKS FLEXIBILITY BY GORBACHEV

The Soviet negotiating position at the Geneva arms talks has remained unchanged, despite Soviet leader Gorbachev's pledge of flexibility on the future of space-based missile defenses, the State Department says.

At the same time, White House spokesman Larry Speakes says he agrees with Gorbachev that an arms control agreement is possible before President Reagan leaves office in January 1989.

As for Gorbachev's pledge of flexibility, State Department spokesman Charles Redman said "we can only conclude that such statements by Soviet officials hinting at negotiating flexibility are made for their propaganda value, rather than as true indicators of substantive change in Soviet negotiating positions." (Henry Gottlieb, AP)

### SOVIETS ACCUSE REAGAN OF PLANNING CONCENTRATION CAMPS

MOSCOW -- The Soviet Union made a vicious attack on U.S. human rights policy Wednesday, accusing the Reagan Administration of having the worst record in American history and plotting "Hitler-type" concentration camps for dissidents.

"In the United States they like to discourse on human rights and democracy, but in deed are forming Hitler-like concentration camps," it said.

Tass said the White House plans a campaign of "mass terror" against people "who disagree with Washington's dangerous militaristic policy."

The news agency said plans to set up the concentration camps in the United States were contained in a secret directive code-named "Rex 84." It said Reagan recently signed it. (UPI)

## SANCTIONS SAID TO WEAKEN U.S. INFLUENCE IN PRETORIA Officials Point To Latest Crackdown

Economic sanctions imposed by Congress against South Africa have undercut U.S. ability to moderate Pretoria's current crackdown on its opposition, and Congress ought to take notice, senior State Department officials involved with the region said yesterday.

Briefing reporters on recent developments in Africa before the visit next month of Secretary Shultz, one senior official said U.S. efforts now focus on demonstrating a willingness to play a role in peacemaking, and on urging regional leaders outside South Africa to think in positive terms about what ought to follow apartheid, the system of strict racial segregation.

(Joanne Omang, Washington Post, A62)

## BRITAIN REPORTEDLY CHOOSES AWACS OVER BRITISH SYSTEM

LONDON -- Prime Minister Thatcher's Cabinet defense committee decided Wednesday not to buy a British-made early-warning radar plane and buy American AWACS planes, Thames Television reported.

The Overseas and Defense Policy Committee, chaired by Thatcher, decided Wednesday night to reject the British-made Nimrod and buy U.S. AWACS, and the full Cabinet was expected Thursday to endorse the politically sensitive decision to buy the Boeing Co. aircraft, the report said.

(UPI)

## U.S. CAUTIONS ON SURINAME

The State Department issued an advisory yesterday warning U.S. citizens to avoid travel in the eastern part of Suriname, a South American country torn by a growing armed insurrection.

In general, the advisory says, "insecurity and the increasing unavailability of basic food items and other necessary goods make it advisable for U.S. citizens to exercise caution and forbearance when traveling to or in Suriname."

(UPI story, Washington Post, A57)

## LEHMAN SEEKS SANCTIONS ON NEW ZEALAND Proposal Responds To Nuclear Ship Ban

Navy Secretary John Lehman is preparing a recommendation that President Reagan impose economic penalties against New Zealand because of its ban on U.S. nuclear ships entering its ports, Navy Officials said yesterday.

Lehman has asked his staff to draft a plan to be submitted to Defense Secretary Weinberger next week, officials said.

(Molly Moore, Washington Post, A22)

## **NETWORK NEWS SUMMARY**

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(Wednesday evening, December 17th)

### **PRESIDENT/HEALTH**

NBC's Tom Brokaw: The White House announced today that President Reagan will undergo minor surgery for an enlarged prostate on January 5th at Bethesda Naval Hospital. This will be the third time since taking office the 75-year-old President has had to stay overnight at a hospital. However, as Robert Brazell reports now, this presidential problem is very common.

NBC's Robert Brazell: Mr. Reagan underwent the same the operation when he was governor of California in 1967. Doctors say it is common for the discomfort to reoccur and there is no cause for concern.

(Dr. Elliot Cohen: "It is an extremely common operation. It is probably one of the most common operations that urologists perform and one the most common operations that elderly men undergo. The risks in this type of procedure, because it is so standardized, are relatively minimum.")

The President has an enlarged prostate, a common problem in older men. This often puts pressure on the urethra making urination difficult. In the procedure, a device is inserted into the urethra and excess prostate tissue is removed thus relieving the pressure. This is the device that is used, it is called a resectoscope. This is the surgeons view as he operates. The procedure takes less than an hour. The President will have a spinal, not general anesthetic and he is expected to remain in the hospital for three or four days after the operation. Doctors say there is a very slight chance that the President's problems could be caused by a spread of the colon cancer which was removed 18 months ago. While he is in the hospital Mr. Reagan will undergo other tests to make sure that the colon cancer is not recurring. (NBC-5)

ABC's Peter Jennings: In the middle of all this Iran and contra business the White House announced today that the President is going to have more surgery, a fairly routine prostate operation in three weeks time. This is not the first time the President has had such a problem.

ABC's Sheilah Kast: Ronald Reagan was in his first year as governor of California in 1967 when he underwent similar surgery. Doctors then warned the procedure might have to be repeated. Larry Speakes said the President, who has not been seen publicly since Monday, will enter Bethesda Naval Medical Center January 4th. Speakes said Mr. Reagan has been experiencing discomfort. Periodic examinations have indicated his prostate gland is enlarged. That puts pressure on the urethra, the canal that carries urine from the bladder. So in a procedure called a transurethral resection of the prostate, a doctor will insert an instrument into the urethra. A device on the end will scrape off the enlarged tissue. The procedure will take only 40 minutes, but the President will stay in the hospital three or four days because of bleeding and swelling. He'll also undergo routine examinations to follow up his 1985 surgery for colon cancer. Mrs. Reagan picked the new doctors for the prostate surgery.

Kast continues:

(Dr. J. Randolph Beahrs: "I've been involved since August. There is a team of physicians from the Mayo clinic, including myself, that's been involved with this.")

Unlike his cancer surgery, this operation will be performed with a low spinal anesthetic and the President will be awake. There are no plans to transfer the powers of the Presidency to Vice President Bush.

Jennings: Joining us tonight in Boston, Dr. Tim Johnson. Tim, it is described as routine, but is it for a man his age?

Johnson: Yes, I don't think his age is any factor at all and approximately 200 to 300 thousand of these operations are done every year so routine is exactly the right word.

Jennings: Is there connection with the operation for colon cancer last year?

Johnson: None whatsoever and there is no connection between the risk of the previous cancer he has had and any risk for prostate cancer.

Jennings: Given the present difficulties for the President, is there any connection to stress?

Johnson: No. There is no connection between stress and the growth of excessive amounts of prostate tissue. There maybe some connection between stress and the experience or accentuation of urinary symptoms.

Jennings: So much is political these days. Is it unusual for the White House to make an announcement that the President is going to have an operation three weeks before it happens?

Johnson: Well, it certainly is unusual for this White House. They have never done that before, they have always saved announcements of major or minor medical procedured until a day or two before. The reason for doing it now three weeks ahead of time is, I guess, anybody's guess. (ABC-3)

CBS's Bill Plante: President Reagan will have minor surgery January 5th to relieve symptoms of an enlarged prostate gland. Larry Speakes said the problem is not urgent, something that has been contemplated for a period of time. The procedure, known as a transurethral resection of the prostate will require a stay of several days at Bethesda Naval Hospital during which Mr. Reagan will also undergo a regular exam following up on his cancer surgery of July 1985. The President got a clear bill of health after a complete urological check up last August but he has suffered recurring discomfort in his urinary track since 1967 when his doctor performed the same kind of operation that he will undergo next month. Several days in the hospital just as the new Congress convenes and on top of his current problems with the arms for Iran-cash for the contras scandal makes some of Mr. Reagan's friends fear his presidency could lose even more political momentum. Others insist it won't happen.

Plante continues:

(Rep. Cheney: "Ronald Reagan has been through this before, he is a man with a lot of miles on him and it's not surprising that once in a while he needs to go into the shop for a little repair.")

(Lee Atwater: "This President has brought leadership back into the presidency and the American people like that and ultimately this President will be back on his feet, back in charge and back on top again.")

Staff members say the President's surgery wasn't scheduled to gain sympathy for his other problems, though one conceded it may temper the attack a little bit. But a former aide cautioned the Iran-contra problems aren't going away. The danger is that Ronald Reagan is never going to get back in the ball game. (CBS-Lead)

CBS's Dan Rather: A prostate operation is one of the burdens of men, not women, men as they grow older. And it is common, 350,000 operations in American hospitals last year alone, more money spent on this kind of surgery than any other.

(Dr. Philip Roen: "So common that urologists all over the country are called upon to do this operation very, very frequently.")

The symptom, difficulty in urinating. The source, the prostate gland, a walnut-sized organ just below the bladder. When it enlarges it also obstructs the flow of urine. The operation relieves the obstruction. If all is routine, Mr. Reagan will be awake during the 30 to 40 minute procedure, out of the hospital in three to four days.

(Dr. Carl Olsson: "It is a very standardized procedure and the track record with this kind of operation is a very, very stable one.")

But just as prostate problems increase with age, so do the risks of prostate cancer. About a 10% risk for men in their 70s, Mr. Reagan is 75. He has already had cancers removed from his nose and from his intestine.

(Roen: "The potentiality of cancer in President Reagan is greater than in someone who has not had a previous cancer of a different organ.")

Many other doctors disagree. Either way, the risks are still not that great and even if there is malignant tissue found, it is usually no big problem, easily removable if found early, and the President gets regular check ups. Even if he didn't, such cancers are slow growing in older men. Incidentally, the President Reagan's surgery will be performed not by Bethesda's own military doctors but doctors recommended by the First Lady. (CBS-3)

#### LIMITED IMMUNITY REJECTED

NBC's John Dancy reports as members of the Senate Intelligence Committee gathered today the question before them was whether to grant immunity to North and Poindexter. Specter of Pennsylvania favored it. But in the end there was so much opposition there was not even a vote. The House today named a 15 member special investigating committee headed by 55-year-old Lee Hamilton of Indiana, Dick Cheney of Wyoming will be the top ranking Republican. Meanwhile, amid stepped up security, the parade of Cabinet level witnesses continued before the Senate Intelligence Committee. Secretary Weinberger was surrounded by bodyguards after police spotted two men they described as suspicious in the crowd outside.

Dancy continues:

The men fled when police tried to question them. Inside Weinberger was questioned about prices for the weapons that went to Iran. One senator says other testimony has established that the prices paid to the U.S. by middle men were low, the prices charged the Iranians were high. The message in all these developments today seems to be that Congress has no plans to end its investigation until all the facts are in, a process that will take months. (NBC-2, ABC-5)

NBC's Tom Brokaw: After all the testimony to this point, all the White House explanations, Oliver North remains the key mysterious figure and he still not talking. The big question is was North acting on his own or under orders.

NBC's Chris Wallace: After weeks of hearings the Senate Intelligence Committee's chairman and vice chairman today expressed very different views of the scandal's central figure.

(Sen. Leahy: "I do not feel that Col. North could have done all of the things that have been attributed to him all by himself.")

(Sen. Durenberger: "There is no evidence that anybody else gave him the blessing, gave him the wink, gave him any authority at all. It was Ollie North and that's it.")

This disagreement only adds to the mystery surrounding North. Was he an out of control zealot who made his own foreign policy or an aggressive staffer who followed orders? This morning North seemed to play with reporters trying to find out."

(North: "We could end it all right here couldn't we? I'd like to, but I'm not going to.")

Some White House officials are pushing the notion North was an irresponsible self-promoter. They quickly confirmed a story today that North once falsely told a colleague he had ordered relatives of Iranian officials be kidnapped, then traded for American hostages. Officials also say North often lied about having close ties to the President. A North speech last May:

(North: "Joking with the President up at Camp David a few weeks ago while we talking Central American issues and terrorism issues.")

But White House officials say North has not been at Camp David in the last two years, if ever. Chief of Staff Regan testified yesterday the President never met alone with North and spoke to him on the phone only once, after North was fired. But some of North's colleagues describe a different man, a can-do Marine involved in the most sensitive missions, the U.S. invasion of Grenada, the interception of the Achille Lauro hijackers, the bombing raid on Libya, providing aid to the contras. A former NSC official says North respected the chain of command.

(Geoffrey Kemp: "He was low keyed, hard working, always there, always responsible, kept his mouth shut and got the job done. Just what you wanted in the White House.")

So the question is did the White House have a self-promoting zealot handling top secret projects or is there a political effort now to make Oliver North look a lot worse than he really was? The answer may settle who was really behind the Iran-contra connection. (NBC-3)

CBS's Phil Jones reports bad news for the Reagan Administration today even as two Cabinet officials came to the Capitol to cooperate with investigators, White House hopes for a quick disposal of this investigation were dashed with word from the Senate Select Committee that it will probably be February before public hearings begin. Also, the Senate Intelligence Committee rejected the President's request that Poindexter and North be granted immunity. The question of immunity was viewed as too premature. According to Intelligence Committee sources both Secretary Weinberger and Attorney General Meese cooperated today but added nothing new to the investigation. And without Poindexter and North, who have refused to testify so far, members say their investigation is stymied. (CBS-5)

#### FIRST LADY/INTERVIEW

Brokaw: In an interview with the Associated Press today Nancy Reagan said if we could just get North and Poindexter to talk they'd pull her husband out of what she called a valley of his presidency. Mrs. Reagan said there is nothing more that the President can do, now it is up to North and Poindexter. (NBC-4)

Jennings: Mrs. Reagan had something to say about the Iran affair today. She called it a valley in her husband's presidency, that the President feels deceived that he was not told things he should have been told by his own aides and Mrs. Reagan added there is nothing more that he can do, now it is up to North and Poindexter. (ABC-8)

Rather: In an interview tonight with United Press International's veteran White House correspondent Helen Thomas, First Lady Nancy Reagan says the President has "tried everything" to get ousted Oliver North and John Poindexter to tell the truth about what happened. No mention was made of various calls to have the President simply summon the two men in and ask them to tell him what happened. Mrs. Reagan also said tonight that she is not overly concerned about her husband's upcoming surgery calling it very common. (CBS-2)

#### HASENFUS

NBC's Dennis Murphy reports after two and a half months in a Nicaraguan prison Eugene Hasenfus was given a presidential pardon today. Hasenfus's wife Sally thanked Nicaraguan president Ortega and sent a message to her 11-year-old son. (Sally Hasenfus: "From president Ortega happy birthday Adam.") President Ortega said he granted the pardon to show his country's desire for peace with the United States. But at the Nicaraguan National Assembly, which gave formal approval to the pardon, some members of far left parties thought Hasenfus's release was a display of weakness. Hasenfus served the government's desire to show Americans here in a most aggressive and dangerous light. And even as Hasenfus goes home other American captured here last week, Sam Hall, can expect to be tried as a spy and a mercenary. Hasenfus has been a propaganda bonanza for Nicaragua. He was sent here to help the Contras but his capture and confession have had the opposite effect. (NBC-Lead, ABC-Lead, CBS-6)



ABC's John Martin reports on Capitol Hill today committee chairmen investigating the Iran arms scandal and its connection to the Contra war seemed remarkably cool to the idea of calling Gene Hasenfus as a witness. Even so, investigators from Congress and FBI agents are likely to ask Hasenfus about several members of the contra supply operations and their alleged contact with White House officials.

(ABC-2)

#### IRAN/ASSASSINATION PLOT

ABC's Pierre Salinger reports ABC News has learned that a 5 man Iranian commando team was organized in western Europe in the fall of 1983 with instructions to go to the United States to attempt to assassinate President Reagan and commit other terrorist acts. High U.S. government security sources have said they were alerted by a credible Iran source. ABC News has information the source was Ghorbanifar, the Iranian who became the middle man in the controversial U.S.-Iran arms deal. Composite sketches of the five men were distributed in Washington and security was increased, including the deployment of dump trucks around the White House and the State Department. Sources say Ghorbanifar conveyed the information on the commando team to the CIA. Less than two years after this Iranian assassination plot was discovered, President Reagan began selling arms to Iran.

(ABC-4)

#### NORTH/IRANIANS/KIDNAPPING

Jennings: A little more insight today on Oliver North. The White House confirmed that he once did tell a colleague he had a plan to kidnap the relatives of Iranian leaders and hold them in cages until they could be traded for the American hostages held in Lebanon. It was one of his plans which was never implemented.

(ABC-7)

Rather: White House spokesmen officially confirmed today that Oliver North once told co-workers that the secret arms sales to the Khomeini government were just a cover. North told colleagues that he was really ordering relatives of Iranian officials kidnapped and held in cages scattered around Europe as ransom for American hostages. While officially confirming North said this to colleagues, the White House spokesmen said that the kidnappings never actually happened.

(CBS-9)

#### CASEY

Brokaw: NBC News has learned that William Casey, who suffered two minor brain seizures on Monday is expected to undergo surgery as early as tomorrow. A source at Washington's Georgetown University Hospital said the 73-year-old Casey will have neurological surgery. A hospital spokeswoman declined comment.

(NBC-6, CBS-4)

#### SHULTZ/KELLY

Brokaw: Secretary Shultz today reprimanded Ambassador John Kelly but he did not fire him. Shultz had said he was angered by Kelly's secret help given to people involved in the weapons for Iran deal. Shultz said it was all done with neither his permission nor his knowledge.

(CBS-7)

## **EDITORIALS/COLUMNISTS**

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### **IRAN AFFAIR**

'Business of Governing' -- "The Iran-Contra-Arms scandal took an ugly and ominous turn on Sunday with the reports that Lt. Col. Ollie North has had connection with political extremist groups and may even have channeled funds into congressional campaigns.... Until this business about secret campaign funds is cleared up, let us hear no more talk about 'immunity' for witnesses." (Baltimore Evening Sun, 12/15)

Delay Granting Immunity -- "Nothing should be done that might interfere with the work of the independent counsel, who is expected to be appointed by a three-judge federal panel in Washington, D.C., to look into violations of the law. Jumping the gun on grants of immunity would make his job harder." (Dallas Times Herald, 12/14)

Iran? Arms? Oh, is there a problem? -- "There is no quarrel here with Admiral John Poindexter and Lt. Col. Oliver North invoking the Fifth Amendment. They are as entitled to their constitutional protections as any other citizen. But their performance, and Mr. Casey's memory problems, it must be said, do somewhat embarrass Mr. Reagan and his professed declarations about getting to the bottom of all this." (Chicago Tribune, 12/12)

The U.S. 'Tilt' Toward Iraq -- "The policy toward Iraq, apparently coordinated with both the State Department and the CIA, did have a rational basis. So long as Iran refuses to end the war, Washington must seek to prevent an Iranian victory that could threaten the West's oil supplies.... Only when Iran's leaders realize that the war threatens the economic survival of its Islamic republic is there a chance that it might change its policy. Sharing intelligence with Iraq promotes that goal. Selling arms to the mullahs does not." (Philadelphia Inquirer, 12/7)

Losing Ground Against Terrorism -- "White House overtures to elements within the regime of the Ayatollah Khomeini were begun after the Administration had learned of Iran's complicity in the Beirut attacks. Although no one can dispute the merit in trying to improve American contacts with whatever responsible authorities might exist in Tehran, President Reagan's secret policy unwisely sacrificed the more compelling objective of countering terrorism. Indeed, most of the National Security Council staff's dealings with Iran could not have done more to reward state-sponsored terror." (Dixon Telegraph, 12/13)

Forgotten Marines -- "According to recent reports, even as Administration officials were sending Iran weapons and looking for signs of moderation, it was becoming increasingly clear to them that Iran had been behind two deadly assaults on the United States that took place in 1983 -- an attack on our embassy in Beirut and the bombing of the Marine compound at the Beirut airport.... The latest report makes it all the more incomprehensible that the President and his national security experts decided to send shipment after shipment of weapons to Iran." (Kansas City Star, 12/9)

The Media At It Again: Trying to Shame the President -- "'The biggest scandal since Watergate,' [Time magazine] proclaimed.... The Watergate analogy is flawed. Unlike Richard Nixon's bane, this operation was not undertaken for political gain, but from a misguided sense of patriotism. The Administration itself, rather than the courts or the press, disclosed the scandal. Even assuming a worst-case scenario, legal experts are unsure if any laws were broken. As for the charge of incompetence due to lack of awareness, I wonder if Time's publisher knows even a fraction of what transpires among the personnel in his offices."

(Don Feder, Chicago Sun-Times, 12/16)

First, Plug the Leaks in Congress -- "A key factor in the row over the Iran affair, it is said, is the Reagan Administration's failure to inform Congress about any aspect of the enterprise. But the Iran hearings on Capitol Hill provide, in themselves, a reason why: the fact is that Congress can't keep a secret. For anyone hoping for a covert undertaking to succeed, telling Congress is a fatal mistake." (New York Post, 12/12)

Dealing with Iran -- "In the midst of the present uproar at home, it may seem fanciful to Americans to be contemplating an improved relationship with some Iranian entity yet to emerge. Even if the U.S. can coordinate some new approach to Iran, it may be brutally rebuffed. But given the present non-relationship, the wisdom of trying to think through some intelligent and coordinated efforts to improve things seems to bear little downside risk."

(Christian Science Monitor, 12/12)

#### PAY INCREASE

Invest in U.S. Officials -- "If President Reagan proposes raising the salary of top federal officials to levels near those recommended by an advisory commission, and if Congress doesn't interfere, the quality of the national government should improve. In public service as elsewhere, money has a lot to do with competence.... The outlay for such a salary restructuring would be a molehill amid the mountain ranges of federal spending, and it could truthfully be called an investment: Odds are the raises would more than pay for themselves in improved efficiency, because government could probably attract better managers. The more rational and responsive government that also could be expected would be free."

(Hartford Courant, 12/17)

Pay Hike! -- "Excuse the outrage. But did the federal commission studying governmental salaries really recommend an 80 percent pay increase for Congress?... When Congress can find a way to eliminate the deficit, which threatens to cripple the prosperity of this nation, then the American people would be more than happy for them to grant themselves a pay raise, along with all those other deserving folk in public service. For the time being, however, the Reagan Administration should just adopt its newest slogan: 'Just say no'."

(Dallas Morning News, 12/17)

Give Congress Pay Increase -- "The reality is that the public can no longer afford to offer non-competitive salaries for the vital positions in the federal government. The \$77,400 salary paid to members of Congress may seem substantial and even lucrative to most struggling tax payers. But the average chief executive officer in a mid-size to large corporation is paid several times the salary of most of the top 3,000 officials in the government."

(Dallas Times Herald, 12/17)

## The Atlanta Journal

Tuesday, December 16, 1986

### Reagan still has mandate

**I**n a speech last week President Reagan vowed not to let the Iran-contra scandal thwart the completion of his domestic program which he has called a "conservative revolution." Whether it will have that effect or not depends in part on how quickly he clears up the confusion as to the facts about the scandal and moves to rectify the mistakes that have been made.

But he is right in implying that his domestic program should not be set back by the foreign policy controversy. Although any damage to the president's image and popularity is potentially harmful to anything he does, there is no logical connection between foreign policy mistakes and the conservative goals he holds for domestic policy.

Furthermore, he can clearly claim a mandate, affirmed in the 1984 election, to move forward on his domestic program. While some of his strongest supporters have been upset over the Iranian dealings, that is because they saw them as inconsistent with his announced principles. But the people have twice endorsed the broad outlines of his domestic policy, and he has been notable among American leaders for keeping his campaign promises and doing what he has said he would do with respect to reducing taxes, holding down spending and easing the burden of regulation.

Not even the Democratic gains in 1986 congressional elections can be interpreted as depriving the president of his mandate to serve those broad goals. Most objective political commentators have said that no national trends were observable in those elections; in most states voters chose on the basis of the merits of individual candidates, and most of the races were so close that it would be hard to discern a big swing in voters' ideological preferences.

At any rate, the president's own mandate dates from the landslide of 1984. There was no call for an end to the Reagan revolution in that outcome. While politicians will try to exploit ups and downs in presidential popularity, it would be risky for them to assume the public no longer believes in what it believed in only two years ago.

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## **FOREIGN MEDIA REACTION**

### **IRAN-CONTRA AFFAIR**

"Another administration is paralyzed by a trail of inquiries.... What is truly frightening is a basic sense of irresponsibility all round...(and) the ultimate cop-out: no one was in charge of the clattering train."  
(Guardian, Britain)

"America's crisis springs not from the sudden discovery that it has been assisting either side in the (Iran-Iraq) war, but from accumulating evidence that foreign policy for this sensitive quarter of the Middle East was non-existent. Worse, America's strategy, which should have been founded on that policy, has been uninformed, uncoordinated and uncontrolled."  
(Daily Telegraph, Britain)

"In an attempt to get all the facts out, the U.S. President called Tuesday on the Senate to grant limited immunity to the two former White House NSC aides.... The answer from Congress is predictable: out of the question."  
(France Inter-radio)

"President Reagan's request of immunity for North and Poindexter...is an able move, shows the man's sincerity, and, most of all, follows an opposite strategy with respect to the one that caused Nixon's collapse in the Watergate scandal."  
(Il Giornale, Italy)

"President Reagan has every reason to be happy that he still has an assistant like George Shultz. In these times, in which the credibility of the United States is brought into doubt from all sides, the cool professional Shultz is coming increasingly to the fore as a solid point in the afflicted Government team in Washington. The answers from the relaxed Secretary came back repeatedly to the same theme: mistakes might have been made, but the situation is again under control."  
(Algemeen Dagblad, Netherlands)

"Reagan's two-faced ways could only prolong the Iran-Iraq war. U.S. authorities claim that assistance was given to Iraq in the hope that it would force Iran to accept a ceasefire. Anyone with common sense would have known that the Khomeini regime will not stop until Iran wins the war."  
(Sing Pao, Hong Kong)

"Charges that the proceeds from illegal arms sales were diverted into a slush fund for approved congressional candidates have been followed by new details of double-dealing in relation to the Iran-Iraq war, while public esteem for the presidency has plunged to new lows. It is good that the White House has been quick to condemn the alleged slush fund and to promise an immediate investigation, and it is to be hoped that this signals the start of a new determination on the part of the Administration to recover ground lost since the onset of the crisis.... At stake in the crisis are Western interests."  
(Australian, Australia)



# News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, DECEMBER 18, 1986 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

Special Panels Say Iran Probe Won't Be Witch hunt -- Promising neither a fishing expedition nor a witch hunt, the select House and Senate committees formed to investigate the Iran-Contra affair are unofficially beginning work. (New York Times, Washington Post, AP, Copley, Newhouse, Reuter, Scripps Howard, UPI)

### NATIONAL NEWS

Reagan To Undergo Prostate Surgery -- President Reagan will enter the Bethesda naval hospital Jan. 4 for surgery on an enlarged prostate gland that has been causing him "mild, recurring discomfort," the White House announced yesterday. (Washington Post, McClatchy, UPI)

### INTERNATIONAL NEWS

Moscow Is Said To Plan End Of Test Moratorium -- The Soviet Union has informed other governments that it plans to abandon its nuclear test moratorium after the first U.S. nuclear test next year, diplomatic sources said yesterday. (Washington Post)

### NETWORK NEWS (Wednesday Evening)

**PRESIDENT/HEALTH** -- The White House announced today that President Reagan will undergo surgery for an enlarged prostate.

**LIMITED IMMUNITY REJECTED** -- The Senate Intelligence Committee rejected the President's request that Poindexter and North be granted immunity.

**HASENFUS** -- After two and a half months in a Nicaraguan prison, Eugene Hasenfus was given a presidential pardon today.



## **IRAN — NICARAGUA**

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### **REP. HAMILTON NAMED TO HEAD HOUSE IRAN-CONTRAS INQUIRY Nine Democrats, Six Republicans Appointed To Panel**

Rep. Lee Hamilton (D-Ind.) was named yesterday to head the House committee that will investigate the Iran arms sales and the diversion of funds to the Nicaraguan contras, a process that his Senate counterpart said could take through next September.

Hamilton, the outgoing chairman of the House Permanent Select Committee on Intelligence, was among nine Democrats and six Republicans appointed to the select committee by Speaker-designate James Wright and Minority Leader Robert Michel. The Democrats include several leading critics of President Reagan's foreign policy, while the Republicans are among the President's staunchest supporters in the House.

(Edward Walsh & Helen Dewar, Washington Post, A29)

### **House Selects Members Of Iran-Contra Arms Committee**

House Democrats picked seasoned, cautious party veterans to serve on the Watergate-style committee named Wednesday to investigate the Iran-Contra arms deal, while Republicans salted the panel with conservative firebrands and Reagan loyalists.

Rep. Cheney will have his hands full dealing with some of the GOP colleagues on the committee, including conservative firebrand Henry Hyde of Illinois and Reagan loyalist Bill McCullom of Florida.

(Lance Gay, Scripps Howard)

### **SENATOR SAYS ARMS SOLD AT HEAVY DISCOUNT; PANEL NIXES IMMUNITY**

The Senate Intelligence Committee on Wednesday spurned President Reagan's request that limited immunity be used to obtain testimony from two key figures in the Iran-Contra affair, while Attorney General Meese denied he received early warnings of CIA suspicions of the diversion of arms sales proceeds to Nicaraguan rebels.

The leaders of the Senate panel revealed that committee members reached a consensus against granting limited immunity to Marine Lt. Col. North and Vice Adm. Poindexter, both former White House officials.

(Robert Andrews, AP)

### **Special Panels Say Iran Probe Won't Be Witch hunt**

Promising neither a fishing expedition nor a witch hunt, the select House and Senate committees formed to investigate the Iran-Contra affair are unofficially beginning work.

The members of the Senate panel had their first meeting Wednesday and afterwards Sen. Rudman said, "There is a fervent desire on both sides to be non-partisan and keep partisanship out of it.

"The Democrats are not interested in being perceived as trying to get the President and the Republicans are not interested in being perceived as defending the President," Rudman added.

(Cliff Haas, AP)



Leaders of Senate Iran-Contra Committee Vow "No Witch-Hunt;" House Names Own Panel

The Democratic chairman and the ranking Republican on the Senate select investigation committee vowed Wednesday to conduct a non-partisan search for the truth in the Iran-Contra scandal and said they do not believe that President Reagan personally has broken the law.

"All of us, on both sides, hope it doesn't lead to the President," Sen. Rudman said. "The current evidence is that it doesn't."

(Otto Kreisher, Copley)

Senate Panel Rejects Reagan's Bid For Immunity For Aides

Members of the Senate Intelligence Committee Wednesday rejected President Reagan's plea to grant immunity to his two former NSC aides so they can tell Congress what they know about arms sales to Iran and money for Nicaraguan rebels.

"It is premature for the Intelligence Committee to make the decision on immunity at this time," he (Durenberger) said, adding his committee reached an "informal agreement" but took no vote.

But Sen. Specter said he feels there's enough evidence gathered to charge the two aides with "fraudulent conversion" -- a felony -- for diverting U.S. funds from the Iranian arms sale to provide weapons for the Contra rebels.

(Lance Gay, Scripps Howard)

Immunity Request Rejected; Select Committees Probe Iran

The Senate Intelligence Committee has rejected President Reagan's immunity request for two former aides, a sign of how little control the President has over the Iran arms scandal.

"The early mishandling of the affair has limited his options," said Republican political analyst Kevin Phillips.

The pattern of the last two weeks has ingrained in a lot of people a sense that the White House is befuddled, that the Administration has not been quite straight and that there are still a lot of contradictions," he said.

(Carol Giacomo, Reuter)

Was Reagan's Immunity Call Premature?

White House spokesman Larry Speakes, trying to defend President Reagan's proposal that former aides Oliver North and John Poindexter be granted limited immunity in exchange for their testimony, talked himself into something of a logical box.

Speakes criticized Archibald Cox, the former Watergate special prosecutor, and others not directly involved in the Iran-Contra investigation for opposing grants of immunity. Speakes said they were judging the case prematurely without access to the evidence collected so far.

(Michael Putzel, AP)

### Senate Committee/Immunity

The Senate Intelligence Committee Wednesday rejected President Reagan's request to give immunity to officials involved in the Iran-Contra affair, but Attorney General Meese said the committee was still considering the action.

"I think the committee is still considering it," Meese said.

Earlier Sens. Durenberger and Leahy said the panel debated the request, but decided it was too early to grant limited immunity to Vice Adm. Poindexter, the former head of the NSC, and his aide, Lt. Col. North -- two key players in the worst scandal of the Reagan presidency.  
(Judi Hasson, UPI)

### Intelligence Committee Nears Finish Of Investigation

Attorney General Meese, in the last Cabinet testimony before the Senate Intelligence Committee, added to the credibility of his November revelation of a Contra connection in the Iran arms deal, chairman Durenberger said Wednesday.

Meese, who spoke to reporters after testifying for nearly 4½ hours, said, "I was able to explain to them both things what I knew of my own personal knowledge and also to a great extent a number of things which I have learned in conducting a fact-finding review of the matter over the weekend of the 21st through the 24th of November." (Dana Walker, UPI)

### Only North And Poindexter Knew Of Fund Diversion, Meese Asserts

Attorney General Meese said today that he had not "seen anything" that would contradict his original finding that only Vice Adm. Poindexter and Lt. Col. North knew of the secret plan to divert funds to Nicaraguan rebels.

The comments came as the Senate Intelligence Committee indicated tonight that there were major discrepancies in testimony about President Reagan's role in the Iran arms affair, and that it was recalling Donald Regan and Robert McFarlane in an effort to resolve them.

(Gerald Boyd, New York Times, A1)

### Meese Still Sees North As Prime Mover In Arms Scheme

Attorney General Meese says he now has more details on the diversion to Nicaraguan rebels of profits from Iran arms sales and Lt. Col. North still stands alone as the scheme's prime mover.

But Meese admits he still can't trace the money trail of the arms profits, and can't be sure the Contra rebels really received the money.  
(Lawrence Knutson, AP)

### Iran/Meese/Money

Investigations into the Iran-Contra scandal have failed to establish who received up to \$30 million in profits believed to have been diverted through Swiss bank accounts to the Nicaraguan rebels.

So far, the whereabouts of the profits and who, if anyone, benefited from the diversion remains a mystery.  
(Robert Gettlin, Newhouse)

### Meese Says He Doesn't Know For Certain Where Iran Money Trail Led

The Reagan Administration revealed the diversion of money from an Iranian arms sale to Nicaragua's Contra rebels without direct evidence that any transfer of money or arms had taken place, senators familiar with the investigation say.

Asked afterward whether the Contras received anything, Meese said, "I don't know because our fact-finding review stopped short of that. A criminal investigation is going forward...and ultimately that's one of the issues that will probably be determined by independent counsel once one is appointed."  
(Jim Drinkard, AP)

### Senate Panel In Search Of \$30 Million

The Senate Intelligence Committee, winding up three weeks of hearings into the Iran arms-Contra aid scandal, still does not know where the arms sale profits went and is recalling a key witness to resolve conflicts in testimony.

Former national security adviser Robert McFarlane was to return before the committee today to clear up differences in testimony by witnesses who appeared before the panel probing the worst scandal of the Reagan presidency.

"It is an open agenda to call back witnesses to examine them on areas in which other testimony may be somewhat different from their own," said Durenberger.  
(Judi Hasson, UPI)

### Senate Committee/Testimony

The Senate Intelligence Committee asked Defense Secretary Weinberger Wednesday why Iran was overcharged for weapons, raising questions about whether the price tags were deliberately marked up to skirt U.S. law or create secret profits.

Sen. Cohen said Iran clearly "paid a lot more (for the arms) than they were worth. They were underpriced to the middleman and then the price went up."

Sen. Simon has charged that the value of the weapons was kept low deliberately so the White House could avoid triggering the Arms Export Control Act, which requires that Congress be notified about weapons shipments valued at more than \$14 million.  
(Anne Saker, UPI)

### Select Committees: A Long Road To The Answers

The chairmen of two select congressional committees probing the Iran-Contra scandal say the process will be long and painstaking despite the Administration's call for a quick end to the controversy.

"We really don't know the answers to the key questions," Rep. Hamilton said Wednesday after being named chairman of the 15-member special House committee.

"We all realize that although we don't know how long it will take, it will not be finished in two months," Inouye said following the 11-member committee's first meeting Wednesday.  
(Robert Shepard, UPI)

### Special Probe Could Take Many Months To Complete

Saying President Reagan seems "already convicted" in some minds regarding the Iran arms-Contra aid scandal, the chairman of the special Senate panel that will probe the matter promises to avoid any "witch hunt."

Sen. Daniel Inouye also warned Wednesday it could take most of 1987 for his special committee to finish its work and file a report, saying he believes a "reasonable date" for conclusion would be "the end of September."  
(Robert Doherty, UPI)

### North-Reagan Ties Questioned

The White House is trying to distance President Reagan from fired NSC aide Oliver North by asserting that the two seldom crossed paths and then only in large groups. However, an associate of North disputes that claim.

At a White House briefing Wednesday, spokesman Larry Speakes told reporters that during 1985 and 1986, North attended "around 20 or less" meetings with the President, all in large groups.

But one North associate, who insisted on anonymity, said the Marine Lieutenant colonel would personally brief Reagan on "a fairly regular basis...often after normal White House working hours."

(Robert Parry, AP)

### TOP AIDE SAYS REGAN SHOULD QUIT President Needs A 'Fresh Start,' Staff Chief Told

White House political director Mitchell Daniels has told chief of staff Donald Regan that President Reagan's political standing and support in Washington have been seriously hampered by the Iran-contra crisis, and he has suggested that Regan resign to give the President a "fresh start," informed Republican sources said yesterday.

In a private conversation with Regan within the last two weeks, Daniels reported that the President's relationship with the "Republican community" in Congress and elsewhere had been hurt and that a clean break would allow the President to recapture at least some of his previously high standing, the sources said.

(David Hoffman, Washington Post, A1)

### Daniels/Regan

The White House political director encouraged chief of staff Donald Regan to resign to give the President a fresh start, The Washington Post reported Thursday.

Republican sources told the Post political director Mitchell Daniels met with Regan within the last two weeks and told him the President's support and political standing had been hurt by the Iran arms-Contra affair.

Daniels suggested a clean break with Regan would help the President recapture some of the credibility and high regard he has lost since the Nov. 25 disclosure of the diversion of Iran arms sale profits to the Nicaraguan Contras.  
(UPI)

MCFARLANE IS SUMMONED OVER CONFLICT WITH REGAN STATEMENT  
Timing Of Arms Authorization At Issue

Former national security adviser Robert McFarlane has been summoned back to the Senate Select Committee on Intelligence today to testify about a conflict between his previous sworn testimony and that of White House chief of staff Donald Regan.

The contradiction is emerging as one of the major questions from recent testimony on the Iran scandal. The issue is important because any shipments by Israel to Iran without prior approval of the President would be illegal under the arms export control act. It is also important because Regan initially said on Nov. 13 that his actions were in "full compliance" with federal law, and Israel has maintained that it was only acting at the behest of the U.S. government in sending the weapons.

(David Hoffman & Walter Pincus, Washington Times, A1)

ATTORNEY: NORTH TOLD MCFARLANE NOTHING

Lt. Col. North told his boss, former national security adviser McFarlane, he was doing nothing to assist the Nicaraguan rebels when the two discussed the matter in 1985, McFarlane's lawyer says.

Attorney Leonard Garment said McFarlane later repeated that assertion to the House and Senate Intelligence committees last year, when they questioned him about North's involvement with the Contras, Garment said.

The House Intelligence Committee is now "examining the veracity" of McFarlane's September 1985 testimony, said committee Chairman Lee Hamilton.

(Neil Roland, UPI)

'ADMONISHED' BY SHULTZ, KELLY RETURNING TO BEIRUT  
Secretary Restrict 'Back Channel' Actions

Ambassador John Kelly is being sent back to his post in Lebanon after being "admonished" by Secretary of State Shultz, but Administration sources said yesterday that Shultz had strongly considered reassigning Kelly for keeping him in the dark about secret White House discussions regarding U.S. hostages.

The State Department announcement that Kelly will return shortly to his post came after the ambassador met twice with Shultz, who also discussed the issue with President Reagan. An informed source said Reagan was reluctant to remove Kelly from Beirut for not keeping Shultz informed of secret "back-channel" communications about the release of U.S. hostages in Lebanon; the President's attitude may have saved the envoy's job, the source added.

(John Goshko & Don Oberdorfer, Washington Post, A29)

Shultz Sends Ambassador Kelly Back To Beirut

Secretary Shultz, in a move to stop meddling by White House aides, is ordering American ambassadors not to bypass him by engaging in secret communications with the NSC.

In a cable Wednesday to all U.S. embassies, Shultz said "all messages" should be sent through the State Department unless he or President Reagan orders the envoy to use the "back channel" facilities set up by the CIA.

(Barry Schweid, AP)

U.S. Ambassador Admonished But Retains Post

Ambassador John Kelly heads back to his post in Lebanon with a warning not to repeat the end run he made around the State Department in dealing directly with the White House regarding American hostages.

At the same time, Secretary Shultz has sent instructions to U.S. ambassadors worldwide detailing strict procedures to ensure that contact with the White House is made with the knowledge of his department "unless you are explicitly directed" otherwise by the President.

(Jim Anderson, UPI)

NORTH/KIDNAPPING

A presidential spokesman said Wednesday there was "no substance" to reports that Lt. Col. North planned to kidnap relatives of top Iranians and swap them for American hostages and that the whole matter was apparently a joke by North.

"Everybody knows that North was putting Major on," said a White House official who asked not to be named. "Apparently Major fell for it."

"There's absolutely no substance to the story," said White House spokesman Dan Howard.

(Ira Allen, UPI)

HOSPITALIZED CIA CHIEF UNDERGOES MORE TESTS

Condition 'Stable'; White House Aides Barred From Phoning Casey

Doctors at Georgetown University Hospital yesterday ordered "further testing and consultation" on CIA Director William Casey in order to make a "definitive diagnosis" of the cause of two seizures he suffered Monday, according to a statement by the hospital and the CIA.

A senior Administration official said that, at a White House discussion yesterday, aides wanted to question Casey on an important matter. The official said the aides were told that "Casey could not take any calls" and said he was in "a serious situation." The aides were not told the nature of Casey's condition or what treatment would be necessary, the official said.

(Cristine Russell, Washington Post, A33)

Casey Reportedly To Have Surgery Today

Hospitalized CIA Director Casey appears certain to be prevented until after the holiday season from further testimony about his role in the Iran arms-Contra aid scandal.

NBC News, meanwhile, cited hospital sources in reporting Wednesday night that Casey, 73, would undergo neurological surgery as early as today.

(UPI)

## CAREER DIPLOMATS WILL HEAD NSC'S MIDEAST, AFRICA SECTIONS

Incoming national security affairs adviser Frank Carlucci has picked two veteran Foreign Service officers to head the Middle East and African divisions of the NSC staff, Administration officials said yesterday.

Carlucci's choices, Robert Oakley and Herman Cohen, are career diplomats with extensive experience in their areas of work. Both are less controversial within government ranks than Carlucci's earlier choices of Fritz Ermarth to head the Soviet affairs section and Jose Sorzano as senior specialist on Latin American affairs. (Washington Post, A35)

## DOMESTIC REACTION

### TAX, ELECTION LAW QUESTIONS ARISE ON ACTIVIST'S PRO-CONTRA EFFORTS

Carl Russell (Spitz) Channell, the head of a network of conservative organizations, may have avoided involvement in a potentially major scandal, but now he may face a series of investigations.

Earlier this week, Channell denied charges that he had received money skimmed from Iranian arms sales to finance lobbying in support of the Nicaraguan contras and political campaigns against Democratic opponents of contra aid.

At the same time, however, he publicly acknowledged activities that now appear certain to bring investigations by the Internal Revenue Service, Congress and the Federal Election Commission.

(Thomas Edsall, Washington Post, A30)

### FIRST LADY: REAGAN UPSET TRUTH WITHHELD

First Lady Nancy Reagan said yesterday that her husband was disappointed and upset he "was not told the truth" about the Iran arms-contra scandal and that he has done all he can to get former national security adviser Vice Adm. Poindexter and his former aide Lt. Col. North to tell what they know about the affair.

"Well, he's tried everything," she said of Reagan's efforts. "He's tried granting them immunity if that would do it.... Naturally, he would wish that they would come out on their own."

(Helen Thomas, UPI, Washington Post, C9)

## Nancy Reagan Says Testimony By North, Poindexter Would Help President

Nancy Reagan says her husband would recover from the current "valley" in his presidency if former aides Vice Adm. Poindexter and Lt. Col. North would publicly reveal their roles in the secret Iran-Contra arms deals.

Mrs. Reagan said she does not believe the controversy will scar Reagan's legacy. "I think he's done so many wonderful things for this country over the past six years...you know, there are peaks and valleys and this is a valley," she said. (Susanne Schafer, AP)



### First Lady: Reagan Will Weather Iran-Contra Storm

Nancy Reagan maintains confidence that her husband will weather the Iran arms-Contra aid storm, but she says he's disappointed that the "only two men who know anything" about the scheme have refused to talk.

Interviewed on a sofa in the White House family quarters, the first lady spoke definitively Wednesday for the first time on the crisis that has rocked the White House and has sent her husband's popularity plunging in the polls.

Wearing a red-and-black print dress and gold triangle-shaped earrings, Mrs. Reagan clearly did not want to dwell on the worst crisis of her husband's presidency, but she nonetheless answered questions about it and asserted he is bearing up "just fine" under the strain.

(Helen Thomas, UPI)

### IRAN/REAGAN

President Reagan's demand for full public "disclosure of all the facts" in the Iran-Contra scandal apparently does not extend to Attorney General Meese.

So far, Reagan has refused to direct Meese to make public information given him by former national security adviser Vice Adm. Poindexter and his deputy, Lt. Col. North, about how profits from Iran arms sales were diverted to Nicaraguan rebels, and who, if anyone, authorized the transfer.

Larry Speakes said disclosure of the information in Meese's hands "could be detrimental to the cause of justice..."

Speakes' explanation seems to contradict Reagan's declaration that Congress should grant limited immunity from prosecution to Poindexter and North so they could tell their story in public. Both men recently refused under oath to answer questions of congressional investigators, citing their Fifth Amendment right against self-incrimination.

(Miles Benson, Newhouse)

### BROADCAST BOOSTERISM

#### Lobby Makes TV Ad In Support Of Reagan

It begins with a picture of Abraham Lincoln and an 1862 statement that Lincoln has "no enthusiastic supporters," and ends with a plea to call the White House if you support Ronald Reagan. ("President Reagan needs our help now.")

It is called a "video commentary." What it is is a commercial for the President. The product of the conservative lobby, Citizens for America, it debuted as a commercial on last Sunday's "This Week With David Brinkley" as the Iran-contra affair continued to boil.

(Carla Hall, Washington Post, C1)

## FOREIGN REACTION

### ORTEGA HANDS OVER HASENFUS TO SEN. DODD IN MANAGUA

MANAGUA -- Eugene Hasenfus, who had begun serving a 30-year sentence for running guns to Nicaraguan rebels, was pardoned today and released to visiting Sen. Dodd.

Hasenfus was taken to the offices of Nicaraguan President Ortega where he shook Ortega's hand and told reporters, "Today has been a day of great surprises, a day I will remember in my heart."

Ortega described the pardon as a holiday gesture of good will "to the people of the United States" and an effort to dissuade the Reagan Administration from what he called "the insane act of a direct invasion against Nicaragua." (Nancy Nusser, Washington Post, A1)

### Hasenfus/Dodd/Ortega

Nicaragua Wednesday pardoned convicted American gunrunner Eugene Hasenfus, who immediately left the country to return home for Christmas and possibly an appearance before congressional committees investigating the Iran arms-Contra aid scandal.

"There was no deal at all," Dodd said of the pardon. "It was a Christmas gesture."

In Washington, the State Department said although the United States was gratified that Hasenfus will be reunited with his family during the Christmas season, the "entire incident was orchestrated by the Sandinistas for maximum propaganda effect." (Tracy Wilkinson, UPI)

### Hasenfus Freed, Begins Trips Home

MANAGUA -- Convicted U.S. gun-runner Eugene Hasenfus is heading for home a free man after the Nicaraguan government pardoned him yesterday as a Christmas gesture to the American people.

"With this gesture we call on Mr. Reagan's conscience to reflect on the present course he is following," Ortega said.

The White House expressed approval at the pardon, saying, "We are glad he's been released and will be able to spend Christmas with his family." (Angus MacSwan, Reuter)

### HALL WANTED MONEY FOR BRIDGE-DESTROYING TRIP TO NICARAGUA

The publisher of a paramilitary magazine said Wednesday he was asked by adventurer Sam Hall to help fund a trip to Nicaragua, where Hall planned to destroy bridges.

Soldier of Fortune publisher Robert Brown said Hall called him in the fall of 1985 requesting money for the trip. Hall wanted to "blow up some bridges" in connection with expected armed conflict between Nicaragua and the governments of El Salvador and Honduras, Brown said.

(Adam Condo, Scripps Howard)

SWISS EXPAND ORDER FREEZING SECRET ACCOUNTS  
Action, At U.S. Request, Extends Probe

GENEVA -- The Swiss government, acting on a new U.S. Justice Department request, today ordered the Credit Suisse bank branch here to freeze a new group of accounts linked to secret U.S. arms sales to Iran, according to Swiss officials.

Today's order extended the freeze to accounts of three companies and six individuals, apparently including multimillionaire arms dealers Adnan Khashoggi of Saudi Arabia and Iranian exile Manucher Ghorbanifar, according to Swiss authorities. (Loren Jenkins, Washington Post, A29)

JAPAN'S ROLE ON U.S. HOSTAGES QUESTIONED

TOKYO-- Japan's major opposition parties will look into Prime Minister Yasuhiro Nakasone's efforts to win the freedom of Americans taken hostage in Beirut, party officials said today.

Opposition parties are concerned that Japan was following the United States too closely. There are also suspicions that Japan somehow played a role in the secret sale of arms to Iran by the United States.

(Washington Post, A38)

CAYMAN AIDES OFFER TO HELP U.S.  
No Inquiry Yet On Alleged Funding Channel, Say 2 Officials

GEORGETOWN, Cayman Islands -- Two senior officials of the Cayman Islands government said Tuesday they would offer full cooperation if U.S. authorities asked for their help in verifying charges that millions of dollars in Iranian arms profits were channeled through secret Cayman Islands bank accounts on their way to the Nicaraguan rebels.

But the officials, Attorney General Michael Bradley and Financial Secretary Thomas Jefferson, said they had not received a formal request from the Department of Justice for assistance.

(Los Angeles Times story, Washington Post, A39)

## **NATIONAL NEWS**

### **REAGAN TO UNDERGO PROSTATE SURGERY**

President Reagan will enter the Bethesda naval hospital Jan. 4 for surgery on an enlarged prostate gland that has been causing him "mild, recurring discomfort," the White House announced yesterday.

Presidential spokesman Larry Speakes said the operation, called a transurethral resection of the prostate, will be performed on Jan. 5 by two Minnesota specialists associated with the Mayo Clinic. Reagan is expected to be in the hospital for three or four days.

(Susan Okie, Washington Post, A1)

### **Doctors Agree Reagan Surgery Generally Safe**

The minor surgery President Reagan will undergo next month to ease the discomfort of an enlarged prostate gland is a generally safe operation and common among elderly men, medical experts agree.

"This has been something that has been contemplated for a period of time," Speakes told reporters. "He decided this was the appropriate time."

Doctors discounted any connection between the prostate problem and Reagan's earlier colon cancer. (Ira Allen, UPI)

### **Reagan Prostate Surgery Called Routine**

President will undergo minor surgery on Jan. 5 to relieve urinary constrictions from an enlarged prostate that have caused him discomfort in recent weeks, the White House announced Wednesday.

Presidential spokesman Larry Speakes said the prostate condition poses no "urgent" problem and Reagan will not change his schedule or activities in the next two and a half weeks, including a year-end trip to Los Angeles and Palm Springs Dec. 27-Jan. 2. (Leo Rennert, McClatchy)

### **2 INDEPENDENT COUNSELS ARE SECRETLY APPOINTED**

#### **Justice Dept. Ex-Aide Reportedly Probed**

An independent counsel, whose appointment has not been made public, is investigating the personal finances of former assistant attorney general W. Lawrence Wallace, according to Administration sources.

The prosecutor is one of two active independent counsels whose appointments have been kept secret at the Justice Department's request, the sources said. It could not be learned what the other independent counsel, who also was named this year, is investigating. The identities of the outside prosecutors also could not be learned.

(Howard Kurtz, Washington Post, A10)

GNP RISES 2.8 PCT. IN QUARTER  
Inflation Grows Moderately As Economy Drags

The nation's output of goods and services increased at an annual rate of 2.8 percent between July and September and inflation picked up moderately, the government reported yesterday, as economists continued to search for renewed signs of life in the economy.

The economy this year has disappointed many economists who thought the benefits from sharply lower oil prices would produce a robust second quarter. Although lower prices led to one of the best inflation performances in decades, it did not pump up growth as expected. Instead, lower oil prices led to a widespread shutdown of production of oil and gas for most of the year. (Jane Seaberry, Washington Post, E1)

U.S. Economy Posts Moderate Growth; Corporate Profits Rise

The U.S. economy grew at a moderate clip over the summer as after-tax profits of the nation's corporations posted their biggest gain in three years, the government says.

But the Commerce Department, which issued both reports Wednesday, also said that inflation had revived from July through September. (Vivian Marino, AP)

USDA SEEKING PROBE OF POSSIBLE KLAN ROLE  
Officials In Arkansas May Be Involved

The Agriculture Department called yesterday for an investigation of possible improper involvement by the Ku Klux Klan and other extremist groups in department activities in Arkansas.

The action came after release of a department report saying interviews with USDA employees in Arkansas turned up perceptions "that many Agriculture officials in the north-central part of the state are members of the KKK." (Mike Robinson, Washington Post, A18)

## INTERNATIONAL NEWS

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### MOSCOW IS SAID TO PLAN END OF TEST MORATORIUM

The Soviet Union has informed other governments that it plans to abandon its nuclear test moratorium after the first U.S. nuclear test next year, diplomatic sources said yesterday.

During the past week, Soviet officials have informed several heads of government that an announcement of plans to end the 16-month halt in weapons testing will probably be made within a day or two, according to well-informed sources.

(Jeffrey Smith, Washington Post, A1)

### STATE DEPARTMENT CHALLENGES REPORT OF ARMS TALKS FLEXIBILITY BY GORBACHEV

The Soviet negotiating position at the Geneva arms talks has remained unchanged, despite Soviet leader Gorbachev's pledge of flexibility on the future of space-based missile defenses, the State Department says.

At the same time, White House spokesman Larry Speakes says he agrees with Gorbachev that an arms control agreement is possible before President Reagan leaves office in January 1989.

As for Gorbachev's pledge of flexibility, State Department spokesman Charles Redman said "we can only conclude that such statements by Soviet officials hinting at negotiating flexibility are made for their propaganda value, rather than as true indicators of substantive change in Soviet negotiating positions."

(Henry Gottlieb, AP)

### SOVIETS ACCUSE REAGAN OF PLANNING CONCENTRATION CAMPS

MOSCOW -- The Soviet Union made a vicious attack on U.S. human rights policy Wednesday, accusing the Reagan Administration of having the worst record in American history and plotting "Hitler-type" concentration camps for dissidents.

"In the United States they like to discourse on human rights and democracy, but in deed are forming Hitler-like concentration camps," it said.

Tass said the White House plans a campaign of "mass terror" against people "who disagree with Washington's dangerous militaristic policy."

The news agency said plans to set up the concentration camps in the United States were contained in a secret directive code-named "Rex 84." It said Reagan recently signed it.

(UPI)

## SANCTIONS SAID TO WEAKEN U.S. INFLUENCE IN PRETORIA Officials Point To Latest Crackdown

Economic sanctions imposed by Congress against South Africa have undercut U.S. ability to moderate Pretoria's current crackdown on its opposition, and Congress ought to take notice, senior State Department officials involved with the region said yesterday.

Briefing reporters on recent developments in Africa before the visit next month of Secretary Shultz, one senior official said U.S. efforts now focus on demonstrating a willingness to play a role in peacemaking, and on urging regional leaders outside South Africa to think in positive terms about what ought to follow apartheid, the system of strict racial segregation.

(Joanne Omang, Washington Post, A62)

## BRITAIN REPORTEDLY CHOOSES AWACS OVER BRITISH SYSTEM

LONDON -- Prime Minister Thatcher's Cabinet defense committee decided Wednesday not to buy a British-made early-warning radar plane and buy American AWACS planes, Thames Television reported.

The Overseas and Defense Policy Committee, chaired by Thatcher, decided Wednesday night to reject the British-made Nimrod and buy U.S. AWACS, and the full Cabinet was expected Thursday to endorse the politically sensitive decision to buy the Boeing Co. aircraft, the report said.

(UPI)

## U.S. CAUTIONS ON SURINAME

The State Department issued an advisory yesterday warning U.S. citizens to avoid travel in the eastern part of Suriname, a South American country torn by a growing armed insurrection.

In general, the advisory says, "insecurity and the increasing unavailability of basic food items and other necessary goods make it advisable for U.S. citizens to exercise caution and forbearance when traveling to or in Suriname."

(UPI story, Washington Post, A57)

## LEHMAN SEEKS SANCTIONS ON NEW ZEALAND Proposal Responds To Nuclear Ship Ban

Navy Secretary John Lehman is preparing a recommendation that President Reagan impose economic penalties against New Zealand because of its ban on U.S. nuclear ships entering its ports, Navy Officials said yesterday.

Lehman has asked his staff to draft a plan to be submitted to Defense Secretary Weinberger next week, officials said.

(Molly Moore, Washington Post, A22)

## ***NETWORK NEWS SUMMARY***

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(Wednesday evening, December 17th)

### **PRESIDENT/HEALTH**

NBC's Tom Brokaw: The White House announced today that President Reagan will undergo minor surgery for an enlarged prostate on January 5th at Bethesda Naval Hospital. This will be the third time since taking office the 75-year-old President has had to stay overnight at a hospital. However, as Robert Brazell reports now, this presidential problem is very common.

NBC's Robert Brazell: Mr. Reagan underwent the same the operation when he was governor of California in 1967. Doctors say it is common for the discomfort to reoccur and there is no cause for concern.

(Dr. Elliot Cohen: "It is an extremely common operation. It is probably one of the most common operations that urologists perform and one the most common operations that elderly men undergo. The risks in this type of procedure, because it is so standardized, are relatively minimum.")

The President has an enlarged prostate, a common problem in older men. This often puts pressure on the urethra making urination difficult. In the procedure, a device is inserted into the urethra and excess prostate tissue is removed thus relieving the pressure. This is the device that is used, it is called a resectoscope. This is the surgeons view as he operates. The procedure takes less than an hour. The President will have a spinal, not general anesthetic and he is expected to remain in the hospital for three or four days after the operation. Doctors say there is a very slight chance that the President's problems could be caused by a spread of the colon cancer which was removed 18 months ago. While he is in the hospital Mr. Reagan will undergo other tests to make sure that the colon cancer is not recurring. (NBC-5)

ABC's Peter Jennings: In the middle of all this Iran and contra business the White House announced today that the President is going to have more surgery, a fairly routine prostate operation in three weeks time. This is not the first time the President has had such a problem.

ABC's Sheilah Kast: Ronald Reagan was in his first year as governor of California in 1967 when he underwent similar surgery. Doctors then warned the procedure might have to be repeated. Larry Speakes said the President, who has not been seen publicly since Monday, will enter Bethesda Naval Medical Center January 4th. Speakes said Mr. Reagan has been experiencing discomfort. Periodic examinations have indicated his prostate gland is enlarged. That puts pressure on the urethra, the canal that carries urine from the bladder. So in a procedure called a transurethral resection of the prostate, a doctor will insert an instrument into the urethra. A device on the end will scrape off the enlarged tissue. The procedure will take only 40 minutes, but the President will stay in the hospital three or four days because of bleeding and swelling. He'll also undergo routine examinations to follow up his 1985 surgery for colon cancer. Mrs. Reagan picked the new doctors for the prostate surgery.



Kast continues:

(Dr. J. Randolph Beahrs: "I've been involved since August. There is a team of physicians from the Mayo clinic, including myself, that's been involved with this.")

Unlike his cancer surgery, this operation will be performed with a low spinal anesthetic and the President will be awake. There are no plans to transfer the powers of the Presidency to Vice President Bush.

Jennings: Joining us tonight in Boston, Dr. Tim Johnson. Tim, it is described as routine, but is it for a man his age?

Johnson: Yes, I don't think his age is any factor at all and approximately 200 to 300 thousand of these operations are done every year so routine is exactly the right word.

Jennings: Is there connection with the operation for colon cancer last year?

Johnson: None whatsoever and there is no connection between the risk of the previous cancer he has had and any risk for prostate cancer.

Jennings: Given the present difficulties for the President, is there any connection to stress?

Johnson: No. There is no connection between stress and the growth of excessive amounts of prostate tissue. There maybe some connection between stress and the experience or accentuation of urinary symptoms.

Jennings: So much is political these days. Is it unusual for the White House to make an announcement that the President is going to have an operation three weeks before it happens?

Johnson: Well, it certainly is unusual for this White House. They have never done that before, they have always saved announcements of major or minor medical procedured until a day or two before. The reason for doing it now three weeks ahead of time is, I guess, anybody's guess. (ABC-3)

CBS's Bill Plante: President Reagan will have minor surgery January 5th to relieve symptoms of an enlarged prostate gland. Larry Speakes said the problem is not urgent, something that has been contemplated for a period of time. The procedure, known as a transurethral resection of the prostate will require a stay of several days at Bethesda Naval Hospital during which Mr. Reagan will also undergo a regular exam following up on his cancer surgery of July 1985. The President got a clear bill of health after a complete urological check up last August but he has suffered recurring discomfort in his urinary track since 1967 when his doctor performed the same kind of operation that he will undergo next month. Several days in the hospital just as the new Congress convenes and on top of his current problems with the arms for Iran-cash for the contras scandal makes some of Mr. Reagan's friends fear his presidency could lose even more political momentum. Others insist it won't happen.

Plante continues:

(Rep. Cheney: "Ronald Reagan has been through this before, he is a man with a lot of miles on him and it's not surprising that once in a while he needs to go into the shop for a little repair.")

(Lee Atwater: "This President has brought leadership back into the presidency and the American people like that and ultimately this President will be back on his feet, back in charge and back on top again.")

Staff members say the President's surgery wasn't scheduled to gain sympathy for his other problems, though one conceded it may temper the attack a little bit. But a former aide cautioned the Iran-contra problems aren't going away. The danger is that Ronald Reagan is never going to get back in the ball game. (CBS-Lead)

CBS's Dan Rather: A prostate operation is one of the burdens of men, not women, men as they grow older. And it is common, 350,000 operations in American hospitals last year alone, more money spent on this kind of surgery than any other.

(Dr. Philip Roen: "So common that urologists all over the country are called upon to do this operation very, very frequently.")

The symptom, difficulty in urinating. The source, the prostate gland, a walnut-sized organ just below the bladder. When it enlarges it also obstructs the flow of urine. The operation relieves the obstruction. If all is routine, Mr. Reagan will be awake during the 30 to 40 minute procedure, out of the hospital in three to four days.

(Dr. Carl Olsson: "It is a very standardized procedure and the track record with this kind of operation is a very, very stable one.")

But just as prostate problems increase with age, so do the risks of prostate cancer. About a 10% risk for men in their 70s, Mr. Reagan is 75. He has already had cancers removed from his nose and from his intestine.

(Roen: "The potentiality of cancer in President Reagan is greater than in someone who has not had a previous cancer of a different organ.")

Many other doctors disagree. Either way, the risks are still not that great and even if there is malignant tissue found, it is usually no big problem, easily removable if found early, and the President gets regular check ups. Even if he didn't, such cancers are slow growing in older men. Incidentally, the President Reagan's surgery will be performed not by Bethesda's own military doctors but doctors recommended by the First Lady. (CBS-3)

#### LIMITED IMMUNITY REJECTED

NBC's John Dancy reports as members of the Senate Intelligence Committee gathered today the question before them was whether to grant immunity to North and Poindexter. Specter of Pennsylvania favored it. But in the end there was so much opposition there was not even a vote. The House today named a 15 member special investigating committee headed by 55-year-old Lee Hamilton of Indiana, Dick Cheney of Wyoming will be the top ranking Republican. Meanwhile, amid stepped up security, the parade of Cabinet level witnesses continued before the Senate Intelligence Committee. Secretary Weinberger was surrounded by bodyguards after police spotted two men they described as suspicious in the crowd outside.

Dancy continues:

The men fled when police tried to question them. Inside Weinberger was questioned about prices for the weapons that went to Iran. One senator says other testimony has established that the prices paid to the U.S. by middle men were low, the prices charged the Iranians were high. The message in all these developments today seems to be that Congress has no plans to end its investigation until all the facts are in, a process that will take months. (NBC-2, ABC-5)

NBC's Tom Brokaw: After all the testimony to this point, all the White House explanations, Oliver North remains the key mysterious figure and he still not talking. The big question is was North acting on his own or under orders.

NBC's Chris Wallace: After weeks of hearings the Senate Intelligence Committee's chairman and vice chairman today expressed very different views of the scandal's central figure.

(Sen. Leahy: "I do not feel that Col. North could have done all of the things that have been attributed to him all by himself.")

(Sen. Durenberger: "There is no evidence that anybody else gave him the blessing, gave him the wink, gave him any authority at all. It was Ollie North and that's it.")

This disagreement only adds to the mystery surrounding North. Was he an out of control zealot who made his own foreign policy or an aggressive staffer who followed orders? This morning North seemed to play with reporters trying to find out."

(North: "We could end it all right here couldn't we? I'd like to, but I'm not going to.")

Some White House officials are pushing the notion North was an irresponsible self-promoter. They quickly confirmed a story today that North once falsely told a colleague he had ordered relatives of Iranian officials be kidnapped, then traded for American hostages. Officials also say North often lied about having close ties to the President. A North speech last May:

(North: "Joking with the President up at Camp David a few weeks ago while we talking Central American issues and terrorism issues.")

But White House officials say North has not been at Camp David in the last two years, if ever. Chief of Staff Regan testified yesterday the President never met alone with North and spoke to him on the phone only once, after North was fired. But some of North's colleagues describe a different man, a can-do Marine involved in the most sensitive missions, the U.S. invasion of Grenada, the interception of the Achille Lauro hijackers, the bombing raid on Libya, providing aid to the contras. A former NSC official says North respected the chain of command.

(Geoffrey Kemp: "He was low keyed, hard working, always there, always responsible, kept his mouth shut and got the job done. Just what you wanted in the White House.")

So the question is did the White House have a self-promoting zealot handling top secret projects or is there a political effort now to make Oliver North look a lot worse than he really was? The answer may settle who was really behind the Iran-contra connection. (NBC-3)

CBS's Phil Jones reports bad news for the Reagan Administration today even as two Cabinet officials came to the Capitol to cooperate with investigators, White House hopes for a quick disposal of this investigation were dashed with word from the Senate Select Committee that it will probably be February before public hearings begin. Also, the Senate Intelligence Committee rejected the President's request that Poindexter and North be granted immunity. The question of immunity was viewed as too premature. According to Intelligence Committee sources both Secretary Weinberger and Attorney General Meese cooperated today but added nothing new to the investigation. And without Poindexter and North, who have refused to testify so far, members say their investigation is stymied. (CBS-5)

#### FIRST LADY/INTERVIEW

Brokaw: In an interview with the Associated Press today Nancy Reagan said if we could just get North and Poindexter to talk they'd pull her husband out of what she called a valley of his presidency. Mrs. Reagan said there is nothing more that the President can do, now it is up to North and Poindexter. (NBC-4)

Jennings: Mrs. Reagan had something to say about the Iran affair today. She called it a valley in her husband's presidency, that the President feels deceived that he was not told things he should have been told by his own aides and Mrs. Reagan added there is nothing more that he can do, now it is up to North and Poindexter. (ABC-8)

Rather: In an interview tonight with United Press International's veteran White House correspondent Helen Thomas, First Lady Nancy Reagan says the President has "tried everything" to get ousted Oliver North and John Poindexter to tell the truth about what happened. No mention was made of various calls to have the President simply summon the two men in and ask them to tell him what happened. Mrs. Reagan also said tonight that she is not overly concerned about her husband's upcoming surgery calling it very common. (CBS-2)

#### HASENFUS

NBC's Dennis Murphy reports after two and a half months in a Nicaraguan prison Eugene Hasenfus was given a presidential pardon today. Hasenfus's wife Sally thanked Nicaraguan president Ortega and sent a message to her 11-year-old son.

(Sally Hasenfus: "From president Ortega happy birthday Adam.") President Ortega said he granted the pardon to show his country's desire for peace with the United States. But at the Nicaraguan National Assembly, which gave formal approval to the pardon, some members of far left parties thought Hasenfus's release was a display of weakness. Hasenfus served the government's desire to show Americans here in a most aggressive and dangerous light. And even as Hasenfus goes home other American captured here last week, Sam Hall, can expect to be tried as a spy and a mercenary. Hasenfus has been a propaganda bonanza for Nicaragua. He was sent here to help the Contras but his capture and confession have had the opposite effect. (NBC-Lead, ABC-Lead, CBS-6)

ABC's John Martin reports on Capitol Hill today committee chairmen investigating the Iran arms scandal and its connection to the Contra war seemed remarkably cool to the idea of calling Gene Hasenfus as a witness. Even so, investigators from Congress and FBI agents are likely to ask Hasenfus about several members of the contra supply operations and their alleged contact with White House officials.

(ABC-2)

#### IRAN/ASSASSINATION PLOT

ABC's Pierre Salinger reports ABC News has learned that a 5 man Iranian commando team was organized in western Europe in the fall of 1983 with instructions to go to the United States to attempt to assassinate President Reagan and commit other terrorist acts. High U.S. government security sources have said they were alerted by a credible Iran source. ABC News has information the source was Ghorbanifar, the Iranian who became the middle man in the controversial U.S.-Iran arms deal. Composite sketches of the five men were distributed in Washington and security was increased, including the deployment of dump trucks around the White House and the State Department. Sources say Ghorbanifar conveyed the information on the commando team to the CIA. Less than two years after this Iranian assassination plot was discovered, President Reagan began selling arms to Iran.

(ABC-4)

#### NORTH/IRANIANS/KIDNAPPING

Jennings: A little more insight today on Oliver North. The White House confirmed that he once did tell a colleague he had a plan to kidnap the relatives of Iranian leaders and hold them in cages until they could be traded for the American hostages held in Lebanon. It was one of his plans which was never implemented.

(ABC-7)

Rather: White House spokesmen officially confirmed today that Oliver North once told co-workers that the secret arms sales to the Khomeini government were just a cover. North told colleagues that he was really ordering relatives of Iranian officials kidnapped and held in cages scattered around Europe as ransom for American hostages. While officially confirming North said this to colleagues, the White House spokesmen said that the kidnappings never actually happened.

(CBS-9)

#### CASEY

Brokaw: NBC News has learned that William Casey, who suffered two minor brain seizures on Monday is expected to undergo surgery as early as tomorrow. A source at Washington's Georgetown University Hospital said the 73-year-old Casey will have neurological surgery. A hospital spokeswoman declined comment.

(NBC-6, CBS-4)

#### SHULTZ/KELLY

Brokaw: Secretary Shultz today reprimanded Ambassador John Kelly but he did not fire him. Shultz had said he was angered by Kelly's secret help given to people involved in the weapons for Iran deal. Shultz said it was all done with neither his permission nor his knowledge.

(CBS-7)

## **EDITORIALS/COLUMNISTS**

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### **IRAN AFFAIR**

'Business of Governing' -- "The Iran-Contra-Arms scandal took an ugly and ominous turn on Sunday with the reports that Lt. Col. Ollie North has had connection with political extremist groups and may even have channeled funds into congressional campaigns.... Until this business about secret campaign funds is cleared up, let us hear no more talk about 'immunity' for witnesses." (Baltimore Evening Sun, 12/15)

Delay Granting Immunity -- "Nothing should be done that might interfere with the work of the independent counsel, who is expected to be appointed by a three-judge federal panel in Washington, D.C., to look into violations of the law. Jumping the gun on grants of immunity would make his job harder." (Dallas Times Herald, 12/14)

Iran? Arms? Oh, is there a problem? -- "There is no quarrel here with Admiral John Poindexter and Lt. Col. Oliver North invoking the Fifth Amendment. They are as entitled to their constitutional protections as any other citizen. But their performance, and Mr. Casey's memory problems, it must be said, do somewhat embarrass Mr. Reagan and his professed declarations about getting to the bottom of all this." (Chicago Tribune, 12/12)

The U.S. 'Tilt' Toward Iraq -- "The policy toward Iraq, apparently coordinated with both the State Department and the CIA, did have a rational basis. So long as Iran refuses to end the war, Washington must seek to prevent an Iranian victory that could threaten the West's oil supplies.... Only when Iran's leaders realize that the war threatens the economic survival of its Islamic republic is there a chance that it might change its policy. Sharing intelligence with Iraq promotes that goal. Selling arms to the mullahs does not." (Philadelphia Inquirer, 12/7)

Losing Ground Against Terrorism -- "White House overtures to elements within the regime of the Ayatollah Khomeini were begun after the Administration had learned of Iran's complicity in the Beirut attacks. Although no one can dispute the merit in trying to improve American contacts with whatever responsible authorities might exist in Tehran, President Reagan's secret policy unwisely sacrificed the more compelling objective of countering terrorism. Indeed, most of the National Security Council staff's dealings with Iran could not have done more to reward state-sponsored terror." (Dixon Telegraph, 12/13)

Forgotten Marines -- "According to recent reports, even as Administration officials were sending Iran weapons and looking for signs of moderation, it was becoming increasingly clear to them that Iran had been behind two deadly assaults on the United States that took place in 1983 -- an attack on our embassy in Beirut and the bombing of the Marine compound at the Beirut airport.... The latest report makes it all the more incomprehensible that the President and his national security experts decided to send shipment after shipment of weapons to Iran." (Kansas City Star, 12/9)

The Media At It Again: Trying to Shame the President -- "The biggest scandal since Watergate,' [Time magazine] proclaimed.... The Watergate analogy is flawed. Unlike Richard Nixon's bane, this operation was not undertaken for political gain, but from a misguided sense of patriotism. The Administration itself, rather than the courts or the press, disclosed the scandal. Even assuming a worst-case scenario, legal experts are unsure if any laws were broken. As for the charge of incompetence due to lack of awareness, I wonder if Time's publisher knows even a fraction of what transpires among the personnel in his offices."

(Don Feder, Chicago Sun-Times, 12/16)

First, Plug the Leaks in Congress -- "A key factor in the row over the Iran affair, it is said, is the Reagan Administration's failure to inform Congress about any aspect of the enterprise. But the Iran hearings on Capitol Hill provide, in themselves, a reason why: the fact is that Congress can't keep a secret. For anyone hoping for a covert undertaking to succeed, telling Congress is a fatal mistake." (New York Post, 12/12)

Dealing with Iran -- "In the midst of the present uproar at home, it may seem fanciful to Americans to be contemplating an improved relationship with some Iranian entity yet to emerge. Even if the U.S. can coordinate some new approach to Iran, it may be brutally rebuffed. But given the present non-relationship, the wisdom of trying to think through some intelligent and coordinated efforts to improve things seems to bear little downside risk." (Christian Science Monitor, 12/12)

#### PAY INCREASE

Invest in U.S. Officials -- "If President Reagan proposes raising the salary of top federal officials to levels near those recommended by an advisory commission, and if Congress doesn't interfere, the quality of the national government should improve. In public service as elsewhere, money has a lot to do with competence.... The outlay for such a salary restructuring would be a molehill amid the mountain ranges of federal spending, and it could truthfully be called an investment: Odds are the raises would more than pay for themselves in improved efficiency, because government could probably attract better managers. The more rational and responsive government that also could be expected would be free."

(Hartford Courant, 12/17)

Pay Hike! -- "Excuse the outrage. But did the federal commission studying governmental salaries really recommend an 80 percent pay increase for Congress?... When Congress can find a way to eliminate the deficit, which threatens to cripple the prosperity of this nation, then the American people would be more than happy for them to grant themselves a pay raise, along with all those other deserving folk in public service. For the time being, however, the Reagan Administration should just adopt its newest slogan: 'Just say no'."

(Dallas Morning News, 12/17)

Give Congress Pay Increase -- "The reality is that the public can no longer afford to offer non-competitive salaries for the vital positions in the federal government. The \$77,400 salary paid to members of Congress may seem substantial and even lucrative to most struggling tax payers. But the average chief executive officer in a mid-size to large corporation is paid several times the salary of most of the top 3,000 officials in the government."

(Dallas Times Herald, 12/17)

## The Atlanta Journal

Tuesday, December 16, 1986

### Reagan still has mandate

**I**n a speech last week President Reagan vowed not to let the Iran-contra scandal thwart the completion of his domestic program which he has called a "conservative revolution." Whether it will have that effect or not depends in part on how quickly he clears up the confusion as to the facts about the scandal and moves to rectify the mistakes that have been made.

But he is right in implying that his domestic program should not be set back by the foreign policy controversy. Although any damage to the president's image and popularity is potentially harmful to anything he does, there is no logical connection between foreign policy mistakes and the conservative goals he holds for domestic policy.

Furthermore, he can clearly claim a mandate, affirmed in the 1984 election, to move forward on his domestic program. While some of his strongest supporters have been upset over the Iranian dealings, that is because they saw them as inconsistent with his announced principles. But the people have twice endorsed the broad outlines of his domestic policy, and he has been notable among American leaders for keeping his campaign promises and doing what he has said he would do with respect to reducing taxes, holding down spending and easing the burden of regulation.

Not even the Democratic gains in 1986 congressional elections can be interpreted as depriving the president of his mandate to serve those broad goals. Most objective political commentators have said that no national trends were observable in those elections; in most states voters chose on the basis of the merits of individual candidates, and most of the races were so close that it would be hard to discern a big swing in voters' ideological preferences.

At any rate, the president's own mandate dates from the landslide of 1984. There was no call for an end to the Reagan revolution in that outcome. While politicians will try to exploit ups and downs in presidential popularity, it would be risky for them to assume the public no longer believes in what it believed in only two years ago.

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## **FOREIGN MEDIA REACTION**

### **IRAN-CONTRA AFFAIR**

"Another administration is paralyzed by a trail of inquiries.... What is truly frightening is a basic sense of irresponsibility all round...(and) the ultimate cop-out: no one was in charge of the clattering train."

(Guardian, Britain)

"America's crisis springs not from the sudden discovery that it has been assisting either side in the (Iran-Iraq) war, but from accumulating evidence that foreign policy for this sensitive quarter of the Middle East was non-existent. Worse, America's strategy, which should have been founded on that policy, has been uninformed, uncoordinated and uncontrolled."

(Daily Telegraph, Britain)

"In an attempt to get all the facts out, the U.S. President called Tuesday on the Senate to grant limited immunity to the two former White House NSC aides.... The answer from Congress is predictable: out of the question."

(France Inter-radio)

"President Reagan's request of immunity for North and Poindexter...is an able move, shows the man's sincerity, and, most of all, follows an opposite strategy with respect to the one that caused Nixon's collapse in the Watergate scandal."

(Il Giornale, Italy)

"President Reagan has every reason to be happy that he still has an assistant like George Shultz. In these times, in which the credibility of the United States is brought into doubt from all sides, the cool professional Shultz is coming increasingly to the fore as a solid point in the afflicted Government team in Washington. The answers from the relaxed Secretary came back repeatedly to the same theme: mistakes might have been made, but the situation is again under control."

(Algemeen Dagblad, Netherlands)

"Reagan's two-faced ways could only prolong the Iran-Iraq war. U.S. authorities claim that assistance was given to Iraq in the hope that it would force Iran to accept a ceasefire. Anyone with common sense would have known that the Khomeini regime will not stop until Iran wins the war."

(Sing Pao, Hong Kong)

"Charges that the proceeds from illegal arms sales were diverted into a slush fund for approved congressional candidates have been followed by new details of double-dealing in relation to the Iran-Iraq war, while public esteem for the presidency has plunged to new lows. It is good that the White House has been quick to condemn the alleged slush fund and to promise an immediate investigation, and it is to be hoped that this signals the start of a new determination on the part of the Administration to recover ground lost since the onset of the crisis.... At stake in the crisis are Western interests."

(Australian, Australia)



# News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, DECEMBER 18, 1986 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

Special Panels Say Iran Probe Won't Be Witch hunt -- Promising neither a fishing expedition nor a witch hunt, the select House and Senate committees formed to investigate the Iran-Contra affair are unofficially beginning work. (New York Times, Washington Post, AP, Copley, Newhouse, Reuter, Scripps Howard, UPI)

### NATIONAL NEWS

Reagan To Undergo Prostate Surgery -- President Reagan will enter the Bethesda naval hospital Jan. 4 for surgery on an enlarged prostate gland that has been causing him "mild, recurring discomfort," the White House announced yesterday. (Washington Post, McClatchy, UPI)

### INTERNATIONAL NEWS

Moscow Is Said To Plan End Of Test Moratorium -- The Soviet Union has informed other governments that it plans to abandon its nuclear test moratorium after the first U.S. nuclear test next year, diplomatic sources said yesterday. (Washington Post)

### NETWORK NEWS (Wednesday Evening)

**PRESIDENT/HEALTH** -- The White House announced today that President Reagan will undergo surgery for an enlarged prostate.

**LIMITED IMMUNITY REJECTED** -- The Senate Intelligence Committee rejected the President's request that Poindexter and North be granted immunity.

**HASENFUS** -- After two and a half months in a Nicaraguan prison, Eugene Hasenfus was given a presidential pardon today.



## **IRAN — NICARAGUA**

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### **REP. HAMILTON NAMED TO HEAD HOUSE IRAN-CONTRAS INQUIRY Nine Democrats, Six Republicans Appointed To Panel**

Rep. Lee Hamilton (D-Ind.) was named yesterday to head the House committee that will investigate the Iran arms sales and the diversion of funds to the Nicaraguan contras, a process that his Senate counterpart said could take through next September.

Hamilton, the outgoing chairman of the House Permanent Select Committee on Intelligence, was among nine Democrats and six Republicans appointed to the select committee by Speaker-designate James Wright and Minority Leader Robert Michel. The Democrats include several leading critics of President Reagan's foreign policy, while the Republicans are among the President's staunchest supporters in the House.

(Edward Walsh & Helen Dewar, Washington Post, A29)

### **House Selects Members Of Iran-Contra Arms Committee**

House Democrats picked seasoned, cautious party veterans to serve on the Watergate-style committee named Wednesday to investigate the Iran-Contra arms deal, while Republicans salted the panel with conservative firebrands and Reagan loyalists.

Rep. Cheney will have his hands full dealing with some of the GOP colleagues on the committee, including conservative firebrand Henry Hyde of Illinois and Reagan loyalist Bill McCullom of Florida.

(Lance Gay, Scripps Howard)

### **SENATOR SAYS ARMS SOLD AT HEAVY DISCOUNT; PANEL NIXES IMMUNITY**

The Senate Intelligence Committee on Wednesday spurned President Reagan's request that limited immunity be used to obtain testimony from two key figures in the Iran-Contra affair, while Attorney General Meese denied he received early warnings of CIA suspicions of the diversion of arms sales proceeds to Nicaraguan rebels.

The leaders of the Senate panel revealed that committee members reached a consensus against granting limited immunity to Marine Lt. Col. North and Vice Adm. Poindexter, both former White House officials.

(Robert Andrews, AP)

### **Special Panels Say Iran Probe Won't Be Witch hunt**

Promising neither a fishing expedition nor a witch hunt, the select House and Senate committees formed to investigate the Iran-Contra affair are unofficially beginning work.

The members of the Senate panel had their first meeting Wednesday and afterwards Sen. Rudman said, "There is a fervent desire on both sides to be non-partisan and keep partisanship out of it.

"The Democrats are not interested in being perceived as trying to get the President and the Republicans are not interested in being perceived as defending the President," Rudman added.

(Cliff Haas, AP)

Leaders of Senate Iran-Contra Committee Vow "No Witch-Hunt;" House Names Own Panel

The Democratic chairman and the ranking Republican on the Senate select investigation committee vowed Wednesday to conduct a non-partisan search for the truth in the Iran-Contra scandal and said they do not believe that President Reagan personally has broken the law.

"All of us, on both sides, hope it doesn't lead to the President," Sen. Rudman said. "The current evidence is that it doesn't."

(Otto Kreisher, Copley)

Senate Panel Rejects Reagan's Bid For Immunity For Aides

Members of the Senate Intelligence Committee Wednesday rejected President Reagan's plea to grant immunity to his two former NSC aides so they can tell Congress what they know about arms sales to Iran and money for Nicaraguan rebels.

"It is premature for the Intelligence Committee to make the decision on immunity at this time," he (Durenberger) said, adding his committee reached an "informal agreement" but took no vote.

But Sen. Specter said he feels there's enough evidence gathered to charge the two aides with "fraudulent conversion" -- a felony -- for diverting U.S. funds from the Iranian arms sale to provide weapons for the Contra rebels.

(Lance Gay, Scripps Howard)

Immunity Request Rejected; Select Committees Probe Iran

The Senate Intelligence Committee has rejected President Reagan's immunity request for two former aides, a sign of how little control the President has over the Iran arms scandal.

"The early mishandling of the affair has limited his options," said Republican political analyst Kevin Phillips.

The pattern of the last two weeks has ingrained in a lot of people a sense that the White House is befuddled, that the Administration has not been quite straight and that there are still a lot of contradictions," he said.

(Carol Giacomo, Reuter)

Was Reagan's Immunity Call Premature?

White House spokesman Larry Speakes, trying to defend President Reagan's proposal that former aides Oliver North and John Poindexter be granted limited immunity in exchange for their testimony, talked himself into something of a logical box.

Speakes criticized Archibald Cox, the former Watergate special prosecutor, and others not directly involved in the Iran-Contra investigation for opposing grants of immunity. Speakes said they were judging the case prematurely without access to the evidence collected so far.

(Michael Putzel, AP)

### Senate Committee/Immunity

The Senate Intelligence Committee Wednesday rejected President Reagan's request to give immunity to officials involved in the Iran-Contra affair, but Attorney General Meese said the committee was still considering the action.

"I think the committee is still considering it," Meese said.

Earlier Sens. Durenberger and Leahy said the panel debated the request, but decided it was too early to grant limited immunity to Vice Adm. Poindexter, the former head of the NSC, and his aide, Lt. Col. North -- two key players in the worst scandal of the Reagan presidency.  
(Judi Hasson, UPI)

### Intelligence Committee Nears Finish Of Investigation

Attorney General Meese, in the last Cabinet testimony before the Senate Intelligence Committee, added to the credibility of his November revelation of a Contra connection in the Iran arms deal, chairman Durenberger said Wednesday.

Meese, who spoke to reporters after testifying for nearly 4½ hours, said, "I was able to explain to them both things what I knew of my own personal knowledge and also to a great extent a number of things which I have learned in conducting a fact-finding review of the matter over the weekend of the 21st through the 24th of November." (Dana Walker, UPI)

### Only North And Poindexter Knew Of Fund Diversion, Meese Asserts

Attorney General Meese said today that he had not "seen anything" that would contradict his original finding that only Vice Adm. Poindexter and Lt. Col. North knew of the secret plan to divert funds to Nicaraguan rebels.

The comments came as the Senate Intelligence Committee indicated tonight that there were major discrepancies in testimony about President Reagan's role in the Iran arms affair, and that it was recalling Donald Regan and Robert McFarlane in an effort to resolve them.

(Gerald Boyd, New York Times, A1)

### Meese Still Sees North As Prime Mover In Arms Scheme

Attorney General Meese says he now has more details on the diversion to Nicaraguan rebels of profits from Iran arms sales and Lt. Col. North still stands alone as the scheme's prime mover.

But Meese admits he still can't trace the money trail of the arms profits, and can't be sure the Contra rebels really received the money.  
(Lawrence Knutson, AP)

### Iran/Meese/Money

Investigations into the Iran-Contra scandal have failed to establish who received up to \$30 million in profits believed to have been diverted through Swiss bank accounts to the Nicaraguan rebels.

So far, the whereabouts of the profits and who, if anyone, benefited from the diversion remains a mystery.  
(Robert Gettlin, Newhouse)

### Meese Says He Doesn't Know For Certain Where Iran Money Trail Led

The Reagan Administration revealed the diversion of money from an Iranian arms sale to Nicaragua's Contra rebels without direct evidence that any transfer of money or arms had taken place, senators familiar with the investigation say.

Asked afterward whether the Contras received anything, Meese said, "I don't know because our fact-finding review stopped short of that. A criminal investigation is going forward...and ultimately that's one of the issues that will probably be determined by independent counsel once one is appointed."  
(Jim Drinkard, AP)

### Senate Panel In Search Of \$30 Million

The Senate Intelligence Committee, winding up three weeks of hearings into the Iran arms-Contra aid scandal, still does not know where the arms sale profits went and is recalling a key witness to resolve conflicts in testimony.

Former national security adviser Robert McFarlane was to return before the committee today to clear up differences in testimony by witnesses who appeared before the panel probing the worst scandal of the Reagan presidency.

"It is an open agenda to call back witnesses to examine them on areas in which other testimony may be somewhat different from their own," said Durenberger.  
(Judi Hasson, UPI)

### Senate Committee/Testimony

The Senate Intelligence Committee asked Defense Secretary Weinberger Wednesday why Iran was overcharged for weapons, raising questions about whether the price tags were deliberately marked up to skirt U.S. law or create secret profits.

Sen. Cohen said Iran clearly "paid a lot more (for the arms) than they were worth. They were underpriced to the middleman and then the price went up."

Sen. Simon has charged that the value of the weapons was kept low deliberately so the White House could avoid triggering the Arms Export Control Act, which requires that Congress be notified about weapons shipments valued at more than \$14 million.  
(Anne Saker, UPI)

### Select Committees: A Long Road To The Answers

The chairmen of two select congressional committees probing the Iran-Contra scandal say the process will be long and painstaking despite the Administration's call for a quick end to the controversy.

"We really don't know the answers to the key questions," Rep. Hamilton said Wednesday after being named chairman of the 15-member special House committee.

"We all realize that although we don't know how long it will take, it will not be finished in two months," Inouye said following the 11-member committee's first meeting Wednesday.  
(Robert Shepard, UPI)



### Special Probe Could Take Many Months To Complete

Saying President Reagan seems "already convicted" in some minds regarding the Iran arms-Contra aid scandal, the chairman of the special Senate panel that will probe the matter promises to avoid any "witch hunt."

Sen. Daniel Inouye also warned Wednesday it could take most of 1987 for his special committee to finish its work and file a report, saying he believes a "reasonable date" for conclusion would be "the end of September."

(Robert Doherty, UPI)

### North-Reagan Ties Questioned

The White House is trying to distance President Reagan from fired NSC aide Oliver North by asserting that the two seldom crossed paths and then only in large groups. However, an associate of North disputes that claim.

At a White House briefing Wednesday, spokesman Larry Speakes told reporters that during 1985 and 1986, North attended "around 20 or less" meetings with the President, all in large groups.

But one North associate, who insisted on anonymity, said the Marine Lieutenant colonel would personally brief Reagan on "a fairly regular basis...often after normal White House working hours."

(Robert Parry, AP)

### TOP AIDE SAYS REGAN SHOULD QUIT President Needs A 'Fresh Start,' Staff Chief Told

White House political director Mitchell Daniels has told chief of staff Donald Regan that President Reagan's political standing and support in Washington have been seriously hampered by the Iran-contra crisis, and he has suggested that Regan resign to give the President a "fresh start," informed Republican sources said yesterday.

In a private conversation with Regan within the last two weeks, Daniels reported that the President's relationship with the "Republican community" in Congress and elsewhere had been hurt and that a clean break would allow the President to recapture at least some of his previously high standing, the sources said.

(David Hoffman, Washington Post, A1)

### Daniels/Regan

The White House political director encouraged chief of staff Donald Regan to resign to give the President a fresh start, The Washington Post reported Thursday.

Republican sources told the Post political director Mitchell Daniels met with Regan within the last two weeks and told him the President's support and political standing had been hurt by the Iran arms-Contra affair.

Daniels suggested a clean break with Regan would help the President recapture some of the credibility and high regard he has lost since the Nov. 25 disclosure of the diversion of Iran arms sale profits to the Nicaraguan Contras.

(UPI)

## MCFARLANE IS SUMMONED OVER CONFLICT WITH REGAN STATEMENT Timing Of Arms Authorization At Issue

Former national security adviser Robert McFarlane has been summoned back to the Senate Select Committee on Intelligence today to testify about a conflict between his previous sworn testimony and that of White House chief of staff Donald Regan.

The contradiction is emerging as one of the major questions from recent testimony on the Iran scandal. The issue is important because any shipments by Israel to Iran without prior approval of the President would be illegal under the arms export control act. It is also important because Regan initially said on Nov. 13 that his actions were in "full compliance" with federal law, and Israel has maintained that it was only acting at the behest of the U.S. government in sending the weapons.

(David Hoffman & Walter Pincus, Washington Times, A1)

## ATTORNEY: NORTH TOLD MCFARLANE NOTHING

Lt. Col. North told his boss, former national security adviser McFarlane, he was doing nothing to assist the Nicaraguan rebels when the two discussed the matter in 1985, McFarlane's lawyer says.

Attorney Leonard Garment said McFarlane later repeated that assertion to the House and Senate Intelligence committees last year, when they questioned him about North's involvement with the Contras, Garment said.

The House Intelligence Committee is now "examining the veracity" of McFarlane's September 1985 testimony, said committee Chairman Lee Hamilton.

(Neil Roland, UPI)

## 'ADMONISHED' BY SHULTZ, KELLY RETURNING TO BEIRUT Secretary Restrict 'Back Channel' Actions

Ambassador John Kelly is being sent back to his post in Lebanon after being "admonished" by Secretary of State Shultz, but Administration sources said yesterday that Shultz had strongly considered reassigning Kelly for keeping him in the dark about secret White House discussions regarding U.S. hostages.

The State Department announcement that Kelly will return shortly to his post came after the ambassador met twice with Shultz, who also discussed the issue with President Reagan. An informed source said Reagan was reluctant to remove Kelly from Beirut for not keeping Shultz informed of secret "back-channel" communications about the release of U.S. hostages in Lebanon; the President's attitude may have saved the envoy's job, the source added.

(John Goshko & Don Oberdorfer, Washington Post, A29)

## Shultz Sends Ambassador Kelly Back To Beirut

Secretary Shultz, in a move to stop meddling by White House aides, is ordering American ambassadors not to bypass him by engaging in secret communications with the NSC.

In a cable Wednesday to all U.S. embassies, Shultz said "all messages" should be sent through the State Department unless he or President Reagan orders the envoy to use the "back channel" facilities set up by the CIA.

(Barry Schweid, AP)



### U.S. Ambassador Admonished But Retains Post

Ambassador John Kelly heads back to his post in Lebanon with a warning not to repeat the end run he made around the State Department in dealing directly with the White House regarding American hostages.

At the same time, Secretary Shultz has sent instructions to U.S. ambassadors worldwide detailing strict procedures to ensure that contact with the White House is made with the knowledge of his department "unless you are explicitly directed" otherwise by the President.

(Jim Anderson, UPI)

### NORTH/KIDNAPPING

A presidential spokesman said Wednesday there was "no substance" to reports that Lt. Col. North planned to kidnap relatives of top Iranians and swap them for American hostages and that the whole matter was apparently a joke by North.

"Everybody knows that North was putting Major on," said a White House official who asked not to be named. "Apparently Major fell for it."

"There's absolutely no substance to the story," said White House spokesman Dan Howard.

(Ira Allen, UPI)

### HOSPITALIZED CIA CHIEF UNDERGOES MORE TESTS

Condition 'Stable'; White House Aides Barred From Phoning Casey

Doctors at Georgetown University Hospital yesterday ordered "further testing and consultation" on CIA Director William Casey in order to make a "definitive diagnosis" of the cause of two seizures he suffered Monday, according to a statement by the hospital and the CIA.

A senior Administration official said that, at a White House discussion yesterday, aides wanted to question Casey on an important matter. The official said the aides were told that "Casey could not take any calls" and said he was in "a serious situation." The aides were not told the nature of Casey's condition or what treatment would be necessary, the official said.

(Cristine Russell, Washington Post, A33)

### Casey Reportedly To Have Surgery Today

Hospitalized CIA Director Casey appears certain to be prevented until after the holiday season from further testimony about his role in the Iran arms-Contra aid scandal.

NBC News, meanwhile, cited hospital sources in reporting Wednesday night that Casey, 73, would undergo neurological surgery as early as today.

(UPI)

## CAREER DIPLOMATS WILL HEAD NSC'S MIDEAST, AFRICA SECTIONS

Incoming national security affairs adviser Frank Carlucci has picked two veteran Foreign Service officers to head the Middle East and African divisions of the NSC staff, Administration officials said yesterday.

Carlucci's choices, Robert Oakley and Herman Cohen, are career diplomats with extensive experience in their areas of work. Both are less controversial within government ranks than Carlucci's earlier choices of Fritz Ermarth to head the Soviet affairs section and Jose Sorzano as senior specialist on Latin American affairs. (Washington Post, A35)

## DOMESTIC REACTION

### TAX, ELECTION LAW QUESTIONS ARISE ON ACTIVIST'S PRO-CONTRA EFFORTS

Carl Russell (Spitz) Channell, the head of a network of conservative organizations, may have avoided involvement in a potentially major scandal, but now he may face a series of investigations.

Earlier this week, Channell denied charges that he had received money skimmed from Iranian arms sales to finance lobbying in support of the Nicaraguan contras and political campaigns against Democratic opponents of contra aid.

At the same time, however, he publicly acknowledged activities that now appear certain to bring investigations by the Internal Revenue Service, Congress and the Federal Election Commission.

(Thomas Edsall, Washington Post, A30)

### FIRST LADY: REAGAN UPSET TRUTH WITHHELD

First Lady Nancy Reagan said yesterday that her husband was disappointed and upset he "was not told the truth" about the Iran arms-contra scandal and that he has done all he can to get former national security adviser Vice Adm. Poindexter and his former aide Lt. Col. North to tell what they know about the affair.

"Well, he's tried everything," she said of Reagan's efforts. "He's tried granting them immunity if that would do it.... Naturally, he would wish that they would come out on their own."

(Helen Thomas, UPI, Washington Post, C9)

### Nancy Reagan Says Testimony By North, Poindexter Would Help President

Nancy Reagan says her husband would recover from the current "valley" in his presidency if former aides Vice Adm. Poindexter and Lt. Col. North would publicly reveal their roles in the secret Iran-Contra arms deals.

Mrs. Reagan said she does not believe the controversy will scar Reagan's legacy. "I think he's done so many wonderful things for this country over the past six years...you know, there are peaks and valleys and this is a valley," she said. (Susanne Schafer, AP)

First Lady: Reagan Will Weather Iran-Contra Storm

Nancy Reagan maintains confidence that her husband will weather the Iran arms-Contra aid storm, but she says he's disappointed that the "only two men who know anything" about the scheme have refused to talk.

Interviewed on a sofa in the White House family quarters, the first lady spoke definitively Wednesday for the first time on the crisis that has rocked the White House and has sent her husband's popularity plunging in the polls.

Wearing a red-and-black print dress and gold triangle-shaped earrings, Mrs. Reagan clearly did not want to dwell on the worst crisis of her husband's presidency, but she nonetheless answered questions about it and asserted he is bearing up "just fine" under the strain.

(Helen Thomas, UPI)

IRAN/REAGAN

President Reagan's demand for full public "disclosure of all the facts" in the Iran-Contra scandal apparently does not extend to Attorney General Meese.

So far, Reagan has refused to direct Meese to make public information given him by former national security adviser Vice Adm. Poindexter and his deputy, Lt. Col. North, about how profits from Iran arms sales were diverted to Nicaraguan rebels, and who, if anyone, authorized the transfer.

Larry Speakes said disclosure of the information in Meese's hands "could be detrimental to the cause of justice..."

Speakes' explanation seems to contradict Reagan's declaration that Congress should grant limited immunity from prosecution to Poindexter and North so they could tell their story in public. Both men recently refused under oath to answer questions of congressional investigators, citing their Fifth Amendment right against self-incrimination.

(Miles Benson, Newhouse)

BROADCAST BOOSTERISM

Lobby Makes TV Ad In Support Of Reagan

It begins with a picture of Abraham Lincoln and an 1862 statement that Lincoln has "no enthusiastic supporters," and ends with a plea to call the White House if you support Ronald Reagan. ("President Reagan needs our help now.")

It is called a "video commentary." What it is is a commercial for the President. The product of the conservative lobby, Citizens for America, it debuted as a commercial on last Sunday's "This Week With David Brinkley" as the Iran-contra affair continued to boil.

(Carla Hall, Washington Post, C1)

## FOREIGN REACTION

### ORTEGA HANDS OVER HASENFUS TO SEN. DODD IN MANAGUA

MANAGUA -- Eugene Hasenfus, who had begun serving a 30-year sentence for running guns to Nicaraguan rebels, was pardoned today and released to visiting Sen. Dodd.

Hasenfus was taken to the offices of Nicaraguan President Ortega where he shook Ortega's hand and told reporters, "Today has been a day of great surprises, a day I will remember in my heart."

Ortega described the pardon as a holiday gesture of good will "to the people of the United States" and an effort to dissuade the Reagan Administration from what he called "the insane act of a direct invasion against Nicaragua." (Nancy Nusser, Washington Post, A1)

### Hasenfus/Dodd/Ortega

Nicaragua Wednesday pardoned convicted American gunrunner Eugene Hasenfus, who immediately left the country to return home for Christmas and possibly an appearance before congressional committees investigating the Iran arms-Contra aid scandal.

"There was no deal at all," Dodd said of the pardon. "It was a Christmas gesture."

In Washington, the State Department said although the United States was gratified that Hasenfus will be reunited with his family during the Christmas season, the "entire incident was orchestrated by the Sandinistas for maximum propaganda effect." (Tracy Wilkinson, UPI)

### Hasenfus Freed, Begins Trips Home

MANAGUA -- Convicted U.S. gun-runner Eugene Hasenfus is heading for home a free man after the Nicaraguan government pardoned him yesterday as a Christmas gesture to the American people.

"With this gesture we call on Mr. Reagan's conscience to reflect on the present course he is following," Ortega said.

The White House expressed approval at the pardon, saying, "We are glad he's been released and will be able to spend Christmas with his family." (Angus MacSwan, Reuter)

### HALL WANTED MONEY FOR BRIDGE-DESTROYING TRIP TO NICARAGUA

The publisher of a paramilitary magazine said Wednesday he was asked by adventurer Sam Hall to help fund a trip to Nicaragua, where Hall planned to destroy bridges.

Soldier of Fortune publisher Robert Brown said Hall called him in the fall of 1985 requesting money for the trip. Hall wanted to "blow up some bridges" in connection with expected armed conflict between Nicaragua and the governments of El Salvador and Honduras, Brown said.

(Adam Condo, Scripps Howard)

SWISS EXPAND ORDER FREEZING SECRET ACCOUNTS  
Action, At U.S. Request, Extends Probe

GENEVA -- The Swiss government, acting on a new U.S. Justice Department request, today ordered the Credit Suisse bank branch here to freeze a new group of accounts linked to secret U.S. arms sales to Iran, according to Swiss officials.

Today's order extended the freeze to accounts of three companies and six individuals, apparently including multimillionaire arms dealers Adnan Khashoggi of Saudi Arabia and Iranian exile Manucher Ghorbanifar, according to Swiss authorities. (Loren Jenkins, Washington Post, A29)

JAPAN'S ROLE ON U.S. HOSTAGES QUESTIONED

TOKYO-- Japan's major opposition parties will look into Prime Minister Yasuhiro Nakasone's efforts to win the freedom of Americans taken hostage in Beirut, party officials said today.

Opposition parties are concerned that Japan was following the United States too closely. There are also suspicions that Japan somehow played a role in the secret sale of arms to Iran by the United States.

(Washington Post, A38)

CAYMAN AIDES OFFER TO HELP U.S.  
No Inquiry Yet On Alleged Funding Channel, Say 2 Officials

GEORGETOWN, Cayman Islands -- Two senior officials of the Cayman Islands government said Tuesday they would offer full cooperation if U.S. authorities asked for their help in verifying charges that millions of dollars in Iranian arms profits were channeled through secret Cayman Islands bank accounts on their way to the Nicaraguan rebels.

But the officials, Attorney General Michael Bradley and Financial Secretary Thomas Jefferson, said they had not received a formal request from the Department of Justice for assistance.

(Los Angeles Times story, Washington Post, A39)

## **NATIONAL NEWS**

### **REAGAN TO UNDERGO PROSTATE SURGERY**

President Reagan will enter the Bethesda naval hospital Jan. 4 for surgery on an enlarged prostate gland that has been causing him "mild, recurring discomfort," the White House announced yesterday.

Presidential spokesman Larry Speakes said the operation, called a transurethral resection of the prostate, will be performed on Jan. 5 by two Minnesota specialists associated with the Mayo Clinic. Reagan is expected to be in the hospital for three or four days.

(Susan Okie, Washington Post, A1)

### **Doctors Agree Reagan Surgery Generally Safe**

The minor surgery President Reagan will undergo next month to ease the discomfort of an enlarged prostate gland is a generally safe operation and common among elderly men, medical experts agree.

"This has been something that has been contemplated for a period of time," Speakes told reporters. "He decided this was the appropriate time."

Doctors discounted any connection between the prostate problem and Reagan's earlier colon cancer. (Ira Allen, UPI)

### **Reagan Prostate Surgery Called Routine**

President will undergo minor surgery on Jan. 5 to relieve urinary constrictions from an enlarged prostate that have caused him discomfort in recent weeks, the White House announced Wednesday.

Presidential spokesman Larry Speakes said the prostate condition poses no "urgent" problem and Reagan will not change his schedule or activities in the next two and a half weeks, including a year-end trip to Los Angeles and Palm Springs Dec. 27-Jan. 2. (Leo Rennert, McClatchy)

### **2 INDEPENDENT COUNSELS ARE SECRETLY APPOINTED**

Justice Dept. Ex-Aide Reportedly Probed

An independent counsel, whose appointment has not been made public, is investigating the personal finances of former assistant attorney general W. Lawrence Wallace, according to Administration sources.

The prosecutor is one of two active independent counsels whose appointments have been kept secret at the Justice Department's request, the sources said. It could not be learned what the other independent counsel, who also was named this year, is investigating. The identities of the outside prosecutors also could not be learned.

(Howard Kurtz, Washington Post, A10)

GNP RISES 2.8 PCT. IN QUARTER  
Inflation Grows Moderately As Economy Drags

The nation's output of goods and services increased at an annual rate of 2.8 percent between July and September and inflation picked up moderately, the government reported yesterday, as economists continued to search for renewed signs of life in the economy.

The economy this year has disappointed many economists who thought the benefits from sharply lower oil prices would produce a robust second quarter. Although lower prices led to one of the best inflation performances in decades, it did not pump up growth as expected. Instead, lower oil prices led to a widespread shutdown of production of oil and gas for most of the year. (Jane Seaberry, Washington Post, E1)

U.S. Economy Posts Moderate Growth; Corporate Profits Rise

The U.S. economy grew at a moderate clip over the summer as after-tax profits of the nation's corporations posted their biggest gain in three years, the government says.

But the Commerce Department, which issued both reports Wednesday, also said that inflation had revived from July through September.

(Vivian Marino, AP)

USDA SEEKING PROBE OF POSSIBLE KLAN ROLE  
Officials In Arkansas May Be Involved

The Agriculture Department called yesterday for an investigation of possible improper involvement by the Ku Klux Klan and other extremist groups in department activities in Arkansas.

The action came after release of a department report saying interviews with USDA employees in Arkansas turned up perceptions "that many Agriculture officials in the north-central part of the state are members of the KKK."

(Mike Robinson, Washington Post, A18)

## INTERNATIONAL NEWS

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### MOSCOW IS SAID TO PLAN END OF TEST MORATORIUM

The Soviet Union has informed other governments that it plans to abandon its nuclear test moratorium after the first U.S. nuclear test next year, diplomatic sources said yesterday.

During the past week, Soviet officials have informed several heads of government that an announcement of plans to end the 16-month halt in weapons testing will probably be made within a day or two, according to well-informed sources. (Jeffrey Smith, Washington Post, A1)

### STATE DEPARTMENT CHALLENGES REPORT OF ARMS TALKS FLEXIBILITY BY GORBACHEV

The Soviet negotiating position at the Geneva arms talks has remained unchanged, despite Soviet leader Gorbachev's pledge of flexibility on the future of space-based missile defenses, the State Department says.

At the same time, White House spokesman Larry Speakes says he agrees with Gorbachev that an arms control agreement is possible before President Reagan leaves office in January 1989.

As for Gorbachev's pledge of flexibility, State Department spokesman Charles Redman said "we can only conclude that such statements by Soviet officials hinting at negotiating flexibility are made for their propaganda value, rather than as true indicators of substantive change in Soviet negotiating positions." (Henry Gottlieb, AP)

### SOVIETS ACCUSE REAGAN OF PLANNING CONCENTRATION CAMPS

MOSCOW -- The Soviet Union made a vicious attack on U.S. human rights policy Wednesday, accusing the Reagan Administration of having the worst record in American history and plotting "Hitler-type" concentration camps for dissidents.

"In the United States they like to discourse on human rights and democracy, but in deed are forming Hitler-like concentration camps," it said.

Tass said the White House plans a campaign of "mass terror" against people "who disagree with Washington's dangerous militaristic policy."

The news agency said plans to set up the concentration camps in the United States were contained in a secret directive code-named "Rex 84." It said Reagan recently signed it. (UPI)



## SANCTIONS SAID TO WEAKEN U.S. INFLUENCE IN PRETORIA Officials Point To Latest Crackdown

Economic sanctions imposed by Congress against South Africa have undercut U.S. ability to moderate Pretoria's current crackdown on its opposition, and Congress ought to take notice, senior State Department officials involved with the region said yesterday.

Briefing reporters on recent developments in Africa before the visit next month of Secretary Shultz, one senior official said U.S. efforts now focus on demonstrating a willingness to play a role in peacemaking, and on urging regional leaders outside South Africa to think in positive terms about what ought to follow apartheid, the system of strict racial segregation.

(Joanne Omang, Washington Post, A62)

## BRITAIN REPORTEDLY CHOOSES AWACS OVER BRITISH SYSTEM

LONDON -- Prime Minister Thatcher's Cabinet defense committee decided Wednesday not to buy a British-made early-warning radar plane and buy American AWACS planes, Thames Television reported.

The Overseas and Defense Policy Committee, chaired by Thatcher, decided Wednesday night to reject the British-made Nimrod and buy U.S. AWACS, and the full Cabinet was expected Thursday to endorse the politically sensitive decision to buy the Boeing Co. aircraft, the report said.

(UPI)

## U.S. CAUTIONS ON SURINAME

The State Department issued an advisory yesterday warning U.S. citizens to avoid travel in the eastern part of Suriname, a South American country torn by a growing armed insurrection.

In general, the advisory says, "insecurity and the increasing unavailability of basic food items and other necessary goods make it advisable for U.S. citizens to exercise caution and forbearance when traveling to or in Suriname."

(UPI story, Washington Post, A57)

## LEHMAN SEEKS SANCTIONS ON NEW ZEALAND Proposal Responds To Nuclear Ship Ban

Navy Secretary John Lehman is preparing a recommendation that President Reagan impose economic penalties against New Zealand because of its ban on U.S. nuclear ships entering its ports, Navy Officials said yesterday.

Lehman has asked his staff to draft a plan to be submitted to Defense Secretary Weinberger next week, officials said.

(Molly Moore, Washington Post, A22)

## **NETWORK NEWS SUMMARY**

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(Wednesday evening, December 17th)

### **PRESIDENT/HEALTH**

NBC's Tom Brokaw: The White House announced today that President Reagan will undergo minor surgery for an enlarged prostate on January 5th at Bethesda Naval Hospital. This will be the third time since taking office the 75-year-old President has had to stay overnight at a hospital. However, as Robert Brazell reports now, this presidential problem is very common.

NBC's Robert Brazell: Mr. Reagan underwent the same the operation when he was governor of California in 1967. Doctors say it is common for the discomfort to reoccur and there is no cause for concern.

(Dr. Elliot Cohen: "It is an extremely common operation. It is probably one of the most common operations that urologists perform and one the most common operations that elderly men undergo. The risks in this type of procedure, because it is so standardized, are relatively minimum.")

The President has an enlarged prostate, a common problem in older men. This often puts pressure on the urethra making urination difficult. In the procedure, a device is inserted into the urethra and excess prostate tissue is removed thus relieving the pressure. This is the device that is used, it is called a resectoscope. This is the surgeons view as he operates. The procedure takes less than an hour. The President will have a spinal, not general anesthetic and he is expected to remain in the hospital for three or four days after the operation. Doctors say there is a very slight chance that the President's problems could be caused by a spread of the colon cancer which was removed 18 months ago. While he is in the hospital Mr. Reagan will undergo other tests to make sure that the colon cancer is not recurring. (NBC-5)

ABC's Peter Jennings: In the middle of all this Iran and contra business the White House announced today that the President is going to have more surgery, a fairly routine prostate operation in three weeks time. This is not the first time the President has had such a problem.

ABC's Sheilah Kast: Ronald Reagan was in his first year as governor of California in 1967 when he underwent similar surgery. Doctors then warned the procedure might have to be repeated. Larry Speakes said the President, who has not been seen publicly since Monday, will enter Bethesda Naval Medical Center January 4th. Speakes said Mr. Reagan has been experiencing discomfort. Periodic examinations have indicated his prostate gland is enlarged. That puts pressure on the urethra, the canal that carries urine from the bladder. So in a procedure called a transurethral resection of the prostate, a doctor will insert an instrument into the urethra. A device on the end will scrape off the enlarged tissue. The procedure will take only 40 minutes, but the President will stay in the hospital three or four days because of bleeding and swelling. He'll also undergo routine examinations to follow up his 1985 surgery for colon cancer. Mrs. Reagan picked the new doctors for the prostate surgery.

Kast continues:

(Dr. J. Randolph Beahrs: "I've been involved since August. There is a team of physicians from the Mayo clinic, including myself, that's been involved with this.")

Unlike his cancer surgery, this operation will be performed with a low spinal anesthetic and the President will be awake. There are no plans to transfer the powers of the Presidency to Vice President Bush.

Jennings: Joining us tonight in Boston, Dr. Tim Johnson. Tim, it is described as routine, but is it for a man his age?

Johnson: Yes, I don't think his age is any factor at all and approximately 200 to 300 thousand of these operations are done every year so routine is exactly the right word.

Jennings: Is there connection with the operation for colon cancer last year?

Johnson: None whatsoever and there is no connection between the risk of the previous cancer he has had and any risk for prostate cancer.

Jennings: Given the present difficulties for the President, is there any connection to stress?

Johnson: No. There is no connection between stress and the growth of excessive amounts of prostate tissue. There maybe some connection between stress and the experience or accentuation of urinary symptoms.

Jennings: So much is political these days. Is it unusual for the White House to make an announcement that the President is going to have an operation three weeks before it happens?

Johnson: Well, it certainly is unusual for this White House. They have never done that before, they have always saved announcements of major or minor medical procedures until a day or two before. The reason for doing it now three weeks ahead of time is, I guess, anybody's guess. (ABC-3)

CBS's Bill Plante: President Reagan will have minor surgery January 5th to relieve symptoms of an enlarged prostate gland. Larry Speakes said the problem is not urgent, something that has been contemplated for a period of time. The procedure, known as a transurethral resection of the prostate will require a stay of several days at Bethesda Naval Hospital during which Mr. Reagan will also undergo a regular exam following up on his cancer surgery of July 1985. The President got a clear bill of health after a complete urological check up last August but he has suffered recurring discomfort in his urinary track since 1967 when his doctor performed the same kind of operation that he will undergo next month. Several days in the hospital just as the new Congress convenes and on top of his current problems with the arms for Iran-cash for the contras scandal makes some of Mr. Reagan's friends fear his presidency could lose even more political momentum. Others insist it won't happen.

Plante continues:

(Rep. Cheney: "Ronald Reagan has been through this before, he is a man with a lot of miles on him and it's not surprising that once in a while he needs to go into the shop for a little repair.")

(Lee Atwater: "This President has brought leadership back into the presidency and the American people like that and ultimately this President will be back on his feet, back in charge and back on top again.")

Staff members say the President's surgery wasn't scheduled to gain sympathy for his other problems, though one conceded it may temper the attack a little bit. But a former aide cautioned the Iran-contra problems aren't going away. The danger is that Ronald Reagan is never going to get back in the ball game. (CBS-Lead)

CBS's Dan Rather: A prostate operation is one of the burdens of men, not women, men as they grow older. And it is common, 350,000 operations in American hospitals last year alone, more money spent on this kind of surgery than any other.

(Dr. Philip Roen: "So common that urologists all over the country are called upon to do this operation very, very frequently.")

The symptom, difficulty in urinating. The source, the prostate gland, a walnut-sized organ just below the bladder. When it enlarges it also obstructs the flow of urine. The operation relieves the obstruction. If all is routine, Mr. Reagan will be awake during the 30 to 40 minute procedure, out of the hospital in three to four days.

(Dr. Carl Olsson: "It is a very standardized procedure and the track record with this kind of operation is a very, very stable one.")

But just as prostate problems increase with age, so do the risks of prostate cancer. About a 10% risk for men in their 70s, Mr. Reagan is 75. He has already had cancers removed from his nose and from his intestine.

(Roen: "The potentiality of cancer in President Reagan is greater than in someone who has not had a previous cancer of a different organ.")

Many other doctors disagree. Either way, the risks are still not that great and even if there is malignant tissue found, it is usually no big problem, easily removable if found early, and the President gets regular check ups. Even if he didn't, such cancers are slow growing in older men. Incidentally, the President Reagan's surgery will be performed not by Bethesda's own military doctors but doctors recommended by the First Lady. (CBS-3)

#### LIMITED IMMUNITY REJECTED

NBC's John Dancy reports as members of the Senate Intelligence Committee gathered today the question before them was whether to grant immunity to North and Poindexter. Specter of Pennsylvania favored it. But in the end there was so much opposition there was not even a vote. The House today named a 15 member special investigating committee headed by 55-year-old Lee Hamilton of Indiana, Dick Cheney of Wyoming will be the top ranking Republican. Meanwhile, amid stepped up security, the parade of Cabinet level witnesses continued before the Senate Intelligence Committee. Secretary Weinberger was surrounded by bodyguards after police spotted two men they described as suspicious in the crowd outside.

Dancy continues:

The men fled when police tried to question them. Inside Weinberger was questioned about prices for the weapons that went to Iran. One senator says other testimony has established that the prices paid to the U.S. by middle men were low, the prices charged the Iranians were high. The message in all these developments today seems to be that Congress has no plans to end its investigation until all the facts are in, a process that will take months. (NBC-2, ABC-5)

NBC's Tom Brokaw: After all the testimony to this point, all the White House explanations, Oliver North remains the key mysterious figure and he still not talking. The big question is was North acting on his own or under orders.

NBC's Chris Wallace: After weeks of hearings the Senate Intelligence Committee's chairman and vice chairman today expressed very different views of the scandal's central figure.

(Sen. Leahy: "I do not feel that Col. North could have done all of the things that have been attributed to him all by himself.")

(Sen. Durenberger: "There is no evidence that anybody else gave him the blessing, gave him the wink, gave him any authority at all. It was Ollie North and that's it.")

This disagreement only adds to the mystery surrounding North. Was he an out of control zealot who made his own foreign policy or an aggressive staffer who followed orders? This morning North seemed to play with reporters trying to find out.")

(North: "We could end it all right here couldn't we? I'd like to, but I'm not going to.")

Some White House officials are pushing the notion North was an irresponsible self-promoter. They quickly confirmed a story today that North once falsely told a colleague he had ordered relatives of Iranian officials be kidnapped, then traded for American hostages. Officials also say North often lied about having close ties to the President. A North speech last May:

(North: "Joking with the President up at Camp David a few weeks ago while we talking Central American issues and terrorism issues.")

But White House officials say North has not been at Camp David in the last two years, if ever. Chief of Staff Regan testified yesterday the President never met alone with North and spoke to him on the phone only once, after North was fired. But some of North's colleagues describe a different man, a can-do Marine involved in the most sensitive missions, the U.S. invasion of Grenada, the interception of the Achille Lauro hijackers, the bombing raid on Libya, providing aid to the contras. A former NSC official says North respected the chain of command.

(Geoffrey Kemp: "He was low keyed, hard working, always there, always responsible, kept his mouth shut and got the job done. Just what you wanted in the White House.")

So the question is did the White House have a self-promoting zealot handling top secret projects or is there a political effort now to make Oliver North look a lot worse than he really was? The answer may settle who was really behind the Iran-contra connection. (NBC-3)

CBS's Phil Jones reports bad news for the Reagan Administration today even as two Cabinet officials came to the Capitol to cooperate with investigators, White House hopes for a quick disposal of this investigation were dashed with word from the Senate Select Committee that it will probably be February before public hearings begin. Also, the Senate Intelligence Committee rejected the President's request that Poindexter and North be granted immunity. The question of immunity was viewed as too premature. According to Intelligence Committee sources both Secretary Weinberger and Attorney General Meese cooperated today but added nothing new to the investigation. And without Poindexter and North, who have refused to testify so far, members say their investigation is stymied. (CBS-5)

#### FIRST LADY/INTERVIEW

Brokaw: In an interview with the Associated Press today Nancy Reagan said if we could just get North and Poindexter to talk they'd pull her husband out of what she called a valley of his presidency. Mrs. Reagan said there is nothing more that the President can do, now it is up to North and Poindexter. (NBC-4)

Jennings: Mrs. Reagan had something to say about the Iran affair today. She called it a valley in her husband's presidency, that the President feels deceived that he was not told things he should have been told by his own aides and Mrs. Reagan added there is nothing more that he can do, now it is up to North and Poindexter. (ABC-8)

Rather: In an interview tonight with United Press International's veteran White House correspondent Helen Thomas, First Lady Nancy Reagan says the President has "tried everything" to get ousted Oliver North and John Poindexter to tell the truth about what happened. No mention was made of various calls to have the President simply summon the two men in and ask them to tell him what happened. Mrs. Reagan also said tonight that she is not overly concerned about her husband's upcoming surgery calling it very common. (CBS-2)

#### HASENFUS

NBC's Dennis Murphy reports after two and a half months in a Nicaraguan prison Eugene Hasenfus was given a presidential pardon today. Hasenfus's wife Sally thanked Nicaraguan president Ortega and sent a message to her 11-year-old son. (Sally Hasenfus: "From president Ortega happy birthday Adam.") President Ortega said he granted the pardon to show his country's desire for peace with the United States. But at the Nicaraguan National Assembly, which gave formal approval to the pardon, some members of far left parties thought Hasenfus's release was a display of weakness. Hasenfus served the government's desire to show Americans here in a most aggressive and dangerous light. And even as Hasenfus goes home other American captured here last week, Sam Hall, can expect to be tried as a spy and a mercenary. Hasenfus has been a propaganda bonanza for Nicaragua. He was sent here to help the Contras but his capture and confession have had the opposite effect. (NBC-Lead, ABC-Lead, CBS-6)

ABC's John Martin reports on Capitol Hill today committee chairmen investigating the Iran arms scandal and its connection to the Contra war seemed remarkably cool to the idea of calling Gene Hasenfus as a witness. Even so, investigators from Congress and FBI agents are likely to ask Hasenfus about several members of the contra supply operations and their alleged contact with White House officials.

(ABC-2)

#### IRAN/ASSASSINATION PLOT

ABC's Pierre Salinger reports ABC News has learned that a 5 man Iranian commando team was organized in western Europe in the fall of 1983 with instructions to go to the United States to attempt to assassinate President Reagan and commit other terrorist acts. High U.S. government security sources have said they were alerted by a credible Iran source. ABC News has information the source was Ghorbanifar, the Iranian who became the middle man in the controversial U.S.-Iran arms deal. Composite sketches of the five men were distributed in Washington and security was increased, including the deployment of dump trucks around the White House and the State Department. Sources say Ghorbanifar conveyed the information on the commando team to the CIA. Less than two years after this Iranian assassination plot was discovered, President Reagan began selling arms to Iran.

(ABC-4)

#### NORTH/IRANIANS/KIDNAPPING

Jennings: A little more insight today on Oliver North. The White House confirmed that he once did tell a colleague he had a plan to kidnap the relatives of Iranian leaders and hold them in cages until they could be traded for the American hostages held in Lebanon. It was one of his plans which was never implemented.

(ABC-7)

Rather: White House spokesmen officially confirmed today that Oliver North once told co-workers that the secret arms sales to the Khomeini government were just a cover. North told colleagues that he was really ordering relatives of Iranian officials kidnapped and held in cages scattered around Europe as ransom for American hostages. While officially confirming North said this to colleagues, the White House spokesmen said that the kidnappings never actually happened.

(CBS-9)

#### CASEY

Brokaw: NBC News has learned that William Casey, who suffered two minor brain seizures on Monday is expected to undergo surgery as early as tomorrow. A source at Washington's Georgetown University Hospital said the 73-year-old Casey will have neurological surgery. A hospital spokeswoman declined comment.

(NBC-6, CBS-4)

#### SHULTZ/KELLY

Brokaw: Secretary Shultz today reprimanded Ambassador John Kelly but he did not fire him. Shultz had said he was angered by Kelly's secret help given to people involved in the weapons for Iran deal. Shultz said it was all done with neither his permission nor his knowledge.

(CBS-7)

## **EDITORIALS/COLUMNISTS**

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### **IRAN AFFAIR**

'Business of Governing' -- "The Iran-Contra-Arms scandal took an ugly and ominous turn on Sunday with the reports that Lt. Col. Ollie North has had connection with political extremist groups and may even have channeled funds into congressional campaigns.... Until this business about secret campaign funds is cleared up, let us hear no more talk about 'immunity' for witnesses." (Baltimore Evening Sun, 12/15)

Delay Granting Immunity -- "Nothing should be done that might interfere with the work of the independent counsel, who is expected to be appointed by a three-judge federal panel in Washington, D.C., to look into violations of the law. Jumping the gun on grants of immunity would make his job harder." (Dallas Times Herald, 12/14)

Iran? Arms? Oh, is there a problem? -- "There is no quarrel here with Admiral John Poindexter and Lt. Col. Oliver North invoking the Fifth Amendment. They are as entitled to their constitutional protections as any other citizen. But their performance, and Mr. Casey's memory problems, it must be said, do somewhat embarrass Mr. Reagan and his professed declarations about getting to the bottom of all this." (Chicago Tribune, 12/12)

The U.S. 'Tilt' Toward Iraq -- "The policy toward Iraq, apparently coordinated with both the State Department and the CIA, did have a rational basis. So long as Iran refuses to end the war, Washington must seek to prevent an Iranian victory that could threaten the West's oil supplies.... Only when Iran's leaders realize that the war threatens the economic survival of its Islamic republic is there a chance that it might change its policy. Sharing intelligence with Iraq promotes that goal. Selling arms to the mullahs does not." (Philadelphia Inquirer, 12/7)

Losing Ground Against Terrorism -- "White House overtures to elements within the regime of the Ayatollah Khomeini were begun after the Administration had learned of Iran's complicity in the Beirut attacks. Although no one can dispute the merit in trying to improve American contacts with whatever responsible authorities might exist in Tehran, President Reagan's secret policy unwisely sacrificed the more compelling objective of countering terrorism. Indeed, most of the National Security Council staff's dealings with Iran could not have done more to reward state-sponsored terror." (Dixon Telegraph, 12/13)

Forgotten Marines -- "According to recent reports, even as Administration officials were sending Iran weapons and looking for signs of moderation, it was becoming increasingly clear to them that Iran had been behind two deadly assaults on the United States that took place in 1983 -- an attack on our embassy in Beirut and the bombing of the Marine compound at the Beirut airport.... The latest report makes it all the more incomprehensible that the President and his national security experts decided to send shipment after shipment of weapons to Iran." (Kansas City Star, 12/9)



The Media At It Again: Trying to Shame the President -- "The biggest scandal since Watergate," [Time magazine] proclaimed.... The Watergate analogy is flawed. Unlike Richard Nixon's bane, this operation was not undertaken for political gain, but from a misguided sense of patriotism. The Administration itself, rather than the courts or the press, disclosed the scandal. Even assuming a worst-case scenario, legal experts are unsure if any laws were broken. As for the charge of incompetence due to lack of awareness, I wonder if Time's publisher knows even a fraction of what transpires among the personnel in his offices."

(Don Feder, Chicago Sun-Times, 12/16)

First, Plug the Leaks in Congress -- "A key factor in the row over the Iran affair, it is said, is the Reagan Administration's failure to inform Congress about any aspect of the enterprise. But the Iran hearings on Capitol Hill provide, in themselves, a reason why: the fact is that Congress can't keep a secret. For anyone hoping for a covert undertaking to succeed, telling Congress is a fatal mistake." (New York Post, 12/12)

Dealing with Iran -- "In the midst of the present uproar at home, it may seem fanciful to Americans to be contemplating an improved relationship with some Iranian entity yet to emerge. Even if the U.S. can coordinate some new approach to Iran, it may be brutally rebuffed. But given the present non-relationship, the wisdom of trying to think through some intelligent and coordinated efforts to improve things seems to bear little downside risk."

(Christian Science Monitor, 12/12)

#### PAY INCREASE

Invest in U.S. Officials -- "If President Reagan proposes raising the salary of top federal officials to levels near those recommended by an advisory commission, and if Congress doesn't interfere, the quality of the national government should improve. In public service as elsewhere, money has a lot to do with competence.... The outlay for such a salary restructuring would be a molehill amid the mountain ranges of federal spending, and it could truthfully be called an investment: Odds are the raises would more than pay for themselves in improved efficiency, because government could probably attract better managers. The more rational and responsive government that also could be expected would be free."

(Hartford Courant, 12/17)

Pay Hike! -- "Excuse the outrage. But did the federal commission studying governmental salaries really recommend an 80 percent pay increase for Congress?... When Congress can find a way to eliminate the deficit, which threatens to cripple the prosperity of this nation, then the American people would be more than happy for them to grant themselves a pay raise, along with all those other deserving folk in public service. For the time being, however, the Reagan Administration should just adopt its newest slogan: 'Just say no'."

(Dallas Morning News, 12/17)

Give Congress Pay Increase -- "The reality is that the public can no longer afford to offer non-competitive salaries for the vital positions in the federal government. The \$77,400 salary paid to members of Congress may seem substantial and even lucrative to most struggling tax payers. But the average chief executive officer in a mid-size to large corporation is paid several times the salary of most of the top 3,000 officials in the government."

(Dallas Times Herald, 12/17)

## The Atlanta Journal

Tuesday, December 16, 1986

### Reagan still has mandate

**I**n a speech last week President Reagan vowed not to let the Iran-contra scandal thwart the completion of his domestic program which he has called a "conservative revolution." Whether it will have that effect or not depends in part on how quickly he clears up the confusion as to the facts about the scandal and moves to rectify the mistakes that have been made.

But he is right in implying that his domestic program should not be set back by the foreign policy controversy. Although any damage to the president's image and popularity is potentially harmful to anything he does, there is no logical connection between foreign policy mistakes and the conservative goals he holds for domestic policy.

Furthermore, he can clearly claim a mandate, affirmed in the 1984 election, to move forward on his domestic program. While some of his strongest supporters have been upset over the Iranian dealings, that is because they saw them as inconsistent with his announced principles. But the people have twice endorsed the broad outlines of his domestic policy, and he has been notable among American leaders for keeping his campaign promises and doing what he has said he would do with respect to reducing taxes, holding down spending and easing the burden of regulation.

Not even the Democratic gains in 1986 congressional elections can be interpreted as depriving the president of his mandate to serve those broad goals. Most objective political commentators have said that no national trends were observable in those elections; in most states voters chose on the basis of the merits of individual candidates, and most of the races were so close that it would be hard to discern a big swing in voters' ideological preferences.

At any rate, the president's own mandate dates from the landslide of 1984. There was no call for an end to the Reagan revolution in that outcome. While politicians will try to exploit ups and downs in presidential popularity, it would be risky for them to assume the public no longer believes in what it believed in only two years ago.

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## **FOREIGN MEDIA REACTION**

### **IRAN-CONTRA AFFAIR**

"Another administration is paralyzed by a trail of inquiries.... What is truly frightening is a basic sense of irresponsibility all round...(and) the ultimate cop-out: no one was in charge of the clattering train."  
(Guardian, Britain)

"America's crisis springs not from the sudden discovery that it has been assisting either side in the (Iran-Iraq) war, but from accumulating evidence that foreign policy for this sensitive quarter of the Middle East was non-existent. Worse, America's strategy, which should have been founded on that policy, has been uninformed, uncoordinated and uncontrolled."  
(Daily Telegraph, Britain)

"In an attempt to get all the facts out, the U.S. President called Tuesday on the Senate to grant limited immunity to the two former White House NSC aides.... The answer from Congress is predictable: out of the question."  
(France Inter-radio)

"President Reagan's request of immunity for North and Poindexter...is an able move, shows the man's sincerity, and, most of all, follows an opposite strategy with respect to the one that caused Nixon's collapse in the Watergate scandal."  
(Il Giornale, Italy)

"President Reagan has every reason to be happy that he still has an assistant like George Shultz. In these times, in which the credibility of the United States is brought into doubt from all sides, the cool professional Shultz is coming increasingly to the fore as a solid point in the afflicted Government team in Washington. The answers from the relaxed Secretary came back repeatedly to the same theme: mistakes might have been made, but the situation is again under control."  
(Algemeen Dagblad, Netherlands)

"Reagan's two-faced ways could only prolong the Iran-Iraq war. U.S. authorities claim that assistance was given to Iraq in the hope that it would force Iran to accept a ceasefire. Anyone with common sense would have known that the Khomeini regime will not stop until Iran wins the war."  
(Sing Pao, Hong Kong)

"Charges that the proceeds from illegal arms sales were diverted into a slush fund for approved congressional candidates have been followed by new details of double-dealing in relation to the Iran-Iraq war, while public esteem for the presidency has plunged to new lows. It is good that the White House has been quick to condemn the alleged slush fund and to promise an immediate investigation, and it is to be hoped that this signals the start of a new determination on the part of the Administration to recover ground lost since the onset of the crisis.... At stake in the crisis are Western interests."  
(Australian, Australia)