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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, DECEMBER 22, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

White House Rules Out Pardon For Testimony On Iran Scandal -- The White House has ruled out pardoning former top aides in return for testimony regarded as crucial to filling in the gaps in the story of the Iran arms scandal, government sources said.

(Washington Post, Washington Times, Reuter)

INTERNATIONAL NEWS

Shanghai Authorities Say Students Harm Social Order -- Authorities have warned student leaders that they are running out of patience with rallies that have paralyzed much of central Shanghai since Friday. (Reuter, UPI)

NATIONAL NEWS

Casey Remains 'Stable' After Removal Of Tumor -- CIA Director William Casey remained in stable condition yesterday at Georgetown University Hospital following brain surgery last week to remove a cancerous tumor, according to a hospital spokesman.

(Washington Post, Washington Times)

NETWORK NEWS (Sunday Evening)

IRAN-NICARAGUA -- Congressional leaders expressed growing concern that investigations of the Iranian arms scandal could paralyze the nation for months.

SHANGHAI DEMONSTRATIONS -- Chinese authorities have spread the word that if the students don't get off the streets, they will crack down hard.

CHAD/LIBYA -- Chad claimed invading Libyan troops were dealt a catastrophic defeat this weekend by forces supporting the government in northern Chad.

Staking Out the Stakeout

Reporters on the Senate assignment repeatedly called the stakeout the lowest form of journalism and a boring penance for their journalistic sins. But practitioners include some of the highest paid people in the business, for everyone does drudgery now and then.

It is a waiting game in which news can be made swiftly and unpredictably. At the intelligence committee stakeout, a day of waiting would frequently result in nothing more than a smattering of what reporters called "News McNuggets" that were duly filed with their bureaus.

But after three weeks of gulped lunches and late dinners, the sharing of news tips both real and bogus, and endless crossword puzzles and word games, a camaraderie developed that led Terry Schaefer, a reporter with NBC News, to call out, on the last day, "I'm going to miss you people."

THE NEW YORK TIMES



IRAN — NICARAGUA

REAGAN TO FOCUS THIS WEEK ON HOLIDAYS, NOT SCANDAL

President Reagan is aware of his credibility problem from the Iran arms scandal, his friends in Congress say, but this week the chief executive -- out of the public eye for more than a week -- will focus his attention on the holiday season.

Reagan returned from a weekend at Camp David Sunday afternoon, and declined with a wave and a smile to answer reporters' questions.

(Ira Allen, UPI)

WRIGHT URGES PARDON OF NORTH, POINDEXTER 'Ultimate Act Of Leadership' For President

Rep. James Wright, incoming speaker of the House, said yesterday that President Reagan should pardon Lt. Col. Oliver North and former national security adviser John Poindexter -- a move Wright said he would consider "the ultimate act of leadership."

"If he truly wants them to come forward and tell the whole truth, and if he wants them to have immunity from prosecution, there's a simple way, a straightforward way," Wright said on the television program "John McLaughlin: One on One." "He can grant it with a stroke of a pen. Presidential pardon is the ultimate immunity."

(Dale Russakoff, Washington Post, A1)

Congress Won't Rush Probes Though Frustration May Grow

The special congressional committees charged with investigating the Iran-contra affair won't rush their work to put the scandal to rest, panel members said yesterday, despite the frustration a prolonged probe might produce.

A presidential pardon, Rep. James Wright said, would represent "the ultimate act of leadership."

"This would be a way in which Mr. Reagan...could be saying, 'OK, I'm responsible. I'm the one who hired these people.'" Mr. Wright said in a syndicated television interview. "They thought they were doing my bidding, so I'm going to pardon them (North and Poindexter) for any crime they may have committed in that act."

(Mary Belcher & Damon Thompson, Washington Times, A1)

White House Rules Out Pardon For Testimony On Iran Scandal

The White House has ruled out pardoning former top aides in return for testimony regarded as crucial to filling in the gaps in the story of the Iran arms scandal, government sources said.

"The idea was floated but not really considered since it would be an obvious political disaster," said one Administration official, who asked not to be identified. "It is a no-win situation."

Sen. Paul Laxalt dismissed the use of a presidential pardon to clear the air. "It's an appealing suggestion in terms of being simplified and a way to get at the facts," he said yesterday in a television interview.

"It's not flying. No one seems to have an appetite for it," he said. "The reason is...let's get more of the facts out before you talk about pardon."

(Robert Kearns, Reuter)

CONGRESS TO CONSIDER IMMUNITY FOR NORTH, POINDEXTER

Leaders of two special congressional committees say they will consider granting Oliver North and John Poindexter immunity, if they cannot uncover the truth in the Iran-contra scandal, to speed the probe and reduce the "national anguish."

Sen. Daniel Inouye, Sen. Warren Rudman, Rep. Dante Fascell and Rep. Richard Cheney agreed in interviews Sunday on ABC's "This Week With David Brinkley" that the nation will not tolerate a prolonged congressional inquiry into the worst foreign policy crisis of the Reagan Administration. (Dana Walker, UPI)

Senate Chairman Says Immunity, Opening Channels With Iran Possible

The special Senate panel investigating the U.S. arms sales to Iran might consider limited immunity for White House officials and seek help from Iran to learn the truth about the transactions, says the committee's chairman.

"I'm not closing any of the doors," Sen. Daniel Inouye said Sunday on ABC's "This Week With David Brinkley."

"If it takes a grant of immunity to get to these questions, they'll be considered, yes." (Susanne Schafer, AP)

QUESTIONS IN CRISIS MAY LONG GO UNANSWERED

With the first series of congressional investigations into the Iran arms sales scheduled for completion within the next three days, many of the central questions seem certain to remain unanswered for weeks if not months.

The resulting uncertainty, as investigators from the Senate, the House of Representatives and the special prosecutor's office gear up for a more comprehensive set of investigations next year, is likely to delay foreign-policy making throughout the government and complicate relations with other nations, congressional and Administration officials said this weekend. (Bernard Gwertzman, New York Times, A1)

WHITE HOUSE HAS POWER WITH TALK SHOWS

Networks Find Big Fish Getting Away As Administration
Keeps Officials From 'Going Out'

For the Sunday television talk shows, angling each week for important guests on the Iran arms story, the biggest fish have been getting away -- as they did again yesterday.

The White House, which controls the people that the network talk shows most yearn to interview, has blocked all but one Reagan aide from "going out," as it is known when somebody emerges from the inner sanctum to submit to questions on television.

Sam Donaldson, a participant on ABC News' "This Week With David Brinkley," said: "The White House has parceled these people out as they see fit in a very ruthless way."

(Eleanor Randolph, Washington Post, A16)

WHITE HOUSE RECOUNTING OF IRAN AFFAIR ABSOLVES REAGAN BUT RAISES QUESTIONS

A comprehensive written account of the Iran arms affair, prepared by the White House after the scandal broke, absolves President Reagan of any responsibility for Israeli arms sales to Iran last year, or for the diversion of profits from the sales, Administration officials said.

But the officials said that although Donald Regan, William Casey and other top officials have used the chronology as a basis for much of their testimony on the affair, the document contradicts the sworn testimony of some participants, omits crucial parts of the story, and may contain errors of fact. (John Walcott & Andy Pasztor, Wall Street Journal, A3)

STATE DEPT. DENIES THE POST'S REPORT ON BID TO IRAN But Key Official Says Desire For Improved Relations Over Long Term Was Communicated Through Other Nations

The State Department, reacting to a Washington Post report of recent U.S. communications to Iran, denied yesterday that the Reagan Administration has asked other nations to pass messages to Tehran on its behalf since the revelation of secret U.S. arms sales.

A senior State Department official said, however, that as recently as mid-November the Administration communicated to a large number of governments its desire for improved relations with Iran over the long term -- conditioned on changes in that regime's behavior. The officials said these communications were not addressed specifically and directly to Tehran, as The Washington Post reported.

(Don Oberdorfer, Washington Post, A14)

3 THEORIES ON IRAN AFFAIR Basically Different Views Await Inquiries By Special Counsel And Select Committees

After three weeks of congressional hearings into the Iran-contra affair, three fundamentally different scenarios of what happened and why must now await the more comprehensive investigations next year by House and Senate select committees and independent counsel Lawrence Walsh.

"Arms for hostages was the focal point of pressure that hit at the heart of a president like Ronald Reagan," Sen. Orrin Hatch said. "His heart is exceptional and sometimes it gets him in trouble."

(Walter Pincus, News Analysis, Washington Post, A1)

RELATING TO THE PEOPLE

President Reagan's success as a political leader has been built on an ability to stand outside politics and view events the way ordinary people see them on their television screens. Call it populism or call it role-playing, but Reagan has related to the concerns of people. He normally would be the first to accept the assessment of Gov. William Janklow, who said, "There are not five people out there who want to send arms to Iran. The only way we want to give arms is dropping them from the bay of a B1 bomber at 30,000 feet."

The compassion, gullibility and huge gaps in Reagan's understanding of foreign policy proved a combustible mix in Don Regan's White House, where no politician was on hand to warn the President that secret arms deals with Iran inevitably would be revealed as a ransom paid for hostages.

Reagan also must demonstrate that he care more about the country than about Don Regan, who has avoided culpability by pleading ignorance on his watch. This is not good enough, as the President ought to realize. He needs to make a fresh start with a fresh chief of staff.

(Lou Cannon, Washington Post, A2)

MCFARLANE ASSURED HILL NORTH WASN'T BREAKING LAW

Robert McFarlane conducted a "thorough investigation" of Lt. Col. Oliver North's links to the contras more than a year ago and concluded Col. North wasn't breaking any law.

But congressional investigators say they now know that North directed contra supply operations for at least the last two years until he was fired from his NSC job Nov. 25 when his secret contra supply operation was discovered.

(Lance Gay, Washington Times, A9)

NSC BEING RESTRUCTURED TO GIVE MORE FOCUS TO COORDINATING POLICY Council Is To Stay Clear Of Covert Actions And To Build Advisory Role

The National Security Council is being restructured so that it can assume a more important role in coordinating government policy when Frank Carlucci becomes the White House national security adviser in January, according to experts close to the council.

Under the direction of Mr. Carlucci, an effort is being made to upgrade the quality of the professional staff while reducing its size. Some offices within the council are being abolished, and new offices will be created.

(Michael Gordon, New York Times, A1)

DOMESTIC REACTION

REAGAN JOB RATING AT ALL-TIME LOW IN HEARTLAND

DES MOINES, Iowa -- Nearly one in four Iowans think President Reagan should resign over the Iran-contra scandal and the President's job approval rating fell to its lowest point ever in the state, a newspaper poll says.

The copyright poll in the Des Moines Register said 34 percent of the Iowans surveyed approve of the job Reagan is doing, while 55 percent disapprove and 11 percent have no opinion. (UPI)

LAXALT WARNS BATTERED POLITICIANS: 'RIDE OUT' THE STORM

Political fallout from the Iran arms scandal is raining down on President Reagan and Vice President Bush, but the general chairman of the Republican Party advised battered partisans to "ride it out...and not panic."

Sen. Paul Laxalt said he would advise Republicans, "Just ride it out, frankly, and not panic, and support this president. I think once the facts are developed, it will be demonstrated that this president had good objectives. They simply didn't work out, and I think eventually his credibility is going to be completely restored." (Iran Allen, UPI)

VICE PRESIDENT BUSH/IRAN-CONTRA AFFAIR

Vice President Bush says he is "no longer the front-runner" in the 1988 contest for the Republican presidential nomination, and it suits him fine.

Badly stung by the Iran arms scandal in polls, Bush said in interviews published Sunday that "certain things haven't worked perfectly" in the Administration's handling of the affair, particularly diversion of weapons profits to the Nicaraguan contra rebels.

"Therefore, I would be perfectly glad to accept whatever my share of responsibility is," he said. (Ira Allen, UPI)

Scandal Hurts Bush More, Dole Declares

Sen. Robert Dole, whose popularity in the polls has risen in the wake of the Iran-contra disclosures, yesterday declared that the episode hurts Vice President Bush more than any other Republican.

"The Iran controversy is more of a problem for those Republicans in the White House than on the outside," Mr. Dole said in a telephone interview with The Washington Times.

(Ralph Hallow, Washington Times, A1)

EDITOR'S NOTE: "The Funny Business & The Arms Scandal -- Carson & Letterman Mine The Contra-versy," by Tom Shales, appears in the Washington Post, D1.

INTERNATIONAL NEWS

IRAN VOWS VENGEANCE FOR U.S. AID TO IRAQ

NICOSIA, Cyprus -- Iran's Prime Minister Hussein Musavi said yesterday that U.S. help for Iraq would only encourage the Iranian people to defeat Baghdad and earn a "sacred vengeance" over the U.S.

"The hands of the Yankees are stained with the blood of our war martyrs," he told Tehran radio in an interview, monitored by the Associated Press in Nicosia. (Washington Times, A8)

WAITE'S CHRISTMAS TRIP TO LEBANON LIKELY DELAYED

LONDON -- Anglican Church envoy Terry Waite said fighting around the Lebanese capital likely would prevent him from returning at Christmas to resume negotiations for the release of American hostages.

"Ideally, I would like to be there over Christmas because these Islamic groups know how they feel about their religious festivals and they recognize the importance of Christmas for us. It leads to a bit more flexibility," Waite said Sunday. (Edith Lederer, AP)

FORMER HOSTAGE URGES RELEASE OF 17 TERRORISTS FROM KUWAIT

PORTLAND, Oregon -- The Rev. Lawrence Jenco, freed in mid-1986 after 18 months of captivity in Lebanon, says he would have refused release if he thought he was being exchanged for weapons shipped to Iran.

Jenco said Sunday that instead of trading arms for hostages, the U.S. should trade 17 pro-Iranian terrorists now imprisoned in Kuwait for the five remaining American captives in Lebanon. (Peter Gillins, UPI)

REAGAN'S MOZAMBIQUE 'AGENDA' LAUDED

The U.S. policy of backing the Marxist government in Mozambique against the anti-communist guerrilla movement, RENAMO, has been described by Assistant Secretary of State for African Affairs Chester Crocker as "a thoroughbred Reagan agenda."

Mr. Crocker, in a press briefing Friday, spoke glowingly of the new regime in Maputo headed by President Joaquim Chissano. He dismissed RENAMO as a military organization and not a national liberation movement. (Richard Beeston, Washington Times, A6)

HALL PROCLAIMS GROUP BORN OF MEETING AT PENTAGON

Sam Hall, an American arrested 11 days ago in Nicaragua on espionage charges, said in a televised interview yesterday that the creation of the secret paramilitary organization to which he belonged "started" with a meeting at the Pentagon on Nov. 28, 1984.

But the Dayton, Ohio resident and brother of Democratic Rep. Tony Hall of Ohio, refused to name the person who had invited him to the Pentagon, saying only that he would reveal it "behind locked doors at a congressional hearing." (Timothy O'Leary, Washington Times, A6)

DEMONSTRATIONS SUBSIDE IN SHANGHAI

SHANGHAI, China -- Students who staged three days of giant demonstrations for democracy and human rights returned to their campuses today and activity returned to normal in the heart of China's largest city.

A student leader who asked not be identified said many students believed the demonstrations "got sufficiently out of hand" but that others were still debating whether to carry on. (Jane Macartney, UPI)

Shanghai Authorities Say Students Harm Social Order

SHANGHAI, China -- Authorities have warned student leaders that they are running out of patience with rallies that have paralyzed much of central Shanghai since Friday.

The official New China News Agency last night published a list of allegations including beating up police officers and said continuing protests imperil social order. (Reuter)

LIBYA DENIES IT LOST 400 MEN IN FIGHTING IN NORTHERN CHAD

N'DJAMENA -- Libya denies that it lost more than 400 men and 17 tanks and that its troops were forced into retreat in fierce fighting with rebel forces in the rugged Tibesti mountains of northern Chad.

The official JANA news agency said that Libyan forces were not involved in the fighting.

It also said that U.S. and French military aid to Chadian President Hissene Habre had enabled his troops to cross the 16th parallel an attack Chad rebel forces. (Reuter)

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NATIONAL NEWS

CASEY'S CONDITION REPORTED 'STABLE'

CIA Director William Casey was in stable condition yesterday recovering from Thursday's surgery to remove a cancerous tumor from his brain, a spokesman for Georgetown University Hospital said.

Casey has been in stable condition throughout the weekend. The hospital spokesman added that no further information on Casey's condition will be released until today. (UPI Story, Washington Post, A14)

Casey Remains 'Stable' After Removal Of Tumor

CIA Director William Casey remained in stable condition yesterday at Georgetown University Hospital following brain surgery last week to remove a cancerous tumor, according to a hospital spokesman.

If further tests reveal that Mr. Casey is suffering from a type of cancer considered serious, the CIA director faces chemical and radiation therapy to halt its spread, according to cancer experts.

(Bill Gertz, Washington Times, A2)

POVERTY RISE LAID TO WEAK ECONOMY

Study Concludes That Family Dissolution Is A Secondary Factor

Weak economic growth rather than family dissolution was the main cause of the sharp rise in poverty in the U.S. from 1979 to 1985, despite the well-publicized rise of the one-parent family, according to a study released yesterday.

The study said the recent "emphasis on family composition as a determinant of poverty wrongly inclines us to ignore the effects of weak trends in employment and wages." (Spencer Rich, Washington Post, A5)

NETWORK NEWS SUMMARY

NOTE: CBS did not air a newscast.

IRAN-NICARAGUA

ABC's Sam Donaldson: President Reagan tomorrow embarks on a three-day pre-Christmas White House blitz designed to show the country that he's still in charge in running things. This even as yet another public opinion poll shows he's in deep trouble over the Iranian arms sale policy. The Des Moines Register says only 34% of Iowans polled approve of the job Mr. Reagan is doing as President; 55% disapprove. One of four of those surveyed think the President should resign as a result of the scandal. It should be noted that the President's popularity in Iowa was already depressed because of problems in the farm belt. His September job approval rating there was only 46%. But the trend is bad news. This week the President hopes to do something to help reverse it.

ABC's Kenneth Walker: After a week of avoiding reporters and public appearances in a way that suggested a siege mentality, President Reagan returned to the White House from Camp David as close associates vowed he'll raise his profile to prove he's still in command. (TV Coverage: Arrival from Camp David.)

(Sen. Laxalt: "During the next several days, you're going to see various events, mainly official. I don't see anything that's unusual or unpredictable. It's simply indicating to the country that this man is very much in charge.")

Unlike last week, when only still photographers were allowed to see the President, this week officials plan daily coverage, including reporters and television cameras at such holiday activities as National Prayer Day tomorrow and traditional telephone calls to U.S. servicemen later in the week.

(TV Coverage: Various still photos of the President.)

The reported plan is intended to challenge the growing appearance that the Administration is paralyzed by the Iran-contra crisis as described on ABC's "This Week with David Brinkley" by the ranking Republicans on the House and Senate select investigating committees.

(Sen. Rudman: "I think it has hampered, and if this drags on for another year or 18 months with the basic fundamental issue unresolved, if we're not able to hear from North and Poindexter, then I think the potential damage to the last years of this Administration is enormous. There are so many things we ought to be doing and this entire city is focusing its collective kinetic energy on what did the President know and when did he know it.")

Vice President Bush signaled the Administration's new strategy when he took to the road in Iowa over the weekend to take the issue head-on. Efforts to elicit testimony from John Poindexter and Oliver North by either a presidential pardon, congressional immunity or appeals to conscience appear stymied. But outgoing Senate Intelligence Chairman Durenberger said he doubted North's credibility.

Walker continues:

(Durenberger: "I think there's a growing concern that even if he did testify, you'd be somewhat concerned about his reliability because he has a personal stake in making it look as though he is some kind of a national hero.")

With congressional hearings winding down for the holidays, President Reagan will have more of an opportunity than he's had recently to try and change the subject, but with so many questions still unanswered, he can be sure the subject will continue to dominate the new year as the new select committees in Congress as well as the special prosecutor begin their investigations in earnest.

Donaldson: The London Observer said the eldest son of Speaker Rafsanjani has fled to Canada after receiving \$6 million for his part in the American arms sale deal. The paper said Rafsanjani's son left his home in Brussels on November 15 with an official Iranian investigator in hot pursuit.

U.S. Senate investigators say they may well ask Iran for its side of the arms sale story and for helping piecing together what happened. Sen. Inouye indicated that if Iran possesses tape recordings of Robert McFarlane talking on the telephone from Tehran to the White House last May, the Senate committee may ask for them also. (ABC-Lead)

NBC's Chris Wallace: Congressional leaders expressed growing concern today that investigations of the Iranian arms scandal could paralyze the nation for months, and some suggested it may be necessary to forego criminal prosecutions to get to the bottom of the case quickly. But while almost everyone wants Oliver North and John Poindexter to tell their stories, there is a sharp disagreement about how to get them to talk.

NBC's Robin Lloyd: The President continued his silence today on the Iran affair, but White House officials described President Reagan as frustrated and impatient that his two former aides, Oliver North and John Poindexter aren't willing to testify.

(TV Coverage: Arrival from Camp David.)

Congressional leaders from both parties expressed their concerns that the crisis could have a crippling effect on the country.

(Rep. Cheney: "I'm really worried that if we're still a year from now fooling around with investigations and so forth that we will have seriously damaged the capacity of the Administration to function.")

(Rep. Fawell: "I'm for getting the facts out and I think we need to get them out early. The country does not need a debilitated President or one who cannot act. We need to restore our foreign policy.")

Pressure continues to build on North and Poindexter to speak out. Congressional hearings have revealed they are the only ones who appear to have the key answers. All last week the White House was sending signals from the First Lady and then Vice President Bush urging North and Poindexter to come forward.

(Vice President: "Both Adm. Poindexter and Col. North should now step forward and tell us the whole truth.")

Lloyd continues: Still, aides say the President will not call them in and force them to break their silence. Nor, they say, will he pardon them. That would weaken his presidency, they argue. What the President hopes is that Congress will decide to grant both men immunity from prosecution and today the chairman of the new Senate select committee set up to investigate the Iran affair, Sen. Inouye, said he wasn't ruling that out.

(Sen. Inouye: "And if it takes a grant of immunity to get to these questions, they'll be considered, yes.")

But other key members of the same committee, Republican William Cohen and Democrat Sam Nunn, disagree.

(Nunn: "So it seems to me that as frustrating as it may be, we're going to have to work our way through this in an orderly process.")

Nunn also suggested that the President appoint a special adviser inside the White House to handle the Iran investigations, something aides say the President is not seriously considering. Officials here admit this whole process could take months. But for now they're ruling out any special steps such as having the President testify on Capitol Hill. Said one aide, it's a bad idea because the President would have to say how much he didn't know.

NBC's Tom Pettit reports on who is investigating what. There are at least 12 investigations. The White House still is investigating damage control, which will take time.

(Sen. Nunn: "In terms of how the White House functions and whether it can correct its mistakes from a policy point of view, I think it's a very serious omission for the White House still not to have the facts.")

(Sen. Cohen: "The President has to do something other than just getting on top of the facts. He has to, in my judgment, assume responsibility for the acts and even excesses of his subordinates. Even if he didn't know, he has to say, 'I accept the responsibility because they essentially were carrying out what they conceived to be my policies.'")

Wallace: Despite the arms scandal, the Reagan Administration has been sending new messages to Iran, trying to improve relations. The Washington Post reports that the messages with no arms sales attached are aimed at trying to free the hostages, but it quotes U.S. officials as saying they are not optimistic.

Meanwhile, Terry Waite says he wants to return to Lebanon before Christmas to resume negotiations to free the hostages. But Waite says lack of security will probably delay his trip. All the hostages, he says, "must be feeling pretty dreadful. It would be nice to be there to maintain their hopes."

And there is more evidence that the arms scandal is hurting the President's standing at home. A new poll in The Des Moines Register finds that 55% of Iowans disapprove of the job Mr. Reagan is doing and 24% believe the President should resign. (NBC-Lead)

SHANGHAI DEMONSTRATIONS

Donaldson reports that after three days of unrest in Shanghai, Chinese authorities have spread the word that if students don't get off the streets, they will crack down hard. The students have been demonstrating for democratic reforms. (NBC-2, ABC-2)

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CHAD/LIBYA

Donaldson reports the government of Chad claimed invading Libyan troops were dealt a catastrophic defeat this weekend by forces supporting the government in northern Chad. This claim was backed up by Western intelligence sources in the country's capital.
(NBC-3, ABC-3)

WEST GERMANY/KHADAFFY

Wallace reports West German experts are secretly helping Moammar Khadaffi build and test missiles in the Libyan desert, according to the magazine Stern. Missile and electronics parts are being shipped to Libya camouflaged as air freight to replace obsolete Soviet missiles.
(NBC-4)

SAKHAROV/SOVIET DISSIDENTS

Wallace reports Andrei Sakharov says he intends to continue speaking his mind on human rights after his release from seven years of internal exile in the Soviet Union.

NBC's Sandy Gilmour reports human rights advocates in the West say the appearance of progress in the Soviet Union is deceiving, that Gorbachev is simply ignoring thousands of cases less publicized than Sakharov's.
(NBC-5)

TAXES

ABC's Stephen Gere reports some suggestions on how to benefit from the new tax law.
(ABC-7)

-end of B-Section-

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: George Will and Sam Donaldson.

Guests: Richard Ben-Veniste, former assistant special prosecutor in the Watergate cover-up trial; followed by Reps. Fascell and Cheney; Sens. Inouye and Rudman.

Brinkley: You were an assistant special prosecutor...in Watergate. Do you see any similarities here?

Ben-Veniste: Of course there are similarities, but the differences are more important.... [In] Watergate we had very defined criminal activity. We had wiretapping, we had break-ins, we had misuse of the IRS, we had very mean crimes and we had an obstruction of justice in which the President of the United States was a significant participant.... Here we have a situation which is much more political in nature, much more involving the way our foreign policy is carried out....

Will: ...When might it be timely [to grant immunity], if ever?

Ben-Veniste: ...It seems to me that one would want to find the scope of alleged wrongdoing...before one would resort to "use immunity"...

Donaldson: Will we not have to hear from the President of the United States directly? Will he not have to say what he knew and didn't know?

Ben-Veniste: The President has already said what he did not know.... I assume in view of this President's decision as compared, for example, to President Nixon, whose advice was to stonewall and cover up, this President has said, "I want everyone to testify, I want these facts out." And he has demonstrated his bona fides in my view in that regard by sending his Chief of Staff up to the Hill without the shield of executive privilege, which is a very substantial concession.

Guests: Rep. Dante Fascell and Rep. Dick Cheney.

Brinkley: As you know, the President wants Col. North and Adm. Poindexter to forget the Fifth Amendment, go before your committee and Senate committee and tell it all.... What do you think of that?

Cheney: I think it's a good idea to get the story told as quickly as possible.... I think it's unrealistic to expect that they're going to give up their constitutional protection under the Fifth Amendment.

Fascell: I think Mr. Ben-Veniste laid it out absolutely correctly.... I think it is absolutely premature, I think you have to give the independent counsel an opportunity to look at the scope of the matter and determine what violations if any exist and what kind of case he may need.

Cheney: ...I think we ought to consider the idea of limited immunity....

Will: ...Do you think it would be a good idea for this President to consider pardoning Poindexter and North?

THIS WEEK (continued)

Cheney: I do not. I think you've got radically different circumstances [from those of the Ford pardon of Nixon]. At the time Ford pardoned former President Nixon we'd had two years of investigations, all kinds of hearings and trials, there were no unanswered questions left. In this particular case the notion of a pardon in advance would do exactly what Mr. Fascell says he doesn't want to have done. It would prohibit any possibility of prosecution. Limited immunity does preserve the possibility of prosecution.... I also think [a pardon] probably would be a very poor political move.

Fascell: I think so too because it raises the other question. It raises the presumption of guilt. Right now all we have are allegations that are unproven....

Will: When the criticism broke on President Ford for the pardon, to clear the air he went up and testified on Capitol Hill. Do you think it would be a good idea for Mr. Reagan to do that and do you intend to invite him?

Fascell: I don't know. That hasn't been discussed. That certainly is an option. My feeling right now today is that it would be premature.... The President has spoken out, he's demonstrated his willingness to cooperate. I think it's been a little slow, but we've gotten there anyway....

Cheney: I think it's a bad idea.... In this case, President Reagan has already made it clear...that he wants full cooperation. He also is not the key witness. He does not know a great deal about this particular case. He's said as much publicly. It seems to me that the danger of separation of powers, of executive privilege and the power of the presidency, is far more important here than any drama that might occur from having President Reagan come to Capitol Hill and explain to us once again that he does not know all the details of what transpired....

Donaldson: Is the President's ability to govern effectively now so severely hampered that for the next two years we're just going to live in a twilight, a hanging-on sort of by one's fingernails?

Cheney: I think it is hampered and I wouldn't say that it's quite as bad as you've described, but on the other hand if this drags on for another year, 18 months, with the basic fundamental issue unresolved, if we're not able to hear from North and Poindexter, then I think the potential damage to the last two years of this Administration is enormous....

Donaldson: ...Do you agree with Mr. Cheney that the President's ability to govern is severely curtailed?

Fascell: No question about that and right now our ability on foreign policy is curtailed and will continue to be.... We need a worldwide diplomatic effort, led by the President and those who are in his offices in the Cabinet to do that. For example, there can't be any more speculation about Weinberger and Shultz as Secretary of Defense and Secretary of State. They've got to be able to be turned loose under presidential aura to go out and try to start convincing the rest of the world that this is our policy. We have to re-state what our policy is and see if we can't build up some credibility....

THIS WEEK (continued)

Guests: Sens. Inouye and Rudman.

Will: ...At some point you have to say...immunity is timely now.... When do you think that might be?

Inouye: ...I think that we cannot just disregard completely the criminal aspects, but there are other aspects of this crisis that I think are equally as important if not more important: the work of the National Security Council, the foreign policy implications and such, and if it takes a grant of immunity to get to these questions, it'll be considered, yes.

Rudman: I would add to that that it seems to me that we want to spend some time to see if there are some independent ways of establishing some of this evidence, through documents, through the money trail and so forth. I would agree that if we reach a point in the fairly near future where our investigation indicates there probably is no way to get that, then the Senate committee and the House committee will have to make a very basic decision as to whether the possible imprisonment for a short period of time of a few people for things that they thought they were doing right but violated the law is worth it against the national anguish that we could go through for many, many months....

Will: How worried are either of you already by the sense of dissolution of energy in the government that we already see?

Rudman: I'm very concerned about it. I think we're now looking at deficit reduction...arms control, the environment, the whole budget process. There are so many things we ought to be doing and this entire city is focusing its collective kinetic energy on what did the President know and when did he know it, which I'm not even sure is the vital question in this whole investigation...because I think that the policy and how it evolved...is by far the most important question.

Donaldson: Sen. Inouye...as you see this animal at the moment, how would you put it?

Inouye: ...By this process, we have inadvertently or deliberately injured our presidency and the President. And history has shown us on many occasions that whenever our potential adversaries view our president as being injured, they attempted to do mischief.... Let's face it now, some of your colleagues, some of the people of the United States have already concluded that the President is a villain, that he knew everything, that he was in charge of the whole operation.

Donaldson: Why is that, Sen. Rudman? Sen. Dole says the President told him the other day, rather sadly I suppose, talking about the people of the United States, "They like me, but they don't believe me."

Rudman: I believe the American people find it difficult to understand that something like this could occur...without a president knowing it. Quite frankly, I think everybody sitting around here this morning understands full well under this presidency and the way this President operates that that's quite conceivable....

THIS WEEK (continued)

Rudman continues: I believe when we get into a situation here where it is quite obvious that the President made some bad mistakes but told the American people the truth, then I think that the damage will be a great deal less.... It is the President's integrity that is on the line. I happen to believe what the President is saying because I do not think he would lie to the American people....

FREE-FOR-ALL DISCUSSION -- Morton Kondracke joins panel.

On Iran-Nicaragua:

Brinkley: ...It seems to me that the greater benefit to this country would be in cleaning up this mess quickly instead of a long, protracted, tiresome, repetitive legalistic maneuvering, which is what we're going to have with an independent counsel. It will be a year before you get anything out of that....

Kondracke: If Poindexter and North would come forward through their lawyers and issue a one-page statement merely answering the question, "Did the President know about this?" a lot of the political problem could get solved....

Donaldson: I don't think that would do it because we need to hear Poindexter and North under oath.... The problem is that Ronald Reagan didn't move quickly to clear this up.... It's been dragging the heels every step of the way. Let me give you an example. What did Ronald Reagan know, if anything, about the diversion of money to the contras? We have yet to hear him speak to that issue. He authorized his Press Secretary to say, "Tell them flat out I knew nothing about it." ...But the President has yet to come forward. Now is this any way to say, "I'm open, I'm going to come forward, I'm going to get it resolved,"? No. He's still hiding. Ronald Reagan is still hiding.

On arms control and SALT II:

Will: ...The Senate simply does not want to do its constitutional duty, which is if it likes a treaty, ratify. The fact is they don't have the 2/3 vote to do it.... Fifty-seven senators wrote a letter urging the President to do this, not saying, "We're going to vote to ratify it," but just urging him to do it on his own. It's anti-constitutional....

Donaldson: Congress refused to ratify...the SALT II treaty, but let's not forget who it was who decided to abide by it: Ronald Wilson Reagan. For the first five years of his Administration he unilaterally, without congressional mandate, abided by the limits. So all Congress is saying to him now...[is], "We want you to continue. We think it was a wise policy." I think his policy of abandoning SALT II is disastrous....

Kondracke: The big problem here is that there is no coherent American strategic doctrine....The Administration doesn't have one because the Defense Department wants star wars and no arms control and the State Department wants arms control and no star wars. And they don't know what kind of missiles to build, how many of them to build, how many the Soviet Union should not build, and all you have is confusion here.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl.

Guests: Sen. Durenberger, Sen. Laxalt, Rep. Lee Hamilton.

Stahl: There's a report in a newspaper this morning that the Reagan Administration has sent new messages to Iran again asking for improved relations. Do you know anything about this?

Durenberger: No, I don't think it's a set of new messages. It's an indication that our policy that we began to search for in mid-1984 is still our long-range policy, to find an opening to a post-Khomeini Iran. The difference is that George Shultz is in charge of the implementation rather than somebody else....

Stahl: Let me ask you if you think that the policy is correct, if there are moderates in the government....

Durenberger: Sure. The policy is a correct policy, I mean the objective, if you are looking long range.

Stahl: Now you've had three weeks of testimony before your committee.... Is there any doubt in your mind that this was arms for hostages?

Durenberger: Sure, of course there's doubt.... The President didn't get into this to do hostages for arms. He's very right in saying that. He got into this to find that future opening. Others saw the President's interest and brought the hostage for arms and in effect sold it to him, and he didn't know -- and I don't think he still knows for sure -- who it is that sold it to him.

Stahl: ...Congressman Hamilton...let me ask you what you think the heart of the issue is....

Hamilton: The center of it for me is that we were conducting one foreign policy in secret and we were conducting another foreign policy in public, and the two were contradictory. Now, what that means is the credibility of American foreign policy comes into doubt, and that's what we have to focus on, it seems to me.

Stahl: Jim Wright...says that President Reagan should pardon [North and Poindexter]....

Hamilton: ...My own instinct, in both the case of the presidential pardon and the immunity question, is to -- let's get the facts first....

Stahl: Sen. Durenberger...do you think the President should force [North] to testify as his Commander-in-Chief?

Durenberger: No, I guess I don't feel that way. I think the President obviously should have gotten the facts from North or Poindexter ahead of time.

FACE THE NATION (continued)

Stahl: ...This is at the center, in many people's minds, when they are asked about the President himself, why he didn't ask Oliver North in the beginning, go to him right away or even go to John Poindexter.

Hamilton: My sense is that the White House has changed as this story has developed. Early on I felt that we were not getting much cooperation from the White House.... And I really think that has changed in recent days. The Cabinet officials are coming to Capitol Hill upon request. Don Regan is there. You ask for documentation, they say, "We'll have it to you immediately." They are beginning to open up. And I see a real difference in the last few days.

Stahl: ...Now you hear that the whole Administration is in paralysis. Is this your analysis as well?

Durenberger: Yes, but it isn't the paralysis that came about because of November events. It's a paralysis that occurs when you don't have any information....

Hamilton: ...I have to say...that despite the difficulties it's very important, it seems to me, that our friends and our adversaries abroad not believe that the United States government is paralyzed.....

Stahl: Sen. Durenberger, do you think the President should ask his Chief of Staff, Don Regan, to leave, and bring in a new chief of staff, just because of this paralysis problem, not because of any involvement in the case?

Durenberger: No, and I guess I don't necessarily agree with the paralysis theory either....

Stahl: You don't think so either, Congressman? ...You have complained...that there was something very seriously wrong with the way foreign policy was made, and I even believe you've connected it up with what happened in Reykjavik.

Hamilton: Of course I'm concerned, and clearly there were mistakes made in the foreign policymaking process. You ought not to have a National Security Council as an operating agency, at least in my judgment. You ought not to be bypassing the Secretary of State on foreign, you ought not to bypass the Congress in developing foreign policy.... Had the traditional and constitutional ways of making foreign policy been followed, I don't think we would have had these problems. But having said that I agree with my friend Dave Durenberger; I don't accept the idea that we are paralyzed. We are not.

Guest: Sen. Laxalt.

Stahl: You came out of that meeting [with the President] and said the President feels wounded because the polls show that the American people don't believe him. What did he tell you about that?

-more-

FACE THE NATION (continued)

Laxalt: Essentially as you've characterized it. In all of this man's very charmed life, he's never had his integrity seriously questioned. During the course of the last few weeks you have too high a percentage, in my opinion, of Americans who do not choose to believe him on this particular story, although his general credibility remains intact and his popularity as well.

Stahl: I'd like to ask you...why the President didn't call Poindexter or North in the minute he heard about this and say what's going on?

Laxalt: I think certainly, looking back, that would have been an appropriate thing to do. But just as Sen. Durenberger indicated, events just moved too rapidly....

Stahl: How do you think it's shaping up right now? How would you assess where the President stands, and what would you advise him to do right now?

Laxalt: I think it's going far better than it has been. I think the process is moving forward, I think the committees are doing well. I am heartened by the statesmanlike attitude of the leaders in both parties.... I think that Don Regan's testifying is almost historic; it's been lost in all this.... This Administration, this President, has been very forthcoming to get these facts out.

Stahl: Do you think the President should pardon [North and Poindexter] just to get the story out?

Laxalt: It's an appealing suggestion in terms of being simplified and a way to get at the facts. It's not flying. No one seems to have an appetite for it. And I think probably the reason is, as was indicated in the early part of the program, let's get more of the facts out before you talk about pardon.

Stahl: You know, your name keeps cropping up for every single possible opening in the Administration.... Has anybody talked to you about that?

Laxalt: Not specifically.... The situation is essentially this. I've told the President, even though I'm going to practice law here in Washington after the first of the year, that he has a blank check on Paul Laxalt. Any of these positions that he feels I can be of service to him, I'll consider.

Stahl: Does [the President] have to come to the American people and say [his] Iran initiative, sending arms to Iran, was a bad policy?

Laxalt: I don't know that he does. I think that he believes...that his policy originally was well-founded, the implementation was wrong, and he's already admitted to that mistake.... Simply to curry favor with the American people, to take a position that he doesn't believe is true, I don't think is something any President should do.

...I think the original policy was to open the door, to attempt to work something out. Arms and hostages got involved and that's where it became very fuzzy and in my estimation became bad policy.

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NBC -- MEET THE PRESS

Moderator: Chris Wallace. Panel: Robert Kaiser of The Washington Post and Albert Hunt of The Wall Street Journal.

Guests: Senators William Cohen and Sam Nunn of the Senate Intelligence Committee, investigating the Iran-Contra connection.

Wallace: Are there any clues at this point as to whether or not Ollie North acted with authorization?

Cohen: That's a matter of personal judgment. I think that each member can come to his own conclusion. It's difficult to comprehend how one individual, certainly, could carry out or execute the plan concerning the diversion of funds....

Wallace: Sen. Nunn, let me ask you about another central question.... At this point, do you have any idea how much money was diverted and where it went?

Nunn: The answer to that is simple: No, we do not.... We know a lot more in the Iranian arms transfer for hostages than we do about the overall question of money.

Kaiser: Sen. Nunn, let me ask you a simple question: What's the big deal? In modern times, every president has tried a secret initiative of some kind or another.... What's the big deal?

Nunn: Of course, the President was known for his tough anti-terrorist policy, so when you discover that there had been negotiations going on and actual transactions of arms in exchange for hostages, it has a disillusioning effect. In addition, you have the possibility of the violation of several laws.... So it is a major kind of shock to the American political system. I would say, however, if the President could back up and start over again when this crisis first erupted, we might have a much better perspective. If he had not made that speech and not had that press conference until he had thoroughly assessed his own Administration and fully informed himself about what had actually transpired, then everyone would be in a much better position today.

Hunt: Sen. Cohen, there is a major discrepancy which should be pretty easy to ascertain, and that is that former National Security Advisor McFarlane says that in August of '85, the President specifically authorized the Israelis to sell arms to the Iranians.... The Chief of Staff, Donald Regan, says no.... Which version do you believe?

Cohen: I know Bud McFarlane...and I know him to be an individual who is cautious, who is fairly prudent and would not act outside channels.... I think it's conceivable that they have different recollections of the events, but I think the way we have to construct this is to look at the program itself. This is a program that resembles a Stephen King novel.... I tend to think that Bud McFarlane's recollection of events is the story at this particular point.

MEET THE PRESS (continued)

Hunt: ...Let me ask you about an indelicate subject. New York Times columnist James Reston this morning suggested that maybe the President's age and memory is such that he just doesn't know what happened, isn't up to the job even. Lou Cannon in The Washington Post this morning wrote that people are whispering that Reagan is slipping. Do you think it could be that we have a President who really is not up to the rigors of the job now?

Cohen: That's a possibility. I'm really not in a position to speculate about whether the President is capable of forgetting details....

Nunn: ...It seems to me that the President has not been well briefed in this area, he has not gotten on top of the facts, and he may or may not have forgotten some of them. But I think when the President...looks at the broad picture and does not concern himself, particularly on foreign policy, with many important details, including arms control details, it seems to me that means he has to have top advisers that he has confidence in and he has to carefully delegate responsibility....

Wallace: ...It has been suggested that this happened in the summer of '85, shortly after the President had come back to the White House from cancer surgery.... Is it possible that the President was not fully himself, that he was still on pain drugs or something as a result of the surgery?

Cohen: It's possible. I don't think that we're in a position to really make a judgment on that....

Wallace: ...Almost everybody is saying the country can't wait for this investigation to play itself out, that North and Poindexter have got to come forward and speak now. First of all, do you agree with that and secondly, if so, how do you accomplish it...?

Nunn: In my opinion it would be premature for the Congress to grant immunity and I think a presidential pardon at this stage would bring the President in for a great deal of criticism and would probably cast suspicion on any kind of testimony they gave thereafter....

Cohen: I share the view of Sen. Nunn that it would be premature to really consider seriously the granting of immunity just as the independent counsel is getting underway to gather his facts....

Nunn: ...I think the President should appoint someone with good legal credentials, maybe within or without the Administration, to take charge of this entire investigation within the Administration, and he should separate everyone else in the White House who are working on the budget, working on foreign policy, current events, arms control from that process. To have these people down there trying to look to the future and also look to the past is an almost impossible situation and I think jeopardizes a great deal of the President's program.

Wallace: Sen. Nunn...given this current situation, can the President wait to see whether or not Bill Casey recovers from his illness, or should he appoint a new director of the CIA pretty quickly?

MEET THE PRESS (continued)

Nunn: He certainly should either make it clear that Mr. Gates is going to be in charge of every facet with no dilution of his authority or he should bring in someone else even if only as an acting CIA director and that individual should be someone that Congress and the American people already have confidence in.

Wallace: Sen. Cohen, are you concerned about the CIA being rudderless for what could be months while Bill Casey recovers?

Cohen: I think there's a real question about morale at the agency at this point as to whether Mr. Gates, competent as he is, would have the same kind of clout with the President... So I tend to agree with Sen. Nunn that that individual has to be perceived by the agency as well as the Congress and the country as having the kind of influence that would lead them to conclude that he is actually promoting programs which the agency strongly supports.

Hunt: Let me go back to the origins of this policy. Both the President and the Vice President continue to insist that this was not an arms for hostages deal. Do you believe them?

Nunn: That's contrary to the overwhelming evidence. We have not heard from the President and the Vice President and I think they ought to be able to give their views...in detail at some point. They may very well have to.... If the President and the Vice President still truly believe that this was not an arms-for-hostages situation, it indicates either they have not got the facts or they simply cannot come to grips with the facts....

Cohen: I think we ought to go back to the beginning of the program itself. It did not start out as an arms-for-hostages policy or program. It started out as a way to search out any possibility of appealing to factions within Iran that might succeed Khomeini and open up a so-called strategic dialogue and incidentally if we had appealed to these people who are "moderates" and responsible, they might have some influence on more radical elements in Lebanon. That's the way it started out, but I think the emphasis changed rather quickly and as they moved from July into August and September it became a straight proposition of let's focus on the hostages and to the extent we have a strategic dialogue, fine.

Kaiser: Sen. Cohen, the Republicans are looking for cover here with the defense that the President didn't know what was going on. How good a defense is that, politically?

Cohen: I don't think it's a very good defense. Frankly, I think, to respond to what Mr. Wallace was saying before, the President has to do something other than just getting on top of the facts. He has to, in my judgment, assume responsibility for the acts and even excesses of his subordinates even if he didn't know....

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Morton Kondracke, Robert Novak, John Stacks of Time.

On the Iran-Contra connection:

McLaughlin: What should Ronald Reagan do now...?

Stacks: He's stuck in a lot of ways, but there are some moves that he can make.... He should fire Don Regan as soon as he can and bring back Jim Baker and Dick Darman and let them again run the White House the way they did the first time.

Novak: He should do three things, none of which he seems likely to do. One is pardon Poindexter and North; number two is fire everybody at the White House, including Regan; and third is throw away the agenda they prepared for him and get some new proposals.

Germond: He clearly has to make a lot of changes in the White House staff. It's too late. We all laughed at Pat Moynihan when he talked about 48 hours; I think in retrospect that Moynihan was correct. The President had a window of opportunity to deal with this thing, he did not take it; it is too late. It's going to play itself out.

Kondracke: This has been a pretty good week for Reagan. David Durenberger is saying that Oliver North did this thing on his own. That's a plus. Look, it's a better week. Don Regan went up there and spent five hours and was not demolished. I do think that Don Regan has got to resign. He should resign for the President's benefit. I mean, here Don Regan has accomplished what no one else could; he could get Nancy and Ron yelling at each other.... And the second thing is that Novak is absolutely right, Reagan's got to get a positive agenda.

Stacks: It's interesting you say Regan should resign. Regan should be fired by Reagan. That's what's wrong with this presidency is that nobody is in charge of it.

Novak: ...There's a dirty little secret though, Jack, and I know it comes hard for a lot of people who want to continue this thing on into next year, is there's a possibility there might be less than meets the eye to this substantively. The idea that there's less money that was siphoned to the contras than Meese originally thought, that there's less of an underground cabal putting all this together.

Germond: The whole business, though, of the amount of money and so forth, the money went somewhere. The fact that it didn't go to the contras, it may have gone into someones' pocket, doesn't make it any easier. And the idea that Reagan has had a good week? He's had a good week; he's like a football team that goes into the fourth quarter and they're behind 48-0 and the other teams stops scoring.

McLaughlin: ...William Casey had brain surgery this week. What does that mean for the CIA in your judgment, John Stacks? Do you think that Bill Casey will return to the job or what?

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MCLAUGHLIN GROUP (continued)

Stacks: Without trying to wish the Director anything but the best, it seems to me that's part of what Reagan has to do. He needs somebody in charge there.

Novak: I'll give you a name that is so ideal and so perfect for it: Rep. Henry Hyde of Illinois. He's a member of the Intelligence Committee, a member of the Foreign Affairs Committee, a very smart guy....

Germond: The idea of Henry Hyde running CIA, come on.

McLaughlin: ...Since immunity has been ruled out for now [for North and Poindexter], thus blocking their testimony, would it not be desirable for the President to issue executive pardons at Christmastime to both principals so that the federal government...can function again?

Stacks: Absolutely not. That would be the end of the Reagan presidency...because just the way it was the virtual end of Jerry Ford's presidency when he pardoned Nixon.

Novak: There's not even any similarity to the Nixon-Ford thing. The problem with the Nixon-Ford thing, it looked like a deal that that's how Ford got to be president....

Kondracke: Suppose they [Poindexter and North] say it's true the President didn't know. It would look like it was a favor granted in return for the pardon. Nobody would believe that.

Germond: But all the argument about what you do about Oliver North and John Poindexter...they're blowing smoke at the country. They're trying to divert attention away from the central question, which is still the policy, it's not the diversion of money to the contras alone. It is the original policy. The President still has to defend that.

McLaughlin: The Russians will take advantage of a weak President...if the pardon is not given, plus the fact that the President can kiss goodbye any attention to the State of the Union or the budget...or the legislative agenda....

On Nicaragua, Hasenfus & Hall:

McLaughlin: Will the pardoning of Hasenfus work to the advantage of the Sandinistas and to the disadvantage of the contras...?

Novak: Probably, because all those dupes on Capitol Hill will say, gee, this is a sign they're not such bad fellas. It's all a put-up job....

Germond: ...I agree totally that it's a phony public relations play by Ortega. It's not going to mean anything. The fact is though that contra aid is in such bad trouble, this doesn't mean anything at all.

Kondracke: This is the Democratic version of Reagan's hostage crisis. All of our enemies all around the world are playing us for fools with hostages. Hasenfus gets traded in return for Democratic votes to cut off aid to the contras, which is like arms aid to the [Iranians]. When are they ever going to learn they've got to stop playing this game?

AGRONSKY & COMPANY

Moderator: Martin Agronsky.

Panel: Jack Kilpatrick, Carl Rowan, Hugh Sidey, Cokie Roberts of NPR.

On the Iran-Contra connection:

Agronsky: Another week of revelations and contradictions in the Iranian arms fiasco. Which one of these matters most?

Kilpatrick: I didn't hear any great revelations all week long and the contradictions seem to me to be vastly overblown. They don't amount to a hill of beans.

Rowan: There are two in my mind. I think the continuing conflict between McFarlane and Don Regan as to when the President approved arms to Iran is very interesting and somebody's going to have to resolve it, probably the President himself. The other one is that the Vice President's staff had all those contacts with this re-arming operation in Nicaragua and the first notice of that Hasenfus plane going down went to a member of the Vice President's staff. This fascinates me.

Roberts: The contradiction that's got the members of Congress concerned is the one between McFarlane and Regan because it does get to that famous question, what did the President know and when he know it. The revelation that I think might turn out to be quite interesting is that there were once again tapes in the White House.

Sidey: ...I tend to agree with Jack on this. These are pieces in this puzzle. None of them are that significant, they are all useful. I am rather heartened by the process. It seems to me both Congress, White House now, have gotten into this and it's rolling along. It's a good demonstration of democracy. I think we're getting someplace....

Rowan: ...I think the most important thing, I think one of the best things the President could do for himself and the presidency is to say, "There's no need for Don Regan to tell people what I did; I am going to do it myself." And I think he may yet take Paul Laxalt's advice and say, "I will do the unprecedented thing of [going] to testify myself."

Roberts: The committees are not going to call him. They say the Ford example is a very different example, that this was pardoning Richard Nixon, he's the guy who did it, he did it by himself and he had to go explain. This is a foreign policy situation, explaining who made the policy, and there's a real feeling on the part of the members of both congressional committees, both parties, that this is really just going all the way over the separation of powers....

Rowan: There is a fascinating and troubling aspect of this thing. Mrs. Reagan has said the President's disturbed because his aides deceived him, they didn't tell him. George Bush says all these people making all these contacts in Nicaragua and neighboring countries, they never told him. This is a government where nobody ever seems to tell the people at the top anything. It's incredible.

MCLAUGHLIN GROUP 1986 GROUP AWARDS

BIGGEST WINNER -- Stacks: Cuomo. Novak: Cuomo. Germond: Sam Nunn. Kondracke: Mikhail Gorbachev on the foreign level because Ronald Reagan is diminished and because Reykjavik was a disaster; Reagan doesn't look serious. And on the domestic level, I think Bill Bradley. McLaughlin: Bruce Springstein.

BIGGEST LOSER -- Stacks: Ronald Reagan. Novak: George Bush. Germond: Bush. Kondracke: Ferdinand Marcos obviously was the biggest, but Ronald Reagan was pretty close. McLaughlin: Len Bias.

BEST POLITICIAN -- Stacks: Bob Dole. Novak: George Shultz, who is surviving. Unbelievable. Germond: Bill Bradley. Kondracke: Fidel Ramos; he saved his country twice, you can't do better than that. McLaughlin: Bob Dole.

WORST POLITICIAN -- Stacks: Mario Cuomo, by being graceless in winning. Novak: Sen. Jim Broyhill of North Carolina. Germond: Sen. Paula Hawkins. Kondracke: Don Regan. Here he is presiding over a disaster. McLaughlin: Baby Doc Duvalier.

THINKER OF THE YEAR -- Stacks: Nobody deserves it. McLaughlin: You're absolutely correct in that. Novak: Sen. Bradley by a landslide for his Third World debt program. Germond: I agree with that; Bradley. Kondracke: Bradley. McLaughlin: Richard Darman for his learned discussion of the ills of American business today.

TURNCOAT OF THE YEAR -- Stacks: Nancy Reagan, for abandoning her friend Ollie North. Novak: Sen. Lugar, who started the year as a moderate conservative supporter of the President. Germond: Kent Hance of Texas and Bill Lucas of Michigan, who changed parties and got their heads handed to them. Kondracke: Juan Ponce Enrile of the Philippines, who did it twice. And domestically, Linda Chavez. McLaughlin: Ivan Boesky for ratting on his friends with his tape recorder.

DESTINED FOR POLITICAL SUPERSTARDOM IN 1987 -- Stacks: Sam Nunn. Novak: Sam Nunn. Germond: Dick Gephardt. Kondracke: Sam Nunn. McLaughlin: Sen. Bradley.

DESTINED FOR POLITICAL OBLIVION IN 1987 -- Stacks: George Bush. Novak: Regrettably, Paul Laxalt. Germond: Don Regan; he wins the cup. Kondracke: Pat Robertson. McLaughlin: Lee Iacocca.

WHO IS YOUR MAN OF THE YEAR? Stacks: Gorbachev. Novak: A man who has dominated the news, he has taken over OPEC, he is threatening his second president. Ayatollah Khomeini. Germond: Corazon Aquino. Kondracke: Aquino. McLaughlin: Gorbachev.

WILL THERE BE A SUMMIT BETWEEN GORBACHEV AND REAGAN? Stacks: Yes, Reagan will see the wisdom of getting back on the arms control track. Novak: I would say the news is even worse than that; there may not only be a summit but there may be an arms control agreement which is not to our advantage. Germond: I don't think the President can do it. I think the troubles at home are too serious. Kondracke: I think Gorbachev will still demand an end to star wars and Reagan still will not agree and therefore there won't be a summit. McLaughlin: There will be a summit.

AGRONSKY & COMPANY (continued)

Sidey: Oh, come on Carl. The fact of the matter is when you get a failure in one of these things, you always re-examine it and wonder how it could happen....

Agronsky: ...The real question is if you have a President of the United States and in this instance...a Secretary of State of the United States who demonstrate a foreign policy is being conducted without their overseeing it...I think you have a situation that has to be brought to the attention of the public, examined very carefully and its significance understood.

Kilpatrick: Wait a minute. Certain aspects of foreign policy, if it were delegated to these people, were carried out badly. But the policies themselves of rapprochement with Iran, of aid to the contras, those policies were fixed by Reagan himself and he knew all about the policies.

On the issue of immunity for Col. North and Adm. Poindexter:

Sidey: ...It is hurting the White House, I think, that they aren't up there testifying....

Roberts: ...Howell Heflin, one of the members of the committee and a former judge himself said look, you give immunity when you're trying to get a bigger fish and you're sure the bigger fish is guilty. So that there's no point at this point of doing that.

Rowan: ...I think it would be absurd to give immunity now. You automatically limit drastically the mandate of a special prosecutor who was only named Friday and then you've got too many questions out there.

On Hasenfus' release:

Kilpatrick: I think Mr. Hasenfus ought to be brought to the Rose Garden and given a medal. He was there carrying out the President's policy....

Rowan: Somehow or other I think they think he talked too much to be labeled a hero and I think he'll get into the Rose Garden slightly behind me.

On salaries for congressmen, judges, Cabinet members:

Rowan: I think they are grossly underpaid.... I think we ought to pay the people who make our laws and interpret our laws better and then government will be less a province of the rich.

Roberts: But it will never happen.... You can be sure it will be vetoed again. What's happened to all of them is they go home and they get run against on this subject....

Kilpatrick: ...The recommendations of the commission I thought were much too high for members of the House and Senate, who can earn large sums out on the speaking trail. I thought they were maybe about right for judges. The real need is in your executive agencies down below the Cabinet secretaries themselves, where you have career people who are crackerjack executives....

-end of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, DECEMBER 22, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

White House Rules Out Pardon For Testimony On Iran Scandal -- The White House has ruled out pardoning former top aides in return for testimony regarded as crucial to filling in the gaps in the story of the Iran arms scandal, government sources said.

(Washington Post, Washington Times, Reuter)

INTERNATIONAL NEWS

Shanghai Authorities Say Students Harm Social Order -- Authorities have warned student leaders that they are running out of patience with rallies that have paralyzed much of central Shanghai since Friday. (Reuter, UPI)

NATIONAL NEWS

Casey Remains 'Stable' After Removal Of Tumor -- CIA Director William Casey remained in stable condition yesterday at Georgetown University Hospital following brain surgery last week to remove a cancerous tumor, according to a hospital spokesman.

(Washington Post, Washington Times)

NETWORK NEWS (Sunday Evening)

IRAN-NICARAGUA -- Congressional leaders expressed growing concern that investigations of the Iranian arms scandal could paralyze the nation for months.

SHANGHAI DEMONSTRATIONS -- Chinese authorities have spread the word that if the students don't get off the streets, they will crack down hard.

CHAD/LIBYA -- Chad claimed invading Libyan troops were dealt a catastrophic defeat this weekend by forces supporting the government in northern Chad.

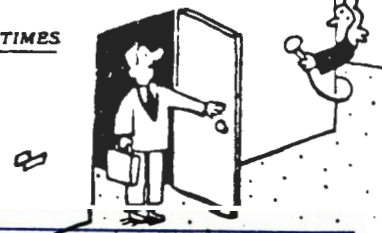
Staking Out the Stakeout

Reporters on the Senate assignment repeatedly called the stakeout the lowest form of journalism and a boring penance for their journalistic sins. But practitioners include some of the highest paid people in the business, for everyone does drudgery now and then.

It is a waiting game in which news can be made swiftly and unpredictably. At the intelligence committee stakeout, a day of waiting would frequently result in nothing more than a smattering of what reporters called "News McNuggets" that were duly filed with their bureaus.

But after three weeks of gulped lunches and late dinners, the sharing of news tips both real and bogus, and endless crossword puzzles and word games, a camaraderie developed that led Terry Schaefer, a reporter with NBC News, to call out, on the last day, "I'm going to miss you people."

THE NEW YORK TIMES



IRAN — NICARAGUA

REAGAN TO FOCUS THIS WEEK ON HOLIDAYS, NOT SCANDAL

President Reagan is aware of his credibility problem from the Iran arms scandal, his friends in Congress say, but this week the chief executive -- out of the public eye for more than a week -- will focus his attention on the holiday season.

Reagan returned from a weekend at Camp David Sunday afternoon, and declined with a wave and a smile to answer reporters' questions.

(Ira Allen, UPI)

WRIGHT URGES PARDON OF NORTH, POINDEXTER 'Ultimate Act Of Leadership' For President

Rep. James Wright, incoming speaker of the House, said yesterday that President Reagan should pardon Lt. Col. Oliver North and former national security adviser John Poindexter -- a move Wright said he would consider "the ultimate act of leadership."

"If he truly wants them to come forward and tell the whole truth, and if he wants them to have immunity from prosecution, there's a simple way, a straightforward way," Wright said on the television program "John McLaughlin: One on One." "He can grant it with a stroke of a pen. Presidential pardon is the ultimate immunity."

(Dale Russakoff, Washington Post, A1)

Congress Won't Rush Probes Though Frustration May Grow

The special congressional committees charged with investigating the Iran-contra affair won't rush their work to put the scandal to rest, panel members said yesterday, despite the frustration a prolonged probe might produce.

A presidential pardon, Rep. James Wright said, would represent "the ultimate act of leadership."

"This would be a way in which Mr. Reagan...could be saying, 'OK, I'm responsible. I'm the one who hired these people.'" Mr. Wright said in a syndicated television interview. "They thought they were doing my bidding, so I'm going to pardon them (North and Poindexter) for any crime they may have committed in that act."

(Mary Belcher & Damon Thompson, Washington Times, A1)

White House Rules Out Pardon For Testimony On Iran Scandal

The White House has ruled out pardoning former top aides in return for testimony regarded as crucial to filling in the gaps in the story of the Iran arms scandal, government sources said.

"The idea was floated but not really considered since it would be an obvious political disaster," said one Administration official, who asked not to be identified. "It is a no-win situation."

Sen. Paul Laxalt dismissed the use of a presidential pardon to clear the air. "It's an appealing suggestion in terms of being simplified and a way to get at the facts," he said yesterday in a television interview.

"It's not flying. No one seems to have an appetite for it," he said. "The reason is...let's get more of the facts out before you talk about pardon."

(Robert Kearns, Reuter)

CONGRESS TO CONSIDER IMMUNITY FOR NORTH, POINDEXTER

Leaders of two special congressional committees say they will consider granting Oliver North and John Poindexter immunity, if they cannot uncover the truth in the Iran-contra scandal, to speed the probe and reduce the "national anguish."

Sen. Daniel Inouye, Sen. Warren Rudman, Rep. Dante Fascell and Rep. Richard Cheney agreed in interviews Sunday on ABC's "This Week With David Brinkley" that the nation will not tolerate a prolonged congressional inquiry into the worst foreign policy crisis of the Reagan Administration. (Dana Walker, UPI)

Senate Chairman Says Immunity, Opening Channels With Iran Possible

The special Senate panel investigating the U.S. arms sales to Iran might consider limited immunity for White House officials and seek help from Iran to learn the truth about the transactions, says the committee's chairman.

"I'm not closing any of the doors," Sen. Daniel Inouye said Sunday on ABC's "This Week With David Brinkley."

"If it takes a grant of immunity to get to these questions, they'll be considered, yes." (Susanne Schafer, AP)

QUESTIONS IN CRISIS MAY LONG GO UNANSWERED

With the first series of congressional investigations into the Iran arms sales scheduled for completion within the next three days, many of the central questions seem certain to remain unanswered for weeks if not months.

The resulting uncertainty, as investigators from the Senate, the House of Representatives and the special prosecutor's office gear up for a more comprehensive set of investigations next year, is likely to delay foreign-policy making throughout the government and complicate relations with other nations, congressional and Administration officials said this weekend. (Bernard Gwertzman, New York Times, A1)

WHITE HOUSE HAS POWER WITH TALK SHOWS Networks Find Big Fish Getting Away As Administration Keeps Officials From 'Going Out'

For the Sunday television talk shows, angling each week for important guests on the Iran arms story, the biggest fish have been getting away -- as they did again yesterday.

The White House, which controls the people that the network talk shows most yearn to interview, has blocked all but one Reagan aide from "going out," as it is known when somebody emerges from the inner sanctum to submit to questions on television.

Sam Donaldson, a participant on ABC News' "This Week With David Brinkley," said: "The White House has parceled these people out as they see fit in a very ruthless way."

(Eleanor Randolph, Washington Post, A16)

WHITE HOUSE RECOUNTING OF IRAN AFFAIR ABSOLVES REAGAN BUT RAISES QUESTIONS

A comprehensive written account of the Iran arms affair, prepared by the White House after the scandal broke, absolves President Reagan of any responsibility for Israeli arms sales to Iran last year, or for the diversion of profits from the sales, Administration officials said.

But the officials said that although Donald Regan, William Casey and other top officials have used the chronology as a basis for much of their testimony on the affair, the document contradicts the sworn testimony of some participants, omits crucial parts of the story, and may contain errors of fact. (John Walcott & Andy Pasztor, Wall Street Journal, A3)

STATE DEPT. DENIES THE POST'S REPORT ON BID TO IRAN But Key Official Says Desire For Improved Relations Over Long Term Was Communicated Through Other Nations

The State Department, reacting to a Washington Post report of recent U.S. communications to Iran, denied yesterday that the Reagan Administration has asked other nations to pass messages to Tehran on its behalf since the revelation of secret U.S. arms sales.

A senior State Department official said, however, that as recently as mid-November the Administration communicated to a large number of governments its desire for improved relations with Iran over the long term -- conditioned on changes in that regime's behavior. The officials said these communications were not addressed specifically and directly to Tehran, as The Washington Post reported.

(Don Oberdorfer, Washington Post, A14)

3 THEORIES ON IRAN AFFAIR Basically Different Views Await Inquiries By Special Counsel And Select Committees

After three weeks of congressional hearings into the Iran-contra affair, three fundamentally different scenarios of what happened and why must now await the more comprehensive investigations next year by House and Senate select committees and independent counsel Lawrence Walsh.

"Arms for hostages was the focal point of pressure that hit at the heart of a president like Ronald Reagan," Sen. Orrin Hatch said. "His heart is exceptional and sometimes it gets him in trouble."

(Walter Pincus, News Analysis, Washington Post, A1)

RELATING TO THE PEOPLE

President Reagan's success as a political leader has been built on an ability to stand outside politics and view events the way ordinary people see them on their television screens. Call it populism or call it role-playing, but Reagan has related to the concerns of people. He normally would be the first to accept the assessment of Gov. William Janklow, who said, "There are not five people out there who want to send arms to Iran. The only way we want to give arms is dropping them from the bay of a B1 bomber at 30,000 feet."

The compassion, gullibility and huge gaps in Reagan's understanding of foreign policy proved a combustible mix in Don Regan's White House, where no politician was on hand to warn the President that secret arms deals with Iran inevitably would be revealed as a ransom paid for hostages.

Reagan also must demonstrate that he care more about the country than about Don Regan, who has avoided culpability by pleading ignorance on his watch. This is not good enough, as the President ought to realize. He needs to make a fresh start with a fresh chief of staff.

(Lou Cannon, Washington Post, A2)

MCFARLANE ASSURED HILL NORTH WASN'T BREAKING LAW

Robert McFarlane conducted a "thorough investigation" of Lt. Col. Oliver North's links to the contras more than a year ago and concluded Col. North wasn't breaking any law.

But congressional investigators say they now know that North directed contra supply operations for at least the last two years until he was fired from his NSC job Nov. 25 when his secret contra supply operation was discovered.

(Lance Gay, Washington Times, A9)

NSC BEING RESTRUCTURED TO GIVE MORE FOCUS TO COORDINATING POLICY Council Is To Stay Clear Of Covert Actions And To Build Advisory Role

The National Security Council is being restructured so that it can assume a more important role in coordinating government policy when Frank Carlucci becomes the White House national security adviser in January, according to experts close to the council.

Under the direction of Mr. Carlucci, an effort is being made to upgrade the quality of the professional staff while reducing its size. Some offices within the council are being abolished, and new offices will be created.

(Michael Gordon, New York Times, A1)

DOMESTIC REACTION

REAGAN JOB RATING AT ALL-TIME LOW IN HEARTLAND

DES MOINES, Iowa -- Nearly one in four Iowans think President Reagan should resign over the Iran-contra scandal and the President's job approval rating fell to its lowest point ever in the state, a newspaper poll says.

The copyright poll in the Des Moines Register said 34 percent of the Iowans surveyed approve of the job Reagan is doing, while 55 percent disapprove and 11 percent have no opinion. (UPI)

LAXALT WARNS BATTERED POLITICIANS: 'RIDE OUT' THE STORM

Political fallout from the Iran arms scandal is raining down on President Reagan and Vice President Bush, but the general chairman of the Republican Party advised battered partisans to "ride it out...and not panic."

Sen. Paul Laxalt said he would advise Republicans, "Just ride it out, frankly, and not panic, and support this president. I think once the facts are developed, it will be demonstrated that this president had good objectives. They simply didn't work out, and I think eventually his credibility is going to be completely restored." (Iran Allen, UPI)

VICE PRESIDENT BUSH/IRAN-CONTRA AFFAIR

Vice President Bush says he is "no longer the front-runner" in the 1988 contest for the Republican presidential nomination, and it suits him fine.

Badly stung by the Iran arms scandal in polls, Bush said in interviews published Sunday that "certain things haven't worked perfectly" in the Administration's handling of the affair, particularly diversion of weapons profits to the Nicaraguan contra rebels.

"Therefore, I would be perfectly glad to accept whatever my share of responsibility is," he said. (Ira Allen, UPI)

Scandal Hurts Bush More, Dole Declares

Sen. Robert Dole, whose popularity in the polls has risen in the wake of the Iran-contra disclosures, yesterday declared that the episode hurts Vice President Bush more than any other Republican.

"The Iran controversy is more of a problem for those Republicans in the White House than on the outside," Mr. Dole said in a telephone interview with The Washington Times.

(Ralph Hallow, Washington Times, A1)

EDITOR'S NOTE: "The Funny Business & The Arms Scandal -- Carson & Letterman Mine The Contra-versy," by Tom Shales, appears in the Washington Post, D1.

INTERNATIONAL NEWS

IRAN VOWS VENGEANCE FOR U.S. AID TO IRAQ

NICOSIA, Cyprus -- Iran's Prime Minister Hussein Musavi said yesterday that U.S. help for Iraq would only encourage the Iranian people to defeat Baghdad and earn a "sacred vengeance" over the U.S.

"The hands of the Yankees are stained with the blood of our war martyrs," he told Tehran radio in an interview, monitored by the Associated Press in Nicosia. (Washington Times, A8)

WAITE'S CHRISTMAS TRIP TO LEBANON LIKELY DELAYED

LONDON -- Anglican Church envoy Terry Waite said fighting around the Lebanese capital likely would prevent him from returning at Christmas to resume negotiations for the release of American hostages.

"Ideally, I would like to be there over Christmas because these Islamic groups know how they feel about their religious festivals and they recognize the importance of Christmas for us. It leads to a bit more flexibility," Waite said Sunday. (Edith Lederer, AP)

FORMER HOSTAGE URGES RELEASE OF 17 TERRORISTS FROM KUWAIT

PORTLAND, Oregon -- The Rev. Lawrence Jenco, freed in mid-1986 after 18 months of captivity in Lebanon, says he would have refused release if he thought he was being exchanged for weapons shipped to Iran.

Jenco said Sunday that instead of trading arms for hostages, the U.S. should trade 17 pro-Iranian terrorists now imprisoned in Kuwait for the five remaining American captives in Lebanon. (Peter Gillins, UPI)

REAGAN'S MOZAMBIQUE 'AGENDA' LAUDED

The U.S. policy of backing the Marxist government in Mozambique against the anti-communist guerrilla movement, RENAMO, has been described by Assistant Secretary of State for African Affairs Chester Crocker as "a thoroughbred Reagan agenda."

Mr. Crocker, in a press briefing Friday, spoke glowingly of the new regime in Maputo headed by President Joaquim Chissano. He dismissed RENAMO as a military organization and not a national liberation movement.

(Richard Beeston, Washington Times, A6)

HALL PROCLAIMS GROUP BORN OF MEETING AT PENTAGON

Sam Hall, an American arrested 11 days ago in Nicaragua on espionage charges, said in a televised interview yesterday that the creation of the secret paramilitary organization to which he belonged "started" with a meeting at the Pentagon on Nov. 28, 1984.

But the Dayton, Ohio resident and brother of Democratic Rep. Tony Hall of Ohio, refused to name the person who had invited him to the Pentagon, saying only that he would reveal it "behind locked doors at a congressional hearing." (Timothy O'Leary, Washington Times, A6)

DEMONSTRATIONS SUBSIDE IN SHANGHAI

SHANGHAI, China -- Students who staged three days of giant demonstrations for democracy and human rights returned to their campuses today and activity returned to normal in the heart of China's largest city.

A student leader who asked not be identified said many students believed the demonstrations "got sufficiently out of hand" but that others were still debating whether to carry on. (Jane Macartney, UPI)

Shanghai Authorities Say Students Harm Social Order

SHANGHAI, China -- Authorities have warned student leaders that they are running out of patience with rallies that have paralyzed much of central Shanghai since Friday.

The official New China News Agency last night published a list of allegations including beating up police officers and said continuing protests imperil social order. (Reuter)

LIBYA DENIES IT LOST 400 MEN IN FIGHTING IN NORTHERN CHAD

N'DJAMENA -- Libya denies that it lost more than 400 men and 17 tanks and that its troops were forced into retreat in fierce fighting with rebel forces in the rugged Tibesti mountains of northern Chad.

The official JANA news agency said that Libyan forces were not involved in the fighting.

It also said that U.S. and French military aid to Chadian President Hissene Habre had enabled his troops to cross the 16th parallel an attack Chad rebel forces. (Reuter)

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NATIONAL NEWS

CASEY'S CONDITION REPORTED 'STABLE'

CIA Director William Casey was in stable condition yesterday recovering from Thursday's surgery to remove a cancerous tumor from his brain, a spokesman for Georgetown University Hospital said.

Casey has been in stable condition throughout the weekend. The hospital spokesman added that no further information on Casey's condition will be released until today. (UPI Story, Washington Post, A14)

Casey Remains 'Stable' After Removal Of Tumor

CIA Director William Casey remained in stable condition yesterday at Georgetown University Hospital following brain surgery last week to remove a cancerous tumor, according to a hospital spokesman.

If further tests reveal that Mr. Casey is suffering from a type of cancer considered serious, the CIA director faces chemical and radiation therapy to halt its spread, according to cancer experts.

(Bill Gertz, Washington Times, A2)

POVERTY RISE LAID TO WEAK ECONOMY

Study Concludes That Family Dissolution Is A Secondary Factor

Weak economic growth rather than family dissolution was the main cause of the sharp rise in poverty in the U.S. from 1979 to 1985, despite the well-publicized rise of the one-parent family, according to a study released yesterday.

The study said the recent "emphasis on family composition as a determinant of poverty wrongly inclines us to ignore the effects of weak trends in employment and wages." (Spencer Rich, Washington Post, A5)

NETWORK NEWS SUMMARY

NOTE: CBS did not air a newscast.

IRAN-NICARAGUA

ABC's Sam Donaldson: President Reagan tomorrow embarks on a three-day pre-Christmas White House blitz designed to show the country that he's still in charge in running things. This even as yet another public opinion poll shows he's in deep trouble over the Iranian arms sale policy. The Des Moines Register says only 34% of Iowans polled approve of the job Mr. Reagan is doing as President; 55% disapprove. One of four of those surveyed think the President should resign as a result of the scandal. It should be noted that the President's popularity in Iowa was already depressed because of problems in the farm belt. His September job approval rating there was only 46%. But the trend is bad news. This week the President hopes to do something to help reverse it.

ABC's Kenneth Walker: After a week of avoiding reporters and public appearances in a way that suggested a siege mentality, President Reagan returned to the White House from Camp David as close associates vowed he'll raise his profile to prove he's still in command. (TV Coverage: Arrival from Camp David.)

(Sen. Laxalt: "During the next several days, you're going to see various events, mainly official. I don't see anything that's unusual or unpredictable. It's simply indicating to the country that this man is very much in charge.")

Unlike last week, when only still photographers were allowed to see the President, this week officials plan daily coverage, including reporters and television cameras at such holiday activities as National Prayer Day tomorrow and traditional telephone calls to U.S. servicemen later in the week.

(TV Coverage: Various still photos of the President.)

The reported plan is intended to challenge the growing appearance that the Administration is paralyzed by the Iran-contra crisis as described on ABC's "This Week with David Brinkley" by the ranking Republicans on the House and Senate select investigating committees.

(Sen. Rudman: "I think it has hampered, and if this drags on for another year or 18 months with the basic fundamental issue unresolved, if we're not able to hear from North and Poindexter, then I think the potential damage to the last years of this Administration is enormous. There are so many things we ought to be doing and this entire city is focusing its collective kinetic energy on what did the President know and when did he know it.")

Vice President Bush signaled the Administration's new strategy when he took to the road in Iowa over the weekend to take the issue head-on. Efforts to elicit testimony from John Poindexter and Oliver North by either a presidential pardon, congressional immunity or appeals to conscience appear stymied. But outgoing Senate Intelligence Chairman Durenberger said he doubted North's credibility.

Walker continues:

(Durenberger: "I think there's a growing concern that even if he did testify, you'd be somewhat concerned about his reliability because he has a personal stake in making it look as though he is some kind of a national hero.")

With congressional hearings winding down for the holidays, President Reagan will have more of an opportunity than he's had recently to try and change the subject, but with so many questions still unanswered, he can be sure the subject will continue to dominate the new year as the new select committees in Congress as well as the special prosecutor begin their investigations in earnest.

Donaldson: The London Observer said the eldest son of Speaker Rafsanjani has fled to Canada after receiving \$6 million for his part in the American arms sale deal. The paper said Rafsanjani's son left his home in Brussels on November 15 with an official Iranian investigator in hot pursuit.

U.S. Senate investigators say they may well ask Iran for its side of the arms sale story and for helping piecing together what happened. Sen. Inouye indicated that if Iran possesses tape recordings of Robert McFarlane talking on the telephone from Tehran to the White House last May, the Senate committee may ask for them also. (ABC-Lead)

NBC's Chris Wallace: Congressional leaders expressed growing concern today that investigations of the Iranian arms scandal could paralyze the nation for months, and some suggested it may be necessary to forego criminal prosecutions to get to the bottom of the case quickly. But while almost everyone wants Oliver North and John Poindexter to tell their stories, there is a sharp disagreement about how to get them to talk.

NBC's Robin Lloyd: The President continued his silence today on the Iran affair, but White House officials described President Reagan as frustrated and impatient that his two former aides, Oliver North and John Poindexter aren't willing to testify.

(TV Coverage: Arrival from Camp David.)

Congressional leaders from both parties expressed their concerns that the crisis could have a crippling effect on the country.

(Rep. Cheney: "I'm really worried that if we're still a year from now fooling around with investigations and so forth that we will have seriously damaged the capacity of the Administration to function.")

(Rep. Fawell: "I'm for getting the facts out and I think we need to get them out early. The country does not need a debilitated President or one who cannot act. We need to restore our foreign policy.")

Pressure continues to build on North and Poindexter to speak out. Congressional hearings have revealed they are the only ones who appear to have the key answers. All last week the White House was sending signals from the First Lady and then Vice President Bush urging North and Poindexter to come forward.

(Vice President: "Both Adm. Poindexter and Col. North should now step forward and tell us the whole truth.")

Lloyd continues: Still, aides say the President will not call them in and force them to break their silence. Nor, they say, will he pardon them. That would weaken his presidency, they argue. What the President hopes is that Congress will decide to grant both men immunity from prosecution and today the chairman of the new Senate select committee set up to investigate the Iran affair, Sen. Inouye, said he wasn't ruling that out.

(Sen. Inouye: "And if it takes a grant of immunity to get to these questions, they'll be considered, yes.")

But other key members of the same committee, Republican William Cohen and Democrat Sam Nunn, disagree.

(Nunn: "So it seems to me that as frustrating as it may be, we're going to have to work our way through this in an orderly process.")

Nunn also suggested that the President appoint a special adviser inside the White House to handle the Iran investigations, something aides say the President is not seriously considering. Officials here admit this whole process could take months. But for now they're ruling out any special steps such as having the President testify on Capitol Hill. Said one aide, it's a bad idea because the President would have to say how much he didn't know.

NBC's Tom Pettit reports on who is investigating what. There are at least 12 investigations. The White House still is investigating damage control, which will take time.

(Sen. Nunn: "In terms of how the White House functions and whether it can correct its mistakes from a policy point of view, I think it's a very serious omission for the White House still not to have the facts.")

(Sen. Cohen: "The President has to do something other than just getting on top of the facts. He has to, in my judgment, assume responsibility for the acts and even excesses of his subordinates. Even if he didn't know, he has to say, 'I accept the responsibility because they essentially were carrying out what they conceived to be my policies.'")

Wallace: Despite the arms scandal, the Reagan Administration has been sending new messages to Iran, trying to improve relations. The Washington Post reports that the messages with no arms sales attached are aimed at trying to free the hostages, but it quotes U.S. officials as saying they are not optimistic.

Meanwhile, Terry Waite says he wants to return to Lebanon before Christmas to resume negotiations to free the hostages. But Waite says lack of security will probably delay his trip. All the hostages, he says, "must be feeling pretty dreadful. It would be nice to be there to maintain their hopes."

And there is more evidence that the arms scandal is hurting the President's standing at home. A new poll in The Des Moines Register finds that 55% of Iowans disapprove of the job Mr. Reagan is doing and 24% believe the President should resign. (NBC-Lead)

SHANGHAI DEMONSTRATIONS

Donaldson reports that after three days of unrest in Shanghai, Chinese authorities have spread the word that if students don't get off the streets, they will crack down hard. The students have been demonstrating for democratic reforms. (NBC-2, ABC-2)

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CHAD/LIBYA

Donaldson reports the government of Chad claimed invading Libyan troops were dealt a catastrophic defeat this weekend by forces supporting the government in northern Chad. This claim was backed up by Western intelligence sources in the country's capital.

(NBC-3, ABC-3)

WEST GERMANY/KHADAFFY

Wallace reports West German experts are secretly helping Moammar Khadaffi build and test missiles in the Libyan desert, according the magazine Stern. Missile and electronics parts are being shipped to Libya camouflaged as air freight to replace obsolete Soviet missiles.

(NBC-4)

SAKHAROV/SOVIET DISSIDENTS

Wallace reports Andrei Sakharov says he intends to continue speaking his mind on human rights after his release from seven years of internal exile in the Soviet Union.

NBC's Sandy Gilmour reports human rights advocates in the West say the appearance of progress in the Soviet Union is deceiving, that Gorbachev is simply ignoring thousands of cases less publicized than Sakharov's.

(NBC-5)

TAXES

ABC's Stephen Gere reports some suggestions on how to benefit from the new tax law.

(ABC-7)

-end of B-Section-

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: George Will and Sam Donaldson.

Guests: Richard Ben-Veniste, former assistant special prosecutor in the Watergate cover-up trial; followed by Reps. Fascell and Cheney; Sens. Inouye and Rudman.

Brinkley: You were an assistant special prosecutor...in Watergate. Do you see any similarities here?

Ben-Veniste: Of course there are similarities, but the differences are more important.... [In] Watergate we had very defined criminal activity. We had wiretapping, we had break-ins, we had misuse of the IRS, we had very mean crimes and we had an obstruction of justice in which the President of the United States was a significant participant.... Here we have a situation which is much more political in nature, much more involving the way our foreign policy is carried out....

Will: ...When might it be timely [to grant immunity], if ever?

Ben-Veniste: ...It seems to me that one would want to find the scope of alleged wrongdoing...before one would resort to "use immunity"...

Donaldson: Will we not have to hear from the President of the United States directly? Will he not have to say what he knew and didn't know?

Ben-Veniste: The President has already said what he did not know.... I assume in view of this President's decision as compared, for example, to President Nixon, whose advice was to stonewall and cover up, this President has said, "I want everyone to testify, I want these facts out." And he has demonstrated his bona fides in my view in that regard by sending his Chief of Staff up to the Hill without the shield of executive privilege, which is a very substantial concession.

Guests: Rep. Dante Fascell and Rep. Dick Cheney.

Brinkley: As you know, the President wants Col. North and Adm. Poindexter to forget the Fifth Amendment, go before your committee and Senate committee and tell it all.... What do you think of that?

Cheney: I think it's a good idea to get the story told as quickly as possible.... I think it's unrealistic to expect that they're going to give up their constitutional protection under the Fifth Amendment.

Fascell: I think Mr. Ben-Veniste laid it out absolutely correctly.... I think it is absolutely premature, I think you have to give the independent counsel an opportunity to look at the scope of the matter and determine what violations if any exist and what kind of case he may need.

Cheney: ...I think we ought to consider the idea of limited immunity....

Will: ...Do you think it would be a good idea for this President to consider pardoning Poindexter and North?

THIS WEEK (continued)

Cheney: I do not. I think you've got radically different circumstances [from those of the Ford pardon of Nixon]. At the time Ford pardoned former President Nixon we'd had two years of investigations, all kinds of hearings and trials, there were no unanswered questions left. In this particular case the notion of a pardon in advance would do exactly what Mr. Fascell says he doesn't want to have done. It would prohibit any possibility of prosecution. Limited immunity does preserve the possibility of prosecution.... I also think [a pardon] probably would be a very poor political move.

Fascell: I think so too because it raises the other question. It raises the presumption of guilt. Right now all we have are allegations that are unproven....

Will: When the criticism broke on President Ford for the pardon, to clear the air he went up and testified on Capitol Hill. Do you think it would be a good idea for Mr. Reagan to do that and do you intend to invite him?

Fascell: I don't know. That hasn't been discussed. That certainly is an option. My feeling right now today is that it would be premature.... The President has spoken out, he's demonstrated his willingness to cooperate. I think it's been a little slow, but we've gotten there anyway....

Cheney: I think it's a bad idea.... In this case, President Reagan has already made it clear...that he wants full cooperation. He also is not the key witness. He does not know a great deal about this particular case. He's said as much publicly. It seems to me that the danger of separation of powers, of executive privilege and the power of the presidency, is far more important here than any drama that might occur from having President Reagan come to Capitol Hill and explain to us once again that he does not know all the details of what transpired....

Donaldson: Is the President's ability to govern effectively now so severely hampered that for the next two years we're just going to live in a twilight, a hanging-on sort of by one's fingernails?

Cheney: I think it is hampered and I wouldn't say that it's quite as bad as you've described, but on the other hand if this drags on for another year, 18 months, with the basic fundamental issue unresolved, if we're not able to hear from North and Poindexter, then I think the potential damage to the last two years of this Administration is enormous....

Donaldson: ...Do you agree with Mr. Cheney that the President's ability to govern is severely curtailed?

Fascell: No question about that and right now our ability on foreign policy is curtailed and will continue to be.... We need a worldwide diplomatic effort, led by the President and those who are in his offices in the Cabinet to do that. For example, there can't be any more speculation about Weinberger and Shultz as Secretary of Defense and Secretary of State. They've got to be able to be turned loose under presidential aura to go out and try to start convincing the rest of the world that this is our policy. We have to re-state what our policy is and see if we can't build up some credibility....

THIS WEEK (continued)

Guests: Sens. Inouye and Rudman.

Will: ...At some point you have to say...immunity is timely now.... When do you think that might be?

Inouye: ...I think that we cannot just disregard completely the criminal aspects, but there are other aspects of this crisis that I think are equally as important if not more important: the work of the National Security Council, the foreign policy implications and such, and if it takes a grant of immunity to get to these questions, it'll be considered, yes.

Rudman: I would add to that that it seems to me that we want to spend some time to see if there are some independent ways of establishing some of this evidence, through documents, through the money trail and so forth. I would agree that if we reach a point in the fairly near future where our investigation indicates there probably is no way to get that, then the Senate committee and the House committee will have to make a very basic decision as to whether the possible imprisonment for a short period of time of a few people for things that they thought they were doing right but violated the law is worth it against the national anguish that we could go through for many, many months....

Will: How worried are either of you already by the sense of dissolution of energy in the government that we already see?

Rudman: I'm very concerned about it. I think we're now looking at deficit reduction...arms control, the environment, the whole budget process. There are so many things we ought to be doing and this entire city is focusing its collective kinetic energy on what did the President know and when did he know it, which I'm not even sure is the vital question in this whole investigation...because I think that the policy and how it evolved...is by far the most important question.

Donaldson: Sen. Inouye...as you see this animal at the moment, how would you put it?

Inouye: ...By this process, we have inadvertently or deliberately injured our presidency and the President. And history has shown us on many occasions that whenever our potential adversaries view our president as being injured, they attempted to do mischief.... Let's face it now, some of your colleagues, some of the people of the United States have already concluded that the President is a villain, that he knew everything, that he was in charge of the whole operation.

Donaldson: Why is that, Sen. Rudman? Sen. Dole says the President told him the other day, rather sadly I suppose, talking about the people of the United States, "They like me, but they don't believe me."

Rudman: I believe the American people find it difficult to understand that something like this could occur...without a president knowing it. Quite frankly, I think everybody sitting around here this morning understands full well under this presidency and the way this President operates that that's quite conceivable....

THIS WEEK (continued)

Rudman continues: I believe when we get into a situation here where it is quite obvious that the President made some bad mistakes but told the American people the truth, then I think that the damage will be a great deal less.... It is the President's integrity that is on the line. I happen to believe what the President is saying because I do not think he would lie to the American people....

FREE-FOR-ALL DISCUSSION -- Morton Kondracke joins panel.

On Iran-Nicaragua:

Brinkley: ...It seems to me that the greater benefit to this country would be in cleaning up this mess quickly instead of a long, protracted, tiresome, repetitive legalistic maneuvering, which is what we're going to have with an independent counsel. It will be a year before you get anything out of that....

Kondracke: If Poindexter and North would come forward through their lawyers and issue a one-page statement merely answering the question, "Did the President know about this?" a lot of the political problem could get solved....

Donaldson: I don't think that would do it because we need to hear Poindexter and North under oath.... The problem is that Ronald Reagan didn't move quickly to clear this up.... It's been dragging the heels every step of the way. Let me give you an example. What did Ronald Reagan know, if anything, about the diversion of money to the contras? We have yet to hear him speak to that issue. He authorized his Press Secretary to say, "Tell them flat out I knew nothing about it." ...But the President has yet to come forward. Now is this any way to say, "I'm open, I'm going to come forward, I'm going to get it resolved,"? No. He's still hiding. Ronald Reagan is still hiding.

On arms control and SALT II:

Will: ...The Senate simply does not want to do its constitutional duty, which is if it likes a treaty, ratify. The fact is they don't have the 2/3 vote to do it.... Fifty-seven senators wrote a letter urging the President to do this, not saying, "We're going to vote to ratify it," but just urging him to do it on his own. It's anti-constitutional....

Donaldson: Congress refused to ratify...the SALT II treaty, but let's not forget who it was who decided to abide by it: Ronald Wilson Reagan. For the first five years of his Administration he unilaterally, without congressional mandate, abided by the limits. So all Congress is saying to him now...[is], "We want you to continue. We think it was a wise policy." I think his policy of abandoning SALT II is disastrous....

Kondracke: The big problem here is that there is no coherent American strategic doctrine....The Administration doesn't have one because the Defense Department wants star wars and no arms control and the State Department wants arms control and no star wars. And they don't know what kind of missiles to build, how many of them to build, how many the Soviet Union should not build, and all you have is confusion here.

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CBS -- FACE THE NATION

Moderator: Lesley Stahl.

Guests: Sen. Durenberger, Sen. Laxalt, Rep. Lee Hamilton.

Stahl: There's a report in a newspaper this morning that the Reagan Administration has sent new messages to Iran again asking for improved relations. Do you know anything about this?

Durenberger: No, I don't think it's a set of new messages. It's an indication that our policy that we began to search for in mid-1984 is still our long-range policy, to find an opening to a post-Khomeini Iran. The difference is that George Shultz is in charge of the implementation rather than somebody else....

Stahl: Let me ask you if you think that the policy is correct, if there are moderates in the government....

Durenberger: Sure. The policy is a correct policy, I mean the objective, if you are looking long range.

Stahl: Now you've had three weeks of testimony before your committee.... Is there any doubt in your mind that this was arms for hostages?

Durenberger: Sure, of course there's doubt.... The President didn't get into this to do hostages for arms. He's very right in saying that. He got into this to find that future opening. Others saw the President's interest and brought the hostage for arms and in effect sold it to him, and he didn't know -- and I don't think he still knows for sure -- who it is that sold it to him.

Stahl: ...Congressman Hamilton...let me ask you what you think the heart of the issue is....

Hamilton: The center of it for me is that we were conducting one foreign policy in secret and we were conducting another foreign policy in public, and the two were contradictory. Now, what that means is the credibility of American foreign policy comes into doubt, and that's what we have to focus on, it seems to me.

Stahl: Jim Wright...says that President Reagan should pardon [North and Poindexter]....

Hamilton: ...My own instinct, in both the case of the presidential pardon and the immunity question, is to -- let's get the facts first....

Stahl: Sen. Durenberger...do you think the President should force [North] to testify as his Commander-in-Chief?

Durenberger: No, I guess I don't feel that way. I think the President obviously should have gotten the facts from North or Poindexter ahead of time.

FACE THE NATION (continued)

Stahl: ...This is at the center, in many people's minds, when they are asked about the President himself, why he didn't ask Oliver North in the beginning, go to him right away or even go to John Poindexter.

Hamilton: My sense is that the White House has changed as this story has developed. Early on I felt that we were not getting much cooperation from the White House.... And I really think that has changed in recent days. The Cabinet officials are coming to Capitol Hill upon request. Don Regan is there. You ask for documentation, they say, "We'll have it to you immediately." They are beginning to open up. And I see a real difference in the last few days.

Stahl: ...Now you hear that the whole Administration is in paralysis. Is this your analysis as well?

Durenberger: Yes, but it isn't the paralysis that came about because of November events. It's a paralysis that occurs when you don't have any information....

Hamilton: ...I have to say...that despite the difficulties it's very important, it seems to me, that our friends and our adversaries abroad not believe that the United States government is paralyzed.....

Stahl: Sen. Durenberger, do you think the President should ask his Chief of Staff, Don Regan, to leave, and bring in a new chief of staff, just because of this paralysis problem, not because of any involvement in the case?

Durenberger: No, and I guess I don't necessarily agree with the paralysis theory either....

Stahl: You don't think so either, Congressman? ...You have complained...that there was something very seriously wrong with the way foreign policy was made, and I even believe you've connected it up with what happened in Reykjavik.

Hamilton: Of course I'm concerned, and clearly there were mistakes made in the foreign policymaking process. You ought not to have a National Security Council as an operating agency, at least in my judgment. You ought not to be bypassing the Secretary of State on foreign, you ought not to bypass the Congress in developing foreign policy.... Had the traditional and constitutional ways of making foreign policy been followed, I don't think we would have had these problems. But having said that I agree with my friend Dave Durenberger; I don't accept the idea that we are paralyzed. We are not.

Guest: Sen. Laxalt.

Stahl: You came out of that meeting [with the President] and said the President feels wounded because the polls show that the American people don't believe him. What did he tell you about that?

-more-

FACE THE NATION (continued)

Laxalt: Essentially as you've characterized it. In all of this man's very charmed life, he's never had his integrity seriously questioned. During the course of the last few weeks you have too high a percentage, in my opinion, of Americans who do not choose to believe him on this particular story, although his general credibility remains intact and his popularity as well.

Stahl: I'd like to ask you...why the President didn't call Poindexter or North in the minute he heard about this and say what's going on?

Laxalt: I think certainly, looking back, that would have been an appropriate thing to do. But just as Sen. Durenberger indicated, events just moved too rapidly....

Stahl: How do you think it's shaping up right now? How would you assess where the President stands, and what would you advise him to do right now?

Laxalt: I think it's going far better than it has been. I think the process is moving forward, I think the committees are doing well. I am heartened by the statesmanlike attitude of the leaders in both parties.... I think that Don Regan's testifying is almost historic; it's been lost in all this.... This Administration, this President, has been very forthcoming to get these facts out.

Stahl: Do you think the President should pardon [North and Poindexter] just to get the story out?

Laxalt: It's an appealing suggestion in terms of being simplified and a way to get at the facts. It's not flying. No one seems to have an appetite for it. And I think probably the reason is, as was indicated in the early part of the program, let's get more of the facts out before you talk about pardon.

Stahl: You know, your name keeps cropping up for every single possible opening in the Administration.... Has anybody talked to you about that?

Laxalt: Not specifically.... The situation is essentially this. I've told the President, even though I'm going to practice law here in Washington after the first of the year, that he has a blank check on Paul Laxalt. Any of these positions that he feels I can be of service to him, I'll consider.

Stahl: Does [the President] have to come to the American people and say [his] Iran initiative, sending arms to Iran, was a bad policy?

Laxalt: I don't know that he does. I think that he believes...that his policy originally was well-founded, the implementation was wrong, and he's already admitted to that mistake.... Simply to curry favor with the American people, to take a position that he doesn't believe is true, I don't think is something any President should do.

...I think the original policy was to open the door, to attempt to work something out. Arms and hostages got involved and that's where it became very fuzzy and in my estimation became bad policy.

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NBC -- MEET THE PRESS

Moderator: Chris Wallace. Panel: Robert Kaiser of The Washington Post and Albert Hunt of The Wall Street Journal.

Guests: Senators William Cohen and Sam Nunn of the Senate Intelligence Committee, investigating the Iran-Contra connection.

Wallace: Are there any clues at this point as to whether or not Ollie North acted with authorization?

Cohen: That's a matter of personal judgment. I think that each member can come to his own conclusion. It's difficult to comprehend how one individual, certainly, could carry out or execute the plan concerning the diversion of funds....

Wallace: Sen. Nunn, let me ask you about another central question.... At this point, do you have any idea how much money was diverted and where it went?

Nunn: The answer to that is simple: No, we do not.... We know a lot more in the Iranian arms transfer for hostages than we do about the overall question of money.

Kaiser: Sen. Nunn, let me ask you a simple question: What's the big deal? In modern times, every president has tried a secret initiative of some kind or another.... What's the big deal?

Nunn: Of course, the President was known for his tough anti-terrorist policy, so when you discover that there had been negotiations going on and actual transactions of arms in exchange for hostages, it has a disillusioning effect. In addition, you have the possibility of the violation of several laws.... So it is a major kind of shock to the American political system. I would say, however, if the President could back up and start over again when this crisis first erupted, we might have a much better perspective. If he had not made that speech and not had that press conference until he had thoroughly assessed his own Administration and fully informed himself about what had actually transpired, then everyone would be in a much better position today.

Hunt: Sen. Cohen, there is a major discrepancy which should be pretty easy to ascertain, and that is that former National Security Advisor McFarlane says that in August of '85, the President specifically authorized the Israelis to sell arms to the Iranians.... The Chief of Staff, Donald Regan, says no.... Which version do you believe?

Cohen: I know Bud McFarlane...and I know him to be an individual who is cautious, who is fairly prudent and would not act outside channels.... I think it's conceivable that they have different recollections of the events, but I think the way we have to construct this is to look at the program itself. This is a program that resembles a Stephen King novel.... I tend to think that Bud McFarlane's recollection of events is the story at this particular point.

MEET THE PRESS (continued)

Hunt: ...Let me ask you about an indelicate subject. New York Times columnist James Reston this morning suggested that maybe the President's age and memory is such that he just doesn't know what happened, isn't up to the job even. Lou Cannon in The Washington Post this morning wrote that people are whispering that Reagan is slipping. Do you think it could be that we have a President who really is not up to the rigors of the job now?

Cohen: That's a possibility. I'm really not in a position to speculate about whether the President is capable of forgetting details....

Nunn: ...It seems to me that the President has not been well briefed in this area, he has not gotten on top of the facts, and he may or may not have forgotten some of them. But I think when the President...looks at the broad picture and does not concern himself, particularly on foreign policy, with many important details, including arms control details, it seems to me that means he has to have top advisers that he has confidence in and he has to carefully delegate responsibility....

Wallace: ...It has been suggested that this happened in the summer of '85, shortly after the President had come back to the White House from cancer surgery.... Is it possible that the President was not fully himself, that he was still on pain drugs or something as a result of the surgery?

Cohen: It's possible. I don't think that we're in a position to really make a judgment on that....

Wallace: ...Almost everybody is saying the country can't wait for this investigation to play itself out, that North and Poindexter have got to come forward and speak now. First of all, do you agree with that and secondly, if so, how do you accomplish it...?

Nunn: In my opinion it would be premature for the Congress to grant immunity and I think a presidential pardon at this stage would bring the President in for a great deal of criticism and would probably cast suspicion on any kind of testimony they gave thereafter....

Cohen: I share the view of Sen. Nunn that it would be premature to really consider seriously the granting of immunity just as the independent counsel is getting underway to gather his facts....

Nunn: ...I think the President should appoint someone with good legal credentials, maybe within or without the Administration, to take charge of this entire investigation within the Administration, and he should separate everyone else in the White House who are working on the budget, working on foreign policy, current events, arms control from that process. To have these people down there trying to look to the future and also look to the past is an almost impossible situation and I think jeopardizes a great deal of the President's program.

Wallace: Sen. Nunn...given this current situation, can the President wait to see whether or not Bill Casey recovers from his illness, or should he appoint a new director of the CIA pretty quickly?

MEET THE PRESS (continued)

Nunn: He certainly should either make it clear that Mr. Gates is going to be in charge of every facet with no dilution of his authority or he should bring in someone else even if only as an acting CIA director and that individual should be someone that Congress and the American people already have confidence in.

Wallace: Sen. Cohen, are you concerned about the CIA being rudderless for what could be months while Bill Casey recovers?

Cohen: I think there's a real question about morale at the agency at this point as to whether Mr. Gates, competent as he is, would have the same kind of clout with the President.... So I tend to agree with Sen. Nunn that that individual has to be perceived by the agency as well as the Congress and the country as having the kind of influence that would lead them to conclude that he is actually promoting programs which the agency strongly supports.

Hunt: Let me go back to the origins of this policy. Both the President and the Vice President continue to insist that this was not an arms for hostages deal. Do you believe them?

Nunn: That's contrary to the overwhelming evidence. We have not heard from the President and the Vice President and I think they ought to be able to give their views...in detail at some point. They may very well have to.... If the President and the Vice President still truly believe that this was not an arms-for-hostages situation, it indicates either they have not got the facts or they simply cannot come to grips with the facts....

Cohen: I think we ought to go back to the beginning of the program itself. It did not start out as an arms-for-hostages policy or program. It started out as a way to search out any possibility of appealing to factions within Iran that might succeed Khomeini and open up a so-called strategic dialogue and incidentally if we had appealed to these people who are "moderates" and responsible, they might have some influence on more radical elements in Lebanon. That's the way it started out, but I think the emphasis changed rather quickly and as they moved from July into August and September it became a straight proposition of let's focus on the hostages and to the extent we have a strategic dialogue, fine.

Kaiser: Sen. Cohen, the Republicans are looking for cover here with the defense that the President didn't know what was going on. How good a defense is that, politically?

Cohen: I don't think it's a very good defense. Frankly, I think, to respond to what Mr. Wallace was saying before, the President has to do something other than just getting on top of the facts. He has to, in my judgment, assume responsibility for the acts and even excesses of his subordinates even if he didn't know....

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Jack Germond, Morton Kondracke, Robert Novak, John Stacks of Time.

On the Iran-Contra connection:

McLaughlin: What should Ronald Reagan do now...?

Stacks: He's stuck in a lot of ways, but there are some moves that he can make.... He should fire Don Regan as soon as he can and bring back Jim Baker and Dick Darman and let them again run the White House the way they did the first time.

Novak: He should do three things, none of which he seems likely to do. One is pardon Poindexter and North; number two is fire everybody at the White House, including Regan; and third is throw away the agenda they prepared for him and get some new proposals.

Germond: He clearly has to make a lot of changes in the White House staff. It's too late. We all laughed at Pat Moynihan when he talked about 48 hours; I think in retrospect that Moynihan was correct. The President had a window of opportunity to deal with this thing, he did not take it, it is too late. It's going to play itself out.

Kondracke: This has been a pretty good week for Reagan. David Durenberger is saying that Oliver North did this thing on his own. That's a plus. Look, it's a better week. Don Regan went up there and spent five hours and was not demolished. I do think that Don Regan has got to resign. He should resign for the President's benefit. I mean, here Don Regan has accomplished what no one else could; he could get Nancy and Ron yelling at each other.... And the second thing is that Novak is absolutely right, Reagan's got to get a positive agenda.

Stacks: It's interesting you say Regan should resign. Regan should be fired by Reagan. That's what's wrong with this presidency is that nobody is in charge of it.

Novak: ...There's a dirty little secret though, Jack, and I know it comes hard for a lot of people who want to continue this thing on into next year, is there's a possibility there might be less than meets the eye to this substantively. The idea that there's less money that was siphoned to the contras than Meese originally thought, that there's less of an underground cabal putting all this together.

Germond: The whole business, though, of the amount of money and so forth, the money went somewhere. The fact that it didn't go to the contras, it may have gone into someones' pocket, doesn't make it any easier. And the idea that Reagan has had a good week? He's had a good week; he's like a football team that goes into the fourth quarter and they're behind 48-0 and the other teams stops scoring.

McLaughlin: ...William Casey had brain surgery this week. What does that mean for the CIA in your judgment, John Stacks? Do you think that Bill Casey will return to the job or what?

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MCLAUGHLIN GROUP (continued)

Stacks: Without trying to wish the Director anything but the best, it seems to me that's part of what Reagan has to do. He needs somebody in charge there.

Novak: I'll give you a name that is so ideal and so perfect for it: Rep. Henry Hyde of Illinois. He's a member of the Intelligence Committee, a member of the Foreign Affairs Committee, a very smart guy....

Germond: The idea of Henry Hyde running CIA, come on.

McLaughlin: ...Since immunity has been ruled out for now [for North and Poindexter], thus blocking their testimony, would it not be desirable for the President to issue executive pardons at Christmastime to both principals so that the federal government...can function again?

Stacks: Absolutely not. That would be the end of the Reagan presidency...because just the way it was the virtual end of Jerry Ford's presidency when he pardoned Nixon.

Novak: There's not even any similarity to the Nixon-Ford thing. The problem with the Nixon-Ford thing, it looked like a deal that that's how Ford got to be president....

Kondracke: Suppose they [Poindexter and North] say it's true the President didn't know. It would look like it was a favor granted in return for the pardon. Nobody would believe that.

Germond: But all the argument about what you do about Oliver North and John Poindexter...they're blowing smoke at the country. They're trying to divert attention away from the central question, which is still the policy, it's not the diversion of money to the contras alone. It is the original policy. The President still has to defend that.

McLaughlin: The Russians will take advantage of a weak President...if the pardon is not given, plus the fact that the President can kiss goodbye any attention to the State of the Union or the budget...or the legislative agenda....

On Nicaragua, Hasenfus & Hall:

McLaughlin: Will the pardoning of Hasenfus work to the advantage of the Sandinistas and to the disadvantage of the contras...?

Novak: Probably, because all those dupes on Capitol Hill will say, gee, this is a sign they're not such bad fellas. It's all a put-up job....

Germond: ...I agree totally that it's a phony public relations ploy by Ortega. It's not going to mean anything. The fact is though that contra aid is in such bad trouble, this doesn't mean anything at all.

Kondracke: This is the Democratic version of Reagan's hostage crisis. All of our enemies all around the world are playing us for fools with hostages. Hasenfus gets traded in return for Democratic votes to cut off aid to the contras, which is like arms aid to the [Iranians]. When are they ever going to learn they've got to stop playing this game?

MCLAUGHLIN GROUP 1986 GROUP AWARDS

BIGGEST WINNER -- Stacks: Cuomo. Novak: Cuomo. Germond: Sam Nunn. Kondracke: Mikhail Gorbachev on the foreign level because Ronald Reagan is diminished and because Reykjavik was a disaster; Reagan doesn't look serious. And on the domestic level, I think Bill Bradley. McLaughlin: Bruce Springstein.

BIGGEST LOSER -- Stacks: Ronald Reagan. Novak: George Bush. Germond: Bush. Kondracke: Ferdinand Marcos obviously was the biggest, but Ronald Reagan was pretty close. McLaughlin: Len Bias.

BEST POLITICIAN -- Stacks: Bob Dole. Novak: George Shultz, who is surviving. Unbelievable. Germond: Bill Bradley. Kondracke: Fidel Ramos; he saved his country twice, you can't do better than that. McLaughlin: Bob Dole.

WORST POLITICIAN -- Stacks: Mario Cuomo, by being graceless in winning. Novak: Sen. Jim Broyhill of North Carolina. Germond: Sen. Paula Hawkins. Kondracke: Don Regan. Here he is presiding over a disaster. McLaughlin: Baby Doc Duvalier.

THINKER OF THE YEAR -- Stacks: Nobody deserves it. McLaughlin: You're absolutely correct in that. Novak: Sen. Bradley by a landslide for his Third World debt program. Germond: I agree with that; Bradley. Kondracke: Bradley. McLaughlin: Richard Darman for his learned discussion of the ills of American business today.

TURNCOAT OF THE YEAR -- Stacks: Nancy Reagan, for abandoning her friend Ollie North. Novak: Sen. Lugar, who started the year as a moderate conservative supporter of the President. Germond: Kent Hance of Texas and Bill Lucas of Michigan, who changed parties and got their heads handed to them. Kondracke: Juan Ponce Enrile of the Philippines, who did it twice. And domestically, Linda Chavez. McLaughlin: Ivan Boesky for ratting on his friends with his tape recorder.

DESTINED FOR POLITICAL SUPERSTARDOM IN 1987 -- Stacks: Sam Nunn. Novak: Sam Nunn. Germond: Dick Gephardt. Kondracke: Sam Nunn. McLaughlin: Sen. Bradley.

DESTINED FOR POLITICAL OBLIVION IN 1987 -- Stacks: George Bush. Novak: Regrettably, Paul Laxalt. Germond: Don Regan; he wins the cup. Kondracke: Pat Robertson. McLaughlin: Lee Iacocca.

WHO IS YOUR MAN OF THE YEAR? Stacks: Gorbachev. Novak: A man who has dominated the news, he has taken over OPEC, he is threatening his second president. Ayatollah Khomeini. Germond: Corazon Aquino. Kondracke: Aquino. McLaughlin: Gorbachev.

WILL THERE BE A SUMMIT BETWEEN GORBACHEV AND REAGAN? Stacks: Yes, Reagan will see the wisdom of getting back on the arms control track. Novak: I would say the news is even worse than that; there may not only be a summit but there may be an arms control agreement which is not to our advantage. Germond: I don't think the President can do it. I think the troubles at home are too serious. Kondracke: I think Gorbachev will still demand an end to star wars and Reagan still will not agree and therefore there won't be a summit. McLaughlin: There will be a summit.

AGRONSKY & COMPANY

Moderator: Martin Agronsky.

Panel: Jack Kilpatrick, Carl Rowan, Hugh Sidey, Cokie Roberts of NPR.

On the Iran-Contra connection:

Agronsky: Another week of revelations and contradictions in the Iranian arms fiasco. Which one of these matters most?

Kilpatrick: I didn't hear any great revelations all week long and the contradictions seem to me to be vastly overblown. They don't amount to a hill of beans.

Rowan: There are two in my mind. I think the continuing conflict between McFarlane and Don Regan as to when the President approved arms to Iran is very interesting and somebody's going to have to resolve it, probably the President himself. The other one is that the Vice President's staff had all those contacts with this re-arming operation in Nicaragua and the first notice of that Hasenfus plane going down went to a member of the Vice President's staff. This fascinates me.

Roberts: The contradiction that's got the members of Congress concerned is the one between McFarlane and Regan because it does get to that famous question, what did the President know and when he know it. The revelation that I think might turn out to be quite interesting is that there were once again tapes in the White House.

Sidey: ...I tend to agree with Jack on this. These are pieces in this puzzle. None of them are that significant, they are all useful. I am rather heartened by the process. It seems to me both Congress, White House now, have gotten into this and it's rolling along. It's a good demonstration of democracy. I think we're getting someplace....

Rowan: ...I think the most important thing, I think one of the best things the President could do for himself and the presidency is to say, "There's no need for Don Regan to tell people what I did; I am going to do it myself." And I think he may yet take Paul Laxalt's advice and say, "I will do the unprecedented thing of [going] to testify myself."

Roberts: The committees are not going to call him. They say the Ford example is a very different example, that this was pardoning Richard Nixon, he's the guy who did it, he did it by himself and he had to go explain. This is a foreign policy situation, explaining who made the policy, and there's a real feeling on the part of the members of both congressional committees, both parties, that this is really just going all the way over the separation of powers....

Rowan: There is a fascinating and troubling aspect of this thing. Mrs. Reagan has said the President's disturbed because his aides deceived him, they didn't tell him. George Bush says all these people making all these contacts in Nicaragua and neighboring countries, they never told him. This is a government where nobody ever seems to tell the people at the top anything. It's incredible.

AGRONSKY & COMPANY (continued)

Sidey: Oh, come on Carl. The fact of the matter is when you get a failure in one of these things, you always re-examine it and wonder how it could happen....

Agronsky: ...The real question is if you have a President of the United States and in this instance...a Secretary of State of the United States who demonstrate a foreign policy is being conducted without their overseeing it...I think you have a situation that has to be brought to the attention of the public, examined very carefully and its significance understood.

Kilpatrick: Wait a minute. Certain aspects of foreign policy, if it were delegated to these people, were carried out badly. But the policies themselves of rapprochement with Iran, of aid to the contras, those policies were fixed by Reagan himself and he knew all about the policies.

On the issue of immunity for Col. North and Adm. Poindexter:

Sidey: ...It is hurting the White House, I think, that they aren't up there testifying....

Roberts: ...Howell Heflin, one of the members of the committee and a former judge himself said look, you give immunity when you're trying to get a bigger fish and you're sure the bigger fish is guilty. So that there's no point at this point of doing that.

Rowan: ...I think it would be absurd to give immunity now. You automatically limit drastically the mandate of a special prosecutor who was only named Friday and then you've got too many questions out there.

On Hasenfus' release:

Kilpatrick: I think Mr. Hasenfus ought to be brought to the Rose Garden and given a medal. He was there carrying out the President's policy....

Rowan: Somehow or other I think they think he talked too much to be labeled a hero and I think he'll get into the Rose Garden slightly behind me.

On salaries for congressmen, judges, Cabinet members:

Rowan: I think they are grossly underpaid.... I think we ought to pay the people who make our laws and interpret our laws better and then government will be less a province of the rich.

Roberts: But it will never happen.... You can be sure it will be vetoed again. What's happened to all of them is they go home and they get run against on this subject....

Kilpatrick: ...The recommendations of the commission I thought were much too high for members of the House and Senate, who can earn large sums out on the speaking trail. I thought they were maybe about right for judges. The real need is in your executive agencies down below the Cabinet secretaries themselves, where you have career people who are crackerjack executives....

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