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# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JANUARY 13, 1987 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

White House Said To Have Assured Israelis On Arms Responsibility -- American ambassador Thomas Pickering has assured Israeli Prime Minister Yitzhak Shamir that the White House's release of documents outlining its strategy for U.S. arms sales to Iran was not intended to cast blame on Israel, Administration officials said Monday.

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

### NATIONAL NEWS

Fitzwater To Be Reagan Spokesman -- Marlin Fitzwater, the Vice President's popular press secretary, will become President Reagan's spokesman Feb. 1, the White House announced yesterday.

(Washington Post, Washington Times)

### INTERNATIONAL NEWS

Nuclear Treaty Approval To Be Asked -- President Reagan prepared to request congressional approval of two unratified treaties restricting the explosive force of nuclear tests yesterday, but only if the Soviet Union accepts on-site inspection of its tests, Administration and congressional sources said.

(Washington Post)

### NETWORK NEWS (Monday Evening)

McFARLANE -- Robert McFarlane has told NBC News he was part of a White House effort to distance the President from the arms deal.

U.S./ISRAEL -- President Reagan offered the Israeli Prime Minister what amounts to an official apology.

ARMS CONTROL -- The U.S. and the Soviet Union are about to meet in Geneva again for another round of arms control talks.

#### FITZWATER NAMED WHITE HOUSE SPOKESMAN

Larry Speakes: "Let's let Marlin make a statement."

Marlin Fitzwater: "Well, I think it's obvious that the President wanted an anchorman type -- thin, with a lot of hair."

(White House Briefing, 1/12)

## **IRAN — NICARAGUA**

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### **U.S. TELLS ISRAEL IT ISN'T SCAPEGOAT IN ARMS DEAL White House Letter Given To Shamir**

JERUSALEM -- The Reagan Administration has told Israeli Prime Minister Yitzhak Shamir that it does not hold Israel responsible for the Iran arms affair and is not seeking to shirk responsibility by blaming Israel for leading it into the secret exchange of arms for U.S. hostages.

A spokesman for Shamir said tonight that U.S. Ambassador Thomas Pickering conveyed this conciliatory oral message to the prime minister "in the name of the White House," although not specifically from President Reagan. An American Embassy official confirmed that the message had been given at a meeting between the two men yesterday.

(Glenn Frankel, Washington Post, A1)

### **U.S. Tries To Ease Israeli Annoyance On Iran Disclosure**

The United States has assured Prime Minister Yitzhak Shamir of Israel that the White House's disclosure last week of documents describing Israel's role in the decision to sell arms to Iran was not intended as a criticism of Israel's actions, a White House official said today.

According to State Department officials, White House officials, in their rush to make the documents public, had failed to follow the normal diplomatic courtesy of informing a friendly government ahead of time that it might be embarrassed by the disclosures.

(Bernard Gwertzman, New York Times, A1)

### **White House Said To Have Assured Israelis On Arms Responsibility**

American ambassador Thomas Pickering has assured Israeli Prime Minister Yitzhak Shamir that the White House's release of documents outlining its strategy for U.S. arms sales to Iran was not intended to cast blame on Israel, Administration officials said Monday.

"We wanted to explain the background, to tell the Israelis we definitely did not intend to cast aspersions," said an official who demanded anonymity.

(Susanne Schafer, AP)

### **Herzog Accuses Americans Of Using Israel As 'Whipping Boy'**

TEL AVIV -- President Chaim Herzog today accused some U.S. government officials of using Israel as a "whipping boy" in alleging that Israel initiated arms sales to Iran and profit transfers to Nicaraguan contra rebels.

Speaking to a group of American Jewish youngsters in Jerusalem, Herzog said, "The (Israeli) government is in no way involved with the whole business of Nicaragua, of the contras and so forth. And everything we did in Iran was coordinated with the United States' government. It was at their request.

"One thing quite clear to me is that there are a great number of people in the States on the defensive and it may be convenient for them to use Israel as a whipping-boy in order to protect themselves." (Reuter)

### Responsibility Maintained At White House Doorstep

Responsibility for the Iran arms deal is being held in the Oval Office with a White House attempt to soothe Israeli leaders and a new admission from former national security adviser Robert McFarlane.

The assurance, conveyed orally by U.S. Ambassador Thomas Pickering to Prime Minister Yitzhak Shamir in Jerusalem, was extended after Israeli officials expressed annoyance over recent disclosures in Washington that have focused on Israel's role in encouraging President Reagan's secret Iran deals.

McFarlane, meanwhile, acknowledged on NBC News Monday night that he met with Vice Adm. Poindexter and Lt. Col. North in November to devise a chronology of the secret arms deals minimizing the President's involvement.  
(John Vaughan, UPI)

### U.S. Assures Israel On Release Of White House Documents

The United States privately assured Israeli Prime Minister Yitzhak Shamir that the release of two White House documents on the sale of American arms to Iran was not intended to "cast aspersions" on Israel, U.S. officials said.

"The idea was to tell the Israelis that we definitely did not intend to cast blame," an official, who demanded anonymity, said Monday.  
(Barry Schweid, AP)

### Confusion On Israeli Role

JERUSALEM -- Recent disclosures of policy memorandums by the White House and the Senate Intelligence Committee seem to suggest that Israel somehow led the Reagan Administration into the Iran affair by repeatedly promising, on the basis of Iranian-Israeli contacts, that with one sale of arms to Teheran all the American hostages in Lebanon would be released.

From the evidence that has already come to light in Washington and Jerusalem, there is ample reason to believe that neither Israel nor the United States has been wholly candid in characterizing the other's actions.  
(Thomas Friedman, News Analysis, New York Times, A1)

### SOVIET THREAT TOWARD IRAN OVERSTATES, CASEY CONCLUDED

CIA Director Casey concluded in a revised intelligence assessment last spring that the Soviets were less likely to attack Iran or have influence in a post-Khomeini regime than the CIA believed in 1985, according to informed sources.

Casey's amended analysis appears to have called into question a primary White House rationale for the secret sale of U.S. arms to Iran, which President Reagan ordered in January 1986 partly to assist Iran against "intervention by the Soviet Union."

(Bob Woodward & Dan Morgan, Washington Post, A1)

## NETWORK SAYS MCFARLANE TOLD IT AIDES LIED ON REAGAN ROLE

Former National Security Adviser Robert McFarlane said he and other aides lied when they denied that President Ronald Reagan had approved Israeli arms shipments to Iran in 1985, an American television network reported today.

NBC said McFarlane told the network he told the truth in recent congressional testimony that the President did approve the shipment in August 1985, and the claim that Reagan opposed the sale was only a cover story McFarlane concocted along with two other White House aides, the televised report said. (Reuter)

### McFarlane Stirs Row Over Reagan's Iran Role

President Reagan was caught up in a new controversy today over whether he approve U.S. arms shipments to Iran as early as August 1985, months before he said he did.

NBC News last night quoted former Reagan aide Robert McFarlane as saying the President did approve the shipments and that McFarlane and other aides lied when they concocted a cover story that he did not.

But an Administration official, noting McFarlane was Reagan's national security adviser at the time of the 1985 sales, suggested McFarlane was trying to protect himself. (Reuter)

## MCFARLANE REPORTEDLY TOLD CONGRESS OF SAUDI MONEY INTENDED FOR CONTRAS

Robert McFarlane told Congress that Saudi Arabia had contributed millions of dollars for the Nicaraguan rebels, increasing to at least \$40 million the amount gathered for the rebels that now cannot be accounted for, sources familiar with the Congressional investigation said today.

The McFarlane disclosure also deepens the mystery surrounding what happened to scores of millions of dollars said to have been raised for the contras by private groups and other countries over the last year or two.

(Jeff Gerth, New York Times, A8)

### Report: Reagan Tells Congress Saudis Donated To Contras

NEW YORK -- Former National Security adviser Robert McFarlane told Congress that Saudi Arabia contributed millions of dollars for nonlethal aid to the Nicaraguan rebels, The New York Times reported today.

The newspaper, citing sources familiar with the Congressional investigation of the U.S. arms sales to Iran and the diversion of some funds to the Nicaraguan rebels known as contras, said that at least \$40 million is unaccounted for in the deal. (Reuter)

## ANGLICAN NEGOTIATOR IN BEIRUT Waite Seeks Talks

BEIRUT -- Anglican church envoy Terry Waite returned to Lebanon today and resumed contacts aimed at gaining the release of foreign hostages held here by Shiite Moslem organizations.

Waite, who was escorted from the airport to his seaside hotel by Druze gunmen, said in an interview that he had "made a number of contacts since arriving and I have had some discussions this afternoon." He said that he would be dropping from the public view tomorrow to meet with intermediaries in Moslem-controlled West Beirut.

(Nora Boustany, Washington Post, A14)

### Anglican Envoy Says Arms For Hostages Cheapens Human Life

BEIRUT -- Anglican Church envoy Terry Waite said he disapproves of arms-for-hostages deals and that he was not aware of U.S. arms sales to Iran during his previous missions to free hostages in Lebanon.

Waite, who arrived in Beirut on Monday to resume his efforts, said he expected to stay about a week. Asked if he expects at least one American to be freed during that time, Waite said: "I always remain hopeful."

(Rodeina Kenaan, AP)

### Waite Opens New Hostage Negotiations

BEIRUT -- Hostage negotiator Terry Waite, visiting Lebanon for the first time since U.S. arms sales to Iran were disclosed in November, said he contacted Moslem extremists holding kidnapped foreigners and arranged more meetings for today.

After arriving Monday in predominantly Moslem west Beirut, Waite criticized the U.S. arms sales. He said he had no knowledge about the sales and discussed no "arms or money" with the captors.

"I do not believe at all that it is right to trade arms for human life," the Anglican layman told reporters. "I think that is wrong. I think that it sets a bad precedent and devalues human life."

(UPI)

### Waite In Underground Mission To Free West's Lebanon Hostages

BEIRUT -- Terry Waite, the Archbishop of Canterbury's special envoy, starts an underground mission today to secure the release of Western hostages in Lebanon, after establishing initial contacts with the abductors.

"Hopefully, tomorrow I will be dropping out of public view in order to carry out the discussions I've been having for a long time," Waite told reporters yesterday at the seafront Riviera Hotel in Moslem west Beirut.

(Diana Abdallah, Reuter)



### CIA, IRANIAN DENY REPORT OF DISINFORMATION SCHEME

The CIA has denied a report that the United States fed distorted or inaccurate intelligence information to both Iran and Iraq, saying it would be "stupid" and against U.S. policy.

The Iranian ambassador to the United Nations also denied a New York Times, report published Monday that "disinformation" was provided to the warring countries in an effort to prevent either one from winning their bloody 6-year-old war. (UPI)

### CASEY HOPES TO DEFEND CIA ON CAPITOL HILL

Ailing CIA Director William Casey hopes to return to Capitol Hill to defend himself and the agency against congressional criticism over the Iran arms affair, according to a CIA official.

At the White House, an official said yesterday that National Security Agency Director Lt. Gen. William Odom has emerged as a leading candidate to succeed Mr. Casey should he choose to resign. Other white House choices include former CIA Deputy Director Bobby Inman and Sen. Malcolm Wallop. (Bill Gertz, Washington Times, A4)

### SOURCES: MEMO MAY PUSH SHULTZ TO CONSIDER RESIGNING

Sources close to Secretary of State Shultz believe White House publication of a pivotal memo about the Iran arms deal may have pushed him closer to a decision to step down.

Although Shultz was 6,000 miles away on his trip to Africa when the memo was issued Friday by the White House, officials said they believe his ability to function as secretary of state was hampered by its publication. (Jim Anderson, UPI)

### ABRAMS IN THE CURRENTS OF COMBAT State's 'Gladiator,' Standing Firm For The Contras Amid A Swirling Scandal

He negotiates the corridors of the State Department with a punctilious swagger, the hint of a smile playing about his lips. Let others worry about the spreading scandal. Elliott Abrams, patron of the contras, is no one's patsy.

It has been an arduous couple of months for the assistant secretary of state for inter-American affairs. "Not a terrific time for the Reagan Administration," he says with uncharacteristic understatement. Iran-o-rama, Contras 'n' Things -- the business is too ineffable for a tidy label. A crisis by any name, it has hurt the hard-won policy to help the anti-Sandinista rebels and, inevitably, raised questions about Abrams himself. (Lloyd Grove, Washington Post, D1)

## DOMESTIC REACTION

### RUDMAN: SCANDAL SHOULD MAKE WHITE HOUSE 'LESS CONFRONTATIONAL'

The top Republican on the select Senate panel probing the Iran arms-Contra aid scandal says he believes the controversy will make the White House "less confrontational" in its dealings with Congress.

"I think personally the most important effect this will have on the White House...is that they will want to be less confrontational with the Congress than we've seen in the past," Rudman said in an interview.

"I'm not saying the President is going to give up his principles," Rudman said. "I'm talking about a lot of things that are between the alpha and zeta of his priorities that he can say, 'All right, we'll compromise on this.'" (Robert Doherty, UPI)

### Poindexter, North Likely To Avoid Prosecution, Rudman Concludes

Former National Security Adviser John Poindexter and his aide, Marine Corps Lt. Col. Oliver North, aren't likely to go to prison for their parts in the Iran-Contra affair, the vice chairman of the Senate panel investigating the episode said yesterday.

Sen. Rudman, ranking GOP member on the recently formed select committee, also said it still is premature to grant immunity to the two.

"It's pretty hard to visualize a judge sending North and Poindexter to prison for doing what they thought was in the national interest," Mr. Rudman said yesterday on the Senate floor.

(Hugh Aynesworth, Washington Times, A4)

## IRAN-DEAL STAIN SPREADS OVER ADMINISTRATION

The Reagan Administration's hopes of containing the political damage from the Iran-contra affair appear to have been further eroded by a wave of damaging new disclosures.

Evidence is mounting that Reagan Administration officials may have known more and been more deeply involved than previously suspected in the plan to sell United States arms to Iran and to divert profits to antigovernment rebels, called contras, in Nicaragua.

(George Moffett, Christian Science Monitor, A1)

## FOCUSING ON POLICY, NOT SCANDAL Dodd, Crockett Head Panels On Hemisphere

Liberal Democrats have taken over two key congressional posts governing debate on U.S. policy in Central America, and both say they plan to avoid as much as possible any involvement in the controversy over diversion of Iranian arms-sale funds to aid the Nicaraguan contras.

Sen. Dodd and Rep. Crockett chair the Western Hemisphere subcommittees of the Senate Foreign Relations and House Foreign Affairs committees respectively.

(Joanne Omang, Washington Post, A21)



HILL PANELS TO PROBE AFGHAN ARMS FUND  
\$500 Million CIA-Run Swiss Account Will Be Studied For  
Signs Of Misuse Or Diversion

Senate and House committees are planning to investigate the possible misuse or diversion of funds in a CIA-run Swiss bank account that received more than \$500 million for the purchase of arms for the Afghan rebels, according to congressional sources.

The inquiries have been sparked by the current Iran-contra scandal, in which millions of dollars generated by U.S. arms sales to Iran vanished after being disbursed to arms dealers and other middlemen. Attorney General Meese said some of that money went to aid the Nicaraguan rebels, but congressional investigators have had trouble tracking it.

(Walter Pincus, Washington Post, A8)

Probes Planned Into CIA Swiss Account To Aid Afghan Rebels

Congressional probes are planned into possible misuse of a CIA-run Swiss bank account that held more than \$500 million earmarked for the Afghan rebels fighting Soviet forces, The Washington Post reported today.

"There may have been some skimming," from the account, established two years ago with twin \$250 million contributions promised by the United States and Saudi Arabia, an unidentified source involved in the program told the Post. (UPI)

## **NATIONAL NEWS**

### **REAGAN MEETS WITH CABINET TODAY**

President Reagan, easing back into the Oval Office with a lighter workload, arranged a meeting today with his Cabinet to discuss his 1987 agenda and the ramifications of the Iran arms-Contra aid scandal.

In what apparently will be his pattern until he fully recovers from last week's prostate surgery, the 75-year-old President scheduled regular morning meetings with Vice President Bush, White House chief of staff Donald Regan and national security adviser Frank Carlucci -- but then a break of several hours.

(Helen Thomas, UPI)

### **FITZWATER NAMED TO SUCCEED SPEAKES**

**New White House Spokesman Greeted With Humor, Hard Questions**

President Reagan yesterday named Marlin Fitzwater, a government press officer and speechwriter for more than two decades, to succeed Larry Speakes as White House spokesman.

The Fitzwater appointment was announced by Speakes at a briefing that provided a glimpse at the tensions between the Administration and the White House press corps that have been especially prevalent since disclosure of the clandestine Iran arms and contra aid affair.

(Lou Cannon, Washington Post, A6)

### **Fitzwater To Be Reagan Spokesman**

Marlin Fitzwater, the Vice President's popular press secretary, will become President Reagan's spokesman Feb. 1, the White House announced yesterday.

Striking a more serious tone, Mr. Fitzwater said, "We are now in the midst of difficult times, but they will not erase the indelible marks of pride and affection Americans feel for our President and our country."

In a written statement, the President called Mr. Fitzwater an "outstanding individual of the deepest integrity."

(Mary Belcher, Washington Times, A2)

### **Fitzwater Named To White House Spokesman**

Marlin Fitzwater, tapped as the new chief White House spokesman for the last two years of the Reagan presidency, says those in the executive mansion "should be able to explain what we're doing."

Presidential spokesman Larry Speakes announced the appointment of Fitzwater, 44, Monday, prompting a round of applause from the White House press corps.

"Don't expect it to last," quipped a reporter.

Speakes, who served six years in the White House, called Fitzwater "the ideal choice."

(Helen Thomas, UPI)

Reagan's New Spokesman Long Has Considered What It Would Be Like

Marlin Fitzwater, soon to move into the spotlight as President Reagan's new spokesman, is a soft-spoken, cigar-smoking veteran of the federal bureaucracy who as a young man in Kansas pondered what it would be like to be the White House press secretary.

Officially, Fitzwater will be known as the assistant to the President for press relations, since Reagan has reserved the title of press secretary for James Brady, who was wounded in the 1981 assassination attempt against the President. (Terence Hunt, AP)

BAKER ASKS 'DRASTIC OVERHAUL' OF BANKING

Treasury Secretary James Baker said yesterday that banking regulation "needs a drastic overhaul" that will allow the United States to regain its position as a world leader in financial services.

Baker warned Congress against efforts to keep old regulatory boundaries on the types of activities banks can engage in, saying such efforts were doomed to fail in today's fast-moving financial market-place.

(Martin Crutsinger, Washington Post, C2)

CONGRESSMAN CHALLENGES AUTHORITY OF PANEL ON DEATH PENALTY

A Justice Department ruling allowing a federal sentencing commission to institute capital punishment for crimes such as espionage and treason is an end run around Congress, a key subcommittee chairman says.

The Justice Department's Office of Legal Counsel said Monday that the U.S. Sentencing Commission, which is revamping federal sentencing procedures, has the legal authority to write death penalty guidelines.

But Rep. Conyers said Congress "did not intend to delegate this kind of authority to the sentencing commission." (Pete Yost, AP)

## ***FEDERAL BUDGET***

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### **WEINBERGER URGES CONGRESS TO LOOK AT SOVIET THREAT, NOT DOMESTIC ISSUES**

Defense Secretary Weinberger says congressional budget writers should look at the Soviet military threat and U.S. foreign commitments rather than domestic political considerations when writing a defense spending plan.

"Continued reductions in our military capabilities does affect America's security by increasing the risks we face," Weinberger told the Senate Armed Services Committee on Monday. (Tim Ahern, AP)

### **DISPLACED WORKERS PLAN AIRED Task Force Proposes \$900 Million Program**

A Labor department task force yesterday called for a \$900 million program to help train and reemploy millions of workers who have lost jobs to foreign competition or new technology.

President Reagan already has included in his fiscal 1988 budget the program suggested by the task force. A Labor Department spokesman said that Brock supported such a training program, but that he had no immediate comment on the report. (Jane Seaberry, Washington Post, C1)

### **Democrats Favor Reagan's Massive Job-Retraining Proposal**

With drastic changes expected in the U.S. labor market by the year 2000, the Reagan Administration's call for a massive new \$1 billion program to retrain laid off workers is drawing cheers from a Democratic-controlled Congress.

Three House members said Monday they plan legislation enacting Reagan's proposed Worker Adjustment Assistance Program to provide training, counseling, job information and relocation aid to 700,000 of the 2 million workers who annually lose their jobs to imports, plant closings and new technology. (Matt Yancey, AP)

### **END TO MANDATORY HMO FUNDING SOUGHT Administration Proposal Could Allow Employers To Discourage Worker Participation In Plans**

The Reagan Administration yesterday proposed eliminating the requirement that businesses offering employee health benefit plans must pay at least as much money to health maintenance organizations as they do to traditional fee-for-service insurance plans.

The Administration's proposals was immediately denounced by the major trade association for the HMO industry, which said it would "undermine [HMOs'] ability to compete" with fee-for-service insurance plans. (Michael Abramowitz, Washington Post, C1)

KENNEDY: 'HUMANE' SOCIETY SHOULD PROVIDE  
MINIMUM MEDICAL COVERAGE

Catastrophic illnesses and injuries leave millions of Americans frightened and looking for a way to tap into a secret well of money, witnesses told the Senate Labor and Human Resources Committee.

Sen. Kennedy, chairman of the committee, said Monday a "new consensus is emerging to assure that every citizen has access to the essential health care that constitutes simple justice."

(Elaine Povich, UPI)

BUDGET/MORTGAGE LENDERS

President Reagan's latest budget makes clear that he wants to give private mortgage lenders a bigger share of America's home financing market. The lenders are anything but grateful.

Executives with private financing groups say they will fight the Administration's proposed changes. They protest partly because they don't like Reagan's ideas, but also because they fear he's leading the government from minor tinkering with the programs toward a pullout of federal housing support.

(Craig Webb, UPI)

## ***INTERNATIONAL NEWS***

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### **NUCLEAR TREATY APPROVAL TO BE ASKED Reagan Sets Condition That Soviets Accept On-Site Inspection**

President Reagan prepared to request congressional approval of two unratified treaties restricting the explosive force of nuclear tests yesterday, but only if the Soviet Union accepts on-site inspection of its tests, Administration and congressional sources said.

Reagan's request would fulfill a bargain struck with Capitol Hill last October to make the treaties "a first order of business for the Congress" in exchange for a decision by House-Senate defense conferees to kill an amendment barring all but a few nuclear tests, according to Administration officials.

(Jeffrey Smith, Washington Post, A4)

### **SDI MAY BE DEPLOYED IN STAGES, WEINBERGER SAYS**

Defense Secretary Weinberger said yesterday that it is "quite possible" that part of President Reagan's SDI missile system will be deployed when it is ready rather than waiting until the full system is perfected.

But Weinberger said he would support incremental deployment only if it is "an integral part of the whole system," apparently ruling out such a quick fix as ringfencing MX missile sites with protective missiles that might not fit into more advanced defenses such as space-based lasers or satellites that shoot rods at incoming warheads.

(George Wilson, Washington Post, A4)

### **Weinberger Gives Strategy Outline On Missile Shield**

Defense Secretary Weinberger today endorsed the deployment of an initial defense against nuclear missiles, provided that it served as a cornerstone for a nationwide shield.

Mr. Weinberger said that by deploying a space-oriented defense against ballistic missiles in increments, starting "as quickly as possible," the United States could move part of the way toward fulfilling President Reagan's ambition eventually to make such missiles obsolete.

(John Cushman, New York Times, A1)

### **Weinberger bases 'Star Wars' Projections On Report**

Three lawfare of "Star Wars" defenses using kinetic energy weapons against missile-launching nuclear warheads could be built with existing technology in seven years for \$121 billion, a new study asserts.

The optimistic report by the George Marshall Institute grabbed attention Monday when Defense Secretary Weinberger surprised Congress by saying the first stage of a "Star Wars" defense would be a space-based warhead killer able to guard the entire North American continent -- not an anti-ballistic missile system intended only to protect U.S. missile silos from attack.

(Richard Gross, UPI)



### Weinberger Damns The Torpedoes

The first Senate Armed Services Committee hearing of the 100th Congress was treated to some quintessential Caspar Weinberger yesterday as the defense secretary tangled with Sen. Carl Levin.

The two squabbled over whether the Administration had reversed course by requesting money this year for two more aircraft carriers.

(George Wilson, Washington Post, A21)

### MARKEY: ENERGY DEPARTMENT SEEKS MONEY FOR WEAPONS, NOT CIVILIANS

Rep. Ed Markey says the Energy Department's budget request would make it a "special interest lab" for nuclear and "Star Wars" weapons.

A congressional analysis of the department's fiscal 1988 budget request, released Monday by Markey, chairman of the House Energy Conservation and Power Subcommittee, said more than half of the \$12.6 billion President Reagan is seeking for the Energy Department would be spent on nuclear weapons rather than on civilian programs. (UPI)

### GROUP PROPOSES BANNING 'STAR WARS'

An economic analysis group is pressing for a U.S.-Soviet ban on "Star Wars" technology, arguing such an agreement is verifiable and could save the United States billions of dollars.

The Council on Economic Priorities, an independent research group in New York, released a study Monday urging improvement in the 1972 Anti-Ballistic Missile Treaty to restrict research on SDI.

Delaying SDI could improve rather than weaken superpower stability and lead to a major reduction in nuclear weapons on both sides, the group argued at a Capitol Hill news conference. (Eliot Brenner, UPI)

### ARMS NEGOTIATOR GETS 2ND JOB Kampelman Is Named State Dept. Counselor

The White House, responding to the appointment of a new chief Soviet arms negotiator, yesterday announced the appointment of ambassador Max Kampelman, the chief U.S. arms negotiator, to the position of State Department counselor.

White House spokesman Larry Speakes said that Kampelman will keep his job as head of the U.S. delegation to the arms talks, in addition to taking on new responsibilities. Neither Speakes nor a senior Administration official who briefed reporters before Kampelman left yesterday for the next round of talks in Geneva said exactly what the new duties will be. Kampelman must be confirmed in his new post by the Senate.

(Jeffrey Smith, Washington Post, A4)

### Reagan Raps Soviet Stand On Missile Defenses, Upgrades U.S. Negotiator

President Reagan, setting the stage for a new round of superpower arms control talks, promoted the chief U.S. negotiator on Monday and charged the Soviet Union had "backtracked" from his understandings with General Secretary Gorbachev to cut nuclear stockpiles.

Appearing to match a move by the Kremlin, the President announced that Max Kampelman, who received final instructions in the Oval Office before flying to Geneva for the resumption of talks on Thursday, will serve both as head of the U.S. delegation and as State Department counselor. (Barry Schweid, AP)

### SPY FOR SOVIETS WAS WORKER AT U.S. EMBASSY

The female Soviet agent who seduced a U.S. Marine embassy guard now being held on suspicion of espionage was an employee at the U.S. Embassy in Moscow, The Washington Times has learned.

The case may represent one of the most serious breaches of security in the nation's history, said one intelligence source familiar with its details. (Bill Gertz, Washington Times, A1)

### SHULTZ BUOYED BY TALKS IN NIGERIA

LAGOS, Nigeria -- Secretary Shultz met here today with Nigerian President Ibrahim Babangida and said he had found "a very positive attitude" toward a U.S. proposal for closer cooperation to stem the increasing flow of narcotics through Nigeria to the United States.

A senior U.S. official said Shultz's talks here were "by far the most constructive set of high-level discussions" Washington has held with the Nigerians in the past six years. The Nigerians, he said, were "very eager" to intensify cooperation with the United States in as many fields as possible. (David Ottaway, Washington Post, A16)

### Shultz Buoyed By Talks With Nigeria, Anti-Drug Moves Agreed

ABIDJAN -- U.S. Secretary Shultz has expressed delight at his talks with Nigerian leaders and a senior official said they were the most constructive between the two countries in six years.

On his way to Ivory Coast after the talks, Shultz told reporters of "the emergence of a real sense of community between Nigeria and ourselves as the talks went along." (Michael Battye, Reuter)

### Shultz To Meet 'Wise Old Man' Of African Leaders

ABIDJAN -- Secretary of State Shultz holds talks today with President Felix Houphouet-Boigny the "wise old man" of African leaders whose small nation is one of the continent's economic success stories.

In a statement as he arrived in this glittery West African coastal city of 2 million Monday night, Shultz called the Ivory Coast "a great friend of the United States and a beacon of hope and freedom for the peoples of Africa." (Matthew Quinn, UPI)

### Shultz Visits Prosperous Ivory Coast

ABIDJAN -- Secretary Shultz meets today with President Felix Houphouet-Boigny, who practices economic programs favored by Shultz and agrees with the United States on most foreign policy issues.

The Ivory Coast contrasts sharply with Shultz' previous stop, Nigeria, which has been plagued by political instability for years.

The Reagan Administration appears to be encouraged by what it considers sound economic policies pursued by Nigerian President Ibrahim Babangida, an army general who took power in a coup 17 months ago.

(George Gedda, AP)

### BENTSEN: WHITE HOUSE, SENATE COMMITTED TO TRADE BILL

The chairman of the Senate Finance Committee, as the panel began hearings on legislation to stop America's trade deficit, said today he believes the White House will support a trade bill this year.

"The President, the secretary of state and the U.S. trade representative have assured me that the Administration wants to work with the committee in framing legislation," Bentsen said. "The President has told me he hopes to send up a bill. I am hopeful he will do so."

(Mary Beth Franklin, UPI)

### CHAD, AIDED BY WEST, MOVES AGAINST LIBYANS

NDJAMENA -- Around-the-clock flights of U.S. and French transport planes into and out of the airport at Chad's capital these days give every indication that there is more fighting to come in one of the world's most desolate and thinly populated areas.

Yet beneath that outward impression of western military cooperation to help Chadian President Hissene Habre's determined drive to end the long Libyan occupation of his war-torn country -- a drive that gained new impetus with a battlefield success this month -- lie often contradictory international interests.

(Jonathan Randal, Washington Post, A14)

### REAGAN PROMISES RESIDENT STATUS TO WAR HEROINE

President Reagan yesterday telephoned a Belgian woman who saved more than 100 Allied fliers during World War II to tell her she will be granted permanent U.S. residency after a five-year quest.

"She's still shaking," Yvonne Daley said of her mother, Anne Brusselmans, 82, after Reagan's call. "She said later, 'I never shook in front of the Gestapo, yet I was shaking when I was talking to the President.'"

(AP story, Washington Post, A8)

## **NETWORK NEWS SUMMARY**

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(Monday evening, January 12th)

McFARLANE

NBC's Tom Brokaw: Throughout the Iran-contra affair a central question has been what did President Reagan know and when did he know it. The White House has always insisted the President did not formally approve the shipment of American arms to Iran until last January. However, Chris Wallace reports tonight that Robert McFarlane said that he and others in the White House were part of the plan to keep from the public the fact that the President was involved much earlier.

NBC's Chris Wallace: Robert McFarlane has told NBC News he was part of a White House effort to distance the President from the arms deal. McFarlane says he met with John Poindexter and Oliver North at the White House last November, the goal, to put the best face on the President's involvement. The idea they came up with was to state Mr. Reagan had not approved a 1985 Israeli arms shipment to Iran when in fact, McFarlane says, he had, possibly violating several laws. The change in the White House story occurred over four days last November. On the 17th North wrote a chronology that said the U.S. acquiesced in an Israeli delivery of military supplies to Tehran. In earlier accounts he was even stronger saying the U.S. endorsed the plan. But on the 18th, McFarlane says he decided to take personal responsibility to help the President. He wrote a memo he knew to be false saying Mr. Reagan did not approve the Israeli shipment in advance and was upset when he learned of it. All this was to get the White House story straight before a Reagan news conference on the 19th. Briefed by Poindexter, the President went even further in his denials.

(Question: "Could you explain what the Israeli role was here?" President Reagan: "No, because we, as I say, have had nothing to do with other countries or their shipment of arms or doing what they are doing.")

On the 20th, North rewrote his chronology to give the new Administration line, the President could not approve any transfer of military materiel in August 1985. But last month, when McFarlane testified under oath before a congressional committee, he told a very different story, the story he now says is the truth. That the President approved Israeli shipments in advance in August 1985 and conveyed that to all his top advisers.

(McFarlane: "To me and as well to his Cabinet officers and separate but related talks directly with them, either one-on-one or in groups.")

The paradox in all this is that the White House is sticking with the claim the President did not approve the Israeli shipment which McFarlane says is just a cover story he thought up and has long since disavowed.

(NBC-Lead)

U.S./ISRAEL

ABC's Peter Jennings: The U.S. today explained to the Israeli government that Friday's release of documents on the Iran arms sale in no way meant to put the blame on Israel for what the U.S. did. The documents were, you will recall, internal White House memoranda and they said Israeli officials initially proposed the sale of arms to Iran. The explanation today was passed along to Israel's Prime Minister Shamir through normal diplomatic channels. (ABC-5)

CBS's Dan Rather: Today was President Reagan's first working day at the office in more than a week, his first since his surgery. It included more efforts at Iran-scandal damage control beginning with an apology to Israel. Bill Plante reports why.

CBS's Bill Plante: President Reagan has offered Israeli Prime Minister Shamir what amounts to an official apology for releasing a memo which pointed out that Israel initiated the idea of selling arms to Iran. Israeli sources tell CBS News that Mr. Reagan's message, delivered to the Prime Minister, says the U.S. was not trying to embarrass or blame Israel for the initiative and specifically makes the point that the U.S. government is solely responsible for its own activities. The memo to the President, prepared by Oliver North, refers repeatedly to the Israeli plan to help bring about a more moderate government in Iran and get U.S. hostages released. The release of the memo and the subsequent U.S. explanation indicate that U.S.-Israeli relations are in a state one analyst calls disrepair.

(Michael Hudson: "It looks like a fiasco and the extent to which the Israelis may have been responsible for it suggests that maybe the Israelis aren't such a good and strategic asset for us in the Middle East after all.")

An Israeli journalist who was shown the report of the Senate Intelligence Committee says it is plain his country was responsible for the idea.

(Shimon Shiffer: "From this report you can learn that Israel started the initiative, Israel pushed this initiative, Israel pressed the Americans to continue this initiative.")

With so many questions still surrounding the Iran-contra affair, the Reagan Administration today appointed a new spokesman to do the answering. Marlin Fitzwater, the Vice President's press secretary and a career government press officer, will take over February 2nd from Larry Speakes who is leaving government.

(Marlin Fitzwater: "We are doing the people's business here, we should be able to explain what we are doing.")

So far though, the President hasn't had much success at explaining what he was doing. He still insists he wants to get the facts out promptly but his advisers admit that until Poindexter and North testify, it will be difficult to clear up questions about where the money went and why no one challenged the idea, who's ever idea it may have been. (CBS-3)

## ARMS CONTROL

Brokaw: President Reagan returned to work in the Oval Office today just one week after his prostate surgery and one of the first orders of business, arms talks with the Soviet Union, they resume in Geneva on Thursday. Mr. Reagan met with his negotiating team to give instructions, praise, a promotion and as Andrea Mitchell reports now, criticism of the Kremlin position.

NBC's Andrea Mitchell: In a brief Oval Office meeting the President nominated chief negotiator Max Kampelman to serve also as counselor to the State Department, a trouble shooter for George Shultz. Although his promotion was under consideration for sometime, one senior official said that it was decided on now to match a Soviet move, the appointment of deputy foreign minister Uli Vorontsov to head the Soviet team. U.S. officials said Vorontsov has more clout in Moscow and can get more done. And at the United Nations the Soviet Ambassador said his country wants an arms agreement while Mr. Reagan is in office.

(Soviet Ambassador to U.N.: "We are trying to insure that the negotiating process between our countries produce complete results.") During the election campaign the President talked glowingly about the agreements reached a Reykjavik.

(President Reagan: "That meeting was a breakthrough in our discussions with the Soviets.")

But Mr. Reagan charged today that in subsequent talks the Soviets back tracked on promises made at both Reykjavik and Geneva. U.S. officials said the Soviets are now insisting on nuclear test ban talks before they will agree to reduce the number long range ballistic missiles, that they are reneging on promises of on site inspection of missiles sites, hedging on the timing of medium range missile reductions in Europe and Asia and won't agree to reduce the number of their short range ballistic missiles. But as the President was blaming the Soviets, Secretary Weinberger was calling for the deployment of the strategic defense by the early 1990s.

(Weinberger: "I think we have to bring the strategic defense initiative on line as soon as we can.")

The President's closest advisers believe an arms control breakthrough is the only way to salvage the Reagan foreign policy after Iran, but the Administration has still not decided how to handle the biggest obstacle to an agreement, strategic defense. (NBC-5)

Jennings: The United States and the Soviet Union are about to meet in Geneva again for another round of arms control talks and while there is no advance word on whether any new arms control proposals will be presented, there is going to be a shift in personnel.



ABC's Sam Donaldson: The table at Geneva will be the same but not all the players and perhaps not the post-Reykjavik atmosphere. Whether chances for agreement are improved is debatable. The Soviets have replaced Viktor Karpov, their long time chief negotiator, with Uli Vorontsov, a higher ranking Kremlin official, a change welcomed by the White House if it means Vorontsov has more ability to deal. To match the upgrading, chief U.S. negotiator Max Kampelman was today elevated to the rank of State Department counselor. However, President Reagan in a statement today questioned the Soviets desire to deal. Soviet actions to move forward have not matched our own, said the President. They have back tracked. And negotiator Kampelman served notice last Friday that the U.S. will not accommodate any such back tracking by modifying its own previous proposals.

(Kampelman: "If they should come to believe that every time we come back we are coming with something new that provides an incentive for them not to respond to us now because we will come in with a concession tomorrow. We will not.")

Particularly will the President not give in on his star wars missile defense shield, which Secretary Weinberger said again today should be deployed even piece meal as soon as ready.

(Weinberger: "As I envision it we could begin deployment, when we are told it is ready and effective, the beginning part of the system, a phase one if you like.")

And what is the President's position on that? No one said. But at the White House the new man who may eventually say it was today introduced to press room applause.

(Larry Speakes: "Almost a standing ovation.")

Marlin Fitzwater will replace Larry Speakes as Mr. Reagan's chief spokesman. He is a veteran public affairs officer who has been serving as Vice President Bush's press secretary, known as a straight shooter and self-effacing.

(Marlin Fitzwater: "Well I think it is obvious that the President wanted an anchorman-type, thin with a lot of hair.")

But with arms control, Iranscam, the deficit and the Democrats, Fitzwater will need all the good humor he can muster. (ABC-6)

#### U.S./IRAN/IRAQ

NBC's Art Kent reports according to a draft report of the Senate

Intelligence Committee, the U.S. has been giving military intelligence to both sides (Iran and Iraq), intelligence which reports today said was deliberately distorted. On January 24th, 1986, according to the Senate draft, John Poindexter formally requested intelligence for the Iranians from John McMahon who was then deputy director of the CIA. The report says McMahon complied but instructed subordinates to make the intelligence innocuous, of very little help. At the United Nations today (the) Iranian ambassador denied Iran had received any intelligence. The CIA today denied giving either side distorted information, and say intelligence sources, there has been no contact since December. (NBC-2)

ABC's John McWethy reports from the early days of the Iran-Iraq war the U.S. has been giving both sides certain limited amounts of intelligence information. Today there were reports that the Reagan Administration provided purposely distorted or inaccurate intelligence to both sides to keep either from winning the war. The CIA promptly said the story is "false, not true, that such a policy of disinformation would be stupid." Some analysts say that giving accurate information to both sides, which the U.S. did do, may also be a questionable practice if the main American goal really is to find a way to end one of the bloodiest wars in history. (ABC-2)

Rather: The CIA today denied a New York Times report that the U.S. has been conducting another systematic campaign of lying, a so called disinformation campaign, this time an effort to feed doctored intelligence reports to both Iran and Iraq. The supposed purpose of feeding them both phony information, to keep either country from winning the long war. The CIA says the story is false. At the White House spokesman Larry Speakes said, and I quote, "I don't have that information." But Bill McLaughlin has been told that both Iran and Iraq were given misleading U.S. intelligence reports. In the case of Iraq, edited satellite photos, in the case of Iran, purposely inflating the importance of Soviet troops stationed near Iran's border. (CBS-4)

#### NORTH/GORBANIFAR

CBS's David Martin: Oliver North told associates he had threatened to kill Iranian middle man Gorbanifar if word of the secret arms for hostages deal leaked out. One source involved in the Iran arms deal said he told Gorbanifar: I'm going to give you a chance to become a martyr. Although there is no evidence North ever attempted to make good on his threat, he and other U.S. officials distrusted the Iranian because intercepts by the National Security Agency of phone calls Gorbanifar made to Iran revealed he was misrepresenting arrangements agreed to in meetings they attended. In the intercepts Gorbanifar talked to a man he called Kangerlu, who U.S. officials believe to be Rafsanjani, leader of the so called moderate faction which favored contacts with the U.S. Gorbanifar also failed CIA lie detector tests when he was asked if had discussed the secret deal with anyone else. Despite the evidence that Gorbanifar could not be trusted, President Reagan decided it was members of Congress who could not be trusted and ordered CIA Director Casey not to inform them.

(President Reagan, 11/19/86: "We knew this undertaking involved great risks, especially for our people and for the Iranian officials with whom we dealt. That's why the information was restricted to appropriate Cabinet officers and those officials with an absolute need to know.")

According to one source Gorbanifar finally admitted compromising the operation by revealing it to the Ayatollah Montazeri, leader of the hard line faction which opposed contacts with the U.S. Montazeri is believed to be the Iranian official who leaked to this Beirut news paper the story of Robert McFarlane's secret trip to Tehran. While there is no evidence North was serious about killing Gorbanifar, sources say the death threat typifies the atmosphere of impatience, frustration and distrust in which North was operating. (CBS-5)

## FITZWATER

Brokaw: White House press spokesman Larrv Speakes is leaving that job for a position on Wall Street and today the White House announced that he will be replaced by Marlin Fitzwater who has been press secretary to Vice President Bush. Fitzwater will have the title assistant to the President for press relations. James Brady, who was seriously wounded in the 1981 assassination attempt on the President continues to hold the title White House press secretary. (NBC-6)

## WAITE

Jennings reports Terry Waite has finally made it back to Beirut and said on arriving there were signs that it was a reasonable time to be back. We are not sure exactly what that means. (ABC-4, NBC-3, CBS-Lead)

## ANNE BRUSSELMANS

Jennings: And now the story of one woman's brave effort to help Americans and what America has done for her, or not done. Her name is Anne Brusselmans, she is a citizen of Belgium, but because of what she did for American airmen during World War II she was presented with a U.S. Medal of Freedom. Britain made her an honorary member of the British empire and Poland gave her its medal of resistance. That it seems was the easy part. So why can't she live where she wants to live?

ABC's Rebecca Chase reports now at age 81 and in failing health, Anne Brusselmans made what seemed to be a simple request of the country she once risked her life for. Brusselmans would like to live out her final days here in Clearwater, Florida, where for years she has spent her winters and where her daughter now resides. But when Brusselmans applied for legal residence she was told that the wait under the quota system would be about ten years. Immigration officials said that with two million people waiting to immigrate to this country, special preference cannot be given even for heroic deeds. An act of Congress seemed the only immediate alternative and last week a New York congressman introduced a bill on Brusselmans' behalf. But today Anne Brusselmans was told she would be accepted and could well be granted citizenship. The caller was Ronald Reagan who said that since Brusselmans sent so many Americans home from the war she too should have a home in the U.S. Brusselmans says she was overwhelmed by the call and that she will celebrate tonight with a cup of tea. (ABC-13)

## **EDITORIALS/COLUMNISTS**

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

Reagan and Iran: Right Aim, Wrong Plan -- "The basic concept of the Iran initiative was sound. Trying to build bridges with Iranians who can help moderate Iran's anti-American policy and use of terrorism is a logical and positive foreign policy goal for the United States. Gaining influence with that government is vital to U.S. strategic interests in the Persian Gulf. The release of American hostages held in the Middle East and termination of Iranian support for terrorist groups are highly desirable and healthy outcomes toward which improvement in our relations with Iran may contribute." (William Broomfield, Detroit News, 1/11)

U.S. And Iran Share Grounds To Cultivate Better Relations -- "There are common grounds to cultivate a relationship between Tehran and Washington: an end to the Soviet occupation of Afghanistan, free passage of oil through the Persian Gulf, and more regional cooperation are only a few among the many. Ayatollah Khomeini's pre- and post-revolutionary words that 'we favor friendly relationship with all nations, including the United States' can be counted on, but they require care, wisdom and above all good faith." (Feeroud Jafari, Albuquerque Journal, 1/4)

### **FEDERAL PAY RAISES**

Pay Scales of Justice -- "If Congress wants to attract the highest caliber of men and women to the Federal bench, and keep them there, it must address the salary question squarely. Squarely means opening up the issue, removing that sneaky automatic clause of the law, and putting a realistic 1987 dollar value on judicial service as well as congressional service." (Miami Herald, 1/10)

Passing the bucks -- "Never let it be said that members of Congress don't understand how to cover their rear. Last year they enacted a measure that automatically raises their own salaries unless both houses of Congress vote against it.... Submitting congressional pay raises to a public vote, for all the posturing that attends it, is a healthy exercise." (Washington Times, 1/7)

High enough pay raises for this year -- "President Reagan has shown good judgement -- not to say shrewd restraint -- in approving more moderate increases than those proposed last month by the Presidential Commission on Executive, Legislative and Judicial Salaries.... The changes, it is to be hoped, will make for greater equity between public and private positions, and particularly help those career officials who have dedicated themselves to public service regardless of the pay." (Providence Journal, 1/8)

The Wages of Congress -- "Our argument with Congress is not that the job of senator or representative isn't worth \$89,500 a year, but that voters shouldn't have to give a raise to a group of people who demonstrate a consistent inability to perform necessary tasks, such as passing a federal budget on time.... At the very least, the backdoor financing of this latest pay raise merits some sharp questioning the next time members fly home to make what they traditionally call a 'frank and candid' report to the voters." (Wall Street Journal, 1/7)





# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JANUARY 13, 1987 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

White House Said To Have Assured Israelis On Arms Responsibility -- American ambassador Thomas Pickering has assured Israeli Prime Minister Yitzhak Shamir that the White House's release of documents outlining its strategy for U.S. arms sales to Iran was not intended to cast blame on Israel, Administration officials said Monday.

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

### NATIONAL NEWS

Fitzwater To Be Reagan Spokesman -- Marlin Fitzwater, the Vice President's popular press secretary, will become President Reagan's spokesman Feb. 1, the White House announced yesterday.

(Washington Post, Washington Times)

### INTERNATIONAL NEWS

Nuclear Treaty Approval To Be Asked -- President Reagan prepared to request congressional approval of two unratified treaties restricting the explosive force of nuclear tests yesterday, but only if the Soviet Union accepts on-site inspection of its tests, Administration and congressional sources said.

(Washington Post)

### NETWORK NEWS (Monday Evening)

McFARLANE -- Robert McFarlane has told NBC News he was part of a White House effort to distance the President from the arms deal.

U.S./ISRAEL -- President Reagan offered the Israeli Prime Minister what amounts to an official apology.

ARMS CONTROL -- The U.S. and the Soviet Union are about to meet in Geneva again for another round of arms control talks.

#### FITZWATER NAMED WHITE HOUSE SPOKESMAN

Larry Speakes: "Let's let Marlin make a statement."

Marlin Fitzwater: "Well, I think it's obvious that the President wanted an anchorman type -- thin, with a lot of hair."

(White House Briefing, 1/12)

## **IRAN — NICARAGUA**

### **U.S. TELLS ISRAEL IT ISN'T SCAPEGOAT IN ARMS DEAL White House Letter Given To Shamir**

JERUSALEM -- The Reagan Administration has told Israeli Prime Minister Yitzhak Shamir that it does not hold Israel responsible for the Iran arms affair and is not seeking to shirk responsibility by blaming Israel for leading it into the secret exchange of arms for U.S. hostages.

A spokesman for Shamir said tonight that U.S. Ambassador Thomas Pickering conveyed this conciliatory oral message to the prime minister "in the name of the White House," although not specifically from President Reagan. An American Embassy official confirmed that the message had been given at a meeting between the two men yesterday.

(Glenn Frankel, Washington Post, A1)

### **U.S. Tries To Ease Israeli Annoyance On Iran Disclosure**

The United States has assured Prime Minister Yitzhak Shamir of Israel that the White House's disclosure last week of documents describing Israel's role in the decision to sell arms to Iran was not intended as a criticism of Israel's actions, a White House official said today.

According to State Department officials, White House officials, in their rush to make the documents public, had failed to follow the normal diplomatic courtesy of informing a friendly government ahead of time that it might be embarrassed by the disclosures.

(Bernard Gwertzman, New York Times, A1)

### **White House Said To Have Assured Israelis On Arms Responsibility**

American ambassador Thomas Pickering has assured Israeli Prime Minister Yitzhak Shamir that the White House's release of documents outlining its strategy for U.S. arms sales to Iran was not intended to cast blame on Israel, Administration officials said Monday.

"We wanted to explain the background, to tell the Israelis we definitely did not intend to cast aspersions," said an official who demanded anonymity.

(Susanne Schafer, AP)

### **Herzog Accuses Americans Of Using Israel As 'Whipping Boy'**

TEL AVIV -- President Chaim Herzog today accused some U.S. government officials of using Israel as a "whipping boy" in alleging that Israel initiated arms sales to Iran and profit transfers to Nicaraguan contra rebels.

Speaking to a group of American Jewish youngsters in Jerusalem, Herzog said, "The (Israeli) government is in no way involved with the whole business of Nicaragua, of the contras and so forth. And everything we did in Iran was coordinated with the United States' government. It was at their request.

"One thing quite clear to me is that there are a great number of people in the States on the defensive and it may be convenient for them to use Israel as a whipping-boy in order to protect themselves." (Reuter)



### Responsibility Maintained At White House Doorstep

Responsibility for the Iran arms deal is being held in the Oval Office with a White House attempt to soothe Israeli leaders and a new admission from former national security adviser Robert McFarlane.

The assurance, conveyed orally by U.S. Ambassador Thomas Pickering to Prime Minister Yitzhak Shamir in Jerusalem, was extended after Israeli officials expressed annoyance over recent disclosures in Washington that have focused on Israel's role in encouraging President Reagan's secret Iran deals.

McFarlane, meanwhile, acknowledged on NBC News Monday night that he met with Vice Adm. Poindexter and Lt. Col. North in November to devise a chronology of the secret arms deals minimizing the President's involvement.  
(John Vaughan, UPI)

### U.S. Assures Israel On Release Of White House Documents

The United States privately assured Israeli Prime Minister Yitzhak Shamir that the release of two White House documents on the sale of American arms to Iran was not intended to "cast aspersions" on Israel, U.S. officials said.

"The idea was to tell the Israelis that we definitely did not intend to cast blame," an official, who demanded anonymity, said Monday.  
(Barry Schweid, AP)

### Confusion On Israeli Role

JERUSALEM -- Recent disclosures of policy memorandums by the White House and the Senate Intelligence Committee seem to suggest that Israel somehow led the Reagan Administration into the Iran affair by repeatedly promising, on the basis of Iranian-Israeli contacts, that with one sale of arms to Teheran all the American hostages in Lebanon would be released.

From the evidence that has already come to light in Washington and Jerusalem, there is ample reason to believe that neither Israel nor the United States has been wholly candid in characterizing the other's actions.  
(Thomas Friedman, News Analysis, New York Times, A1)

### SOVIET THREAT TOWARD IRAN OVERSTATES, CASEY CONCLUDED

CIA Director Casey concluded in a revised intelligence assessment last spring that the Soviets were less likely to attack Iran or have influence in a post-Khomeini regime than the CIA believed in 1985, according to informed sources.

Casey's amended analysis appears to have called into question a primary White House rationale for the secret sale of U.S. arms to Iran, which President Reagan ordered in January 1986 partly to assist Iran against "intervention by the Soviet Union."

(Bob Woodward & Dan Morgan, Washington Post, A1)

## NETWORK SAYS MCFARLANE TOLD IT AIDES LIED ON REAGAN ROLE

Former National Security Adviser Robert McFarlane said he and other aides lied when they denied that President Ronald Reagan had approved Israeli arms shipments to Iran in 1985, an American television network reported today.

NBC said McFarlane told the network he told the truth in recent congressional testimony that the President did approve the shipment in August 1985, and the claim that Reagan opposed the sale was only a cover story McFarlane concocted along with two other White House aides, the televised report said. (Reuter)

### McFarlane Stirs Row Over Reagan's Iran Role

President Reagan was caught up in a new controversy today over whether he approve U.S. arms shipments to Iran as early as August 1985, months before he said he did.

NBC News last night quoted former Reagan aide Robert McFarlane as saying the President did approve the shipments and that McFarlane and other aides lied when they concocted a cover story that he did not.

But an Administration official, noting McFarlane was Reagan's national security adviser at the time of the 1985 sales, suggested McFarlane was trying to protect himself. (Reuter)

## MCFARLANE REPORTEDLY TOLD CONGRESS OF SAUDI MONEY INTENDED FOR CONTRAS

Robert McFarlane told Congress that Saudi Arabia had contributed millions of dollars for the Nicaraguan rebels, increasing to at least \$40 million the amount gathered for the rebels that now cannot be accounted for, sources familiar with the Congressional investigation said today.

The McFarlane disclosure also deepens the mystery surrounding what happened to scores of millions of dollars said to have been raised for the contras by private groups and other countries over the last year or two.

(Jeff Gerth, New York Times, A8)

### Report: Reagan Tells Congress Saudis Donated To Contras

NEW YORK -- Former National Security adviser Robert McFarlane told Congress that Saudi Arabia contributed millions of dollars for nonlethal aid to the Nicaraguan rebels, The New York Times reported today.

The newspaper, citing sources familiar with the Congressional investigation of the U.S. arms sales to Iran and the diversion of some funds to the Nicaraguan rebels known as contras, said that at least \$40 million is unaccounted for in the deal. (Reuter)

ANGLICAN NEGOTIATOR IN BEIRUT  
Waite Seeks Talks

BEIRUT -- Anglican church envoy Terry Waite returned to Lebanon today and resumed contacts aimed at gaining the release of foreign hostages held here by Shiite Moslem organizations.

Waite, who was escorted from the airport to his seaside hotel by Druze gunmen, said in an interview that he had "made a number of contacts since arriving and I have had some discussions this afternoon." He said that he would be dropping from the public view tomorrow to meet with intermediaries in Moslem-controlled West Beirut.

(Nora Boustany, Washington Post, A14)

Anglican Envoy Says Arms For Hostages Cheapens Human Life

BEIRUT -- Anglican Church envoy Terry Waite said he disapproves of arms-for-hostages deals and that he was not aware of U.S. arms sales to Iran during his previous missions to free hostages in Lebanon.

Waite, who arrived in Beirut on Monday to resume his efforts, said he expected to stay about a week. Asked if he expects at least one American to be freed during that time, Waite said: "I always remain hopeful."

(Rodeina Kenaan, AP)

Waite Opens New Hostage Negotiations

BEIRUT -- Hostage negotiator Terry Waite, visiting Lebanon for the first time since U.S. arms sales to Iran were disclosed in November, said he contacted Moslem extremists holding kidnapped foreigners and arranged more meetings for today.

After arriving Monday in predominantly Moslem west Beirut, Waite criticized the U.S. arms sales. He said he had no knowledge about the sales and discussed no "arms or money" with the captors.

"I do not believe at all that it is right to trade arms for human life," the Anglican layman told reporters. "I think that is wrong. I think that it sets a bad precedent and devalues human life." (UPI)

Waite In Underground Mission To Free West's Lebanon Hostages

BEIRUT -- Terry Waite, the Archbishop of Canterbury's special envoy, starts an underground mission today to secure the release of Western hostages in Lebanon, after establishing initial contacts with the abductors.

"Hopefully, tomorrow I will be dropping out of public view in order to carry out the discussions I've been having for a long time," Waite told reporters yesterday at the seafront Riviera Hotel in Moslem west Beirut.

(Diana Abdallah, Reuter)

## CIA, IRANIAN DENY REPORT OF DISINFORMATION SCHEME

The CIA has denied a report that the United States fed distorted or inaccurate intelligence information to both Iran and Iraq, saying it would be "stupid" and against U.S. policy.

The Iranian ambassador to the United Nations also denied a New York Times, report published Monday that "disinformation" was provided to the warring countries in an effort to prevent either one from winning their bloody 6-year-old war. (UPI)

## CASEY HOPES TO DEFEND CIA ON CAPITOL HILL

Ailing CIA Director William Casey hopes to return to Capitol Hill to defend himself and the agency against congressional criticism over the Iran arms affair, according to a CIA official.

At the White House, an official said yesterday that National Security Agency Director Lt. Gen. William Odom has emerged as a leading candidate to succeed Mr. Casey should he choose to resign. Other white House choices include former CIA Deputy Director Bobby Inman and Sen. Malcolm Wallop. (Bill Gertz, Washington Times, A4)

## SOURCES: MEMO MAY PUSH SHULTZ TO CONSIDER RESIGNING

Sources close to Secretary of State Shultz believe White House publication of a pivotal memo about the Iran arms deal may have pushed him closer to a decision to step down.

Although Shultz was 6,000 miles away on his trip to Africa when the memo was issued Friday by the White House, officials said they believe his ability to function as secretary of state was hampered by its publication. (Jim Anderson, UPI)

## ABRAMS IN THE CURRENTS OF COMBAT State's 'Gladiator,' Standing Firm For The Contras Amid A Swirling Scandal

He negotiates the corridors of the State Department with a punctilious swagger, the hint of a smile playing about his lips. Let others worry about the spreading scandal. Elliott Abrams, patron of the contras, is no one's patsy.

It has been an arduous couple of months for the assistant secretary of state for inter-American affairs. "Not a terrific time for the Reagan Administration," he says with uncharacteristic understatement. Iran-o-rama, Contras 'n' Things -- the business is too ineffable for a tidy label. A crisis by any name, it has hurt the hard-won policy to help the anti-Sandinista rebels and, inevitably, raised questions about Abrams himself. (Lloyd Grove, Washington Post, D1)

## DOMESTIC REACTION

### RUDMAN: SCANDAL SHOULD MAKE WHITE HOUSE 'LESS CONFRONTATIONAL'

The top Republican on the select Senate panel probing the Iran arms-Contra aid scandal says he believes the controversy will make the White House "less confrontational" in its dealings with Congress.

"I think personally the most important effect this will have on the White House...is that they will want to be less confrontational with the Congress than we've seen in the past," Rudman said in an interview.

"I'm not saying the President is going to give up his principles," Rudman said. "I'm talking about a lot of things that are between the alpha and zeta of his priorities that he can say, 'All right, we'll compromise on this.'" (Robert Doherty, UPI)

### Poindexter, North Likely To Avoid Prosecution, Rudman Concludes

Former National Security Adviser John Poindexter and his aide, Marine Corps Lt. Col. Oliver North, aren't likely to go to prison for their parts in the Iran-Contra affair, the vice chairman of the Senate panel investigating the episode said yesterday.

Sen. Rudman, ranking GOP member on the recently formed select committee, also said it still is premature to grant immunity to the two.

"It's pretty hard to visualize a judge sending North and Poindexter to prison for doing what they thought was in the national interest," Mr. Rudman said yesterday on the Senate floor.

(Hugh Aynesworth, Washington Times, A4)

## IRAN-DEAL STAIN SPREADS OVER ADMINISTRATION

The Reagan Administration's hopes of containing the political damage from the Iran-contra affair appear to have been further eroded by a wave of damaging new disclosures.

Evidence is mounting that Reagan Administration officials may have known more and been more deeply involved than previously suspected in the plan to sell United States arms to Iran and to divert profits to antigovernment rebels, called contras, in Nicaragua.

(George Moffett, Christian Science Monitor, A1)

### FOCUSING ON POLICY, NOT SCANDAL Dodd, Crockett Head Panels On Hemisphere

Liberal Democrats have taken over two key congressional posts governing debate on U.S. policy in Central America, and both say they plan to avoid as much as possible any involvement in the controversy over diversion of Iranian arms-sale funds to aid the Nicaraguan contras.

Sen. Dodd and Rep. Crockett chair the Western Hemisphere subcommittees of the Senate Foreign Relations and House Foreign Affairs committees respectively.

(Joanne Omang, Washington Post, A21)

HILL PANELS TO PROBE AFGHAN ARMS FUND  
\$500 Million CIA-Run Swiss Account Will Be Studied For  
Signs Of Misuse Or Diversion

Senate and House committees are planning to investigate the possible misuse or diversion of funds in a CIA-run Swiss bank account that received more than \$500 million for the purchase of arms for the Afghan rebels, according to congressional sources.

The inquiries have been sparked by the current Iran-contra scandal, in which millions of dollars generated by U.S. arms sales to Iran vanished after being disbursed to arms dealers and other middlemen. Attorney General Meese said some of that money went to aid the Nicaraguan rebels, but congressional investigators have had trouble tracking it.

(Walter Pincus, Washington Post, A8)

Probes Planned Into CIA Swiss Account To Aid Afghan Rebels

Congressional probes are planned into possible misuse of a CIA-run Swiss bank account that held more than \$500 million earmarked for the Afghan rebels fighting Soviet forces, The Washington Post reported today.

"There may have been some skimming," from the account, established two years ago with twin \$250 million contributions promised by the United States and Saudi Arabia, an unidentified source involved in the program told the Post.  
(UPI)



## NATIONAL NEWS

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### REAGAN MEETS WITH CABINET TODAY

President Reagan, easing back into the Oval Office with a lighter workload, arranged a meeting today with his Cabinet to discuss his 1987 agenda and the ramifications of the Iran arms-Contra aid scandal.

In what apparently will be his pattern until he fully recovers from last week's prostate surgery, the 75-year-old President scheduled regular morning meetings with Vice President Bush, White House chief of staff Donald Regan and national security adviser Frank Carlucci -- but then a break of several hours.

(Helen Thomas, UPI)

### FITZWATER NAMED TO SUCCEED SPEAKES

#### New White House Spokesman Greeted With Humor, Hard Questions

President Reagan yesterday named Marlin Fitzwater, a government press officer and speechwriter for more than two decades, to succeed Larry Speakes as White House spokesman.

The Fitzwater appointment was announced by Speakes at a briefing that provided a glimpse at the tensions between the Administration and the White House press corps that have been especially prevalent since disclosure of the clandestine Iran arms and contra aid affair.

(Lou Cannon, Washington Post, A6)

#### Fitzwater To Be Reagan Spokesman

Marlin Fitzwater, the Vice President's popular press secretary, will become President Reagan's spokesman Feb. 1, the White House announced yesterday.

Striking a more serious tone, Mr. Fitzwater said, "We are now in the midst of difficult times, but they will not erase the indelible marks of pride and affection Americans feel for our President and our country."

In a written statement, the President called Mr. Fitzwater an "outstanding individual of the deepest integrity."

(Mary Belcher, Washington Times, A2)

#### Fitzwater Named To White House Spokesman

Marlin Fitzwater, tapped as the new chief White House spokesman for the last two years of the Reagan presidency, says those in the executive mansion "should be able to explain what we're doing."

Presidential spokesman Larry Speakes announced the appointment of Fitzwater, 44, Monday, prompting a round of applause from the White House press corps.

"Don't expect it to last," quipped a reporter.

Speakes, who served six years in the White House, called Fitzwater "the ideal choice."

(Helen Thomas, UPI)

### Reagan's New Spokesman Long Has Considered What It Would Be Like

Marlin Fitzwater, soon to move into the spotlight as President Reagan's new spokesman, is a soft-spoken, cigar-smoking veteran of the federal bureaucracy who as a young man in Kansas pondered what it would be like to be the White House press secretary.

Officially, Fitzwater will be known as the assistant to the President for press relations, since Reagan has reserved the title of press secretary for James Brady, who was wounded in the 1981 assassination attempt against the President. (Terence Hunt, AP)

### BAKER ASKS 'DRASTIC OVERHAUL' OF BANKING

Treasury Secretary James Baker said yesterday that banking regulation "needs a drastic overhaul" that will allow the United States to regain its position as a world leader in financial services.

Baker warned Congress against efforts to keep old regulatory boundaries on the types of activities banks can engage in, saying such efforts were doomed to fail in today's fast-moving financial market-place.

(Martin Crutsinger, Washington Post, C2)

### CONGRESSMAN CHALLENGES AUTHORITY OF PANEL ON DEATH PENALTY

A Justice Department ruling allowing a federal sentencing commission to institute capital punishment for crimes such as espionage and treason is an end run around Congress, a key subcommittee chairman says.

The Justice Department's Office of Legal Counsel said Monday that the U.S. Sentencing Commission, which is revamping federal sentencing procedures, has the legal authority to write death penalty guidelines.

But Rep. Conyers said Congress "did not intend to delegate this kind of authority to the sentencing commission." (Pete Yost, AP)

## ***FEDERAL BUDGET***

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### **WEINBERGER URGES CONGRESS TO LOOK AT SOVIET THREAT, NOT DOMESTIC ISSUES**

Defense Secretary Weinberger says congressional budget writers should look at the Soviet military threat and U.S. foreign commitments rather than domestic political considerations when writing a defense spending plan.

"Continued reductions in our military capabilities does affect America's security by increasing the risks we face," Weinberger told the Senate Armed Services Committee on Monday. (Tim Ahern, AP)

### **DISPLACED WORKERS PLAN AIRED Task Force Proposes \$900 Million Program**

A Labor department task force yesterday called for a \$900 million program to help train and reemploy millions of workers who have lost jobs to foreign competition or new technology.

President Reagan already has included in his fiscal 1988 budget the program suggested by the task force. A Labor Department spokesman said that Brock supported such a training program, but that he had no immediate comment on the report. (Jane Seaberry, Washington Post, C1)

### **Democrats Favor Reagan's Massive Job-Retraining Proposal**

With drastic changes expected in the U.S. labor market by the year 2000, the Reagan Administration's call for a massive new \$1 billion program to retrain laid off workers is drawing cheers from a Democratic-controlled Congress.

Three House members said Monday they plan legislation enacting Reagan's proposed Worker Adjustment Assistance Program to provide training, counseling, job information and relocation aid to 700,000 of the 2 million workers who annually lose their jobs to imports, plant closings and new technology. (Matt Yancey, AP)

### **END TO MANDATORY HMO FUNDING SOUGHT Administration Proposal Could Allow Employers To Discourage Worker Participation In Plans**

The Reagan Administration yesterday proposed eliminating the requirement that businesses offering employee health benefit plans must pay at least as much money to health maintenance organizations as they do to traditional fee-for-service insurance plans.

The Administration's proposals was immediately denounced by the major trade association for the HMO industry, which said it would "undermine [HMOs'] ability to compete" with fee-for-service insurance plans. (Michael Abramowitz, Washington Post, C1)

KENNEDY: 'HUMANE' SOCIETY SHOULD PROVIDE  
MINIMUM MEDICAL COVERAGE

Catastrophic illnesses and injuries leave millions of Americans frightened and looking for a way to tap into a secret well of money, witnesses told the Senate Labor and Human Resources Committee.

Sen. Kennedy, chairman of the committee, said Monday a "new consensus is emerging to assure that every citizen has access to the essential health care that constitutes simple justice."

(Elaine Povich, UPI)

BUDGET/MORTGAGE LENDERS

President Reagan's latest budget makes clear that he wants to give private mortgage lenders a bigger share of America's home financing market. The lenders are anything but grateful.

Executives with private financing groups say they will fight the Administration's proposed changes. They protest partly because they don't like Reagan's ideas, but also because they fear he's leading the government from minor tinkering with the programs toward a pullout of federal housing support.

(Craig Webb, UPI)

## ***INTERNATIONAL NEWS***

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### **NUCLEAR TREATY APPROVAL TO BE ASKED Reagan Sets Condition That Soviets Accept On-Site Inspection**

President Reagan prepared to request congressional approval of two unratified treaties restricting the explosive force of nuclear tests yesterday, but only if the Soviet Union accepts on-site inspection of its tests, Administration and congressional sources said.

Reagan's request would fulfill a bargain struck with Capitol Hill last October to make the treaties "a first order of business for the Congress" in exchange for a decision by House-Senate defense conferees to kill an amendment barring all but a few nuclear tests, according to Administration officials.  
(Jeffrey Smith, Washington Post, A4)

### **SDI MAY BE DEPLOYED IN STAGES, WEINBERGER SAYS**

Defense Secretary Weinberger said yesterday that it is "quite possible" that part of President Reagan's SDI missile system will be deployed when it is ready rather than waiting until the full system is perfected.

But Weinberger said he would support incremental deployment only if it is "an integral part of the whole system," apparently ruling out such a quick fix as ringing MX missile sites with protective missiles that might not fit into more advanced defenses such as spaced-based lasers or satellites that shoot rods at incoming warheads.

(George Wilson, Washington Post, A4)

### **Weinberger Gives Strategy Outline On Missile Shield**

Defense Secretary Weinberger today endorsed the deployment of an initial defense against nuclear missiles, provided that it served as a cornerstone for a nationwide shield.

Mr. Weinberger said that by deploying a space-oriented defense against ballistic missiles in increments, starting "as quickly as possible," the United States could move part of the way toward fulfilling President Reagan's ambition eventually to make such missiles obsolete.

(John Cushman, New York Times, A1)

### **Weinberger bases 'Star Wars' Projections On Report**

Three lawvers of "Star Wars" defenses using kinetic energy weapons against missile-launching nuclear warheads could be built with existing technology in seven years for \$121 billion, a new study asserts.

The optimistic report by the George Marshall Institute grabbed attention Monday when Defense Secretary Weinberger surprised Congress by saying the first stage of a "Star Wars" defense would be a space-based warhead killer able to guard the entire North American continent -- not an anti-ballistic missile system intended only to protect U.S. missile silos from attack.  
(Richard Gross, UPI)

### Weinberger Damns The Torpedoes

The first Senate Armed Services Committee hearing of the 100th Congress was treated to some quintessential Caspar Weinberger yesterday as the defense secretary tangled with Sen. Carl Levin.

The two squabbled over whether the Administration had reversed course by requesting money this year for two more aircraft carriers.

(George Wilson, Washington Post, A21)

### MARKEY: ENERGY DEPARTMENT SEEKS MONEY FOR WEAPONS, NOT CIVILIANS

Rep. Ed Markey says the Energy Department's budget request would make it a "special interest lab" for nuclear and "Star Wars" weapons.

A congressional analysis of the department's fiscal 1988 budget request, released Monday by Markey, chairman of the House Energy Conservation and Power Subcommittee, said more than half of the \$12.6 billion President Reagan is seeking for the Energy Department would be spent on nuclear weapons rather than on civilian programs. (UPI)

### GROUP PROPOSES BANNING 'STAR WARS'

An economic analysis group is pressing for a U.S.-Soviet ban on "Star Wars" technology, arguing such an agreement is verifiable and could save the United States billions of dollars.

The Council on Economic Priorities, an independent research group in New York, released a study Monday urging improvement in the 1972 Anti-Ballistic Missile Treaty to restrict research on SDI.

Delaying SDI could improve rather than weaken superpower stability and lead to a major reduction in nuclear weapons on both sides, the group argued at a Capitol Hill news conference. (Eliot Brenner, UPI)

### ARMS NEGOTIATOR GETS 2ND JOB Kampelman Is Named State Dept. Counselor

The White House, responding to the appointment of a new chief Soviet arms negotiator, yesterday announced the appointment of ambassador Max Kampelman, the chief U.S. arms negotiator, to the position of State Department counselor.

White House spokesman Larry Speakes said that Kampelman will keep his job as head of the U.S. delegation to the arms talks, in addition to taking on new responsibilities. Neither Speakes nor a senior Administration official who briefed reporters before Kampelman left yesterday for the next round of talks in Geneva said exactly what the new duties will be. Kampelman must be confirmed in his new post by the Senate. (Jeffrey Smith, Washington Post, A4)

### Reagan Raps Soviet Stand On Missile Defenses, Upgrades U.S. Negotiator

President Reagan, setting the stage for a new round of superpower arms control talks, promoted the chief U.S. negotiator on Monday and charged the Soviet Union had "backtracked" from his understandings with General Secretary Gorbachev to cut nuclear stockpiles.

Appearing to match a move by the Kremlin, the President announced that Max Kampelman, who received final instructions in the Oval Office before flying to Geneva for the resumption of talks on Thursday, will serve both as head of the U.S. delegation and as State Department counselor. (Barry Schweid, AP)

### SPY FOR SOVIETS WAS WORKER AT U.S. EMBASSY

The female Soviet agent who seduced a U.S. Marine embassy guard now being held on suspicion of espionage was an employee at the U.S. Embassy in Moscow, The Washington Times has learned.

The case may represent one of the most serious breaches of security in the nation's history, said one intelligence source familiar with its details. (Bill Gertz, Washington Times, A1)

### SHULTZ BUOYED BY TALKS IN NIGERIA

LAGOS, Nigeria -- Secretary Shultz met here today with Nigerian President Ibrahim Babangida and said he had found "a very positive attitude" toward a U.S. proposal for closer cooperation to stem the increasing flow of narcotics through Nigeria to the United States.

A senior U.S. official said Shultz's talks here were "by far the most constructive set of high-level discussions" Washington has held with the Nigerians in the past six years. The Nigerians, he said, were "very eager" to intensify cooperation with the United States in as many fields as possible. (David Ottaway, Washington Post, A16)

### Shultz Buoyed By Talks With Nigeria, Anti-Drug Moves Agreed

ABIDJAN -- U.S. Secretary Shultz has expressed delight at his talks with Nigerian leaders and a senior official said they were the most constructive between the two countries in six years.

On his way to Ivory Coast after the talks, Shultz told reporters of "the emergence of a real sense of community between Nigeria and ourselves as the talks went along." (Michael Battye, Reuter)

### Shultz To Meet 'Wise Old Man' Of African Leaders

ABIDJAN -- Secretary of State Shultz holds talks today with President Felix Houphouet-Boigny the "wise old man" of African leaders whose small nation is one of the continent's economic success stories.

In a statement as he arrived in this glittery West African coastal city of 2 million Monday night, Shultz called the Ivory Coast "a great friend of the United States and a beacon of hope and freedom for the peoples of Africa." (Matthew Quinn, UPI)



### Shultz Visits Prosperous Ivory Coast

ABIDJAN -- Secretary Shultz meets today with President Felix Houphouet-Boigny, who practices economic programs favored by Shultz and agrees with the United States on most foreign policy issues.

The Ivory Coast contrasts sharply with Shultz' previous stop, Nigeria, which has been plagued by political instability for years.

The Reagan Administration appears to be encouraged by what it considers sound economic policies pursued by Nigerian President Ibrahim Babangida, an army general who took power in a coup 17 months ago.

(George Gedda, AP)

### BENTSEN: WHITE HOUSE, SENATE COMMITTED TO TRADE BILL

The chairman of the Senate Finance Committee, as the panel began hearings on legislation to stop America's trade deficit, said today he believes the White House will support a trade bill this year.

"The President, the secretary of state and the U.S. trade representative have assured me that the Administration wants to work with the committee in framing legislation," Bentsen said. "The President has told me he hopes to send up a bill. I am hopeful he will do so."

(Mary Beth Franklin, UPI)

### CHAD, AIDED BY WEST, MOVES AGAINST LIBYANS

NDJAMENA -- Around-the-clock flights of U.S. and French transport planes into and out of the airport at Chad's capital these days give every indication that there is more fighting to come in one of the world's most desolate and thinly populated areas.

Yet beneath that outward impression of western military cooperation to help Chadian President Hissene Habre's determined drive to end the long Libyan occupation of his war-torn country -- a drive that gained new impetus with a battlefield success this month -- lie often contradictory international interests.

(Jonathan Randal, Washington Post, A14)

### REAGAN PROMISES RESIDENT STATUS TO WAR HEROINE

President Reagan yesterday telephoned a Belgian woman who saved more than 100 Allied fliers during World War II to tell her she will be granted permanent U.S. residency after a five-year quest.

"She's still shaking," Yvonne Daley said of her mother, Anne Brusselmans, 82, after Reagan's call. "She said later, 'I never shook in front of the Gestapo, yet I was shaking when I was talking to the President.'"

(AP story, Washington Post, A8)

## **NETWORK NEWS SUMMARY**

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(Monday evening, January 12th)

McFARLANE

NBC's Tom Brokaw: Throughout the Iran-contra affair a central question has been what did President Reagan know and when did he know it. The White House has always insisted the President did not formally approve the shipment of American arms to Iran until last January. However, Chris Wallace reports tonight that Robert McFarlane said that he and others in the White House were part of the plan to keep from the public the fact that the President was involved much earlier.

NBC's Chris Wallace: Robert McFarlane has told NBC News he was part of a White House effort to distance the President from the arms deal. McFarlane says he met with John Poindexter and Oliver North at the White House last November, the goal, to put the best face on the President's involvement. The idea they came up with was to state Mr. Reagan had not approved a 1985 Israeli arms shipment to Iran when in fact, McFarlane says, he had, possibly violating several laws. The change in the White House story occurred over four days last November. On the 17th North wrote a chronology that said the U.S. acquiesced in an Israeli delivery of military supplies to Tehran. In earlier accounts he was even stronger saying the U.S. endorsed the plan. But on the 18th, McFarlane says he decided to take personal responsibility to help the President. He wrote a memo he knew to be false saying Mr. Reagan did not approve the Israeli shipment in advance and was upset when he learned of it. All this was to get the White House story straight before a Reagan news conference on the 19th. Briefed by Poindexter, the President went even further in his denials.

(Question: "Could you explain what the Israeli role was here?" President Reagan: "No, because we, as I say, have had nothing to do with other countries or their shipment of arms or doing what they are doing.")

On the 20th, North rewrote his chronology to give the new Administration line, the President could not approve any transfer of military materiel in August 1985. But last month, when McFarlane testified under oath before a congressional committee, he told a very different story, the story he now says is the truth. That the President approved Israeli shipments in advance in August 1985 and conveyed that to all his top advisers.

(McFarlane: "To me and as well to his Cabinet officers and separate but related talks directly with them, either one-on-one or in groups.")

The paradox in all this is that the White House is sticking with the claim the President did not approve the Israeli shipment which McFarlane says is just a cover story he thought up and has long since disavowed. (NBC-Lead)

U.S./ISRAEL

ABC's Peter Jennings: The U.S. today explained to the Israeli government that Friday's release of documents on the Iran arms sale in no way meant to put the blame on Israel for what the U.S. did. The documents were, you will recall, internal White House memoranda and they said Israeli officials initially proposed the sale of arms to Iran. The explanation today was passed along to Israel's Prime Minister Shamir through normal diplomatic channels. (ABC-5)

CBS's Dan Rather: Today was President Reagan's first working day at the office in more than a week, his first since his surgery. It included more efforts at Iran-scandal damage control beginning with an apology to Israel. Bill Plante reports why.

CBS's Bill Plante: President Reagan has offered Israeli Prime Minister Shamir what amounts to an official apology for releasing a memo which pointed out that Israel initiated the idea of selling arms to Iran. Israeli sources tell CBS News that Mr. Reagan's message, delivered to the Prime Minister, says the U.S. was not trying to embarrass or blame Israel for the initiative and specifically makes the point that the U.S. government is solely responsible for its own activities. The memo to the President, prepared by Oliver North, refers repeatedly to the Israeli plan to help bring about a more moderate government in Iran and get U.S. hostages released. The release of the memo and the subsequent U.S. explanation indicate that U.S.-Israeli relations are in a state one analyst calls disrepair.

(Michael Hudson: "It looks like a fiasco and the extent to which the Israelis may have been responsible for it suggests that maybe the Israelis aren't such a good and strategic asset for us in the Middle East after all.")

An Israeli journalist who was shown the report of the Senate Intelligence Committee says it is plain his country was responsible for the idea.

(Shimon Shiffer: "From this report you can learn that Israel started the initiative, Israel pushed this initiative, Israel pressed the Americans to continue this initiative.")

With so many questions still surrounding the Iran-contra affair, the Reagan Administration today appointed a new spokesman to do the answering. Marlin Fitzwater, the Vice President's press secretary and a career government press officer, will take over February 2nd from Larry Speakes who is leaving government.

(Marlin Fitzwater: "We are doing the people's business here, we should be able to explain what we are doing.")

So far though, the President hasn't had much success at explaining what he was doing. He still insists he wants to get the facts out promptly but his advisers admit that until Poindexter and North testify, it will be difficult to clear up questions about where the money went and why no one challenged the idea, who's ever idea it may have been. (CBS-3)

## ARMS CONTROL

Brokaw: President Reagan returned to work in the Oval Office today just one week after his prostate surgery and one of the first orders of business, arms talks with the Soviet Union, they resume in Geneva on Thursday. Mr. Reagan met with his negotiating team to give instructions, praise, a promotion and as Andrea Mitchell reports now, criticism of the Kremlin position.

NBC's Andrea Mitchell: In a brief Oval Office meeting the President nominated chief negotiator Max Kampelman to serve also as councilor to the State Department, a trouble shooter for George Shultz. Although his promotion was under consideration for sometime, one senior official said that it was decided on now to match a Soviet move, the appointment of deputy foreign minister Uli Vorontsov to head the Soviet team. U.S. officials said Vorontsov has more clout in Moscow and can get more done. And at the United Nations the Soviet Ambassador said his country wants an arms agreement while Mr. Reagan is in office.

(Soviet Ambassador to U.N.: "We are trying to insure that the negotiating process between our countries produce complete results.") During the election campaign the President talked glowingly about the agreements reached a Reykjavik.

(President Reagan: "That meeting was a breakthrough in our discussions with the Soviets.")

But Mr. Reagan charged today that in subsequent talks the Soviets back tracked on promises made at both Reykjavik and Geneva. U.S. officials said the Soviets are now insisting on nuclear test ban talks before they will agree to reduce the number long range ballistic missiles, that they are reneging on promises of on site inspection of missiles sites, hedging on the timing of medium range missile reductions in Europe and Asia and won't agree to reduce the number of their short range ballistic missiles. But as the President was blaming the Soviets, Secretary Weinberger was calling for the deployment of the strategic defense by the early 1990s.

(Weinberger: "I think we have to bring the strategic defense initiative on line as soon as we can.")

The President's closest advisers believe an arms control breakthrough is the only way to salvage the Reagan foreign policy after Iran, but the Administration has still not decided how to handle the biggest obstacle to an agreement, strategic defense. (NBC-5)

Jennings: The United States and the Soviet Union are about to meet in Geneva again for another round of arms control talks and while there is no advance word on whether any new arms control proposals will be presented, there is going to be a shift in personnel.

ABC's Sam Donaldson: The table at Geneva will be the same but not all the players and perhaps not the post-Reykjavik atmosphere. Whether chances for agreement are improved is debatable. The Soviets have replaced Viktor Karpov, their long time chief negotiator, with Uli Vorontsov, a higher ranking Kremlin official, a change welcomed by the White House if it means Vorontsov has more ability to deal. To match the upgrading, chief U.S. negotiator Max Kampelman was today elevated to the rank of State Department councilor. However, President Reagan in a statement today questioned the Soviets desire to deal. Soviet actions to move forward have not matched our own, said the President. They have back tracked. And negotiator Kampelman served notice last Friday that the U.S. will not accommodate any such back tracking by modifying its own previous proposals.

(Kampelman: "If they should come to believe that every time we come back we are coming with something new that provides an incentive for them not to respond to us now because we will come in with a concession tomorrow. We will not.")

Particularly will the President not give in on his star wars missile defense shield, which Secretary Weinberger said again today should be deployed even piece meal as soon as ready.

(Weinberger: "As I envision it we could begin deployment, when we are told it is ready and effective, the beginning part of the system, a phase one if you like.")

And what is the President's position on that? No one said. But at the White House the new man who may eventually say it was today introduced to press room applause.

(Larry Speakes: "Almost a standing ovation.")

Marlin Fitzwater will replace Larry Speakes as Mr. Reagan's chief spokesman. He is a veteran public affairs officer who has been serving as Vice President Bush's press secretary, known as a straight shooter and self-effacing.

(Marlin Fitzwater: "Well I think it is obvious that the President wanted an anchorman-type, thin with a lot of hair.")

But with arms control, Iranscam, the deficit and the Democrats, Fitzwater will need all the good humor he can muster. (ABC-6)

#### U.S./IRAN/IRAQ

NBC's Art Kent reports according to a draft report of the Senate

Intelligence Committee, the U.S. has been giving military intelligence to both sides (Iran and Iraq), intelligence which reports today said was deliberately distorted. On January 24th, 1986, according to the Senate draft, John Poindexter formally requested intelligence for the Iranians from John McMahon who was then deputy director of the CIA. The report says McMahon complied but instructed subordinates to make the intelligence innocuous, of very little help. At the United Nations today (the) Iranian ambassador denied Iran had received any intelligence. The CIA today denied giving either side distorted information, and say intelligence sources, there has been no contact since December. (NBC-2)

ABC's John McWethy reports from the early days of the Iran-Iraq war the U.S. has been giving both sides certain limited amounts of intelligence information. Today there were reports that the Reagan Administration provided purposely distorted or inaccurate intelligence to both sides to keep either from winning the war. The CIA promptly said the story is "false, not true, that such a policy of disinformation would be stupid." Some analysts say that giving accurate information to both sides, which the U.S. did do, may also be a questionable practice if the main American goal really is to find a way to end one of the bloodiest wars in history. (ABC-2)

Rather: The CIA today denied a New York Times report that the U.S. has been conducting another systematic campaign of lying, a so called disinformation campaign, this time an effort to feed doctored intelligence reports to both Iran and Iraq. The supposed purpose of feeding them both phony information, to keep either country from winning the long war. The CIA says the story is false. At the White House spokesman Larry Speakes said, and I quote, "I don't have that information." But Bill McLaughlin has been told that both Iran and Iraq were given misleading U.S. intelligence reports. In the case of Iraq, edited satellite photos, in the case of Iran, purposely inflating the importance of Soviet troops stationed near Iran's border. (CBS-4)

#### NORTH/GORBANIFAR

CBS's David Martin: Oliver North told associates he had threatened to kill Iranian middle man Gorbanifar if word of the secret arms for hostages deal leaked out. One source involved in the Iran arms deal said he told Gorbanifar: I'm going to give you a chance to become a martyr. Although there is no evidence North ever attempted to make good on his threat, he and other U.S. officials distrusted the Iranian because intercepts by the National Security Agency of phone calls Gorbanifar made to Iran revealed he was misrepresenting arrangements agreed to in meetings they attended. In the intercepts Gorbanifar talked to a man he called Kangerlu, who U.S. officials believe to be Rafsanjani, leader of the so called moderate faction which favored contacts with the U.S. Gorbanifar also failed CIA lie detector tests when he was asked if had discussed the secret deal with anyone else. Despite the evidence that Gorbanifar could not be trusted, President Reagan decided it was members of Congress who could not be trusted and ordered CIA Director Casey not to inform them.

(President Reagan, 11/19/86: "We knew this undertaking involved great risks, especially for our people and for the Iranian officials with whom we dealt. That's why the information was restricted to appropriate Cabinet officers and those officials with an absolute need to know.")

According to one source Gorbanifar finally admitted compromising the operation by revealing it to the Ayatollah Montazeri, leader of the hard line faction which opposed contacts with the U.S. Montazeri is believed to be the Iranian official who leaked to this Beirut news paper the story of Robert McFarlane's secret trip to Tehran. While there is no evidence North was serious about killing Gorbanifar, sources say the death threat typifies the atmosphere of impatience, frustration and distrust in which North was operating. (CBS-5)

FITZWATER

Brokaw: White House press spokesman Larrv Speakes is leaving that job for a position on Wall Street and today the White House announced that he will be replaced by Marlin Fitzwater who has been press secretary to Vice President Bush. Fitzwater will have the title assistant to the President for press relations. James Brady, who was seriously wounded in the 1981 assassination attempt on the President continues to hold the title White House press secretary. (NBC-6)

WAITE

Jennings reports Terry Waite has finally made it back to Beirut and said on arriving there were signs that it was a reasonable time to be back. We are not sure exactly what that means.  
(ABC-4, NBC-3, CBS-Lead)

ANNE BRUSSELMANS

Jennings: And now the story of one woman's brave effort to help Americans and what America has done for her, or not done. Her name is Anne Brusselmans, she is a citizen of Belgium, but because of what she did for American airmen during World War II she was presented with a U.S. Medal of Freedom. Britain made her an honorary member of the British empire and Poland gave her its medal of resistance. That it seems was the easy part. So why can't she live where she wants to live?

ABC's Rebecca Chase reports now at age 81 and in failing health, Anne Brusselmans made what seemed to be a simple request of the country she once risked her life for. Brusselmans would like to live out her final days here in Clearwater, Florida, where for years she has spent her winters and where her daughter now resides. But when Brusselmans applied for legal residence she was told that the wait under the quota system would be about ten years. Immigration officials said that with two million people waiting to immigrate to this country, special preference cannot be given even for heroic deeds. An act of Congress seemed the only immediate alternative and last week a New York congressman introduced a bill on Brusselmans' behalf. But today Anne Brusselmans was told she would be accepted and could well be granted citizenship. The caller was Ronald Reagan who said that since Brusselmans sent so many Americans home from the war she too should have a home in the U.S. Brusselmans says she was overwhelmed by the call and that she will celebrate tonight with a cup of tea.  
(ABC-13)



## **EDITORIALS/COLUMNISTS**

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

Reagan and Iran: Right Aim, Wrong Plan -- "The basic concept of the Iran initiative was sound. Trying to build bridges with Iranians who can help moderate Iran's anti-American policy and use of terrorism is a logical and positive foreign policy goal for the United States. Gaining influence with that government is vital to U.S. strategic interests in the Persian Gulf. The release of American hostages held in the Middle East and termination of Iranian support for terrorist groups are highly desirable and healthy outcomes toward which improvement in our relations with Iran may contribute." (William Broomfield, Detroit News, 1/11)

U.S. And Iran Share Grounds To Cultivate Better Relations -- "There are common grounds to cultivate a relationship between Tehran and Washington: an end to the Soviet occupation of Afghanistan, free passage of oil through the Persian Gulf, and more regional cooperation are only a few among the many. Ayatollah Khomeini's pre- and post-revolutionary words that 'we favor friendly relationship with all nations, including the United States' can be counted on, but they require care, wisdom and above all good faith." (Feeroud Jafari, Albuquerque Journal, 1/4)

### **FEDERAL PAY RAISES**

Pay Scales of Justice -- "If Congress wants to attract the highest caliber of men and women to the Federal bench, and keep them there, it must address the salary question squarely. Squarely means opening up the issue, removing that sneaky automatic clause of the law, and putting a realistic 1987 dollar value on judicial service as well as congressional service." (Miami Herald, 1/10)

Passing the bucks -- "Never let it be said that members of Congress don't understand how to cover their rear. Last year they enacted a measure that automatically raises their own salaries unless both houses of Congress vote against it.... Submitting congressional pay raises to a public vote, for all the posturing that attends it, is a healthy exercise." (Washington Times, 1/7)

High enough pay raises for this year -- "President Reagan has shown good judgement -- not to say shrewd restraint -- in approving more moderate increases than those proposed last month by the Presidential Commission on Executive, Legislative and Judicial Salaries.... The changes, it is to be hoped, will make for greater equity between public and private positions, and particularly help those career officials who have dedicated themselves to public service regardless of the pay." (Providence Journal, 1/8)

The Wages of Congress -- "Our argument with Congress is not that the job of senator or representative isn't worth \$89,500 a year, but that voters shouldn't have to give a raise to a group of people who demonstrate a consistent inability to perform necessary tasks, such as passing a federal budget on time.... At the very least, the backdoor financing of this latest pay raise merits some sharp questioning the next time members fly home to make what they traditionally call a 'frank and candid' report to the voters." (Wall Street Journal, 1/7)



# News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JANUARY 13, 1987 -- 6 a.m. EST EDITION

## TODAY'S HEADLINES

### IRAN -- NICARAGUA

White House Said To Have Assured Israelis On Arms Responsibility -- American ambassador Thomas Pickering has assured Israeli Prime Minister Yitzhak Shamir that the White House's release of documents outlining its strategy for U.S. arms sales to Iran was not intended to cast blame on Israel, Administration officials said Monday.

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

### NATIONAL NEWS

Fitzwater To Be Reagan Spokesman -- Marlin Fitzwater, the Vice President's popular press secretary, will become President Reagan's spokesman Feb. 1, the White House announced yesterday.

(Washington Post, Washington Times)

### INTERNATIONAL NEWS

Nuclear Treaty Approval To Be Asked -- President Reagan prepared to request congressional approval of two unratified treaties restricting the explosive force of nuclear tests yesterday, but only if the Soviet Union accepts on-site inspection of its tests, Administration and congressional sources said.

(Washington Post)

### NETWORK NEWS (Monday Evening)

McFARLANE -- Robert McFarlane has told NBC News he was part of a White House effort to distance the President from the arms deal.

U.S./ISRAEL -- President Reagan offered the Israeli Prime Minister what amounts to an official apology.

ARMS CONTROL -- The U.S. and the Soviet Union are about to meet in Geneva again for another round of arms control talks.

#### FITZWATER NAMED WHITE HOUSE SPOKESMAN

Larry Speakes: "Let's let Marlin make a statement."

Marlin Fitzwater: "Well, I think it's obvious that the President wanted an anchorman type -- thin, with a lot of hair."

(White House Briefing, 1/12)

## **IRAN — NICARAGUA**

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### **U.S. TELLS ISRAEL IT ISN'T SCAPEGOAT IN ARMS DEAL White House Letter Given To Shamir**

JERUSALEM -- The Reagan Administration has told Israeli Prime Minister Yitzhak Shamir that it does not hold Israel responsible for the Iran arms affair and is not seeking to shirk responsibility by blaming Israel for leading it into the secret exchange of arms for U.S. hostages.

A spokesman for Shamir said tonight that U.S. Ambassador Thomas Pickering conveyed this conciliatory oral message to the prime minister "in the name of the White House," although not specifically from President Reagan. An American Embassy official confirmed that the message had been given at a meeting between the two men yesterday.

(Glenn Frankel, Washington Post, A1)

### **U.S. Tries To Ease Israeli Annoyance On Iran Disclosure**

The United States has assured Prime Minister Yitzhak Shamir of Israel that the White House's disclosure last week of documents describing Israel's role in the decision to sell arms to Iran was not intended as a criticism of Israel's actions, a White House official said today.

According to State Department officials, White House officials, in their rush to make the documents public, had failed to follow the normal diplomatic courtesy of informing a friendly government ahead of time that it might be embarrassed by the disclosures.

(Bernard Gwertzman, New York Times, A1)

### **White House Said To Have Assured Israelis On Arms Responsibility**

American ambassador Thomas Pickering has assured Israeli Prime Minister Yitzhak Shamir that the White House's release of documents outlining its strategy for U.S. arms sales to Iran was not intended to cast blame on Israel, Administration officials said Monday.

"We wanted to explain the background, to tell the Israelis we definitely did not intend to cast aspersions," said an official who demanded anonymity.

(Susanne Schafer, AP)

### **Herzog Accuses Americans Of Using Israel As 'Whipping Boy'**

TEL AVIV -- President Chaim Herzog today accused some U.S. government officials of using Israel as a "whipping boy" in alleging that Israel initiated arms sales to Iran and profit transfers to Nicaraguan contra rebels.

Speaking to a group of American Jewish youngsters in Jerusalem, Herzog said, "The (Israeli) government is in no way involved with the whole business of Nicaragua, of the contras and so forth. And everything we did in Iran was coordinated with the United States' government. It was at their request.

"One thing quite clear to me is that there are a great number of people in the States on the defensive and it may be convenient for them to use Israel as a whipping-boy in order to protect themselves." (Reuter)

### Responsibility Maintained At White House Doorstep

Responsibility for the Iran arms deal is being held in the Oval Office with a White House attempt to soothe Israeli leaders and a new admission from former national security adviser Robert McFarlane.

The assurance, conveyed orally by U.S. Ambassador Thomas Pickering to Prime Minister Yitzhak Shamir in Jerusalem, was extended after Israeli officials expressed annoyance over recent disclosures in Washington that have focused on Israel's role in encouraging President Reagan's secret Iran deals.

McFarlane, meanwhile, acknowledged on NBC News Monday night that he met with Vice Adm. Poindexter and Lt. Col. North in November to devise a chronology of the secret arms deals minimizing the President's involvement.  
(John Vaughan, UPI)

### U.S. Assures Israel On Release Of White House Documents

The United States privately assured Israeli Prime Minister Yitzhak Shamir that the release of two White House documents on the sale of American arms to Iran was not intended to "cast aspersions" on Israel, U.S. officials said.

"The idea was to tell the Israelis that we definitely did not intend to cast blame," an official, who demanded anonymity, said Monday.  
(Barry Schweid, AP)

### Confusion On Israeli Role

JERUSALEM -- Recent disclosures of policy memorandums by the White House and the Senate Intelligence Committee seem to suggest that Israel somehow led the Reagan Administration into the Iran affair by repeatedly promising, on the basis of Iranian-Israeli contacts, that with one sale of arms to Teheran all the American hostages in Lebanon would be released.

From the evidence that has already come to light in Washington and Jerusalem, there is ample reason to believe that neither Israel nor the United States has been wholly candid in characterizing the other's actions.  
(Thomas Friedman, News Analysis, New York Times, A1)

### SOVIET THREAT TOWARD IRAN OVERSTATES, CASEY CONCLUDED

CIA Director Casey concluded in a revised intelligence assessment last spring that the Soviets were less likely to attack Iran or have influence in a post-Khomeini regime than the CIA believed in 1985, according to informed sources.

Casey's amended analysis appears to have called into question a primary White House rationale for the secret sale of U.S. arms to Iran, which President Reagan ordered in January 1986 partly to assist Iran against "intervention by the Soviet Union."

(Bob Woodward & Dan Morgan, Washington Post, A1)

## NETWORK SAYS MCFARLANE TOLD IT AIDES LIED ON REAGAN ROLE

Former National Security Adviser Robert McFarlane said he and other aides lied when they denied that President Ronald Reagan had approved Israeli arms shipments to Iran in 1985, an American television network reported today.

NBC said McFarlane told the network he told the truth in recent congressional testimony that the President did approve the shipment in August 1985, and the claim that Reagan opposed the sale was only a cover story McFarlane concocted along with two other White House aides, the televised report said. (Reuter)

### McFarlane Stirs Row Over Reagan's Iran Role

President Reagan was caught up in a new controversy today over whether he approve U.S. arms shipments to Iran as early as August 1985, months before he said he did.

NBC News last night quoted former Reagan aide Robert McFarlane as saying the President did approve the shipments and that McFarlane and other aides lied when they concocted a cover story that he did not.

But an Administration official, noting McFarlane was Reagan's national security adviser at the time of the 1985 sales, suggested McFarlane was trying to protect himself. (Reuter)

## MCFARLANE REPORTEDLY TOLD CONGRESS OF SAUDI MONEY INTENDED FOR CONTRAS

Robert McFarlane told Congress that Saudi Arabia had contributed millions of dollars for the Nicaraguan rebels, increasing to at least \$40 million the amount gathered for the rebels that now cannot be accounted for, sources familiar with the Congressional investigation said today.

The McFarlane disclosure also deepens the mystery surrounding what happened to scores of millions of dollars said to have been raised for the contras by private groups and other countries over the last year or two.

(Jeff Gerth, New York Times, A8)

### Report: Reagan Tells Congress Saudis Donated To Contras

NEW YORK -- Former National Security adviser Robert McFarlane told Congress that Saudi Arabia contributed millions of dollars for nonlethal aid to the Nicaraguan rebels, The New York Times reported today.

The newspaper, citing sources familiar with the Congressional investigation of the U.S. arms sales to Iran and the diversion of some funds to the Nicaraguan rebels known as contras, said that at least \$40 million is unaccounted for in the deal. (Reuter)



ANGLICAN NEGOTIATOR IN BEIRUT  
Waite Seeks Talks

BEIRUT -- Anglican church envoy Terry Waite returned to Lebanon today and resumed contacts aimed at gaining the release of foreign hostages held here by Shiite Moslem organizations.

Waite, who was escorted from the airport to his seaside hotel by Druze gunmen, said in an interview that he had "made a number of contacts since arriving and I have had some discussions this afternoon." He said that he would be dropping from the public view tomorrow to meet with intermediaries in Moslem-controlled West Beirut.

(Nora Boustany, Washington Post, A14)

Anglican Envoy Says Arms For Hostages Cheapens Human Life

BEIRUT -- Anglican Church envoy Terry Waite said he disapproves of arms-for-hostages deals and that he was not aware of U.S. arms sales to Iran during his previous missions to free hostages in Lebanon.

Waite, who arrived in Beirut on Monday to resume his efforts, said he expected to stay about a week. Asked if he expects at least one American to be freed during that time, Waite said: "I always remain hopeful."

(Rodeina Kenaan, AP)

Waite Opens New Hostage Negotiations

BEIRUT -- Hostage negotiator Terry Waite, visiting Lebanon for the first time since U.S. arms sales to Iran were disclosed in November, said he contacted Moslem extremists holding kidnapped foreigners and arranged more meetings for today.

After arriving Monday in predominantly Moslem west Beirut, Waite criticized the U.S. arms sales. He said he had no knowledge about the sales and discussed no "arms or money" with the captors.

"I do not believe at all that it is right to trade arms for human life," the Anglican layman told reporters. "I think that is wrong. I think that it sets a bad precedent and devalues human life." (UPI)

Waite In Underground Mission To Free West's Lebanon Hostages

BEIRUT -- Terry Waite, the Archbishop of Canterbury's special envoy, starts an underground mission today to secure the release of Western hostages in Lebanon, after establishing initial contacts with the abductors.

"Hopefully, tomorrow I will be dropping out of public view in order to carry out the discussions I've been having for a long time," Waite told reporters yesterday at the seafront Riviera Hotel in Moslem west Beirut.

(Diana Abdallah, Reuter)

## CIA, IRANIAN DENY REPORT OF DISINFORMATION SCHEME

The CIA has denied a report that the United States fed distorted or inaccurate intelligence information to both Iran and Iraq, saying it would be "stupid" and against U.S. policy.

The Iranian ambassador to the United Nations also denied a New York Times, report published Monday that "disinformation" was provided to the warring countries in an effort to prevent either one from winning their bloody 6-year-old war. (UPI)

## CASEY HOPES TO DEFEND CIA ON CAPITOL HILL

Ailing CIA Director William Casey hopes to return to Capitol Hill to defend himself and the agency against congressional criticism over the Iran arms affair, according to a CIA official.

At the White House, an official said yesterday that National Security Agency Director Lt. Gen. William Odom has emerged as a leading candidate to succeed Mr. Casey should he choose to resign. Other white House choices include former CIA Deputy Director Bobby Inman and Sen. Malcolm Wallop. (Bill Gertz, Washington Times, A4)

## SOURCES: MEMO MAY PUSH SHULTZ TO CONSIDER RESIGNING

Sources close to Secretary of State Shultz believe White House publication of a pivotal memo about the Iran arms deal may have pushed him closer to a decision to step down.

Although Shultz was 6,000 miles away on his trip to Africa when the memo was issued Friday by the White House, officials said they believe his ability to function as secretary of state was hampered by its publication. (Jim Anderson, UPI)

## ABRAMS IN THE CURRENTS OF COMBAT State's 'Gladiator,' Standing Firm For The Contras Amid A Swirling Scandal

He negotiates the corridors of the State Department with a punctilious swagger, the hint of a smile playing about his lips. Let others worry about the spreading scandal. Elliott Abrams, patron of the contras, is no one's patsy.

It has been an arduous couple of months for the assistant secretary of state for inter-American affairs. "Not a terrific time for the Reagan Administration," he says with uncharacteristic understatement. Iran-o-rama, Contras 'n' Things -- the business is too ineffable for a tidy label. A crisis by any name, it has hurt the hard-won policy to help the anti-Sandinista rebels and, inevitably, raised questions about Abrams himself. (Lloyd Grove, Washington Post, D1)



## DOMESTIC REACTION

### RUDMAN: SCANDAL SHOULD MAKE WHITE HOUSE 'LESS CONFRONTATIONAL'

The top Republican on the select Senate panel probing the Iran arms-Contra aid scandal says he believes the controversy will make the White House "less confrontational" in its dealings with Congress.

"I think personally the most important effect this will have on the White House...is that they will want to be less confrontational with the Congress than we've seen in the past," Rudman said in an interview.

"I'm not saying the President is going to give up his principles," Rudman said. "I'm talking about a lot of things that are between the alpha and zeta of his priorities that he can say, 'All right, we'll compromise on this.'" (Robert Doherty, UPI)

### Poindexter, North Likely To Avoid Prosecution, Rudman Concludes

Former National Security Adviser John Poindexter and his aide, Marine Corps Lt. Col. Oliver North, aren't likely to go to prison for their parts in the Iran-Contra affair, the vice chairman of the Senate panel investigating the episode said yesterday.

Sen. Rudman, ranking GOP member on the recently formed select committee, also said it still is premature to grant immunity to the two.

"It's pretty hard to visualize a judge sending North and Poindexter to prison for doing what they thought was in the national interest," Mr. Rudman said yesterday on the Senate floor.

(Hugh Aynesworth, Washington Times, A4)

## IRAN-DEAL STAIN SPREADS OVER ADMINISTRATION

The Reagan Administration's hopes of containing the political damage from the Iran-contra affair appear to have been further eroded by a wave of damaging new disclosures.

Evidence is mounting that Reagan Administration officials may have known more and been more deeply involved than previously suspected in the plan to sell United States arms to Iran and to divert profits to antigovernment rebels, called contras, in Nicaragua.

(George Moffett, Christian Science Monitor, A1)

## FOCUSING ON POLICY, NOT SCANDAL Dodd, Crockett Head Panels On Hemisphere

Liberal Democrats have taken over two key congressional posts governing debate on U.S. policy in Central America, and both say they plan to avoid as much as possible any involvement in the controversy over diversion of Iranian arms-sale funds to aid the Nicaraguan contras.

Sen. Dodd and Rep. Crockett chair the Western Hemisphere subcommittees of the Senate Foreign Relations and House Foreign Affairs committees respectively.

(Joanne Omang, Washington Post, A21)

HILL PANELS TO PROBE AFGHAN ARMS FUND  
\$500 Million CIA-Run Swiss Account Will Be Studied For  
Signs Of Misuse Or Diversion

Senate and House committees are planning to investigate the possible misuse or diversion of funds in a CIA-run Swiss bank account that received more than \$500 million for the purchase of arms for the Afghan rebels, according to congressional sources.

The inquiries have been sparked by the current Iran-contra scandal, in which millions of dollars generated by U.S. arms sales to Iran vanished after being disbursed to arms dealers and other middlemen. Attorney General Meese said some of that money went to aid the Nicaraguan rebels, but congressional investigators have had trouble tracking it.

(Walter Pincus, Washington Post, A8)

Probes Planned Into CIA Swiss Account To Aid Afghan Rebels

Congressional probes are planned into possible misuse of a CIA-run Swiss bank account that held more than \$500 million earmarked for the Afghan rebels fighting Soviet forces, The Washington Post reported today.

"There may have been some skimming," from the account, established two years ago with twin \$250 million contributions promised by the United States and Saudi Arabia, an unidentified source involved in the program told the Post. (UPI)

## NATIONAL NEWS

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### REAGAN MEETS WITH CABINET TODAY

President Reagan, easing back into the Oval Office with a lighter workload, arranged a meeting today with his Cabinet to discuss his 1987 agenda and the ramifications of the Iran arms-Contra aid scandal.

In what apparently will be his pattern until he fully recovers from last week's prostate surgery, the 75-year-old President scheduled regular morning meetings with Vice President Bush, White House chief of staff Donald Regan and national security adviser Frank Carlucci -- but then a break of several hours.

(Helen Thomas, UPI)

### FITZWATER NAMED TO SUCCEED SPEAKES

#### New White House Spokesman Greeted With Humor, Hard Questions

President Reagan yesterday named Marlin Fitzwater, a government press officer and speechwriter for more than two decades, to succeed Larry Speakes as White House spokesman.

The Fitzwater appointment was announced by Speakes at a briefing that provided a glimpse at the tensions between the Administration and the White House press corps that have been especially prevalent since disclosure of the clandestine Iran arms and contra aid affair.

(Lou Cannon, Washington Post, A6)

#### Fitzwater To Be Reagan Spokesman

Marlin Fitzwater, the Vice President's popular press secretary, will become President Reagan's spokesman Feb. 1, the White House announced yesterday.

Striking a more serious tone, Mr. Fitzwater said, "We are now in the midst of difficult times, but they will not erase the indelible marks of pride and affection Americans feel for our President and our country."

In a written statement, the President called Mr. Fitzwater an "outstanding individual of the deepest integrity."

(Mary Belcher, Washington Times, A2)

#### Fitzwater Named To White House Spokesman

Marlin Fitzwater, tapped as the new chief White House spokesman for the last two years of the Reagan presidency, says those in the executive mansion "should be able to explain what we're doing."

Presidential spokesman Larry Speakes announced the appointment of Fitzwater, 44, Monday, prompting a round of applause from the White House press corps.

"Don't expect it to last," quipped a reporter.

Speakes, who served six years in the White House, called Fitzwater "the ideal choice."

(Helen Thomas, UPI)

### Reagan's New Spokesman Long Has Considered What It Would Be Like

Marlin Fitzwater, soon to move into the spotlight as President Reagan's new spokesman, is a soft-spoken, cigar-smoking veteran of the federal bureaucracy who as a young man in Kansas pondered what it would be like to be the White House press secretary.

Officially, Fitzwater will be known as the assistant to the President for press relations, since Reagan has reserved the title of press secretary for James Brady, who was wounded in the 1981 assassination attempt against the President. (Terence Hunt, AP)

### BAKER ASKS 'DRASTIC OVERHAUL' OF BANKING

Treasury Secretary James Baker said yesterday that banking regulation "needs a drastic overhaul" that will allow the United States to regain its position as a world leader in financial services.

Baker warned Congress against efforts to keep old regulatory boundaries on the types of activities banks can engage in, saying such efforts were doomed to fail in today's fast-moving financial market-place.

(Martin Crutsinger, Washington Post, C2)

### CONGRESSMAN CHALLENGES AUTHORITY OF PANEL ON DEATH PENALTY

A Justice Department ruling allowing a federal sentencing commission to institute capital punishment for crimes such as espionage and treason is an end run around Congress, a key subcommittee chairman says.

The Justice Department's Office of Legal Counsel said Monday that the U.S. Sentencing Commission, which is revamping federal sentencing procedures, has the legal authority to write death penalty guidelines.

But Rep. Conyers said Congress "did not intend to delegate this kind of authority to the sentencing commission." (Pete Yost, AP)

## **FEDERAL BUDGET**

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### **WEINBERGER URGES CONGRESS TO LOOK AT SOVIET THREAT, NOT DOMESTIC ISSUES**

Defense Secretary Weinberger says congressional budget writers should look at the Soviet military threat and U.S. foreign commitments rather than domestic political considerations when writing a defense spending plan.

"Continued reductions in our military capabilities does affect America's security by increasing the risks we face," Weinberger told the Senate Armed Services Committee on Monday. (Tim Ahern, AP)

### **DISPLACED WORKERS PLAN AIRED Task Force Proposes \$900 Million Program**

A Labor department task force yesterday called for a \$900 million program to help train and reemploy millions of workers who have lost jobs to foreign competition or new technology.

President Reagan already has included in his fiscal 1988 budget the program suggested by the task force. A Labor Department spokesman said that Brock supported such a training program, but that he had no immediate comment on the report. (Jane Seaberry, Washington Post, C1)

### **Democrats Favor Reagan's Massive Job-Retraining Proposal**

With drastic changes expected in the U.S. labor market by the year 2000, the Reagan Administration's call for a massive new \$1 billion program to retrain laid off workers is drawing cheers from a Democratic-controlled Congress.

Three House members said Monday they plan legislation enacting Reagan's proposed Worker Adjustment Assistance Program to provide training, counseling, job information and relocation aid to 700,000 of the 2 million workers who annually lose their jobs to imports, plant closings and new technology. (Matt Yancey, AP)

### **END TO MANDATORY HMO FUNDING SOUGHT Administration Proposal Could Allow Employers To Discourage Worker Participation In Plans**

The Reagan Administration yesterday proposed eliminating the requirement that businesses offering employee health benefit plans must pay at least as much money to health maintenance organizations as they do to traditional fee-for-service insurance plans.

The Administration's proposals was immediately denounced by the major trade association for the HMO industry, which said it would "undermine [HMOs'] ability to compete" with fee-for-service insurance plans. (Michael Abramowitz, Washington Post, C1)

KENNEDY: 'HUMANE' SOCIETY SHOULD PROVIDE  
MINIMUM MEDICAL COVERAGE

Catastrophic illnesses and injuries leave millions of Americans frightened and looking for a way to tap into a secret well of money, witnesses told the Senate Labor and Human Resources Committee.

Sen. Kennedy, chairman of the committee, said Monday a "new consensus is emerging to assure that every citizen has access to the essential health care that constitutes simple justice."

(Elaine Povich, UPI)

BUDGET/MORTGAGE LENDERS

President Reagan's latest budget makes clear that he wants to give private mortgage lenders a bigger share of America's home financing market. The lenders are anything but grateful.

Executives with private financing groups say they will fight the Administration's proposed changes. They protest partly because they don't like Reagan's ideas, but also because they fear he's leading the government from minor tinkering with the programs toward a pullout of federal housing support.

(Craig Webb, UPI)

## ***INTERNATIONAL NEWS***

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### **NUCLEAR TREATY APPROVAL TO BE ASKED Reagan Sets Condition That Soviets Accept On-Site Inspection**

President Reagan prepared to request congressional approval of two unratified treaties restricting the explosive force of nuclear tests yesterday, but only if the Soviet Union accepts on-site inspection of its tests, Administration and congressional sources said.

Reagan's request would fulfill a bargain struck with Capitol Hill last October to make the treaties "a first order of business for the Congress" in exchange for a decision by House-Senate defense conferees to kill an amendment barring all but a few nuclear tests, according to Administration officials.  
(Jeffrey Smith, Washington Post, A4)

### **SDI MAY BE DEPLOYED IN STAGES, WEINBERGER SAYS**

Defense Secretary Weinberger said yesterday that it is "quite possible" that part of President Reagan's SDI missile system will be deployed when it is ready rather than waiting until the full system is perfected.

But Weinberger said he would support incremental deployment only if it is "an integral part of the whole system," apparently ruling out such a quick fix as ringing MX missile sites with protective missiles that might not fit into more advanced defenses such as spaced-based lasers or satellites that shoot rods at incoming warheads.

(George Wilson, Washington Post, A4)

### **Weinberger Gives Strategy Outline On Missile Shield**

Defense Secretary Weinberger today endorsed the deployment of an initial defense against nuclear missiles, provided that it served as a cornerstone for a nationwide shield.

Mr. Weinberger said that by deploying a space-oriented defense against ballistic missiles in increments, starting "as quickly as possible," the United States could move part of the way toward fulfilling President Reagan's ambition eventually to make such missiles obsolete.

(John Cushman, New York Times, A1)

### **Weinberger bases 'Star Wars' Projections On Report**

Three lawvers of "Star Wars" defenses using kinetic energy weapons against missile-launching nuclear warheads could be built with existing technology in seven years for \$121 billion, a new study asserts.

The optimistic report by the George Marshall Institute grabbed attention Monday when Defense Secretary Weinberger surprised Congress by saying the first stage of a "Star Wars" defense would be a space-based warhead killer able to guard the entire North American continent -- not an anti-ballistic missile system intended only to protect U.S. missile silos from attack.  
(Richard Gross, UPI)



### Weinberger Damns The Torpedoes

The first Senate Armed Services Committee hearing of the 100th Congress was treated to some quintessential Caspar Weinberger yesterday as the defense secretary tangled with Sen. Carl Levin.

The two squabbled over whether the Administration had reversed course by requesting money this year for two more aircraft carriers.

(George Wilson, Washington Post, A21)

### MARKEY: ENERGY DEPARTMENT SEEKS MONEY FOR WEAPONS, NOT CIVILIANS

Rep. Ed Markey says the Energy Department's budget request would make it a "special interest lab" for nuclear and "Star Wars" weapons.

A congressional analysis of the department's fiscal 1988 budget request, released Monday by Markey, chairman of the House Energy Conservation and Power Subcommittee, said more than half of the \$12.6 billion President Reagan is seeking for the Energy Department would be spent on nuclear weapons rather than on civilian programs. (UPI)

### GROUP PROPOSES BANNING 'STAR WARS'

An economic analysis group is pressing for a U.S.-Soviet ban on "Star Wars" technology, arguing such an agreement is verifiable and could save the United States billions of dollars.

The Council on Economic Priorities, an independent research group in New York, released a study Monday urging improvement in the 1972 Anti-Ballistic Missile Treaty to restrict research on SDI.

Delaying SDI could improve rather than weaken superpower stability and lead to a major reduction in nuclear weapons on both sides, the group argued at a Capitol Hill news conference. (Eliot Brenner, UPI)

### ARMS NEGOTIATOR GETS 2ND JOB Kampelman Is Named State Dept. Counselor

The White House, responding to the appointment of a new chief Soviet arms negotiator, yesterday announced the appointment of ambassador Max Kampelman, the chief U.S. arms negotiator, to the position of State Department counselor.

White House spokesman Larry Speakes said that Kampelman will keep his job as head of the U.S. delegation to the arms talks, in addition to taking on new responsibilities. Neither Speakes nor a senior Administration official who briefed reporters before Kampelman left yesterday for the next round of talks in Geneva said exactly what the new duties will be. Kampelman must be confirmed in his new post by the Senate.

(Jeffrey Smith, Washington Post, A4)

### Reagan Raps Soviet Stand On Missile Defenses, Upgrades U.S. Negotiator

President Reagan, setting the stage for a new round of superpower arms control talks, promoted the chief U.S. negotiator on Monday and charged the Soviet Union had "backtracked" from his understandings with General Secretary Gorbachev to cut nuclear stockpiles.

Appearing to match a move by the Kremlin, the President announced that Max Kampelman, who received final instructions in the Oval Office before flying to Geneva for the resumption of talks on Thursday, will serve both as head of the U.S. delegation and as State Department counselor.  
(Barry Schweid, AP)

### SPY FOR SOVIETS WAS WORKER AT U.S. EMBASSY

The female Soviet agent who seduced a U.S. Marine embassy guard now being held on suspicion of espionage was an employee at the U.S. Embassy in Moscow, The Washington Times has learned.

The case may represent one of the most serious breaches of security in the nation's history, said one intelligence source familiar with its details.  
(Bill Gertz, Washington Times, A1)

### SHULTZ BUOYED BY TALKS IN NIGERIA

LAGOS, Nigeria -- Secretary Shultz met here today with Nigerian President Ibrahim Babangida and said he had found "a very positive attitude" toward a U.S. proposal for closer cooperation to stem the increasing flow of narcotics through Nigeria to the United States.

A senior U.S. official said Shultz's talks here were "by far the most constructive set of high-level discussions" Washington has held with the Nigerians in the past six years. The Nigerians, he said, were "very eager" to intensify cooperation with the United States in as many fields as possible.  
(David Ottaway, Washington Post, A16)

### Shultz Buoyed By Talks With Nigeria, Anti-Drug Moves Agreed

ABIDJAN -- U.S. Secretary Shultz has expressed delight at his talks with Nigerian leaders and a senior official said they were the most constructive between the two countries in six years.

On his way to Ivory Coast after the talks, Shultz told reporters of "the emergence of a real sense of community between Nigeria and ourselves as the talks went along."  
(Michael Battye, Reuter)

### Shultz To Meet 'Wise Old Man' Of African Leaders

ABIDJAN -- Secretary of State Shultz holds talks today with President Felix Houphouet-Boigny the "wise old man" of African leaders whose small nation is one of the continent's economic success stories.

In a statement as he arrived in this glittery West African coastal city of 2 million Monday night, Shultz called the Ivory Coast "a great friend of the United States and a beacon of hope and freedom for the peoples of Africa."  
(Matthew Quinn, UPI)

### Shultz Visits Prosperous Ivory Coast

ABIDJAN -- Secretary Shultz meets today with President Felix Houphouet-Boigny, who practices economic programs favored by Shultz and agrees with the United States on most foreign policy issues.

The Ivory Coast contrasts sharply with Shultz' previous stop, Nigeria, which has been plagued by political instability for years.

The Reagan Administration appears to be encouraged by what it considers sound economic policies pursued by Nigerian President Ibrahim Babangida, an army general who took power in a coup 17 months ago.

(George Gedda, AP)

### BENTSEN: WHITE HOUSE, SENATE COMMITTED TO TRADE BILL

The chairman of the Senate Finance Committee, as the panel began hearings on legislation to stop America's trade deficit, said today he believes the White House will support a trade bill this year.

"The President, the secretary of state and the U.S. trade representative have assured me that the Administration wants to work with the committee in framing legislation," Bentsen said. "The President has told me he hopes to send up a bill. I am hopeful he will do so."

(Mary Beth Franklin, UPI)

### CHAD, AIDED BY WEST, MOVES AGAINST LIBYANS

NDJAMENA -- Around-the-clock flights of U.S. and French transport planes into and out of the airport at Chad's capital these days give every indication that there is more fighting to come in one of the world's most desolate and thinly populated areas.

Yet beneath that outward impression of western military cooperation to help Chadian President Hissene Habre's determined drive to end the long Libyan occupation of his war-torn country -- a drive that gained new impetus with a battlefield success this month -- lie often contradictory international interests.

(Jonathan Randal, Washington Post, A14)

### REAGAN PROMISES RESIDENT STATUS TO WAR HEROINE

President Reagan yesterday telephoned a Belgian woman who saved more than 100 Allied fliers during World War II to tell her she will be granted permanent U.S. residency after a five-year quest.

"She's still shaking," Yvonne Daley said of her mother, Anne Brusselmans, 82, after Reagan's call. "She said later, 'I never shook in front of the Gestapo, yet I was shaking when I was talking to the President.'"

(AP story, Washington Post, A8)

## **NETWORK NEWS SUMMARY**

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(Monday evening, January 12th)

McFARLANE

NBC's Tom Brokaw: Throughout the Iran-contra affair a central question has been what did President Reagan know and when did he know it. The White House has always insisted the President did not formally approve the shipment of American arms to Iran until last January. However, Chris Wallace reports tonight that Robert McFarlane said that he and others in the White House were part of the plan to keep from the public the fact that the President was involved much earlier.

NBC's Chris Wallace: Robert McFarlane has told NBC News he was part of a White House effort to distance the President from the arms deal. McFarlane says he met with John Poindexter and Oliver North at the White House last November, the goal, to put the best face on the President's involvement. The idea they came up with was to state Mr. Reagan had not approved a 1985 Israeli arms shipment to Iran when in fact, McFarlane says, he had, possibly violating several laws. The change in the White House story occurred over four days last November. On the 17th North wrote a chronology that said the U.S. acquiesced in an Israeli delivery of military supplies to Tehran. In earlier accounts he was even stronger saying the U.S. endorsed the plan. But on the 18th, McFarlane says he decided to take personal responsibility to help the President. He wrote a memo he knew to be false saying Mr. Reagan did not approve the Israeli shipment in advance and was upset when he learned of it. All this was to get the White House story straight before a Reagan news conference on the 19th. Briefed by Poindexter, the President went even further in his denials.

(Question: "Could you explain what the Israeli role was here?" President Reagan: "No, because we, as I say, have had nothing to do with other countries or their shipment of arms or doing what they are doing.")

On the 20th, North rewrote his chronology to give the new Administration line, the President could not approve any transfer of military materiel in August 1985. But last month, when McFarlane testified under oath before a congressional committee, he told a very different story, the story he now says is the truth. That the President approved Israeli shipments in advance in August 1985 and conveyed that to all his top advisers.

(McFarlane: "To me and as well to his Cabinet officers and separate but related talks directly with them, either one-on-one or in groups.")

The paradox in all this is that the White House is sticking with the claim the President did not approve the Israeli shipment which McFarlane says is just a cover story he thought up and has long since disavowed. (NBC-Lead)

## U.S./ISRAEL

ABC's Peter Jennings: The U.S. today explained to the Israeli government that Friday's release of documents on the Iran arms sale in no way meant to put the blame on Israel for what the U.S. did. The documents were, you will recall, internal White House memoranda and they said Israeli officials initially proposed the sale of arms to Iran. The explanation today was passed along to Israel's Prime Minister Shamir through normal diplomatic channels. (ABC-5)

CBS's Dan Rather: Today was President Reagan's first working day at the office in more than a week, his first since his surgery. It included more efforts at Iran-scandal damage control beginning with an apology to Israel. Bill Plante reports why.

CBS's Bill Plante: President Reagan has offered Israeli Prime Minister Shamir what amounts to an official apology for releasing a memo which pointed out that Israel initiated the idea of selling arms to Iran. Israeli sources tell CBS News that Mr. Reagan's message, delivered to the Prime Minister, says the U.S. was not trying to embarrass or blame Israel for the initiative and specifically makes the point that the U.S. government is solely responsible for its own activities. The memo to the President, prepared by Oliver North, refers repeatedly to the Israeli plan to help bring about a more moderate government in Iran and get U.S. hostages released. The release of the memo and the subsequent U.S. explanation indicate that U.S.-Israeli relations are in a state one analyst calls disrepair.

(Michael Hudson: "It looks like a fiasco and the extent to which the Israelis may have been responsible for it suggests that maybe the Israelis aren't such a good and strategic asset for us in the Middle East after all.")

An Israeli journalist who was shown the report of the Senate Intelligence Committee says it is plain his country was responsible for the idea.

(Shimon Shiffer: "From this report you can learn that Israel started the initiative, Israel pushed this initiative, Israel pressed the Americans to continue this initiative.")

With so many questions still surrounding the Iran-contra affair, the Reagan Administration today appointed a new spokesman to do the answering. Marlin Fitzwater, the Vice President's press secretary and a career government press officer, will take over February 2nd from Larry Speakes who is leaving government.

(Marlin Fitzwater: "We are doing the people's business here, we should be able to explain what we are doing.")

So far though, the President hasn't had much success at explaining what he was doing. He still insists he wants to get the facts out promptly but his advisers admit that until Poindexter and North testify, it will be difficult to clear up questions about where the money went and why no one challenged the idea, who's ever idea it may have been. (CBS-3)

## ARMS CONTROL

Brokaw: President Reagan returned to work in the Oval Office today just one week after his prostate surgery and one of the first orders of business, arms talks with the Soviet Union, they resume in Geneva on Thursday. Mr. Reagan met with his negotiating team to give instructions, praise, a promotion and as Andrea Mitchell reports now, criticism of the Kremlin position.

NBC's Andrea Mitchell: In a brief Oval Office meeting the President nominated chief negotiator Max Kampelman to serve also as councilor to the State Department, a trouble shooter for George Shultz. Although his promotion was under consideration for sometime, one senior official said that it was decided on now to match a Soviet move, the appointment of deputy foreign minister Uli Vorontsov to head the Soviet team. U.S. officials said Vorontsov has more clout in Moscow and can get more done. And at the United Nations the Soviet Ambassador said his country wants an arms agreement while Mr. Reagan is in office.

(Soviet Ambassador to U.N.: "We are trying to insure that the negotiating process between our countries produce complete results.") During the election campaign the President talked glowingly about the agreements reached a Reykjavik.

(President Reagan: "That meeting was a breakthrough in our discussions with the Soviets.")

But Mr. Reagan charged today that in subsequent talks the Soviets back tracked on promises made at both Reykjavik and Geneva. U.S. officials said the Soviets are now insisting on nuclear test ban talks before they will agree to reduce the number long range ballistic missiles, that they are reneging on promises of on site inspection of missiles sites, hedging on the timing of medium range missile reductions in Europe and Asia and won't agree to reduce the number of their short range ballistic missiles. But as the President was blaming the Soviets, Secretary Weinberger was calling for the deployment of the strategic defense by the early 1990s.

(Weinberger: "I think we have to bring the strategic defense initiative on line as soon as we can.")

The President's closest advisers believe an arms control breakthrough is the only way to salvage the Reagan foreign policy after Iran, but the Administration has still not decided how to handle the biggest obstacle to an agreement, strategic defense. (NBC-5)

Jennings: The United States and the Soviet Union are about to meet in Geneva again for another round of arms control talks and while there is no advance word on whether any new arms control proposals will be presented, there is going to be a shift in personnel.

ABC's Sam Donaldson: The table at Geneva will be the same but not all the players and perhaps not the post-Reykjavik atmosphere. Whether chances for agreement are improved is debatable. The Soviets have replaced Viktor Karpov, their long time chief negotiator, with Uli Vorontsov, a higher ranking Kremlin official, a change welcomed by the White House if it means Vorontsov has more ability to deal. To match the upgrading, chief U.S. negotiator Max Kampelman was today elevated to the rank of State Department counselor. However, President Reagan in a statement today questioned the Soviets desire to deal. Soviet actions to move forward have not matched our own, said the President. They have back tracked. And negotiator Kampelman served notice last Friday that the U.S. will not accommodate any such back tracking by modifying its own previous proposals.

(Kampelman: "If they should come to believe that every time we come back we are coming with something new that provides an incentive for them not to respond to us now because we will come in with a concession tomorrow. We will not.")

Particularly will the President not give in on his star wars missile defense shield, which Secretary Weinberger said again today should be deployed even piece meal as soon as ready.

(Weinberger: "As I envision it we could begin deployment, when we are told it is ready and effective, the beginning part of the system, a phase one if you like.")

And what is the President's position on that? No one said. But at the White House the new man who may eventually say it was today introduced to press room applause.

(Larry Speakes: "Almost a standing ovation.")

Marlin Fitzwater will replace Larry Speakes as Mr. Reagan's chief spokesman. He is a veteran public affairs officer who has been serving as Vice President Bush's press secretary, known as a straight shooter and self-effacing.

(Marlin Fitzwater: "Well I think it is obvious that the President wanted an anchorman-type, thin with a lot of hair.")

But with arms control, Iranscam, the deficit and the Democrats, Fitzwater will need all the good humor he can muster. (ABC-6)

## U.S./IRAN/IRAQ

NBC's Art Kent reports according to a draft report of the Senate

Intelligence Committee, the U.S. has been giving military intelligence to both sides (Iran and Iraq), intelligence which reports today said was deliberately distorted. On January 24th, 1986, according to the Senate draft, John Poindexter formally requested intelligence for the Iranians from John McMahon who was then deputy director of the CIA. The report says McMahon complied but instructed subordinates to make the intelligence innocuous, of very little help. At the United Nations today (the) Iranian ambassador denied Iran had received any intelligence. The CIA today denied giving either side distorted information, and say intelligence sources, there has been no contact since December. (NBC-2)

ABC's John McWethy reports from the early days of the Iran-Iraq war the U.S. has been giving both sides certain limited amounts of intelligence information. Today there were reports that the Reagan Administration provided purposely distorted or inaccurate intelligence to both sides to keep either from winning the war. The CIA promptly said the story is "false, not true, that such a policy of disinformation would be stupid." Some analysts say that giving accurate information to both sides, which the U.S. did do, may also be a questionable practice if the main American goal really is to find a way to end one of the bloodiest wars in history. (ABC-2)

Rather: The CIA today denied a New York Times report that the U.S. has been conducting another systematic campaign of lying, a so called disinformation campaign, this time an effort to feed doctored intelligence reports to both Iran and Iraq. The supposed purpose of feeding them both phony information, to keep either country from winning the long war. The CIA says the story is false. At the White House spokesman Larry Speakes said, and I quote, "I don't have that information." But Bill McLaughlin has been told that both Iran and Iraq were given misleading U.S. intelligence reports. In the case of Iraq, edited satellite photos, in the case of Iran, purposely inflating the importance of Soviet troops stationed near Iran's border. (CBS-4)

#### NORTH/GORBANIFAR

CBS's David Martin: Oliver North told associates he had threatened to kill Iranian middle man Gorbanifar if word of the secret arms for hostages deal leaked out. One source involved in the Iran arms deal said he told Gorbanifar: I'm going to give you a chance to become a martyr. Although there is no evidence North ever attempted to make good on his threat, he and other U.S. officials distrusted the Iranian because intercepts by the National Security Agency of phone calls Gorbanifar made to Iran revealed he was misrepresenting arrangements agreed to in meetings they attended. In the intercepts Gorbanifar talked to a man he called Kangerlu, who U.S. officials believe to be Rafsanjani, leader of the so called moderate faction which favored contacts with the U.S. Gorbanifar also failed CIA lie detector tests when he was asked if had discussed the secret deal with anyone else. Despite the evidence that Gorbanifar could not be trusted, President Reagan decided it was members of Congress who could not be trusted and ordered CIA Director Casey not to inform them.

(President Reagan, 11/19/86: "We knew this undertaking involved great risks, especially for our people and for the Iranian officials with whom we dealt. That's why the information was restricted to appropriate Cabinet officers and those officials with an absolute need to know.")

According to one source Gorbanifar finally admitted compromising the operation by revealing it to the Ayatollah Montazeri, leader of the hard line faction which opposed contacts with the U.S. Montazeri is believed to be the Iranian official who leaked to this Beirut news paper the story of Robert McFarlane's secret trip to Tehran. While there is no evidence North was serious about killing Gorbanifar, sources say the death threat typifies the atmosphere of impatience, frustration and distrust in which North was operating. (CBS-5)



FITZWATER

Brokaw: White House press spokesman Larrv Speakes is leaving that job for a position on Wall Street and today the White House announced that he will be replaced by Marlin Fitzwater who has been press secretary to Vice President Bush. Fitzwater will have the title assistant to the President for press relations. James Brady, who was seriously wounded in the 1981 assassination attempt on the President continues to hold the title White House press secretary. (NBC-6)

WAITE

Jennings reports Terry Waite has finally made it back to Beirut and said on arriving there were signs that it was a reasonable time to be back. We are not sure exactly what that means. (ABC-4, NBC-3, CBS-Lead)

ANNE BRUSSELMANS

Jennings: And now the story of one woman's brave effort to help Americans and what America has done for her, or not done. Her name is Anne Brusselmans, she is a citizen of Belgium, but because of what she did for American airmen during World War II she was presented with a U.S. Medal of Freedom. Britain made her an honorary member of the British empire and Poland gave her its medal of resistance. That it seems was the easy part. So why can't she live where she wants to live?

ABC's Rebecca Chase reports now at age 81 and in failing health, Anne Brusselmans made what seemed to be a simple request of the country she once risked her life for. Brusselmans would like to live out her final days here in Clearwater, Florida, where for years she has spent her winters and where her daughter now resides. But when Brusselmans applied for legal residence she was told that the wait under the quota system would be about ten years. Immigration officials said that with two million people waiting to immigrate to this country, special preference cannot be given even for heroic deeds. An act of Congress seemed the only immediate alternative and last week a New York congressman introduced a bill on Brusselmans' behalf. But today Anne Brusselmans was told she would be accepted and could well be granted citizenship. The caller was Ronald Reagan who said that since Brusselmans sent so many Americans home from the war she too should have a home in the U.S. Brusselmans says she was overwhelmed by the call and that she will celebrate tonight with a cup of tea. (ABC-13)

## **EDITORIALS/COLUMNISTS**

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

Reagan and Iran: Right Aim, Wrong Plan -- "The basic concept of the Iran initiative was sound. Trying to build bridges with Iranians who can help moderate Iran's anti-American policy and use of terrorism is a logical and positive foreign policy goal for the United States. Gaining influence with that government is vital to U.S. strategic interests in the Persian Gulf. The release of American hostages held in the Middle East and termination of Iranian support for terrorist groups are highly desirable and healthy outcomes toward which improvement in our relations with Iran may contribute."

(William Broomfield, Detroit News, 1/11)

U.S. And Iran Share Grounds To Cultivate Better Relations -- "There are common grounds to cultivate a relationship between Tehran and Washington: an end to the Soviet occupation of Afghanistan, free passage of oil through the Persian Gulf, and more regional cooperation are only a few among the many. Ayatollah Khomeini's pre- and post-revolutionary words that 'we favor friendly relationship with all nations, including the United States' can be counted on, but they require care, wisdom and above all good faith."

(Feeroud Jafari, Albuquerque Journal, 1/4)

### **FEDERAL PAY RAISES**

Pay Scales of Justice -- "If Congress wants to attract the highest caliber of men and women to the Federal bench, and keep them there, it must address the salary question squarely. Squarely means opening up the issue, removing that sneaky automatic clause of the law, and putting a realistic 1987 dollar value on judicial service as well as congressional service."

(Miami Herald, 1/10)

Passing the bucks -- "Never let it be said that members of Congress don't understand how to cover their rear. Last year they enacted a measure that automatically raises their own salaries unless both houses of Congress vote against it.... Submitting congressional pay raises to a public vote, for all the posturing that attends it, is a healthy exercise."

(Washington Times, 1/7)

High enough pay raises for this year -- "President Reagan has shown good judgement -- not to say shrewd restraint -- in approving more moderate increases than those proposed last month by the Presidential Commission on Executive, Legislative and Judicial Salaries.... The changes, it is to be hoped, will make for greater equity between public and private positions, and particularly help those career officials who have dedicated themselves to public service regardless of the pay."

(Providence Journal, 1/8)

The Wages of Congress -- "Our argument with Congress is not that the job of senator or representative isn't worth \$89,500 a year, but that voters shouldn't have to give a raise to a group of people who demonstrate a consistent inability to perform necessary tasks, such as passing a federal budget on time.... At the very least, the backdoor financing of this latest pay raise merits some sharp questioning the next time members fly home to make what they traditionally call a 'frank and candid' report to the voters."

(Wall Street Journal, 1/7)