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# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, DECEMBER 19, 1986 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

2 U.S. Aides Stick To Contradictions In Iran Testimony -- The White House chief of staff and a former national security adviser today stood by their sharply contradictory accounts of when President Reagan approved Israel's sale of American arms to Iran in 1985.

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

### INTERNATIONAL NEWS

Soviets Say They'll End Unilateral Test Ban In 1987 -- The Kremlin said it will resume nuclear testing after the first U.S. explosion next year because Washington has refused to join in the Soviets' 16-month-old unilateral test moratorium.

(Washington Post, AP, UPI)

### NATIONAL NEWS

Casey Recovering From Removal Of Cancerous Brain Tumor -- CIA Director Casey, described as "doing well" after removal of a cancerous tumor from his brain, should be able to resume his duties at the helm of the nation's spy agency, doctors and CIA officials say.

(Washington Post, AP)

### NETWORK NEWS (Thursday Evening)

**CASEY** -- The Iran-contra affair took a dramatic and tragic turn when one of the key figures underwent surgery for the removal of a brain tumor.

**CAPITOL HILL** -- President Reagan has asked the Senate Intelligence Committee for a detailed report on what it learned in three weeks of hearings.

**NORTH** -- Oliver North was still not saying today what he knows about the Iran-contra affair.

#### Season to Sue

Merry Something or Other. Happy Whatchamacallit. One can't be too careful this time of year. Right on schedule, the American Civil Liberties Union has delivered a holiday lawsuit to a city "entangled with religion." Pittsburgh planned to put up a Christmas tree and a menorah outside one of its buildings. We wonder: If a public official says, "Merry Christmas" or "Happy Hanukkah" in public, is he or she violating the Constitution? Better watch out.

THE WALL STREET JOURNAL

## **IRAN — NICARAGUA**

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### **DIVERSION OVERSTATED, PANEL FINDS Meese Estimate Said Based On Transaction Described By North**

Congressional investigators have concluded that substantially less money was diverted to Nicaraguan rebels from the profits of Iranian arms sales than the \$10 million to \$30 million announced by Attorney General Meese three weeks ago.

When Meese questioned North in late November about possible cash diversions, the lieutenant colonel was unable to estimate how much money had been routed to the contra cause, the attorney general reportedly testified on Wednesday. Investigators have been unable to determine precisely where the diverted money went, although they and other government officials believe Meese overestimated the amount; one congressional source yesterday put the figure at \$4 million to \$10 million.

(Walter Pincus, Washington Post, A1)

### **2 U.S. Aides Stick To Contradictions In Iran Testimony**

The White House chief of staff and a former national security adviser today stood by their sharply contradictory accounts of when President Reagan approved Israel's sale of American arms to Iran in 1985.

The issue, involving testimony by Chief of Staff Regan and Robert McFarlane, is important because if Mr. Reagan had agreed in advance, he could be faulted for failing to inform members of Congress about the covert operation. Only in January 1986 did he sign a special "finding" approving such sales and ordering aides not to tell Congress immediately.

(Bernard Gwertzman, New York Times, A1)

### **Senate Panel Still Can't Trace Money**

Senate investigators said yesterday that after 14 days of closed-door hearings they still can't trace funds tied to the Iranian arms sale -- including up to \$30 million in proceeds that allegedly were diverted to the Nicaraguan resistance.

"The major item of fact that is unproven and unknown...is how much money was diverted from the Iranian arms sale to the Contras and to which Contras," said Sen. Durenberger, Minnesota Republican and chairman of the Senate Intelligence Committee. "It is impossible to come to a determination on that."

(Jennifer Spevacek & Walter Andrews, Washington Times, A1)

### **Senate Investigators Say They're Baffled; Casey Undergoes Brain Surgery**

Senate Investigators said Thursday that despite three weeks of secret testimony, they are unable to fully trace funds diverted from the secret sale of arms to Iran to Contra rebels battling the Nicaraguan government.

"How much money was diverted from the Iranian arms sale to the Contras and to which Contras? It is impossible to come to a determination on that," Sen. Durenberger told reporters.

"All the money could be sitting in a Swiss bank account as far as we know," he said.

(Robert Andrews, AP)

### Intelligence Panels Find 'Mass Of Facts' But No Answers

One of President Reagan's top men is suggesting one reason congressional panels are unable to nail down details of the Iran arms-Contra aid scandal: "Most of us can't remember what we had for lunch two days ago."

Sen. Durenberger said Thursday no matter what else is revealed to the intelligence panel he chairs, the ultimate responsibility for answers belongs to Reagan.

"The issue is clearly not just who gave the orders to do what, but who is overall responsible for this policy," Durenberger told reporters.

(Judi Hasson, UPI)

### Senate Panel Ends Initial Probe With More Questions Than Answers

The elusive money trail from the Iran arms sales has Congress stymied over who authorized the funneling of funds to Nicaraguan rebels, what became of the money and even how much was involved.

Sen. Leahy called the arms sale and the siphoning of profits to the Contra rebels a "foolish venture" and "a national tragedy" that had discredited U.S. anti-terrorist policy and weakened foreign policy, particularly in the Middle East.

"I am convinced that the heart of the Iran initiative...was (swapping) American arms for American hostages," Leahy said in summing up the panel's work.

(Jim Drinkard, AP)

### Congressional Iran-Contra Probes Wind Down

White House chief of staff Donald Regan told a House committee he may have helped create the atmosphere in the Administration for a disastrous Iran-arms policy, but the head of a Senate probe says the ultimate responsibility is still with Regan's boss -- President Reagan.

Regan, one of two Cabinet-level officials who appeared on Capitol Hill Thursday, said the final judgement of the controversy that has rocked the Reagan Administration will come from the American people.

(Dana Walker, UPI)

### Congress Panel Leaves Questions Unanswered In Iran Probe

The Senate Intelligence Committee has ended closed door hearings into Iran arms sales still in the dark over the diversion of funds to Nicaraguan rebels.

"The major fact that's unproven...and probably won't be for some substantial point of time, is how much money was diverted from the Iranian arms sale to the contras and which contras," Sen. Durenberger said yesterday.

Senate Intelligence Committee members, including Durenberger and Sen. Leahy, indicated they were inclined to accept McFarlane's version over that of White House Chief of Staff Donald Regan, who said the President had not authorized the shipment and only learned about it later.

(Carol Giacomo, Reuter)

### Senate Panel Ends Probe

The Senate Intelligence Committee ended an intense three-week probe of the Iran arms-Contra aid scandal Thursday and the panel chairman said regardless of any further revelations, ultimate responsibility for the affair lays with President Reagan.

"I think what the American public is looking for is two things: They're looking for facts and they're looking for responsibility," he said. "As far as the facts are concerned, the major item of fact that is unresolved at this point...is how much money was diverted from the Iranian arms sale to the Contras and to which Contras.

(Anne Saker, UPI)

### McFarlane Testifies Again Before Panel

The Senate Intelligence Committee ended its preliminary investigation of the Iranian arms deal Thursday and President Reagan urged that it make its findings public.

Privately, committee members of both parties said they believe the broad outlines of the story are now known, with only a few details yet to be disclosed, among them the specifics of how and if money was channeled to the rebels in Nicaragua and the depth of involvement of aides to Vice President Bush.

(Michael Shanahan, McClatchy)

### Probers: Iranian Arms Money 'Loaned' To Contras; \$20 Million Missing

Congressional investigators now believe the money former White House aide Oliver North allegedly diverted from the Iranian arms sale to the Contras was intended only as a loan.

But the investigators say that private middlemen in the intricate arms deal apparently pocketed "substantial amounts" and up to \$20 million now can't be located.

Congressional probers believe North only intended to borrow the money to bridge a gap before Congress approved \$100 million in new military and humanitarian aid for the Nicaraguan rebels.

(Lance Gay, Scripps Howard)

### BUSH TALKS WITH PANEL INVESTIGATING NSC

Vice President Bush told the panel investigating the operations of the NSC that neither he nor President Reagan knew about the diversion of cash to Nicaraguan rebels, an aide said Thursday.

"They discussed the Iran initiative and the NSC functioning," he said. "The Vice President reiterated that neither the President nor he had any knowledge of diversion of (Iranian arms sale profits) to the Contras and discussed various ideas for improving the NSC's decision-making process."

(Ira Allen, UPI)



#### EX-NSC OFFICIAL 'DID THE LEGWORK' ON IRAN ARMS MEMO

A 1985 memorandum co-written by a key NSC official first proposed the idea of selling arms to moderate elements in Iran, two White House officials say.

Howard Teicher, who announced his resignation from the NSC this week, "did the legwork" and "nuts and bolts work" for the proposal he wrote with the NSC's late Donald Fortier, a White House official who asked not to be named revealed Thursday. (Neil Roland, UPI)

#### NSC TAPES, COMPUTER MAY HOLD DATA

North Said To Have Used Situation Room Electronics Extensively

A sophisticated White House communications system that can record some telephone calls and meetings and preserve messages and documents written on NSC computer terminals may contain information on the secret Iran arms affair, informed sources said yesterday.

The high-quality taping system in the White House Situation Room was used to record some of President Reagan's key foreign policy meetings, according to one source with firsthand knowledge. This source, however, did not know if any meetings relating to the Iran arms deals were taped.

(Bob Woodward, Washington Post, A1)

#### THE PRESIDENT/DONALD REGAN

White House chief of staff Donald Regan, under Republican pressure to resign, said Thursday that any time President Reagan "thinks that I'm not serving him well, I'm more than willing to go."

But Regan, emerging from two hours of testimony before the House Intelligence Committee, insisted he would not quit despite growing pressure inside and outside the White House for the former Wall Street titan to leave his job.

Regan also said "from a political standpoint," the Iran arms-Contra aid scandal "obviously has hurt the President."

But, the President will "recover from it," Regan said, because "on balance the people like this President; they'll trust this President..."

(Helen Thomas, UPI)

#### POINDEXTER WON AIRLINE-PROBE DELAY

Meese Agreed Out Of Concern For Mideast Hostages, Aide Says

John Poindexter, then White House national security adviser, persuaded Attorney General Meese in late October to delay an FBI investigation of an airline that was ferrying arms to both Iran and the Nicaraguan contras, Justice Department officials said yesterday.

Meese agreed to ask the Federal Bureau of Investigation to hold up its probe because Poindexter told him that it might jeopardize efforts to obtain the release of American hostages in Lebanon, department spokesman Terry Eastland said. He said he was recounting Meese's closed-door testimony Wednesday before the Senate Select Committee on Intelligence.

(Howard Kurtz, Washington Post, A1)

### Officials Say Poindexter Got Meese To Delay Probe Of Southern Air

Vice Adm. Poindexter, while national security adviser, got Attorney General Meese to delay an FBI probe of an airline involved in Iranian arms deals and weapons shipments to Contra rebels, the Justice Department says.

Poindexter wanted the delay until employees of the cargo carrier completed their participation in U.S. weapons sales to Iran, Terry Eastland said.

Eastland said Meese described Poindexter's request, which resulted in a 10-day delay of the FBI probe in early November, in closed-door testimony to the Senate Intelligence Committee on Wednesday.

(Pete Yost, AP)

### Iran/Meese

The credibility of Attorney General Meese, the nation's top law enforcement officer, and his handling of the inquiry into the Iran-Contra scandal is coming under closer scrutiny by his own department, the FBI and lawmakers on Capitol Hill.

But the current flap over his early handling of the growing Iranian arms scandal as well as his acknowledged efforts to delay an FBI investigation into a separate effort to provide private aid to the Contras are raising serious questions about the legality and propriety of his actions.

"There are problems with the attorney general's statements that must be unraveled," said Rep. Don Edwards. "It's very clear we do not approve of a number of things he's done." (Kathryn Kahler, Newhouse)

### Officials: Meese Halted Probes At Poindexter's Request

Attorney General Meese briefly halted federal probes of Southern Air Transport Inc. this year at the request of former national security adviser Poindexter, who told him the inquiries could thwart efforts to free U.S. hostages in Lebanon, a spokesman says.

Meese, in private testimony before the Senate Intelligence Committee, said Poindexter asked him to halt the investigations because "certain personnel" were involved in arms shipments to the Middle East critical to the release of the hostages, Justice Department spokesman Terry Eastland said Thursday.

(Lori Santos, UPI)

## DOMESTIC REACTION

### 'ABANDONED' NORTH SPEAKS OUT

#### Fired NSC Aide Asserts Right To Silence On Iran Arms Deal

Lt. Col. North said yesterday he has been "abandoned by...so-called friends and colleagues" since he was fired last month from the NSC staff, but he added: "I continue to place my trust in the Lord...[and] in [my] family."

In his first public expression of bitterness since he became the center of attention focusing on the Iran-contra affair, North told reporters camped outside his Great Falls house that although "there have been a number of people who have suggested that I abandon my individual rights under the Constitution," he would not do so. The comment was a reference to North's invocation of his Fifth Amendment protections against self-incrimination when he was called to testify before congressional committees investigating the sale of U.S. arms to Iran and the diversion of some of the profits to aid the Nicaraguan rebels, also called contras.

North told reporters yesterday, "I don't believe the President really wants me to abandon my individual rights under the Constitution," though Reagan has publicly -- and even more forcefully in private -- said he wants North to testify about his role. (Washington Post, A26)

## ANTI-COMMUNIST FERVOR COULD BE SEED FOR IRAN-CONTRA AFFAIR

Accusations and disclosures in the Iran-Contra affair are coming so fast that the philosophical basis for the overseas ventures is not getting much attention.

The Reagan Doctrine, which established the principle of jumping in to help anti-communist forces around the globe, is the neglected underpinning for much of what went on. (Barry Schweid, News Analysis, AP)

## IRAN/WHITE HOUSE

As the Iran-Contra scandal swirls around him, President Reagan is being bombarded with daily advice about what to do next, whom to fire and whom to keep close.

But the Administration appears unable to devise a coherent strategy for coping with the crisis that is eating away at the President's credibility and political support, as indicated by public opinion polls.

As a consequence, Reagan has begun to look helpless. He publicly insists that he wants full disclosure of all the facts surrounding the controversy. But he is unable, or unwilling, to produce any new facts himself. At the same time, White House press aides reject requests for information to clear up conflicts between official accounts of the affair.

(Miles Benson, Newhouse)



### Iran Testimony Conflicts

More than a month after the Iran-contra affair was first disclosed, the Reagan White House still appears to be floundering in its efforts to defuse the issue.

Senior White House officials -- past and present -- have testified on Capitol Hill. But they have contradicted one another, and as a result there is sharp disagreement over what President Reagan knew and what he authorized his subordinates to do.

Mr. Reagan seems detached from the controversy swirling around him. He is saying little in public, leaving his aides and his wife to put the Administration's case to the public.

(Gary Thatcher, Christian Science Monitor, A1)

### Presidency/Agenda/Iran

One of the things we elect presidents to do is to cope with crises.

For a long time, President Reagan managed to avoid this unpleasant duty but it finally has caught up with him.

If and when Reagan ever extracts himself from the Iran-Contra crisis, he will find another crisis waiting for him -- the political crisis of a weakened President, with a drab agenda, facing an assertive Congress dominated by the opposition party.

(Miles Benson, Newhouse)

### FOR DEMOCRATS, '88 LOOKING UP

#### Experts Say Iran Arms Sales Diluted 6 Years Of GOP Gains

The Iran-arms and contra-aid affair -- no matter how it plays out, no matter for how long -- has already improved the chances that the nation will elect a Democratic president in 1988, according to political analysts in both parties.

"I used to say it would take a unique turn of events for us not to elect Ronald Reagan's successor," said Eddie Mahe, a former executive director of the Republican National Committee who is now a GOP consultant and strategist. "I no longer say that. This is going to have a corrosive effect.... It's very sad."

"It's a scar that isn't going to go away," said Paul Maslin, a Democratic pollster who worked on Sen. Hart's presidential campaign in 1984. "We already know what the biggest applause line at the 1988 Democratic convention is going to be: 'I will not trade arms with a country that holds people hostage and exports terrorism.'"

(Paul Taylor, Washington Post, A23)

### JUDGES: MANY WILLING CANDIDATES FOR INDEPENDENT COUNSEL

Members of the court that names independent counsels say the Iran-Contra probe may investigate so many U.S. officials that several candidates to head the inquiry have been disqualified over potential conflicts of interests.

The independent counsel, which could be named as early as today, could preside over a broad investigation.

"Therefore, there are many more people and interests affected, and it's more difficult to obtain someone who would not be disqualified," U.S. Circuit Judge Lewis Morgan said.

(Larry Margasak, AP)

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PROBE OF THEFT IN ARMS-SALE CASE HITS 'DEAD END'  
Some Express Skepticism About Account Of Burglary  
Given By Hakim's Lawyer

CUPERTINO -- Authorities said today they plan to end their investigation into last weekend's burglary of the office of an attorney representing an Iranian-born businessman with links to the secret U.S. arms shipments to Iran.

Other investigators privately expressed skepticism about the account of the Saturday night burglary provided by attorney Horace Dunbar, who said that the only item taken was a file containing information about his client, Albert Hakim, a key figure in the secret operation to supply arms to Iran and funnel profits to aid the rebels in Nicaragua.

(Mary Thornton, Washington Post, A22)

FOREIGN REACTION

HASENFUS RETURNS TO U.S.  
Gunrunner Expresses 'Gratitude,' Declines Questions

MIAMI -- Contra gunrunner Eugene Hasenfus, pardoned from a 30-year jail term in Nicaragua, returned to the United States today, thanking God that "I was able to be free and be with my family" for Christmas.

The 45-year-old former Marine, accompanied by his wife, Sally, arrived in Miami aboard a commercial flight from Guatemala City shortly after 3 p.m. and appeared briefly at a news conference, where he refused to talk about his experience. (AP story, Washington Post, A23)

Hasenfus Back In U.S. For Possible Testimony To Congress

MIAMI -- American gunrunner Eugene Hasenfus, pardoned by the Nicaraguan government, has returned to the United States in time for Christmas with his family and possible questioning by congressional panels investigating the Iran arms scandal.

"They (the Sandinistas) want to manipulate emotionally the American people and Congress," said Alfonso Robelo, a director of the United Nicaraguan Opposition, the rebel umbrella group.

(Matt Spetalnick, Reuter)

Hasenfus/Pardon

MIAMI -- American gunrunner Eugene Hasenfus, pardoned from a 30-year sentence in a Nicaraguan jail, returned to the United States Thursday in time for Christmas and likely questioning by congressional investigators looking into the Iran arms scandal.

But he refused to tell reporters his plans.

When reporters began shouting questions about whether he would testify in Washington, Hasenfus said "That's about all I have to say for now. I want to hold any other comments 'til a later date. Thank you all very much for your enthusiasm and thinking of us." (Jane Sutton, UPI)

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### Hasenfus Returns To United States

MIAMI -- Gunrunner Eugene Hasenfus, pardoned from a 30-year jail term in Nicaragua and carrying the key to his cell, returned to the United States on Thursday, thanking God that "I was able to be free and be with my family" for Christmas.

"Right now, I am just looking for some time in these special holidays that I was allowed, and than God I was able to be free and be with my family and I'm looking for a little private time with them," he said.

(Richard Cole, AP)

### Ortega's Propaganda Score

Nicaragua's pre-Christmas pardon of American gunrunner Eugene Hasenfus was a welcome, humanitarian act that also demonstrated the Sandinistas' increasing skill at influencing political debate in this country.

Ortega's action undoubtedly will improve his image here and make it more difficult for President Reagan to sustain Contra aid. But that does not change this country's basic quarrel with the Sandinistas: They came to power leading a purportedly democratic revolution, then allied themselves with Cuba and the Soviet Union, constructed a militarized Marxist state and began to threaten their neighbors.

(Editorial, Scripps Howard)

### CONSULAR OFFICIAL VISITS U.S. PRISONER IN MANAGUA

MANAGUA -- A U.S. consular official met today with American prisoner Sam Nesley Hall, five days after he was captured as a suspected spy.

Emerging from his 10-minute meeting with Luis Moreno, head of U.S. citizen affairs at the embassy, Hall, in handcuffs, said only, "I'm just fine."

Moreno revealed no information about Hall's condition, citing laws protecting a U.S. citizen's privacy.

(Julia Preston, Washington Post, A27)

### IRAN ATTACKS U.S AID OF DATA TO IRAQ

TEHRAN -- Iran condemned the United States today for supplying intelligence data to Iraq, saying this showed Washington was not neutral in the Iran-Iraq war.

A Foreign Ministry statement published in the Islamic Republic newspaper said that reports in U.S. media about the intelligence assistance were not news to Iran but had "clearly showed America's war-mongering role in the world."

(Reuter story, Washington Post, A30)

#### FORMER BRITISH LEADER URGES FIRM HAND AT THE WHITE HOUSE

NEW YORK -- Former British Prime Minister James Callaghan said today President Reagan must ensure the Iran arms scandal does not paralyze his foreign policy, particularly in the search for nuclear arms cuts.

"Unity and consistency in the conduct of American foreign policy has not always been apparent, but the combination of Secretary of State Shultz and Mr. Carlucci will bring a considerable professionalism to bear," he said. (Reuter)

#### HUMANITARIAN AID AIR-DROPPED TO CONTRAS

MIAMI -- A Miami air cargo firm, Vortex Air International, Inc., was hired by the State Department to drop "humanitarian" supplies directly to anti-Sandinista guerrillas fighting inside Nicaragua, Administration officials, congressional sources and crewmen familiar with the operation said.

The unusual and risky flights by Vortex came after the outgoing president of Honduras, Roberto Suazo Cordova, had blocked shipments of supplies to the contras through his country in late 1985. However, Suazo's successor Jose Azcona, who took office in January, permitted the shipments to resume. (Julia Preston, Washington Post, A23)

## **INTERNATIONAL NEWS**

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### **U.S. ENVOY TO MOSCOW STEPS DOWN**

Matlock, White House Soviet Expert, Expected To Replace Hartman

Arthur Hartman is stepping down as ambassador to the Soviet Union after five years in the post, the State Department announced yesterday. Administration sources said he will be replaced by Jack Matlock, who played a major role in the confrontation that has forced American diplomats in the Soviet Union to get along without Soviet employees.

Department officials have said that Matlock, the senior Soviet specialist on the White House NSC staff, was the driving force behind the hard-line Administration attitude that triggered a tit-for-tat war of diplomatic expulsions. This led to the abrupt withdrawal in October of almost 200 Soviet drivers, mechanics, translators and cleanup crews from the U.S. Embassy in Moscow and the consulate in Leningrad.

In a related development, President Reagan announced yesterday that he will nominate Alton Keel current acting director of the NSC, to succeed David Abshire as ambassador to NATO.

(John Goshko, Washington Post, A3)

### **SOVIETS ANNOUNCE INTENT TO END NUCLEAR TEST BAN**

Statement Offers Talks On Step-By-Step Halt

MOSCOW -- The Soviet Union announced tonight that it will end its 18-month unilateral ban on nuclear testing after the United States conducts its first nuclear test in 1987, but said it is prepared to seek agreement on a stage-by-stage elimination of tests -- a compromise also favored by some officials in the Reagan Administration.

"At a time when the United States stubbornly continues to fulfill its nuclear weapons and build them, the Soviet Union cannot show unilateral restraint indefinitely," the statement said. "If this situation is continued, grave damage can be caused to the security of the U.S.S.R. and its allies."

(Gary Lee, Washington Post, A38)

### **Soviets Say They'll End Unilateral Test Ban In 1987**

MOSCOW -- The Kremlin said it will resume nuclear testing after the first U.S. explosion next year because Washington has refused to join in the Soviets' 16-month-old unilateral test moratorium.

In Washington, White House spokesman Albert Brashear reiterated the U.S. refusal to join in the moratorium on the grounds that testing is needed for national defense.

(Carol Williams, AP)

### **Soviets To Abandon Test Moratorium**

MOSCOW -- The Soviet Union said it will abandon its 17-month-old unilateral moratorium on nuclear testing after the first U.S. test of 1987 but expressed hope that a superpower test ban treaty can still be signed.

The Kremlin said Thursday it was hoping for talks with Washington to reach a test ban accord and was willing to agree to a stage-by-stage reduction of the number of tests and their yields during any negotiations.

(Charles Mitchell, UPI)

BRITAIN CANCELS NIMROD; PLANS TO BUY U.S. PLANE  
Boeing Gets Initial \$1.2-Billion Order

LONDON -- Britain has scrapped a nine-year, \$1.4 billion investment in developing its own airborne early-warning radar, and instead plans to purchase the American AWACS system built by Boeing, the government said today.

In a statement to Parliament, Defense Secretary George Younger said that the Nimrod system, built by Britain's General Electric Co. Avionics, had fallen "well short" of Royal Air Force requirements in recent flight tests. He said he had no confidence that General Electric would be able to supply the 11 fully-fitted aircraft it had promised by mid-1993.

(Karen DeYoung, Washington Post, A31)

U.S. AMBASSADOR TO SWITZERLAND TRIED INFLUENCING  
PROBE OF FUND MISUSE

The U.S. ambassador to Switzerland, the target of a congressional probe into whether she misused money in an embassy gift fund, tried persuading lawmakers to soften the investigation, government sources say.

"Members of Congress were called, in effect saying this isn't a big deal. We're not asking you to do anything wrong, but don't blow it out of proportion," said one knowledgeable source. (David Espo, AP)

ITALIAN SAYS HE SET MEETING OF U.S., LIBYA

ROME -- Italian Foreign Minister Giulio Andreotti was quoted today as saying he arranged a 1985 meeting in Tripoli between the U.S. ambassador to the Vatican and Libyan leader Moammar Gadhafi.

The Vatican ambassador, William Wilson, a close personal friend of President Reagan, resigned in May following controversy over his trip to Libya in November 1985. (Reuter story, Washington Post, A34)

Italians Say White House Agreed To Secret U.S. Overtures To Libya

ROME -- A controversial trip to Libya last year by the United States Ambassador to the Vatican, which the State Department criticized later as unauthorized, took place with the approval of the White House and the help of the Italian Government, according to Italian officials.

Mr. Wilson maintained contacts with the Libyan Government for several years with White House approval, according to another Italian official, who said he was informed of the White House authorization last spring by Vice Adm. Poindexter, then President Reagan's national security adviser. (Roberto Suro, New York Times, A1)



#### ADMINISTRATION SAID TO BE READYING NEW TRADE PACKAGE

The Reagan Administration will submit to Congress early next year as omnibus "competitiveness" package of legislation designed to seize the initiative on trade, officials say.

The package will include beefing up a program to assist workers who have lost their jobs in import-battered industries, said officials who spoke only on condition of anonymity.

The strategy reverses Administration policy of the past two years of resisting efforts in Congress to write major trade legislation.

(Tom Raum, AP)

#### U.S. TO RETALIATE ON CORN EXPORT TARIFFS

Agriculture Secretary Lyng says the United States is moving closer to imposing tariffs on European food and alcohol imports after Jan. 1 to retaliate for tariff increases on U.S. corn exports to Spain.

"We await further information from the European Community or the whole issue gets down to one of retaliation," Lyng said Thursday in a telephone interview with reporters.

(Sonja Hillgren, UPI)

#### Time Running Out In Dispute With Europeans Over Grain Sales

Time is running out on efforts to avert a new clash between the United States and the European Community over agricultural trade.

Agriculture Secretary Lyng said Thursday negotiators for both sides in Brussels failed to make progress last week in efforts to resolve the dispute, which arose as a result of Spanish entry into the Common Market.

(Mike Robinson, AP)

#### AID TO EL SALVADOR BEING DIVERTED TO MARXIST GUERRILLAS

"Humanitarian" aid to El Salvador by individual Americans has been diverted to Marxist guerrillas fighting that countrys government, according to State Department documents obtained by The Washington Times.

While an extensive investigation goes on to examine allegations that proceeds from Iranian arms sales were funneled to anti-Communist fighters in Nicaragua, little attention has been given to the El Salvador diversions described in these declassified reports.

(Ed Rogers, Washington Times, A1)

#### U.S. SENDING EMERGENCY MILITARY AID TO CHAD

Reagan Approves Up To \$15 Million In Assistance  
For New Fighting Against Libya

President Reagan has approved up to \$15 million in emergency military assistance to help the central African country of Chad cope with renewed fighting against Libyan forces in the far north, U.S. officials disclosed yesterday.

State Department spokesman Charles Redman said the Chadian government had requested "urgently needed military equipment" for use against a "Libyan military aggression" and that an initial shipment of light arms, ammunition and clothing was airlifted to Chad on Dec. 4.

(David Ottaway, Washington Post, A32)

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## **NATIONAL NEWS**

### **CIA CHIEF HAS BRAIN SURGERY Surgeons Remove Malignant Tumor; Outlook Favorable**

Doctors removed a cancerous tumor yesterday from the brain of CIA Director Casey in more than five hours of surgery and predicted afterward that he "will be able to resume his normal activities."

A White House official said yesterday that no effort was being made to find a replacement for Casey and that presidential aides had been told by CIA officials that Casey is expected to be able to return to work.

(Cristine Russell, Washington Post, A1)

### **Type Of Tumor In Casey's Brain Is Rare, Prognosis Uncertain**

The cancer found in the brain of CIA director Casey usually responds well to treatment, but a final prognosis must await further tests on the tumor and probes for more cancer, specialists say.

Doctors said the cancer seems to be a lymphoma, which they said "appears treatable." But they released little more information, saying they are awaiting final pathology reports which should be ready next week.

(Warren Leary, AP)

### **Casey Recovering From Removal Of Cancerous Brain Tumor**

CIA Director Casey, described as "doing well" after removal of a cancerous tumor from his brain, should be able to resume his duties at the helm of the nation's spy agency, doctors and CIA officials say.

However, medical experts say he will probably have to undergo unpleasant radiation and possibly drug treatments. And one doctor says his long-term prognosis may not be as bright as his short-term prospects.

(Robert Furlow, AP)

### **\$928 MILLION CUT SOUGHT IN VA BUDGET REQUEST OMB Wields Scalpel On Medical Care**

The Office of Management and Budget has proposed cutting the Veterans Administration budget for fiscal 1988 nearly \$1 billion below the amount requested by VA Administrator Thomas Turnage, mainly by reducing medical care, informed sources said yesterday.

The OMB proposals would force the agency to absorb in the future any increased costs from economic reestimates, and would require a cut of about 9,000 VA medical personnel. (Spencer Rich, Washington Post, A19)

## **NETWORK NEWS SUMMARY**

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(Thursday evening, December 18th)

### **CASEY**

NBC's Tom Brokaw: The Iran-contra affair took a dramatic and tragic turn tonight when it was announced that one of the key figures underwent surgery for the removal of a cancerous brain tumor. William Casey was on the operating table for more than five hours according to officials at Georgetown University Hospital in Washington, D.C. The cancerous tumor was removed from the left side of Casey's brain.  
(NBC-Lead, ABC-Lead, CBS-Lead)

Brokaw: Chris Wallace has been looking into the many questions raised by the Casey illness. Chris this is a difficult question at such a trying time for Mr. Casey, but many political observers had been suggesting before his illness that he had to go. Does the White House have any candidates for that job?

NBC's Chris Wallace: There is great confidence here in the deputy director Robert Gates so they will certainly stay with him until they see whether or not Casey can return. As for possible replacements, some names are being mentioned, the head of the National Security Agency Bill Odom, Sen. Paul Laxalt. But the fact is that no one here thought that Ronald Reagan would ever replace Bill Casey so no serious work had been done on a possible replacement, a possible successor. Now, of course, that may have to change.

Brokaw: The President tonight issued a statement saying that Bill Casey would be in the prayers of he and Nancy Reagan, of course. So I gather that the reaction there tonight has been one of personal shock?

Wallace: I think it is fair to say that the President and Casey were not close personal friends but there was a deep sense of professional trust. You know over the years there were a lot of people in Congress, a lot of people in the President's own Cabinet, who called on him to fire Casey, but Mr. Reagan always stood by his CIA director. And I think it is also important to note that perhaps in the President's darkest hour in his political career back in 1980 when it looked like his whole presidential race was falling apart he turned to Bill Casey to help manage things. This White House was already a pretty gloomy place because of the Iranian arms scandal, but tonight it is even gloomier.  
(NBC-2)

### **CAPITOL HILL**

Brokaw: President Reagan has asked the Senate Intelligence Committee for a detailed report on what it learned in three weeks of hearings on the Iran-contra affair. However, as John Dancy reports tonight, the continuing investigations will be affected by Casey's unexpected illness.

NBC's John Dancy reports Casey's absence leaves holes in the Senate Intelligence Committee's grasp of the story. As the committee wound up its hearings today the leaders conceded they know less than they had hoped. But committee Chairman Durenberger said the ultimate responsibility lies with the President who authorized the shipment of arms to Iran.

(Sen. Durenberger: "The President clearly authorized that activity. From that activity flows everything else.")

Even after almost three weeks of testimony there are many discrepancies. Robert McFarlane, who was back before the committee today, says he received the President's verbal approval of the arms sale to Iran before the first shipment. Donald Regan, testifying before another committee today, says approval came after the shipment. McFarlane says he assumed North was operating under higher authority when he diverted money from the arms sale to the contras. Regan says North was acting on his own without his knowledge or the President's. Why the contradictions?

(Donald Regan: "People are being asked what happened on specific dates a year, year and a half ago. Most of us can't remember what we had for lunch two days ago.")

With many members of Congress calling for his resignation Regan said:

(Regan: "If at any time the President thinks that I am not serving him well I'm more than willing to go.")

Regan conceded today the Administration had made three mistakes: trading arms for hostages, not knowing about the diversion of funds to the contras, and not keeping tighter control of the operation.

(NBC-3)

ABC's Barry Serafin reports members of the congressional committees which have been investigating the CIA's role in the Iran-contra affair today expressed sympathy to Casey and his family, but they also noted that the CIA director had been expected to return to Capitol Hill for more questions. For now the man in charge at the CIA is deputy director Robert Gates. Gates was hand picked by Casey for the job, and like Casey is said to an enthusiastic advocate of covert action. But in his own testimony on Capitol Hill Gates has reportedly contradicted Casey's claim that he did not know about the diversion of money to the contras until November citing a meeting in October when Oliver North mentioned the connection to Casey. (ABC-2)

ABC's Brit Hume reports McFarlane returned to Capitol Hill today as the Senate Intelligence Committee tried to resolve an apparent contradiction. McFarlane, both in open and closed testimony, has said the President approved, in advance, the first shipment of arms through Israel to Iran in the summer of 1985. Regan, however, has said the President approved the shipment after the fact, in October. If he is correct, the shipment could be a violation of the arms export control act and a contradiction of Israel's insistence it acted only with a presidential okay. Senators said McFarlane's testimony today did not resolve the matter. And Regan, coming out of a closed House Intelligence hearing, didn't resolve it either when asked whether the President had approved the first arms shipment ahead of time.

(Donald Regan: "To the best on my knowledge he did not approve it.")

Serafin continues:

He was asked what about after the fact?

(Regan: "I would put it this way that we put up with it. It had happened. It was water over the dam. We didn't want to reopen it at that point.")

So it will fall to new committees in a new Congress to answer those questions and resolve the contradictions. The Administration will want that done quickly, but the committees have made clear they are in no hurry. (ABC-4)

CBS's Phil Jones reports congressional investigators aren't sure whom to believe tonight, Donald Regan or Robert McFarlane. They have contradictory stories on when the President authorized the first transfer of arms to Iran. McFarlane told a Senate committee in closed session today the same story he had given in public to a House committee last week. Donald Regan has a different story. He claimed again today that the President approved the first transfer after it happened, not in August.

(Regan: "This is August of 1985, to the best of recollection, the President was against the shipment at that time." Question: "Did he condone the shipment of after the fact?" Regan: "I would put it this way that we put up with it. It had happened. It was water over the dam. We didn't want to reopen it at that point.")

However, most members have concluded that McFarlane is more credible when he claims he acted with the President's approval. According to those who heard Regan today he said he wished he had kept tighter control and if he had anticipated the public relations fallout he would not have gone along with the original transfer of weapons to Iran. Referring to the White House tonight, one member of the House Intelligence Committee said they are circling the wagons around the President, focusing on North and Poindexter as the fall guys, they don't like to do it, but that's the damage control strategy. (CBS-2)

## NORTH

Brokaw: Oliver North still was not saying today what he knows about the Iran-contra affair, he is sticking by his right to avoid self-incrimination. But as he left for work this morning, North did have something to say about others who have criticized him.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. There have been a number people who have suggested that I abandon my individual rights under the constitution of the United States. The President has not asked that I do that. I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights. It is the thing that makes this country so much different than any other country in the world.") (NBC-4)

ABC's Peter Jennings: As you must have noticed in the last couple of days the White House has been trying to increase the pressure on North and Poindexter to tell the country what they know about the Iran affair. This morning North made it clear he is standing his ground.

ABC's Sheilah Kast: Leaving his home this morning, President Reagan's fired national security aide Oliver North was asked about the First Lady's comment that her husband has tried everything to get North to testify.

(North: "I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights.")

North was also told there seems to be a White House effort to portray him as flaky.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. I continue to place my trust in the Lord.")

White House spokesman Rusty Brashear said the President's suggestion that North testify under congressional immunity is not and should not be taken as a belief by the President that anyone should give up their constitutional right to the 5th, 6th or any other amendment. The President himself was not answering questions. For the third day running only still photographers, no reporters, were allowed to see Mr. Reagan at such events as the Toys for Tots campaign. Brashear denied the President was being shielded from reporters questions. And the President's chief of staff gave a sharp answer when asked about the continuing pressure on him.

(Donald Regan: "Any further thoughts on resignation? No, absolutely not.")

Aides say the combative Regan is determined to be part of presidential recovery from the current controversy. To one White House official who urged him to leave Regan is said to have retorted: "You 'expletive' resign." (ABC-3)

CBS's Dan Rather: The top aide President Reagan fired, Oliver North, today complained about a comment made by First Lady Nancy Reagan, a comment that Mr. Reagan now has asked North to tell all. North also complained that former White House colleagues are abandoning him. North did so amid many signs that President Reagan is now trying to distance himself from the man he publicly called a national hero less than two weeks ago.

CBS's Bruce Morton: Evidence is mounting that many in the Reagan Administration want to hang Oliver North out to dry, to make him the lone scapegoat for whatever went wrong with Iran and the contras. North, driving past the press corps dawn stakeout seemed to know it.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. I continue to place my trust in the Lord.")

Whats the evidence the White House wants North to be lone scapegoat? Item: North says he often briefed the President one-on-one, spokesman Larry Speakes says never. Item: Nancy Reagan: North and Poindexter, I wish they'd come forward and talk.

(North: "There have been a number people who have suggested that I abandon my individual rights under the constitution of the United States. The President has not asked that I do that. I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights.")



Morton continues:

Another item: Spokesman Speakes quickly confirmed a Los Angeles Times story that North said the U.S. hostages would be traded for Iranians he was holding in cages in Europe, a story others said was a joke. Item: A senior White House official: Everybody knew he was a super-patriot and could envision him jumping out of an air plane with a knife in his mouth. But some former White House aides don't remember him as reckless.

(Morton Blackwell: "He is committed to the President's agenda but I think everything that he would do would not only be well motivated but, to the extent of his knowledge, well thought out.")

Two separate things are true, most White House aides remember North as a cowboy, and it is to the President's political advantage that they do. So North remains a riddle, an officer with a flair for the dramatic who might or might not have done it all, all by himself.

(CBS-3)

MEESE

Jennings: Attorney General Meese has told the Senate Intelligence

Committee that he did order a ten day suspension in the investigation of Southern Air Transport's connection with the contras last October, but only after it was requested by John Poindexter. According to Meese, Poindexter's reason had to do with national security. Southern Air, he said, was scheduled to take part in a critical Middle East mission to help get the hostages released and any investigation into Southern Air and the contras would interfere.

(ABC-5)

Rather: Last week on this broadcast we reported indications that U.S.

Attorney General Meese had ordered an early investigation of secret and possibly illegal arms shipments to the contras put on hold, delayed for more than a week. Tonight Rita Braver confirms that the FBI is investigating why Meese did this and Braver reports that Meese's version is this: Meese says now resigned John Poindexter asked him to stop that investigation because it might jeopardize delicate negotiations to get U.S. hostages out of Lebanon. Meese denies it was because he had early knowledge of the skimming of profits off the sale of U.S. arms to Iran to supply cash and guns to the contras.

(CBS-4)

U.S./LIBYA

CBS's Doug Tunnell reports Foreign Minister Andriotti revealed today that Italy helped arrange another secret back-channel mission by an American official to a terrorist state. Andriotti said (Ambassador to the Vatican) Wilson asked Italy to help him meet Gadhafi in November of 1985 at a time when the Reagan Administration's public policy was to try to isolate Gadhafi, not to talk to him. The former oil man and personal friend of President Reagan then flew to Libya at least once last year. Italy told me to meet him, Gadhafi proclaimed after the Libyan raid, adding I met him in the same tent where they bombed me.

(Charles Redman: "I was an embarrassment. The Secretary said that that was an unauthorized trip.")

Tunnell continues:

Italian officials do not believe Secretary Shultz knew about the trip in advance but they believe the White House did. We received an official request, Andriotti said, and we moved officially, passing on to Libya the American proposal and asking for the meeting. At the Tokyo summit this year a senior Italian diplomat asked John Poindexter about Wilson's Libyan mandate and was reportedly told that both of Poindexter's predecessors, McFarlane and Clark, and tacitly approved Wilson's contacts. But both McFarlane and Clark have denied that Wilson acted on White House authority. Wilson was forced to resign his ambassadorial post in May after his trip became public knowledge. The Reagan Administration insists he only made one trip to Libya, but Gadhafi's ambassador in Rome today said Wilson made two or even three secret visits. (CBS-5)

REGAN

CBS's Lesley Stahl:

(Regan: "If any time the President thinks that I'm not serving him well I'm more than willing to go.")

There is an ancient and cruel ritual underway in Washington where the powers that be gang up to publicly persuade some one he is unwanted and ought to go.

(Sen. Lugar: "I believe the current chief of staff, the current director of the CIA, ought to be replaced.")

As resignation rituals go, the dump Donald Regan campaign is a classic.

(Jody Powell: "The common mode of operation is not with a stilleto but it is with a sledge hammer and usually it takes several very public whacks with the sledge hammer to get anything done.")

There is a long history of the mightily falling under the Washington sledge hammer. In the Carter years, two Cabinet members, Califano and Lance. And there has been a longer list under Mr. Reagan, to name a few Burford, Watt and Heckler, forced out in a campaign orchestrated ironically by Donald Regan.

(David Gergen: "The drum beat is so loud. There are cameras parked outside a guy's house. His family feels imprisoned. And the only way out is to leave.")

The pressure on Regan keeps building. Even after his visits to Capitol Hill this week where he was described as smooth, candid and confident, the calls for Regan's resignation continued.

(Sen. Boren: "I think it is time for him to move along to another occupation.")

(Gergen: "I have felt every time that the person to watch is not the President in a head rolling, it is Mrs. Reagan and when she makes the move you know it is going to come.")

The bad news for Regan, the First Lady all but lead the resignation drum beat and leaked it to the White House press corps.

(Bill Plante: "Calls by some friends of the President for the resignation of Chief of Staff Donald Regan continue but the President...")

Sam Donaldson: "Mrs. Reagan's name surfaced again today in connection..."

Frank Sesno: "Is still said to be pushing for Chief of Staff Donald Regan's resignation..."

Stahl continues:

But instead of forcing him out, the public pressure has gotten Regan's dander up and made him determined not to leave under a cloud. So if it comes, the final whack may have to be delivered by the President.

(Patrick Buchanan: "I think that Don Regan ought to do what the President asks him to do.")

Rather: CBS News White House correspondent Bill Plante says he has been told tonight that Mr. Reagan personally still supports Don Regan and Regan himself again said he's staying. (CBS-6)

#### HASENFUS

Brokaw: Top Nicaraguan officials have told Jamie Gangel that they have not made public all the papers found in that downed contra supply plane of Eugene Hasenfus. Hasenfus told Gangel that some of these papers might add new details to the arms sale scandal. But Hasenfus wasn't talking about any of this as he arrived in Miami today just one day after the Sandinista regime let him out of a 30 year jail sentence. At an airport news conference he would discuss only how glad he was to free from jail. (NBC-5, ABC-6, CBS-10)

#### HARTMAN

Jennings: The American ambassador to the Soviet Union Arthur Hartman is leaving his post. Mr. Hartman has been on the job for five years, the State Department cites personal reasons. UPI said Hartman has told friends he is being recalled by the Reagan Administration. ABC's Walter Rogers in Moscow tells us Hartman has not been very happy with his job for sometime. (ABC-10, CBS-9)

#### NUCLEAR TESTING

Jennings: The Soviet Union has dropped the other shoe on nuclear testing. For nearly a year and a half the Soviets have been observing a unilateral moratorium on underground nuclear tests but warning they might resume testing if the United States doesn't declare a moratorium as well. Today the Soviets said their moratorium will end the next time the Americans test.

ABC's Rick Inderfurth reports White House reaction was decidedly unconcerned. Whether or not the Soviets resume their nuclear testing, a White House spokesman said, is their business, adding the U.S. will continue its testing program to insure the safety, reliability, and effectiveness of nuclear weapons.

(ABC-11, CBS-8, NBC-12)

#### SAKHAROV

Brokaw: Sources in and outside the Reagan Administration have told NBC News tonight that Andrei Sakharov is expected to be allowed to move back to Moscow from internal exile in the closed city of Gorky. There was no indication when or why Sakharov now will be permitted to move back to Moscow. (NBC-6, CBS-7)

## **EDITORIALS/COLUMNISTS**

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### **U.S./IRAN/CONTRAS**

Reagan Takes Major Steps to Restore His Credibility -- "For the moment the important thing is that the President wants Poindexter and North to tell what they know, and is seeking a way to get the facts out. This implies that the President has no guilty knowledge, he has not been deceiving the public. While there could still be issues of competency -- after all, these are people he appointed and perhaps should have supervised more closely -- the disclosure of the full truth could restore his credibility, and at any rate the public would finally know what it ought to know to judge what mistakes were made and who made them."

(Atlanta Journal, 12/17)

No Off Switch -- "There is only one switch on the machinery that Washington has set in motion to sort out the bizarre White House escapades in Iran and Nicaragua. It can be turned on, but it cannot be turned off until the investigation has run its intricate and fractious course...."

President Reagan should take advantage of the time to thank Donald Regan for his service as chief of staff and speed him on his way.... Reagan needs someone who will not feel compelled to go on the defensive every time someone utters the word 'scandal'. And he needs someone whom he can trust and who will not have to waste time learning the ropes. Only one man in the Administration fits that job description: James Baker."

(Los Angeles Times, 12/18)

Congress' Immune Deficiency -- "We hope Rep. Broomfield demands that the House Select Committee extend immunity to Messrs. North and Poindexter so that the investigation can be wrapped up as quickly as possible without further damage to America's ability to conduct foreign policy. Those who vote in favor of immunity can be said to be truly interested in their country's welfare. Those who vote against it will be shown to be placing their personal political interests ahead of the public's right to know the truth."

(Detroit News, 12/18)

Trade Immunity For Full Disclosure -- "By granting some form of immunity to the two key players in the dirty business of secretly selling arms to terrorist Iran, and then sending some of the funds covertly, and presumably illegally, to the Contras in Central America, we vastly increase our chances of finding out right away what happened and who was involved...."

The nation may give up the chance of putting on trial two military officers whose careers and reputations are now tainted by controversy anyway, but it will find out what happened and who was responsible. And it will find out right away, instead of dragging out the sluggish process which has nearly paralyzed all other activity in Washington."

(San Francisco Chronicle, 12/12)

EDITORIALS/COLUMNISTS (continued)

Scandal and the Democrats -- "The principal impact of the present scandal on the Democratic Party may be to entice into the contest for the presidency some candidates who had previously thought only a recession would make the 1988 nomination worth the effort required."

(Baltimore Sun, 12/18)

Let Ollie Speak -- "The prospect of a paralyzed government has its advantages for those who have little use for what President Reagan has been trying to do in the past six years. The reluctance of many congressional leaders to grant immunity to Lt. Col. North and Adm. Poindexter is the most recent indication that some of the President's critics seek not the truth about the Iran arms affair, but rather the prolongation of the controversy for partisan purposes."

(Washington Times, 12/18)

SALT II

No-Sweat SALT -- "The members of Congress have become adept at denouncing executive-branch actions and demanding that presidents comply with obsolete arms-control treaties. But when it comes time to bear public responsibility for the consequences of those actions, Congress disappears."

(Wall Street Journal, 12/17)

A New Deal for Reagan on SALT -- "More than half the U.S. Senate has signed a letter urging Mr. Reagan to put the U.S. back into compliance with the treaty terms, and when Congress reconvenes in January there surely will be a drive to force such a move through legislation....

What we would have, in effect, would be the Congress requiring compliance with a never-ratified and now-expired treaty that, even if it were to be submitted now, probably could not win the two-thirds majority needed for Senate ratification. That is at least as dubious an idea as Mr. Reagan's decision to exceed the treaty limits in the first place."

(Chicago Tribune, 12/18)

Arms Control -- "While rhetoric has flown thick and heavy over [what] happened at Reykjavik, the United States and Soviet Union have moved quietly toward historic nuclear-arms reductions. They should be encouraged now to continue the careful pursuit of the breakthroughs that could become a major legacy of the Reagan presidency."

(Cincinnati Enquirer, 12/13)

## LETTERS TO THE EDITOR

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### IRAN AFFAIR

"One good-intentioned mistake does not make a disaster. To judge a president, we must look at the whole picture. When U.S. News & World Report did an appraisal of presidents several months ago, guess who was rated among the best?"

(Fred Teves, Richfield, Minneapolis Star and Tribune, 12/12)

"The shame is that the Reagan Administration was motivated to infuse new life into the ailing war machine of the most frenzied of Middle East nations, instead of sponsoring a secret peace initiative that might have restored a semblance of calm in the strife-torn region."

(Richard Harsham, Cincinnati Enquirer, 12/13)

"The Iranians, the media and political enemies are having a field day with President Reagan's decision to try and ransom our hostages. But suppose the hostages were all killed and it came out that Reagan could have saved them and didn't do it?" (M. Collins, Atlanta Journal, 12/16)

"I agree with the Vice President that whatever our misgivings about Iran, the Administration's contacts with that country stem from its importance in the Middle East. Most Americans agree."

(David Reynolds, Middletown, Hartford Courant, 12/16)

"In reading the 'Watergate tapes,' one thing comes through again and again -- the President and his men were contemptuous of the intelligence of the American people. This President and his men also have repeatedly shown contempt for the intelligence of the American people -- both for their representatives in the Congress and for the people themselves."

(Harry Williams, Atlanta Constitution, 12/18)

"How sad that ABC must exhibit such crass bad taste -- taking a poll on whether the President should resign if --. It is worse than hitting a man when he's down. Is there no other way these Poll-cats can get attention?"

(Virgil Kraft, Evanston, Chicago Tribune, 12/17)

"For some unknown reason many news reporters have it in for President Reagan. I am not dealing with President Reagan's guilt or innocence in the 'Iran crisis.' To my dismay I am hearing the competency of the current presidency questioned..... Incompetency within the White House is a totally infeasible idea. Any rational, intelligent individual would not even consider this, if it were not for the emotional manner it is relayed."

(Brian McKenna, Parkville, Baltimore Sun, 12/18)

### MEDIA ANALYSES

"Immediately after the President (or anyone else) has made a public speech, we are told what he said, meant, what inferences are to be drawn and what was left unsaid. Of course we are not as brilliant as the news media, but in our limited way we can make our own evaluation of the speech. We do not need the help of a Dan Rather or a Sam Donaldson. If you would just quit pompously showing us that you know it all and tell it all, it would be a relief to many of us."

(Logan Patterson, Fort Myers News-Press, 12/12)

-end of C-Section-





# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, DECEMBER 19, 1986 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

2 U.S. Aides Stick To Contradictions In Iran Testimony -- The White House chief of staff and a former national security adviser today stood by their sharply contradictory accounts of when President Reagan approved Israel's sale of American arms to Iran in 1985.

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

### INTERNATIONAL NEWS

Soviets Say They'll End Unilateral Test Ban In 1987 -- The Kremlin said it will resume nuclear testing after the first U.S. explosion next year because Washington has refused to join in the Soviets' 16-month-old unilateral test moratorium.

(Washington Post, AP, UPI)

### NATIONAL NEWS

Casey Recovering From Removal Of Cancerous Brain Tumor -- CIA Director Casey, described as "doing well" after removal of a cancerous tumor from his brain, should be able to resume his duties at the helm of the nation's spy agency, doctors and CIA officials say.

(Washington Post, AP)

### NETWORK NEWS (Thursday Evening)

**CASEY** -- The Iran-contra affair took a dramatic and tragic turn when one of the key figures underwent surgery for the removal of a brain tumor.

**CAPITOL HILL** -- President Reagan has asked the Senate Intelligence Committee for a detailed report on what it learned in three weeks of hearings.

**NORTH** -- Oliver North was still not saying today what he knows about the Iran-contra affair.

#### **Season to Sue**

Merry Something or Other. Happy Watchamacallit. One can't be too careful this time of year. Right on schedule, the American Civil Liberties Union has delivered a holiday lawsuit to a city "entangled with religion." Pittsburgh planned to put up a Christmas tree and a menorah outside one of its buildings. We wonder: If a public official says, "Merry Christmas" or "Happy Hanukkah" in public, is he or she violating the Constitution? Better watch out.

THE WALL STREET JOURNAL

## **IRAN — NICARAGUA**

### **DIVERSION OVERSTATED, PANEL FINDS Meese Estimate Said Based On Transaction Described By North**

Congressional investigators have concluded that substantially less money was diverted to Nicaraguan rebels from the profits of Iranian arms sales than the \$10 million to \$30 million announced by Attorney General Meese three weeks ago.

When Meese questioned North in late November about possible cash diversions, the lieutenant colonel was unable to estimate how much money had been routed to the contra cause, the attorney general reportedly testified on Wednesday. Investigators have been unable to determine precisely where the diverted money went, although they and other government officials believe Meese overestimated the amount; one congressional source yesterday put the figure at \$4 million to \$10 million.

(Walter Pincus, Washington Post, A1)

### **2 U.S. Aides Stick To Contradictions In Iran Testimony**

The White House chief of staff and a former national security adviser today stood by their sharply contradictory accounts of when President Reagan approved Israel's sale of American arms to Iran in 1985.

The issue, involving testimony by Chief of Staff Regan and Robert McFarlane, is important because if Mr. Reagan had agreed in advance, he could be faulted for failing to inform members of Congress about the covert operation. Only in January 1986 did he sign a special "finding" approving such sales and ordering aides not to tell Congress immediately.

(Bernard Gwertzman, New York Times, A1)

### **Senate Panel Still Can't Trace Money**

Senate investigators said yesterday that after 14 days of closed-door hearings they still can't trace funds tied to the Iranian arms sale -- including up to \$30 million in proceeds that allegedly were diverted to the Nicaraguan resistance.

"The major item of fact that is unproven and unknown...is how much money was diverted from the Iranian arms sale to the Contras and to which Contras," said Sen. Durenberger, Minnesota Republican and chairman of the Senate Intelligence Committee. "It is impossible to come to a determination on that."

(Jennifer Spevacek & Walter Andrews, Washington Times, A1)

### **Senate Investigators Say They're Baffled; Casey Undergoes Brain Surgery**

Senate Investigators said Thursday that despite three weeks of secret testimony, they are unable to fully trace funds diverted from the secret sale of arms to Iran to Contra rebels battling the Nicaraguan government.

"How much money was diverted from the Iranian arms sale to the Contras and to which Contras? It is impossible to come to a determination on that," Sen. Durenberger told reporters.

"All the money could be sitting in a Swiss bank account as far as we know," he said.

(Robert Andrews, AP)

### Intelligence Panels Find 'Mass Of Facts' But No Answers

One of President Reagan's top men is suggesting one reason congressional panels are unable to nail down details of the Iran arms-Contra aid scandal: "Most of us can't remember what we had for lunch two days ago."

Sen. Durenberger said Thursday no matter what else is revealed to the intelligence panel he chairs, the ultimate responsibility for answers belongs to Reagan.

"The issue is clearly not just who gave the orders to do what, but who is overall responsible for this policy," Durenberger told reporters.

(Judi Hasson, UPI)

### Senate Panel Ends Initial Probe With More Questions Than Answers

The elusive money trail from the Iran arms sales has Congress stymied over who authorized the funneling of funds to Nicaraguan rebels, what became of the money and even how much was involved.

Sen. Leahy called the arms sale and the siphoning of profits to the Contra rebels a "foolish venture" and "a national tragedy" that had discredited U.S. anti-terrorist policy and weakened foreign policy, particularly in the Middle East.

"I am convinced that the heart of the Iran initiative...was (swapping) American arms for American hostages," Leahy said in summing up the panel's work.

(Jim Drinkard, AP)

### Congressional Iran-Contra Probes Wind Down

White House chief of staff Donald Regan told a House committee he may have helped create the atmosphere in the Administration for a disastrous Iran-arms policy, but the head of a Senate probe says the ultimate responsibility is still with Regan's boss -- President Reagan.

Regan, one of two Cabinet-level officials who appeared on Capitol Hill Thursday, said the final judgement of the controversy that has rocked the Reagan Administration will come from the American people.

(Dana Walker, UPI)

### Congress Panel Leaves Questions Unanswered In Iran Probe

The Senate Intelligence Committee has ended closed door hearings into Iran arms sales still in the dark over the diversion of funds to Nicaraguan rebels.

"The major fact that's unproven...and probably won't be for some substantial point of time, is how much money was diverted from the Iranian arms sale to the contras and which contras," Sen. Durenberger said yesterday.

Senate Intelligence Committee members, including Durenberger and Sen. Leahy, indicated they were inclined to accept McFarlane's version over that of White House Chief of Staff Donald Regan, who said the President had not authorized the shipment and only learned about it later.

(Carol Giacomo, Reuter)

### Senate Panel Ends Probe

The Senate Intelligence Committee ended an intense three-week probe of the Iran arms-Contra aid scandal Thursday and the panel chairman said regardless of any further revelations, ultimate responsibility for the affair lays with President Reagan.

"I think what the American public is looking for is two things: They're looking for facts and they're looking for responsibility," he said. "As far as the facts are concerned, the major item of fact that is unresolved at this point...is how much money was diverted from the Iranian arms sale to the Contras and to which Contras.

(Anne Saker, UPI)

### McFarlane Testifies Again Before Panel

The Senate Intelligence Committee ended its preliminary investigation of the Iranian arms deal Thursday and President Reagan urged that it make its findings public.

Privately, committee members of both parties said they believe the broad outlines of the story are now known, with only a few details yet to be disclosed, among them the specifics of how and if money was channeled to the rebels in Nicaragua and the depth of involvement of aides to Vice President Bush.

(Michael Shanahan, McClatchy)

### Probers: Iranian Arms Money 'Loaned' To Contras; \$20 Million Missing

Congressional investigators now believe the money former White House aide Oliver North allegedly diverted from the Iranian arms sale to the Contras was intended only as a loan.

But the investigators say that private middlemen in the intricate arms deal apparently pocketed "substantial amounts" and up to \$20 million now can't be located.

Congressional probers believe North only intended to borrow the money to bridge a gap before Congress approved \$100 million in new military and humanitarian aid for the Nicaraguan rebels.

(Lance Gay, Scripps Howard)

### BUSH TALKS WITH PANEL INVESTIGATING NSC

Vice President Bush told the panel investigating the operations of the NSC that neither he nor President Reagan knew about the diversion of cash to Nicaraguan rebels, an aide said Thursday.

"They discussed the Iran initiative and the NSC functioning," he said. "The Vice President reiterated that neither the President nor he had any knowledge of diversion of (Iranian arms sale profits) to the Contras and discussed various ideas for improving the NSC's decision-making process."

(Ira Allen, UPI)



#### EX-NSC OFFICIAL 'DID THE LEGWORK' ON IRAN ARMS MEMO

A 1985 memorandum co-written by a key NSC official first proposed the idea of selling arms to moderate elements in Iran, two White House officials say.

Howard Teicher, who announced his resignation from the NSC this week, "did the legwork" and "nuts and bolts work" for the proposal he wrote with the NSC's late Donald Fortier, a White House official who asked not to be named revealed Thursday. (Neil Roland, UPI)

#### NSC TAPES, COMPUTER MAY HOLD DATA

North Said To Have Used Situation Room Electronics Extensively

A sophisticated White House communications system that can record some telephone calls and meetings and preserve messages and documents written on NSC computer terminals may contain information on the secret Iran arms affair, informed sources said yesterday.

The high-quality taping system in the White House Situation Room was used to record some of President Reagan's key foreign policy meetings, according to one source with firsthand knowledge. This source, however, did not know if any meetings relating to the Iran arms deals were taped.

(Bob Woodward, Washington Post, A1)

#### THE PRESIDENT/DONALD REGAN

White House chief of staff Donald Regan, under Republican pressure to resign, said Thursday that any time President Reagan "thinks that I'm not serving him well, I'm more than willing to go."

But Regan, emerging from two hours of testimony before the House Intelligence Committee, insisted he would not quit despite growing pressure inside and outside the White House for the former Wall Street titan to leave his job.

Regan also said "from a political standpoint," the Iran arms-Contra aid scandal "obviously has hurt the President."

But, the President will "recover from it," Regan said, because "on balance the people like this President; they'll trust this President..."

(Helen Thomas, UPI)

#### POINDEXTER WON AIRLINE-PROBE DELAY

Meese Agreed Out Of Concern For Mideast Hostages, Aide Says

John Poindexter, then White House national security adviser, persuaded Attorney General Meese in late October to delay an FBI investigation of an airline that was ferrying arms to both Iran and the Nicaraguan contras, Justice Department officials said yesterday.

Meese agreed to ask the Federal Bureau of Investigation to hold up its probe because Poindexter told him that it might jeopardize efforts to obtain the release of American hostages in Lebanon, department spokesman Terry Eastland said. He said he was recounting Meese's closed-door testimony Wednesday before the Senate Select Committee on Intelligence.

(Howard Kurtz, Washington Post, A1)

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### Officials Say Poindexter Got Meese To Delay Probe Of Southern Air

Vice Adm. Poindexter, while national security adviser, got Attorney General Meese to delay an FBI probe of an airline involved in Iranian arms deals and weapons shipments to Contra rebels, the Justice Department says.

Poindexter wanted the delay until employees of the cargo carrier completed their participation in U.S. weapons sales to Iran, Terry Eastland said.

Eastland said Meese described Poindexter's request, which resulted in a 10-day delay of the FBI probe in early November, in closed-door testimony to the Senate Intelligence Committee on Wednesday.

(Pete Yost, AP)

### Iran/Meese

The credibility of Attorney General Meese, the nation's top law enforcement officer, and his handling of the inquiry into the Iran-Contra scandal is coming under closer scrutiny by his own department, the FBI and lawmakers on Capitol Hill.

But the current flap over his early handling of the growing Iranian arms scandal as well as his acknowledged efforts to delay an FBI investigation into a separate effort to provide private aid to the Contras are raising serious questions about the legality and propriety of his actions.

"There are problems with the attorney general's statements that must be unraveled," said Rep. Don Edwards. "It's very clear we do not approve of a number of things he's done." (Kathryn Kahler, Newhouse)

### Officials: Meese Halted Probes At Poindexter's Request

Attorney General Meese briefly halted federal probes of Southern Air Transport Inc. this year at the request of former national security adviser Poindexter, who told him the inquiries could thwart efforts to free U.S. hostages in Lebanon, a spokesman says.

Meese, in private testimony before the Senate Intelligence Committee, said Poindexter asked him to halt the investigations because "certain personnel" were involved in arms shipments to the Middle East critical to the release of the hostages, Justice Department spokesman Terry Eastland said Thursday.

(Lori Santos, UPI)

## DOMESTIC REACTION

### 'ABANDONED' NORTH SPEAKS OUT

#### Fired NSC Aide Asserts Right To Silence On Iran Arms Deal

Lt. Col. North said yesterday he has been "abandoned by...so-called friends and colleagues" since he was fired last month from the NSC staff, but he added: "I continue to place my trust in the Lord...[and] in [my] family."

In his first public expression of bitterness since he became the center of attention focusing on the Iran-contra affair, North told reporters camped outside his Great Falls house that although "there have been a number of people who have suggested that I abandon my individual rights under the Constitution," he would not do so. The comment was a reference to North's invocation of his Fifth Amendment protections against self-incrimination when he was called to testify before congressional committees investigating the sale of U.S. arms to Iran and the diversion of some of the profits to aid the Nicaraguan rebels, also called contras.

North told reporters yesterday, "I don't believe the President really wants me to abandon my individual rights under the Constitution," though Reagan has publicly -- and even more forcefully in private -- said he wants North to testify about his role. (Washington Post, A26)

### ANTI-COMMUNIST FERVOR COULD BE SEED FOR IRAN-CONTRA AFFAIR

Accusations and disclosures in the Iran-Contra affair are coming so fast that the philosophical basis for the overseas ventures is not getting much attention.

The Reagan Doctrine, which established the principle of jumping in to help anti-communist forces around the globe, is the neglected underpinning for much of what went on. (Barry Schweid, News Analysis, AP)

### IRAN/WHITE HOUSE

As the Iran-Contra scandal swirls around him, President Reagan is being bombarded with daily advice about what to do next, whom to fire and whom to keep close.

But the Administration appears unable to devise a coherent strategy for coping with the crisis that is eating away at the President's credibility and political support, as indicated by public opinion polls.

As a consequence, Reagan has begun to look helpless. He publicly insists that he wants full disclosure of all the facts surrounding the controversy. But he is unable, or unwilling, to produce any new facts himself. At the same time, White House press aides reject requests for information to clear up conflicts between official accounts of the affair.

(Miles Benson, Newhouse)



### Iran Testimony Conflicts

More than a month after the Iran-contra affair was first disclosed, the Reagan White House still appears to be floundering in its efforts to defuse the issue.

Senior White House officials -- past and present -- have testified on Capitol Hill. But they have contradicted one another, and as a result there is sharp disagreement over what President Reagan knew and what he authorized his subordinates to do.

Mr. Reagan seems detached from the controversy swirling around him. He is saying little in public, leaving his aides and his wife to put the Administration's case to the public.

(Gary Thatcher, Christian Science Monitor, A1)

### Presidency/Agenda/Iran

One of the things we elect presidents to do is to cope with crises.

For a long time, President Reagan managed to avoid this unpleasant duty but it finally has caught up with him.

If and when Reagan ever extracts himself from the Iran-Contra crisis, he will find another crisis waiting for him -- the political crisis of a weakened President, with a drab agenda, facing an assertive Congress dominated by the opposition party.

(Miles Benson, Newhouse)

### FOR DEMOCRATS, '88 LOOKING UP

#### Experts Say Iran Arms Sales Diluted 6 Years Of GOP Gains

The Iran-arms and contra-aid affair -- no matter how it plays out, no matter for how long -- has already improved the chances that the nation will elect a Democratic president in 1988, according to political analysts in both parties.

"I used to say it would take a unique turn of events for us not to elect Ronald Reagan's successor," said Eddie Mahe, a former executive director of the Republican National Committee who is now a GOP consultant and strategist. "I no longer say that. This is going to have a corrosive effect.... It's very sad."

"It's a scar that isn't going to go away," said Paul Maslin, a Democratic pollster who worked on Sen. Hart's presidential campaign in 1984. "We already know what the biggest applause line at the 1988 Democratic convention is going to be: 'I will not trade arms with a country that holds people hostage and exports terrorism.'"

(Paul Taylor, Washington Post, A23)

### JUDGES: MANY WILLING CANDIDATES FOR INDEPENDENT COUNSEL

Members of the court that names independent counsels say the Iran-Contra probe may investigate so many U.S. officials that several candidates to head the inquiry have been disqualified over potential conflicts of interests.

The independent counsel, which could be named as early as today, could preside over a broad investigation.

"Therefore, there are many more people and interests affected, and it's more difficult to obtain someone who would not be disqualified," U.S. Circuit Judge Lewis Morgan said.

(Larry Margasak, AP)

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PROBE OF THEFT IN ARMS-SALE CASE HITS 'DEAD END'  
Some Express Skepticism About Account Of Burglary  
Given By Hakim's Lawyer

CUPERTINO -- Authorities said today they plan to end their investigation into last weekend's burglary of the office of an attorney representing an Iranian-born businessman with links to the secret U.S. arms shipments to Iran.

Other investigators privately expressed skepticism about the account of the Saturday night burglary provided by attorney Horace Dunbar, who said that the only item taken was a file containing information about his client, Albert Hakim, a key figure in the secret operation to supply arms to Iran and funnel profits to aid the rebels in Nicaragua.

(Mary Thornton, Washington Post, A22)

FOREIGN REACTION

HASENFUS RETURNS TO U.S.  
Gunrunner Expresses 'Gratitude,' Declines Questions

MIAMI -- Contra gunrunner Eugene Hasenfus, pardoned from a 30-year jail term in Nicaragua, returned to the United States today, thanking God that "I was able to be free and be with my family" for Christmas.

The 45-year-old former Marine, accompanied by his wife, Sally, arrived in Miami aboard a commercial flight from Guatemala City shortly after 3 p.m. and appeared briefly at a news conference, where he refused to talk about his experience.

(AP story, Washington Post, A23)

Hasenfus Back In U.S. For Possible Testimony To Congress

MIAMI -- American gunrunner Eugene Hasenfus, pardoned by the Nicaraguan government, has returned to the United States in time for Christmas with his family and possible questioning by congressional panels investigating the Iran arms scandal.

"They (the Sandinistas) want to manipulate emotionally the American people and Congress," said Alfonso Robelo, a director of the United Nicaraguan Opposition, the rebel umbrella group.

(Matt Spetalnick, Reuter)

Hasenfus/Pardon

MIAMI -- American gunrunner Eugene Hasenfus, pardoned from a 30-year sentence in a Nicaraguan jail, returned to the United States Thursday in time for Christmas and likely questioning by congressional investigators looking into the Iran arms scandal.

But he refused to tell reporters his plans.

When reporters began shouting questions about whether he would testify in Washington, Hasenfus said "That's about all I have to say for now. I want to hold any other comments 'til a later date. Thank you all very much for your enthusiasm and thinking of us."

(Jane Sutton, UPI)

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### Hasenfus Returns To United States

MIAMI -- Gunrunner Eugene Hasenfus, pardoned from a 30-year jail term in Nicaragua and carrying the key to his cell, returned to the United States on Thursday, thanking God that "I was able to be free and be with my family" for Christmas.

"Right now, I am just looking for some time in these special holidays that I was allowed, and than God I was able to be free and be with my family and I'm looking for a little private time with them," he said.

(Richard Cole, AP)

### Ortega's Propaganda Score

Nicaragua's pre-Christmas pardon of American gunrunner Eugene Hasenfus was a welcome, humanitarian act that also demonstrated the Sandinistas' increasing skill at influencing political debate in this country.

Ortega's action undoubtedly will improve his image here and make it more difficult for President Reagan to sustain Contra aid. But that does not change this country's basic quarrel with the Sandinistas: They came to power leading a purportedly democratic revolution, then allied themselves with Cuba and the Soviet Union, constructed a militarized Marxist state and began to threaten their neighbors.

(Editorial, Scripps Howard)

### CONSULAR OFFICIAL VISITS U.S. PRISONER IN MANAGUA

MANAGUA -- A U.S. consular official met today with American prisoner Sam Nesley Hall, five days after he was captured as a suspected spy.

Emerging from his 10-minute meeting with Luis Moreno, head of U.S. citizen affairs at the embassy, Hall, in handcuffs, said only, "I'm just fine."

Moreno revealed no information about Hall's condition, citing laws protecting a U.S. citizen's privacy.

(Julia Preston, Washington Post, A27)

### IRAN ATTACKS U.S AID OF DATA TO IRAQ

TEHRAN -- Iran condemned the United States today for supplying intelligence data to Iraq, saying this showed Washington was not neutral in the Iran-Iraq war.

A Foreign Ministry statement published in the Islamic Republic newspaper said that reports in U.S. media about the intelligence assistance were not news to Iran but had "clearly showed America's war-mongering role in the world."

(Reuter story, Washington Post, A30)

#### FORMER BRITISH LEADER URGES FIRM HAND AT THE WHITE HOUSE

NEW YORK -- Former British Prime Minister James Callaghan said today President Reagan must ensure the Iran arms scandal does not paralyze his foreign policy, particularly in the search for nuclear arms cuts.

"Unity and consistency in the conduct of American foreign policy has not always been apparent, but the combination of Secretary of State Shultz and Mr. Carlucci will bring a considerable professionalism to bear," he said. (Reuter)

#### HUMANITARIAN AID AIR-DROPPED TO CONTRAS

MIAMI -- A Miami air cargo firm, Vortex Air International, Inc., was hired by the State Department to drop "humanitarian" supplies directly to anti-Sandinista guerrillas fighting inside Nicaragua, Administration officials, congressional sources and crewmen familiar with the operation said.

The unusual and risky flights by Vortex came after the outgoing president of Honduras, Roberto Suazo Cordova, had blocked shipments of supplies to the contras through his country in late 1985. However, Suazo's successor Jose Azcona, who took office in January, permitted the shipments to resume. (Julia Preston, Washington Post, A23)

## ***INTERNATIONAL NEWS***

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### **U.S. ENVOY TO MOSCOW STEPS DOWN**

**Matlock, White House Soviet Expert, Expected To Replace Hartman**

Arthur Hartman is stepping down as ambassador to the Soviet Union after five years in the post, the State Department announced yesterday. Administration sources said he will be replaced by Jack Matlock, who played a major role in the confrontation that has forced American diplomats in the Soviet Union to get along without Soviet employees.

Department officials have said that Matlock, the senior Soviet specialist on the White House NSC staff, was the driving force behind the hard-line Administration attitude that triggered a tit-for-tat war of diplomatic expulsions. This led to the abrupt withdrawal in October of almost 200 Soviet drivers, mechanics, translators and cleanup crews from the U.S. Embassy in Moscow and the consulate in Leningrad.

In a related development, President Reagan announced yesterday that he will nominate Alton Keel current acting director of the NSC, to succeed David Abshire as ambassador to NATO.

(John Goshko, Washington Post, A3)

### **SOVIETS ANNOUNCE INTENT TO END NUCLEAR TEST BAN**

**Statement Offers Talks On Step-By-Step Halt**

MOSCOW -- The Soviet Union announced tonight that it will end its 18-month unilateral ban on nuclear testing after the United States conducts its first nuclear test in 1987, but said it is prepared to seek agreement on a stage-by-stage elimination of tests -- a compromise also favored by some officials in the Reagan Administration.

"At a time when the United States stubbornly continues to fulfill its nuclear weapons and build them, the Soviet Union cannot show unilateral restraint indefinitely," the statement said. "If this situation is continued, grave damage can be caused to the security of the U.S.S.R. and its allies."

(Gary Lee, Washington Post, A38)

### **Soviets Say They'll End Unilateral Test Ban In 1987**

MOSCOW -- The Kremlin said it will resume nuclear testing after the first U.S. explosion next year because Washington has refused to join in the Soviets' 16-month-old unilateral test moratorium.

In Washington, White House spokesman Albert Brashear reiterated the U.S. refusal to join in the moratorium on the grounds that testing is needed for national defense.

(Carol Williams, AP)

### **Soviets To Abandon Test Moratorium**

MOSCOW -- The Soviet Union said it will abandon its 17-month-old unilateral moratorium on nuclear testing after the first U.S. test of 1987 but expressed hope that a superpower test ban treaty can still be signed.

The Kremlin said Thursday it was hoping for talks with Washington to reach a test ban accord and was willing to agree to a stage-by-stage reduction of the number of tests and their yields during any negotiations.

(Charles Mitchell, UPI)

BRITAIN CANCELS NIMROD; PLANS TO BUY U.S. PLANE  
Boeing Gets Initial \$1.2-Billion Order

LONDON -- Britain has scrapped a nine-year, \$1.4 billion investment in developing its own airborne early-warning radar, and instead plans to purchase the American AWACS system built by Boeing, the government said today.

In a statement to Parliament, Defense Secretary George Younger said that the Nimrod system, built by Britain's General Electric Co. Avionics, had fallen "well short" of Royal Air Force requirements in recent flight tests. He said he had no confidence that General Electric would be able to supply the 11 fully-fitted aircraft it had promised by mid-1993.

(Karen DeYoung, Washington Post, A31)

U.S. AMBASSADOR TO SWITZERLAND TRIED INFLUENCING  
PROBE OF FUND MISUSE

The U.S. ambassador to Switzerland, the target of a congressional probe into whether she misused money in an embassy gift fund, tried persuading lawmakers to soften the investigation, government sources say.

"Members of Congress were called, in effect saying this isn't a big deal. We're not asking you to do anything wrong, but don't blow it out of proportion," said one knowledgeable source. (David Espo, AP)

ITALIAN SAYS HE SET MEETING OF U.S., LIBYA

ROME -- Italian Foreign Minister Giulio Andreotti was quoted today as saying he arranged a 1985 meeting in Tripoli between the U.S. ambassador to the Vatican and Libyan leader Moammar Gadhafi.

The Vatican ambassador, William Wilson, a close personal friend of President Reagan, resigned in May following controversy over his trip to Libya in November 1985. (Reuter story, Washington Post, A34)

Italians Say White House Agreed To Secret U.S. Overtures To Libya

ROME -- A controversial trip to Libya last year by the United States Ambassador to the Vatican, which the State Department criticized later as unauthorized, took place with the approval of the White House and the help of the Italian Government, according to Italian officials.

Mr. Wilson maintained contacts with the Libyan Government for several years with White House approval, according to another Italian official, who said he was informed of the White House authorization last spring by Vice Adm. Poindexter, then President Reagan's national security adviser. (Roberto Suro, New York Times, A1)

## ADMINISTRATION SAID TO BE READYING NEW TRADE PACKAGE

The Reagan Administration will submit to Congress early next year as omnibus "competitiveness" package of legislation designed to seize the initiative on trade, officials say.

The package will include beefing up a program to assist workers who have lost their jobs in import-battered industries, said officials who spoke only on condition of anonymity.

The strategy reverses Administration policy of the past two years of resisting efforts in Congress to write major trade legislation.

(Tom Raum, AP)

## U.S. TO RETALIATE ON CORN EXPORT TARIFFS

Agriculture Secretary Lyng says the United States is moving closer to imposing tariffs on European food and alcohol imports after Jan. 1 to retaliate for tariff increases on U.S. corn exports to Spain.

"We await further information from the European Community or the whole issue gets down to one of retaliation," Lyng said Thursday in a telephone interview with reporters.

(Sonja Hillgren, UPI)

## Time Running Out In Dispute With Europeans Over Grain Sales

Time is running out on efforts to avert a new clash between the United States and the European Community over agricultural trade.

Agriculture Secretary Lyng said Thursday negotiators for both sides in Brussels failed to make progress last week in efforts to resolve the dispute, which arose as a result of Spanish entry into the Common Market.

(Mike Robinson, AP)

## AID TO EL SALVADOR BEING DIVERTED TO MARXIST GUERRILLAS

"Humanitarian" aid to El Salvador by individual Americans has been diverted to Marxist guerrillas fighting that country's government, according to State Department documents obtained by The Washington Times.

While an extensive investigation goes on to examine allegations that proceeds from Iranian arms sales were funneled to anti-Communist fighters in Nicaragua, little attention has been given to the El Salvador diversions described in these declassified reports.

(Ed Rogers, Washington Times, A1)

## U.S. SENDING EMERGENCY MILITARY AID TO CHAD

Reagan Approves Up To \$15 Million In Assistance  
For New Fighting Against Libya

President Reagan has approved up to \$15 million in emergency military assistance to help the central African country of Chad cope with renewed fighting against Libyan forces in the far north, U.S. officials disclosed yesterday.

State Department spokesman Charles Redman said the Chadian government had requested "urgently needed military equipment" for use against a "Libyan military aggression" and that an initial shipment of light arms, ammunition and clothing was airlifted to Chad on Dec. 4.

(David Ottaway, Washington Post, A32)

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## **NATIONAL NEWS**

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### **CIA CHIEF HAS BRAIN SURGERY Surgeons Remove Malignant Tumor; Outlook Favorable**

Doctors removed a cancerous tumor yesterday from the brain of CIA Director Casey in more than five hours of surgery and predicted afterward that he "will be able to resume his normal activities."

A White House official said yesterday that no effort was being made to find a replacement for Casey and that presidential aides had been told by CIA officials that Casey is expected to be able to return to work.

(Cristine Russell, Washington Post, A1)

### **Type Of Tumor In Casey's Brain Is Rare, Prognosis Uncertain**

The cancer found in the brain of CIA director Casey usually responds well to treatment, but a final prognosis must await further tests on the tumor and probes for more cancer, specialists say.

Doctors said the cancer seems to be a lymphoma, which they said "appears treatable." But they released little more information, saying they are awaiting final pathology reports which should be ready next week.

(Warren Leary, AP)

### **Casey Recovering From Removal Of Cancerous Brain Tumor**

CIA Director Casey, described as "doing well" after removal of a cancerous tumor from his brain, should be able to resume his duties at the helm of the nation's spy agency, doctors and CIA officials say.

However, medical experts say he will probably have to undergo unpleasant radiation and possibly drug treatments. And one doctor says his long-term prognosis may not be as bright as his short-term prospects.

(Robert Furlow, AP)

### **\$928 MILLION CUT SOUGHT IN VA BUDGET REQUEST OMB Wields Scalpel On Medical Care**

The Office of Management and Budget has proposed cutting the Veterans Administration budget for fiscal 1988 nearly \$1 billion below the amount requested by VA Administrator Thomas Turnage, mainly by reducing medical care, informed sources said yesterday.

The OMB proposals would force the agency to absorb in the future any increased costs from economic reestimates, and would require a cut of about 9,000 VA medical personnel. (Spencer Rich, Washington Post, A19)

## ***NETWORK NEWS SUMMARY***

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(Thursday evening, December 18th)

### **CASEY**

NBC's Tom Brokaw: The Iran-contra affair took a dramatic and tragic turn tonight when it was announced that one of the key figures underwent surgery for the removal of a cancerous brain tumor. William Casey was on the operating table for more than five hours according to officials at Georgetown University Hospital in Washington, D.C. The cancerous tumor was removed from the left side of Casey's brain.

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

Brokaw: Chris Wallace has been looking into the many questions raised by the Casey illness. Chris this is a difficult question at such a trying time for Mr. Casey, but many political observers had been suggesting before his illness that he had to go. Does the White House have any candidates for that job?

NBC's Chris Wallace: There is great confidence here in the deputy director Robert Gates so they will certainly stay with him until they see whether or not Casey can return. As for possible replacements, some names are being mentioned, the head of the National Security Agency Bill Odom, Sen. Paul Laxalt. But the fact is that no one here thought that Ronald Reagan would ever replace Bill Casey so no serious work had been done on a possible replacement, a possible successor. Now, of course, that may have to change.

Brokaw: The President tonight issued a statement saying that Bill Casey would be in the prayers of he and Nancy Reagan, of course. So I gather that the reaction there tonight has been one of personal shock?

Wallace: I think it is fair to say that the President and Casey were not close personal friends but there was a deep sense of professional trust. You know over the years there were a lot of people in Congress, a lot of people in the President's own Cabinet, who called on him to fire Casey, but Mr. Reagan always stood by his CIA director. And I think it is also important to note that perhaps in the President's darkest hour in his political career back in 1980 when it looked like his whole presidential race was falling apart he turned to Bill Casey to help manage things. This White House was already a pretty gloomy place because of the Iranian arms scandal, but tonight it is even gloomier. (NBC-2)

### **CAPITOL HILL**

Brokaw: President Reagan has asked the Senate Intelligence Committee for a detailed report on what it learned in three weeks of hearings on the Iran-contra affair. However, as John Dancy reports tonight, the continuing investigations will be affected by Casey's unexpected illness.

NBC's John Dancy reports Casey's absence leaves holes in the Senate Intelligence Committee's grasp of the story. As the committee wound up its hearings today the leaders conceded they know less than they had hoped. But committee Chairman Durenberger said the ultimate responsibility lies with the President who authorized the shipment of arms to Iran.

(Sen. Durenberger: "The President clearly authorized that activity. From that activity flows everything else.")

Even after almost three weeks of testimony there are many discrepancies. Robert McFarlane, who was back before the committee today, says he received the President's verbal approval of the arms sale to Iran before the first shipment. Donald Regan, testifying before another committee today, says approval came after the shipment. McFarlane says he assumed North was operating under higher authority when he diverted money from the arms sale to the contras. Regan says North was acting on his own without his knowledge or the President's. Why the contradictions?

(Donald Regan: "People are being asked what happened on specific dates a year, year and a half ago. Most of us can't remember what we had for lunch two days ago.")

With many members of Congress calling for his resignation Regan said:

(Regan: "If at any time the President thinks that I am not serving him well I'm more than willing to go.")

Regan conceded today the Administration had made three mistakes: trading arms for hostages, not knowing about the diversion of funds to the contras, and not keeping tighter control of the operation.

(NBC-3)

ABC's Barry Serafin reports members of the congressional committees which have been investigating the CIA's role in the Iran-contra affair today expressed sympathy to Casey and his family, but they also noted that the CIA director had been expected to return to Capitol Hill for more questions. For now the man in charge at the CIA is deputy director Robert Gates. Gates was hand picked by Casey for the job, and like Casey is said to an enthusiastic advocate of covert action. But in his own testimony on Capitol Hill Gates has reportedly contradicted Casey's claim that he did not know about the diversion of money to the contras until November citing a meeting in October when Oliver North mentioned the connection to Casey. (ABC-2)

ABC's Brit Hume reports McFarlane returned to Capitol Hill today as the Senate Intelligence Committee tried to resolve an apparent contradiction. McFarlane, both in open and closed testimony, has said the President approved, in advance, the first shipment of arms through Israel to Iran in the summer of 1985. Regan, however, has said the President approved the shipment after the fact, in October. If he is correct, the shipment could be a violation of the arms export control act and a contradiction of Israel's insistence it acted only with a presidential okay. Senators said McFarlane's testimony today did not resolve the matter. And Regan, coming out of a closed House Intelligence hearing, didn't resolve it either when asked whether the President had approved the first arms shipment ahead of time.

(Donald Regan: "To the best on my knowledge he did not approve it.")

Serafin continues:

He was asked what about after the fact?

(Regan: "I would put it this way that we put up with it. It had happened. It was water over the dam. We didn't want to reopen it at that point.")

So it will fall to new committees in a new Congress to answer those questions and resolve the contradictions. The Administration will want that done quickly, but the committees have made clear they are in no hurry. (ABC-4)

CBS's Phil Jones reports congressional investigators aren't sure whom to believe tonight, Donald Regan or Robert McFarlane. They have contradictory stories on when the President authorized the first transfer of arms to Iran. McFarlane told a Senate committee in closed session today the same story he had given in public to a House committee last week. Donald Regan has a different story. He claimed again today that the President approved the first transfer after it happened, not in August.

(Regan: "This is August of 1985, to the best of recollection, the President was against the shipment at that time." Question: "Did he condone the shipment of after the fact?" Regan: "I would put it this way that we put up with it. It had happened. It was water over the dam. We didn't want to reopen it at that point.")

However, most members have concluded that McFarlane is more credible when he claims he acted with the President's approval. According to those who heard Regan today he said he wished he had kept tighter control and if he had anticipated the public relations fallout he would not have gone along with the original transfer of weapons to Iran. Referring to the White House tonight, one member of the House Intelligence Committee said they are circling the wagons around the President, focusing on North and Poindexter as the fall guys, they don't like to do it, but that's the damage control strategy. (CBS-2)

## NORTH

Brokaw: Oliver North still was not saying today what he knows about the Iran-contra affair, he is sticking by his right to avoid self-incrimination. But as he left for work this morning, North did have something to say about others who have criticized him.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. There have been a number people who have suggested that I abandon my individual rights under the constitution of the United States. The President has not asked that I do that. I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights. It is the thing that makes this country so much different than any other country in the world.") (NBC-4)

ABC's Peter Jennings: As you must have noticed in the last couple of days the White House has been trying to increase the pressure on North and Poindexter to tell the country what they know about the Iran affair. This morning North made it clear he is standing his ground.

ABC's Sheilah Kast: Leaving his home this morning, President Reagan's fired national security aide Oliver North was asked about the First Lady's comment that her husband has tried everything to get North to testify.

(North: "I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights.")

North was also told there seems to be a White House effort to portray him as flaky.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. I continue to place my trust in the Lord.")

White House spokesman Rusty Brashear said the President's suggestion that North testify under congressional immunity is not and should not be taken as a belief by the President that anyone should give up their constitutional right to the 5th, 6th or any other amendment. The President himself was not answering questions. For the third day running only still photographers, no reporters, were allowed to see Mr. Reagan at such events as the Toys for Tots campaign. Brashear denied the President was being shielded from reporters questions. And the President's chief of staff gave a sharp answer when asked about the continuing pressure on him.

(Donald Regan: "Any further thoughts on resignation? No, absolutely not.")

Aides say the combative Regan is determined to be part of presidential recovery from the current controversy. To one White House official who urged him to leave Regan is said to have retorted: "You 'expletive' resign." (ABC-3)

CBS's Dan Rather: The top aide President Reagan fired, Oliver North, today complained about a comment made by First Lady Nancy Reagan, a comment that Mr. Reagan now has asked North to tell all. North also complained that former White House colleagues are abandoning him. North did so amid many signs that President Reagan is now trying to distance himself from the man he publicly called a national hero less than two weeks ago.

CBS's Bruce Morton: Evidence is mounting that many in the Reagan Administration want to hang Oliver North out to dry, to make him the lone scapegoat for whatever went wrong with Iran and the contras. North, driving past the press corps dawn stakeout seemed to know it.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. I continue to place my trust in the Lord.")

Whats the evidence the White House wants North to be lone scapegoat? Item: North says he often briefed the President one-on-one, spokesman Larry Speakes says never. Item: Nancy Reagan: North and Poindexter, I wish they'd come forward and talk.

(North: "There have been a number people who have suggested that I abandon my individual rights under the constitution of the United States. The President has not asked that I do that. I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights.")

Morton continues:

Another item: Spokesman Speakes quickly confirmed a Los Angeles Times story that North said the U.S. hostages would be traded for Iranians he was holding in cages in Europe, a story others said was a joke. Item: A senior White House official: Everybody knew he was a super-patriot and could envision him jumping out of an air plane with a knife in his mouth. But some former White House aides don't remember him as reckless.

(Morton Blackwell: "He is committed to the President's agenda but I think everything that he would do would not only be well motivated but, to the extent of his knowledge, well thought out.")

Two separate things are true, most White House aides remember North as a cowboy, and it is to the President's political advantage that they do. So North remains a riddle, an officer with a flair for the dramatic who might or might not have done it all, all by himself.

(CBS-3)

MEESE

Jennings: Attorney General Meese has told the Senate Intelligence

Committee that he did order a ten day suspension in the investigation of Southern Air Transport's connection with the contras last October, but only after it was requested by John Poindexter. According to Meese, Poindexter's reason had to do with national security. Southern Air, he said, was scheduled to take part in a critical Middle East mission to help get the hostages released and any investigation into Southern Air and the contras would interfere.

(ABC-5)

Rather: Last week on this broadcast we reported indications that U.S.

Attorney General Meese had ordered an early investigation of secret and possibly illegal arms shipments to the contras put on hold, delayed for more than a week. Tonight Rita Braver confirms that the FBI is investigating why Meese did this and Braver reports that Meese's version is this: Meese says now resigned John Poindexter asked him to stop that investigation because it might jeopardize delicate negotiations to get U.S. hostages out of Lebanon. Meese denies it was because he had early knowledge of the skimming of profits off the sale of U.S. arms to Iran to supply cash and guns to the contras.

(CBS-4)

U.S./LIBYA

CBS's Doug Tunnell reports Foreign Minister Andriotti revealed today that

Italy helped arrange another secret back-channel mission by an American official to a terrorist state. Andriotti said (Ambassador to the Vatican) Wilson asked Italy to help him meet Gadhafi in November of 1985 at a time when the Reagan Administration's public policy was to try to isolate Gadhafi, not to talk to him. The former oil man and personal friend of President Reagan then flew to Libya at least once last year. Italy told me to meet him, Gadhafi proclaimed after the Libyan raid, adding I met him in the same tent where they bombed me.

(Charles Redman: "I was an embarrassment. The Secretary said that that was an unauthorized trip.")

Tunnell continues:

Italian officials do not believe Secretary Shultz knew about the trip in advance but they believe the White House did. We received an official request, Andriotti said, and we moved officially, passing on to Libya the American proposal and asking for the meeting. At the Tokyo summit this year a senior Italian diplomat asked John Poindexter about Wilson's Libyan mandate and was reportedly told that both of Poindexter's predecessors, McFarlane and Clark, and tacitly approved Wilson's contacts. But both McFarlane and Clark have denied that Wilson acted on White House authority. Wilson was forced to resign his ambassadorial post in May after his trip became public knowledge. The Reagan Administration insists he only made one trip to Libya, but Gadhafi's ambassador in Rome today said Wilson made two or even three secret visits. (CBS-5)

REGAN

CBS's Lesley Stahl:

(Regan: "If any time the President thinks that I'm not serving him well I'm more than willing to go.")

There is an ancient and cruel ritual underway in Washington where the powers that be gang up to publicly persuade some one he is unwanted and ought to go.

(Sen. Lugar: "I believe the current chief of staff, the current director of the CIA, ought to be replaced.")

As resignation rituals go, the dump Donald Regan campaign is a classic.

(Jody Powell: "The common mode of operation is not with a stilleto but it is with a sledge hammer and usually it takes several very public whacks with the sledge hammer to get anything done.")

There is a long history of the mightily falling under the Washington sledge hammer. In the Carter years, two Cabinet members, Califano and Lance. And there has been a longer list under Mr. Reagan, to name a few Burford, Watt and Heckler, forced out in a campaign orchestrated ironically by Donald Regan.

(David Gergen: "The drum beat is so loud. There are cameras parked outside a guy's house. His family feels imprisoned. And the only way out is to leave.")

The pressure on Regan keeps building. Even after his visits to Capitol Hill this week where he was described as smooth, candid and confident, the calls for Regan's resignation continued.

(Sen. Boren: "I think it is time for him to move along to another occupation.")

(Gergen: "I have felt every time that the person to watch is not the President in a head rolling, it is Mrs. Reagan and when she makes the move you know it is going to come.")

The bad news for Regan, the First Lady all but lead the resignation drum beat and leaked it to the White House press corps.

(Bill Plante: "Calls by some friends of the President for the resignation of Chief of Staff Donald Regan continue but the President...")

Sam Donaldson: "Mrs. Reagan's name surfaced again today in connection..."

Frank Sesno: "Is still said to be pushing for Chief of Staff Donald Regan's resignation..."



Stahl continues:

But instead of forcing him out, the public pressure has gotten Regan's dander up and made him determined not to leave under a cloud. So if it comes, the final whack may have to be delivered by the President.

(Patrick Buchanan: "I think that Don Regan ought to do what the President asks him to do.")

Rather: CBS News White House correspondent Bill Plante says he has been told tonight that Mr. Reagan personally still supports Don Regan and Regan himself again said he's staying. (CBS-6)

#### HASENFUS

Brokaw: Top Nicaraguan officials have told Jamie Gangel that they have not made public all the papers found in that downed contra supply plane of Eugene Hasenfus. Hasenfus told Gangel that some of these papers might add new details to the arms sale scandal. But Hasenfus wasn't talking about any of this as he arrived in Miami today just one day after the Sandinista regime let him out of a 30 year jail sentence. At an airport news conference he would discuss only how glad he was to free from jail. (NBC-5, ABC-6, CBS-10)

#### HARTMAN

Jennings: The American ambassador to the Soviet Union Arthur Hartman is leaving his post. Mr. Hartman has been on the job for five years, the State Department cites personal reasons. UPI said Hartman has told friends he is being recalled by the Reagan Administration. ABC's Walter Rogers in Moscow tells us Hartman has not been very happy with his job for sometime. (ABC-10, CBS-9)

#### NUCLEAR TESTING

Jennings: The Soviet Union has dropped the other shoe on nuclear testing. For nearly a year and a half the Soviets have been observing a unilateral moratorium on underground nuclear tests but warning they might resume testing if the United States doesn't declare a moratorium as well. Today the Soviets said their moratorium will end the next time the Americans test.

ABC's Rick Inderfurth reports White House reaction was decidedly unconcerned. Whether or not the Soviets resume their nuclear testing, a White House spokesman said, is their business, adding the U.S. will continue its testing program to insure the safety, reliability, and effectiveness of nuclear weapons.

(ABC-11, CBS-8, NBC-12)

#### SAKHAROV

Brokaw: Sources in and outside the Reagan Administration have told NBC News tonight that Andrei Sakharov is expected to be allowed to move back to Moscow from internal exile in the closed city of Gorky. There was no indication when or why Sakharov now will be permitted to move back to Moscow. (NBC-6, CBS-7)

## **EDITORIALS/COLUMNISTS**

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### **U.S./IRAN/CONTRAS**

Reagan Takes Major Steps to Restore His Credibility -- "For the moment the important thing is that the President wants Poindexter and North to tell what they know, and is seeking a way to get the facts out. This implies that the President has no guilty knowledge, he has not been deceiving the public. While there could still be issues of competency -- after all, these are people he appointed and perhaps should have supervised more closely -- the disclosure of the full truth could restore his credibility, and at any rate the public would finally know what it ought to know to judge what mistakes were made and who made them."

(Atlanta Journal, 12/17)

No Off Switch -- "There is only one switch on the machinery that Washington has set in motion to sort out the bizarre White House escapades in Iran and Nicaragua. It can be turned on, but it cannot be turned off until the investigation has run its intricate and fractious course...."

President Reagan should take advantage of the time to thank Donald Regan for his service as chief of staff and speed him on his way.... Reagan needs someone who will not feel compelled to go on the defensive every time someone utters the word 'scandal'. And he needs someone whom he can trust and who will not have to waste time learning the ropes. Only one man in the Administration fits that job description: James Baker."

(Los Angeles Times, 12/18)

Congress' Immune Deficiency -- "We hope Rep. Broomfield demands that the House Select Committee extend immunity to Messrs. North and Poindexter so that the investigation can be wrapped up as quickly as possible without further damage to America's ability to conduct foreign policy. Those who vote in favor of immunity can be said to be truly interested in their country's welfare. Those who vote against it will be shown to be placing their personal political interests ahead of the public's right to know the truth."

(Detroit News, 12/18)

Trade Immunity For Full Disclosure -- "By granting some form of immunity to the two key players in the dirty business of secretly selling arms to terrorist Iran, and then sending some of the funds covertly, and presumably illegally, to the Contras in Central America, we vastly increase our chances of finding out right away what happened and who was involved...."

The nation may give up the chance of putting on trial two military officers whose careers and reputations are now tainted by controversy anyway, but it will find out what happened and who was responsible. And it will find out right away, instead of dragging out the sluggish process which has nearly paralyzed all other activity in Washington."

(San Francisco Chronicle, 12/12)

EDITORIALS/COLUMNISTS (continued)

Scandal and the Democrats -- "The principal impact of the present scandal on the Democratic Party may be to entice into the contest for the presidency some candidates who had previously thought only a recession would make the 1988 nomination worth the effort required."

(Baltimore Sun, 12/18)

Let Ollie Speak -- "The prospect of a paralyzed government has its advantages for those who have little use for what President Reagan has been trying to do in the past six years. The reluctance of many congressional leaders to grant immunity to Lt. Col. North and Adm. Poindexter is the most recent indication that some of the President's critics seek not the truth about the Iran arms affair, but rather the prolongation of the controversy for partisan purposes."

(Washington Times, 12/18)

SALT II

No-Sweat SALT -- "The members of Congress have become adept at denouncing executive-branch actions and demanding that presidents comply with obsolete arms-control treaties. But when it comes time to bear public responsibility for the consequences of those actions, Congress disappears."

(Wall Street Journal, 12/17)

A New Deal for Reagan on SALT -- "More than half the U.S. Senate has signed a letter urging Mr. Reagan to put the U.S. back into compliance with the treaty terms, and when Congress reconvenes in January there surely will be a drive to force such a move through legislation...."

What we would have, in effect, would be the Congress requiring compliance with a never-ratified and now-expired treaty that, even if it were to be submitted now, probably could not win the two-thirds majority needed for Senate ratification. That is at least as dubious an idea as Mr. Reagan's decision to exceed the treaty limits in the first place."

(Chicago Tribune, 12/18)

Arms Control -- "While rhetoric has flown thick and heavy over [what] happened at Reykjavik, the United States and Soviet Union have moved quietly toward historic nuclear-arms reductions. They should be encouraged now to continue the careful pursuit of the breakthroughs that could become a major legacy of the Reagan presidency."

(Cincinnati Enquirer, 12/13)

## LETTERS TO THE EDITOR

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### IRAN AFFAIR

"One good-intentioned mistake does not make a disaster. To judge a president, we must look at the whole picture. When U.S. News & World Report did an appraisal of presidents several months ago, guess who was rated among the best?"

(Fred Teves, Richfield, Minneapolis Star and Tribune, 12/12)

"The shame is that the Reagan Administration was motivated to infuse new life into the ailing war machine of the most frenzied of Middle East nations, instead of sponsoring a secret peace initiative that might have restored a semblance of calm in the strife-torn region."

(Richard Harsham, Cincinnati Enquirer, 12/13)

"The Iranians, the media and political enemies are having a field day with President Reagan's decision to try and ransom our hostages. But suppose the hostages were all killed and it came out that Reagan could have saved them and didn't do it?" (M. Collins, Atlanta Journal, 12/16)

"I agree with the Vice President that whatever our misgivings about Iran, the Administration's contacts with that country stem from its importance in the Middle East. Most Americans agree."

(David Reynolds, Middletown, Hartford Courant, 12/16)

"In reading the 'Watergate tapes,' one thing comes through again and again -- the President and his men were contemptuous of the intelligence of the American people. This President and his men also have repeatedly shown contempt for the intelligence of the American people -- both for their representatives in the Congress and for the people themselves."

(Harry Williams, Atlanta Constitution, 12/18)

"How sad that ABC must exhibit such crass bad taste -- taking a poll on whether the President should resign if --. It is worse than hitting a man when he's down. Is there no other way these Poll-cats can get attention?"

(Virgil Kraft, Evanston, Chicago Tribune, 12/17)

"For some unknown reason many news reporters have it in for President Reagan. I am not dealing with President Reagan's guilt or innocence in the 'Iran crisis.' To my dismay I am hearing the competency of the current presidency questioned..... Incompetency within the White House is a totally infeasible idea. Any rational, intelligent individual would not even consider this, if it were not for the emotional manner it is relayed."

(Brian McKenna, Parkville, Baltimore Sun, 12/18)

### MEDIA ANALYSES

"Immediately after the President (or anyone else) has made a public speech, we are told what he said, meant, what inferences are to be drawn and what was left unsaid. Of course we are not as brilliant as the news media, but in our limited way we can make our own evaluation of the speech. We do not need the help of a Dan Rather or a Sam Donaldson. If you would just quit pompously showing us that you know it all and tell it all, it would be a relief to many of us."

(Logan Patterson, Fort Myers News-Press, 12/12)

-end of C-Section-



# News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, DECEMBER 19, 1986 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

2 U.S. Aides Stick To Contradictions In Iran Testimony -- The White House chief of staff and a former national security adviser today stood by their sharply contradictory accounts of when President Reagan approved Israel's sale of American arms to Iran in 1985.

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

### INTERNATIONAL NEWS

Soviets Say They'll End Unilateral Test Ban In 1987 -- The Kremlin said it will resume nuclear testing after the first U.S. explosion next year because Washington has refused to join in the Soviets' 16-month-old unilateral test moratorium.

(Washington Post, AP, UPI)

### NATIONAL NEWS

Casey Recovering From Removal Of Cancerous Brain Tumor -- CIA Director Casey, described as "doing well" after removal of a cancerous tumor from his brain, should be able to resume his duties at the helm of the nation's spy agency, doctors and CIA officials say.

(Washington Post, AP)

### NETWORK NEWS (Thursday Evening)

**CASEY** -- The Iran-contra affair took a dramatic and tragic turn when one of the key figures underwent surgery for the removal of a brain tumor.

**CAPITOL HILL** -- President Reagan has asked the Senate Intelligence Committee for a detailed report on what it learned in three weeks of hearings.

**NORTH** -- Oliver North was still not saying today what he knows about the Iran-contra affair.

#### Season to Sue

Merry Something or Other. Happy Whatchamacallit. One can't be too careful this time of year. Right on schedule, the American Civil Liberties Union has delivered a holiday lawsuit to a city "entangled with religion." Pittsburgh planned to put up a Christmas tree and a menorah outside one of its buildings. We wonder: If a public official says, "Merry Christmas" or "Happy Hanukkah" in public, is he or she violating the Constitution? Better watch out.

THE WALL STREET JOURNAL



## **IRAN — NICARAGUA**

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### **DIVERSION OVERSTATED, PANEL FINDS Meese Estimate Said Based On Transaction Described By North**

Congressional investigators have concluded that substantially less money was diverted to Nicaraguan rebels from the profits of Iranian arms sales than the \$10 million to \$30 million announced by Attorney General Meese three weeks ago.

When Meese questioned North in late November about possible cash diversions, the lieutenant colonel was unable to estimate how much money had been routed to the contra cause, the attorney general reportedly testified on Wednesday. Investigators have been unable to determine precisely where the diverted money went, although they and other government officials believe Meese overestimated the amount; one congressional source yesterday put the figure at \$4 million to \$10 million.

(Walter Pincus, Washington Post, A1)

### **2 U.S. Aides Stick To Contradictions In Iran Testimony**

The White House chief of staff and a former national security adviser today stood by their sharply contradictory accounts of when President Reagan approved Israel's sale of American arms to Iran in 1985.

The issue, involving testimony by Chief of Staff Regan and Robert McFarlane, is important because if Mr. Reagan had agreed in advance, he could be faulted for failing to inform members of Congress about the covert operation. Only in January 1986 did he sign a special "finding" approving such sales and ordering aides not to tell Congress immediately.

(Bernard Gwertzman, New York Times, A1)

### **Senate Panel Still Can't Trace Money**

Senate investigators said yesterday that after 14 days of closed-door hearings they still can't trace funds tied to the Iranian arms sale -- including up to \$30 million in proceeds that allegedly were diverted to the Nicaraguan resistance.

"The major item of fact that is unproven and unknown...is how much money was diverted from the Iranian arms sale to the Contras and to which Contras," said Sen. Durenberger, Minnesota Republican and chairman of the Senate Intelligence Committee. "It is impossible to come to a determination on that.

(Jennifer Spevacek & Walter Andrews, Washington Times, A1)

### **Senate Investigators Say They're Baffled; Casey Undergoes Brain Surgery**

Senate Investigators said Thursday that despite three weeks of secret testimony, they are unable to fully trace funds diverted from the secret sale of arms to Iran to Contra rebels battling the Nicaraguan government.

"How much money was diverted from the Iranian arms sale to the Contras and to which Contras? It is impossible to come to a determination on that," Sen. Durenberger told reporters.

"All the money could be sitting in a Swiss bank account as far as we know," he said.

(Robert Andrews, AP)

### Intelligence Panels Find 'Mass Of Facts' But No Answers

One of President Reagan's top men is suggesting one reason congressional panels are unable to nail down details of the Iran arms-Contra aid scandal: "Most of us can't remember what we had for lunch two days ago."

Sen. Durenberger said Thursday no matter what else is revealed to the intelligence panel he chairs, the ultimate responsibility for answers belongs to Reagan.

"The issue is clearly not just who gave the orders to do what, but who is overall responsible for this policy," Durenberger told reporters.

(Judi Hasson, UPI)

### Senate Panel Ends Initial Probe With More Questions Than Answers

The elusive money trail from the Iran arms sales has Congress stymied over who authorized the funneling of funds to Nicaraguan rebels, what became of the money and even how much was involved.

Sen. Leahy called the arms sale and the siphoning of profits to the Contra rebels a "foolish venture" and "a national tragedy" that had discredited U.S. anti-terrorist policy and weakened foreign policy, particularly in the Middle East.

"I am convinced that the heart of the Iran initiative...was (swapping) American arms for American hostages," Leahy said in summing up the panel's work.

(Jim Drinkard, AP)

### Congressional Iran-Contra Probes Wind Down

White House chief of staff Donald Regan told a House committee he may have helped create the atmosphere in the Administration for a disastrous Iran-arms policy, but the head of a Senate probe says the ultimate responsibility is still with Regan's boss -- President Reagan.

Regan, one of two Cabinet-level officials who appeared on Capitol Hill Thursday, said the final judgement of the controversy that has rocked the Reagan Administration will come from the American people.

(Dana Walker, UPI)

### Congress Panel Leaves Questions Unanswered In Iran Probe

The Senate Intelligence Committee has ended closed door hearings into Iran arms sales still in the dark over the diversion of funds to Nicaraguan rebels.

"The major fact that's unproven...and probably won't be for some substantial point of time, is how much money was diverted from the Iranian arms sale to the contras and which contras," Sen. Durenberger said yesterday.

Senate Intelligence Committee members, including Durenberger and Sen. Leahy, indicated they were inclined to accept McFarlane's version over that of White House Chief of Staff Donald Regan, who said the President had not authorized the shipment and only learned about it later.

(Carol Giacomo, Reuter)



### Senate Panel Ends Probe

The Senate Intelligence Committee ended an intense three-week probe of the Iran arms-Contra aid scandal Thursday and the panel chairman said regardless of any further revelations, ultimate responsibility for the affair lays with President Reagan.

"I think what the American public is looking for is two things: They're looking for facts and they're looking for responsibility," he said. "As far as the facts are concerned, the major item of fact that is unresolved at this point...is how much money was diverted from the Iranian arms sale to the Contras and to which Contras.

(Anne Saker, UPI)

### McFarlane Testifies Again Before Panel

The Senate Intelligence Committee ended its preliminary investigation of the Iranian arms deal Thursday and President Reagan urged that it make its findings public.

Privately, committee members of both parties said they believe the broad outlines of the story are now known, with only a few details yet to be disclosed, among them the specifics of how and if money was channeled to the rebels in Nicaragua and the depth of involvement of aides to Vice President Bush.

(Michael Shanahan, McClatchy)

### Probers: Iranian Arms Money 'Loaned' To Contras; \$20 Million Missing

Congressional investigators now believe the money former White House aide Oliver North allegedly diverted from the Iranian arms sale to the Contras was intended only as a loan.

But the investigators say that private middlemen in the intricate arms deal apparently pocketed "substantial amounts" and up to \$20 million now can't be located.

Congressional probers believe North only intended to borrow the money to bridge a gap before Congress approved \$100 million in new military and humanitarian aid for the Nicaraguan rebels.

(Lance Gay, Scripps Howard)

### BUSH TALKS WITH PANEL INVESTIGATING NSC

Vice President Bush told the panel investigating the operations of the NSC that neither he nor President Reagan knew about the diversion of cash to Nicaraguan rebels, an aide said Thursday.

"They discussed the Iran initiative and the NSC functioning," he said. "The Vice President reiterated that neither the President nor he had any knowledge of diversion of (Iranian arms sale profits) to the Contras and discussed various ideas for improving the NSC's decision-making process."

(Ira Allen, UPI)

#### EX-NSC OFFICIAL 'DID THE LEGWORK' ON IRAN ARMS MEMO

A 1985 memorandum co-written by a key NSC official first proposed the idea of selling arms to moderate elements in Iran, two White House officials say.

Howard Teicher, who announced his resignation from the NSC this week, "did the legwork" and "nuts and bolts work" for the proposal he wrote with the NSC's late Donald Fortier, a White House official who asked not to be named revealed Thursday. (Neil Roland, UPI)

#### NSC TAPES, COMPUTER MAY HOLD DATA North Said To Have Used Situation Room Electronics Extensively

A sophisticated White House communications system that can record some telephone calls and meetings and preserve messages and documents written on NSC computer terminals may contain information on the secret Iran arms affair, informed sources said yesterday.

The high-quality taping system in the White House Situation Room was used to record some of President Reagan's key foreign policy meetings, according to one source with firsthand knowledge. This source, however, did not know if any meetings relating to the Iran arms deals were taped.

(Bob Woodward, Washington Post, A1)

#### THE PRESIDENT/DONALD REGAN

White House chief of staff Donald Regan, under Republican pressure to resign, said Thursday that any time President Reagan "thinks that I'm not serving him well, I'm more than willing to go."

But Regan, emerging from two hours of testimony before the House Intelligence Committee, insisted he would not quit despite growing pressure inside and outside the White House for the former Wall Street titan to leave his job.

Regan also said "from a political standpoint," the Iran arms-Contra aid scandal "obviously has hurt the President."

But, the President will "recover from it," Regan said, because "on balance the people like this President; they'll trust this President..."

(Helen Thomas, UPI)

#### POINDEXTER WON AIRLINE-PROBE DELAY Meese Agreed Out Of Concern For Mideast Hostages, Aide Says

John Poindexter, then White House national security adviser, persuaded Attorney General Meese in late October to delay an FBI investigation of an airline that was ferrying arms to both Iran and the Nicaraguan contras, Justice Department officials said yesterday.

Meese agreed to ask the Federal Bureau of Investigation to hold up its probe because Poindexter told him that it might jeopardize efforts to obtain the release of American hostages in Lebanon, department spokesman Terry Eastland said. He said he was recounting Meese's closed-door testimony Wednesday before the Senate Select Committee on Intelligence.

(Howard Kurtz, Washington Post, A1)

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### Officials Say Poindexter Got Meese To Delay Probe Of Southern Air

Vice Adm. Poindexter, while national security adviser, got Attorney General Meese to delay an FBI probe of an airline involved in Iranian arms deals and weapons shipments to Contra rebels, the Justice Department says.

Poindexter wanted the delay until employees of the cargo carrier completed their participation in U.S. weapons sales to Iran, Terry Eastland said.

Eastland said Meese described Poindexter's request, which resulted in a 10-day delay of the FBI probe in early November, in closed-door testimony to the Senate Intelligence Committee on Wednesday.

(Pete Yost, AP)

### Iran/Meese

The credibility of Attorney General Meese, the nation's top law enforcement officer, and his handling of the inquiry into the Iran-Contra scandal is coming under closer scrutiny by his own department, the FBI and lawmakers on Capitol Hill.

But the current flap over his early handling of the growing Iranian arms scandal as well as his acknowledged efforts to delay an FBI investigation into a separate effort to provide private aid to the Contras are raising serious questions about the legality and propriety of his actions.

"There are problems with the attorney general's statements that must be unraveled," said Rep. Don Edwards. "It's very clear we do not approve of a number of things he's done." (Kathryn Kahler, Newhouse)

### Officials: Meese Halted Probes At Poindexter's Request

Attorney General Meese briefly halted federal probes of Southern Air Transport Inc. this year at the request of former national security adviser Poindexter, who told him the inquiries could thwart efforts to free U.S. hostages in Lebanon, a spokesman says.

Meese, in private testimony before the Senate Intelligence Committee, said Poindexter asked him to halt the investigations because "certain personnel" were involved in arms shipments to the Middle East critical to the release of the hostages, Justice Department spokesman Terry Eastland said Thursday.

(Lori Santos, UPI)

## DOMESTIC REACTION

### 'ABANDONED' NORTH SPEAKS OUT

Fired NSC Aide Asserts Right To Silence On Iran Arms Deal

Lt. Col. North said yesterday he has been "abandoned by...so-called friends and colleagues" since he was fired last month from the NSC staff, but he added: "I continue to place my trust in the Lord...[and] in [my] family."

In his first public expression of bitterness since he became the center of attention focusing on the Iran-contra affair, North told reporters camped outside his Great Falls house that although "there have been a number of people who have suggested that I abandon my individual rights under the Constitution," he would not do so. The comment was a reference to North's invocation of his Fifth Amendment protections against self-incrimination when he was called to testify before congressional committees investigating the sale of U.S. arms to Iran and the diversion of some of the profits to aid the Nicaraguan rebels, also called contras.

North told reporters yesterday, "I don't believe the President really wants me to abandon my individual rights under the Constitution," though Reagan has publicly -- and even more forcefully in private -- said he wants North to testify about his role. (Washington Post, A26)

### ANTI-COMMUNIST FERVOR COULD BE SEED FOR IRAN-CONTRA AFFAIR

Accusations and disclosures in the Iran-Contra affair are coming so fast that the philosophical basis for the overseas ventures is not getting much attention.

The Reagan Doctrine, which established the principle of jumping in to help anti-communist forces around the globe, is the neglected underpinning for much of what went on. (Barry Schweid, News Analysis, AP)

### IRAN/WHITE HOUSE

As the Iran-Contra scandal swirls around him, President Reagan is being bombarded with daily advice about what to do next, whom to fire and whom to keep close.

But the Administration appears unable to devise a coherent strategy for coping with the crisis that is eating away at the President's credibility and political support, as indicated by public opinion polls.

As a consequence, Reagan has begun to look helpless. He publicly insists that he wants full disclosure of all the facts surrounding the controversy. But he is unable, or unwilling, to produce any new facts himself. At the same time, White House press aides reject requests for information to clear up conflicts between official accounts of the affair.

(Miles Benson, Newhouse)

### Iran Testimony Conflicts

More than a month after the Iran-contra affair was first disclosed, the Reagan White House still appears to be floundering in its efforts to defuse the issue.

Senior White House officials -- past and present -- have testified on Capitol Hill. But they have contradicted one another, and as a result there is sharp disagreement over what President Reagan knew and what he authorized his subordinates to do.

Mr. Reagan seems detached from the controversy swirling around him. He is saying little in public, leaving his aides and his wife to put the Administration's case to the public.

(Gary Thatcher, Christian Science Monitor, A1)

### Presidency/Agenda/Iran

One of the things we elect presidents to do is to cope with crises.

For a long time, President Reagan managed to avoid this unpleasant duty but it finally has caught up with him.

If and when Reagan ever extracts himself from the Iran-Contra crisis, he will find another crisis waiting for him -- the political crisis of a weakened President, with a drab agenda, facing an assertive Congress dominated by the opposition party.

(Miles Benson, Newhouse)

### FOR DEMOCRATS, '88 LOOKING UP

#### Experts Say Iran Arms Sales Diluted 6 Years Of GOP Gains

The Iran-arms and contra-aid affair -- no matter how it plays out, no matter for how long -- has already improved the chances that the nation will elect a Democratic president in 1988, according to political analysts in both parties.

"I used to say it would take a unique turn of events for us not to elect Ronald Reagan's successor," said Eddie Mahe, a former executive director of the Republican National Committee who is now a GOP consultant and strategist. "I no longer say that. This is going to have a corrosive effect.... It's very sad."

"It's a scar that isn't going to go away," said Paul Maslin, a Democratic pollster who worked on Sen. Hart's presidential campaign in 1984. "We already know what the biggest applause line at the 1988 Democratic convention is going to be: 'I will not trade arms with a country that holds people hostage and exports terrorism.'"

(Paul Taylor, Washington Post, A23)

### JUDGES: MANY WILLING CANDIDATES FOR INDEPENDENT COUNSEL

Members of the court that names independent counsels say the Iran-Contra probe may investigate so many U.S. officials that several candidates to head the inquiry have been disqualified over potential conflicts of interests.

The independent counsel, which could be named as early as today, could preside over a broad investigation.

"Therefore, there are many more people and interests affected, and it's more difficult to obtain someone who would not be disqualified," U.S. Circuit Judge Lewis Morgan said.

(Larry Margasak, AP)

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PROBE OF THEFT IN ARMS-SALE CASE HITS 'DEAD END'  
Some Express Skepticism About Account Of Burglary  
Given By Hakim's Lawyer

CUPERTINO -- Authorities said today they plan to end their investigation into last weekend's burglary of the office of an attorney representing an Iranian-born businessman with links to the secret U.S. arms shipments to Iran.

Other investigators privately expressed skepticism about the account of the Saturday night burglary provided by attorney Horace Dunbar, who said that the only item taken was a file containing information about his client, Albert Hakim, a key figure in the secret operation to supply arms to Iran and funnel profits to aid the rebels in Nicaragua.

(Mary Thornton, Washington Post, A22)

FOREIGN REACTION

HASENFUS RETURNS TO U.S.  
Gunrunner Expresses 'Gratitude,' Declines Questions

MIAMI -- Contra gunrunner Eugene Hasenfus, pardoned from a 30-year jail term in Nicaragua, returned to the United States today, thanking God that "I was able to be free and be with my family" for Christmas.

The 45-year-old former Marine, accompanied by his wife, Sally, arrived in Miami aboard a commercial flight from Guatemala City shortly after 3 p.m. and appeared briefly at a news conference, where he refused to talk about his experience.

(AP story, Washington Post, A23)

Hasenfus Back In U.S. For Possible Testimony To Congress

MIAMI -- American gunrunner Eugene Hasenfus, pardoned by the Nicaraguan government, has returned to the United States in time for Christmas with his family and possible questioning by congressional panels investigating the Iran arms scandal.

"They (the Sandinistas) want to manipulate emotionally the American people and Congress," said Alfonso Robelo, a director of the United Nicaraguan Opposition, the rebel umbrella group.

(Matt Spetalnick, Reuter)

Hasenfus/Pardon

MIAMI -- American gunrunner Eugene Hasenfus, pardoned from a 30-year sentence in a Nicaraguan jail, returned to the United States Thursday in time for Christmas and likely questioning by congressional investigators looking into the Iran arms scandal.

But he refused to tell reporters his plans.

When reporters began shouting questions about whether he would testify in Washington, Hasenfus said "That's about all I have to say for now. I want to hold any other comments 'til a later date. Thank you all very much for your enthusiasm and thinking of us."

(Jane Sutton, UPI)

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### Hasenfus Returns To United States

MIAMI -- Gunrunner Eugene Hasenfus, pardoned from a 30-year jail term in Nicaragua and carrying the key to his cell, returned to the United States on Thursday, thanking God that "I was able to be free and be with my family" for Christmas.

"Right now, I am just looking for some time in these special holidays that I was allowed, and than God I was able to be free and be with my family and I'm looking for a little private time with them," he said.

(Richard Cole, AP)

### Ortega's Propaganda Score

Nicaragua's pre-Christmas pardon of American gunrunner Eugene Hasenfus was a welcome, humanitarian act that also demonstrated the Sandinistas' increasing skill at influencing political debate in this country.

Ortega's action undoubtedly will improve his image here and make it more difficult for President Reagan to sustain Contra aid. But that does not change this country's basic quarrel with the Sandinistas: They came to power leading a purportedly democratic revolution, then allied themselves with Cuba and the Soviet Union, constructed a militarized Marxist state and began to threaten their neighbors.

(Editorial, Scripps Howard)

### CONSULAR OFFICIAL VISITS U.S. PRISONER IN MANAGUA

MANAGUA -- A U.S. consular official met today with American prisoner Sam Nesley Hall, five days after he was captured as a suspected spy.

Emerging from his 10-minute meeting with Luis Moreno, head of U.S. citizen affairs at the embassy, Hall, in handcuffs, said only, "I'm just fine."

Moreno revealed no information about Hall's condition, citing laws protecting a U.S. citizen's privacy.

(Julia Preston, Washington Post, A27)

### IRAN ATTACKS U.S AID OF DATA TO IRAQ

TEHRAN -- Iran condemned the United States today for supplying intelligence data to Iraq, saying this showed Washington was not neutral in the Iran-Iraq war.

A Foreign Ministry statement published in the Islamic Republic newspaper said that reports in U.S. media about the intelligence assistance were not news to Iran but had "clearly showed America's war-mongering role in the world."

(Reuter story, Washington Post, A30)



#### FORMER BRITISH LEADER URGES FIRM HAND AT THE WHITE HOUSE

NEW YORK -- Former British Prime Minister James Callaghan said today President Reagan must ensure the Iran arms scandal does not paralyze his foreign policy, particularly in the search for nuclear arms cuts.

"Unity and consistency in the conduct of American foreign policy has not always been apparent, but the combination of Secretary of State Shultz and Mr. Carlucci will bring a considerable professionalism to bear," he said. (Reuter)

#### HUMANITARIAN AID AIR-DROPPED TO CONTRAS

MIAMI -- A Miami air cargo firm, Vortex Air International, Inc., was hired by the State Department to drop "humanitarian" supplies directly to anti-Sandinista guerrillas fighting inside Nicaragua, Administration officials, congressional sources and crewmen familiar with the operation said.

The unusual and risky flights by Vortex came after the outgoing president of Honduras, Roberto Suazo Cordova, had blocked shipments of supplies to the contras through his country in late 1985. However, Suazo's successor Jose Azcona, who took office in January, permitted the shipments to resume. (Julia Preston, Washington Post, A23)

## ***INTERNATIONAL NEWS***

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### **U.S. ENVOY TO MOSCOW STEPS DOWN**

**Matlock, White House Soviet Expert, Expected To Replace Hartman**

Arthur Hartman is stepping down as ambassador to the Soviet Union after five years in the post, the State Department announced yesterday. Administration sources said he will be replaced by Jack Matlock, who played a major role in the confrontation that has forced American diplomats in the Soviet Union to get along without Soviet employees.

Department officials have said that Matlock, the senior Soviet specialist on the White House NSC staff, was the driving force behind the hard-line Administration attitude that triggered a tit-for-tat war of diplomatic expulsions. This led to the abrupt withdrawal in October of almost 200 Soviet drivers, mechanics, translators and cleanup crews from the U.S. Embassy in Moscow and the consulate in Leningrad.

In a related development, President Reagan announced yesterday that he will nominate Alton Keel current acting director of the NSC, to succeed David Abshire as ambassador to NATO.

(John Goshko, Washington Post, A3)

### **SOVIETS ANNOUNCE INTENT TO END NUCLEAR TEST BAN**

**Statement Offers Talks On Step-By-Step Halt**

MOSCOW -- The Soviet Union announced tonight that it will end its 18-month unilateral ban on nuclear testing after the United States conducts its first nuclear test in 1987, but said it is prepared to seek agreement on a stage-by-stage elimination of tests -- a compromise also favored by some officials in the Reagan Administration.

"At a time when the United States stubbornly continues to fulfill its nuclear weapons and build them, the Soviet Union cannot show unilateral restraint indefinitely," the statement said. "If this situation is continued, grave damage can be caused to the security of the U.S.S.R. and its allies."

(Gary Lee, Washington Post, A38)

### **Soviets Say They'll End Unilateral Test Ban In 1987**

MOSCOW -- The Kremlin said it will resume nuclear testing after the first U.S. explosion next year because Washington has refused to join in the Soviets' 16-month-old unilateral test moratorium.

In Washington, White House spokesman Albert Brashear reiterated the U.S. refusal to join in the moratorium on the grounds that testing is needed for national defense.

(Carol Williams, AP)

### **Soviets To Abandon Test Moratorium**

MOSCOW -- The Soviet Union said it will abandon its 17-month-old unilateral moratorium on nuclear testing after the first U.S. test of 1987 but expressed hope that a superpower test ban treaty can still be signed.

The Kremlin said Thursday it was hoping for talks with Washington to reach a test ban accord and was willing to agree to a stage-by-stage reduction of the number of tests and their yields during any negotiations.

(Charles Mitchell, UPI)

BRITAIN CANCELS NIMROD; PLANS TO BUY U.S. PLANE  
Boeing Gets Initial \$1.2-Billion Order

LONDON -- Britain has scrapped a nine-year, \$1.4 billion investment in developing its own airborne early-warning radar, and instead plans to purchase the American AWACS system built by Boeing, the government said today.

In a statement to Parliament, Defense Secretary George Younger said that the Nimrod system, built by Britain's General Electric Co. Avionics, had fallen "well short" of Royal Air Force requirements in recent flight tests. He said he had no confidence that General Electric would be able to supply the 11 fully-fitted aircraft it had promised by mid-1993.

(Karen DeYoung, Washington Post, A31)

U.S. AMBASSADOR TO SWITZERLAND TRIED INFLUENCING  
PROBE OF FUND MISUSE

The U.S. ambassador to Switzerland, the target of a congressional probe into whether she misused money in an embassy gift fund, tried persuading lawmakers to soften the investigation, government sources say.

"Members of Congress were called, in effect saying this isn't a big deal. We're not asking you to do anything wrong, but don't blow it out of proportion," said one knowledgeable source. (David Espo, AP)

ITALIAN SAYS HE SET MEETING OF U.S., LIBYA

ROME -- Italian Foreign Minister Giulio Andreotti was quoted today as saying he arranged a 1985 meeting in Tripoli between the U.S. ambassador to the Vatican and Libyan leader Moammar Gadhafi.

The Vatican ambassador, William Wilson, a close personal friend of President Reagan, resigned in May following controversy over his trip to Libya in November 1985. (Reuter story, Washington Post, A34)

Italians Say White House Agreed To Secret U.S. Overtures To Libya

ROME -- A controversial trip to Libya last year by the United States Ambassador to the Vatican, which the State Department criticized later as unauthorized, took place with the approval of the White House and the help of the Italian Government, according to Italian officials.

Mr. Wilson maintained contacts with the Libyan Government for several years with White House approval, according to another Italian official, who said he was informed of the White House authorization last spring by Vice Adm. Poindexter, then President Reagan's national security adviser. (Roberto Suro, New York Times, A1)

#### ADMINISTRATION SAID TO BE READYING NEW TRADE PACKAGE

The Reagan Administration will submit to Congress early next year as omnibus "competitiveness" package of legislation designed to seize the initiative on trade, officials say.

The package will include beefing up a program to assist workers who have lost their jobs in import-battered industries, said officials who spoke only on condition of anonymity.

The strategy reverses Administration policy of the past two years of resisting efforts in Congress to write major trade legislation.

(Tom Raum, AP)

#### U.S. TO RETALIATE ON CORN EXPORT TARIFFS

Agriculture Secretary Lyng says the United States is moving closer to imposing tariffs on European food and alcohol imports after Jan. 1 to retaliate for tariff increases on U.S. corn exports to Spain.

"We await further information from the European Community or the whole issue gets down to one of retaliation," Lyng said Thursday in a telephone interview with reporters.

(Sonja Hillgren, UPI)

#### Time Running Out In Dispute With Europeans Over Grain Sales

Time is running out on efforts to avert a new clash between the United States and the European Community over agricultural trade.

Agriculture Secretary Lyng said Thursday negotiators for both sides in Brussels failed to make progress last week in efforts to resolve the dispute, which arose as a result of Spanish entry into the Common Market.

(Mike Robinson, AP)

#### AID TO EL SALVADOR BEING DIVERTED TO MARXIST GUERRILLAS

"Humanitarian" aid to El Salvador by individual Americans has been diverted to Marxist guerrillas fighting that countrys government, according to State Department documents obtained by The Washington Times.

While an extensive investigation goes on to examine allegations that proceeds from Iranian arms sales were funneled to anti-Communist fighters in Nicaragua, little attention has been given to the El Salvador diversions described in these declassified reports.

(Ed Rogers, Washington Times, A1)

#### U.S. SENDING EMERGENCY MILITARY AID TO CHAD

Reagan Approves Up To \$15 Million In Assistance  
For New Fighting Against Libya

President Reagan has approved up to \$15 million in emergency military assistance to help the central African country of Chad cope with renewed fighting against Libyan forces in the far north, U.S. officials disclosed yesterday.

State Department spokesman Charles Redman said the Chadian government had requested "urgently needed military equipment" for use against a "Libyan military aggression" and that an initial shipment of light arms, ammunition and clothing was airlifted to Chad on Dec. 4.

(David Ottaway, Washington Post, A32)

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## **NATIONAL NEWS**

### **CIA CHIEF HAS BRAIN SURGERY Surgeons Remove Malignant Tumor; Outlook Favorable**

Doctors removed a cancerous tumor yesterday from the brain of CIA Director Casey in more than five hours of surgery and predicted afterward that he "will be able to resume his normal activities."

A White House official said yesterday that no effort was being made to find a replacement for Casey and that presidential aides had been told by CIA officials that Casey is expected to be able to return to work.

(Cristine Russell, Washington Post, A1)

### **Type Of Tumor In Casey's Brain Is Rare, Prognosis Uncertain**

The cancer found in the brain of CIA director Casey usually responds well to treatment, but a final prognosis must await further tests on the tumor and probes for more cancer, specialists say.

Doctors said the cancer seems to be a lymphoma, which they said "appears treatable." But they released little more information, saying they are awaiting final pathology reports which should be ready next week.

(Warren Leary, AP)

### **Casey Recovering From Removal Of Cancerous Brain Tumor**

CIA Director Casey, described as "doing well" after removal of a cancerous tumor from his brain, should be able to resume his duties at the helm of the nation's spy agency, doctors and CIA officials say.

However, medical experts say he will probably have to undergo unpleasant radiation and possibly drug treatments. And one doctor says his long-term prognosis may not be as bright as his short-term prospects.

(Robert Furlow, AP)

### **\$928 MILLION CUT SOUGHT IN VA BUDGET REQUEST OMB Wields Scalpel On Medical Care**

The Office of Management and Budget has proposed cutting the Veterans Administration budget for fiscal 1988 nearly \$1 billion below the amount requested by VA Administrator Thomas Turnage, mainly by reducing medical care, informed sources said yesterday.

The OMB proposals would force the agency to absorb in the future any increased costs from economic reestimates, and would require a cut of about 9,000 VA medical personnel. (Spencer Rich, Washington Post, A19)

## **NETWORK NEWS SUMMARY**

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(Thursday evening, December 18th)

### **CASEY**

NBC's Tom Brokaw: The Iran-contra affair took a dramatic and tragic turn tonight when it was announced that one of the key figures underwent surgery for the removal of a cancerous brain tumor. William Casey was on the operating table for more than five hours according to officials at Georgetown University Hospital in Washington, D.C. The cancerous tumor was removed from the left side of Casey's brain.

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

Brokaw: Chris Wallace has been looking into the many questions raised by the Casey illness. Chris this is a difficult question at such a trying time for Mr. Casey, but many political observers had been suggesting before his illness that he had to go. Does the White House have any candidates for that job?

NBC's Chris Wallace: There is great confidence here in the deputy director Robert Gates so they will certainly stay with him until they see whether or not Casey can return. As for possible replacements, some names are being mentioned, the head of the National Security Agency Bill Odom, Sen. Paul Laxalt. But the fact is that no one here thought that Ronald Reagan would ever replace Bill Casey so no serious work had been done on a possible replacement, a possible successor. Now, of course, that may have to change.

Brokaw: The President tonight issued a statement saying that Bill Casey would be in the prayers of he and Nancy Reagan, of course. So I gather that the reaction there tonight has been one of personal shock?

Wallace: I think it is fair to say that the President and Casey were not close personal friends but there was a deep sense of professional trust. You know over the years there were a lot of people in Congress, a lot of people in the President's own Cabinet, who called on him to fire Casey, but Mr. Reagan always stood by his CIA director. And I think it is also important to note that perhaps in the President's darkest hour in his political career back in 1980 when it looked like his whole presidential race was falling apart he turned to Bill Casey to help manage things. This White House was already a pretty gloomy place because of the Iranian arms scandal, but tonight it is even gloomier.

(NBC-2)

### **CAPITOL HILL**

Brokaw: President Reagan has asked the Senate Intelligence Committee for a detailed report on what it learned in three weeks of hearings on the Iran-contra affair. However, as John Dancy reports tonight, the continuing investigations will be affected by Casey's unexpected illness.

NBC's John Dancy reports Casey's absence leaves holes in the Senate Intelligence Committee's grasp of the story. As the committee wound up its hearings today the leaders conceded they know less than they had hoped. But committee Chairman Durenberger said the ultimate responsibility lies with the President who authorized the shipment of arms to Iran.

(Sen. Durenberger: "The President clearly authorized that activity. From that activity flows everything else.")

Even after almost three weeks of testimony there are many discrepancies. Robert McFarlane, who was back before the committee today, says he received the President's verbal approval of the arms sale to Iran before the first shipment. Donald Regan, testifying before another committee today, says approval came after the shipment. McFarlane says he assumed North was operating under higher authority when he diverted money from the arms sale to the contras. Regan says North was acting on his own without his knowledge or the President's. Why the contradictions?

(Donald Regan: "People are being asked what happened on specific dates a year, year and a half ago. Most of us can't remember what we had for lunch two days ago.")

With many members of Congress calling for his resignation Regan said:

(Regan: "If at any time the President thinks that I am not serving him well I'm more than willing to go.")

Regan conceded today the Administration had made three mistakes: trading arms for hostages, not knowing about the diversion of funds to the contras, and not keeping tighter control of the operation.

(NBC-3)

ABC's Barry Serafin reports members of the congressional committees which have been investigating the CIA's role in the Iran-contra affair today expressed sympathy to Casey and his family, but they also noted that the CIA director had been expected to return to Capitol Hill for more questions. For now the man in charge at the CIA is deputy director Robert Gates. Gates was hand picked by Casey for the job, and like Casey is said to an enthusiastic advocate of covert action. But in his own testimony on Capitol Hill Gates has reportedly contradicted Casey's claim that he did not know about the diversion of money to the contras until November citing a meeting in October when Oliver North mentioned the connection to Casey. (ABC-2)

ABC's Brit Hume reports McFarlane returned to Capitol Hill today as the Senate Intelligence Committee tried to resolve an apparent contradiction. McFarlane, both in open and closed testimony, has said the President approved, in advance, the first shipment of arms through Israel to Iran in the summer of 1985. Regan, however, has said the President approved the shipment after the fact, in October. If he is correct, the shipment could be a violation of the arms export control act and a contradiction of Israel's insistence it acted only with a presidential okay. Senators said McFarlane's testimony today did not resolve the matter. And Regan, coming out of a closed House Intelligence hearing, didn't resolve it either when asked whether the President had approved the first arms shipment ahead of time.

(Donald Regan: "To the best on my knowledge he did not approve it.")



Serafin continues:

He was asked what about after the fact?

(Regan: "I would put it this way that we put up with it. It had happened. It was water over the dam. We didn't want to reopen it at that point.")

So it will fall to new committees in a new Congress to answer those questions and resolve the contradictions. The Administration will want that done quickly, but the committees have made clear they are in no hurry. (ABC-4)

CBS's Phil Jones reports congressional investigators aren't sure whom to believe tonight, Donald Regan or Robert McFarlane. They have contradictory stories on when the President authorized the first transfer of arms to Iran. McFarlane told a Senate committee in closed session today the same story he had given in public to a House committee last week. Donald Regan has a different story. He claimed again today that the President approved the first transfer after it happened, not in August.

(Regan: "This is August of 1985, to the best of recollection, the President was against the shipment at that time." Question: "Did he condone the shipment of after the fact?" Regan: "I would put it this way that we put up with it. It had happened. It was water over the dam. We didn't want to reopen it at that point.")

However, most members have concluded that McFarlane is more credible when he claims he acted with the President's approval. According to those who heard Regan today he said he wished he had kept tighter control and if he had anticipated the public relations fallout he would not have gone along with the original transfer of weapons to Iran. Referring to the White House tonight, one member of the House Intelligence Committee said they are circling the wagons around the President, focusing on North and Poindexter as the fall guys, they don't like to do it, but that's the damage control strategy. (CBS-2)

## NORTH

Brokaw: Oliver North still was not saying today what he knows about the Iran-contra affair, he is sticking by his right to avoid self-incrimination. But as he left for work this morning, North did have something to say about others who have criticized him.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. There have been a number people who have suggested that I abandon my individual rights under the constitution of the United States. The President has not asked that I do that. I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights. It is the thing that makes this country so much different than any other country in the world.") (NBC-4)

ABC's Peter Jennings: As you must have noticed in the last couple of days the White House has been trying to increase the pressure on North and Poindexter to tell the country what they know about the Iran affair. This morning North made it clear he is standing his ground.

ABC's Sheilah Kast: Leaving his home this morning, President Reagan's fired national security aide Oliver North was asked about the First Lady's comment that her husband has tried everything to get North to testify.

(North: "I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights.")

North was also told there seems to be a White House effort to portray him as flaky.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. I continue to place my trust in the Lord.")

White House spokesman Rusty Brashear said the President's suggestion that North testify under congressional immunity is not and should not be taken as a belief by the President that anyone should give up their constitutional right to the 5th, 6th or any other amendment. The President himself was not answering questions. For the third day running only still photographers, no reporters, were allowed to see Mr. Reagan at such events as the Toys for Tots campaign. Brashear denied the President was being shielded from reporters questions. And the President's chief of staff gave a sharp answer when asked about the continuing pressure on him.

(Donald Regan: "Any further thoughts on resignation? No, absolutely not.")

Aides say the combative Regan is determined to be part of presidential recovery from the current controversy. To one White House official who urged him to leave Regan is said to have retorted: "You 'expletive' resign." (ABC-3)

CBS's Dan Rather: The top aide President Reagan fired, Oliver North, today complained about a comment made by First Lady Nancy Reagan, a comment that Mr. Reagan now has asked North to tell all. North also complained that former White House colleagues are abandoning him. North did so amid many signs that President Reagan is now trying to distance himself from the man he publicly called a national hero less than two weeks ago.

CBS's Bruce Morton: Evidence is mounting that many in the Reagan Administration want to hang Oliver North out to dry, to make him the lone scapegoat for whatever went wrong with Iran and the contras. North, driving past the press corps dawn stakeout seemed to know it.

(North: "I have over the last 23 days found myself abandoned by former friends, so called friends and colleagues. I continue to place my trust in the Lord.")

Whats the evidence the White House wants North to be lone scapegoat? Item: North says he often briefed the President one-on-one, spokesman Larry Speakes says never. Item: Nancy Reagan: North and Poindexter, I wish they'd come forward and talk.

(North: "There have been a number people who have suggested that I abandon my individual rights under the constitution of the United States. The President has not asked that I do that. I don't believe the President really wants me to abandon my individual rights under the constitution. People have died face down in the mud all over the world defending those individual rights.")

Morton continues:

Another item: Spokesman Speakes quickly confirmed a Los Angeles Times story that North said the U.S. hostages would be traded for Iranians he was holding in cages in Europe, a story others said was a joke. Item: A senior White House official: Everybody knew he was a super-patriot and could envision him jumping out of an air plane with a knife in his mouth. But some former White House aides don't remember him as reckless.

(Morton Blackwell: "He is committed to the President's agenda but I think everything that he would do would not only be well motivated but, to the extent of his knowledge, well thought out.")

Two separate things are true, most White House aides remember North as a cowboy, and it is to the President's political advantage that they do. So North remains a riddle, an officer with a flair for the dramatic who might or might not have done it all, all by himself.

(CBS-3)

MEESE

Jennings: Attorney General Meese has told the Senate Intelligence

Committee that he did order a ten day suspension in the investigation of Southern Air Transport's connection with the contras last October, but only after it was requested by John Poindexter. According to Meese, Poindexter's reason had to do with national security. Southern Air, he said, was scheduled to take part in a critical Middle East mission to help get the hostages released and any investigation into Southern Air and the contras would interfere.

(ABC-5)

Rather: Last week on this broadcast we reported indications that U.S.

Attorney General Meese had ordered an early investigation of secret and possibly illegal arms shipments to the contras put on hold, delayed for more than a week. Tonight Rita Braver confirms that the FBI is investigating why Meese did this and Braver reports that Meese's version is this: Meese says now resigned John Poindexter asked him to stop that investigation because it might jeopardize delicate negotiations to get U.S. hostages out of Lebanon. Meese denies it was because he had early knowledge of the skimming of profits off the sale of U.S. arms to Iran to supply cash and guns to the contras.

(CBS-4)

U.S./LIBYA

CBS's Doug Tunnell reports Foreign Minister Andriotti revealed today that Italy helped arrange another secret back-channel mission by an American official to a terrorist state. Andriotti said (Ambassador to the Vatican) Wilson asked Italy to help him meet Gadhafi in November of 1985 at a time when the Reagan Administration's public policy was to try to isolate Gadhafi, not to talk to him. The former oil man and personal friend of President Reagan then flew to Libya at least once last year. Italy told me to meet him, Gadhafi proclaimed after the Libyan raid, adding I met him in the same tent where they bombed me.

(Charles Redman: "I was an embarrassment. The Secretary said that that was an unauthorized trip.")

Tunnell continues:

Italian officials do not believe Secretary Shultz knew about the trip in advance but they believe the White House did. We received an official request, Andriotti said, and we moved officially, passing on to Libya the American proposal and asking for the meeting. At the Tokyo summit this year a senior Italian diplomat asked John Poindexter about Wilson's Libyan mandate and was reportedly told that both of Poindexter's predecessors, McFarlane and Clark, and tacitly approved Wilson's contacts. But both McFarlane and Clark have denied that Wilson acted on White House authority. Wilson was forced to resign his ambassadorial post in May after his trip became public knowledge. The Reagan Administration insists he only made one trip to Libya, but Gadhafi's ambassador in Rome today said Wilson made two or even three secret visits. (CBS-5)

REGAN

CBS's Lesley Stahl:

(Regan: "If any time the President thinks that I'm not serving him well I'm more than willing to go.")

There is an ancient and cruel ritual underway in Washington where the powers that be gang up to publicly persuade some one he is unwanted and ought to go.

(Sen. Lugar: "I believe the current chief of staff, the current director of the CIA, ought to be replaced.")

As resignation rituals go, the dump Donald Regan campaign is a classic.

(Jody Powell: "The common mode of operation is not with a stilleto but it is with a sledge hammer and usually it takes several very public whacks with the sledge hammer to get anything done.")

There is a long history of the mightily falling under the Washington sledge hammer. In the Carter years, two Cabinet members, Califano and Lance. And there has been a longer list under Mr. Reagan, to name a few Burford, Watt and Heckler, forced out in a campaign orchestrated ironically by Donald Regan.

(David Gergen: "The drum beat is so loud. There are cameras parked outside a guy's house. His family feels imprisoned. And the only way out is to leave.")

The pressure on Regan keeps building. Even after his visits to Capitol Hill this week where he was described as smooth, candid and confident, the calls for Regan's resignation continued.

(Sen. Boren: "I think it is time for him to move along to another occupation.")

(Gergen: "I have felt every time that the person to watch is not the President in a head rolling, it is Mrs. Reagan and when she makes the move you know it is going to come.")

The bad news for Regan, the First Lady all but lead the resignation drum beat and leaked it to the White House press corps.

(Bill Plante: "Calls by some friends of the President for the resignation of Chief of Staff Donald Regan continue but the President...")

Sam Donaldson: "Mrs. Reagan's name surfaced again today in connection..."

Frank Sesno: "Is still said to be pushing for Chief of Staff Donald Regan's resignation..."

Stahl continues:

But instead of forcing him out, the public pressure has gotten Regan's dander up and made him determined not to leave under a cloud. So if it comes, the final whack may have to be delivered by the President.

(Patrick Buchanan: "I think that Don Regan ought to do what the President asks him to do.")

Rather: CBS News White House correspondent Bill Plante says he has been told tonight that Mr. Reagan personally still supports Don Regan and Regan himself again said he's staying. (CBS-6)

#### HASENFUS

Brokaw: Top Nicaraguan officials have told Jamie Gangel that they have not made public all the papers found in that downed contra supply plane of Eugene Hasenfus. Hasenfus told Gangel that some of these papers might add new details to the arms sale scandal. But Hasenfus wasn't talking about any of this as he arrived in Miami today just one day after the Sandinista regime let him out of a 30 year jail sentence. At an airport news conference he would discuss only how glad he was to free from jail. (NBC-5, ABC-6, CBS-10)

#### HARTMAN

Jennings: The American ambassador to the Soviet Union Arthur Hartman is leaving his post. Mr. Hartman has been on the job for five years, the State Department cites personal reasons. UPI said Hartman has told friends he is being recalled by the Reagan Administration. ABC's Walter Rogers in Moscow tells us Hartman has not been very happy with his job for sometime. (ABC-10, CBS-9)

#### NUCLEAR TESTING

Jennings: The Soviet Union has dropped the other shoe on nuclear testing. For nearly a year and a half the Soviets have been observing a unilateral moratorium on underground nuclear tests but warning they might resume testing if the United States doesn't declare a moratorium as well. Today the Soviets said their moratorium will end the next time the Americans test.

ABC's Rick Inderfurth reports White House reaction was decidedly unconcerned. Whether or not the Soviets resume their nuclear testing, a White House spokesman said, is their business, adding the U.S. will continue its testing program to insure the safety, reliability, and effectiveness of nuclear weapons.

(ABC-11, CBS-8, NBC-12)

#### SAKHAROV

Brokaw: Sources in and outside the Reagan Administration have told NBC News tonight that Andrei Sakharov is expected to be allowed to move back to Moscow from internal exile in the closed city of Gorky. There was no indication when or why Sakharov now will be permitted to move back to Moscow. (NBC-6, CBS-7)

## **EDITORIALS/COLUMNISTS**

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### **U.S./IRAN/CONTRAS**

Reagan Takes Major Steps to Restore His Credibility -- "For the moment the important thing is that the President wants Poindexter and North to tell what they know, and is seeking a way to get the facts out. This implies that the President has no guilty knowledge, he has not been deceiving the public. While there could still be issues of competency -- after all, these are people he appointed and perhaps should have supervised more closely -- the disclosure of the full truth could restore his credibility, and at any rate the public would finally know what it ought to know to judge what mistakes were made and who made them."

(Atlanta Journal, 12/17)

No Off Switch -- "There is only one switch on the machinery that Washington has set in motion to sort out the bizarre White House escapades in Iran and Nicaragua. It can be turned on, but it cannot be turned off until the investigation has run its intricate and fractious course...."

President Reagan should take advantage of the time to thank Donald Regan for his service as chief of staff and speed him on his way.... Reagan needs someone who will not feel compelled to go on the defensive every time someone utters the word 'scandal'. And he needs someone whom he can trust and who will not have to waste time learning the ropes. Only one man in the Administration fits that job description: James Baker."

(Los Angeles Times, 12/18)

Congress' Immune Deficiency -- "We hope Rep. Broomfield demands that the House Select Committee extend immunity to Messrs. North and Poindexter so that the investigation can be wrapped up as quickly as possible without further damage to America's ability to conduct foreign policy. Those who vote in favor of immunity can be said to be truly interested in their country's welfare. Those who vote against it will be shown to be placing their personal political interests ahead of the public's right to know the truth."

(Detroit News, 12/18)

Trade Immunity For Full Disclosure -- "By granting some form of immunity to the two key players in the dirty business of secretly selling arms to terrorist Iran, and then sending some of the funds covertly, and presumably illegally, to the Contras in Central America, we vastly increase our chances of finding out right away what happened and who was involved...."

The nation may give up the chance of putting on trial two military officers whose careers and reputations are now tainted by controversy anyway, but it will find out what happened and who was responsible. And it will find out right away, instead of dragging out the sluggish process which has nearly paralyzed all other activity in Washington."

(San Francisco Chronicle, 12/12)

EDITORIALS/COLUMNISTS (continued)

Scandal and the Democrats -- "The principal impact of the present scandal on the Democratic Party may be to entice into the contest for the presidency some candidates who had previously thought only a recession would make the 1988 nomination worth the effort required."

(Baltimore Sun, 12/18)

Let Ollie Speak -- "The prospect of a paralyzed government has its advantages for those who have little use for what President Reagan has been trying to do in the past six years. The reluctance of many congressional leaders to grant immunity to Lt. Col. North and Adm. Poindexter is the most recent indication that some of the President's critics seek not the truth about the Iran arms affair, but rather the prolongation of the controversy for partisan purposes."

(Washington Times, 12/18)

SALT II

No-Sweat SALT -- "The members of Congress have become adept at denouncing executive-branch actions and demanding that presidents comply with obsolete arms-control treaties. But when it comes time to bear public responsibility for the consequences of those actions, Congress disappears."

(Wall Street Journal, 12/17)

A New Deal for Reagan on SALT -- "More than half the U.S. Senate has signed a letter urging Mr. Reagan to put the U.S. back into compliance with the treaty terms, and when Congress reconvenes in January there surely will be a drive to force such a move through legislation...."

What we would have, in effect, would be the Congress requiring compliance with a never-ratified and now-expired treaty that, even if it were to be submitted now, probably could not win the two-thirds majority needed for Senate ratification. That is at least as dubious an idea as Mr. Reagan's decision to exceed the treaty limits in the first place."

(Chicago Tribune, 12/18)

Arms Control -- "While rhetoric has flown thick and heavy over [what] happened at Reykjavik, the United States and Soviet Union have moved quietly toward historic nuclear-arms reductions. They should be encouraged now to continue the careful pursuit of the breakthroughs that could become a major legacy of the Reagan presidency."

(Cincinnati Enquirer, 12/13)



## LETTERS TO THE EDITOR

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### IRAN AFFAIR

"One good-intentioned mistake does not make a disaster. To judge a president, we must look at the whole picture. When U.S. News & World Report did an appraisal of presidents several months ago, guess who was rated among the best?"

(Fred Teves, Richfield, Minneapolis Star and Tribune, 12/12)

"The shame is that the Reagan Administration was motivated to infuse new life into the ailing war machine of the most frenzied of Middle East nations, instead of sponsoring a secret peace initiative that might have restored a semblance of calm in the strife-torn region."

(Richard Harsham, Cincinnati Enquirer, 12/13)

"The Iranians, the media and political enemies are having a field day with President Reagan's decision to try and ransom our hostages. But suppose the hostages were all killed and it came out that Reagan could have saved them and didn't do it?" (M. Collins, Atlanta Journal, 12/16)

"I agree with the Vice President that whatever our misgivings about Iran, the Administration's contacts with that country stem from its importance in the Middle East. Most Americans agree."

(David Reynolds, Middletown, Hartford Courant, 12/16)

"In reading the 'Watergate tapes,' one thing comes through again and again -- the President and his men were contemptuous of the intelligence of the American people. This President and his men also have repeatedly shown contempt for the intelligence of the American people -- both for their representatives in the Congress and for the people themselves."

(Harry Williams, Atlanta Constitution, 12/18)

"How sad that ABC must exhibit such crass bad taste -- taking a poll on whether the President should resign if --. It is worse than hitting a man when he's down. Is there no other way these Poll-cats can get attention?"

(Virgil Kraft, Evanston, Chicago Tribune, 12/17)

"For some unknown reason many news reporters have it in for President Reagan. I am not dealing with President Reagan's guilt or innocence in the 'Iran crisis.' To my dismay I am hearing the competency of the current presidency questioned..... Incompetency within the White House is a totally infeasible idea. Any rational, intelligent individual would not even consider this, if it were not for the emotional manner it is relayed."

(Brian McKenna, Parkville, Baltimore Sun, 12/18)

### MEDIA ANALYSES

"Immediately after the President (or anyone else) has made a public speech, we are told what he said, meant, what inferences are to be drawn and what was left unsaid. Of course we are not as brilliant as the news media, but in our limited way we can make our own evaluation of the speech. We do not need the help of a Dan Rather or a Sam Donaldson. If you would just quit pompously showing us that you know it all and tell it all, it would be a relief to many of us."

(Logan Patterson, Fort Myers News-Press, 12/12)

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