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# News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 8, 1987 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### NATIONAL NEWS

PRESIDENT, RECOVERING SMOOTHLY, MAY RETURN TO WHITE HOUSE TODAY -- President Reagan, who has been given a clean bill of health by his doctors, awaits a medical decision early this morning as to when he can leave the Bethesda naval hospital, the White House said.

(Washington Post, Washington Times, AP Reuter, Scripps Howard, UPI)

### FEDERAL BUDGET

REAGAN-HILL BUDGET 'SUMMIT' POSSIBLE: MILLER -- The possibility of an unprecedented budget "summit" between President Reagan and congressional leaders to iron out differences in the 1988 budget "is worth exploring," the director of OMB said yesterday.

(Washington Post, Washington Times, AP)

### IRAN -- NICARAGUA

HOUSE CREATES IRAN-CONTRA PROBE UNIT; SENATE MAY QUERY FOREIGN LEADERS -- The House joined the Senate yesterday in creating its own select committee to investigate the Reagan Administration's arms sales to Iran and the diversion of funds to the Nicaraguan contra rebels.

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

### NETWORK NEWS (Wednesday Evening)

IRAN/CONTRA AFFAIR -- The House voted overwhelmingly today to establish its own select committee to investigate the Iran arms affair.

PRESIDENT'S HEALTH -- President Reagan was working in his hospital room today after his doctors gave him another glowing medical report.

SOVIETS/AFGHANISTAN -- Soviet Foreign Minister Shevardnadze returned to Moscow from a visit to Kabul.

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NATIONAL NEWS

PRESIDENT, RECOVERING SMOOTHLY, MAY RETURN TO WHITE HOUSE TODAY

President Reagan, who has been given a clean bill of health by his doctors, awaits a medical decision early this morning as to when he can leave the Bethesda naval hospital, the White House said.

In a statement released late yesterday afternoon, the White House emphasized that "the President had an excellent day. His recovery continues without any problems." It left open the possibility that the President could return to the White House today, as had been anticipated.

"We expect him to be released" today, said one White House spokesman.

(Cristine Russell, Washington Post, A12)

Reagan's Recovery Goes Well

President Reagan, given a clean bill of health, will meet with his doctors this morning for final word on when he can return to the White House.

Col. Hutton, Mr. Reagan's personal physician, said yesterday the President continued his excellent recovery from prostate surgery at Bethesda Naval Hospital. (Mary Belcher, Washington Times, A1)

Reagan To Ease Back Into Work

President Reagan, pronounced free of cancer and enjoying a problem-free recovery from prostate surgery, plans to ease back into work with an abbreviated schedule when he returns to the White House.

Reagan's doctors were to visit with him today and decide whether he might leave the Bethesda Naval Hospital, his physician said.

The President was scheduled to remain at the White House over the weekend, instead of making his usual trip to his woodland retreat at Camp David, Md., Larry Speakes added. Doctors say full recovery from prostate surgery takes as long as six weeks. (Susanne Schafer, AP)

Reagan To Get Word Today On When He Leaves Hospital

President Reagan, with a clean bill of health after prostate surgery and cancer tests, will get word today on when he can return to the White House, where he faces the Iran arms scandal and a budget dispute with Congress.

"There's no problem at all. The doctors are just being cautious. They just want to see how his night goes," said a White House official who asked not to be identified. (Michael Gelb, Reuter)

Reagan 'Feels Great'; Decision On Release From Hospital Thursday

President Reagan "feels great" as he continued an "excellent recovery" following his prostate surgery, his physician said Wednesday.

White House spokesman Larry Speakes earlier had said the physicians would make the decision Wednesday night and that Reagan could be released as early as Thursday. There was nothing in Hutton's statement to indicate reasons for a delay in the decision or the hospital release.

(Robert Engelman, Scripps Howard)

## The President's Health

President Reagan, handed a clean bill of health and "adjusting very well" from prostate surgery, waited Wednesday for final word from his doctors on whether he will leave Bethesda Naval Hospital.

Described as restless after four days of hospitalization, Reagan continued along what White House physician John Hutton termed "his excellent recovery" with the removal of a catheter from his urethra and an increase in mobility.  
(Norman Sandler, UPI)

## REAGAN ORDER EXPANDS EXECUTIVE PAY PROPOSAL

President Reagan expanded the number of beneficiaries of the automatic pay raises pending before Congress from 3,000 to 10,000 in an order signed New Year's Eve in Palm Springs, Calif., officials said yesterday.

A presidential proposal to raise the salaries of the Cabinet, members of Congress, other top political officials and judges now also would benefit about 7,000 members of the Senior Executive Service, under Reagan's order. The pay-raise proposal will take effect unless Congress votes it down within 30 days.  
(Judith Havemann, Washington Post, A1)

## REP. ASPIN LOSES HELM OF ARMED SERVICES PANEL

House Democrats, defying a recommendation by their leadership, voted narrowly yesterday to dump Rep. Les Aspin as chairman of the House Armed Services Committee.

Meeting in a closed caucus, the Democrats voted 130 to 124 to depose Aspin. They will decide Jan. 23 who will head the committee in the 100th Congress.

Aspin said yesterday's stunning vote of no confidence in his leadership of the committee was "a good device to send a message, and the message has been received."  
(Edward Walsh, Washington Post, A1)

## Aspin Gets The Boot As Panel Chairman

Congressional liberals opened a new assault yesterday against President Reagan's six-year effort to support the Nicaraguan resistance.

Democrats in the House sacked a committee chairman who has sided with Mr. Reagan on the Contra aid issue. And in the Senate the new Democratic chairman of a key Foreign Relations subcommittee revealed a plan to end aid to the anti-Marxist rebels.

(Jennifer Spevacek & Rita McWilliams, Washington Times, A1)

## Aspin Thinks He Has Chance To Regain House Armed Services Post

Rep. Aspin rejected by House Democrats for another term as chairman of the Armed Services Committee, says he has learned his lesson and thinks he has "a very good shot" at winning back the powerful job.

After the vote, Aspin said, "When you have a yes or no vote, it's a good device to send a message. It was sent and received. It's a message about dealing with other members of the House," but he refused to elaborate.

(Tim Ahern, AP)

### Aspin Loses Post On Military Panel But May Regain It

Democrats in the House of Representatives voted today to depose Rep. Aspin as chairman of the Armed Services Committee. The vote was 130 to 124.

The leading candidate to become Armed Services chairman is Rep. Marvin Leath of Texas. He is one of the more conservative Democrats in the House, but he has managed to put together a coalition including some of the most liberal members of the committee and of the House as a whole. A victory by Mr. Leath would probably not make a major difference in positions taken by the committee. He is a strong supporter of arms control and of a tightened rein on Pentagon procurement practices.

(Linda Greenhouse, New York Times, A1)

### Aspin/Armed Services

Rep. Les Aspin suffered a stunning setback Wednesday from House Democrats, who delivered a no-confidence vote against keeping him as chairman of the powerful House Armed Services Committee.

Reasons given by members for the negative 130-124 vote were as varied as the causes on Capitol Hill, ranging from Aspin's support for the Administration on the controversial MX missile and aid to Contra rebels, feuds with Budget Committee members about defense spending levels and support for arms control issues that conservatives disliked.

(Eliot Brenner, UPI)

### House Democrats Dump Aspin As Armed Services Chairman

Rep. Aspin, who led a coup by younger Democrats to become House Armed Services Committee chairman two years ago, was ousted from the post Wednesday by a slim majority of House Democrats.

Some (Democrats) felt betrayed when he helped save the bitterly opposed MX missile system and then voted for aid to the Nicaraguan Contras, which were victories sought by President Reagan. (Otto Kreisher, Copley)

### Democrats Refuse To OK Aspin Again As Chairman Of Armed Services Panel

In a rare rebuff to a committee chairman, House Democrats Wednesday refused to approve a second term as head of the Armed Services Committee for Rep. Aspin.

With no chairman for the moment, the House was forced to cancel an appearance by Defense Secretary Weinberger before the committee Thursday morning. It would have been Weinberger's first appearance before the new Congress to defend President Reagan's request for a 3-percent increase in the Pentagon budget.

(Frank Morring, Scripps Howard)

### Aspin Out As Armed Services Chairman

House Democrats voted 130-124 Wednesday to remove veteran Rep. Aspin as chairman of the House Armed Services Committee only two years after he was first chosen to one of the most powerful leadership posts in the Congress.

There was a slight chance that Aspin might reverse the outcome later, but at the very least his Democratic colleagues dealt him a stinging, if narrow, no-confidence vote in one of the first actions taken in the 100th Congress.

(Michael Shanahan, McClatchy)

#### HOUSE MEMBERS RENFW PUSH FOR NUCLEAR TEST BAN

House arms control advocates are renewing their push for the Administration to adopt a nuclear testing moratorium, an effort they dropped just before the October summit meeting in Reykjavik, Iceland.

Arms control advocates re-introduced a measure Wednesday urging President Reagan to begin talks with the Soviet Union on a test ban and warning of penalties if he does not move quickly.

The measure would allow Congress to cut off money for nuclear tests of over 1 kiloton if Reagan fails to act and if the Soviet Union limits tests to that level and there is reciprocal on-site test monitoring.

(Eliot Brenner, UPI)

#### PAT BUCHANAN & THE GREAT RIGHT HOPE

##### A Reagan Aide Pondering His Chances To Become Chief

The scandal is the campaign's prologue.

As the curtain opens on 1988, a spectacle other than the orderly exit of the regal Ronald Reagan is revealed. It is more like a fire in the zoo during which the cage doors have come unhinged and the beasts can be glimpsed prowling amid the smoke. "We have seen this before," says Patrick Buchanan, who may himself become a presidential candidate and who, in any case, is intently exploring the possibility.

This is the Buchanan moment, when the ranks of sunshine conservatives have dwindled, the moment for the foul-weather friend. Buchanan, the presidential aspirant aborning, is a man for one season -- the mean season.

(Sidney Blumenthal, Washington Post, C1)

#### U.S. INVITES BIDS ON NEW DATA NETWORK

The government yesterday formally opened the bidding for a lucrative 10-year contract to provide some 1.3 million federal workers with a new telecommunications system.

The GSA, officially inviting bids for the largest private telecommunications system ever proposed, released the final specifications for the federal network, which will be capable of voice, data and video transmissions.

(Deborah Mesce, Washington Post, E1)



## FEDERAL BUDGET

### SENATORS WANT BUDGET CONFERENCE WITH REAGAN OMB Director Rules Out Economic 'Summit' If Raising Taxes Is On The Agenda

Members of the Senate Budget Committee yesterday pushed for an economic summit with President Reagan to build early bipartisan agreement on a fiscal 1988 budget, but a senior Administration official ruled out such a meeting if it includes discussion of raising taxes.

OMB Director James Miller called the possibility of such a high-level meeting between the President and congressional leaders "worth exploring" but insisted that Reagan would not consent if the issue of raising taxes is part of the agenda. (Tom Kenworthy, Washington Post, A6)

### Reagan-Hill Budget 'Summit' Possible -- Miller

The possibility of an unprecedented budget "summit" between President Reagan and congressional leaders to iron out differences in the 1988 budget "is worth exploring," the director of OMB said yesterday.

"I think the possibility is worth exploring, yes," said OMB Director James Miller. But Mr. Miller said "the President would reject" the summit concept if lawmakers used the opportunity to promote a tax increase.

(Walter Andrews, Washington Times, A5)

### Budget Summit Cannot Include Tax Hikes, Administration Says

President Reagan's budget director says the Administration would rule out a "budget summit" with congressional leaders if it entailed discussion of tax increases.

James Miller, Director of OMB, voiced little enthusiasm for either such a meeting or for a proposal by Senate Budget Committee Chairman Sen. Chiles for a temporary tax surcharge.

"It would be wholly inappropriate for us to open up the tax code so soon after tax reform," Miller told the committee on Wednesday, a reference to last year's sweeping revision of the nation's income tax laws. "It would be a big mistake."

(Tom Raum, AP)

## FEDERAL PAY INCREASES

President Reagan scaled back his plan to recommend hefty pay raises for federal judges and members of Congress after Chief of Staff Donald Regan convinced the President it would be politically unwise, according to Administration sources.

Attorney General Meese, who supported the higher raises but was not told of the last-minute change, reportedly was angry when he learned that Regan had changed the President's mind.

Regan did not want the increases, according to knowledgeable sources, because he felt the President would be publicly criticized again at a time when he is taking a beating in the polls over the Iran-Contra scandal.

(Kathryn Kahler, Newhouse)

#### BUDGET/SDI

Although the Pentagon refused to provide details about its plans for "Star Wars" strategic missile defenses, budget documents indicate the research and development program is being re-oriented away from futuristic technology toward work on weapons that could be deployed in the 1990s.

Strategic analysts said the shift is significant in that it focuses on more realistic and practical goals for missile defenses than the "space shield" long favored by President Reagan. (David Wood, Newhouse)

#### REAGAN CALL FOR CUT IN DRUG FIGHT IGNITES THE ANGER OF BOTH PARTIES

Six months after President Reagan called for "a national crusade against drugs," he has proposed sharp cuts in funds for drug enforcement, and today Republicans and Democrats in Congress denounced the reductions.

Other legislators on the panel, including Republicans, attacked the Administration's proposals for drug abuse programs in the budget for the fiscal year 1988 as "ill-advised," "short-sighted," "a major retreat" and "cutting the guts" out of anti-narcotics efforts.

(Bernard Weinraub, New York Times, A1)

#### Lawmakers: Reagan's Commitment To Drug Abuse Pre-Election Rhetoric

The \$2.9 billion Anti-Drug Abuse Act that President Reagan signed in October was only "pre-election fanfare," congressmen say, because the Administration is slashing key drug program funds in its new budget.

"These actions by the Administration seriously call into question their commitment to an effective national drug abuse strategy," Rep. Rangel said Wednesday. (Bud Newman, UPI)

#### CONGRESS-REAGAN/WATER

An impending showdown over water pollution legislation shows how combative the White House and Capitol Hill may be in this new era of a Democratic-led Congress combined with a presidency on the wane.

Even without the Iranian arms sale investigation to contend with, President Reagan was due for increased challenges from Congress because he is entering the last two years of his term. Another reason for more congressional unrest is the unofficial kickoff of the 1988 presidential sweepstakes, which is politicizing Congress-White House relations even more than usual. (Paula Schwed, Newhouse)



EDUCATORS SCORE REAGAN'S SPENDING PROPOSALS  
Lower College Enrollment, Especially Among Minorities,  
Foreseen If Aid Is Cut

Reagan Administration proposals in the fiscal 1988 budget request to sharply reduce financial aid to college students have drawn a chorus of protest from leaders in the higher education community who warn that fewer students will attend college if the recommendations are enacted. They said cuts would hit low-income, minority students particularly hard, contributing to a decline in minority college enrollment.

"Clearly this would be a disaster for educational opportunity in this country," said Charles Saunders Jr., vice president for government relations at the American Council on Education. He said the budget proposal released Monday would cut \$2.5 billion from student aid, a reduction of 46 percent. (Barbara Vobejda, Washington Post, A19)

BUDGET/HOUSING

Housing and mortgage industry officials are accusing the Reagan Administration of trying in its budget proposal to weaken government-backed mortgage programs that cost the taxpayer nothing.

The cumulative impact of the budget proposals for fees and eligibility limits on income and mortgage amount would be to delay or eliminate the ability to own a home for as many as 300,000 American families, Mortgage Bankers Association Executive Vice President Warren Lasko said at a news conference Wednesday. (John Reilly, Newhouse)

VETERANS' GROUP CAUTIONS AGAINST HEALTH-CARE CUTS

Any reduction in the size of the Veterans Administration healthcare system would deny thousands of veterans access to adequate medical treatment, a veterans' group said in a study released yesterday.

Closing even one VA hospital in each VA medical district would leave the system short of facilities for future needs of veterans entitled to health care, according to the Paralyzed Veterans of America. Even today, its study said, veterans have problems obtaining care.

(Michael Abramowitz, Washington Post, A5)

THE REAGAN BUDGET, WITH APOLOGIES TO N.Y. REVIEW OF BOOKS

In his new "The Budget of the United States Government: Fiscal Year 1988" Ronald Reagan has written a sprawling novel as big, raw and disorganized as America itself.

January's literary event was to have been the publication of the fifth of Philip Roth's "Zuckerman" novels, "The Counterlife." Clearly Mr. Roth has been eclipsed. While the march of the Zuckerman novels seems inexorable, the "Budgets" are inevitable.

Not only is "Budget Fiscal '88" the sixth in Mr. Reagan's saga of a superpower in search of its soul, he has promised us a penultimate seventh and climactic eighth volume, as well.

(Dale McFeatters, Scripps Howard)

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IRAN -- NICARAGUA

HOUSE CREATES IRAN-CONTRA PROBE UNIT;  
SENATE MAY QUERY FOREIGN LEADERS

The House joined the Senate yesterday in creating its own select committee to investigate the Reagan Administration's arms sales to Iran and the diversion of funds to the Nicaraguan contra rebels.

The only strong objection was by Rep. William Broomfield, who charged that the committee's mandate was too broad and that it should complete its investigation long before the scheduled Oct. 30 termination date.

(Helen Dewar & Edward Walsh, Washington Post, A7)

House Contra Committee

The House voted overwhelmingly Wednesday to create its own high-powered special committee to investigate the Iran arms-Contra aid scandal, setting the stage for tandem House-Senate explorations of the affair.

"As painful as this process is for many of us, the leadership of both parties has worked in a truly bipartisan fashion to create a committee and to give it a mandate to do what our President said he would like to have done," Rep. Cheney said in smoothing over a brief but unexpected partisan disagreement.

"I am a very partisan Republican. I will be the first to come back to this floor if this investigation takes partisan advantage of a serious matter," he said.

(Dana Walker, UPI)

Congress Creates Special Panels To Probe Iran Arms Scandal

Congress has set up two special committees to investigate the Iran arms scandal, giving them a broad mandate and most of this year to get to the bottom of President Reagan's worst foreign policy crisis.

But, in debate which divided the Democrat-led 100th Congress along partisan lines in its opening days, Republicans in both chambers objected to what they called the excessively broad scope and lengthy duration of the probes.

(Sue Baker, Reuter)

Congress Readies Tandem Iran-Contra Probe Panels

A special House committee is poised to probe "wherever the evidence might lead" in the Iran arms-Contra aid scandal, and for its Senate counterpart that may extend to interviewing foreign heads of state.

House Democrats and Republicans, in a rare display of bipartisanship, set up their Watergate-style panel Wednesday with just two dissenting votes, one day after senators had to overcome a partisan dispute to form their own committee.

(Michael Myers, UPI)

NORTH IS SAID TO HAVE KEPT CASH IN OFFICE  
Contra Expenses Reportedly Paid

Lt. Col. North, while overseeing a network to assist Nicaraguan rebels the past two years, managed cash and other funds out of his NSC office to pay for contra expenses, according to sources in the Administration and the aid network.

One well-placed Administration official said that around "Christmastime 1984," North even used his office safe to store cash that North said was "for the contras."  
(Robert Parry, Washington Post, A23)

North's Safe Reported To Have Held \$1 Million In Cash

Lt. Col. North showed NSC colleagues an office safe stuffed with cash about a year and a half before he allegedly began diverting Iran-arms-sale profits to the Contras, it was reported today.

The Los Angeles Times, citing an unidentified official, reported North boasted to colleagues that the safe contained \$1 million in cash and that the fired NSC aide told his co-workers the money was earmarked for the Nicaraguan rebels -- despite congressional prohibition against aid to the Contras.  
(UPI)

North Said To Control Contra Money Two Years Ago

Fired White House aide Oliver North controlled cash and other funds to pay Nicaraguan rebel expenses during two years of secretly overseeing an aid network for the Contras, according to sources in the Administration and the rebel movement.

"Money was passing through there" -- North's NSC office -- said one well-placed Administration official. The official, speaking only on condition of anonymity, added that around "Christmastime 1984," North even used his office safe to store cash "for the Contras."

(Robert Parry, AP)

IRAN DEFENSE FOR REAGAN  
White House Putting Blame On His Aides

As the Iran-contra affair unfolds, the White House finds itself in the strange position of defending President Reagan with the argument that some of his most powerful aides were incompetent or deceitful.

The stance is noteworthy because it evokes one of the most frequent criticisms of Mr. Reagan by Congressional critics and others: that he is out of touch with the details of government and has given too much latitude to staff members.

(Stephen Engelberg, News Analysis, New York Times, A1)

WHITE HOUSE IRAN TEAM GIVEN LEGAL AIDE  
Brower, A Negotiator On Frozen Assets,  
Will Serve As Abshire's Senior Deputy

Charles Brower, a member of the international tribunal responsible for deciding the fate of frozen Iranian assets in the United States, has been named to the team coordinating Reagan Administration responses to congressional and legal inquiries into the Iran-contra controversy, White House officials said yesterday.

The officials said Brower, 51, an attorney and member of the American Bar Association board of governors, will be legal adviser and senior deputy to David Abshire, named last month by President Reagan as a special counselor to manage White House strategy in dealing with the investigations. Abshire is not a lawyer.

(Lou Cannon, Washington Post, A24)

INTELLIGENCE COMMITTEE REPORT TO CONTAIN NO SURPRISES, SAYS CHAIRMAN

The Senate Intelligence Committee probably will release a report next week on its Iran-Contra investigation, but it will contain no surprises and may differ from a version the committee declined to release this week, the panel's chairman says.

The release would come as select House and Senate committees begin a broader probe of the sale of arms to Iran and possible diversion of profits from the sales to Contra rebels fighting the leftist government of Nicaragua

(Jim Drinkard, AP)

White House Got Panel To Delete Bush Meeting From Report: CBS

The White House got the Senate Intelligence Committee to delete from a draft report on the Iran arms deal details of a meeting between Vice President George Bush and an Israeli counter-terrorism adviser, CBS News reported tonight.

The White House said it wanted the deletions for diplomatic reasons, but congressional critics say the real reason was that the material was embarrassing to the Administration, CBS said.

(Reuter)

COSTA RICAN BRIEFS U.S. ON NEW PEACE INITIATIVE  
Habib To Discuss Plan In Central America

MIAMI -- State Department officials met here today with the foreign minister of Costa Rica to learn details of a possible new peace initiative for Central America.

Afterward, they announced that special negotiator Philip Habib will tour Central America next week to sound out other regional leaders on the idea.

Habib, Assistant Secretary of State Elliott Abrams and Abrams' deputy for Central America, William Walker, talked with minister Rodrigo Madrigal Nieto on the plan, which is also backed by Guatemala. "It was very helpful to hear the Costa Rican point of view," a State Department communique said. Habib will visit the region "as part of his regular consultations," the statement added.

(Julia Preston, Washington Post, A23)

## U.S. Envoys Mull Costa Rican Plan

MIAMI -- Costa Rica's Foreign minister met for more than three hours with senior U.S. officials yesterday to discuss a new Central American peace initiative aimed at Nicaragua.

Special envoy Philip Habib and Elliott Abrams, assistant secretary of state for Latin American policy, were tight-lipped after their talks with Rodrigo Madrigal Nieto. (Roger Fontaine, Washington Times, A1)

## Habib To Tour Central America In New Diplomatic Approach To Nicaragua War

The Reagan Administration, in a fresh diplomatic approach to the war in Nicaragua, will send presidential envoy Philip Habib to Latin America next week for talks with government leaders on prospects for a negotiated settlement.

The trip announced Wednesday night at the State Department follows a secret meeting held earlier in the day in Miami by Habib and Assistant Secretary of State Elliott Abrams with Rodrigo Madrigal Nieto, the foreign minister of Costa Rica. (Barry Schweid, AP)

## U.S. QUESTIONS OAS CHIEF'S TREATY EFFORT Legality Of Initiative Is Under Challenge

The United States has called a special meeting of the Organization of American States leadership today to question Secretary General Joao Clemente Baena Soares about his apparent effort to bypass the United States in seeking a Central American peace treaty.

The officials issued a statement naming themselves the "Group of Rio de Janeiro" and said they would renew the stalled Contadora peace treaty drive with a January visit to the five Central American nations, including Nicaragua. They also plan to institutionalize themselves and meet three times a year to form joint positions on regional issues.

(Joanne Omang, Washington Post, A25)

## NEVER DISCUSSED CONTRA WORK WITH BUSH, RODRIGUEZ SAYS

Felix Rodriguez, whose ties to Vice President Bush became part of the controversy surrounding a secret arms resupply operation for the Nicaraguan rebels, has told the FBI that he never discussed with Bush his work on behalf of the rebels, according to a statement released in Rodriguez's name.

Rodriguez, a former CIA operative and Bay of Pigs veteran, said he decided to break "a professional code of silence" and issue a statement to correct "certain erroneous speculations by the media concerning Vice President George Bush and members of his staff."

(Joe Pichirallo, Washington Post, A25)

GAO PROBING ORIGIN OF HONDURAN BID FOR AID  
Ex-Envoy Charges U.S. Forced Request

The General Accounting Office is probing charges by the former ambassador to Honduras that U.S. officials forced Honduras to ask for \$20 million in emergency U.S. military aid last March in order to bolster the appearance of a threat from Nicaragua, according to GAO officials.

John Ferch, who was fired as ambassador last June and is now diplomat-in-residence at Brown University in Rhode Island, made the charges when GAO officials questioned him as part of a separate probe into possible U.S. pressure on Honduras to aid the contra rebels fighting the government of Nicaragua, a GAO source said. (Joanne Omang, Washington Post, A23)

500 NICARAGUANS PROTEST GOVERNMENT

MASAYA, Nicaragua -- About 500 Nicaraguans, some chanting "Out with the Sandinista Front," marched in a rare protest against the government, two days before a new constitution takes effect.

The protest march Wednesday technically was illegal but no police were present and the demonstration ended peacefully. There have been few public demonstrations against the Sandinistas since they came to power in 1979.

(Oswaldo Bonilla, UPI)

SPECIAL COUNSEL WALSH NAMES 12 TOP ASSISTANTS FOR PROBE

Lawrence Walsh, the independent counsel probing the Iran-contra scandal, yesterday announced the appointment of a dozen aides and said he will establish offices in New York and Washington.

In addition, sources said, the Federal Bureau of Investigation is assigning a team of special agents to work exclusively for Walsh during the probe. One source said the initial squad will include the 18 agents whom Director William Webster put on the case after the bureau became involved in late November.

(George Lardner, Washington Post, A23)

Independent Counsel Hires Prosecutorial Staff

The independent counsel investigating the Iran-Contra affair is appointing half a dozen current or former prosecutors as top-level assistants, including federal attorneys who helped handle the Ronald Pelton spy case and a New York corruption case.

Lawrence Walsh also announced Wednesday that he is opening a New York office to help conduct his criminal investigation. (Pete Yost, AP)

MOVES TO REPLACE CASEY ARE DENIED BY WHITE HOUSE

The White House yesterday continued to deny a growing number of reports a search is on for a successor to ailing CIA Director William Casey.

But a spokesman for Sen. Wallop, Wyoming Republican, said an Administration official recently contacted the senator about his interest in becoming CIA director, should Mr. Casey, 73, choose to resign.

Mr. Wallop said privately he is interested in the job.

(Bill Gertz, Washington Times, A3)

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#### ANTI-CONTRA OFFICE BREAK-IN PROBED

The Justice Department yesterday ordered an FBI investigation of a break-in at offices of a group opposed to the Reagan Administration's policy of supporting the Nicaraguan contras.

In releasing a department letter announcing the probe, Rep. Don Edwards expressed hope that the FBI will probe burglaries of similar groups opposed to the policy. (AP story, Washington Post, A25)

#### FBI Probes Break-In At Center Opposing Reagan's Central America Policy

The FBI is investigating a break-in last month at the office of a political organization opposed to President Reagan's Central American policies.

The Justice Department responded this week with a letter that reads in part: "With regard to the incident at the International Center for Development Policy, should certain facts be developed, it is possible that a violation of civil rights law occurred." (Diane Dustin, AP)

#### FBI To Probe Mysterious Break-In

The FBI will investigate a mysterious break-in at the office of a research group that opposes the Administration's policy in Central America, Assistant Attorney General John Bolton said Wednesday.

In a letter to Reps. Feighan and Don Edwards, Bolton said the FBI would honor the congressmen's request and investigate the Nov. 29 burglary of the International Center for Development Policy. (Wendy Zentz, UPI)

#### CONTRAGATE TURNS PARTISAN

Unfortunately and distressingly, Congress' two investigations into the Iran-Contra affair seem designed less to find the truth than to do maximum political damage to President Reagan and the Republican Party.

That unsettling conclusion emerges from the behavior of Democratic leaders, now in control of both houses, as they set up special committees to probe the sale of arms to Tehran and the diversion of profits to anticommunist Nicaraguan rebels. (Editorial, Scripps Howard)



INTERNATIONAL NEWS

SHULTZ ARRIVES IN SENEGAL ON FIRST LEG OF AFRICAN TOUR

DAKAR -- Secretary Shultz begins the first full day of his African tour today with a major speech which U.S. officials say will be devoted to the African economy.

Shultz, on his first trip to sub-Saharan Africa since taking office five years ago, is also due to hold talks with Senegalese President Abdou Diouf, a man for whom he has frequently expressed admiration both for his economic policies and his leadership on the African stage.

"I'm looking forward to discussing essentially healthy and positive thinking and seeing how we can better fit in and be a better partner," said Shultz, who will spend eight days in Africa. (Michael Battye, Reuter)

Shultz Praises African Nations For Switch To Free Enterprise

DAKAR -- Secretary of State Shultz opened his first official visit to sub-Saharan Africa today, praising the nations for a "striking" shift from state-dominated economies to the free enterprise system.

"A stable and prosperous and democratic developing picture in these countries is positive for us, and of course if that happens in these countries, it tends to be catching," Shultz told reporters on the flight to the West African nation. (Matthew Quinn, UPI)

MEMO CALLS SPY'S WIFE 'WILLING' CRIME PARTNER

Anne Henderson-Pollard was a "willing partner in crime" of her husband, admitted spy Jonathan Jay Pollard, and sought help from one of Pollard's Israeli "handlers" the first night Pollard was questioned by authorities, government prosecutors said in a court document filed yesterday.

The Israeli was Aviem Sella, one of three unindicted coconspirators in the Pollard spy ring who fled the United States before they were charged, and one of three persons Pollard had told his wife to contact if he were in "serious trouble." (Nancy Lewis, Washington Post, A16)

Pollard's Wife/Spying

Federal prosecutors said Wednesday the wife of convicted spy Jonathan Pollard was intricately involved in a scheme to sell thousands of U.S. military secrets to Israel and should go to prison.

"Anne Henderson-Pollard is not an innocent, not a puppet manipulated and left to hold the bag," the government said. "She is a mercenary driven by need and greed, a willing partner in crime." (Lori Santos, UPI)

ISRAEL STUDIES U.S. PLEA TO SCRAP COSTLY LAVI JET FIGHTER PROJECT  
Pentagon Official Presents Five Alternatives

JERUSALEM -- Israel is giving consideration to scrapping the Lavi, its controversial, multibillion-dollar warplane project, according to officials here, following a strong plea by a senior Pentagon official who urged the Israelis to buy cheaper, U.S.-built aircraft instead. The United States already has contributed more than \$1 billion to the plane's development.

Dov Zakheim, deputy U.S. undersecretary of defense for planning and resources, today wrapped up a three-day visit in which he sought to convince Israeli leaders that the Lavi is neither a military necessity nor suited to Israel's financially strapped economy. He brought a list of five alternatives, all of which the Pentagon contends would prove cheaper and more practical than the Lavi. (Glenn Frankel, Washington Post, A38)

NAVY SAYS GREEK SHIP FIRED MISSILE AT U.S. HELICOPTER: REPORT

NEW YORK -- The U.S. Navy has identified as Greek dry cargo vessel as the ship from which a missile was fired at an American helicopter over the Persian Gulf on Monday, the New York Times reported today.

The Times quoted Pentagon officials as saying Defense Secretary Weinberger has refused to publicly identify the ship because it could be diplomatically embarrassing to a NATO ally. (Reuter)

FRENCH WARPLANES HIT LIBYAN BASE IN NORTHERN CHAD

PARIS -- French warplanes destroyed a half dozen Libyan radar installations at a military airstrip in northern Chad today in carefully measured retaliation for a Libyan air raid Sunday in the southern part of the country, the Defense Ministry announced.

Within hours, Libyan jets struck again, the Chadian Embassy here said, hitting a government post at Kouba Olanga 40 miles south of a line set by France as the limit for Libyan presence and action in Chad. The new Libyan strike, if confirmed, was likely to raise tensions further in that central African country and confront the French government with another challenge to its role as protector of its President Hissene Habre.

(Edward Cody, Washington Post, A31)

SOVIETS CONCLUDE KABUL VISIT  
Pledge To Help End Afghan Civil War

MOSCOW -- The Soviet Union has pledged "its constructive cooperation" to achieve a political settlement in Afghanistan's seven-year civil war, the Soviet news agency Tass said today.

After two days of talks in the Afghan capital, Kabul, Soviet Foreign Minister Shevardnadze and senior Kremlin foreign policy adviser Anatoly Dobrynin returned to Moscow, ending a surprise visit that gave a public boost to Kabul's recently announced national reconciliation plan.

(Celestine Bohlen, Washington Post, A34)

Moscow Says It Prepared To Set Afghan Withdrawal Timetable

MOSCOW -- The Soviet Union said it is prepared to set a timetable for withdrawing its troops from Afghanistan and urged all forces involved in the war to heed Kabul's ceasefire call.

In response to the appeal, made in an official statement yesterday, the United States said it hoped Moscow was serious about the pull-out proposal but expressed some skepticism over the announcement.

(Timothy Heritage, Reuter)

STATE DEPARTMENT REVIEWS WHITTLESEY CASE

The Justice Department is satisfied, but the State Department is not and is now reviewing the case against Faith Whittlesey, the U.S. ambassador to Switzerland accused of taking private donations for her embassy's entertainment fund.

Spokeswoman Phyllis Oakley said Wednesday that department officials are now "analyzing the results of this review in the inspector general's office...to determine what action might be appropriate." (UPI)

HILL CAUCUS TO STUDY EFFECTS OF COMPETITIVENESS ON TRADE

A congressional caucus will study America's ability to compete against other industrialized nations as one of the major causes of the record U.S. trade deficit, lawmakers said yesterday.

Sen. Max Baucus, a caucus leader, called U.S. competitiveness in an increasingly global market "an emerging problem facing the American people...that will continue well into the next century."

(Mary Beth Franklin, Washington Post, E3)

NETWORK NEWS SUMMARY

IRAN/CONTRA AFFAIR

NBC's JOHN DANCY: With select committees now ready to begin investigations, House committee chairman Lee Hamilton said he hopes to finish quickly.

(Rep. Hamilton: "It is not our intent to drag this hearing, or these hearings out.")

President Reagan's lieutenants were busy defending him. Assistant Defense Secretary Richard Perle said by selling arms to Iran the U.S. was doing only what many American allies have done.

(Perle: "So I don't think we have to apologize to any one.")

Controversy continued over a 160 page Senate Intelligence Committee report which the committee has voted not to release. Some Republicans say it helps the President but Democrats say it is not complete. Today the incoming chairman of the committee, David Boren of Oklahoma, said he plans to issue a revised version of the report within a few days.

(Boren: "Yes, we plan to release as much of the information as we can release consistent with national security requirements.")

The original report contains Lt. Col. Oliver North's chronology of the arms sale. North today had no comment on White House statements that his chronology was inaccurate. But White House Chief of Staff Regan refused to release the North chronology.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

Secretary Weinberger told reporters today that information in the report, that North gave money to the contras, has not yet been substantiated.

(Secretary Weinberger: "It all rests on one statement that Mr. North made to Ed Meese when Mr. Meese was investigating the matter at the President's direction and when Col. North was talking. Col. North has stopped talking.")

The report says ten million dollars was contributed by the Sultan of Brunei to a Swiss bank account supposedly to help the contras. But today there were reports that after North was fired last month, Assistant Secretary of State Elliott Abrams called the Sultan to tell him to ask for his money back, but it had already disappeared into a bank account controlled by North and no one knows whether the contras got any of the money. So dozens of questions remain. Only some will be answered by the intelligence committee report. Others will have to wait until the two select committees begin their investigations. (NBC-Lead)

ABC's PETER JENNINGS: We begin with the Iran affair. The House of Representatives voted overwhelmingly today to establish its own select committee to investigate and the White House is trying to put some more distance between the President and Col. Oliver North's version of what happened.

ABC's CHARLES GIBSON reports (the resolution is adopted), adopted overwhelmingly. Just two members in the whole House voted against setting up a House select committee to investigate the Iran arms sale, a committee to be led by Democrat Hamilton of Indiana. (ABC-Lead)

JENNINGS: When it was first revealed that money from the Iran arms sales had been diverted to the contras, North, as you know, was fired. But even before that, in fact in early November, North had written a chronology for the rest of the White House which was his version of the arms dealings just with Iran. Even though the chronology has never been released to the public, the White House is now suggesting that North did not tell the truth.

ABC's SAM DONALDSON: Chief of Staff Regan today defended President Reagan's refusal to make public North's chronology of events.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

White House officials won't say what the inaccuracies are, but clearly one of the touchy points has to do with Presidential approval of the arms shipments. According to sources close to the Senate Intelligence Committee, which was given the North chronology by the White House, North said President Reagan approved in advance the first U.S. condoned arms shipment from Israel to Iran in September 1985. That squares with the testimony of then National Security Adviser McFarlane, who says the same thing. But it does not square with the final story told by Chief of Staff Regan and other White House officials who say Presidential approval came only after the fact and North's contention to the contrary is a deliberate fabrication. The point is particularly touchy, because on the same day an arms shipment reached Iran, the first U.S. hostage to be released in Lebanon, Rev. Benjamin Weir, was set free. Prior Presidential approval would strongly suggest it was arms for hostages, something the President denies. North was asked to comment on the White House assertion that he had fabricated his story.

(North: "Why would I comment on that?" Question: "Do you deny it?" North: "I don't confirm it, I don't deny it, I don't comment on it.")

White House officials have been calling on North to tell his story, but clearly they would prefer that it conformed to their recollection of facts.

(ABC-2)

CBS's PHIL JONES: As the House was voting to authorize its own select committee to investigate the Iran-contra crisis, sources were telling CBS News some of the details about alleged White House sanitizing of a draft report that had been prepared by the staff of the Senate Intelligence Committee. At least two items were deleted by the Administration, both for quote, diplomatic reasons. One five page omission involved Vice President Bush. Bush was in Jerusalem last July, the portion eliminated by the Administration referred to a meeting that Bush had with Amirah Nir, a counter terrorism adviser to the Israeli government. At that meeting Nir gave Bush a detailed briefing on the activities with Iran. Vice President Bush's office acknowledged tonight that there was a session with Nir and that it occurred because North, then with the National Security Council, asked Bush's officer to arrange a meeting. According to Bush's spokesman, the briefing dealt with hostages and arms shipments, but there was no reference to any diversion of funds to the contras. Another omission requested, a letter that Israeli Prime Minister Shimon Peres sent to President Reagan during the period when the President had become discouraged with the arms shipments. The letter from Peres was to urge the President not give up, to be patient, that the policy would bare fruit. The White House claimed today that the only omissions it requested were to protect sources and intelligence gathering methods, but congressional critics who have seen the deletions say they were clearly requested because they were embarrassing to the Administration.

(CBS-Lead)

PRESIDENT'S HEALTH

NBC's TOM BROKAW: President Reagan was working in his hospital room today after his doctors gave him another glowing medical report saying he is making an excellent recovery from prostate surgery. The President and Mrs. Reagan visited with another patient at the Bethesda Naval Hospital, petty officer Michael Ryan. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) Early tomorrow morning the President will learn whether he can return to the White House a day ahead of schedule, so he could be home by tomorrow afternoon or tomorrow evening. (NBC-3)

JENNINGS: The news about the President's health continues to be good. He felt well enough today to go and visit another patient with Mrs. Reagan, a sailor named Michael Ryan who is also recovering at the Bethesda Naval Hospital. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) And as you know the results of the President's CAT scan show no signs of any new cancer. Overall, the doctors say he is adjusting very well to his prostate surgery. There is one thing about a presidential illness, it can certainly concentrate attention on a particular problem. The President does not have prostate cancer but thousands of other men will be told this year that they do. Here is George Strait.

ABC's GEORGE STRAIT reports while the President didn't have prostate cancer, cancer specialists hope that his prostate surgery will focus attention on prostate problems for which there are now solutions. (ABC-11)

CBS's BOB SCHIEFFER: The White House was getting back to business today even though much of the business was being conducted at Bethesda Naval Hospital where the President is still recovering from prostate surgery.

CBS's BILL PLANTE: President Reagan, given an all together clean bill of health and described by doctors as feeling great, is expected to leave the hospital tomorrow and return to the White House.

(Question: "How is he feeling?" Mrs. Reagan: "Wonderful.")

The President was up and around at Bethesda Naval Hospital today. He and the First Lady visited another patient, Navy petty officer Michael Ryan. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) And Mr. Reagan met later with senior aides Donald Regan and Frank Carlucci. A senior Administration official said Carlucci, the new National Security Adviser, believes that the NSC must get out to the covert action business and stick to providing the President with daily advice on security issues. Among the many questions raised by the NSC's secret Iran mission, did the Pentagon get a fair price for the 2,000 TOW missiles the CIA and NSC shipped to Iran? Secretary Weinberger thinks perhaps not. He expects results of an internal investigation next week.

(Secretary Weinberger: "If we should find, for example that the price was too low and we didn't get proper value, then we would bill the CIA for the difference.")

Oliver North, the man who is alleged to have master minded the arms transfer and the skimming of its profit for the contras, still isn't talking. But Administration officials are openly questioning his honesty. North prepared a chronology of the arms sales when the scandal first broke. White House officials now say it contains errors and won't release it.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

PLANTE continues:

The President keeps saying he wants all the facts to come out. But his senior aides say that it would appear self serving to release North's chronology whether it is wrong or not. Critics charge the White House is trying to pin all the blame on North. Officials here say wait until the hearings. (CBS-2)

RAFSANJANI/SON/U.S.

ABC's JOHN McWETHY reports from the beginning Rafsanjani has been a central figure in the shadowy arms for hostage negotiations with the U.S., a man who it turns out was so deeply involved in pulling strings that he used his own family as negotiators. ABC News has learned that his eldest son became the primary contact for Oliver North in negotiations that led to freeing hostage David Jacobsen, the last hostage to be released before disclosure of arms sales to Iran became public. According to U.S. sources, (the son) was not only involved in the deal that won freedom for Jacobsen, but was also in a final meeting that took place a week after Jacobsen was released and well after North and been named by the press as the man who ran the arms to Iran operation. Investigators say North asked why only Jacobsen had been set free, that Iran had said others might come out with him as well. It is not known how the Iranian responded other than to say that the meeting they were having would be their last, that too much had already been made public. (ABC-3)

ABRAMS/HABIB

BROKAW: A new twist to the Central America angle tonight: Today Assistant Secretary of State Elliott Abrams and trouble shooter Philip Habib met in Miami with the Costa Rica foreign minister to discuss a possible new peace approach to Nicaragua. Costa Rica and Guatemala put together this initiative but the State Department wouldn't comment on details. (NBC-2)

B-1 BOMBER

BROKAW: The B-1 bomber, it was the cause of some very bitter debates in Congress during the 1970s and it took Ronald Reagan's election as President to get the air plane built. But now, six years later, the old questions about the B-1 remain and the debate is heating up again in Congress.

NBC's JIM MIKLASZEWSKI reports the long-range low-flying B-1 bomber was designed to penetrate deep within the Soviet Union to knock out Soviet nuclear forces at the outset of war. But major problems in these bombers have raised doubts the B-1 could ever deliver. Secretary Weinberger admits that Soviet technology has overtaken the B-1, but:

(Secretary Weinberger: "This does not mean that the plane can't carry out its mission. It does not mean that it is not a very good plane.")

The Congress had already committed more than \$20 billion to produce 100 B-1s and most experts agree it would now cost more to cancel the B-1 than to fix it. (NBC-7, CBS-4)



#### SOVIETS/AFGHANISTAN

BROKAW: Soviet Foreign Minister Shevardnadze returned to Moscow today from a visit to Kabul, Afghanistan, the first such visit since the war started there. And he said that a political settlement now is possible.

NBC's SANDY GILMOUR reports seven years after invading Afghanistan to salvage a Marxist, pro-Soviet government, the U.S.S.R. remains locked in a bitter battle against Moslem guerrillas. The Soviets can't seem to win, now they are talking about getting out. Shevardnadze said a political settlement is not a remote possibility and on troop withdrawals, this event is not far off. The State Department in Washington seemed skeptical of an immediate Soviet pull out.

(Phyllis Oakley: "It's actions that are important and not words and we will judge the Soviet policy toward Afghanistan by their actions at the peace talks rather than by what they say.")

The problem the Soviets face is how to withdraw gracefully and still hold sway over Afghanistan. While there are indications they want to do that, there is no evidence they have found a way. (NBC-8, ABC-8, CBS-5)

#### HANFORD NUCLEAR REACTOR

JENNINGS reports at the Hanford nuclear reactor in Washington State, technicians have begun the process of shutting down the reactor for safety modifications. The problems with the reactor are just the latest in a series of Hanford's problems. (ABC-7, CBS-10)

EDITORIALS AND COLUMNISTS

INTELLIGENCE COMMITTEE REPORT

LET'S SEE THE REPORT -- "The Democrats insist that theirs was a vote of responsible discretion, not secrecy. But none of the objections voiced is convincing.... At this moment the most important thing is to establish the credibility of congressional inquiry. This cannot be done if the Democrats act in a way to convey the idea that only information damaging to President Reagan will be allowed to flow freely into the public domain. Let's see the report."

(WASHINGTON POST, 1/7)

THE WAR IS ON -- "It is clear that the party of compassion wants to keep the report bottled up so it can get on with the business of tanning Ronald Reagan's hide. If Democratic leaders were truly interested in discovering the scope of American involvement in Nicaragua, they would find out who is privately funding the Sandinistas -- and the Salvadoran guerrillas. They would also investigate those Americans who are in Managua working for the Communists and would try to learn what promises Daniel Ortega has extracted in exchange for, among other things, Eugene Hasenfus."

(WASHINGTON TIMES, 1/7)

COVER-UP ON CAPITOL HILL -- "Americans paid for that report -- and they have a right to see it. Sen. Byrd evidently sees an opportunity to paralyze the President by keeping alive suspicions that Mr. Reagan knew about the affair. As long as the President must fight for his 'credibility,' Democrats can twist his arm on other matters -- like spending priorities in the federal budget.... Sen. Byrd's attempt to cover up the committee report smacks of hypocrisy."

(DETROIT NEWS, 1/7)

FEDERAL BUDGET

THE SPENDERS ARE WAITING -- "Only one thing is certain about the proposed 1988 budget that President Reagan sent to Capitol Hill. It'll look a lot different when it leaves Congress. But it won't be any smaller than the history-making \$1-trillion-plus package the President came up with. After all, government budgets never grow smaller. Already, pressure is building to raise taxes and cut defense spending -- in order to restore cuts in certain domestic programs.... Defense spending must be determined by external considerations -- the nature of the threat to the security of the nation.... The size of the defense budget should properly be set by the amount it costs to meet external threats. Without security, there'll be no country in which to provide this or that domestic program. It really is that simple."

(NEW YORK POST, 1/7)

BUDGET EFFORT A CHARADE? -- "Doubtful economic forecasts are only two of the very large question marks overhanging budget performance. The other, especially important this year, is the reliability of tax collections.... This leaves spending as the only reasonably stable measure of budgetary performance. A steady reduction in spending as a percentage of gross national product would be a far better yardstick than the overall budget deficit. Perhaps some sensible person in Washington will propose it."

(JOURNAL OF COMMERCE, 1/7)

EDITORIALS AND COLUMNISTS (continued)

REAGAN'S HO-HUM BUDGET -- "An intriguing question about President Reagan's \$1 trillion budget is whether it would have been any different if the Republicans had retained control of the Senate and if the Iran-contra affair would have never emerged to blotch his image. We think not. Both of these setbacks offered Mr. Reagan an opportunity to rejuvenate his presidency -- and he spurned them. Instead, he begins his sixth White House year with an agenda notably lacking in new ideas.... We believe these budget trends are far more the result of deficit pressures than the Iran-contra mess. They are a kind of last hurrah for supply-side economists eager to inflict one more body-chop on big government before the Reagan era peters out and the corrective process begins."

(BALTIMORE SUN, 1/7)

BUDGET SHOWS GOP IN FULL RETREAT -- "With the Democrats in control of both houses of Congress, the Administration seems to have raised the white flag of appeasement in its \$1.2 trillion budget submitted Monday.... The Republicans may be a minority, but if they ever seek to be a majority again, they must stand by their principles, especially now in their darkest hour, so that Americans may have some guidelines to get us out of the mess that the Democrats are sure to get us into."

(NEW YORK CITY TRIBUNE, 1/7)

THE POVERTY BUDGET, MORE OR LESS -- "What seems to underlie the budget's social welfare proposals is, as one critic puts it, a presumption that 'the poor should pay for the poor.' That's neither decent nor reasonable, as even the divided Congresses of the last six years recognized. The test for the new all-Democratic Congress will be whether it can move beyond blocking bad ideas to advancing some good ones." (NEW YORK TIMES, 1/7)

MR. REAGAN IGNORES THE DEFICIT -- "It would be sensible -- not to mention remarkable -- if President Reagan and congressional leaders this year were to compromise on spending cuts and agree to some form of tax increase in a bold effort to reduce the federal budget deficit. But that's a remote possibility.... If the President stands firm in his budget plan, Congress should do what it did last year: freeze military spending and, in general, domestic spending to come as close as it can to the deficit reduction target."

(HARTFORD COURANT, 1/7)

THE REAGAN BUDGET -- "It may be true that Mr. Reagan's budget plan will shave only a thin slice from the deficit, but many experts are certain that it is not bad enough to justify a rush to increase taxes. The worst, they say, may be over. Declining interest rates have reduced the cost of federal borrowing, and this, combined with other factors, has resulted in a steady drop in the deficit as a percentage of the economy during the past two or three years. Barring a recession, this decline is expected to continue."

(RICHMOND TIMES-DISPATCH, 1/7)

GIANT BUDGET'S IMPERFECT -- "Mr. Reagan's budget should not be considered 'dead-on-arrival' by the Democratic leadership in Congress. It should be fully debated because it offers some points that are worthwhile. But as a total blueprint for the future, it needs a lot more thought."

(DALLAS TIMES-HERALD, 1/7)



# News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 8, 1987 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### NATIONAL NEWS

PRESIDENT, RECOVERING SMOOTHLY, MAY RETURN TO WHITE HOUSE TODAY -- President Reagan, who has been given a clean bill of health by his doctors, awaits a medical decision early this morning as to when he can leave the Bethesda naval hospital, the White House said.

(Washington Post, Washington Times, AP Reuter, Scripps Howard, UPI)

### FEDERAL BUDGET

REAGAN-HILL BUDGET 'SUMMIT' POSSIBLE: MILLER -- The possibility of an unprecedented budget "summit" between President Reagan and congressional leaders to iron out differences in the 1988 budget "is worth exploring," the director of OMB said yesterday.

(Washington Post, Washington Times, AP)

### IRAN -- NICARAGUA

HOUSE CREATES IRAN-CONTRA PROBE UNIT; SENATE MAY QUERY FOREIGN LEADERS -- The House joined the Senate yesterday in creating its own select committee to investigate the Reagan Administration's arms sales to Iran and the diversion of funds to the Nicaraguan contra rebels.

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

### NETWORK NEWS (Wednesday Evening)

IRAN/CONTRA AFFAIR -- The House voted overwhelmingly today to establish its own select committee to investigate the Iran arms affair.

PRESIDENT'S HEALTH -- President Reagan was working in his hospital room today after his doctors gave him another glowing medical report.

SOVIETS/AFGHANISTAN -- Soviet Foreign Minister Shevardnadze returned to Moscow from a visit to Kabul.

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NATIONAL NEWS

PRESIDENT, RECOVERING SMOOTHLY, MAY RETURN TO WHITE HOUSE TODAY

President Reagan, who has been given a clean bill of health by his doctors, awaits a medical decision early this morning as to when he can leave the Bethesda naval hospital, the White House said.

In a statement released late yesterday afternoon, the White House emphasized that "the President had an excellent day. His recovery continues without any problems." It left open the possibility that the President could return to the White House today, as had been anticipated.

"We expect him to be released" today, said one White House spokesman.

(Cristine Russell, Washington Post, A12)

Reagan's Recovery Goes Well

President Reagan, given a clean bill of health, will meet with his doctors this morning for final word on when he can return to the White House.

Col. Hutton, Mr. Reagan's personal physician, said yesterday the President continued his excellent recovery from prostate surgery at Bethesda Naval Hospital.

(Mary Belcher, Washington Times, A1)

Reagan To Ease Back Into Work

President Reagan, pronounced free of cancer and enjoying a problem-free recovery from prostate surgery, plans to ease back into work with an abbreviated schedule when he returns to the White House.

Reagan's doctors were to visit with him today and decide whether he might leave the Bethesda Naval Hospital, his physician said.

The President was scheduled to remain at the White House over the weekend, instead of making his usual trip to his woodland retreat at Camp David, Md., Larry Speakes added. Doctors say full recovery from prostate surgery takes as long as six weeks.

(Susanne Schafer, AP)

Reagan To Get Word Today On When He Leaves Hospital

President Reagan, with a clean bill of health after prostate surgery and cancer tests, will get word today on when he can return to the White House, where he faces the Iran arms scandal and a budget dispute with Congress.

"There's no problem at all. The doctors are just being cautious. They just want to see how his night goes," said a White House official who asked not to be identified.

(Michael Gelb, Reuter)

Reagan 'Feels Great'; Decision On Release From Hospital Thursday

President Reagan "feels great" as he continued an "excellent recovery" following his prostate surgery, his physician said Wednesday.

White House spokesman Larry Speakes earlier had said the physicians would make the decision Wednesday night and that Reagan could be released as early as Thursday. There was nothing in Hutton's statement to indicate reasons for a delay in the decision or the hospital release.

(Robert Engelman, Scripps Howard)

### The President's Health

President Reagan, handed a clean bill of health and "adjusting very well" from prostate surgery, waited Wednesday for final word from his doctors on whether he will leave Bethesda Naval Hospital.

Described as restless after four days of hospitalization, Reagan continued along what White House physician John Hutton termed "his excellent recovery" with the removal of a catheter from his urethra and an increase in mobility.  
(Norman Sandler, UPI)

### REAGAN ORDER EXPANDS EXECUTIVE PAY PROPOSAL

President Reagan expanded the number of beneficiaries of the automatic pay raises pending before Congress from 3,000 to 10,000 in an order signed New Year's Eve in Palm Springs, Calif., officials said yesterday.

A presidential proposal to raise the salaries of the Cabinet, members of Congress, other top political officials and judges now also would benefit about 7,000 members of the Senior Executive Service, under Reagan's order. The pay-raise proposal will take effect unless Congress votes it down within 30 days.  
(Judith Havemann, Washington Post, A1)

### REP. ASPIN LOSES HELM OF ARMED SERVICES PANEL

House Democrats, defying a recommendation by their leadership, voted narrowly yesterday to dump Rep. Les Aspin as chairman of the House Armed Services Committee.

Meeting in a closed caucus, the Democrats voted 130 to 124 to depose Aspin. They will decide Jan. 23 who will head the committee in the 100th Congress.

Aspin said yesterday's stunning vote of no confidence in his leadership of the committee was "a good device to send a message, and the message has been received."  
(Edward Walsh, Washington Post, A1)

### Aspin Gets The Boot As Panel Chairman

Congressional liberals opened a new assault yesterday against President Reagan's six-year effort to support the Nicaraguan resistance.

Democrats in the House sacked a committee chairman who has sided with Mr. Reagan on the Contra aid issue. And in the Senate the new Democratic chairman of a key Foreign Relations subcommittee revealed a plan to end aid to the anti-Marxist rebels.

(Jennifer Spevacek & Rita McWilliams, Washington Times, A1)

### Aspin Thinks He Has Chance To Regain House Armed Services Post

Rep. Aspin rejected by House Democrats for another term as chairman of the Armed Services Committee, says he has learned his lesson and thinks he has "a very good shot" at winning back the powerful job.

After the vote, Aspin said, "When you have a yes or no vote, it's a good device to send a message. It was sent and received. It's a message about dealing with other members of the House," but he refused to elaborate.

(Tim Ahern, AP)



### Aspin Loses Post On Military Panel But May Regain It

Democrats in the House of Representatives voted today to depose Rep. Aspin as chairman of the Armed Services Committee. The vote was 130 to 124.

The leading candidate to become Armed Services chairman is Rep. Marvin Leath of Texas. He is one of the more conservative Democrats in the House, but he has managed to put together a coalition including some of the most liberal members of the committee and of the House as a whole. A victory by Mr. Leath would probably not make a major difference in positions taken by the committee. He is a strong supporter of arms control and of a tightened rein on Pentagon procurement practices.

(Linda Greenhouse, New York Times, A1)

### Aspin/Armed Services

Rep. Les Aspin suffered a stunning setback Wednesday from House Democrats, who delivered a no-confidence vote against keeping him as chairman of the powerful House Armed Services Committee.

Reasons given by members for the negative 130-124 vote were as varied as the causes on Capitol Hill, ranging from Aspin's support for the Administration on the controversial MX missile and aid to Contra rebels, feuds with Budget Committee members about defense spending levels and support for arms control issues that conservatives disliked.

(Eliot Brenner, UPI)

### House Democrats Dump Aspin As Armed Services Chairman

Rep. Aspin, who led a coup by younger Democrats to become House Armed Services Committee chairman two years ago, was ousted from the post Wednesday by a slim majority of House Democrats.

Some (Democrats) felt betrayed when he helped save the bitterly opposed MX missile system and then voted for aid to the Nicaraguan Contras, which were victories sought by President Reagan. (Otto Kreisher, Copley)

### Democrats Refuse To OK Aspin Again As Chairman Of Armed Services Panel

In a rare rebuff to a committee chairman, House Democrats Wednesday refused to approve a second term as head of the Armed Services Committee for Rep. Aspin.

With no chairman for the moment, the House was forced to cancel an appearance by Defense Secretary Weinberger before the committee Thursday morning. It would have been Weinberger's first appearance before the new Congress to defend President Reagan's request for a 3-percent increase in the Pentagon budget.

(Frank Morring, Scripps Howard)

### Aspin Out As Armed Services Chairman

House Democrats voted 130-124 Wednesday to remove veteran Rep. Aspin as chairman of the House Armed Services Committee only two years after he was first chosen to one of the most powerful leadership posts in the Congress.

There was a slight chance that Aspin might reverse the outcome later, but at the very least his Democratic colleagues dealt him a stinging, if narrow, no-confidence vote in one of the first actions taken in the 100th Congress.

(Michael Shanahan, McClatchy)



#### HOUSE MEMBERS RENEW PUSH FOR NUCLEAR TEST BAN

House arms control advocates are renewing their push for the Administration to adopt a nuclear testing moratorium, an effort they dropped just before the October summit meeting in Reykjavik, Iceland.

Arms control advocates re-introduced a measure Wednesday urging President Reagan to begin talks with the Soviet Union on a test ban and warning of penalties if he does not move quickly.

The measure would allow Congress to cut off money for nuclear tests of over 1 kiloton if Reagan fails to act and if the Soviet Union limits tests to that level and there is reciprocal on-site test monitoring.

(Eliot Brenner, UPI)

#### PAT BUCHANAN & THE GREAT RIGHT HOPE A Reagan Aide Pondering His Chances To Become Chief

The scandal is the campaign's prologue.

As the curtain opens on 1988, a spectacle other than the orderly exit of the regal Ronald Reagan is revealed. It is more like a fire in the zoo during which the cage doors have come unhinged and the beasts can be glimpsed prowling amid the smoke. "We have seen this before," says Patrick Buchanan, who may himself become a presidential candidate and who, in any case, is intently exploring the possibility.

This is the Buchanan moment, when the ranks of sunshine conservatives have dwindled, the moment for the foul-weather friend. Buchanan, the presidential aspirant aborning, is a man for one season -- the mean season.

(Sidney Blumenthal, Washington Post, C1)

#### U.S. INVITES BIDS ON NEW DATA NETWORK

The government yesterday formally opened the bidding for a lucrative 10-year contract to provide some 1.3 million federal workers with a new telecommunications system.

The GSA, officially inviting bids for the largest private telecommunications system ever proposed, released the final specifications for the federal network, which will be capable of voice, data and video transmissions.

(Deborah Mesce, Washington Post, E1)

## FEDERAL BUDGET

### SENATORS WANT BUDGET CONFERENCE WITH REAGAN OMB Director Rules Out Economic 'Summit' If Raising Taxes Is On The Agenda

Members of the Senate Budget Committee yesterday pushed for an economic summit with President Reagan to build early bipartisan agreement on a fiscal 1988 budget, but a senior Administration official ruled out such a meeting if it includes discussion of raising taxes.

OMB Director James Miller called the possibility of such a high-level meeting between the President and congressional leaders "worth exploring" but insisted that Reagan would not consent if the issue of raising taxes is part of the agenda. (Tom Kenworthy, Washington Post, A6)

### Reagan-Hill Budget 'Summit' Possible -- Miller

The possibility of an unprecedented budget "summit" between President Reagan and congressional leaders to iron out differences in the 1988 budget "is worth exploring," the director of OMB said yesterday.

"I think the possibility is worth exploring, yes," said OMB Director James Miller. But Mr. Miller said "the President would reject" the summit concept if lawmakers used the opportunity to promote a tax increase.

(Walter Andrews, Washington Times, A5)

### Budget Summit Cannot Include Tax Hikes, Administration Says

President Reagan's budget director says the Administration would rule out a "budget summit" with congressional leaders if it entailed discussion of tax increases.

James Miller, Director of OMB, voiced little enthusiasm for either such a meeting or for a proposal by Senate Budget Committee Chairman Sen. Chiles for a temporary tax surcharge.

"It would be wholly inappropriate for us to open up the tax code so soon after tax reform," Miller told the committee on Wednesday, a reference to last year's sweeping revision of the nation's income tax laws. "It would be a big mistake."

(Tom Raum, AP)

## FEDERAL PAY INCREASES

President Reagan scaled back his plan to recommend hefty pay raises for federal judges and members of Congress after Chief of Staff Donald Regan convinced the President it would be politically unwise, according to Administration sources.

Attorney General Meese, who supported the higher raises but was not told of the last-minute change, reportedly was angry when he learned that Regan had changed the President's mind.

Regan did not want the increases, according to knowledgeable sources, because he felt the President would be publicly criticized again at a time when he is taking a beating in the polls over the Iran-Contra scandal.

(Kathryn Kahler, Newhouse)

#### BUDGET/SDI

Although the Pentagon refused to provide details about its plans for "Star Wars" strategic missile defenses, budget documents indicate the research and development program is being re-oriented away from futuristic technology toward work on weapons that could be deployed in the 1990s.

Strategic analysts said the shift is significant in that it focuses on more realistic and practical goals for missile defenses than the "space shield" long favored by President Reagan. (David Wood, Newhouse)

#### REAGAN CALL FOR CUT IN DRUG FIGHT IGNITES THE ANGER OF BOTH PARTIES

Six months after President Reagan called for "a national crusade against drugs," he has proposed sharp cuts in funds for drug enforcement, and today Republicans and Democrats in Congress denounced the reductions.

Other legislators on the panel, including Republicans, attacked the Administration's proposals for drug abuse programs in the budget for the fiscal year 1988 as "ill-advised," "short-sighted," "a major retreat" and "cutting the guts" out of anti-narcotics efforts.

(Bernard Weinraub, New York Times, A1)

#### Lawmakers: Reagan's Commitment To Drug Abuse Pre-Election Rhetoric

The \$2.9 billion Anti-Drug Abuse Act that President Reagan signed in October was only "pre-election fanfare," congressmen say, because the Administration is slashing key drug program funds in its new budget.

"These actions by the Administration seriously call into question their commitment to an effective national drug abuse strategy," Rep. Rangel said Wednesday. (Bud Newman, UPI)

#### CONGRESS-REAGAN/WATER

An impending showdown over water pollution legislation shows how combative the White House and Capitol Hill may be in this new era of a Democratic-led Congress combined with a presidency on the wane.

Even without the Iranian arms sale investigation to contend with, President Reagan was due for increased challenges from Congress because he is entering the last two years of his term. Another reason for more congressional unrest is the unofficial kickoff of the 1988 presidential sweepstakes, which is politicizing Congress-White House relations even more than usual. (Paula Schwed, Newhouse)

EDUCATORS SCORE REAGAN'S SPENDING PROPOSALS  
Lower College Enrollment, Especially Among Minorities,  
Foreseen If Aid Is Cut

Reagan Administration proposals in the fiscal 1988 budget request to sharply reduce financial aid to college students have drawn a chorus of protest from leaders in the higher education community who warn that fewer students will attend college if the recommendations are enacted. They said cuts would hit low-income, minority students particularly hard, contributing to a decline in minority college enrollment.

"Clearly this would be a disaster for educational opportunity in this country," said Charles Saunders Jr., vice president for government relations at the American Council on Education. He said the budget proposal released Monday would cut \$2.5 billion from student aid, a reduction of 46 percent. (Barbara Vobejda, Washington Post, A19)

BUDGET/HOUSING

Housing and mortgage industry officials are accusing the Reagan Administration of trying in its budget proposal to weaken government-backed mortgage programs that cost the taxpayer nothing.

The cumulative impact of the budget proposals for fees and eligibility limits on income and mortgage amount would be to delay or eliminate the ability to own a home for as many as 300,000 American families, Mortgage Bankers Association Executive Vice President Warren Lasko said at a news conference Wednesday. (John Reilly, Newhouse)

VETERANS' GROUP CAUTIONS AGAINST HEALTH-CARE CUTS

Any reduction in the size of the Veterans Administration healthcare system would deny thousands of veterans access to adequate medical treatment, a veterans' group said in a study released yesterday.

Closing even one VA hospital in each VA medical district would leave the system short of facilities for future needs of veterans entitled to health care, according to the Paralyzed Veterans of America. Even today, its study said, veterans have problems obtaining care.

(Michael Abramowitz, Washington Post, A5)

THE REAGAN BUDGET, WITH APOLOGIES TO N.Y. REVIEW OF BOOKS

In his new "The Budget of the United States Government: Fiscal Year 1988" Ronald Reagan has written a sprawling novel as big, raw and disorganized as America itself.

January's literary event was to have been the publication of the fifth of Philip Roth's "Zuckerman" novels, "The Counterlife." Clearly Mr. Roth has been eclipsed. While the march of the Zuckerman novels seems inexorable, the "Budgets" are inevitable.

Not only is "Budget Fiscal '88" the sixth in Mr. Reagan's saga of a superpower in search of its soul, he has promised us a penultimate seventh and climactic eighth volume, as well.

(Dale McFeatters, Scripps Howard)

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IRAN -- NICARAGUA

HOUSE CREATES IRAN-CONTRA PROBE UNIT;  
SENATE MAY QUERY FOREIGN LEADERS

The House joined the Senate yesterday in creating its own select committee to investigate the Reagan Administration's arms sales to Iran and the diversion of funds to the Nicaraguan contra rebels.

The only strong objection was by Rep. William Broomfield, who charged that the committee's mandate was too broad and that it should complete its investigation long before the scheduled Oct. 30 termination date.

(Helen Dewar & Edward Walsh, Washington Post, A7)

House Contra Committee

The House voted overwhelmingly Wednesday to create its own high-powered special committee to investigate the Iran arms-Contra aid scandal, setting the stage for tandem House-Senate explorations of the affair.

"As painful as this process is for many of us, the leadership of both parties has worked in a truly bipartisan fashion to create a committee and to give it a mandate to do what our President said he would like to have done," Rep. Cheney said in smoothing over a brief but unexpected partisan disagreement.

"I am a very partisan Republican. I will be the first to come back to this floor if this investigation takes partisan advantage of a serious matter," he said.

(Dana Walker, UPI)

Congress Creates Special Panels To Probe Iran Arms Scandal

Congress has set up two special committees to investigate the Iran arms scandal, giving them a broad mandate and most of this year to get to the bottom of President Reagan's worst foreign policy crisis.

But, in debate which divided the Democrat-led 100th Congress along partisan lines in its opening days, Republicans in both chambers objected to what they called the excessively broad scope and lengthy duration of the probes.

(Sue Baker, Reuter)

Congress Readies Tandem Iran-Contra Probe Panels

A special House committee is poised to probe "wherever the evidence might lead" in the Iran arms-Contra aid scandal, and for its Senate counterpart that may extend to interviewing foreign heads of state.

House Democrats and Republicans, in a rare display of bipartisanship, set up their Watergate-style panel Wednesday with just two dissenting votes, one day after senators had to overcome a partisan dispute to form their own committee.

(Michael Myers, UPI)

NORTH IS SAID TO HAVE KEPT CASH IN OFFICE  
Contra Expenses Reportedly Paid

Lt. Col. North, while overseeing a network to assist Nicaraguan rebels the past two years, managed cash and other funds out of his NSC office to pay for contra expenses, according to sources in the Administration and the aid network.

One well-placed Administration official said that around "Christmastime 1984," North even used his office safe to store cash that North said was "for the contras."  
(Robert Parry, Washington Post, A23)

North's Safe Reported To Have Held \$1 Million In Cash

Lt. Col. North showed NSC colleagues an office safe stuffed with cash about a year and a half before he allegedly began diverting Iran-arms-sale profits to the Contras, it was reported today.

The Los Angeles Times, citing an unidentified official, reported North boasted to colleagues that the safe contained \$1 million in cash and that the fired NSC aide told his co-workers the money was earmarked for the Nicaraguan rebels -- despite congressional prohibition against aid to the Contras.  
(UPI)

North Said To Control Contra Money Two Years Ago

Fired White House aide Oliver North controlled cash and other funds to pay Nicaraguan rebel expenses during two years of secretly overseeing an aid network for the Contras, according to sources in the Administration and the rebel movement.

"Money was passing through there" -- North's NSC office -- said one well-placed Administration official. The official, speaking only on condition of anonymity, added that around "Christmastime 1984," North even used his office safe to store cash "for the Contras."

(Robert Parry, AP)

IRAN DEFENSE FOR REAGAN  
White House Putting Blame On His Aides

As the Iran-contra affair unfolds, the White House finds itself in the strange position of defending President Reagan with the argument that some of his most powerful aides were incompetent or deceitful.

The stance is noteworthy because it evokes one of the most frequent criticisms of Mr. Reagan by Congressional critics and others: that he is out of touch with the details of government and has given too much latitude to staff members.

(Stephen Engelberg, News Analysis, New York Times, A1)

WHITE HOUSE IRAN TEAM GIVEN LEGAL AIDE  
Brower, A Negotiator On Frozen Assets,  
Will Serve As Abshire's Senior Deputy

Charles Brower, a member of the international tribunal responsible for deciding the fate of frozen Iranian assets in the United States, has been named to the team coordinating Reagan Administration responses to congressional and legal inquiries into the Iran-contra controversy, White House officials said yesterday.

The officials said Brower, 51, an attorney and member of the American Bar Association board of governors, will be legal adviser and senior deputy to David Abshire, named last month by President Reagan as a special counselor to manage White House strategy in dealing with the investigations. Abshire is not a lawyer.

(Lou Cannon, Washington Post, A24)

INTELLIGENCE COMMITTEE REPORT TO CONTAIN NO SURPRISES, SAYS CHAIRMAN

The Senate Intelligence Committee probably will release a report next week on its Iran-Contra investigation, but it will contain no surprises and may differ from a version the committee declined to release this week, the panel's chairman says.

The release would come as select House and Senate committees begin a broader probe of the sale of arms to Iran and possible diversion of profits from the sales to Contra rebels fighting the leftist government of Nicaragua

(Jim Drinkard, AP)

White House Got Panel To Delete Bush Meeting From Report: CBS

The White House got the Senate Intelligence Committee to delete from a draft report on the Iran arms deal details of a meeting between Vice President George Bush and an Israeli counter-terrorism adviser, CBS News reported tonight.

The White House said it wanted the deletions for diplomatic reasons, but congressional critics say the real reason was that the material was embarrassing to the Administration, CBS said.

(Reuter)

COSTA RICAN BRIEFS U.S. ON NEW PEACE INITIATIVE  
Habib To Discuss Plan In Central America

MIAMI -- State Department officials met here today with the foreign minister of Costa Rica to learn details of a possible new peace initiative for Central America.

Afterward, they announced that special negotiator Philip Habib will tour Central America next week to sound out other regional leaders on the idea.

Habib, Assistant Secretary of State Elliott Abrams and Abrams' deputy for Central America, William Walker, talked with minister Rodrigo Madrigal Nieto on the plan, which is also backed by Guatemala. "It was very helpful to hear the Costa Rican point of view," a State Department communique said. Habib will visit the region "as part of his regular consultations," the statement added.

(Julia Preston, Washington Post, A23)



## U.S. Envoys Mull Costa Rican Plan

MIAMI -- Costa Rica's Foreign minister met for more than three hours with senior U.S. officials yesterday to discuss a new Central American peace initiative aimed at Nicaragua.

Special envoy Philip Habib and Elliott Abrams, assistant secretary of state for Latin American policy, were tight-lipped after their talks with Rodrigo Madrigal Nieto. (Roger Fontaine, Washington Times, A1)

## Habib To Tour Central America In New Diplomatic Approach To Nicaragua War

The Reagan Administration, in a fresh diplomatic approach to the war in Nicaragua, will send presidential envoy Philip Habib to Latin America next week for talks with government leaders on prospects for a negotiated settlement.

The trip announced Wednesday night at the State Department follows a secret meeting held earlier in the day in Miami by Habib and Assistant Secretary of State Elliott Abrams with Rodrigo Madrigal Nieto, the foreign minister of Costa Rica. (Barry Schweid, AP)

## U.S. QUESTIONS OAS CHIEF'S TREATY EFFORT Legality Of Initiative Is Under Challenge

The United States has called a special meeting of the Organization of American States leadership today to question Secretary General Joao Clemente Baena Soares about his apparent effort to bypass the United States in seeking a Central American peace treaty.

The officials issued a statement naming themselves the "Group of Rio de Janeiro" and said they would renew the stalled Contadora peace treaty drive with a January visit to the five Central American nations, including Nicaragua. They also plan to institutionalize themselves and meet three times a year to form joint positions on regional issues.

(Joanne Omang, Washington Post, A25)

## NEVER DISCUSSED CONTRA WORK WITH BUSH, RODRIGUEZ SAYS

Felix Rodriguez, whose ties to Vice President Bush became part of the controversy surrounding a secret arms resupply operation for the Nicaraguan rebels, has told the FBI that he never discussed with Bush his work on behalf of the rebels, according to a statement released in Rodriguez's name.

Rodriguez, a former CIA operative and Bay of Pigs veteran, said he decided to break "a professional code of silence" and issue a statement to correct "certain erroneous speculations by the media concerning Vice President George Bush and members of his staff."

(Joe Pichirallo, Washington Post, A25)

GAO PROBING ORIGIN OF HONDURAN BID FOR AID  
Ex-Envoy Charges U.S. Forced Request

The General Accounting Office is probing charges by the former ambassador to Honduras that U.S. officials forced Honduras to ask for \$20 million in emergency U.S. military aid last March in order to bolster the appearance of a threat from Nicaragua, according to GAO officials.

John Ferch, who was fired as ambassador last June and is now diplomat-in-residence at Brown University in Rhode Island, made the charges when GAO officials questioned him as part of a separate probe into possible U.S. pressure on Honduras to aid the contra rebels fighting the government of Nicaragua, a GAO source said. (Joanne Omang, Washington Post, A23)

500 NICARAGUANS PROTEST GOVERNMENT

MASAYA, Nicaragua -- About 500 Nicaraguans, some chanting "Out with the Sandinista Front," marched in a rare protest against the government, two days before a new constitution takes effect.

The protest march Wednesday technically was illegal but no police were present and the demonstration ended peacefully. There have been few public demonstrations against the Sandinistas since they came to power in 1979.

(Oswaldo Bonilla, UPI)

SPECIAL COUNSEL WALSH NAMES 12 TOP ASSISTANTS FOR PROBE

Lawrence Walsh, the independent counsel probing the Iran-contra scandal, yesterday announced the appointment of a dozen aides and said he will establish offices in New York and Washington.

In addition, sources said, the Federal Bureau of Investigation is assigning a team of special agents to work exclusively for Walsh during the probe. One source said the initial squad will include the 18 agents whom Director William Webster put on the case after the bureau became involved in late November.

(George Lardner, Washington Post, A23)

Independent Counsel Hires Prosecutorial Staff

The independent counsel investigating the Iran-Contra affair is appointing half a dozen current or former prosecutors as top-level assistants, including federal attorneys who helped handle the Ronald Pelton spy case and a New York corruption case.

Lawrence Walsh also announced Wednesday that he is opening a New York office to help conduct his criminal investigation. (Pete Yost, AP)

MOVES TO REPLACE CASEY ARE DENIED BY WHITE HOUSE

The White House yesterday continued to deny a growing number of reports a search is on for a successor to ailing CIA Director William Casey.

But a spokesman for Sen. Wallop, Wyoming Republican, said an Administration official recently contacted the senator about his interest in becoming CIA director, should Mr. Casey, 73, choose to resign.

Mr. Wallop said privately he is interested in the job.

(Bill Gertz, Washington Times, A3)

-more-

#### ANTI-CONTRA OFFICE BREAK-IN PROBED

The Justice Department yesterday ordered an FBI investigation of a break-in at offices of a group opposed to the Reagan Administration's policy of supporting the Nicaraguan contras.

In releasing a department letter announcing the probe, Rep. Don Edwards expressed hope that the FBI will probe burglaries of similar groups opposed to the policy. (AP story, Washington Post, A25)

#### FBI Probes Break-In At Center Opposing Reagan's Central America Policy

The FBI is investigating a break-in last month at the office of a political organization opposed to President Reagan's Central American policies.

The Justice Department responded this week with a letter that reads in part: "With regard to the incident at the International Center for Development Policy, should certain facts be developed, it is possible that a violation of civil rights law occurred." (Diane Dustin, AP)

#### FBI To Probe Mysterious Break-In

The FBI will investigate a mysterious break-in at the office of a research group that opposes the Administration's policy in Central America, Assistant Attorney General John Bolton said Wednesday.

In a letter to Reps. Feighan and Don Edwards, Bolton said the FBI would honor the congressmen's request and investigate the Nov. 29 burglary of the International Center for Development Policy. (Wendy Zentz, UPI)

#### CONTRAGATE TURNS PARTISAN

Unfortunately and distressingly, Congress' two investigations into the Iran-Contra affair seem designed less to find the truth than to do maximum political damage to President Reagan and the Republican Party.

That unsettling conclusion emerges from the behavior of Democratic leaders, now in control of both houses, as they set up special committees to probe the sale of arms to Tehran and the diversion of profits to anticommunist Nicaraguan rebels. (Editorial, Scripps Howard)

INTERNATIONAL NEWS

SHULTZ ARRIVES IN SENEGAL ON FIRST LEG OF AFRICAN TOUR

DAKAR -- Secretary Shultz begins the first full day of his African tour today with a major speech which U.S. officials say will be devoted to the African economy.

Shultz, on his first trip to sub-Saharan Africa since taking office five years ago, is also due to hold talks with Senegalese President Abdou Diouf, a man for whom he has frequently expressed admiration both for his economic policies and his leadership on the African stage.

"I'm looking forward to discussing essentially healthy and positive thinking and seeing how we can better fit in and be a better partner," said Shultz, who will spend eight days in Africa. (Michael Battye, Reuter)

Shultz Praises African Nations For Switch To Free Enterprise

DAKAR -- Secretary of State Shultz opened his first official visit to sub-Saharan Africa today, praising the nations for a "striking" shift from state-dominated economies to the free enterprise system.

"A stable and prosperous and democratic developing picture in these countries is positive for us, and of course if that happens in these countries, it tends to be catching," Shultz told reporters on the flight to the West African nation. (Matthew Quinn, UPI)

MEMO CALLS SPY'S WIFE 'WILLING' CRIME PARTNER

Anne Henderson-Pollard was a "willing partner in crime" of her husband, admitted spy Jonathan Jay Pollard, and sought help from one of Pollard's Israeli "handlers" the first night Pollard was questioned by authorities, government prosecutors said in a court document filed yesterday.

The Israeli was Aviem Sella, one of three unindicted coconspirators in the Pollard spy ring who fled the United States before they were charged, and one of three persons Pollard had told his wife to contact if he were in "serious trouble." (Nancy Lewis, Washington Post, A16)

Pollard's Wife/Spying

Federal prosecutors said Wednesday the wife of convicted spy Jonathan Pollard was intricately involved in a scheme to sell thousands of U.S. military secrets to Israel and should go to prison.

"Anne Henderson-Pollard is not an innocent, not a puppet manipulated and left to hold the bag," the government said. "She is a mercenary driven by need and greed, a willing partner in crime." (Lori Santos, UPI)

ISRAEL STUDIES U.S. PLEA TO SCRAP COSTLY LAVI JET FIGHTER PROJECT  
Pentagon Official Presents Five Alternatives

JERUSALEM -- Israel is giving consideration to scrapping the Lavi, its controversial, multibillion-dollar warplane project, according to officials here, following a strong plea by a senior Pentagon official who urged the Israelis to buy cheaper, U.S.-built aircraft instead. The United States already has contributed more than \$1 billion to the plane's development.

Dov Zakheim, deputy U.S. undersecretary of defense for planning and resources, today wrapped up a three-day visit in which he sought to convince Israeli leaders that the Lavi is neither a military necessity nor suited to Israel's financially strapped economy. He brought a list of five alternatives, all of which the Pentagon contends would prove cheaper and more practical than the Lavi. (Glenn Frankel, Washington Post, A38)

NAVY SAYS GREEK SHIP FIRED MISSILE AT U.S. HELICOPTER: REPORT

NEW YORK -- The U.S. Navy has identified as Greek dry cargo vessel as the ship from which a missile was fired at an American helicopter over the Persian Gulf on Monday, the New York Times reported today.

The Times quoted Pentagon officials as saying Defense Secretary Weinberger has refused to publicly identify the ship because it could be diplomatically embarrassing to a NATO ally. (Reuter)

FRENCH WARPLANES HIT LIBYAN BASE IN NORTHERN CHAD

PARIS -- French warplanes destroyed a half dozen Libyan radar installations at a military airstrip in northern Chad today in carefully measured retaliation for a Libyan air raid Sunday in the southern part of the country, the Defense Ministry announced.

Within hours, Libyan jets struck again, the Chadian Embassy here said, hitting a government post at Kouba Olanga 40 miles south of a line set by France as the limit for Libyan presence and action in Chad. The new Libyan strike, if confirmed, was likely to raise tensions further in that central African country and confront the French government with another challenge to its role as protector of its President Hissene Habre.

(Edward Cody, Washington Post, A31)

SOVIETS CONCLUDE KABUL VISIT  
Pledge To Help End Afghan Civil War

MOSCOW -- The Soviet Union has pledged "its constructive cooperation" to achieve a political settlement in Afghanistan's seven-year civil war, the Soviet news agency Tass said today.

After two days of talks in the Afghan capital, Kabul, Soviet Foreign Minister Shevardnadze and senior Kremlin foreign policy adviser Anatoly Dobrynin returned to Moscow, ending a surprise visit that gave a public boost to Kabul's recently announced national reconciliation plan.

(Celestine Bohlen, Washington Post, A34)

#### Moscow Says It Prepared To Set Afghan Withdrawal Timetable

MOSCOW -- The Soviet Union said it is prepared to set a timetable for withdrawing its troops from Afghanistan and urged all forces involved in the war to heed Kabul's ceasefire call.

In response to the appeal, made in an official statement yesterday, the United States said it hoped Moscow was serious about the pull-out proposal but expressed some skepticism over the announcement.

(Timothy Heritage, Reuter)

#### STATE DEPARTMENT REVIEWS WHITTLESEY CASE

The Justice Department is satisfied, but the State Department is not and is now reviewing the case against Faith Whittlesey, the U.S. ambassador to Switzerland accused of taking private donations for her embassy's entertainment fund.

Spokeswoman Phyllis Oakley said Wednesday that department officials are now "analyzing the results of this review in the inspector general's office...to determine what action might be appropriate." (UPI)

#### HILL CAUCUS TO STUDY EFFECTS OF COMPETITIVENESS ON TRADE

A congressional caucus will study America's ability to compete against other industrialized nations as one of the major causes of the record U.S. trade deficit, lawmakers said yesterday.

Sen. Max Baucus, a caucus leader, called U.S. competitiveness in an increasingly global market "an emerging problem facing the American people...that will continue well into the next century."

(Mary Beth Franklin, Washington Post, E3)

NETWORK NEWS SUMMARY

IRAN/CONTRA AFFAIR

NBC's JOHN DANCY: With select committees now ready to begin investigations, House committee chairman Lee Hamilton said he hopes to finish quickly.

(Rep. Hamilton: "It is not our intent to drag this hearing, or these hearings out.")

President Reagan's lieutenants were busy defending him. Assistant Defense Secretary Richard Perle said by selling arms to Iran the U.S. was doing only what many American allies have done.

(Perle: "So I don't think we have to apologize to any one.")

Controversy continued over a 160 page Senate Intelligence Committee report which the committee has voted not to release. Some Republicans say it helps the President but Democrats say it is not complete. Today the incoming chairman of the committee, David Boren of Oklahoma, said he plans to issue a revised version of the report within a few days.

(Boren: "Yes, we plan to release as much of the information as we can release consistent with national security requirements.")

The original report contains Lt. Col. Oliver North's chronology of the arms sale. North today had no comment on White House statements that his chronology was inaccurate. But White House Chief of Staff Regan refused to release the North chronology.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

Secretary Weinberger told reporters today that information in the report, that North gave money to the contras, has not yet been substantiated.

(Secretary Weinberger: "It all rests on one statement that Mr. North made to Ed Meese when Mr. Meese was investigating the matter at the President's direction and when Col. North was talking. Col. North has stopped talking.")

The report says ten million dollars was contributed by the Sultan of Brunei to a Swiss bank account supposedly to help the contras. But today there were reports that after North was fired last month, Assistant Secretary of State Elliott Abrams called the Sultan to tell him to ask for his money back, but it had already disappeared into a bank account controlled by North and no one knows whether the contras got any of the money. So dozens of questions remain. Only some will be answered by the intelligence committee report. Others will have to wait until the two select committees begin their investigations. (NBC-Lead)

ABC's PETER JENNINGS: We begin with the Iran affair. The House of Representatives voted overwhelmingly today to establish its own select committee to investigate and the White House is trying to put some more distance between the President and Col. Oliver North's version of what happened.

ABC's CHARLES GIBSON reports (the resolution is adopted), adopted overwhelmingly. Just two members in the whole House voted against setting up a House select committee to investigate the Iran arms sale, a committee to be led by Democrat Hamilton of Indiana. (ABC-Lead)



JENNINGS: When it was first revealed that money from the Iran arms sales had been diverted to the contras, North, as you know, was fired. But even before that, in fact in early November, North had written a chronology for the rest of the White House which was his version of the arms dealings just with Iran. Even though the chronology has never been released to the public, the White House is now suggesting that North did not tell the truth.

ABC's SAM DONALDSON: Chief of Staff Regan today defended President Reagan's refusal to make public North's chronology of events.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

White House officials won't say what the inaccuracies are, but clearly one of the touchy points has to do with Presidential approval of the arms shipments. According to sources close to the Senate Intelligence Committee, which was given the North chronology by the White House, North said President Reagan approved in advance the first U.S. condoned arms shipment from Israel to Iran in September 1985. That squares with the testimony of then National Security Adviser McFarlane, who says the same thing. But it does not square with the final story told by Chief of Staff Regan and other White House officials who say Presidential approval came only after the fact and North's contention to the contrary is a deliberate fabrication. The point is particularly touchy, because on the same day an arms shipment reached Iran, the first U.S. hostage to be released in Lebanon, Rev. Benjamin Weir, was set free. Prior Presidential approval would strongly suggest it was arms for hostages, something the President denies. North was asked to comment on the White House assertion that he had fabricated his story.

(North: "Why would I comment on that?" Question: "Do you deny it?" North: "I don't confirm it, I don't deny it, I don't comment on it.")

White House officials have been calling on North to tell his story, but clearly they would prefer that it conformed to their recollection of facts.

(ABC-2)

CBS's PHIL JONES: As the House was voting to authorize its own select committee to investigate the Iran-contra crisis, sources were telling CBS News some of the details about alleged White House sanitizing of a draft report that had been prepared by the staff of the Senate Intelligence Committee. At least two items were deleted by the Administration, both for quote, diplomatic reasons. One five page omission involved Vice President Bush. Bush was in Jerusalem last July, the portion eliminated by the Administration referred to a meeting that Bush had with Amirah Nir, a counter terrorism adviser to the Israeli government. At that meeting Nir gave Bush a detailed briefing on the activities with Iran. Vice President Bush's office acknowledged tonight that there was a session with Nir and that it occurred because North, then with the National Security Council, asked Bush's officer to arrange a meeting. According to Bush's spokesman, the briefing dealt with hostages and arms shipments, but there was no reference to any diversion of funds to the contras. Another omission requested, a letter that Israeli Prime Minister Shimon Peres sent to President Reagan during the period when the President had become discouraged with the arms shipments. The letter from Peres was to urge the President not give up, to be patient, that the policy would bare fruit. The White House claimed today that the only omissions it requested were to protect sources and intelligence gathering methods, but congressional critics who have seen the deletions say they were clearly requested because they were embarrassing to the Administration.

(CBS-Lead)

PRESIDENT'S HEALTH

NBC's TOM BROKAW: President Reagan was working in his hospital room today after his doctors gave him another glowing medical report saying he is making an excellent recovery from prostate surgery. The President and Mrs. Reagan visited with another patient at the Bethesda Naval Hospital, petty officer Michael Ryan. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) Early tomorrow morning the President will learn whether he can return to the White House a day ahead of schedule, so he could be home by tomorrow afternoon or tomorrow evening. (NBC-3)

JENNINGS: The news about the President's health continues to be good. He felt well enough today to go and visit another patient with Mrs. Reagan, a sailor named Michael Ryan who is also recovering at the Bethesda Naval Hospital. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) And as you know the results of the President's CAT scan show no signs of any new cancer. Overall, the doctors say he is adjusting very well to his prostate surgery. There is one thing about a presidential illness, it can certainly concentrate attention on a particular problem. The President does not have prostate cancer but thousands of other men will be told this year that they do. Here is George Strait.

ABC's GEORGE STRAIT reports while the President didn't have prostate cancer, cancer specialists hope that his prostate surgery will focus attention on prostate problems for which there are now solutions. (ABC-11)

CBS's BOB SCHIEFFER: The White House was getting back to business today even though much of the business was being conducted at Bethesda Naval Hospital where the President is still recovering from prostate surgery.

CBS's BILL PLANTE: President Reagan, given an all together clean bill of health and described by doctors as feeling great, is expected to leave the hospital tomorrow and return to the White House.

(Question: "How is he feeling?" Mrs. Reagan: "Wonderful.")

The President was up and around at Bethesda Naval Hospital today. He and the First Lady visited another patient, Navy petty officer Michael Ryan. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) And Mr. Reagan met later with senior aides Donald Regan and Frank Carlucci. A senior Administration official said Carlucci, the new National Security Adviser, believes that the NSC must get out to the covert action business and stick to providing the President with daily advice on security issues. Among the many questions raised by the NSC's secret Iran mission, did the Pentagon get a fair price for the 2,000 TOW missiles the CIA and NSC shipped to Iran? Secretary Weinberger thinks perhaps not. He expects results of an internal investigation next week.

(Secretary Weinberger: "If we should find, for example that the price was too low and we didn't get proper value, then we would bill the CIA for the difference.")

Oliver North, the man who is alleged to have master minded the arms transfer and the skimming of its profit for the contras, still isn't talking. But Administration officials are openly questioning his honesty. North prepared a chronology of the arms sales when the scandal first broke. White House officials now say it contains errors and won't release it.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

PLANTE continues:

The President keeps saying he wants all the facts to come out. But his senior aides say that it would appear self serving to release North's chronology whether it is wrong or not. Critics charge the White House is trying to pin all the blame on North. Officials here say wait until the hearings. (CBS-2)

RAFSANJANI/SON/U.S.

ABC's JOHN McWETHY reports from the beginning Rafsanjani has been a central figure in the shadowy arms for hostage negotiations with the U.S., a man who it turns out was so deeply involved in pulling strings that he used his own family as negotiators. ABC News has learned that his eldest son became the primary contact for Oliver North in negotiations that led to freeing hostage David Jacobsen, the last hostage to be released before disclosure of arms sales to Iran became public. According to U.S. sources, (the son) was not only involved in the deal that won freedom for Jacobsen, but was also in a final meeting that took place a week after Jacobsen was released and well after North and been named by the press as the man who ran the arms to Iran operation. Investigators say North asked why only Jacobsen had been set free, that Iran had said others might come out with him as well. It is not known how the Iranian responded other than to say that the meeting they were having would be their last, that too much had already been made public. (ABC-3)

ABRAMS/HABIB

BROKAW: A new twist to the Central America angle tonight: Today Assistant Secretary of State Elliott Abrams and trouble shooter Philip Habib met in Miami with the Costa Rica foreign minister to discuss a possible new peace approach to Nicaragua. Costa Rica and Guatemala put together this initiative but the State Department wouldn't comment on details. (NBC-2)

B-1 BOMBER

BROKAW: The B-1 bomber, it was the cause of some very bitter debates in Congress during the 1970s and it took Ronald Reagan's election as President to get the air plane built. But now, six years later, the old questions about the B-1 remain and the debate is heating up again in Congress.

NBC's JIM MIKLASZEWSKI reports the long-range low-flying B-1 bomber was designed to penetrate deep within the Soviet Union to knock out Soviet nuclear forces at the outset of war. But major problems in these bombers have raised doubts the B-1 could ever deliver. Secretary Weinberger admits that Soviet technology has overtaken the B-1, but:

(Secretary Weinberger: "This does not mean that the plane can't carry out its mission. It does not mean that it is not a very good plane.")

The Congress had already committed more than \$20 billion to produce 100 B-1s and most experts agree it would now cost more to cancel the B-1 than to fix it. (NBC-7, CBS-4)

#### SOVIETS/AFGHANISTAN

BROKAW: Soviet Foreign Minister Shevardnadze returned to Moscow today from a visit to Kabul, Afghanistan, the first such visit since the war started there. And he said that a political settlement now is possible.

NBC's SANDY GILMOUR reports seven years after invading Afghanistan to salvage a Marxist, pro-Soviet government, the U.S.S.R. remains locked in a bitter battle against Moslem guerrillas. The Soviets can't seem to win, now they are talking about getting out. Shevardnadze said a political settlement is not a remote possibility and on troop withdrawals, this event is not far off. The Statement Department in Washington seemed skeptical of an immediate Soviet pull out.

(Phyllis Oakley: "It's actions that are important and not words and we will judge the Soviet policy toward Afghanistan by their actions at the peace talks rather than by what they say.")

The problem the Soviets face is how to withdraw gracefully and still hold sway over Afghanistan. While there are indications they want to do that, there is no evidence they have found a way. (NBC-8, ABC-8, CBS-5)

#### HANFORD NUCLEAR REACTOR

JENNINGS reports at the Hanford nuclear reactor in Washington State, technicians have begun the process of shutting down the reactor for safety modifications. The problems with the reactor are just the latest in a series of Hanford's problems. (ABC-7, CBS-10)

EDITORIALS AND COLUMNISTS

INTELLIGENCE COMMITTEE REPORT

LET'S SEE THE REPORT -- "The Democrats insist that theirs was a vote of responsible discretion, not secrecy. But none of the objections voiced is convincing.... At this moment the most important thing is to establish the credibility of congressional inquiry. This cannot be done if the Democrats act in a way to convey the idea that only information damaging to President Reagan will be allowed to flow freely into the public domain. Let's see the report."

(WASHINGTON POST, 1/7)

THE WAR IS ON -- "It is clear that the party of compassion wants to keep the report bottled up so it can get on with the business of tanning Ronald Reagan's hide. If Democratic leaders were truly interested in discovering the scope of American involvement in Nicaragua, they would find out who is privately funding the Sandinistas -- and the Salvadoran guerrillas. They would also investigate those Americans who are in Managua working for the Communists and would try to learn what promises Daniel Ortega has extracted in exchange for, among other things, Eugene Hasenfus."

(WASHINGTON TIMES, 1/7)

COVER-UP ON CAPITOL HILL -- "Americans paid for that report -- and they have a right to see it. Sen. Byrd evidently sees an opportunity to paralyze the President by keeping alive suspicions that Mr. Reagan knew about the affair. As long as the President must fight for his 'credibility,' Democrats can twist his arm on other matters -- like spending priorities in the federal budget.... Sen. Byrd's attempt to cover up the committee report smacks of hypocrisy."

(DETROIT NEWS, 1/7)

FEDERAL BUDGET

THE SPENDERS ARE WAITING -- "Only one thing is certain about the proposed 1988 budget that President Reagan sent to Capitol Hill. It'll look a lot different when it leaves Congress. But it won't be any smaller than the history-making \$1-trillion-plus package the President came up with. After all, government budgets never grow smaller. Already, pressure is building to raise taxes and cut defense spending -- in order to restore cuts in certain domestic programs.... Defense spending must be determined by external considerations -- the nature of the threat to the security of the nation.... The size of the defense budget should properly be set by the amount it costs to meet external threats. Without security, there'll be no country in which to provide this or that domestic program. It really is that simple."

(NEW YORK POST, 1/7)

BUDGET EFFORT A CHARADE? -- "Doubtful economic forecasts are only two of the very large question marks overhanging budget performance. The other, especially important this year, is the reliability of tax collections.... This leaves spending as the only reasonably stable measure of budgetary performance. A steady reduction in spending as a percentage of gross national product would be a far better yardstick than the overall budget deficit. Perhaps some sensible person in Washington will propose it."

(JOURNAL OF COMMERCE, 1/7)

EDITORIALS AND COLUMNISTS (continued)

REAGAN'S HO-HUM BUDGET -- "An intriguing question about President Reagan's \$1 trillion budget is whether it would have been any different if the Republicans had retained control of the Senate and if the Iran-contra affair would have never emerged to blotch his image. We think not. Both of these setbacks offered Mr. Reagan an opportunity to rejuvenate his presidency -- and he spurned them. Instead, he begins his sixth White House year with an agenda notably lacking in new ideas.... We believe these budget trends are far more the result of deficit pressures than the Iran-contra mess. They are a kind of last hurrah for supply-side economists eager to inflict one more body-chop on big government before the Reagan era peters out and the corrective process begins."

(BALTIMORE SUN, 1/7)

BUDGET SHOWS GOP IN FULL RETREAT -- "With the Democrats in control of both houses of Congress, the Administration seems to have raised the white flag of appeasement in its \$1.2 trillion budget submitted Monday.... The Republicans may be a minority, but if they ever seek to be a majority again, they must stand by their principles, especially now in their darkest hour, so that Americans may have some guidelines to get us out of the mess that the Democrats are sure to get us into."

(NEW YORK CITY TRIBUNE, 1/7)

THE POVERTY BUDGET, MORE OR LESS -- "What seems to underlie the budget's social welfare proposals is, as one critic puts it, a presumption that 'the poor should pay for the poor.' That's neither decent nor reasonable, as even the divided Congresses of the last six years recognized. The test for the new all-Democratic Congress will be whether it can move beyond blocking bad ideas to advancing some good ones." (NEW YORK TIMES, 1/7)

MR. REAGAN IGNORES THE DEFICIT -- "It would be sensible -- not to mention remarkable -- if President Reagan and congressional leaders this year were to compromise on spending cuts and agree to some form of tax increase in a bold effort to reduce the federal budget deficit. But that's a remote possibility.... If the President stands firm in his budget plan, Congress should do what it did last year: freeze military spending and, in general, domestic spending to come as close as it can to the deficit reduction target."

(HARTFORD COURANT, 1/7)

THE REAGAN BUDGET -- "It may be true that Mr. Reagan's budget plan will shave only a thin slice from the deficit, but many experts are certain that it is not bad enough to justify a rush to increase taxes. The worst, they say, may be over. Declining interest rates have reduced the cost of federal borrowing, and this, combined with other factors, has resulted in a steady drop in the deficit as a percentage of the economy during the past two or three years. Barring a recession, this decline is expected to continue."

(RICHMOND TIMES-DISPATCH, 1/7)

GIANT BUDGET'S IMPERFECT -- "Mr. Reagan's budget should not be considered 'dead-on-arrival' by the Democratic leadership in Congress. It should be fully debated because it offers some points that are worthwhile. But as a total blueprint for the future, it needs a lot more thought."

(DALLAS TIMES-HERALD, 1/7)





# News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, JANUARY 8, 1987 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### NATIONAL NEWS

PRESIDENT, RECOVERING SMOOTHLY, MAY RETURN TO WHITE HOUSE TODAY -- President Reagan, who has been given a clean bill of health by his doctors, awaits a medical decision early this morning as to when he can leave the Bethesda naval hospital, the White House said.

(Washington Post, Washington Times, AP Reuter, Scripps Howard, UPI)

### FEDERAL BUDGET

REAGAN-HILL BUDGET 'SUMMIT' POSSIBLE: MILLER -- The possibility of an unprecedented budget "summit" between President Reagan and congressional leaders to iron out differences in the 1988 budget "is worth exploring," the director of OMB said yesterday.

(Washington Post, Washington Times, AP)

### IRAN -- NICARAGUA

HOUSE CREATES IRAN-CONTRA PROBE UNIT; SENATE MAY QUERY FOREIGN LEADERS -- The House joined the Senate yesterday in creating its own select committee to investigate the Reagan Administration's arms sales to Iran and the diversion of funds to the Nicaraguan contra rebels.

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

### NETWORK NEWS (Wednesday Evening)

IRAN/CONTRA AFFAIR -- The House voted overwhelmingly today to establish its own select committee to investigate the Iran arms affair.

PRESIDENT'S HEALTH -- President Reagan was working in his hospital room today after his doctors gave him another glowing medical report.

SOVIETS/AFGHANISTAN -- Soviet Foreign Minister Shevardnadze returned to Moscow from a visit to Kabul.

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NATIONAL NEWS

PRESIDENT, RECOVERING SMOOTHLY, MAY RETURN TO WHITE HOUSE TODAY

President Reagan, who has been given a clean bill of health by his doctors, awaits a medical decision early this morning as to when he can leave the Bethesda naval hospital, the White House said.

In a statement released late yesterday afternoon, the White House emphasized that "the President had an excellent day. His recovery continues without any problems." It left open the possibility that the President could return to the White House today, as had been anticipated.

"We expect him to be released" today, said one White House spokesman.

(Cristine Russell, Washington Post, A12)

Reagan's Recovery Goes Well

President Reagan, given a clean bill of health, will meet with his doctors this morning for final word on when he can return to the White House.

Col. Hutton, Mr. Reagan's personal physician, said yesterday the President continued his excellent recovery from prostate surgery at Bethesda Naval Hospital.

(Mary Belcher, Washington Times, A1)

Reagan To Ease Back Into Work

President Reagan, pronounced free of cancer and enjoying a problem-free recovery from prostate surgery, plans to ease back into work with an abbreviated schedule when he returns to the White House.

Reagan's doctors were to visit with him today and decide whether he might leave the Bethesda Naval Hospital, his physician said.

The President was scheduled to remain at the White House over the weekend, instead of making his usual trip to his woodland retreat at Camp David, Md., Larry Speakes added. Doctors say full recovery from prostate surgery takes as long as six weeks.

(Susanne Schafer, AP)

Reagan To Get Word Today On When He Leaves Hospital

President Reagan, with a clean bill of health after prostate surgery and cancer tests, will get word today on when he can return to the White House, where he faces the Iran arms scandal and a budget dispute with Congress.

"There's no problem at all. The doctors are just being cautious. They just want to see how his night goes," said a White House official who asked not to be identified.

(Michael Gelb, Reuter)

Reagan 'Feels Great'; Decision On Release From Hospital Thursday

President Reagan "feels great" as he continued an "excellent recovery" following his prostate surgery, his physician said Wednesday.

White House spokesman Larry Speakes earlier had said the physicians would make the decision Wednesday night and that Reagan could be released as early as Thursday. There was nothing in Hutton's statement to indicate reasons for a delay in the decision or the hospital release.

(Robert Engelman, Scripps Howard)

### The President's Health

President Reagan, handed a clean bill of health and "adjusting very well" from prostate surgery, waited Wednesday for final word from his doctors on whether he will leave Bethesda Naval Hospital.

Described as restless after four days of hospitalization, Reagan continued along what White House physician John Hutton termed "his excellent recovery" with the removal of a catheter from his urethra and an increase in mobility.  
(Norman Sandler, UPI)

### REAGAN ORDER EXPANDS EXECUTIVE PAY PROPOSAL

President Reagan expanded the number of beneficiaries of the automatic pay raises pending before Congress from 3,000 to 10,000 in an order signed New Year's Eve in Palm Springs, Calif., officials said yesterday.

A presidential proposal to raise the salaries of the Cabinet, members of Congress, other top political officials and judges now also would benefit about 7,000 members of the Senior Executive Service, under Reagan's order. The pay-raise proposal will take effect unless Congress votes it down within 30 days.  
(Judith Havemann, Washington Post, A1)

### REP. ASPIN LOSES HELM OF ARMED SERVICES PANEL

House Democrats, defying a recommendation by their leadership, voted narrowly yesterday to dump Rep. Les Aspin as chairman of the House Armed Services Committee.

Meeting in a closed caucus, the Democrats voted 130 to 124 to depose Aspin. They will decide Jan. 23 who will head the committee in the 100th Congress.

Aspin said yesterday's stunning vote of no confidence in his leadership of the committee was "a good device to send a message, and the message has been received."  
(Edward Walsh, Washington Post, A1)

### Aspin Gets The Boot As Panel Chairman

Congressional liberals opened a new assault yesterday against President Reagan's six-year effort to support the Nicaraguan resistance.

Democrats in the House sacked a committee chairman who has sided with Mr. Reagan on the Contra aid issue. And in the Senate the new Democratic chairman of a key Foreign Relations subcommittee revealed a plan to end aid to the anti-Marxist rebels.

(Jennifer Spevacek & Rita McWilliams, Washington Times, A1)

### Aspin Thinks He Has Chance To Regain House Armed Services Post

Rep. Aspin rejected by House Democrats for another term as chairman of the Armed Services Committee, says he has learned his lesson and thinks he has "a very good shot" at winning back the powerful job.

After the vote, Aspin said, "When you have a yes or no vote, it's a good device to send a message. It was sent and received. It's a message about dealing with other members of the House," but he refused to elaborate.

(Tim Ahern, AP)

### Aspin Loses Post On Military Panel But May Regain It

Democrats in the House of Representatives voted today to depose Rep. Aspin as chairman of the Armed Services Committee. The vote was 130 to 124.

The leading candidate to become Armed Services chairman is Rep. Marvin Leath of Texas. He is one of the more conservative Democrats in the House, but he has managed to put together a coalition including some of the most liberal members of the committee and of the House as a whole. A victory by Mr. Leath would probably not make a major difference in positions taken by the committee. He is a strong supporter of arms control and of a tightened rein on Pentagon procurement practices.

(Linda Greenhouse, New York Times, A1)

### Aspin/Armed Services

Rep. Les Aspin suffered a stunning setback Wednesday from House Democrats, who delivered a no-confidence vote against keeping him as chairman of the powerful House Armed Services Committee.

Reasons given by members for the negative 130-124 vote were as varied as the causes on Capitol Hill, ranging from Aspin's support for the Administration on the controversial MX missile and aid to Contra rebels, feuds with Budget Committee members about defense spending levels and support for arms control issues that conservatives disliked.

(Eliot Brenner, UPI)

### House Democrats Dump Aspin As Armed Services Chairman

Rep. Aspin, who led a coup by younger Democrats to become House Armed Services Committee chairman two years ago, was ousted from the post Wednesday by a slim majority of House Democrats.

Some (Democrats) felt betrayed when he helped save the bitterly opposed MX missile system and then voted for aid to the Nicaraguan Contras, which were victories sought by President Reagan. (Otto Kreisher, Copley)

### Democrats Refuse To OK Aspin Again As Chairman Of Armed Services Panel

In a rare rebuff to a committee chairman, House Democrats Wednesday refused to approve a second term as head of the Armed Services Committee for Rep. Aspin.

With no chairman for the moment, the House was forced to cancel an appearance by Defense Secretary Weinberger before the committee Thursday morning. It would have been Weinberger's first appearance before the new Congress to defend President Reagan's request for a 3-percent increase in the Pentagon budget.

(Frank Morring, Scripps Howard)

### Aspin Out As Armed Services Chairman

House Democrats voted 130-124 Wednesday to remove veteran Rep. Aspin as chairman of the House Armed Services Committee only two years after he was first chosen to one of the most powerful leadership posts in the Congress.

There was a slight chance that Aspin might reverse the outcome later, but at the very least his Democratic colleagues dealt him a stinging, if narrow, no-confidence vote in one of the first actions taken in the 100th Congress.

(Michael Shanahan, McClatchy)

#### HOUSE MEMBERS RENFW PUSH FOR NUCLEAR TEST BAN

House arms control advocates are renewing their push for the Administration to adopt a nuclear testing moratorium, an effort they dropped just before the October summit meeting in Reykjavik, Iceland.

Arms control advocates re-introduced a measure Wednesday urging President Reagan to begin talks with the Soviet Union on a test ban and warning of penalties if he does not move quickly.

The measure would allow Congress to cut off money for nuclear tests of over 1 kiloton if Reagan fails to act and if the Soviet Union limits tests to that level and there is reciprocal on-site test monitoring.

(Eliot Brenner, UPI)

#### PAT BUCHANAN & THE GREAT RIGHT HOPE A Reagan Aide Pondering His Chances To Become Chief

The scandal is the campaign's prologue.

As the curtain opens on 1988, a spectacle other than the orderly exit of the regal Ronald Reagan is revealed. It is more like a fire in the zoo during which the cage doors have come unhinged and the beasts can be glimpsed prowling amid the smoke. "We have seen this before," says Patrick Buchanan, who may himself become a presidential candidate and who, in any case, is intently exploring the possibility.

This is the Buchanan moment, when the ranks of sunshine conservatives have dwindled, the moment for the foul-weather friend. Buchanan, the presidential aspirant aborning, is a man for one season -- the mean season.

(Sidney Blumenthal, Washington Post, C1)

#### U.S. INVITES BIDS ON NEW DATA NETWORK

The government yesterday formally opened the bidding for a lucrative 10-year contract to provide some 1.3 million federal workers with a new telecommunications system.

The GSA, officially inviting bids for the largest private telecommunications system ever proposed, released the final specifications for the federal network, which will be capable of voice, data and video transmissions.

(Deborah Mesce, Washington Post, E1)

## FEDERAL BUDGET

### SENATORS WANT BUDGET CONFERENCE WITH REAGAN OMB Director Rules Out Economic 'Summit' If Raising Taxes Is On The Agenda

Members of the Senate Budget Committee yesterday pushed for an economic summit with President Reagan to build early bipartisan agreement on a fiscal 1988 budget, but a senior Administration official ruled out such a meeting if it includes discussion of raising taxes.

OMB Director James Miller called the possibility of such a high-level meeting between the President and congressional leaders "worth exploring" but insisted that Reagan would not consent if the issue of raising taxes is part of the agenda. (Tom Kenworthy, Washington Post, A6)

### Reagan-Hill Budget 'Summit' Possible -- Miller

The possibility of an unprecedented budget "summit" between President Reagan and congressional leaders to iron out differences in the 1988 budget "is worth exploring," the director of OMB said yesterday.

"I think the possibility is worth exploring, yes," said OMB Director James Miller. But Mr. Miller said "the President would reject" the summit concept if lawmakers used the opportunity to promote a tax increase.

(Walter Andrews, Washington Times, A5)

### Budget Summit Cannot Include Tax Hikes, Administration Says

President Reagan's budget director says the Administration would rule out a "budget summit" with congressional leaders if it entailed discussion of tax increases.

James Miller, Director of OMB, voiced little enthusiasm for either such a meeting or for a proposal by Senate Budget Committee Chairman Sen. Chiles for a temporary tax surcharge.

"It would be wholly inappropriate for us to open up the tax code so soon after tax reform," Miller told the committee on Wednesday, a reference to last year's sweeping revision of the nation's income tax laws. "It would be a big mistake."

(Tom Raum, AP)

## FEDERAL PAY INCREASES

President Reagan scaled back his plan to recommend hefty pay raises for federal judges and members of Congress after Chief of Staff Donald Regan convinced the President it would be politically unwise, according to Administration sources.

Attorney General Meese, who supported the higher raises but was not told of the last-minute change, reportedly was angry when he learned that Regan had changed the President's mind.

Regan did not want the increases, according to knowledgeable sources, because he felt the President would be publicly criticized again at a time when he is taking a beating in the polls over the Iran-Contra scandal.

(Kathryn Kahler, Newhouse)

#### BUDGET/SDI

Although the Pentagon refused to provide details about its plans for "Star Wars" strategic missile defenses, budget documents indicate the research and development program is being re-oriented away from futuristic technology toward work on weapons that could be deployed in the 1990s.

Strategic analysts said the shift is significant in that it focuses on more realistic and practical goals for missile defenses than the "space shield" long favored by President Reagan. (David Wood, Newhouse)

#### REAGAN CALL FOR CUT IN DRUG FIGHT IGNITES THE ANGER OF BOTH PARTIES

Six months after President Reagan called for "a national crusade against drugs," he has proposed sharp cuts in funds for drug enforcement, and today Republicans and Democrats in Congress denounced the reductions.

Other legislators on the panel, including Republicans, attacked the Administration's proposals for drug abuse programs in the budget for the fiscal year 1988 as "ill-advised," "short-sighted," "a major retreat" and "cutting the guts" out of anti-narcotics efforts.

(Bernard Weinraub, New York Times, A1)

#### Lawmakers: Reagan's Commitment To Drug Abuse Pre-Election Rhetoric

The \$2.9 billion Anti-Drug Abuse Act that President Reagan signed in October was only "pre-election fanfare," congressmen say, because the Administration is slashing key drug program funds in its new budget.

"These actions by the Administration seriously call into question their commitment to an effective national drug abuse strategy," Rep. Rangel said Wednesday. (Bud Newman, UPI)

#### CONGRESS-REAGAN/WATER

An impending showdown over water pollution legislation shows how combative the White House and Capitol Hill may be in this new era of a Democratic-led Congress combined with a presidency on the wane.

Even without the Iranian arms sale investigation to contend with, President Reagan was due for increased challenges from Congress because he is entering the last two years of his term. Another reason for more congressional unrest is the unofficial kickoff of the 1988 presidential sweepstakes, which is politicizing Congress-White House relations even more than usual. (Paula Schwed, Newhouse)

EDUCATORS SCORE REAGAN'S SPENDING PROPOSALS  
Lower College Enrollment, Especially Among Minorities,  
Foreseen If Aid Is Cut

Reagan Administration proposals in the fiscal 1988 budget request to sharply reduce financial aid to college students have drawn a chorus of protest from leaders in the higher education community who warn that fewer students will attend college if the recommendations are enacted. They said cuts would hit low-income, minority students particularly hard, contributing to a decline in minority college enrollment.

"Clearly this would be a disaster for educational opportunity in this country," said Charles Saunders Jr., vice president for government relations at the American Council on Education. He said the budget proposal released Monday would cut \$2.5 billion from student aid, a reduction of 46 percent. (Barbara Vobejda, Washington Post, A19)

BUDGET/HOUSING

Housing and mortgage industry officials are accusing the Reagan Administration of trying in its budget proposal to weaken government-backed mortgage programs that cost the taxpayer nothing.

The cumulative impact of the budget proposals for fees and eligibility limits on income and mortgage amount would be to delay or eliminate the ability to own a home for as many as 300,000 American families, Mortgage Bankers Association Executive Vice President Warren Lasko said at a news conference Wednesday. (John Reilly, Newhouse)

VETERANS' GROUP CAUTIONS AGAINST HEALTH-CARE CUTS

Any reduction in the size of the Veterans Administration healthcare system would deny thousands of veterans access to adequate medical treatment, a veterans' group said in a study released yesterday.

Closing even one VA hospital in each VA medical district would leave the system short of facilities for future needs of veterans entitled to health care, according to the Paralyzed Veterans of America. Even today, its study said, veterans have problems obtaining care.

(Michael Abramowitz, Washington Post, A5)

THE REAGAN BUDGET, WITH APOLOGIES TO N.Y. REVIEW OF BOOKS

In his new "The Budget of the United States Government: Fiscal Year 1988" Ronald Reagan has written a sprawling novel as big, raw and disorganized as America itself.

January's literary event was to have been the publication of the fifth of Philip Roth's "Zuckerman" novels, "The Counterlife." Clearly Mr. Roth has been eclipsed. While the march of the Zuckerman novels seems inexorable, the "Budgets" are inevitable.

Not only is "Budget Fiscal '88" the sixth in Mr. Reagan's saga of a superpower in search of its soul, he has promised us a penultimate seventh and climactic eighth volume, as well.

(Dale McFeatters, Scripps Howard)

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IRAN -- NICARAGUA

HOUSE CREATES IRAN-CONTRA PROBE UNIT;  
SENATE MAY QUERY FOREIGN LEADERS

The House joined the Senate yesterday in creating its own select committee to investigate the Reagan Administration's arms sales to Iran and the diversion of funds to the Nicaraguan contra rebels.

The only strong objection was by Rep. William Broomfield, who charged that the committee's mandate was too broad and that it should complete its investigation long before the scheduled Oct. 30 termination date.

(Helen Dewar & Edward Walsh, Washington Post, A7)

House Contra Committee

The House voted overwhelmingly Wednesday to create its own high-powered special committee to investigate the Iran arms-Contra aid scandal, setting the stage for tandem House-Senate explorations of the affair.

"As painful as this process is for many of us, the leadership of both parties has worked in a truly bipartisan fashion to create a committee and to give it a mandate to do what our President said he would like to have done," Rep. Cheney said in smoothing over a brief but unexpected partisan disagreement.

"I am a very partisan Republican. I will be the first to come back to this floor if this investigation takes partisan advantage of a serious matter," he said.

(Dana Walker, UPI)

Congress Creates Special Panels To Probe Iran Arms Scandal

Congress has set up two special committees to investigate the Iran arms scandal, giving them a broad mandate and most of this year to get to the bottom of President Reagan's worst foreign policy crisis.

But, in debate which divided the Democrat-led 100th Congress along partisan lines in its opening days, Republicans in both chambers objected to what they called the excessively broad scope and lengthy duration of the probes.

(Sue Baker, Reuter)

Congress Readies Tandem Iran-Contra Probe Panels

A special House committee is poised to probe "wherever the evidence might lead" in the Iran arms-Contra aid scandal, and for its Senate counterpart that may extend to interviewing foreign heads of state.

House Democrats and Republicans, in a rare display of bipartisanship, set up their Watergate-style panel Wednesday with just two dissenting votes, one day after senators had to overcome a partisan dispute to form their own committee.

(Michael Myers, UPI)

NORTH IS SAID TO HAVE KEPT CASH IN OFFICE  
Contra Expenses Reportedly Paid

Lt. Col. North, while overseeing a network to assist Nicaraguan rebels the past two years, managed cash and other funds out of his NSC office to pay for contra expenses, according to sources in the Administration and the aid network.

One well-placed Administration official said that around "Christmastime 1984," North even used his office safe to store cash that North said was "for the contras."  
(Robert Parry, Washington Post, A23)

North's Safe Reported To Have Held \$1 Million In Cash

Lt. Col. North showed NSC colleagues an office safe stuffed with cash about a year and a half before he allegedly began diverting Iran-arms-sale profits to the Contras, it was reported today.

The Los Angeles Times, citing an unidentified official, reported North boasted to colleagues that the safe contained \$1 million in cash and that the fired NSC aide told his co-workers the money was earmarked for the Nicaraguan rebels -- despite congressional prohibition against aid to the Contras.  
(UPI)

North Said To Control Contra Money Two Years Ago

Fired White House aide Oliver North controlled cash and other funds to pay Nicaraguan rebel expenses during two years of secretly overseeing an aid network for the Contras, according to sources in the Administration and the rebel movement.

"Money was passing through there" -- North's NSC office -- said one well-placed Administration official. The official, speaking only on condition of anonymity, added that around "Christmastime 1984," North even used his office safe to store cash "for the Contras."

(Robert Parry, AP)

IRAN DEFENSE FOR REAGAN  
White House Putting Blame On His Aides

As the Iran-contra affair unfolds, the White House finds itself in the strange position of defending President Reagan with the argument that some of his most powerful aides were incompetent or deceitful.

The stance is noteworthy because it evokes one of the most frequent criticisms of Mr. Reagan by Congressional critics and others: that he is out of touch with the details of government and has given too much latitude to staff members.

(Stephen Engelberg, News Analysis, New York Times, A1)

WHITE HOUSE IRAN TEAM GIVEN LEGAL AIDE  
Brower, A Negotiator On Frozen Assets,  
Will Serve As Abshire's Senior Deputy

Charles Brower, a member of the international tribunal responsible for deciding the fate of frozen Iranian assets in the United States, has been named to the team coordinating Reagan Administration responses to congressional and legal inquiries into the Iran-contra controversy, White House officials said yesterday.

The officials said Brower, 51, an attorney and member of the American Bar Association board of governors, will be legal adviser and senior deputy to David Abshire, named last month by President Reagan as a special counselor to manage White House strategy in dealing with the investigations. Abshire is not a lawyer.

(Lou Cannon, Washington Post, A24)

INTELLIGENCE COMMITTEE REPORT TO CONTAIN NO SURPRISES, SAYS CHAIRMAN

The Senate Intelligence Committee probably will release a report next week on its Iran-Contra investigation, but it will contain no surprises and may differ from a version the committee declined to release this week, the panel's chairman says.

The release would come as select House and Senate committees begin a broader probe of the sale of arms to Iran and possible diversion of profits from the sales to Contra rebels fighting the leftist government of Nicaragua

(Jim Drinkard, AP)

White House Got Panel To Delete Bush Meeting From Report: CBS

The White House got the Senate Intelligence Committee to delete from a draft report on the Iran arms deal details of a meeting between Vice President George Bush and an Israeli counter-terrorism adviser, CBS News reported tonight.

The White House said it wanted the deletions for diplomatic reasons, but congressional critics say the real reason was that the material was embarrassing to the Administration, CBS said.

(Reuter)

COSTA RICAN BRIEFS U.S. ON NEW PEACE INITIATIVE  
Habib To Discuss Plan In Central America

MIAMI -- State Department officials met here today with the foreign minister of Costa Rica to learn details of a possible new peace initiative for Central America.

Afterward, they announced that special negotiator Philip Habib will tour Central America next week to sound out other regional leaders on the idea.

Habib, Assistant Secretary of State Elliott Abrams and Abrams' deputy for Central America, William Walker, talked with minister Rodrigo Madrigal Nieto on the plan, which is also backed by Guatemala. "It was very helpful to hear the Costa Rican point of view," a State Department communique said. Habib will visit the region "as part of his regular consultations," the statement added.

(Julia Preston, Washington Post, A23)

## U.S. Envoys Mull Costa Rican Plan

MIAMI -- Costa Rica's Foreign minister met for more than three hours with senior U.S. officials yesterday to discuss a new Central American peace initiative aimed at Nicaragua.

Special envoy Philip Habib and Elliott Abrams, assistant secretary of state for Latin American policy, were tight-lipped after their talks with Rodrigo Madrigal Nieto. (Roger Fontaine, Washington Times, A1)

## Habib To Tour Central America In New Diplomatic Approach To Nicaragua War

The Reagan Administration, in a fresh diplomatic approach to the war in Nicaragua, will send presidential envoy Philip Habib to Latin America next week for talks with government leaders on prospects for a negotiated settlement.

The trip announced Wednesday night at the State Department follows a secret meeting held earlier in the day in Miami by Habib and Assistant Secretary of State Elliott Abrams with Rodrigo Madrigal Nieto, the foreign minister of Costa Rica. (Barry Schweid, AP)

## U.S. QUESTIONS OAS CHIEF'S TREATY EFFORT Legality Of Initiative Is Under Challenge

The United States has called a special meeting of the Organization of American States leadership today to question Secretary General Joao Clemente Baena Soares about his apparent effort to bypass the United States in seeking a Central American peace treaty.

The officials issued a statement naming themselves the "Group of Rio de Janeiro" and said they would renew the stalled Contadora peace treaty drive with a January visit to the five Central American nations, including Nicaragua. They also plan to institutionalize themselves and meet three times a year to form joint positions on regional issues.

(Joanne Omang, Washington Post, A25)

## NEVER DISCUSSED CONTRA WORK WITH BUSH, RODRIGUEZ SAYS

Felix Rodriguez, whose ties to Vice President Bush became part of the controversy surrounding a secret arms resupply operation for the Nicaraguan rebels, has told the FBI that he never discussed with Bush his work on behalf of the rebels, according to a statement released in Rodriguez's name.

Rodriguez, a former CIA operative and Bay of Pigs veteran, said he decided to break "a professional code of silence" and issue a statement to correct "certain erroneous speculations by the media concerning Vice President George Bush and members of his staff."

(Joe Pichirallo, Washington Post, A25)

GAO PROBING ORIGIN OF HONDURAN BID FOR AID  
Ex-Envoy Charges U.S. Forced Request

The General Accounting Office is probing charges by the former ambassador to Honduras that U.S. officials forced Honduras to ask for \$20 million in emergency U.S. military aid last March in order to bolster the appearance of a threat from Nicaragua, according to GAO officials.

John Ferch, who was fired as ambassador last June and is now diplomat-in-residence at Brown University in Rhode Island, made the charges when GAO officials questioned him as part of a separate probe into possible U.S. pressure on Honduras to aid the contra rebels fighting the government of Nicaragua, a GAO source said. (Joanne Omang, Washington Post, A23)

500 NICARAGUANS PROTEST GOVERNMENT

MASAYA, Nicaragua -- About 500 Nicaraguans, some chanting "Out with the Sandinista Front," marched in a rare protest against the government, two days before a new constitution takes effect.

The protest march Wednesday technically was illegal but no police were present and the demonstration ended peacefully. There have been few public demonstrations against the Sandinistas since they came to power in 1979.

(Oswaldo Bonilla, UPI)

SPECIAL COUNSEL WALSH NAMES 12 TOP ASSISTANTS FOR PROBE

Lawrence Walsh, the independent counsel probing the Iran-contra scandal, yesterday announced the appointment of a dozen aides and said he will establish offices in New York and Washington.

In addition, sources said, the Federal Bureau of Investigation is assigning a team of special agents to work exclusively for Walsh during the probe. One source said the initial squad will include the 18 agents whom Director William Webster put on the case after the bureau became involved in late November.

(George Lardner, Washington Post, A23)

Independent Counsel Hires Prosecutorial Staff

The independent counsel investigating the Iran-Contra affair is appointing half a dozen current or former prosecutors as top-level assistants, including federal attorneys who helped handle the Ronald Pelton spy case and a New York corruption case.

Lawrence Walsh also announced Wednesday that he is opening a New York office to help conduct his criminal investigation. (Pete Yost, AP)

MOVES TO REPLACE CASEY ARE DENIED BY WHITE HOUSE

The White House yesterday continued to deny a growing number of reports a search is on for a successor to ailing CIA Director William Casey.

But a spokesman for Sen. Wallop, Wyoming Republican, said an Administration official recently contacted the senator about his interest in becoming CIA director, should Mr. Casey, 73, choose to resign.

Mr. Wallop said privately he is interested in the job.

(Bill Gertz, Washington Times, A3)

-more-

#### ANTI-CONTRA OFFICE BREAK-IN PROBED

The Justice Department yesterday ordered an FBI investigation of a break-in at offices of a group opposed to the Reagan Administration's policy of supporting the Nicaraguan contras.

In releasing a department letter announcing the probe, Rep. Don Edwards expressed hope that the FBI will probe burglaries of similar groups opposed to the policy. (AP story, Washington Post, A25)

#### FBI Probes Break-In At Center Opposing Reagan's Central America Policy

The FBI is investigating a break-in last month at the office of a political organization opposed to President Reagan's Central American policies.

The Justice Department responded this week with a letter that reads in part: "With regard to the incident at the International Center for Development Policy, should certain facts be developed, it is possible that a violation of civil rights law occurred." (Diane Dustin, AP)

#### FBI To Probe Mysterious Break-In

The FBI will investigate a mysterious break-in at the office of a research group that opposes the Administration's policy in Central America, Assistant Attorney General John Bolton said Wednesday.

In a letter to Reps. Feighan and Don Edwards, Bolton said the FBI would honor the congressmen's request and investigate the Nov. 29 burglary of the International Center for Development Policy. (Wendy Zentz, UPI)

#### CONTRAGATE TURNS PARTISAN

Unfortunately and distressingly, Congress' two investigations into the Iran-Contra affair seem designed less to find the truth than to do maximum political damage to President Reagan and the Republican Party.

That unsettling conclusion emerges from the behavior of Democratic leaders, now in control of both houses, as they set up special committees to probe the sale of arms to Tehran and the diversion of profits to anticommunist Nicaraguan rebels. (Editorial, Scripps Howard)

INTERNATIONAL NEWS

SHULTZ ARRIVES IN SENEGAL ON FIRST LEG OF AFRICAN TOUR

DAKAR -- Secretary Shultz begins the first full day of his African tour today with a major speech which U.S. officials say will be devoted to the African economy.

Shultz, on his first trip to sub-Saharan Africa since taking office five years ago, is also due to hold talks with Senegalese President Abdou Diouf, a man for whom he has frequently expressed admiration both for his economic policies and his leadership on the African stage.

"I'm looking forward to discussing essentially healthy and positive thinking and seeing how we can better fit in and be a better partner," said Shultz, who will spend eight days in Africa. (Michael Battye, Reuter)

Shultz Praises African Nations For Switch To Free Enterprise

DAKAR -- Secretary of State Shultz opened his first official visit to sub-Saharan Africa today, praising the nations for a "striking" shift from state-dominated economies to the free enterprise system.

"A stable and prosperous and democratic developing picture in these countries is positive for us, and of course if that happens in these countries, it tends to be catching," Shultz told reporters on the flight to the West African nation. (Matthew Quinn, UPI)

MEMO CALLS SPY'S WIFE 'WILLING' CRIME PARTNER

Anne Henderson-Pollard was a "willing partner in crime" of her husband, admitted spy Jonathan Jay Pollard, and sought help from one of Pollard's Israeli "handlers" the first night Pollard was questioned by authorities, government prosecutors said in a court document filed yesterday.

The Israeli was Aviem Sella, one of three unindicted coconspirators in the Pollard spy ring who fled the United States before they were charged, and one of three persons Pollard had told his wife to contact if he were in "serious trouble." (Nancy Lewis, Washington Post, A16)

Pollard's Wife/Spying

Federal prosecutors said Wednesday the wife of convicted spy Jonathan Pollard was intricately involved in a scheme to sell thousands of U.S. military secrets to Israel and should go to prison.

"Anne Henderson-Pollard is not an innocent, not a puppet manipulated and left to hold the bag," the government said. "She is a mercenary driven by need and greed, a willing partner in crime." (Lori Santos, UPI)

ISRAEL STUDIES U.S. PLEA TO SCRAP COSTLY LAVI JET FIGHTER PROJECT  
Pentagon Official Presents Five Alternatives

JERUSALEM -- Israel is giving consideration to scrapping the Lavi, its controversial, multibillion-dollar warplane project, according to officials here, following a strong plea by a senior Pentagon official who urged the Israelis to buy cheaper, U.S.-built aircraft instead. The United States already has contributed more than \$1 billion to the plane's development.

Dov Zakheim, deputy U.S. undersecretary of defense for planning and resources, today wrapped up a three-day visit in which he sought to convince Israeli leaders that the Lavi is neither a military necessity nor suited to Israel's financially strapped economy. He brought a list of five alternatives, all of which the Pentagon contends would prove cheaper and more practical than the Lavi. (Glenn Frankel, Washington Post, A38)

NAVY SAYS GREEK SHIP FIRED MISSILE AT U.S. HELICOPTER: REPORT

NEW YORK -- The U.S. Navy has identified as Greek dry cargo vessel as the ship from which a missile was fired at an American helicopter over the Persian Gulf on Monday, the New York Times reported today.

The Times quoted Pentagon officials as saying Defense Secretary Weinberger has refused to publicly identify the ship because it could be diplomatically embarrassing to a NATO ally. (Reuter)

FRENCH WARPLANES HIT LIBYAN BASE IN NORTHERN CHAD

PARIS -- French warplanes destroyed a half dozen Libyan radar installations at a military airstrip in northern Chad today in carefully measured retaliation for a Libyan air raid Sunday in the southern part of the country, the Defense Ministry announced.

Within hours, Libyan jets struck again, the Chadian Embassy here said, hitting a government post at Kouba Olanga 40 miles south of a line set by France as the limit for Libyan presence and action in Chad. The new Libyan strike, if confirmed, was likely to raise tensions further in that central African country and confront the French government with another challenge to its role as protector of its President Hissene Habre.

(Edward Cody, Washington Post, A31)

SOVIETS CONCLUDE KABUL VISIT  
Pledge To Help End Afghan Civil War

MOSCOW -- The Soviet Union has pledged "its constructive cooperation" to achieve a political settlement in Afghanistan's seven-year civil war, the Soviet news agency Tass said today.

After two days of talks in the Afghan capital, Kabul, Soviet Foreign Minister Shevardnadze and senior Kremlin foreign policy adviser Anatoly Dobrynin returned to Moscow, ending a surprise visit that gave a public boost to Kabul's recently announced national reconciliation plan.

(Celestine Bohlen, Washington Post, A34)



#### Moscow Says It Prepared To Set Afghan Withdrawal Timetable

MOSCOW -- The Soviet Union said it is prepared to set a timetable for withdrawing its troops from Afghanistan and urged all forces involved in the war to heed Kabul's ceasefire call.

In response to the appeal, made in an official statement yesterday, the United States said it hoped Moscow was serious about the pull-out proposal but expressed some skepticism over the announcement.

(Timothy Heritage, Reuter)

#### STATE DEPARTMENT REVIEWS WHITTLESEY CASE

The Justice Department is satisfied, but the State Department is not and is now reviewing the case against Faith Whittlesey, the U.S. ambassador to Switzerland accused of taking private donations for her embassy's entertainment fund.

Spokeswoman Phyllis Oakley said Wednesday that department officials are now "analyzing the results of this review in the inspector general's office...to determine what action might be appropriate."

(UPI)

#### HILL CAUCUS TO STUDY EFFECTS OF COMPETITIVENESS ON TRADE

A congressional caucus will study America's ability to compete against other industrialized nations as one of the major causes of the record U.S. trade deficit, lawmakers said yesterday.

Sen. Max Baucus, a caucus leader, called U.S. competitiveness in an increasingly global market "an emerging problem facing the American people...that will continue well into the next century."

(Mary Beth Franklin, Washington Post, E3)

NETWORK NEWS SUMMARY

IRAN/CONTRA AFFAIR

NBC's JOHN DANCY: With select committees now ready to begin investigations, House committee chairman Lee Hamilton said he hopes to finish quickly.

(Rep. Hamilton: "It is not our intent to drag this hearing, or these hearings out.")

President Reagan's lieutenants were busy defending him. Assistant Defense Secretary Richard Perle said by selling arms to Iran the U.S. was doing only what many American allies have done.

(Perle: "So I don't think we have to apologize to any one.")

Controversy continued over a 160 page Senate Intelligence Committee report which the committee has voted not to release. Some Republicans say it helps the President but Democrats say it is not complete. Today the incoming chairman of the committee, David Boren of Oklahoma, said he plans to issue a revised version of the report within a few days.

(Boren: "Yes, we plan to release as much of the information as we can release consistent with national security requirements.")

The original report contains Lt. Col. Oliver North's chronology of the arms sale. North today had no comment on White House statements that his chronology was inaccurate. But White House Chief of Staff Regan refused to release the North chronology.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

Secretary Weinberger told reporters today that information in the report, that North gave money to the contras, has not yet been substantiated.

(Secretary Weinberger: "It all rests on one statement that Mr. North made to Ed Meese when Mr. Meese was investigating the matter at the President's direction and when Col. North was talking. Col. North has stopped talking.")

The report says ten million dollars was contributed by the Sultan of Brunei to a Swiss bank account supposedly to help the contras. But today there were reports that after North was fired last month, Assistant Secretary of State Elliott Abrams called the Sultan to tell him to ask for his money back, but it had already disappeared into a bank account controlled by North and no one knows whether the contras got any of the money. So dozens of questions remain. Only some will be answered by the intelligence committee report. Others will have to wait until the two select committees begin their investigations. (NBC-Lead)

ABC's PETER JENNINGS: We begin with the Iran affair. The House of Representatives voted overwhelmingly today to establish its own select committee to investigate and the White House is trying to put some more distance between the President and Col. Oliver North's version of what happened.

ABC's CHARLES GIBSON reports (the resolution is adopted), adopted overwhelmingly. Just two members in the whole House voted against setting up a House select committee to investigate the Iran arms sale, a committee to be led by Democrat Hamilton of Indiana. (ABC-Lead)

JENNINGS: When it was first revealed that money from the Iran arms sales had been diverted to the contras, North, as you know, was fired. But even before that, in fact in early November, North had written a chronology for the rest of the White House which was his version of the arms dealings just with Iran. Even though the chronology has never been released to the public, the White House is now suggesting that North did not tell the truth.

ABC's SAM DONALDSON: Chief of Staff Regan today defended President Reagan's refusal to make public North's chronology of events.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

White House officials won't say what the inaccuracies are, but clearly one of the touchy points has to do with Presidential approval of the arms shipments. According to sources close to the Senate Intelligence Committee, which was given the North chronology by the White House, North said President Reagan approved in advance the first U.S. condoned arms shipment from Israel to Iran in September 1985. That squares with the testimony of then National Security Adviser McFarlane, who says the same thing. But it does not square with the final story told by Chief of Staff Regan and other White House officials who say Presidential approval came only after the fact and North's contention to the contrary is a deliberate fabrication. The point is particularly touchy, because on the same day an arms shipment reached Iran, the first U.S. hostage to be released in Lebanon, Rev. Benjamin Weir, was set free. Prior Presidential approval would strongly suggest it was arms for hostages, something the President denies. North was asked to comment on the White House assertion that he had fabricated his story.

(North: "Why would I comment on that?" Question: "Do you deny it?" North: "I don't confirm it, I don't deny it, I don't comment on it.")

White House officials have been calling on North to tell his story, but clearly they would prefer that it conformed to their recollection of facts.

(ABC-2)

CBS's PHIL JONES: As the House was voting to authorize its own select committee to investigate the Iran-contra crisis, sources were telling CBS News some of the details about alleged White House sanitizing of a draft report that had been prepared by the staff of the Senate Intelligence Committee. At least two items were deleted by the Administration, both for quote, diplomatic reasons. One five page omission involved Vice President Bush. Bush was in Jerusalem last July, the portion eliminated by the Administration referred to a meeting that Bush had with Amirah Nir, a counter terrorism adviser to the Israeli government. At that meeting Nir gave Bush a detailed briefing on the activities with Iran. Vice President Bush's office acknowledged tonight that there was a session with Nir and that it occurred because North, then with the National Security Council, asked Bush's officer to arrange a meeting. According to Bush's spokesman, the briefing dealt with hostages and arms shipments, but there was no reference to any diversion of funds to the contras. Another omission requested, a letter that Israeli Prime Minister Shimon Peres sent to President Reagan during the period when the President had become discouraged with the arms shipments. The letter from Peres was to urge the President not give up, to be patient, that the policy would bare fruit. The White House claimed today that the only omissions it requested were to protect sources and intelligence gathering methods, but congressional critics who have seen the deletions say they were clearly requested because they were embarrassing to the Administration.

(CBS-Lead)

PRESIDENT'S HEALTH

NBC's TOM BROKAW: President Reagan was working in his hospital room today after his doctors gave him another glowing medical report saying he is making an excellent recovery from prostate surgery. The President and Mrs. Reagan visited with another patient at the Bethesda Naval Hospital, petty officer Michael Ryan. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) Early tomorrow morning the President will learn whether he can return to the White House a day ahead of schedule, so he could be home by tomorrow afternoon or tomorrow evening. (NBC-3)

JENNINGS: The news about the President's health continues to be good. He felt well enough today to go and visit another patient with Mrs. Reagan, a sailor named Michael Ryan who is also recovering at the Bethesda Naval Hospital. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) And as you know the results of the President's CAT scan show no signs of any new cancer. Overall, the doctors say he is adjusting very well to his prostate surgery. There is one thing about a presidential illness, it can certainly concentrate attention on a particular problem. The President does not have prostate cancer but thousands of other men will be told this year that they do. Here is George Strait.

ABC's GEORGE STRAIT reports while the President didn't have prostate cancer, cancer specialists hope that his prostate surgery will focus attention on prostate problems for which there are now solutions. (ABC-11)

CBS's BOB SCHIEFFER: The White House was getting back to business today even though much of the business was being conducted at Bethesda Naval Hospital where the President is still recovering from prostate surgery.

CBS's BILL PLANTE: President Reagan, given an all together clean bill of health and described by doctors as feeling great, is expected to leave the hospital tomorrow and return to the White House.

(Question: "How is he feeling?" Mrs. Reagan: "Wonderful.")

The President was up and around at Bethesda Naval Hospital today. He and the First Lady visited another patient, Navy petty officer Michael Ryan. (TV coverage includes a photo of the President, Mrs. Reagan and Ryan.) And Mr. Reagan met later with senior aides Donald Regan and Frank Carlucci. A senior Administration official said Carlucci, the new National Security Adviser, believes that the NSC must get out to the covert action business and stick to providing the President with daily advice on security issues. Among the many questions raised by the NSC's secret Iran mission, did the Pentagon get a fair price for the 2,000 TOW missiles the CIA and NSC shipped to Iran? Secretary Weinberger thinks perhaps not. He expects results of an internal investigation next week.

(Secretary Weinberger: "If we should find, for example that the price was too low and we didn't get proper value, then we would bill the CIA for the difference.")

Oliver North, the man who is alleged to have master minded the arms transfer and the skimming of its profit for the contras, still isn't talking. But Administration officials are openly questioning his honesty. North prepared a chronology of the arms sales when the scandal first broke. White House officials now say it contains errors and won't release it.

(Regan: "It's not accurate so there is no sense in releasing an inaccurate document.")

PLANTE continues:

The President keeps saying he wants all the facts to come out. But his senior aides say that it would appear self serving to release North's chronology whether it is wrong or not. Critics charge the White House is trying to pin all the blame on North. Officials here say wait until the hearings. (CBS-2)

RAFSANJANI/SON/U.S.

ABC's JOHN McWETHY reports from the beginning Rafsanjani has been a central figure in the shadowy arms for hostage negotiations with the U.S., a man who it turns out was so deeply involved in pulling strings that he used his own family as negotiators. ABC News has learned that his eldest son became the primary contact for Oliver North in negotiations that led to freeing hostage David Jacobsen, the last hostage to be released before disclosure of arms sales to Iran became public. According to U.S. sources, (the son) was not only involved in the deal that won freedom for Jacobsen, but was also in a final meeting that took place a week after Jacobsen was released and well after North and been named by the press as the man who ran the arms to Iran operation. Investigators say North asked why only Jacobsen had been set free, that Iran had said others might come out with him as well. It is not known how the Iranian responded other than to say that the meeting they were having would be their last, that too much had already been made public. (ABC-3)

ABRAMS/HABIB

BROKAW: A new twist to the Central America angle tonight: Today Assistant Secretary of State Elliott Abrams and trouble shooter Philip Habib met in Miami with the Costa Rica foreign minister to discuss a possible new peace approach to Nicaragua. Costa Rica and Guatemala put together this initiative but the State Department wouldn't comment on details. (NBC-2)

B-1 BOMBER

BROKAW: The B-1 bomber, it was the cause of some very bitter debates in Congress during the 1970s and it took Ronald Reagan's election as President to get the air plane built. But now, six years later, the old questions about the B-1 remain and the debate is heating up again in Congress.

NBC's JIM MIKLASZEWSKI reports the long-range low-flying B-1 bomber was designed to penetrate deep within the Soviet Union to knock out Soviet nuclear forces at the outset of war. But major problems in these bombers have raised doubts the B-1 could ever deliver. Secretary Weinberger admits that Soviet technology has overtaken the B-1, but:

(Secretary Weinberger: "This does not mean that the plane can't carry out its mission. It does not mean that it is not a very good plane.")

The Congress had already committed more than \$20 billion to produce 100 B-1s and most experts agree it would now cost more to cancel the B-1 than to fix it. (NBC-7, CBS-4)

SOVIETS/AFGHANISTAN

BROKAW: Soviet Foreign Minister Shevardnadze returned to Moscow today from a visit to Kabul, Afghanistan, the first such visit since the war started there. And he said that a political settlement now is possible.

NBC's SANDY GILMOUR reports seven years after invading Afghanistan to salvage a Marxist, pro-Soviet government, the U.S.S.R. remains locked in a bitter battle against Moslem guerrillas. The Soviets can't seem to win, now they are talking about getting out. Shevardnadze said a political settlement is not a remote possibility and on troop withdrawals, this event is not far off. The State Department in Washington seemed skeptical of an immediate Soviet pull out.

(Phyllis Oakley: "It's actions that are important and not words and we will judge the Soviet policy toward Afghanistan by their actions at the peace talks rather than by what they say.")

The problem the Soviets face is how to withdraw gracefully and still hold sway over Afghanistan. While there are indications they want to do that, there is no evidence they have found a way. (NBC-8, ABC-8, CBS-5)

HANFORD NUCLEAR REACTOR

JENNINGS reports at the Hanford nuclear reactor in Washington State, technicians have begun the process of shutting down the reactor for safety modifications. The problems with the reactor are just the latest in a series of Hanford's problems. (ABC-7, CBS-10)

EDITORIALS AND COLUMNISTS

INTELLIGENCE COMMITTEE REPORT

LET'S SEE THE REPORT -- "The Democrats insist that theirs was a vote of responsible discretion, not secrecy. But none of the objections voiced is convincing.... At this moment the most important thing is to establish the credibility of congressional inquiry. This cannot be done if the Democrats act in a way to convey the idea that only information damaging to President Reagan will be allowed to flow freely into the public domain. Let's see the report."

(WASHINGTON POST, 1/7)

THE WAR IS ON -- "It is clear that the party of compassion wants to keep the report bottled up so it can get on with the business of tanning Ronald Reagan's hide. If Democratic leaders were truly interested in discovering the scope of American involvement in Nicaragua, they would find out who is privately funding the Sandinistas -- and the Salvadoran guerrillas. They would also investigate those Americans who are in Managua working for the Communists and would try to learn what promises Daniel Ortega has extracted in exchange for, among other things, Eugene Hasenfus."

(WASHINGTON TIMES, 1/7)

COVER-UP ON CAPITOL HILL -- "Americans paid for that report -- and they have a right to see it. Sen. Byrd evidently sees an opportunity to paralyze the President by keeping alive suspicions that Mr. Reagan knew about the affair. As long as the President must fight for his 'credibility,' Democrats can twist his arm on other matters -- like spending priorities in the federal budget.... Sen. Byrd's attempt to cover up the committee report smacks of hypocrisy."

(DETROIT NEWS, 1/7)

FEDERAL BUDGET

THE SPENDERS ARE WAITING -- "Only one thing is certain about the proposed 1988 budget that President Reagan sent to Capitol Hill. It'll look a lot different when it leaves Congress. But it won't be any smaller than the history-making \$1-trillion-plus package the President came up with. After all, government budgets never grow smaller. Already, pressure is building to raise taxes and cut defense spending -- in order to restore cuts in certain domestic programs.... Defense spending must be determined by external considerations -- the nature of the threat to the security of the nation.... The size of the defense budget should properly be set by the amount it costs to meet external threats. Without security, there'll be no country in which to provide this or that domestic program. It really is that simple."

(NEW YORK POST, 1/7)

BUDGET EFFORT A CHARADE? -- "Doubtful economic forecasts are only two of the very large question marks overhanging budget performance. The other, especially important this year, is the reliability of tax collections.... This leaves spending as the only reasonably stable measure of budgetary performance. A steady reduction in spending as a percentage of gross national product would be a far better yardstick than the overall budget deficit. Perhaps some sensible person in Washington will propose it."

(JOURNAL OF COMMERCE, 1/7)

EDITORIALS AND COLUMNISTS (continued)

REAGAN'S HO-HUM BUDGET -- "An intriguing question about President Reagan's \$1 trillion budget is whether it would have been any different if the Republicans had retained control of the Senate and if the Iran-contra affair would have never emerged to blotch his image. We think not. Both of these setbacks offered Mr. Reagan an opportunity to rejuvenate his presidency -- and he spurned them. Instead, he begins his sixth White House year with an agenda notably lacking in new ideas.... We believe these budget trends are far more the result of deficit pressures than the Iran-contra mess. They are a kind of last hurrah for supply-side economists eager to inflict one more body-chop on big government before the Reagan era peters out and the corrective process begins."

(BALTIMORE SUN, 1/7)

BUDGET SHOWS GOP IN FULL RETREAT -- "With the Democrats in control of both houses of Congress, the Administration seems to have raised the white flag of appeasement in its \$1.2 trillion budget submitted Monday.... The Republicans may be a minority, but if they ever seek to be a majority again, they must stand by their principles, especially now in their darkest hour, so that Americans may have some guidelines to get us out of the mess that the Democrats are sure to get us into."

(NEW YORK CITY TRIBUNE, 1/7)

THE POVERTY BUDGET, MORE OR LESS -- "What seems to underlie the budget's social welfare proposals is, as one critic puts it, a presumption that 'the poor should pay for the poor.' That's neither decent nor reasonable, as even the divided Congresses of the last six years recognized. The test for the new all-Democratic Congress will be whether it can move beyond blocking bad ideas to advancing some good ones." (NEW YORK TIMES, 1/7)

MR. REAGAN IGNORES THE DEFICIT -- "It would be sensible -- not to mention remarkable -- if President Reagan and congressional leaders this year were to compromise on spending cuts and agree to some form of tax increase in a bold effort to reduce the federal budget deficit. But that's a remote possibility.... If the President stands firm in his budget plan, Congress should do what it did last year: freeze military spending and, in general, domestic spending to come as close as it can to the deficit reduction target."

(HARTFORD COURANT, 1/7)

THE REAGAN BUDGET -- "It may be true that Mr. Reagan's budget plan will shave only a thin slice from the deficit, but many experts are certain that it is not bad enough to justify a rush to increase taxes. The worst, they say, may be over. Declining interest rates have reduced the cost of federal borrowing, and this, combined with other factors, has resulted in a steady drop in the deficit as a percentage of the economy during the past two or three years. Barring a recession, this decline is expected to continue."

(RICHMOND TIMES-DISPATCH, 1/7)

GIANT BUDGET'S IMPERFECT -- "Mr. Reagan's budget should not be considered 'dead-on-arrival' by the Democratic leadership in Congress. It should be fully debated because it offers some points that are worthwhile. But as a total blueprint for the future, it needs a lot more thought."

(DALLAS TIMES-HERALD, 1/7)