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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, DECEMBER 23, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Reagan Not Planning Any Blanket Pardons -- President Reagan has no plans to issue blanket pardons to Lt. Col. Oliver North and Vice Adm. John Poindexter to get them to tell what they know about the diversion to the Nicaraguan resistance of proceeds from secret U.S. arms sales to Iran. (Baltimore Sun, New York Times, Washington Post, Washington Times, McClatchy)

Reagan Buoyed By White House Polling Data On Iran Crisis -- President Reagan's job approval rating has rebounded dramatically according to private White House polls, but aides are cautious about predicting the Iran crisis is on the ebb. (Reuter)

NATIONAL NEWS

Democrats To Screen Reagan's Judicial Nominees Before Full Panel Votes -- Democrats on the Senate Judiciary Committee have decided to create a four-member panel to review and hold public hearings on judicial nominations prior to action by the full committee, a spokesman for the incoming chairman said Monday. (Washington Post, AP)

NETWORK NEWS (Monday Evening)

IRAN-NICARAGUA -- President Reagan has no plans to pardon anyone connected with the Iran-contra affair.

IRAN-IRAQ WAR -- Iran is charging that more than 200 people were killed in Iraqi air attacks on Iranian cities.

NICARAGUA/HALL -- Sam Hall says he is not working for the U.S. government.

PROGRESS AT THE NORTH POLE...

NORTH POLE, Alaska -- Santa's hometown has gotten its first McDonald's franchise. "Every city feels it has come of age when it gets a McDonald's," Mayor Carleta Lewis said.

But the popular eatery is not the town's busiest spot. The North Pole's post office is jammed with letters from around the world, shipped up in separate envelopes, so they can be postmarked from the North Pole for Christmas. (UPI, 12/22)

IRAN — NICARAGUA

PARDONING REJECTED IN IRAN CASE White House Seeks To Quiet Controversy With Low Profile

The White House yesterday rejected the idea of pardoning former national security adviser John Poindexter or Lt. Col. Oliver North as officials also sought to quell the secret Iran arms sale controversy by shutting down shop for the holidays.

Larry Speakes said that after briefing the press corps this morning, he will not brief again until Dec. 30 in Palm Springs, Calif., where President Reagan will spend the New Year's holiday. Reagan plans no public appearances this week except for brief remarks today to a business group in the Executive Office Building, and Donald Regan will keep an even lower profile, officials said. (Lou Cannon, Washington Post, A1)

Reagan Not Planning Any Blanket Pardons

President Reagan has no plans to issue blanket pardons to Lt. Col. Oliver North and Vice Adm. John Poindexter to get them to tell what they know about the diversion to the Nicaraguan resistance of proceeds from secret U.S. arms sales to Iran.

"The President...said [last week] he would like to call on Congress for use immunity for North and Poindexter," Larry Speakes said yesterday. "The [White House] staff said it was against pardon, and the President agreed. He is not planning to pardon them."

(Jeremiah O'Leary, Washington Times, A4)

Reagan Rules Out Pardoning 2 NSC Figures Immunity Sought Instead For North And Poindexter

President Reagan rejected last week the idea of granting a pardon to Vice Adm. John Poindexter and Lt. Col. Oliver North when he decided instead to seek limited congressional immunity for the two key figures in the Iran affair, his spokesman said yesterday.

Asked whether the President's decision was "irrevocable," Larry Speakes said, "The President is not planning on a pardon for them, but of course, as the chief executive, one always retains the right for executive clemency."

(Mark Matthews, Baltimore Sun, A1)

Reagan Rejects Pardon For NSC Aides

The Administration is pressing hard for a brief public statement by John Poindexter and Oliver North that might exonerate the President from allegedly illegal diversion of profits to the Nicaraguan contra rebels from Iranian arms sales.

While prodding the two former aides to answer a single question -- did they tell the President about the diversion of arms funds? -- the White House ruled out quick disclosures by Reagan and Vice President Bush about their private discussions with North and Poindexter before the scandal broke.

The upshot was to create a double-standard strategy -- with the Administration shifting the spotlight to ex-aides while delaying a detailed account by Reagan and Bush and keeping a tight lid on documents under review by the FBI.

(Leo Rennert, McClatchy)

Reagan Weighed Granting Pardons To 2 Former Aides
He Discussed Idea With Regan And Bush Before Calling For Limited
Immunity

President Reagan considered, but rejected, the idea of granting a pardon to Vice Adm. John Poindexter and Lt. Col. Oliver North in the hope that they would then tell what they knew about the Iran arms affair, the White House said today.

Larry Speakes said Mr. Reagan had discussed the option last week, but had decided instead to urge congressional investigative committees to grant limited immunity to the two former White House officials.

(Gerald Boyd, New York Times, A1)

CONGRESSIONAL TESTIMONY

Key members of Congress disagree among themselves and with President Reagan over how to obtain testimony from two former NSC aides involved in the Iran-contra scandal.

Sen. Daniel Inouye says it may be wise to give the two aides, Lt. Col. Oliver North and Vice Adm. John Poindexter, limited immunity from prosecution.

But the Democrat who will head the special House committee probing the affair says it would be a mistake to grant immunity. Rep. Lee Hamilton says it could hamper the separate investigation by Lawrence Walsh, the Oklahoma attorney who was named by a federal court last week as the independent counsel in the matter. (Robert Gettlin, Newhouse)

WHITE HOUSE ROLE STILL UNRESOLVED

Conflicting testimony by key players in the Iran-contra affair and continued silence by others has left the White House role in the scandal shrouded in mystery and important questions unanswered.

Lawmakers say they now know for certain that the Reagan Administration embarked on a policy of negotiating with Iranian officials and selling them arms in hopes of improving relations and obtaining the release of American hostages in Lebanon.

(Damon Thompson, Washington Times, A4)

REAGAN MUST TAKE MAJOR ACTION
TO REPAIR DAMAGE, LEADERS SAY
Virtual Unanimity That Passivity
Increases Impression Of Paralysis

Governmental leaders across the political spectrum have reached the conclusion that the credibility and competency of the Reagan Administration have been cast in such a harshly unflattering light by the Iran-contra controversy that at the very least it will take major remedial action by the President to repair the damage.

The risk is most obvious in foreign policy, they said. "Our allies abroad...feel deceived," Rep. Lee Hamilton said. "They feel betrayed; they feel confused.... The credibility of American foreign policy comes into doubt." (David Broder, Washington Post, A10)

WHITE HOUSE WORRIES CONTRAGATE WILL MAR REST OF REAGAN'S TERM

The White House, admitting that many Americans do not believe its version of converting money from the Iranian weapons sale to the Nicaraguan contra rebels, fears the uproar could haunt the rest of President Reagan's term.

Until now, the White House has downplayed public reaction.

Larry Speakes conceded publicly that it's possible the controversy could tarnish the remaining two years of the Reagan presidency. He said Reagan knows that.

So does a key Reagan loyalist. On Monday, Rep. Jack Kemp, a conservative GOP presidential hopeful who has been publicly urging Republicans to stay loyal to Reagan, said the Iranian arms sale and its aftermath are "damaging" Reagan. (Ann McFeatters, Scripps Howard)

REAGAN BUOYED BY WHITE HOUSE POLLING DATA ON IRAN CRISIS

President Reagan's job approval rating has rebounded dramatically according to private White House polls, but aides are cautious about predicting the Iran crisis is on the ebb.

Larry Speakes told reporters yesterday a survey taken late last week showed a 10 to 15 point gain for the President, bringing his job approval rating back into the mid to upper-50's range. (Gene Gibbons, Reuter)

GOP LEADERS UNSURPRISED BY BUSH'S DROP IN POLLS

Republican insiders are not surprised by the steep drop in Vice President Bush's standing in the wake of the Iran arms-contra funds scandal.

And although his opponents see it as an opportunity, no one wants to let Bush off the front-runner hook.

Bush's problem, said Eddie Mahe, former executive director of the Republican National Committee, is that he's tied to President Reagan "like a Siamese twin: If Reagan goes up" in the public's eyes, "Bush goes up; if Reagan goes down, Bush goes down." (Peter Brown, Scripps Howard)

CARLUCCI WANTS TO REVAMP MANAGEMENT BY U.S. OF COVERT OPERATIONS, SOURCES SAY

President Reagan's designated national security adviser, Frank Carlucci, is moving to tighten the Administration's management of covert operations in the wake of the Iran-contra affair.

Mr. Carlucci is proposing the creation of a new interagency mechanism to oversee covert operations carried out by U.S. intelligence agencies, according to Administration sources. In addition, he is preparing a directive making it clear that the NSC henceforth will be an advisory and coordinating body, not an operational agency, according to officials who are helping Mr. Carlucci reshape the council's staff.

(John Walcott, Wall Street Journal, A3)

NSC AIDE QUILTS AFTER ROW WITH CARLUCCI TEAM

Three National Security Council staffers stormed out of a pre-Christmas "get-acquainted" meeting with representatives of Frank Carlucci, incoming NSC director, accusing them of trying to find scapegoats for the Iran arms scandal.

One of them, Ronald Sable, senior director of congressional affairs for the NSC, subsequently resigned, saying it was the "shoddiest behavior I have witnessed in 23 years of government service."

(Roger Fontaine, Washington Times, A1)

MEESE/DOCUMENTS

Attorney General Meese refused Monday to turn over crucial Iran arms documents to the House Judiciary Committee, saying the material had already been provided to congressional panels.

A Justice Department official, requesting anonymity, said Meese notified Committee Chairman Peter Rodino of his intention not to comply with the panel's request.

(Wendy Zentz, UPI)

PROBE SOUGHT IN DIVERSION OF FUNDS TO MARXIST REBELS

Rep. Henry Hyde yesterday urged that the investigation of the Iran-contra episode include allegations that money meant for humanitarian aid in El Salvador was diverted to Marxist guerrillas in that country.

The Illinois Republican proposed petitioning the three-judge panel that chose Lawrence Walsh as independent counsel to include any diversion of aid to the Marxist rebels in El Salvador as part of the special investigation.

(Ed Rogers, Washington Times, A1)

HOLIDAYS GRAB LIMELIGHT

Outside Washington, Americans Appear
To Shun Obsession With Iran Controversy

RED CLOUD, Neb. -- Someone had come into the gaily decorated gift shop asking about Iran. Nicholas Grevas, the small, dapper 68-year-old caretaker, frowned with impatience at this intrusion into his holiday routine.

"If a man does his job right, he's going to get criticized," Grevas, a Democrat, said of the Republican president for whom he voted twice. "I was a meat inspector for 26 years, and every day I made a decision somebody didn't like."

These Americans showed little strain at criticizing Reagan's conduct while in many cases reaffirming their sympathy and support for him. Asked to reconcile the contradiction, they confess that the many unresolved questions and their competing personal concerns have allowed them to put the matter aside or dismiss it as a news media or Washington fixation.

(Jay Mathews, Washington Post, A1)

EDITOR'S NOTE: "The Abiding Riddle Of Oliver North -- Two Views Of An Embattled Soldier: Hard-Driven Rambo Prototype or Self-Promoting Careerist?" by Art Harris, appears in The Washington Post, D1.

NATIONAL NEWS

SCREENING OF JUDICIAL CHOICES SET All-Democratic Unit Of Senate To Check Reagan Nominees

Senate Democrats have decided to create an all-Democratic unit on the Senate Judiciary Committee to investigate and hold hearings on all of President Reagan's judicial nominees before the full committee votes on them, committee sources said yesterday.

The new unit is the heart of a Democratic plan to give greater scrutiny to Reagan's judicial nominees, several of whom became the focus of long and bitter battles this year. The Democrats say they expect to use their expanded majority staff to conduct more detailed background investigations and to slow the pace at which the most controversial candidates are considered. (Howard Kurtz, Washington Post, A1)

Democrats To Screen Reagan's Judicial Nominees Before Full Panel Votes

Democrats on the Senate Judiciary Committee have decided to create a four-member panel to review and hold public hearings on judicial nominations prior to action by the full committee, a spokesman for the incoming chairman said Monday.

Sen. Patrick Leahy will head the all-Democratic, ad hoc panel, which will investigate President Reagan's judicial nominations, said Pete Smith, a spokesman for Sen. Joseph Biden. (Donna Cassata, AP)

WHITE HOUSE STARTS SEARCH FOR A SUCCESSOR TO CASEY

The White House is quietly seeking a replacement for CIA Director William Casey, who is not expected to return to his job, it was learned yesterday.

Sen. Malcolm Wallop is one of several candidates under consideration by the White House as a successor to Mr. Casey.

(Bill Gertz, Washington Times, A3)

REAGAN TIES TEACHER HONORS TO MCAULIFFE

National Teacher Appreciation Day will be marked Jan. 28, the anniversary of the Challenger shuttle disaster that claimed New Hampshire schoolteacher Christa McAuliffe among its victims.

"The memory of a very special teacher inspires us," President Reagan said Monday in signing a proclamation that also declared the current academic year, September 1986 to May 1987, as "National Year of the Teacher." (UPI)

-more-

NEW BUDGET WILL LIKELY OVERHAUL FARM AID, OMB DIRECTOR SAYS

President Reagan's fiscal 1988 budget will likely propose a radical overhaul of federal farm aid, ending the present tie between government payments and crop production, says Budget Director James Miller.

"We want to break that link," Miller said in an interview on Monday. He said that the present subsidy program is proving far too costly to taxpayers and is crippling this nation's ability to compete in world markets by keeping prices high. (Tom Raum, AP)

\$500 MILLION MORE REQUESTED FOR SDI

The Defense Department, stung by Congress' 33 percent cut in its budget request for President Reagan's SDI, is seeking an extra \$500 million in funds for the program in 1987 as part of a larger Pentagon supplemental budget request, according to sources.

Officials, who spoke on condition of anonymity, also said that the Pentagon will seek slightly more than \$5 billion in fiscal 1988 for SDI.

(Warren Strobel, Washington Times, A1)

SPACE STATION PARTICIPANTS UPSET

International participants in the proposed civilian space station indicated yesterday that their partnership with the U.S. will almost certainly be shattered if the Defense Department decides it wants to perform weapons experiments on the orbiting laboratory.

A top space agency official also expressed concern that questions raised by the Defense Department about the space station -- currently the heart of the U.S. civil space program -- will plunge the program into a policy-making "abyss." If this happens, he said, it will jeopardize the international partnership. (Kathy Sawyer, Washington Post, A7)

PANEL PROPOSES SCUTTLING GOALS FOR GAS MILEAGE

A White House task force led by Vice President Bush yesterday asked the President to consider repeal of federal fuel economy standards in an effort to aid U.S. automakers competing with Japanese imports.

"American manufacturers cannot produce cars the American public wants to buy, and we are conceding market share to the Japanese and sending U.S. jobs abroad," said C. Boyden Gray of a proposal to repeal the Corporate Average Fuel Economy Standards, which have been in effect since 1975. (Mark Tapscott, Washington Times, A1)

WELFARE COALITION SETS CAMPAIGN
90 Groups Join In Opposition To Administration's Approach

A coalition of 90 religious, welfare and citizens' groups set the stage yesterday for a major battle over welfare with the Reagan Administration in the new Congress, laying out a "statement of principles" that sharply conflicts with the Administration approach.

Rep. Richard Gephardt, who signed the group statement, told reporters, "I find the vast majority of people I've talked to hated being on welfare, wanted a job, wanted to be trained, wanted skills.... The Administration, I think, feels there are a lot of people who love being on welfare."
(Spencer Rich, Washington Post, A4)

U.S. BLOCK GRANT PROGRAM ASSAILED
Assistance Shifted Away From The Neediest, Study Concludes

Distributing federal aid through block grants shifts assistance away from the neediest, reduces citizen participation in program decisions and makes it harder to determine whether funds are being used effectively, according to a study of four major block grant programs in seven states.

The study, funded by the Ford Foundation, was conducted by the Coalition on Human Needs, an advocacy group for the poor.

(Spencer Rich, Washington Post, A4)

HYPING VON DAMM'S MEMOIR
Rumor About Reagan Raised, Then Denied

Helene vonDamm, former personal secretary to Ronald Reagan and former ambassador to Austria, hasn't finished her autobiography, "Throw Your Fears Away, Helene," but the prepublication hype, at least, is the stuff that sets tongues awag.

According to her publisher's press release, she raises in her preface the rumor that she was at one time Ronald Reagan's mistress, though in a telephone interview from Vienna she dismissed the rumor as "ridiculous."

(Donnie Radcliffe, Washington Post, D1)

INTERNATIONAL NEWS

HALL SAYS HE WAS CAPTURED ON MISSION American In Nicaragua Claims Membership In Private Legion

MANAGUA -- Sam Nesley Hall, an American prisoner of the Sandinista government, claimed today he came to Nicaragua on a "reconnaissance" mission for an independent paramilitary group consisting of himself and possibly three other persons.

Hall was allowed to answer questions for about 20 minutes, in the presence of security police, at a press conference at the presidential office building.

"I'm not working for the U.S. government that I know of," Hall said.
(Julia Preston, Washington Post, A10)

CROCKER'S FIRING URGED FOR MOZAMBIQUE STAND

A Republican member of the House Foreign Affairs Committee yesterday called for the dismissal of Chester Crocker, assistant secretary of State for African affairs, who over the weekend restated his strong support for Mozambique's Marxist government.

"Chester Crocker should be summarily fired," said Rep. Dan Burton.

"Mozambique is in lockstep with the Soviet Union. I think we ought to be supporting the Reagan Doctrine, and that is to fight communist expansion and support freedom fighters like those of RENAMO," Mr. Burton said.
(George Archibald, Washington Times, A2)

TAMBO MAY GET POP QUIZ FROM SHULTZ NEXT MONTH

When Secretary Shultz meets with African National Congress leader Oliver Tambo in Washington next month he is expected to ask him what sort of government Mr. Tambo envisions in a post-apartheid South Africa.

Administration sources also said Mr. Shultz would ask Mr. Tambo if sanctions are in the best long-term interests of the nation.

(Rita McWilliams, Washington Times, A3)

JAPAN SAID TO RENEGE ON PLEDGE TO LET U.S. LAWYERS OPEN OFFICES Some Attorneys Seek Trade Sanctions, Threaten Lawsuits

U.S. trade officials yesterday accused the Japanese government of reneging on its commitment to allow American lawyers to set up practices in Japan, and now some lawyers are threatening to sue.

The commitment, made by Ambassador Nobuo Matsunaga in letters in March to U.S. Trade Representative Clayton Yeutter, "seems to be a question now," a U.S. trade official said after the Japanese presented their regulations on foreign lawyers in two sets of meetings this month.

(Stuart Auerbach, Washington Post, C1)

NETWORK NEWS SUMMARY

(Monday Evening, December 22, 1986)

IRAN-NICARAGUA

NBC's Tom Brokaw: As President Reagan and Congress prepare to break for the holidays, they still can't agree what to do about Admiral Poindexter and Colonel North, the two principal figures in the Iran arms affair who refuse to tell publicly what they know. The President suggested that Congress grant them immunity. Congress refused. Now the incoming Speaker of the House has passed the ball back to the President, suggesting that he pardon his former aides to get them to talk. However, the White House was quick to reject that idea.

NBC's Andrea Mitchell: White House officials say that the President decided not to pardon Poindexter or North because a pardon would shield them from prosecution, even if they had broken laws. And Mr. Reagan believes a pardon would not necessarily compel his former aides to talk.

(TV Coverage: President talking with officials on street next to OEOB.)

If the President didn't also consider the likely political damage from a pardon, his staff did. Recalling the reaction after President Ford pardoned Richard Nixon, one Reagan aide suggested that a pardon of North and Poindexter would test how low the President could drop in the polls. Ford's former staff chief agrees.

(Rep. Cheney: "From a political standpoint, I think it would be devastating for this President to issue a pardon in advance of the completion of the investigation.")

The new Speaker of the House was the first to suggest a pardon for Poindexter and North.

(Rep. Wright on John McLaughlin's One on One: "He can grant it with a stroke of the pen. Presidential pardon is the ultimate immunity.")

North and Poindexter have also refused to cooperate with the Tower commission looking into what went wrong at the NSC. But long before that commission reports to the President at the end of next month, most decisions on how to change the agency will have been made. Frank Carlucci, who will take over the NSC next week, has already ordered these changes: a 10-15% cut in staff, elimination of the special unit that dealt in covert operations, the unit that managed the TWA hijacking crisis, the Achille Lauro operation, secret hostage negotiations, and ultimately the Iran-contra arms deal.

(Sen. Cohen: "Once you have the President taking foreign policy and the formulation of foreign policy underground, then you have the very grave risks that we saw take place here with the Iran affair.")

But in this White House, the NSC must also be strong enough to referee constant battles between the Secretaries of State and Defense.

(Zbigniew Brzezinski: "Without a strong NSC, you're going to get a paralysis between State and Defense. A strong NSC ensures that there is effective presidential leadership.")

Mitchell continues: One thing hasn't changed: the President's hands-off management style. Aides say that as he did with four other national security advisers, the President has permitted Carlucci to make major decisions on his own.

Brokaw says NBC's John Dancy reports that a Senate Intelligence Committee source says the White House has been pressuring Sen. Durenberger to exonerate the President. Durenberger took that argument to the full committee, but key Democrats resisted.

NBC's Douglas Kiker reports from Hanover, Pennsylvania, where Rep. Bill Goodling says his constituents still like the President, but they are beginning to have their doubts.

(Goodling: "I think they're waiting to see what the end result is going to be. They want him to succeed, they want him to stay there, they want him to continue to be popular, but they are afraid that he has been done in and maybe then he can't tell the truth and that really worries them.")

Mr. Reagan got 67% of the vote here in 1984, including the one cast by Dr. Ralph Bitteringer.

(Bitteringer: "I voted for Mr. Reagan twice already and at the beginning I thought he was doing a great job. Things that are turning up now make me wonder whether he's really in control of the situation down there.")

This was in no way a scientific poll; it was just an effort to find out what a few thoughtful people in one small town are thinking. What seems to upset the people in Hanover most of all is the secret shipment of weapons to Iran.

(Ed Aumen, former president of the Chamber of Commerce: "We wouldn't have complained one bit if several millions of dollars would have been sent over there in educational materials and so forth, but not one gun, because they made asses out of us several years ago and we still should feel that way.")

(Rev. Gary Greth: "The fact that the present events are taking place raises some very serious questions in the minds of many people.") They're concerned, and they want the matter settled.

Brokaw reports Speaker Rafsanjani offered again to work for the release of the remaining American hostages if the U.S. ends its hostility toward Iran. As he appeared before a large crowd, Rafsanjani also said the U.S. must consider the demands of the Lebanese groups holding the Americans.

Sen. Dole says the Republican hurt most of all by the Iran scandal is Vice President Bush. Dole said Bush is a member of the NSC and he was there for its briefings, but he said Bush claims he had no knowledge of any diversion of funds to the contras. Bush acknowledges he has been politically hurt by the scandal. He says he is no longer the front-runner for 1988. (NBC-Lead)

ABC's Peter Jennings: The White House said today that President Reagan has no plans to pardon anyone connected with the Iran affair. That idea had been floated by some folks as a way of encouraging reluctant principals in the scandal to tell their story. The President did make a public appearance today.

ABC's Kenneth Walker: President Reagan ended a week of near-seclusion from reporters today in a ceremony proclaiming National Prayer Day, including perhaps an oblique reference to his Iran-contra troubles.

(TV Coverage: Audience applauds President in OEOB 450. President: "Throughout our history our leaders have always turned to prayer in times of crisis.")

The event was one of two planned for this week that, according to the President's friend Paul Laxalt, is designed to show the White House is not under siege. Meanwhile the controversy continued over how best to elicit testimony from North and Poindexter, with incoming Speaker Wright suggesting it's a problem the President could solve with a pardon. But Larry Speakes said a pardon is not under consideration, and that the President still prefers that Congress make the next move and grant limited immunity. Despite all the maneuvers, North made it clear today his position remains unchanged.

(North to reporters: "I'm not going to comment on anything on the advice of my attorney. Remember that?")

That remains the central dilemma. No matter how much White House officials try to change the subject or raise the President's profile, the refusal of his two former aides at least to clarify Mr. Reagan's role is bound to keep the scandal center stage. (ABC-3)

CBS's Dan Rather: President Reagan sent word today he has no plans to pressure or pardon key witnesses North and Poindexter to end their silence. For his part, Mr. Reagan kept up his own silence today and let his spokesman do the talking. CBS's Terry Smith has the latest evidence that this so-called stonewall strategy isn't sitting well with the public.

CBS's Terry Smith: Making his first public remarks in a week, President Reagan avoided mention of the Iran-contra connection as he signed a proclamation for a national day of prayer.

(TV Coverage: Audience applauds President in OEOB 450. President: "Religion and morality are indispensable supports. Throughout our history, our leaders have always turned to prayer in times of crisis.")

The White House said today the President has no plans to use his power of pardon to coax testimony from Poindexter and North, who have so far taken refuge in the 5th Amendment. North had a seasonal message for the President.

(Reporter: "Colonel, what would you say to President Reagan in the middle of all this turmoil -- " North: "Merry Christmas.")

President Reagan also expressed Christmas greetings amid signs that the White House is hoping that the holidays will provide a respite from the daily drumbeat of disclosures on Iran.

(Norm Ornstein, political analyst: "They're wrong. This is going to be a temporary respite and get back into it full scale after the first of the year with the focus turning to two new investigating committees and a new special counsel, and there will be stories every day.")

Smith continues: In Iowa, where the President was already in trouble with the voters on the farm issue, a new Des Moines Register poll published yesterday revealed more problems. Asked how they thought the Administration has handled the Iran-contra affair, an overwhelming 73% said the White House chose coverup over candor (73%-14%). The President's job approval rating reached a new low of 34%, down 12 points from September, when the Iowa figures were already below the national average. When asked if the President should resign, something almost no one has suggested, a striking 24% of Iowans said yes. But White House officials take solace from their own nationwide polls, which they say show the President's approval rating rebounding by about 10 points into the mid-50s. That's still sharply down from his pre-November popularity, suggesting that the President's problems are far from over.

CBS's Rita Braver reports Attorney General Meese's handling of the entire Iran arms/contra funding affair will be a key focus of both House and Senate inquiries next year. The complaint: Meese was not aggressive enough about ferreting out wrongdoing in the Administration.

(Sen. Biden: "At every stage of this there has been, in my view, the minimum requirement has been met.")

At issue: Meese's legal approval of the Administration's plan to secretly ship arms to Iran without informing Congress; his request that the FBI delay its investigation of Southern Air Transport for involvement in illegal arms shipments to contras because the airline was also carrying arms to Iran in exchange for hostages; his delay in bringing Justice criminal lawyers and the FBI in the case after suspicions that contras received Iran arms sale profits. His delay of another week before requesting an independent counsel. And now some legal experts suggest that Meese's initial interviews with North and Poindexter may have complicated the independent counsel's investigation.

(Terry Lenzner, former Watergate counsel: "The Attorney General put himself in the position not only of being the fact-gatherer but being the chief witness. That's something that no lawyer is supposed to place himself in the position of, that is becoming a witness in a proceeding like that.")

But Justice Department officials insist that Meese has performed correctly every step of the way.

(Terry Eastland: "After all, bear in mind who was the person that first got to the bottom of the fact that there might be this connection to Nicaragua, into the resistance movement down there? It was Edwin Meese, the Attorney General.")

But Meese is already running into conflicts with Congress. Today was his deadline for submitting documents to the House Judiciary Committee. Instead, he said that committee staffers did not have high enough security clearances and the Chairman should look at material already submitted to other congressional committees.

(CBS-Lead)

IRAN-IRAQ WAR

Rather: Iran is charging that more than 200 people were killed in Iraqi air attacks on Iranian cities yesterday and today. It was revealed this month that the United States has been providing Iraq with satellite photographs of potential targets inside Iran. On the other hand, it increasingly appears that those supposedly defensive weapons the United States secretly sent to Iran played a key offensive role in one notable Iranian victory on the vital southern front in this war.

CBS's Bill Redeker reports that in February 1986, Port Faw, Iraq, Iranian troops invade and quickly capture this strategically important city, dealing a surprisingly effective blow against the normally superior Iraqi tank forces. Now, indications that it was sophisticated anti-tank TOW missiles supplied to Iran by the U.S. that made the difference.

(Iraqi Ambassador Nizar Hamdoon: "We sense that the anti-tank units of the Iranian troops were more effective than we expected.")

(Major Robert Elliot, military analyst: "It was in fact a very, very significant defeat. The Iranians are still sitting on Faw....")

In all, more than 2,000 TOW missiles have been shipped to Iran. The Reagan Administration has downplayed their importance.

(President from Oval Office: "I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran.")

(Milton Viorst, Mideast expert: "TOW missiles may very well have indeed been used at Faw, but if they were, they weren't defensive, they were part of the Iranian offensive against the Iraqi army.")

The Administration has said one of the reasons for sending the missiles to Iran was to help bring an honorable end to the bloody six-year war. But Iraq, which is quietly supported by the U.S., doesn't see it that way.

(Ambassador Hamdoon: "It will not contribute to ending the war. It will contribute to prolonging the war and to bring about more casualties and more destabilization.")

The Administration's two-track policy apparently failed, undermining rather than stabilizing the already-fragile region and leaving many of America's friends in the Gulf wary of Washington. (CBS-3)

NICARAGUA/HALL

Jennings reports the Pentagon says it has checked but cannot confirm a claim made by Sam Hall that he was the last remaining member of a counter-terrorist group formed after a meeting at the Pentagon which he says he attended. Today in Nicaragua Hall met with reporters and was asked again whether he might have been working for the U.S. Government.

(Hall: "I'm not working for the U.S. Government, that I know of.") (ABC-4)

Rather: The Nicaraguan Soviet-supported government paraded its newest U.S. prisoner today at a Managua news conference.

CBS's David Martin reports Hall claimed not to know who sent him to spy on the Sandinista air base. Hall had previously volunteered his services to the government, but to no avail. (CBS-2)

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LEBANON/WAITE

Jennings reports Terry Waite said he probably will not be able to make a Christmas trip to Lebanon because of continued violence in and around Beirut. (ABC-5)

OIL PRICES

Brokaw reports the price of crude oil took a dramatic jump, the first day of trading since OPEC agreed to limit production. If the price holds, in a few months the price of gasoline and heating oil could rise by as much as 10¢ a gallon. (ABC-7, CBS-5, NBC-4)

LIBYA/CHAD

Brokaw says Chad reported Libyan troops and warplanes attacked pro-government forces in its northern mountains with napalm and poison gas. That report, however, has not been confirmed. Meanwhile, Libyan leader Khadaffy charged that the U.S. and France are threatening Libya and interfering, as he put it, in Chad. (NBC-5)

SOVIET SOFTENING

NBC's Sandy Gilmour reports from the Soviet Union that the unusual Soviet TV announcement last week of Andrei Sakharov's release was just the latest sample of a new Kremlin policy: glasnost, meaning publicity or openness. But glasnost has its limits. (NBC-7)

CBS's Dan Rather reports dissident poet Irina Ratushinskaya met in London with Prime Minister Thatcher. She said she is joyful Sakharov is being allowed to return to Moscow but she charged that at least 4,000 Soviet political prisoners are still in captivity. (CBS-7)

CBS's Wyatt Andrews reports from Moscow that unofficial artists are being allowed to sell paintings. Crowds are excited by the freedom but perplexed by what they see. It's a snapshot of change in the Soviet Union that some get angry about the freedom they see; an example of the fear of change. (CBS-8)

CAMBODIA

Brokaw reports that in another gesture to open relations with the West, Cambodia now will allow tourists to visit the ancient temples of Angkor Wat. Cambodian officials say they now feel confident that they can protect Westerners from the Khmer Rouge. (NBC-8)

SHANGHAI DEMONSTRATIONS

ABC's Jim Laurie reports from Shanghai that demonstrators gathered for the fourth day with banners proclaiming demands for democratic reform. (NBC-6, CBS-6, ABC-6)

VOYAGER

Jennings: The Voyager is almost home and about to go into the record books.... (CBS-4, NBC-2, ABC-Lead)

-end of B-Section-

EDITORIALS/COLUMNISTS

IRAN-NICARAGUA

Reagan Has the Biggest Stake in Getting the Facts Out Quickly -- "Mr. Reagan must assemble the facts for his own analysis. Then he must make them public to the extent the national security permits. No other course will really serve his purpose or the nation's. His appeal to the Senate Intelligence Committee Tuesday to give limited immunity to two key witnesses was an important first step." (Cincinnati Enquirer, 12/17)

Let's Get On With It -- "The President's suggestion [to grant limited immunity to Col. North and Adm. Poindexter] is a sound one. Before Congress dismisses the idea out of hand, it should consider the alternative -- never really knowing the truth. And that could do more harm to the presidency and the nation than the granting of immunity to these two individuals." (Boston Herald, 12/19)

Big Mouths -- "Congress, comprised of hundreds of big mouths, leaks like a sieve.... Indirectly, Congress' inability to protect highly sensitive information contributes to fiascos like the Iran affair by encouraging White House secrecy and thereby allowing furtive administration operations to get out of hand." (Charleston Daily Mail, 12/17)

The Real Villains in Irangate -- "The entire Irangate circus is based on politics, pure and simple. Defending the Constitution or even improving the conduct of U.S. foreign policy is not the goal, just keelhauling the Administration in power.... The reluctance of many congressional leaders to grant immunity to Lt. Col. North and Adm. Poindexter is the most recent indication that the President's most vociferous critics are not seeking justice in the Iran arms affair, but only the prolongation of the controversy for partisan purposes." (New York City Tribune, 12/19)

Use a Wide-angle Lens -- "President Reagan said he wants all the facts placed before the public about recent U.S. arms sales to Iran and the diversion to the Nicaraguan Contras of money from those sales. His actions have conformed commendably with his words: He has not invoked executive privilege to stop White House aides and Cabinet officers from testifying before Congress.... The only way to get the whole picture is to order the special prosecutor to follow all trails that might lead to violations of U.S. laws. He should be given sufficient subpoena powers to do the job." (Oregonian, 12/19)

Too Early for Immunity -- "President Reagan's request that the outgoing Congress ask for limited immunity for Vice Adm. Poindexter and Lt. Col. North is a cop-out of his responsibilities as chief executive. If Reagan will not, or cannot, find out for himself what happened inside his Administration, he should leave it to the special prosecutor and the newly appointed Senate Select Committee to investigate the affair and determine whether such immunity is needed." (Des Moines Register, 12/18)

EDITORIALS/COLUMNISTS (continued)

HASENFUS RELEASE

Ortega No Santa -- "Let none be deceived. The release of Eugene Hasenfus was neither a humanitarian move nor a gesture of good will.... Daniel Ortega has demonstrated his benevolence time and again, in attacks on the Nicaraguan Catholic Church, this genocidal war on the Miskito Indians, and the suppression of civil liberties in his nation. An independent human rights group in Nicaragua reports that in their treatment of political prisoners, the Sandinistas even surpass Somoza in brutality. If Ortega really wishes to demonstrate his good will, let him free his other prisoners -- the Nicaraguan people." (Boston Herald, 12/19)

Dodd Takes a Hostage -- "Sen. Dodd told reporters that he was glad to be part of the Sandinistas' 'generous gesture' in releasing Mr. Hasenfus. A truly generous gesture would have been a fair trial -- not to mention such details as a free press, free assembly, and free trade unions. As for Mr. Dodd, the best gesture he could make is to stay clear of the President's constitutional duties. We need one foreign policy, not one for each congressman. If Mr. Ortega wanted to release Mr. Hasenfus for compassionate reasons, he could have done so through regular channels." (Detroit News, 12/19)

Hasenfus Price: Ploy May Undermine Public Support for Contras -- "Hasenfus probably now goes to Washington to testify in the broadening investigation of the Administration's Iranian arms deal from which funds were secretly channeled to the contras. However the investigation unfolds, one can only hope that the U.S. commitment to supporting the democratic forces for change in Nicaragua is not buried in the shuffle." (Dallas Morning News, 12/19)

No Joy in Hasenfus' Release -- "The Administration, by supporting mercenaries like Haseufus, has given Ortega just the ammunition he needs to push his intensifying propaganda campaign. And now that self-styled patriot warrior Sam Hall...is in custody in Managua, the Sandinistas still retain a prisoner with which to tease and taunt Americans." (Cleveland Plain Dealer, 12/19)

Hasenfus: 'Tis Season for Propaganda -- "It is a humanitarian gesture, the Nicaraguans said. And it is. It is a gesture of good will, they also said. And that is bunk. This was a propaganda ploy, neatly aimed and deftly stage-managed.... The Sandinistas knew perfectly well that in releasing Hasenfus to Sen. Christopher Dodd they were giving a boost to the seeming authority of a senator who has opposed U.S. aid to the anti-Sandinista contras and who next year will take the chair of the key Senate subcommittee dealing with Central American affairs." (Atlanta Constitution, 12/19)

'Privatizing' U.S. Wars -- "Although it is illegal for American citizens to fight foreign wars, the White House has celebrated some of these soldiers of fortune as 'heroes,' while disclaiming any knowledge of their activities.... The privatizing -- or privateering -- of the Reagan Administration foreign policy goes against the principles of democracy." (Des Moines Register, 12/17)



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, DECEMBER 23, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Reagan Not Planning Any Blanket Pardons -- President Reagan has no plans to issue blanket pardons to Lt. Col. Oliver North and Vice Adm. John Poindexter to get them to tell what they know about the diversion to the Nicaraguan resistance of proceeds from secret U.S. arms sales to Iran.

(Baltimore Sun, New York Times, Washington Post, Washington Times, McClatchy)

Reagan Buoyed By White House Polling Data On Iran Crisis -- President Reagan's job approval rating has rebounded dramatically according to private White House polls, but aides are cautious about predicting the Iran crisis is on the ebb.

(Reuter)

NATIONAL NEWS

Democrats To Screen Reagan's Judicial Nominees Before Full Panel Votes -- Democrats on the Senate Judiciary Committee have decided to create a four-member panel to review and hold public hearings on judicial nominations prior to action by the full committee, a spokesman for the incoming chairman said Monday.

(Washington Post, AP)

NETWORK NEWS (Monday Evening)

IRAN-NICARAGUA -- President Reagan has no plans to pardon anyone connected with the Iran-contra affair.

IRAN-IRAQ WAR -- Iran is charging that more than 200 people were killed in Iraqi air attacks on Iranian cities.

NICARAGUA/HALL -- Sam Hall says he is not working for the U.S. government.

PROGRESS AT THE NORTH POLE...

NORTH POLE, Alaska -- Santa's hometown has gotten its first McDonald's franchise. "Every city feels it has come of age when it gets a McDonald's," Mayor Carleta Lewis said.

But the popular eatery is not the town's busiest spot. The North Pole's post office is jammed with letters from around the world, shipped up in separate envelopes, so they can be postmarked from the North Pole for Christmas.

(UPI, 12/22)

IRAN — NICARAGUA

PARDONING REJECTED IN IRAN CASE White House Seeks To Quiet Controversy With Low Profile

The White House yesterday rejected the idea of pardoning former national security adviser John Poindexter or Lt. Col. Oliver North as officials also sought to quell the secret Iran arms sale controversy by shutting down shop for the holidays.

Larry Speakes said that after briefing the press corps this morning, he will not brief again until Dec. 30 in Palm Springs, Calif., where President Reagan will spend the New Year's holiday. Reagan plans no public appearances this week except for brief remarks today to a business group in the Executive Office Building, and Donald Reagan will keep an even lower profile, officials said. (Lou Cannon, Washington Post, A1)

Reagan Not Planning Any Blanket Pardons

President Reagan has no plans to issue blanket pardons to Lt. Col. Oliver North and Vice Adm. John Poindexter to get them to tell what they know about the diversion to the Nicaraguan resistance of proceeds from secret U.S. arms sales to Iran.

"The President...said [last week] he would like to call on Congress for use immunity for North and Poindexter," Larry Speakes said yesterday. "The [White House] staff said it was against pardon, and the President agreed. He is not planning to pardon them."

(Jeremiah O'Leary, Washington Times, A4)

Reagan Rules Out Pardoning 2 NSC Figures Immunity Sought Instead For North And Poindexter

President Reagan rejected last week the idea of granting a pardon to Vice Adm. John Poindexter and Lt. Col. Oliver North when he decided instead to seek limited congressional immunity for the two key figures in the Iran affair, his spokesman said yesterday.

Asked whether the President's decision was "irrevocable," Larry Speakes said, "The President is not planning on a pardon for them, but of course, as the chief executive, one always retains the right for executive clemency."

(Mark Matthews, Baltimore Sun, A1)

Reagan Rejects Pardon For NSC Aides

The Administration is pressing hard for a brief public statement by John Poindexter and Oliver North that might exonerate the President from allegedly illegal diversion of profits to the Nicaraguan contra rebels from Iranian arms sales.

While prodding the two former aides to answer a single question -- did they tell the President about the diversion of arms funds? -- the White House ruled out quick disclosures by Reagan and Vice President Bush about their private discussions with North and Poindexter before the scandal broke.

The upshot was to create a double-standard strategy -- with the Administration shifting the spotlight to ex-aides while delaying a detailed account by Reagan and Bush and keeping a tight lid on documents under review by the FBI.

(Leo Rennert, McClatchy)

Reagan Weighed Granting Pardons To 2 Former Aides
He Discussed Idea With Regan And Bush Before Calling For Limited
Immunity

President Reagan considered, but rejected, the idea of granting a pardon to Vice Adm. John Poindexter and Lt. Col. Oliver North in the hope that they would then tell what they knew about the Iran arms affair, the White House said today.

Larry Speakes said Mr. Reagan had discussed the option last week, but had decided instead to urge congressional investigative committees to grant limited immunity to the two former White House officials.

(Gerald Boyd, New York Times, A1)

CONGRESSIONAL TESTIMONY

Key members of Congress disagree among themselves and with President Reagan over how to obtain testimony from two former NSC aides involved in the Iran-contra scandal.

Sen. Daniel Inouye says it may be wise to give the two aides, Lt. Col. Oliver North and Vice Adm. John Poindexter, limited immunity from prosecution.

But the Democrat who will head the special House committee probing the affair says it would be a mistake to grant immunity. Rep. Lee Hamilton says it could hamper the separate investigation by Lawrence Walsh, the Oklahoma attorney who was named by a federal court last week as the independent counsel in the matter. (Robert Gettlin, Newhouse)

WHITE HOUSE ROLE STILL UNRESOLVED

Conflicting testimony by key players in the Iran-contra affair and continued silence by others has left the White House role in the scandal shrouded in mystery and important questions unanswered.

Lawmakers say they now know for certain that the Reagan Administration embarked on a policy of negotiating with Iranian officials and selling them arms in hopes of improving relations and obtaining the release of American hostages in Lebanon.

(Damon Thompson, Washington Times, A4)

REAGAN MUST TAKE MAJOR ACTION
TO REPAIR DAMAGE, LEADERS SAY
Virtual Unanimity That Passivity
Increases Impression Of Paralysis

Governmental leaders across the political spectrum have reached the conclusion that the credibility and competency of the Reagan Administration have been cast in such a harshly unflattering light by the Iran-contra controversy that at the very least it will take major remedial action by the President to repair the damage.

The risk is most obvious in foreign policy, they said. "Our allies abroad...feel deceived," Rep. Lee Hamilton said. "They feel betrayed; they feel confused.... The credibility of American foreign policy comes into doubt." (David Broder, Washington Post, A10)

WHITE HOUSE WORRIES CONTRAGATE WILL MAR REST OF REAGAN'S TERM

The White House, admitting that many Americans do not believe its version of converting money from the Iranian weapons sale to the Nicaraguan contra rebels, fears the uproar could haunt the rest of President Reagan's term.

Until now, the White House has downplayed public reaction.

Larry Speakes conceded publicly that it's possible the controversy could tarnish the remaining two years of the Reagan presidency. He said Reagan knows that.

So does a key Reagan loyalist. On Monday, Rep. Jack Kemp, a conservative GOP presidential hopeful who has been publicly urging Republicans to stay loyal to Reagan, said the Iranian arms sale and its aftermath are "damaging" Reagan. (Ann McFeatters, Scripps Howard)

REAGAN BUOYED BY WHITE HOUSE POLLING DATA ON IRAN CRISIS

President Reagan's job approval rating has rebounded dramatically according to private White House polls, but aides are cautious about predicting the Iran crisis is on the ebb.

Larry Speakes told reporters yesterday a survey taken late last week showed a 10 to 15 point gain for the President, bringing his job approval rating back into the mid to upper-50's range. (Gene Gibbons, Reuter)

GOP LEADERS UNSURPRISED BY BUSH'S DROP IN POLLS

Republican insiders are not surprised by the steep drop in Vice President Bush's standing in the wake of the Iran arms-contra funds scandal.

And although his opponents see it as an opportunity, no one wants to let Bush off the front-runner hook.

Bush's problem, said Eddie Mahe, former executive director of the Republican National Committee, is that he's tied to President Reagan "like a Siamese twin: If Reagan goes up" in the public's eyes, "Bush goes up; if Reagan goes down, Bush goes down." (Peter Brown, Scripps Howard)

CARLUCCI WANTS TO REVAMP MANAGEMENT BY U.S. OF COVERT OPERATIONS, SOURCES SAY

President Reagan's designated national security adviser, Frank Carlucci, is moving to tighten the Administration's management of covert operations in the wake of the Iran-contra affair.

Mr. Carlucci is proposing the creation of a new interagency mechanism to oversee covert operations carried out by U.S. intelligence agencies, according to Administration sources. In addition, he is preparing a directive making it clear that the NSC henceforth will be an advisory and coordinating body, not an operational agency, according to officials who are helping Mr. Carlucci reshape the council's staff.

(John Walcott, Wall Street Journal, A3)

NSC AIDE QUILTS AFTER ROW WITH CARLUCCI TEAM

Three National Security Council staffers stormed out of a pre-Christmas "get-acquainted" meeting with representatives of Frank Carlucci, incoming NSC director, accusing them of trying to find scapegoats for the Iran arms scandal.

One of them, Ronald Sable, senior director of congressional affairs for the NSC, subsequently resigned, saying it was the "shoddiest behavior I have witnessed in 23 years of government service."

(Roger Fontaine, Washington Times, A1)

MEESE/DOCUMENTS

Attorney General Meese refused Monday to turn over crucial Iran arms documents to the House Judiciary Committee, saying the material had already been provided to congressional panels.

A Justice Department official, requesting anonymity, said Meese notified Committee Chairman Peter Rodino of his intention not to comply with the panel's request.

(Wendy Zentz, UPI)

PROBE SOUGHT IN DIVERSION OF FUNDS TO MARXIST REBELS

Rep. Henry Hyde yesterday urged that the investigation of the Iran-contra episode include allegations that money meant for humanitarian aid in El Salvador was diverted to Marxist guerrillas in that country.

The Illinois Republican proposed petitioning the three-judge panel that chose Lawrence Walsh as independent counsel to include any diversion of aid to the Marxist rebels in El Salvador as part of the special investigation.

(Ed Rogers, Washington Times, A1)

HOLIDAYS GRAB LIMELIGHT

Outside Washington, Americans Appear
To Shun Obsession With Iran Controversy

RED CLOUD, Neb. -- Someone had come into the gaily decorated gift shop asking about Iran. Nicholas Grevas, the small, dapper 68-year-old caretaker, frowned with impatience at this intrusion into his holiday routine.

"If a man does his job right, he's going to get criticized," Grevas, a Democrat, said of the Republican president for whom he voted twice. "I was a meat inspector for 26 years, and every day I made a decision somebody didn't like."

These Americans showed little strain at criticizing Reagan's conduct while in many cases reaffirming their sympathy and support for him. Asked to reconcile the contradiction, they confess that the many unresolved questions and their competing personal concerns have allowed them to put the matter aside or dismiss it as a news media or Washington fixation.

(Jay Mathews, Washington Post, A1)

EDITOR'S NOTE: "The Abiding Riddle Of Oliver North -- Two Views Of An Embattled Soldier: Hard-Driven Rambo Prototype or Self-Promoting Careerist?" by Art Harris, appears in The Washington Post, D1.

NATIONAL NEWS

SCREENING OF JUDICIAL CHOICES SET All-Democratic Unit Of Senate To Check Reagan Nominees

Senate Democrats have decided to create an all-Democratic unit on the Senate Judiciary Committee to investigate and hold hearings on all of President Reagan's judicial nominees before the full committee votes on them, committee sources said yesterday.

The new unit is the heart of a Democratic plan to give greater scrutiny to Reagan's judicial nominees, several of whom became the focus of long and bitter battles this year. The Democrats say they expect to use their expanded majority staff to conduct more detailed background investigations and to slow the pace at which the most controversial candidates are considered. (Howard Kurtz, Washington Post, A1)

Democrats To Screen Reagan's Judicial Nominees Before Full Panel Votes

Democrats on the Senate Judiciary Committee have decided to create a four-member panel to review and hold public hearings on judicial nominations prior to action by the full committee, a spokesman for the incoming chairman said Monday.

Sen. Patrick Leahy will head the all-Democratic, ad hoc panel, which will investigate President Reagan's judicial nominations, said Pete Smith, a spokesman for Sen. Joseph Biden. (Donna Cassata, AP)

WHITE HOUSE STARTS SEARCH FOR A SUCCESSOR TO CASEY

The White House is quietly seeking a replacement for CIA Director William Casey, who is not expected to return to his job, it was learned yesterday.

Sen. Malcolm Wallop is one of several candidates under consideration by the White House as a successor to Mr. Casey.

(Bill Gertz, Washington Times, A3)

REAGAN TIES TEACHER HONORS TO MCAULIFFE

National Teacher Appreciation Day will be marked Jan. 28, the anniversary of the Challenger shuttle disaster that claimed New Hampshire schoolteacher Christa McAuliffe among its victims.

"The memory of a very special teacher inspires us," President Reagan said Monday in signing a proclamation that also declared the current academic year, September 1986 to May 1987, as "National Year of the Teacher." (UPI)

NEW BUDGET WILL LIKELY OVERHAUL FARM AID, OMB DIRECTOR SAYS

President Reagan's fiscal 1988 budget will likely propose a radical overhaul of federal farm aid, ending the present tie between government payments and crop production, says Budget Director James Miller.

"We want to break that link," Miller said in an interview on Monday. He said that the present subsidy program is proving far too costly to taxpayers and is crippling this nation's ability to compete in world markets by keeping prices high. (Tom Raum, AP)

\$500 MILLION MORE REQUESTED FOR SDI

The Defense Department, stung by Congress' 33 percent cut in its budget request for President Reagan's SDI, is seeking an extra \$500 million in funds for the program in 1987 as part of a larger Pentagon supplemental budget request, according to sources.

Officials, who spoke on condition of anonymity, also said that the Pentagon will seek slightly more than \$5 billion in fiscal 1988 for SDI.

(Warren Strobel, Washington Times, A1)

SPACE STATION PARTICIPANTS UPSET

International participants in the proposed civilian space station indicated yesterday that their partnership with the U.S. will almost certainly be shattered if the Defense Department decides it wants to perform weapons experiments on the orbiting laboratory.

A top space agency official also expressed concern that questions raised by the Defense Department about the space station -- currently the heart of the U.S. civil space program -- will plunge the program into a policy-making "abyss." If this happens, he said, it will jeopardize the international partnership. (Kathy Sawyer, Washington Post, A7)

PANEL PROPOSES SCUTTling GOALS FOR GAS MILEAGE

A White House task force led by Vice President Bush yesterday asked the President to consider repeal of federal fuel economy standards in an effort to aid U.S. automakers competing with Japanese imports.

"American manufacturers cannot produce cars the American public wants to buy, and we are conceding market share to the Japanese and sending U.S. jobs abroad," said C. Boyden Gray of a proposal to repeal the Corporate Average Fuel Economy Standards, which have been in effect since 1975. (Mark Tapscott, Washington Times, A1)

WELFARE COALITION SETS CAMPAIGN
90 Groups Join In Opposition To Administration's Approach

A coalition of 90 religious, welfare and citizens' groups set the stage yesterday for a major battle over welfare with the Reagan Administration in the new Congress, laying out a "statement of principles" that sharply conflicts with the Administration approach.

Rep. Richard Gephardt, who signed the group statement, told reporters, "I find the vast majority of people I've talked to hated being on welfare, wanted a job, wanted to be trained, wanted skills.... The Administration, I think, feels there are a lot of people who love being on welfare."
(Spencer Rich, Washington Post, A4)

U.S. BLOCK GRANT PROGRAM ASSAILED
Assistance Shifted Away From The Neediest, Study Concludes

Distributing federal aid through block grants shifts assistance away from the neediest, reduces citizen participation in program decisions and makes it harder to determine whether funds are being used effectively, according to a study of four major block grant programs in seven states.

The study, funded by the Ford Foundation, was conducted by the Coalition on Human Needs, an advocacy group for the poor.
(Spencer Rich, Washington Post, A4)

HYPING VON DAMM'S MEMOIR
Rumor About Reagan Raised, Then Denied

Helene vonDamm, former personal secretary to Ronald Reagan and former ambassador to Austria, hasn't finished her autobiography, "Throw Your Fears Away, Helene," but the prepublication hype, at least, is the stuff that sets tongues awag.

According to her publisher's press release, she raises in her preface the rumor that she was at one time Ronald Reagan's mistress, though in a telephone interview from Vienna she dismissed the rumor as "ridiculous."
(Donnie Radcliffe, Washington Post, D1)

INTERNATIONAL NEWS

HALL SAYS HE WAS CAPTURED ON MISSION American In Nicaragua Claims Membership In Private Legion

MANAGUA -- Sam Nesley Hall, an American prisoner of the Sandinista government, claimed today he came to Nicaragua on a "reconnaissance" mission for an independent paramilitary group consisting of himself and possibly three other persons.

Hall was allowed to answer questions for about 20 minutes, in the presence of security police, at a press conference at the presidential office building.

"I'm not working for the U.S. government that I know of," Hall said.
(Julia Preston, Washington Post, A10)

CROCKER'S FIRING URGED FOR MOZAMBIQUE STAND

A Republican member of the House Foreign Affairs Committee yesterday called for the dismissal of Chester Crocker, assistant secretary of State for African affairs, who over the weekend restated his strong support for Mozambique's Marxist government.

"Chester Crocker should be summarily fired," said Rep. Dan Burton.

"Mozambique is in lockstep with the Soviet Union. I think we ought to be supporting the Reagan Doctrine, and that is to fight communist expansion and support freedom fighters like those of RENAMO," Mr. Burton said.
(George Archibald, Washington Times, A2)

TAMBO MAY GET POP QUIZ FROM SHULTZ NEXT MONTH

When Secretary Shultz meets with African National Congress leader Oliver Tambo in Washington next month he is expected to ask him what sort of government Mr. Tambo envisions in a post-apartheid South Africa.

Administration sources also said Mr. Shultz would ask Mr. Tambo if sanctions are in the best long-term interests of the nation.

(Rita McWilliams, Washington Times, A3)

JAPAN SAID TO RENEGE ON PLEDGE TO LET U.S. LAWYERS OPEN OFFICES Some Attorneys Seek Trade Sanctions, Threaten Lawsuits

U.S. trade officials yesterday accused the Japanese government of reneging on its commitment to allow American lawyers to set up practices in Japan, and now some lawyers are threatening to sue.

The commitment, made by Ambassador Nobuo Matsunaga in letters in March to U.S. Trade Representative Clayton Yeutter, "seems to be a question now," a U.S. trade official said after the Japanese presented their regulations on foreign lawyers in two sets of meetings this month.

(Stuart Auerbach, Washington Post, C1)

NETWORK NEWS SUMMARY

(Monday Evening, December 22, 1986)

IRAN-NICARAGUA

NBC's Tom Brokaw: As President Reagan and Congress prepare to break for the holidays, they still can't agree what to do about Admiral Poindexter and Colonel North, the two principal figures in the Iran arms affair who refuse to tell publicly what they know. The President suggested that Congress grant them immunity. Congress refused. Now the incoming Speaker of the House has passed the ball back to the President, suggesting that he pardon his former aides to get them to talk. However, the White House was quick to reject that idea.

NBC's Andrea Mitchell: White House officials say that the President decided not to pardon Poindexter or North because a pardon would shield them from prosecution, even if they had broken laws. And Mr. Reagan believes a pardon would not necessarily compel his former aides to talk.

(TV Coverage: President talking with officials on street next to OEOB.)

If the President didn't also consider the likely political damage from a pardon, his staff did. Recalling the reaction after President Ford pardoned Richard Nixon, one Reagan aide suggested that a pardon of North and Poindexter would test how low the President could drop in the polls. Ford's former staff chief agrees.

(Rep. Cheney: "From a political standpoint, I think it would be devastating for this President to issue a pardon in advance of the completion of the investigation.")

The new Speaker of the House was the first to suggest a pardon for Poindexter and North.

(Rep. Wright on John McLaughlin's One on One: "He can grant it with a stroke of the pen. Presidential pardon is the ultimate immunity.")

North and Poindexter have also refused to cooperate with the Tower commission looking into what went wrong at the NSC. But long before that commission reports to the President at the end of next month, most decisions on how to change the agency will have been made. Frank Carlucci, who will take over the NSC next week, has already ordered these changes: a 10-15% cut in staff, elimination of the special unit that dealt in covert operations, the unit that managed the TWA hijacking crisis, the Achille Lauro operation, secret hostage negotiations, and ultimately the Iran-contra arms deal.

(Sen. Cohen: "Once you have the President taking foreign policy and the formulation of foreign policy underground, then you have the very grave risks that we saw take place here with the Iran affair.")

But in this White House, the NSC must also be strong enough to referee constant battles between the Secretaries of State and Defense.

(Zbigniew Brzezinski: "Without a strong NSC, you're going to get a paralysis between State and Defense. A strong NSC ensures that there is effective presidential leadership.")

Mitchell continues: One thing hasn't changed: the President's hands-off management style. Aides say that as he did with four other national security advisers, the President has permitted Carlucci to make major decisions on his own.

Brokaw says NBC's John Dancy reports that a Senate Intelligence Committee source says the White House has been pressuring Sen. Durenberger to exonerate the President. Durenberger took that argument to the full committee, but key Democrats resisted.

NBC's Douglas Kiker reports from Hanover, Pennsylvania, where Rep. Bill Goodling says his constituents still like the President, but they are beginning to have their doubts.

(Goodling: "I think they're waiting to see what the end result is going to be. They want him to succeed, they want him to stay there, they want him to continue to be popular, but they are afraid that he has been done in and maybe then he can't tell the truth and that really worries them.")

Mr. Reagan got 67% of the vote here in 1984, including the one cast by Dr. Ralph Bittinger.

(Bittinger: "I voted for Mr. Reagan twice already and at the beginning I thought he was doing a great job. Things that are turning up now make me wonder whether he's really in control of the situation down there.")

This was in no way a scientific poll; it was just an effort to find out what a few thoughtful people in one small town are thinking. What seems to upset the people in Hanover most of all is the secret shipment of weapons to Iran.

(Ed Aumen, former president of the Chamber of Commerce: "We wouldn't have complained one bit if several millions of dollars would have been sent over there in educational materials and so forth, but not one gun, because they made asses out of us several years ago and we still should feel that way.")

(Rev. Gary Greth: "The fact that the present events are taking place raises some very serious questions in the minds of many people.")

They're concerned, and they want the matter settled.

Brokaw reports Speaker Rafsanjani offered again to work for the release of the remaining American hostages if the U.S. ends its hostility toward Iran. As he appeared before a large crowd, Rafsanjani also said the U.S. must consider the demands of the Lebanese groups holding the Americans.

Sen. Dole says the Republican hurt most of all by the Iran scandal is Vice President Bush. Dole said Bush is a member of the NSC and he was there for its briefings, but he said Bush claims he had no knowledge of any diversion of funds to the contras. Bush acknowledges he has been politically hurt by the scandal. He says he is no longer the front-runner for 1988. (NBC-Lead)

ABC's Peter Jennings: The White House said today that President Reagan has no plans to pardon anyone connected with the Iran affair. That idea had been floated by some folks as a way of encouraging reluctant principals in the scandal to tell their story. The President did make a public appearance today.

ABC's Kenneth Walker: President Reagan ended a week of near-seclusion from reporters today in a ceremony proclaiming National Prayer Day, including perhaps an oblique reference to his Iran-contra troubles.

(TV Coverage: Audience applauds President in OEOB 450. President: "Throughout our history our leaders have always turned to prayer in times of crisis.")

The event was one of two planned for this week that, according to the President's friend Paul Laxalt, is designed to show the White House is not under siege. Meanwhile the controversy continued over how best to elicit testimony from North and Poindexter, with incoming Speaker Wright suggesting it's a problem the President could solve with a pardon. But Larry Speakes said a pardon is not under consideration, and that the President still prefers that Congress make the next move and grant limited immunity. Despite all the maneuvers, North made it clear today his position remains unchanged.

(North to reporters: "I'm not going to comment on anything on the advice of my attorney. Remember that?")

That remains the central dilemma. No matter how much White House officials try to change the subject or raise the President's profile, the refusal of his two former aides at least to clarify Mr. Reagan's role is bound to keep the scandal center stage. (ABC-3)

CBS's Dan Rather: President Reagan sent word today he has no plans to pressure or pardon key witnesses North and Poindexter to end their silence. For his part, Mr. Reagan kept up his own silence today and let his spokesman do the talking. CBS's Terry Smith has the latest evidence that this so-called stonewall strategy isn't sitting well with the public.

CBS's Terry Smith: Making his first public remarks in a week, President Reagan avoided mention of the Iran-contra connection as he signed a proclamation for a national day of prayer.

(TV Coverage: Audience applauds President in OEOB 450. President: "Religion and morality are indispensable supports. Throughout our history, our leaders have always turned to prayer in times of crisis.")

The White House said today the President has no plans to use his power of pardon to coax testimony from Poindexter and North, who have so far taken refuge in the 5th Amendment. North had a seasonal message for the President.

(Reporter: "Colonel, what would you say to President Reagan in the middle of all this turmoil -- " North: "Merry Christmas.")

President Reagan also expressed Christmas greetings amid signs that the White House is hoping that the holidays will provide a respite from the daily drumbeat of disclosures on Iran.

(Norm Ornstein, political analyst: "They're wrong. This is going to be a temporary respite and get back into it full scale after the first of the year with the focus turning to two new investigating committees and a new special counsel, and there will be stories every day.")

Smith continues: In Iowa, where the President was already in trouble with the voters on the farm issue, a new Des Moines Register poll published yesterday revealed more problems. Asked how they thought the Administration has handled the Iran-contra affair, an overwhelming 73% said the White House chose coverup over candor (73%-14%). The President's job approval rating reached a new low of 34%, down 12 points from September, when the Iowa figures were already below the national average. When asked if the President should resign, something almost no one has suggested, a striking 24% of Iowans said yes. But White House officials take solace from their own nationwide polls, which they say show the President's approval rating rebounding by about 10 points into the mid-50s. That's still sharply down from his pre-November popularity, suggesting that the President's problems are far from over.

CBS's Rita Braver reports Attorney General Meese's handling of the entire Iran arms/contra funding affair will be a key focus of both House and Senate inquiries next year. The complaint: Meese was not aggressive enough about ferreting out wrongdoing in the Administration.

(Sen. Biden: "At every stage of this there has been, in my view, the minimum requirement has been met.")

At issue: Meese's legal approval of the Administration's plan to secretly ship arms to Iran without informing Congress; his request that the FBI delay its investigation of Southern Air Transport for involvement in illegal arms shipments to contras because the airline was also carrying arms to Iran in exchange for hostages; his delay in bringing Justice criminal lawyers and the FBI in the case after suspicions that contras received Iran arms sale profits. His delay of another week before requesting an independent counsel. And now some legal experts suggest that Meese's initial interviews with North and Poindexter may have complicated the independent counsel's investigation.

(Terry Lenzner, former Watergate counsel: "The Attorney General put himself in the position not only of being the fact-gatherer but being the chief witness. That's something that no lawyer is supposed to place himself in the position of, that is becoming a witness in a proceeding like that.")

But Justice Department officials insist that Meese has performed correctly every step of the way.

(Terry Eastland: "After all, bear in mind who was the person that first got to the bottom of the fact that there might be this connection to Nicaragua, into the resistance movement down there? It was Edwin Meese, the Attorney General.")

But Meese is already running into conflicts with Congress. Today was his deadline for submitting documents to the House Judiciary Committee. Instead, he said that committee staffers did not have high enough security clearances and the Chairman should look at material already submitted to other congressional committees.

(CBS-Lead)

IRAN-IRAQ WAR

Rather: Iran is charging that more than 200 people were killed in Iraqi air attacks on Iranian cities yesterday and today. It was revealed this month that the United States has been providing Iraq with satellite photographs of potential targets inside Iran. On the other hand, it increasingly appears that those supposedly defensive weapons the United States secretly sent to Iran played a key offensive role in one notable Iranian victory on the vital southern front in this war.

CBS's Bill Redeker reports that in February 1986, Port Faw, Iraq, Iranian troops invade and quickly capture this strategically important city, dealing a surprisingly effective blow against the normally superior Iraqi tank forces. Now, indications that it was sophisticated anti-tank TOW missiles supplied to Iran by the U.S. that made the difference.

(Iraqi Ambassador Nizar Hamdoon: "We sense that the anti-tank units of the Iranian troops were more effective than we expected.")

(Major Robert Elliot, military analyst: "It was in fact a very, very significant defeat. The Iranians are still sitting on Faw....")

In all, more than 2,000 TOW missiles have been shipped to Iran. The Reagan Administration has downplayed their importance.

(President from Oval Office: "I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran.")

(Milton Viorst, Mideast expert: "TOW missiles may very well have indeed been used at Faw, but if they were, they weren't defensive, they were part of the Iranian offensive against the Iraqi army.")

The Administration has said one of the reasons for sending the missiles to Iran was to help bring an honorable end to the bloody six-year war. But Iraq, which is quietly supported by the U.S., doesn't see it that way.

(Ambassador Hamdoon: "It will not contribute to ending the war. It will contribute to prolonging the war and to bring about more casualties and more destabilization.")

The Administration's two-track policy apparently failed, undermining rather than stabilizing the already-fragile region and leaving many of America's friends in the Gulf wary of Washington. (CBS-3)

NICARAGUA/HALL

Jennings reports the Pentagon says it has checked but cannot confirm a claim made by Sam Hall that he was the last remaining member of a counter-terrorist group formed after a meeting at the Pentagon which he says he attended. Today in Nicaragua Hall met with reporters and was asked again whether he might have been working for the U.S. Government.

(Hall: "I'm not working for the U.S. Government, that I know of.") (ABC-4)

Rather: The Nicaraguan Soviet-supported government paraded its newest U.S. prisoner today at a Managua news conference.

CBS's David Martin reports Hall claimed not to know who sent him to spy on the Sandinista air base. Hall had previously volunteered his services to the government, but to no avail. (CBS-2)

LEBANON/WAITE

Jennings reports Terry Waite said he probably will not be able to make a Christmas trip to Lebanon because of continued violence in and around Beirut. (ABC-5)

OIL PRICES

Brokaw reports the price of crude oil took a dramatic jump, the first day of trading since OPEC agreed to limit production. If the price holds, in a few months the price of gasoline and heating oil could rise by as much as 10¢ a gallon. (ABC-7, CBS-5, NBC-4)

LIBYA/CHAD

Brokaw says Chad reported Libyan troops and warplanes attacked pro-government forces in its northern mountains with napalm and poison gas. That report, however, has not been confirmed. Meanwhile, Libyan leader Khadaffy charged that the U.S. and France are threatening Libya and interfering, as he put it, in Chad. (NBC-5)

SOVIET SOFTENING

NBC's Sandy Gilmour reports from the Soviet Union that the unusual Soviet TV announcement last week of Andrei Sakharov's release was just the latest sample of a new Kremlin policy: glasnost, meaning publicity or openness. But glasnost has its limits. (NBC-7)

CBS's Dan Rather reports dissident poet Irina Ratushinskaya met in London with Prime Minister Thatcher. She said she is joyful Sakharov is being allowed to return to Moscow but she charged that at least 4,000 Soviet political prisoners are still in captivity. (CBS-7)

CBS's Wyatt Andrews reports from Moscow that unofficial artists are being allowed to sell paintings. Crowds are excited by the freedom but perplexed by what they see. It's a snapshot of change in the Soviet Union that some get angry about the freedom they see; an example of the fear of change. (CBS-8)

CAMBODIA

Brokaw reports that in another gesture to open relations with the West, Cambodia now will allow tourists to visit the ancient temples of Angkor Wat. Cambodian officials say they now feel confident that they can protect Westerners from the Khmer Rouge. (NBC-8)

SHANGHAI DEMONSTRATIONS

ABC's Jim Laurie reports from Shanghai that demonstrators gathered for the fourth day with banners proclaiming demands for democratic reform. (NBC-6, CBS-6, ABC-6)

VOYAGER

Jennings: The Voyager is almost home and about to go into the record books.... (CBS-4, NBC-2, ABC-Lead)

-end of B-Section-

EDITORIALS/COLUMNISTS

IRAN-NICARAGUA

Reagan Has the Biggest Stake in Getting the Facts Out Quickly -- "Mr. Reagan must assemble the facts for his own analysis. Then he must make them public to the extent the national security permits. No other course will really serve his purpose or the nation's. His appeal to the Senate Intelligence Committee Tuesday to give limited immunity to two key witnesses was an important first step." (Cincinnati Enquirer, 12/17)

Let's Get On With It -- "The President's suggestion [to grant limited immunity to Col. North and Adm. Poindexter] is a sound one. Before Congress dismisses the idea out of hand, it should consider the alternative -- never really knowing the truth. And that could do more harm to the presidency and the nation than the granting of immunity to these two individuals." (Boston Herald, 12/19)

Big Mouths -- "Congress, comprised of hundreds of big mouths, leaks like a sieve.... Indirectly, Congress' inability to protect highly sensitive information contributes to fiascos like the Iran affair by encouraging White House secrecy and thereby allowing furtive administration operations to get out of hand." (Charleston Daily Mail, 12/17)

The Real Villains in Irangate -- "The entire Irangate circus is based on politics, pure and simple. Defending the Constitution or even improving the conduct of U.S. foreign policy is not the goal, just keelhauling the Administration in power.... The reluctance of many congressional leaders to grant immunity to Lt. Col. North and Adm. Poindexter is the most recent indication that the President's most vociferous critics are not seeking justice in the Iran arms affair, but only the prolongation of the controversy for partisan purposes." (New York City Tribune, 12/19)

Use a Wide-angle Lens -- "President Reagan said he wants all the facts placed before the public about recent U.S. arms sales to Iran and the diversion to the Nicaraguan Contras of money from those sales. His actions have conformed commendably with his words: He has not invoked executive privilege to stop White House aides and Cabinet officers from testifying before Congress.... The only way to get the whole picture is to order the special prosecutor to follow all trails that might lead to violations of U.S. laws. He should be given sufficient subpoena powers to do the job." (Oregonian, 12/19)

Too Early for Immunity -- "President Reagan's request that the outgoing Congress ask for limited immunity for Vice Adm. Poindexter and Lt. Col. North is a cop-out of his responsibilities as chief executive. If Reagan will not, or cannot, find out for himself what happened inside his Administration, he should leave it to the special prosecutor and the newly appointed Senate Select Committee to investigate the affair and determine whether such immunity is needed." (Des Moines Register, 12/18)

EDITORIALS/COLUMNISTS (continued)

HASENFUS RELEASE

Ortega No Santa -- "Let none be deceived. The release of Eugene Hasenfus was neither a humanitarian move nor a gesture of good will.... Daniel Ortega has demonstrated his benevolence time and again, in attacks on the Nicaraguan Catholic Church, this genocidal war on the Miskito Indians, and the suppression of civil liberties in his nation. An independent human rights group in Nicaragua reports that in their treatment of political prisoners, the Sandinistas even surpass Somoza in brutality. If Ortega really wishes to demonstrate his good will, let him free his other prisoners -- the Nicaraguan people." (Boston Herald, 12/19)

Dodd Takes a Hostage -- "Sen. Dodd told reporters that he was glad to be part of the Sandinistas' 'generous gesture' in releasing Mr. Hasenfus. A truly generous gesture would have been a fair trial -- not to mention such details as a free press, free assembly, and free trade unions. As for Mr. Dodd, the best gesture he could make is to stay clear of the President's constitutional duties. We need one foreign policy, not one for each congressman. If Mr. Ortega wanted to release Mr. Hasenfus for compassionate reasons, he could have done so through regular channels." (Detroit News, 12/19)

Hasenfus Price: Ploy May Undermine Public Support for Contras -- "Hasenfus probably now goes to Washington to testify in the broadening investigation of the Administration's Iranian arms deal from which funds were secretly channeled to the contras. However the investigation unfolds, one can only hope that the U.S. commitment to supporting the democratic forces for change in Nicaragua is not buried in the shuffle." (Dallas Morning News, 12/19)

No Joy in Hasenfus' Release -- "The Administration, by supporting mercenaries like Haseufus, has given Ortega just the ammunition he needs to push his intensifying propaganda campaign. And now that self-styled patriot warrior Sam Hall...is in custody in Managua, the Sandinistas still retain a prisoner with which to tease and taunt Americans." (Cleveland Plain Dealer, 12/19)

Hasenfus: 'Tis Season for Propaganda -- "It is a humanitarian gesture, the Nicaraguans said. And it is. It is a gesture of good will, they also said. And that is bunk. This was a propaganda ploy, neatly aimed and deftly stage-managed.... The Sandinistas knew perfectly well that in releasing Hasenfus to Sen. Christopher Dodd they were giving a boost to the seeming authority of a senator who has opposed U.S. aid to the anti-Sandinista contras and who next year will take the chair of the key Senate subcommittee dealing with Central American affairs." (Atlanta Constitution, 12/19)

'Privatizing' U.S. Wars -- "Although it is illegal for American citizens to fight foreign wars, the White House has celebrated some of these soldiers of fortune as 'heroes,' while disclaiming any knowledge of their activities.... The privatizing -- or privateering -- of the Reagan Administration foreign policy goes against the principles of democracy." (Des Moines Register, 12/17)



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, DECEMBER 23, 1986 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Reagan Not Planning Any Blanket Pardons -- President Reagan has no plans to issue blanket pardons to Lt. Col. Oliver North and Vice Adm. John Poindexter to get them to tell what they know about the diversion to the Nicaraguan resistance of proceeds from secret U.S. arms sales to Iran. (Baltimore Sun, New York Times, Washington Post, Washington Times, McClatchy)

Reagan Buoyed By White House Polling Data On Iran Crisis -- President Reagan's job approval rating has rebounded dramatically according to private White House polls, but aides are cautious about predicting the Iran crisis is on the ebb. (Reuter)

NATIONAL NEWS

Democrats To Screen Reagan's Judicial Nominees Before Full Panel Votes -- Democrats on the Senate Judiciary Committee have decided to create a four-member panel to review and hold public hearings on judicial nominations prior to action by the full committee, a spokesman for the incoming chairman said Monday. (Washington Post, AP)

NETWORK NEWS (Monday Evening)

IRAN-NICARAGUA -- President Reagan has no plans to pardon anyone connected with the Iran-contra affair.

IRAN-IRAQ WAR -- Iran is charging that more than 200 people were killed in Iraqi air attacks on Iranian cities.

NICARAGUA/HALL -- Sam Hall says he is not working for the U.S. government.

PROGRESS AT THE NORTH POLE...

NORTH POLE, Alaska -- Santa's hometown has gotten its first McDonald's franchise. "Every city feels it has come of age when it gets a McDonald's," Mayor Carleta Lewis said.

But the popular eatery is not the town's busiest spot. The North Pole's post office is jammed with letters from around the world, shipped up in separate envelopes, so they can be postmarked from the North Pole for Christmas. (UPI, 12/22)

IRAN — NICARAGUA

PARDONING REJECTED IN IRAN CASE White House Seeks To Quiet Controversy With Low Profile

The White House yesterday rejected the idea of pardoning former national security adviser John Poindexter or Lt. Col. Oliver North as officials also sought to quell the secret Iran arms sale controversy by shutting down shop for the holidays.

Larry Speakes said that after briefing the press corps this morning, he will not brief again until Dec. 30 in Palm Springs, Calif., where President Reagan will spend the New Year's holiday. Reagan plans no public appearances this week except for brief remarks today to a business group in the Executive Office Building, and Donald Regan will keep an even lower profile, officials said. (Lou Cannon, Washington Post, A1)

Reagan Not Planning Any Blanket Pardons

President Reagan has no plans to issue blanket pardons to Lt. Col. Oliver North and Vice Adm. John Poindexter to get them to tell what they know about the diversion to the Nicaraguan resistance of proceeds from secret U.S. arms sales to Iran.

"The President...said [last week] he would like to call on Congress for use immunity for North and Poindexter," Larry Speakes said yesterday. "The [White House] staff said it was against pardon, and the President agreed. He is not planning to pardon them."

(Jeremiah O'Leary, Washington Times, A4)

Reagan Rules Out Pardoning 2 NSC Figures Immunity Sought Instead For North And Poindexter

President Reagan rejected last week the idea of granting a pardon to Vice Adm. John Poindexter and Lt. Col. Oliver North when he decided instead to seek limited congressional immunity for the two key figures in the Iran affair, his spokesman said yesterday.

Asked whether the President's decision was "irrevocable," Larry Speakes said, "The President is not planning on a pardon for them, but of course, as the chief executive, one always retains the right for executive clemency."

(Mark Matthews, Baltimore Sun, A1)

Reagan Rejects Pardon For NSC Aides

The Administration is pressing hard for a brief public statement by John Poindexter and Oliver North that might exonerate the President from allegedly illegal diversion of profits to the Nicaraguan contra rebels from Iranian arms sales.

While prodding the two former aides to answer a single question -- did they tell the President about the diversion of arms funds? -- the White House ruled out quick disclosures by Reagan and Vice President Bush about their private discussions with North and Poindexter before the scandal broke.

The upshot was to create a double-standard strategy -- with the Administration shifting the spotlight to ex-aides while delaying a detailed account by Reagan and Bush and keeping a tight lid on documents under review by the FBI.

(Leo Rennert, McClatchy)

Reagan Weighed Granting Pardons To 2 Former Aides
He Discussed Idea With Regan And Bush Before Calling For Limited
Immunity

President Reagan considered, but rejected, the idea of granting a pardon to Vice Adm. John Poindexter and Lt. Col. Oliver North in the hope that they would then tell what they knew about the Iran arms affair, the White House said today.

Larry Speakes said Mr. Reagan had discussed the option last week, but had decided instead to urge congressional investigative committees to grant limited immunity to the two former White House officials.

(Gerald Boyd, New York Times, A1)

CONGRESSIONAL TESTIMONY

Key members of Congress disagree among themselves and with President Reagan over how to obtain testimony from two former NSC aides involved in the Iran-contra scandal.

Sen. Daniel Inouye says it may be wise to give the two aides, Lt. Col. Oliver North and Vice Adm. John Poindexter, limited immunity from prosecution.

But the Democrat who will head the special House committee probing the affair says it would be a mistake to grant immunity. Rep. Lee Hamilton says it could hamper the separate investigation by Lawrence Walsh, the Oklahoma attorney who was named by a federal court last week as the independent counsel in the matter. (Robert Gettlin, Newhouse)

WHITE HOUSE ROLE STILL UNRESOLVED

Conflicting testimony by key players in the Iran-contra affair and continued silence by others has left the White House role in the scandal shrouded in mystery and important questions unanswered.

Lawmakers say they now know for certain that the Reagan Administration embarked on a policy of negotiating with Iranian officials and selling them arms in hopes of improving relations and obtaining the release of American hostages in Lebanon.

(Damon Thompson, Washington Times, A4)

REAGAN MUST TAKE MAJOR ACTION
TO REPAIR DAMAGE, LEADERS SAY
Virtual Unanimity That Passivity
Increases Impression Of Paralysis

Governmental leaders across the political spectrum have reached the conclusion that the credibility and competency of the Reagan Administration have been cast in such a harshly unflattering light by the Iran-contra controversy that at the very least it will take major remedial action by the President to repair the damage.

The risk is most obvious in foreign policy, they said. "Our allies abroad...feel deceived," Rep. Lee Hamilton said. "They feel betrayed; they feel confused.... The credibility of American foreign policy comes into doubt." (David Broder, Washington Post, A10)

WHITE HOUSE WORRIES CONTRAGATE WILL MAR REST OF REAGAN'S TERM

The White House, admitting that many Americans do not believe its version of converting money from the Iranian weapons sale to the Nicaraguan contra rebels, fears the uproar could haunt the rest of President Reagan's term.

Until now, the White House has downplayed public reaction.

Larry Speakes conceded publicly that it's possible the controversy could tarnish the remaining two years of the Reagan presidency. He said Reagan knows that.

So does a key Reagan loyalist. On Monday, Rep. Jack Kemp, a conservative GOP presidential hopeful who has been publicly urging Republicans to stay loyal to Reagan, said the Iranian arms sale and its aftermath are "damaging" Reagan. (Ann McFeatters, Scripps Howard)

REAGAN BUOYED BY WHITE HOUSE POLLING DATA ON IRAN CRISIS

President Reagan's job approval rating has rebounded dramatically according to private White House polls, but aides are cautious about predicting the Iran crisis is on the ebb.

Larry Speakes told reporters yesterday a survey taken late last week showed a 10 to 15 point gain for the President, bringing his job approval rating back into the mid to upper-50's range. (Gene Gibbons, Reuter)

GOP LEADERS UNSURPRISED BY BUSH'S DROP IN POLLS

Republican insiders are not surprised by the steep drop in Vice President Bush's standing in the wake of the Iran arms-contra funds scandal.

And although his opponents see it as an opportunity, no one wants to let Bush off the front-runner hook.

Bush's problem, said Eddie Mahe, former executive director of the Republican National Committee, is that he's tied to President Reagan "like a Siamese twin: If Reagan goes up" in the public's eyes, "Bush goes up; if Reagan goes down, Bush goes down." (Peter Brown, Scripps Howard)

CARLUCCI WANTS TO REVAMP MANAGEMENT BY U.S. OF COVERT OPERATIONS, SOURCES SAY

President Reagan's designated national security adviser, Frank Carlucci, is moving to tighten the Administration's management of covert operations in the wake of the Iran-contra affair.

Mr. Carlucci is proposing the creation of a new interagency mechanism to oversee covert operations carried out by U.S. intelligence agencies, according to Administration sources. In addition, he is preparing a directive making it clear that the NSC henceforth will be an advisory and coordinating body, not an operational agency, according to officials who are helping Mr. Carlucci reshape the council's staff.

(John Walcott, Wall Street Journal, A3)

NSC AIDE QUILTS AFTER ROW WITH CARLUCCI TEAM

Three National Security Council staffers stormed out of a pre-Christmas "get-acquainted" meeting with representatives of Frank Carlucci, incoming NSC director, accusing them of trying to find scapegoats for the Iran arms scandal.

One of them, Ronald Sable, senior director of congressional affairs for the NSC, subsequently resigned, saying it was the "shoddiest behavior I have witnessed in 23 years of government service."

(Roger Fontaine, Washington Times, A1)

MEESE/DOCUMENTS

Attorney General Meese refused Monday to turn over crucial Iran arms documents to the House Judiciary Committee, saying the material had already been provided to congressional panels.

A Justice Department official, requesting anonymity, said Meese notified Committee Chairman Peter Rodino of his intention not to comply with the panel's request.

(Wendy Zentz, UPI)

PROBE SOUGHT IN DIVERSION OF FUNDS TO MARXIST REBELS

Rep. Henry Hyde yesterday urged that the investigation of the Iran-contra episode include allegations that money meant for humanitarian aid in El Salvador was diverted to Marxist guerrillas in that country.

The Illinois Republican proposed petitioning the three-judge panel that chose Lawrence Walsh as independent counsel to include any diversion of aid to the Marxist rebels in El Salvador as part of the special investigation.

(Ed Rogers, Washington Times, A1)

HOLIDAYS GRAB LIMELIGHT

Outside Washington, Americans Appear
To Shun Obsession With Iran Controversy

RED CLOUD, Neb. -- Someone had come into the gaily decorated gift shop asking about Iran. Nicholas Grevas, the small, dapper 68-year-old caretaker, frowned with impatience at this intrusion into his holiday routine.

"If a man does his job right, he's going to get criticized," Grevas, a Democrat, said of the Republican president for whom he voted twice. "I was a meat inspector for 26 years, and every day I made a decision somebody didn't like."

These Americans showed little strain at criticizing Reagan's conduct while in many cases reaffirming their sympathy and support for him. Asked to reconcile the contradiction, they confess that the many unresolved questions and their competing personal concerns have allowed them to put the matter aside or dismiss it as a news media or Washington fixation.

(Jay Mathews, Washington Post, A1)

EDITOR'S NOTE: "The Abiding Riddle Of Oliver North -- Two Views Of An Embattled Soldier: Hard-Driven Rambo Prototype or Self-Promoting Careerist?" by Art Harris, appears in The Washington Post, D1.

NATIONAL NEWS

SCREENING OF JUDICIAL CHOICES SET All-Democratic Unit Of Senate To Check Reagan Nominees

Senate Democrats have decided to create an all-Democratic unit on the Senate Judiciary Committee to investigate and hold hearings on all of President Reagan's judicial nominees before the full committee votes on them, committee sources said yesterday.

The new unit is the heart of a Democratic plan to give greater scrutiny to Reagan's judicial nominees, several of whom became the focus of long and bitter battles this year. The Democrats say they expect to use their expanded majority staff to conduct more detailed background investigations and to slow the pace at which the most controversial candidates are considered. (Howard Kurtz, Washington Post, A1)

Democrats To Screen Reagan's Judicial Nominees Before Full Panel Votes

Democrats on the Senate Judiciary Committee have decided to create a four-member panel to review and hold public hearings on judicial nominations prior to action by the full committee, a spokesman for the incoming chairman said Monday.

Sen. Patrick Leahy will head the all-Democratic, ad hoc panel, which will investigate President Reagan's judicial nominations, said Pete Smith, a spokesman for Sen. Joseph Biden. (Donna Cassata, AP)

WHITE HOUSE STARTS SEARCH FOR A SUCCESSOR TO CASEY

The White House is quietly seeking a replacement for CIA Director William Casey, who is not expected to return to his job, it was learned yesterday.

Sen. Malcolm Wallop is one of several candidates under consideration by the White House as a successor to Mr. Casey.

(Bill Gertz, Washington Times, A3)

REAGAN TIES TEACHER HONORS TO MCAULIFFE

National Teacher Appreciation Day will be marked Jan. 28, the anniversary of the Challenger shuttle disaster that claimed New Hampshire schoolteacher Christa McAuliffe among its victims.

"The memory of a very special teacher inspires us," President Reagan said Monday in signing a proclamation that also declared the current academic year, September 1986 to May 1987, as "National Year of the Teacher." (UPI)

NEW BUDGET WILL LIKELY OVERHAUL FARM AID, OMB DIRECTOR SAYS

President Reagan's fiscal 1988 budget will likely propose a radical overhaul of federal farm aid, ending the present tie between government payments and crop production, says Budget Director James Miller.

"We want to break that link," Miller said in an interview on Monday. He said that the present subsidy program is proving far too costly to taxpayers and is crippling this nation's ability to compete in world markets by keeping prices high. (Tom Raum, AP)

\$500 MILLION MORE REQUESTED FOR SDI

The Defense Department, stung by Congress' 33 percent cut in its budget request for President Reagan's SDI, is seeking an extra \$500 million in funds for the program in 1987 as part of a larger Pentagon supplemental budget request, according to sources.

Officials, who spoke on condition of anonymity, also said that the Pentagon will seek slightly more than \$5 billion in fiscal 1988 for SDI.

(Warren Strobel, Washington Times, A1)

SPACE STATION PARTICIPANTS UPSET

International participants in the proposed civilian space station indicated yesterday that their partnership with the U.S. will almost certainly be shattered if the Defense Department decides it wants to perform weapons experiments on the orbiting laboratory.

A top space agency official also expressed concern that questions raised by the Defense Department about the space station -- currently the heart of the U.S. civil space program -- will plunge the program into a policy-making "abyss." If this happens, he said, it will jeopardize the international partnership. (Kathy Sawyer, Washington Post, A7)

PANEL PROPOSES SCUTTLING GOALS FOR GAS MILEAGE

A White House task force led by Vice President Bush yesterday asked the President to consider repeal of federal fuel economy standards in an effort to aid U.S. automakers competing with Japanese imports.

"American manufacturers cannot produce cars the American public wants to buy, and we are conceding market share to the Japanese and sending U.S. jobs abroad," said C. Boyden Gray of a proposal to repeal the Corporate Average Fuel Economy Standards, which have been in effect since 1975. (Mark Tapscott, Washington Times, A1)

WELFARE COALITION SETS CAMPAIGN
90 Groups Join In Opposition To Administration's Approach

A coalition of 90 religious, welfare and citizens' groups set the stage yesterday for a major battle over welfare with the Reagan Administration in the new Congress, laying out a "statement of principles" that sharply conflicts with the Administration approach.

Rep. Richard Gephardt, who signed the group statement, told reporters, "I find the vast majority of people I've talked to hated being on welfare, wanted a job, wanted to be trained, wanted skills.... The Administration, I think, feels there are a lot of people who love being on welfare."
(Spencer Rich, Washington Post, A4)

U.S. BLOCK GRANT PROGRAM ASSAILED
Assistance Shifted Away From The Neediest, Study Concludes

Distributing federal aid through block grants shifts assistance away from the neediest, reduces citizen participation in program decisions and makes it harder to determine whether funds are being used effectively, according to a study of four major block grant programs in seven states.

The study, funded by the Ford Foundation, was conducted by the Coalition on Human Needs, an advocacy group for the poor.
(Spencer Rich, Washington Post, A4)

HYPING VON DAMM'S MEMOIR
Rumor About Reagan Raised, Then Denied

Helene vonDamm, former personal secretary to Ronald Reagan and former ambassador to Austria, hasn't finished her autobiography, "Throw Your Fears Away, Helene," but the prepublication hype, at least, is the stuff that sets tongues awag.

According to her publisher's press release, she raises in her preface the rumor that she was at one time Ronald Reagan's mistress, though in a telephone interview from Vienna she dismissed the rumor as "ridiculous."
(Donnie Radcliffe, Washington Post, D1)

INTERNATIONAL NEWS

HALL SAYS HE WAS CAPTURED ON MISSION American In Nicaragua Claims Membership In Private Legion

MANAGUA -- Sam Nesley Hall, an American prisoner of the Sandinista government, claimed today he came to Nicaragua on a "reconnaissance" mission for an independent paramilitary group consisting of himself and possibly three other persons.

Hall was allowed to answer questions for about 20 minutes, in the presence of security police, at a press conference at the presidential office building.

"I'm not working for the U.S. government that I know of," Hall said.
(Julia Preston, Washington Post, A10)

CROCKER'S FIRING URGED FOR MOZAMBIQUE STAND

A Republican member of the House Foreign Affairs Committee yesterday called for the dismissal of Chester Crocker, assistant secretary of State for African affairs, who over the weekend restated his strong support for Mozambique's Marxist government.

"Chester Crocker should be summarily fired," said Rep. Dan Burton.

"Mozambique is in lockstep with the Soviet Union. I think we ought to be supporting the Reagan Doctrine, and that is to fight communist expansion and support freedom fighters like those of RENAMO," Mr. Burton said.
(George Archibald, Washington Times, A2)

TAMBO MAY GET POP QUIZ FROM SHULTZ NEXT MONTH

When Secretary Shultz meets with African National Congress leader Oliver Tambo in Washington next month he is expected to ask him what sort of government Mr. Tambo envisions in a post-apartheid South Africa.

Administration sources also said Mr. Shultz would ask Mr. Tambo if sanctions are in the best long-term interests of the nation.

(Rita McWilliams, Washington Times, A3)

JAPAN SAID TO RENEGE ON PLEDGE TO LET U.S. LAWYERS OPEN OFFICES

Some Attorneys Seek Trade Sanctions, Threaten Lawsuits

U.S. trade officials yesterday accused the Japanese government of reneging on its commitment to allow American lawyers to set up practices in Japan, and now some lawyers are threatening to sue.

The commitment, made by Ambassador Nobuo Matsunaga in letters in March to U.S. Trade Representative Clayton Yeutter, "seems to be a question now," a U.S. trade official said after the Japanese presented their regulations on foreign lawyers in two sets of meetings this month.

(Stuart Auerbach, Washington Post, C1)

NETWORK NEWS SUMMARY

(Monday Evening, December 22, 1986)

IRAN-NICARAGUA

NBC's Tom Brokaw: As President Reagan and Congress prepare to break for the holidays, they still can't agree what to do about Admiral Poindexter and Colonel North, the two principal figures in the Iran arms affair who refuse to tell publicly what they know. The President suggested that Congress grant them immunity. Congress refused. Now the incoming Speaker of the House has passed the ball back to the President, suggesting that he pardon his former aides to get them to talk. However, the White House was quick to reject that idea.

NBC's Andrea Mitchell: White House officials say that the President decided not to pardon Poindexter or North because a pardon would shield them from prosecution, even if they had broken laws. And Mr. Reagan believes a pardon would not necessarily compel his former aides to talk.

(TV Coverage: President talking with officials on street next to OEOB.)

If the President didn't also consider the likely political damage from a pardon, his staff did. Recalling the reaction after President Ford pardoned Richard Nixon, one Reagan aide suggested that a pardon of North and Poindexter would test how low the President could drop in the polls. Ford's former staff chief agrees.

(Rep. Cheney: "From a political standpoint, I think it would be devastating for this President to issue a pardon in advance of the completion of the investigation.")

The new Speaker of the House was the first to suggest a pardon for Poindexter and North.

(Rep. Wright on John McLaughlin's One on One: "He can grant it with a stroke of the pen. Presidential pardon is the ultimate immunity.")

North and Poindexter have also refused to cooperate with the Tower commission looking into what went wrong at the NSC. But long before that commission reports to the President at the end of next month, most decisions on how to change the agency will have been made. Frank Carlucci, who will take over the NSC next week, has already ordered these changes: a 10-15% cut in staff, elimination of the special unit that dealt in covert operations, the unit that managed the TWA hijacking crisis, the Achille Lauro operation, secret hostage negotiations, and ultimately the Iran-contra arms deal.

(Sen. Cohen: "Once you have the President taking foreign policy and the formulation of foreign policy underground, then you have the very grave risks that we saw take place here with the Iran affair.")

But in this White House, the NSC must also be strong enough to referee constant battles between the Secretaries of State and Defense.

(Zbigniew Brzezinski: "Without a strong NSC, you're going to get a paralysis between State and Defense. A strong NSC ensures that there is effective presidential leadership.")

Mitchell continues: One thing hasn't changed: the President's hands-off management style. Aides say that as he did with four other national security advisers, the President has permitted Carlucci to make major decisions on his own.

Brokaw says NBC's John Dancy reports that a Senate Intelligence Committee source says the White House has been pressuring Sen. Durenberger to exonerate the President. Durenberger took that argument to the full committee, but key Democrats resisted.

NBC's Douglas Kiker reports from Hanover, Pennsylvania, where Rep. Bill Goodling says his constituents still like the President, but they are beginning to have their doubts.

(Goodling: "I think they're waiting to see what the end result is going to be. They want him to succeed, they want him to stay there, they want him to continue to be popular, but they are afraid that he has been done in and maybe then he can't tell the truth and that really worries them.")

Mr. Reagan got 67% of the vote here in 1984, including the one cast by Dr. Ralph Bittinger.

(Bittinger: "I voted for Mr. Reagan twice already and at the beginning I thought he was doing a great job. Things that are turning up now make me wonder whether he's really in control of the situation down there.")

This was in no way a scientific poll; it was just an effort to find out what a few thoughtful people in one small town are thinking. What seems to upset the people in Hanover most of all is the secret shipment of weapons to Iran.

(Ed Aumen, former president of the Chamber of Commerce: "We wouldn't have complained one bit if several millions of dollars would have been sent over there in educational materials and so forth, but not one gun, because they made asses out of us several years ago and we still should feel that way.")

(Rev. Gary Greth: "The fact that the present events are taking place raises some very serious questions in the minds of many people.")

They're concerned, and they want the matter settled.

Brokaw reports Speaker Rafsanjani offered again to work for the release of the remaining American hostages if the U.S. ends its hostility toward Iran. As he appeared before a large crowd, Rafsanjani also said the U.S. must consider the demands of the Lebanese groups holding the Americans.

Sen. Dole says the Republican hurt most of all by the Iran scandal is Vice President Bush. Dole said Bush is a member of the NSC and he was there for its briefings, but he said Bush claims he had no knowledge of any diversion of funds to the contras. Bush acknowledges he has been politically hurt by the scandal. He says he is no longer the front-runner for 1988. (NBC-Lead)

ABC's Peter Jennings: The White House said today that President Reagan has no plans to pardon anyone connected with the Iran affair. That idea had been floated by some folks as a way of encouraging reluctant principals in the scandal to tell their story. The President did make a public appearance today.

ABC's Kenneth Walker: President Reagan ended a week of near-seclusion from reporters today in a ceremony proclaiming National Prayer Day, including perhaps an oblique reference to his Iran-contra troubles.

(TV Coverage: Audience applauds President in OEOB 450. President: "Throughout our history our leaders have always turned to prayer in times of crisis.")

The event was one of two planned for this week that, according to the President's friend Paul Laxalt, is designed to show the White House is not under siege. Meanwhile the controversy continued over how best to elicit testimony from North and Poindexter, with incoming Speaker Wright suggesting it's a problem the President could solve with a pardon. But Larry Speakes said a pardon is not under consideration, and that the President still prefers that Congress make the next move and grant limited immunity. Despite all the maneuvers, North made it clear today his position remains unchanged.

(North to reporters: "I'm not going to comment on anything on the advice of my attorney. Remember that?")

That remains the central dilemma. No matter how much White House officials try to change the subject or raise the President's profile, the refusal of his two former aides at least to clarify Mr. Reagan's role is bound to keep the scandal center stage. (ABC-3)

CBS's Dan Rather: President Reagan sent word today he has no plans to pressure or pardon key witnesses North and Poindexter to end their silence. For his part, Mr. Reagan kept up his own silence today and let his spokesman do the talking. CBS's Terry Smith has the latest evidence that this so-called stonewall strategy isn't sitting well with the public.

CBS's Terry Smith: Making his first public remarks in a week, President Reagan avoided mention of the Iran-contra connection as he signed a proclamation for a national day of prayer.

(TV Coverage: Audience applauds President in OEOB 450. President: "Religion and morality are indispensable supports. Throughout our history, our leaders have always turned to prayer in times of crisis.")

The White House said today the President has no plans to use his power of pardon to coax testimony from Poindexter and North, who have so far taken refuge in the 5th Amendment. North had a seasonal message for the President.

(Reporter: "Colonel, what would you say to President Reagan in the middle of all this turmoil -- " North: "Merry Christmas.")

President Reagan also expressed Christmas greetings amid signs that the White House is hoping that the holidays will provide a respite from the daily drumbeat of disclosures on Iran.

(Norm Ornstein, political analyst: "They're wrong. This is going to be a temporary respite and get back into it full scale after the first of the year with the focus turning to two new investigating committees and a new special counsel, and there will be stories every day.")

Smith continues: In Iowa, where the President was already in trouble with the voters on the farm issue, a new Des Moines Register poll published yesterday revealed more problems. Asked how they thought the Administration has handled the Iran-contra affair, an overwhelming 73% said the White House chose coverup over candor (73%-14%). The President's job approval rating reached a new low of 34%, down 12 points from September, when the Iowa figures were already below the national average. When asked if the President should resign, something almost no one has suggested, a striking 24% of Iowans said yes. But White House officials take solace from their own nationwide polls, which they say show the President's approval rating rebounding by about 10 points into the mid-50s. That's still sharply down from his pre-November popularity, suggesting that the President's problems are far from over.

CBS's Rita Braver reports Attorney General Meese's handling of the entire Iran arms/contra funding affair will be a key focus of both House and Senate inquiries next year. The complaint: Meese was not aggressive enough about ferreting out wrongdoing in the Administration.

(Sen. Biden: "At every stage of this there has been, in my view, the minimum requirement has been met.")

At issue: Meese's legal approval of the Administration's plan to secretly ship arms to Iran without informing Congress; his request that the FBI delay its investigation of Southern Air Transport for involvement in illegal arms shipments to contras because the airline was also carrying arms to Iran in exchange for hostages; his delay in bringing Justice criminal lawyers and the FBI in the case after suspicions that contras received Iran arms sale profits. His delay of another week before requesting an independent counsel. And now some legal experts suggest that Meese's initial interviews with North and Poindexter may have complicated the independent counsel's investigation.

(Terry Lenzner, former Watergate counsel: "The Attorney General put himself in the position not only of being the fact-gatherer but being the chief witness. That's something that no lawyer is supposed to place himself in the position of, that is becoming a witness in a proceeding like that.")

But Justice Department officials insist that Meese has performed correctly every step of the way.

(Terry Eastland: "After all, bear in mind who was the person that first got to the bottom of the fact that there might be this connection to Nicaragua, into the resistance movement down there? It was Edwin Meese, the Attorney General.")

But Meese is already running into conflicts with Congress. Today was his deadline for submitting documents to the House Judiciary Committee. Instead, he said that committee staffers did not have high enough security clearances and the Chairman should look at material already submitted to other congressional committees.

(CBS-Lead)

IRAN-IRAQ WAR

Rather: Iran is charging that more than 200 people were killed in Iraqi air attacks on Iranian cities yesterday and today. It was revealed this month that the United States has been providing Iraq with satellite photographs of potential targets inside Iran. On the other hand, it increasingly appears that those supposedly defensive weapons the United States secretly sent to Iran played a key offensive role in one notable Iranian victory on the vital southern front in this war.

CBS's Bill Redeker reports that in February 1986, Port Faw, Iraq, Iranian troops invade and quickly capture this strategically important city, dealing a surprisingly effective blow against the normally superior Iraqi tank forces. Now, indications that it was sophisticated anti-tank TOW missiles supplied to Iran by the U.S. that made the difference.

(Iraqi Ambassador Nizar Hamdoon: "We sense that the anti-tank units of the Iranian troops were more effective than we expected.")

(Major Robert Elliot, military analyst: "It was in fact a very, very significant defeat. The Iranians are still sitting on Faw....")

In all, more than 2,000 TOW missiles have been shipped to Iran. The Reagan Administration has downplayed their importance.

(President from Oval Office: "I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran.")

(Milton Viorst, Mideast expert: "TOW missiles may very well have indeed been used at Faw, but if they were, they weren't defensive, they were part of the Iranian offensive against the Iraqi army.")

The Administration has said one of the reasons for sending the missiles to Iran was to help bring an honorable end to the bloody six-year war. But Iraq, which is quietly supported by the U.S., doesn't see it that way.

(Ambassador Hamdoon: "It will not contribute to ending the war. It will contribute to prolonging the war and to bring about more casualties and more destabilization.")

The Administration's two-track policy apparently failed, undermining rather than stabilizing the already-fragile region and leaving many of America's friends in the Gulf wary of Washington. (CBS-3)

NICARAGUA/HALL

Jennings reports the Pentagon says it has checked but cannot confirm a claim made by Sam Hall that he was the last remaining member of a counter-terrorist group formed after a meeting at the Pentagon which he says he attended. Today in Nicaragua Hall met with reporters and was asked again whether he might have been working for the U.S. Government.

(Hall: "I'm not working for the U.S. Government, that I know of.") (ABC-4)

Rather: The Nicaraguan Soviet-supported government paraded its newest U.S. prisoner today at a Managua news conference.

CBS's David Martin reports Hall claimed not to know who sent him to spy on the Sandinista air base. Hall had previously volunteered his services to the government, but to no avail. (CBS-2)

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LEBANON/WAITE

Jennings reports Terry Waite said he probably will not be able to make a Christmas trip to Lebanon because of continued violence in and around Beirut. (ABC-5)

OIL PRICES

Brokaw reports the price of crude oil took a dramatic jump, the first day of trading since OPEC agreed to limit production. If the price holds, in a few months the price of gasoline and heating oil could rise by as much as 10¢ a gallon. (ABC-7, CBS-5, NBC-4)

LIBYA/CHAD

Brokaw says Chad reported Libyan troops and warplanes attacked pro-government forces in its northern mountains with napalm and poison gas. That report, however, has not been confirmed. Meanwhile, Libyan leader Khadaffy charged that the U.S. and France are threatening Libya and interfering, as he put it, in Chad. (NBC-5)

SOVIET SOFTENING

NBC's Sandy Gilmour reports from the Soviet Union that the unusual Soviet TV announcement last week of Andrei Sakharov's release was just the latest sample of a new Kremlin policy: glasnost, meaning publicity or openness. But glasnost has its limits. (NBC-7)

CBS's Dan Rather reports dissident poet Irina Ratushinskaya met in London with Prime Minister Thatcher. She said she is joyful Sakharov is being allowed to return to Moscow but she charged that at least 4,000 Soviet political prisoners are still in captivity. (CBS-7)

CBS's Wyatt Andrews reports from Moscow that unofficial artists are being allowed to sell paintings. Crowds are excited by the freedom but perplexed by what they see. It's a snapshot of change in the Soviet Union that some get angry about the freedom they see; an example of the fear of change. (CBS-8)

CAMBODIA

Brokaw reports that in another gesture to open relations with the West, Cambodia now will allow tourists to visit the ancient temples of Angkor Wat. Cambodian officials say they now feel confident that they can protect Westerners from the Khmer Rouge. (NBC-8)

SHANGHAI DEMONSTRATIONS

ABC's Jim Laurie reports from Shanghai that demonstrators gathered for the fourth day with banners proclaiming demands for democratic reform. (NBC-6, CBS-6, ABC-6)

VOYAGER

Jennings: The Voyager is almost home and about to go into the record books.... (CBS-4, NBC-2, ABC-Lead)

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EDITORIALS/COLUMNISTS

IRAN-NICARAGUA

Reagan Has the Biggest Stake in Getting the Facts Out Quickly -- "Mr. Reagan must assemble the facts for his own analysis. Then he must make them public to the extent the national security permits. No other course will really serve his purpose or the nation's. His appeal to the Senate Intelligence Committee Tuesday to give limited immunity to two key witnesses was an important first step." (Cincinnati Enquirer, 12/17)

Let's Get On With It -- "The President's suggestion [to grant limited immunity to Col. North and Adm. Poindexter] is a sound one. Before Congress dismisses the idea out of hand, it should consider the alternative -- never really knowing the truth. And that could do more harm to the presidency and the nation than the granting of immunity to these two individuals." (Boston Herald, 12/19)

Big Mouths -- "Congress, comprised of hundreds of big mouths, leaks like a sieve.... Indirectly, Congress' inability to protect highly sensitive information contributes to fiascos like the Iran affair by encouraging White House secrecy and thereby allowing furtive administration operations to get out of hand." (Charleston Daily Mail, 12/17)

The Real Villains in Irangate -- "The entire Irangate circus is based on politics, pure and simple. Defending the Constitution or even improving the conduct of U.S. foreign policy is not the goal, just keelhauling the Administration in power.... The reluctance of many congressional leaders to grant immunity to Lt. Col. North and Adm. Poindexter is the most recent indication that the President's most vociferous critics are not seeking justice in the Iran arms affair, but only the prolongation of the controversy for partisan purposes." (New York City Tribune, 12/19)

Use a Wide-angle Lens -- "President Reagan said he wants all the facts placed before the public about recent U.S. arms sales to Iran and the diversion to the Nicaraguan Contras of money from those sales. His actions have conformed commendably with his words: He has not invoked executive privilege to stop White House aides and Cabinet officers from testifying before Congress.... The only way to get the whole picture is to order the special prosecutor to follow all trails that might lead to violations of U.S. laws. He should be given sufficient subpoena powers to do the job." (Oregonian, 12/19)

Too Early for Immunity -- "President Reagan's request that the outgoing Congress ask for limited immunity for Vice Adm. Poindexter and Lt. Col. North is a cop-out of his responsibilities as chief executive. If Reagan will not, or cannot, find out for himself what happened inside his Administration, he should leave it to the special prosecutor and the newly appointed Senate Select Committee to investigate the affair and determine whether such immunity is needed." (Des Moines Register, 12/18)

EDITORIALS/COLUMNISTS (continued)

HASENFUS RELEASE

Ortega No Santa -- "Let none be deceived. The release of Eugene Hasenfus was neither a humanitarian move nor a gesture of good will.... Daniel Ortega has demonstrated his benevolence time and again, in attacks on the Nicaraguan Catholic Church, this genocidal war on the Miskito Indians, and the suppression of civil liberties in his nation. An independent human rights group in Nicaragua reports that in their treatment of political prisoners, the Sandinistas even surpass Somoza in brutality. If Ortega really wishes to demonstrate his good will, let him free his other prisoners -- the Nicaraguan people." (Boston Herald, 12/19)

Dodd Takes a Hostage -- "Sen. Dodd told reporters that he was glad to be part of the Sandinistas' 'generous gesture' in releasing Mr. Hasenfus. A truly generous gesture would have been a fair trial -- not to mention such details as a free press, free assembly, and free trade unions. As for Mr. Dodd, the best gesture he could make is to stay clear of the President's constitutional duties. We need one foreign policy, not one for each congressman. If Mr. Ortega wanted to release Mr. Hasenfus for compassionate reasons, he could have done so through regular channels." (Detroit News, 12/19)

Hasenfus Price: Ploy May Undermine Public Support for Contras -- "Hasenfus probably now goes to Washington to testify in the broadening investigation of the Administration's Iranian arms deal from which funds were secretly channeled to the contras. However the investigation unfolds, one can only hope that the U.S. commitment to supporting the democratic forces for change in Nicaragua is not buried in the shuffle." (Dallas Morning News, 12/19)

No Joy in Hasenfus' Release -- "The Administration, by supporting mercenaries like Haseufus, has given Ortega just the ammunition he needs to push his intensifying propaganda campaign. And now that self-styled patriot warrior Sam Hall...is in custody in Managua, the Sandinistas still retain a prisoner with which to tease and taunt Americans." (Cleveland Plain Dealer, 12/19)

Hasenfus: 'Tis Season for Propaganda -- "It is a humanitarian gesture, the Nicaraguans said. And it is. It is a gesture of good will, they also said. And that is bunk. This was a propaganda ploy, neatly aimed and deftly stage-managed.... The Sandinistas knew perfectly well that in releasing Hasenfus to Sen. Christopher Dodd they were giving a boost to the seeming authority of a senator who has opposed U.S. aid to the anti-Sandinista contras and who next year will take the chair of the key Senate subcommittee dealing with Central American affairs." (Atlanta Constitution, 12/19)

'Privatizing' U.S. Wars -- "Although it is illegal for American citizens to fight foreign wars, the White House has celebrated some of these soldiers of fortune as 'heroes,' while disclaiming any knowledge of their activities.... The privatizing -- or privateering -- of the Reagan Administration foreign policy goes against the principles of democracy." (Des Moines Register, 12/17)