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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JANUARY 20, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Abshire Says Reagan To Respond To Panel -- White House special counselor David Abshire said yesterday that President Reagan will submit to questions from a special review board investigating procedures of the National Security Council. (Washington Post, Washington Times, UPI)

INTERNATIONAL NEWS

Dollar Hits A New Low Against Yen -- The dollar plunged yesterday to its lowest level against the Japanese yen since just after World War II, amid speculation the world's major industrial nations soon will be forced to take new actions to buttress the dollar. (Washington Post, Reuter)

NATIONAL NEWS

Reagan Back In White House, Still Out Of View -- President Reagan, back at the White House after a long weekend at Camp David, is in his third straight week of reduced workload out of public sight as he recovers from prostate surgery. (UPI)

NETWORK NEWS (Monday Evening)

WHITE HOUSE PANEL -- The White House has denied published reports that the President was ducking a meeting with the Tower commission.

SENATE INTELLIGENCE COMMITTEE -- President Reagan and his aides had no comment on a new Senate Intelligence Committee summary report.

IRAN/IRAQ -- There were claims and counter-claims as the fiercest fighting in years continues.

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IRAN — NICARAGUA

ABSHIRE SAYS REAGAN TO RESPOND TO PANEL

White House special counselor David Abshire said yesterday that President Reagan will submit to questions from a special review board investigating procedures of the National Security Council.

A Washington Post report yesterday quoted Administration sources as saying that Reagan had "rebuffed" the board's request for an interview because of a change in its strategy in dealing with the Iran controversy. The Post said Reagan would appear before the body, but that the White House did not want him answering questions about the affair until a fuller account of what had happened was assembled.

Abshire disputed this story, saying that Reagan had agreed when he created the board under chairmanship of former senator John Tower to be interviewed by it and that it was only "a matter of working out a mutually convenient time." (Lou Cannon & David Hoffman, Washington Post, A1)

Stall Of Tower Panel Typifies Reagan Stance In Arms Crisis

President Reagan's detachment from ongoing investigations of the Iran-Contra affair has become more pronounced -- a situation underscored by the President's delay in responding to interview requests from his Special Review Board.

Tower commission spokesman, Herb Hetu, said the commission has no reason to believe the White House is "sidestepping" the requests to interview Mr. Reagan. Such an interview, he said, will occur prior to completion of the commission's report.

(Willis Witter, News Analysis, Washington Times, A3)

Report: White House 'Stonewalling,' CIA 'Misleading' In Iran Probe

With the White House denying hedging a review of national security operations, a report today cites "misleading" information given to Congress by CIA Director William Casey and "stonewalling" by Vice Adm. Poindexter regarding U.S. arms sales to Iran.

"(Casey's remarks) contained several misleading statements and omitted several significant points," the Washington Post reported, quoting the Senate analysis. (John Vaughan, UPI)

SENATE STAFF REPORT FINDS CASEY'S IRAN TESTIMONY MISLEADING, INCOMPLETE Poindexter Briefing Called 'Stonewalling'

A written statement on President Reagan's secret Iran initiative, prepared at a White House meeting the day before CIA Director William Casey read it to two congressional committees, "contained several misleading statements and omitted certain significant points," according to a draft staff report of the Senate Select Committee on Intelligence.

Casey's Nov. 21 appearance before the Senate and House intelligence committees took place the same day that then-national security adviser John Poindexter briefed members of the Senate and House intelligence panels at the White House. Yesterday, one legislator present at Vice Adm. Poindexter's session called it "stonewalling...compared to what we now know." (Dan Morgan & Walter Pincus, Washington Post, A1)

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Senate Report Calls Iran Scheme Faulty, Based On Bad Information

President Reagan's secret Iranian arms initiative was based on faulty intelligence and showed signs of disintegrating before it became public three months ago, a Senate Intelligence Committee draft report concludes.

Senate Intelligence Committee spokesman David Holliday yesterday called The New York Times' publication of the draft document "irresponsible." The summary was removed from a draft report that the panel voted 7-6 against releasing earlier this month.

(Mary Belcher, Washington Times, A3)

CRITICS SAY U.S. 'PRIVATIZED' FOREIGN POLICY ON IRAN

Several members of Congress say the Reagan Administration, following a pattern of using private industry to run domestic operations, has made unlawful efforts to "privatize" foreign policy in the Iran-contra operation.

The critics say the Constitution and Congress were circumvented by the use of middlemen who arranged the financing of the arms sale to Iran and the transfer of money to the Nicaraguan rebels. The rebels were also aided by the Administration's solicitation of money from private sources and other nations.

(Martin Tolchin, New York Times, A10)

WAITE OPTIMISTIC ON HOSTAGES

Envoy Says He Has Begun Direct Negotiations With Islamic Jihad

BEIRUT -- Anglican Church envoy Terry Waite, ending a round of direct contacts with the Islamic Jihad captors holding American hostages, said here today that prospects were good for more releases but that the arrests last week of two Lebanese Shiite Moslem terrorist suspects in Europe had made his mission more difficult.

In a press conference, Waite said that he thought chances were good for the release of American kidnap victims Terry Anderson, the Middle East bureau chief of The Associated Press, and Thomas Sutherland, a dean at the American University of Beirut. Islamic Jihad had assured him that both were being "well looked after" and in "generally good" condition, he said.

(Nora Boustany, Washington Post, A15)

Waite Optimistic For 2 Hostages

Hostage negotiator Terry Waite remains determinedly upbeat about prospects for at least two of the USA citizens held hostage in Lebanon.

Waite, nearing the end of his latest mission, said Monday he'd seen the captors of Associated Press correspondent Terry Anderson, 39, and Thomas Sutherland, 54, of the American University of Beirut.

"Eventually," he told Lebanese reporters who visited him at the seaside Riviera Hotel, "the prospects are good" for their release.

(Don Kirk, USA Today A4)

Waite: Prospect For U.S. Hostage Release 'Good'

BEIRUT -- Hostage negotiator Terry Waite, declaring the prospects for the release of two captive Americans "good," delayed his planned departure from Lebanon to continue his bid to engineer their release.

Waite told reporters that he delayed his departure Monday because he was still conducting private negotiations. "Until discussions are completed there is no need for leaving," he said. (UPI)

Waite Says Captors Report Anderson, Sutherland In Good Condition

BEIRUT -- Hostage negotiator Terry Waite said he received assurances from the Shiite Moslem terrorist group Islamic Jihad that two kidnapped Americans are in good condition and being well cared for.

The Anglican Church envoy said Monday he has not conducted direct negotiations with Islamic Jihad since arriving in Beirut a week ago. But he said he made contact with the group, although he did not specify how, and planned to begin face-to-face talks soon. (Farouk Nassar, AP)

CONTRA ARMS CREWS SAID TO SMUGGLE DRUGS

Federal drug investigators uncovered evidence last fall that the American flight crews covertly ferrying arms to the Nicaraguan rebels were smuggling cocaine and other drugs on their return trips to the United States, Administration officials said today.

When the crew members, based in El Salvador, learned that Drug Enforcement Administration agents were investigating their activities, one of them warned that they had White House protection, the officials said.

(Joel Brinkley, New York Times, A1)

CONTRAS DENY GETTING IRANIAN FUNDS

SACRAMENTO -- A representative of the Unified Nicaraguan Opposition, an alliance of anti-government political and military groups, denied Monday having received funding in the Iran arms-Contra aid deals attributed to U.S. officials.

"Although the press has treated it as fact, we categorically deny receiving any monies from the arms transaction," said Leonard Lacayo, UNO spokesman. "We have no financial links of any kind to the American government." (Grace Bonds Staples, McClatchy)

EX-CIA AIRLINE TIED TO COCAINE

Southern Air Plane Allegedly Used In Deal For Weapons

Independent counsel Lawrence Walsh has received a report, allegedly given short shrift at the Justice Department last fall, of a connection between a Colombian cocaine kingpin and Southern Air Transport, the former CIA airline involved in the Iran-contra affair.

According to informed sources, a witness told the FBI last summer of having seen a cargo plane with Southern Air markings being used for a guns-for-drugs transfer at an airfield in Barranquilla, Colombia, in 1983.

(George Lardner, Washington Post, A12)

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INTERNATIONAL NEWS

DOLLAR HITS A NEW LOW AGAINST YEN 5 Industrial Powers May Have To Act To Prop Up Currency

The dollar plunged yesterday to its lowest level against the Japanese yen since just after World War II, amid speculation the world's major industrial nations soon will be forced to take new actions to buttress the dollar.

Japanese Finance Minister Kiichi Miyazawa will meet late Wednesday in Washington with Treasury Secretary James Baker to discuss the monetary situation. The meeting, according to Administration sources, was arranged at the request of Miyazawa. (Hobart Rowen, Washington Post, A1)

Japan's Finance Minister Going To U.S. For Currency Talks

TOKYO -- Japanese Finance Minister Kiichi Miyazawa said today he will go to Washington Wednesday for talks on currency rates with U.S. Treasury Secretary James Baker.

Miyazawa told reporters that he proposed the talks because the dollar has plunged below levels prevailing when the U.S.-Japanese agreement on currency market stability was announced at the end of October.

(Hisanobu Ohse, Reuter)

DEFICIT IN U.S. TRADE WITH COMMUNIST GOVERNMENTS

The U.S. deficit in world trade now extends to trade with Communist governments, largely because the Soviet Union failed to buy U.S. grain last year, the U.S. International Trade Commission says.

From July through September of last year, U.S. exports to Communist countries dropped to \$928.4 million, the lowest level in three years. U.S. imports from those countries in that period set a new record of \$1.7 billion. There was a sizable increase in the import of clothes from China.

(Carl Hartman, AP)

SOVIETS REPORTEDLY LAUNCH TWO NEW SUBS, THREATENING SALT II BREACH

Two new missile-carrying submarines in the Soviet fleet could push the Kremlin over limits in the SALT II treaty once sea trials of the vessels begin this spring or summer, Administration sources said.

The sources, who agreed to discuss the matter only if not identified, said shipyard activity at the northern Soviet port of Severodvinsk indicated the two submarines had been launched in December.

The addition of 36 new multiple-warhead missiles, in turn, would push the Soviet arsenal beyond one of the so-called "sub-limits" contained in the SALT II accord, absent the retirement of older weapons.

(Norman Black, AP)

LINES ARE DRAWN FOR U.S., COMMON MARKET TRADE WAR

LONDON -- When the big chips are down, the Western alliance in Europe pulls together. But between times, Western unity is strained by little chips -- disputes over such things as grain, gin, brandy and cheese.

Western Europe's ties with the United States have frequently been strained when raw national interests -- employment, farm prices, economic concerns, domestic politics -- have gone ahead of treaty obligations. But these cases in the past have never brought the trans-Atlantic relationship to the point of collapse.

(David Mason, News Analysis, Washington Times, A7)

U.S. LAYS OUT RIGHTS STANCE Officials To Address U.N. Unit In Geneva

GENEVA -- The United States intends to adopt a more aggressive posture, particularly on Cuba, Vietnam and Cambodia, at the session of the United Nations Human Rights Commission beginning here Thursday, its chief delegate said today.

Ambassador E. Robert Wallach told reporters that leading Administration figures will come to Geneva for discussion of controversial topics of the six-week meeting. (John Parry, Washington Post, A15)

SOVIETS WOOING PROMINENT CULTURAL EMIGRES

NEW YORK -- Some prominent artists and writers who emigrated from the Soviet Union say the Kremlin quietly is offering to welcome them home, but they are skeptical and are insisting certain conditions be met.

The emigres, along with scholars on Soviet affairs, are unclear about the Kremlin's motives.

One theory is that such approaches are part of Soviet leader Mikhail Gorbachev's attempts to enlist intellectuals in his revitalization of Soviet society. Another is that the Kremlin could tout the return of emigres to show the superiority of the Soviet system. (Andrew Katell, AP)

HIJACK SUSPECT MAY BE HELD IN WASHINGTON-AREA BRIG

Mohammed Ali Hamadei, in custody in the 1985 TWA hijacking, probably will be lodged in the brig at a military base in the Washington area after he is brought from West Germany, federal law enforcement sources said yesterday.

Once Hamadei is extradited, he will be taken to a facility such as the Fort Meade Army base, said two sources, speaking on condition that they not be identified. (AP story, Washington Post, A15)

Officials Say Hijack Suspect Could Be Extradited Quickly

BONN -- Officials said a lebanese man charged in the United States with air piracy and murder in a 1985 TWA hijacking could be extradited very quickly now that Washington has pledged he will not face the death penalty.

Justice Ministry spokesman Juergen Schmid said Monday that the need for such a pledge had been the main obstacle to extraditing Mohammed Ali Hamadi, who was arrested in Frankfurt a week ago.

U.S. Justice Department officials said Sunday they would comply with the West German demand, and Schmid said West Germany now is waiting to receive the promise in writing. (Kenneth Jautz, AP)

United States To Seek Life Sentences For Hijacking Suspect

The Justice Department, having promised West German officials it would spare a Palestinian hijacking suspect the death penalty, says it plans to seek multiple life sentences for the accused terrorist.

Associate Attorney General Stephen Trott said Monday he expects the complicated extradition process against Mohammad Ali Hamadei "to go rather smoothly" following department agreement to West German demands to waive the death penalty for Hamadei if he is convicted in the United States.

(Lori Santos, UPI)

LATEST U.S. PEACE PUSH IN MIDDLE EAST INEFFECTIVE

U.S. officials see no immediate prospect for reviving peace talks in the Middle East in the wake of an unsuccessful trip to the region by Assistant Secretary of State Richard Murphy.

Murphy was due back in Washington today from a trip to Israel, Jordan, Egypt and Saudi Arabia that officials said found no possibility of breakthroughs nor offered any new American plans to jump start the stalled negotiations.

Reports from the Middle East say Murphy found a new depth of skepticism among Arab leaders about America's role in the peace process and new enthusiasm for an international conference, which would include all permanent members of the U.N. Security Council. (Jim Anderson, UPI)

IMMIGRATION RULES REQUIRE NEW PROOF FROM NEWLY HIRED Employer Must Verify Papers Of Americans And Aliens Within 24 Hours

Employers across the country must verify the citizenship status of all new employees, Americans and aliens, within 24 hours after they are hired, according to new rules to be issued this week by the Immigration and Naturalization Service.

The rules carry out the landmark immigration law signed by President Reagan on Nov. 6. The law prohibits the hiring of illegal aliens and will offer legal status, or amnesty, to illegal aliens who have lived in this country continuously since before Jan. 1, 1982. For the first time, it also requires Americans to present proof of citizenship when applying for jobs.

(Robert Pear, New York Times, A1)

Rules Would Require U.S. Citizens To Prove Residency

The Reagan Administration is proposing tentative immigration rules requiring every citizen or alien hired for a new job to prove residency and eligibility to work in the United States, an Administration source says.

It would be the first time the rules, which are aimed at slowing down illegal immigration, are applied to all U.S. citizens.

(Larry Margasak, AP)

ANC LEADER'S VISIT OPPOSED

Conservative activists detailed plans yesterday to protest the forthcoming visit of South African black leader Oliver Tambo to the United States, decrying his alleged ties to communists and advocacy of violence.

Rep. Danny Burton and others urged Secretary of State George Shultz to cancel a planned meeting Jan. 28 with Tambo, president of the African National Congress, which is outlawed in South Africa.

"The secretary of state should no more meet with Tambo than with Yasser Arafat.... He is a terrorist with strong ties to the South African Communist Party and the Soviet Union." (AP story, Washington Post, A7)

Conservatives Urge Shultz To Scrub Talks With Tambo

Conservative activists used the birthday of slain civil rights leader Martin Luther King Jr. yesterday to urge Secretary of State Shultz to cancel his meeting with Oliver Tambo, leader of the African National Congress.

A three-hour Capitol Hill forum, sponsored by the 34 groups forming the "Coalition Against ANC Terrorists," was designed "to draw the contradiction between nonviolence of Dr. King and the violent policy of the ANC," said Howard Phillips, chairman of the Conservative Caucus.

(Rita McWilliams, Washington Times, A1)

Planned Meeting Between Shultz, Tambo Draws Conservative Fire

Secretary of State Shultz should cancel his planned meeting with South African Oliver Tambo, say conservative activists who are calling the exiled black leader a terrorist.

But Randall Robinson, head of the Transafrica lobbying group says Shultz' scheduled Jan. 28 meeting with Tambo is a "small step in the right direction."

(Joan Mower, AP)

ISRAELI LEADERS IRKED AT REPORTER'S ROLE Iran Affair Interviews May Bring Recall

JERUSALEM -- Israel's state-run radio is considering recalling its Washington correspondent following complaints from the prime minister's office and Foreign Ministry about his reporting of a confidential Senate report critical of Israel's alleged role in the Iranian arms affair.

For several days earlier this month, Shimon Shiffer was one of only two Washington-based journalists to have seen the contents of the draft report on the affair by the Senate Select Committee on Intelligence.

(Glenn Frankel, Washington Post, A12)

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NATIONAL NEWS

REAGAN BACK IN WHITE HOUSE, STILL OUT OF VIEW

President Reagan, back at the White House after a long weekend at Camp David, is in his third straight week of reduced workload out of public sight as he recovers from prostate surgery.

Taking advantage of the Martin Luther King Jr. holiday, which he originally opposed, Reagan and his wife spent an extra day Monday at the presidential retreat in Maryland's Catoctin Mountains before returning to the White House. (Norman Sandler, UPI)

DOW BREAKS 2100 BARRIER Industrial Average Makes 12th Straight Gain After An Early Round Of Profit-Taking

NEW YORK -- The stock market roared back from an early bout of profit-taking today, propelling the Dow Jones industrial average past 2100 and stretching the indicator's winning streak to 12 straight sessions.

"The momentum is still there," said Raymond DeVoe, an analyst for Legg Mason Wood Walker. "There still seems to be a lot of money sloshing around, ready to come in."

"We're getting some very dramatic moves on individual stocks," said Bill Raftery, an analyst for Smith Barney. "It looks like we've got a solid demand market." (Marcy Gordon, Washington Post, C1)

Wall Street Hits Record Highs Despite Dollar's Record Lows

NEW YORK -- Wall Street stocks soared to close above the 2,100 points for the first time yesterday despite the fact that the battered dollar hit record lows in Asia and closed sharply lower in New York.

Analysts said the developments contradicted each other because a weaker dollar reduces the value of U.S. assets and puts pressure on inflation because it increases the price of imports.

(Peter Elsworth, Reuter)

VOLCKER'S FUTURE AT FED IN DOUBT ONCE AGAIN

The Reagan Administration is back in a familiar situation: mulling over whether to keep Paul Volcker as chairman of the Federal Reserve Board.

Despite the fact there have been stories in recent days mentioning other possible candidates, many veteran Fed watchers are betting Volcker will be reappointed when his term as chairman expires Aug. 6., just as he was in 1983. (Martin Crutsinger, AP)

CONGRESS' BUDGET AGONY IMPENDS
Deficit Target And Political Concerns Limit Lawmakers' Options

The Democratic-controlled 100th Congress, which has just begun to examine President Reagan's trillion-dollar budget for fiscal 1988 and the related problem of cutting the nation's stubborn deficit, appears headed for an uncomfortable choice between bad politics and bad economics.

Congress is left with a short and unappetizing list of options as it wrestles with a requested budget whose spending priorities and revenue proposals have not been well received on Capitol Hill.

(Tom Kenworthy, Washington Post, A7)

KENNEDY WANTS \$1.25 INCREASE IN MINIMUM WAGE,
HEALTH INSURANCE EXTENSION

Sen. Edward Kennedy, relishing his new committee chairmanship after six years in the minority, wants to raise the federal minimum wage by at least \$1.25 an hour, to \$4.60, and extend catastrophic health insurance to Medicare recipients.

Kennedy also said he will use his chairmanship of the Senate Labor and Human Resources Committee to fight President Reagan's proposed cuts in education programs, to raise funding for AIDS research and to enhance job-training programs.

(David Espo, AP)

CONGRESSMEN COOL TO ARMY PLAN FOR
DISPOSING CHEMICAL WEAPONS

An Army request for \$500 million to prepare for destroying the nation's existing stockpile of aging chemical weapons has run into stiff opposition on Capitol Hill, according to two legislators.

"I think the Army's request for this money is very, very premature, to say the least, and I doubt that it will be approved," Rep. Larry Hopkins said Monday.

(Tim Ahern, AP)

FIRST LADY/DRUG ABUSE/NEWSWEEK

Nancy Reagan becomes First Reader tomorrow when she receives her own hot-off-the-presses copy of a special edition of Newsweek devoted entirely to the drug crisis for the benefit of high-school-age readers.

Making the presentation will be Gerard Smith, Newsweek publisher and executive vice president, and Edward Rensi, president and chief operating officer of McDonald's USA, cosponsor of the special edition.

(Donnie Radcliffe, Washington Post, E2)

NETWORK NEWS SUMMARY

(Monday evening, January 19th)

WHITE HOUSE PANEL

ABC's Peter Jennings: The White House has denied published reports that the President was ducking a meeting with the panel he set up to investigate the role of the National Security Council. White House officials insist the President will meet with the panel soon even though no date for the meeting has yet been set. (ABC-6)

SENATE INTELLIGENCE COMMITTEE

Jennings: The Senate Intelligence Committee, meanwhile, has been trying to agree on exactly what it has learned from its own investigation into the Iran arms affair.

ABC's Anne Compton reports seven weeks after the parade of witnesses into the Senate Intelligence Committee's secure briefing room, the committee staff is only today beginning to write its final version of the Iran arms deal history. (ABC-7)

CBS's Dan Rather: President Reagan today began a third week virtually out of public view at the White House answering no questions. Mr. Reagan did so amid reports that even the commission he himself appointed to look into what's wrong with the White House-basement national security operation is still waiting for its first appointment to see him. Also today, President Reagan and his aides had no comment on a new Senate Intelligence Committee summary report, a published account today says it chronicles possible law breaking in the arms for Iran scandal. The report has not been released by officials, Phil Jones has confirmed what's in it.

CBS's Phil Jones reports the Senate Intelligence Committee's 27-page summary report identifies and extensive list of people in and out of government who may have violated laws and ignored advice to stop the super-secret arms deal to Iran. The summary, which was first leaked to a newspaper and confirmed by CBS News today, raises new questions about what the President knew about diversion of arms profits to the Nicaraguan contras. One critical memo mentioned in the summary, believed written by Oliver North in April 1986, contains a clause providing for the use of \$12 million in profits from the program to be given to the contras and requests the President's approval. However, sources tell CBS News there is no date on the memo, no proof that North wrote it, and that there is no document that shows the President signed or even received an oral briefing. In fact, the Intelligence Committee summary states there is no specific evidence that President Reagan knew about the diversion. But the summary does cite a series of mistakes and misjudgements, the Reagan White House ignoring warnings. This summary, viewed by many senators as incomplete and inaccurate, will not be forwarded to the special Iran-contra select committee. However, congressional sources said today that the damage to the Administration has already been done by this leak. (CBS-Lead)

U.S./IRAN

CBS's Bill Redeker reports while the White House may have hoped its contacts would open a door to moderates in this fundamentalist state, so far there have been few signs of any breakthrough. Iran today may appear more moderate but its leadership and those who control the mass media still toe Khomeini's line. Still, sources say low-level contacts between Iran and the United States continue, mostly through the Swiss, who represent American interests in Iran. And, those sources say, that should it serve Iran's interests in the future, Iran may again use its influence with those holding the remaining hostages in Lebanon. (CBS-2)

IRAN-IRAQ

NBC's Jim Miklaszewski reports there were claims and counter-claims as the fiercest fighting in years continues, the battle for Basra, Iraq's second largest city is now 11 days old. U.S. intelligence reports raise doubts that Iran can actually seize Basra. The reports say Iran has failed to make any major military gains. But Western analysts say the sustained Iranian offensive has put increasing pressure on Iraqi President Hussein, that Iraq must push out the Iranians, otherwise, they say, Hussein's regime could be severely threatened. Pentagon sources say the U.S. remains committed to protecting Persian Gulf shipping. The aircraft carrier Kitty Hawk is steaming toward the Indian Ocean and could be in position just outside the Gulf within five days. Defense Department officials say there are no immediate plans to get the U.S. militarily involved, but according to one source, our interest in that war is at an all time high. (NBC-7, ARC-8, CBS-3)

U.S. DOLLAR

Brokaw: The dollar continued to plunge on world currency markets. In Tokyo there was a frenzy of trading as the dollar dropped to record low against the yen. A major factor appeared to be signals from Washington that it wants the dollar to go even lower. A lower dollar would help American manufacturers sell their products overseas and it would make Japanese products more expensive in this country. (NBC-6, CBS-8)

SALT II

Jennings: According to the Reagan Administration the Soviets may be about to exceed one of the limits in the SALT treaty. Both the Washington Post and AP quote Administration sources as saying the Soviets have launched two new missile-carrying submarines which will be ready for sea trials this summer. Once that happens the new subs and their missiles would be counted in the Soviet arsenal pushing them over the SALT II limits. The U.S. exceeded the limits of the SALT treaty late last year. (ABC-9)

HAMADI

Brokaw: The U.S. is expected to ask West Germany tomorrow to hand over Mohammed Hamadi, a suspected terrorist in the 1985 hijacking of TWA flight 847. The U.S. agreed yesterday to a West German demand that Hamadi not face the death penalty in this country. A Justice Department official said that now the U.S. might seek multiple life sentences if Hamadi is convicted here. (NBC-8, CBS-4)

NICARAGUA

Brokaw: A new effort began today to get peace talks started once again in Central America. The U.N. Secretary General Peres de Cuellar and the foreign ministers of eight Latin American nations flew to Managua and they were greeted by Nicaraguan President Daniel Ortega. They are making a five nation tour in an effort to revive the stalled talks on a region peace treaty known as the Contadora process. But inside the war zones of Nicaragua both sides now are arming themselves with powerful new weapons brought in from the outside. This war is escalating and Garrick Utley has a report tonight from the battle ground. (NBC-10)

WALL ST.

Jennings: It has been another record day on Wall St. The Dow, which two weeks ago cracked the 2,000 level, today pushed passed 2,100. Everyday the question is when will it stop, and every day the answer is not yet. (ABC-5, NBC-5, CBS-7)

M.L.K. BIRTHDAY

NBC's Tom Brokaw: The federal government and 38 states honored Dr. Martin Luther King Jr. today with ceremonies and a holiday marking his birth 58 years ago. (NBC-Lead, ABC-Lead, CBS-5)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: Sam Donaldson and George Will.
Guests: Ambassador Stephen Bosworth, Juan Ponce Enrile and Joker Arroyo, executive secretary of Corazon Aquino.

Brinkley: Ambassador Bosworth in Manilla, thank you very much for coming in today.

Will: Can the United States work hard to guarantee, and what sort of guarantee is needed, to prevent a military coup? That is, how firmly planted are democratic processes?

Bosworth: Well, I don't think that the risk of a military coup at this point is all that great. I think the great bulk of the population here firmly supports the civilian government. I think some of the voices you hear raised now are the equivalent of the sound democracy. There's a good deal of political debate going on, but at the moment it's going on within the legitimate political framework of the country. And I think that's fine.

Donaldson: The complaint is always heard that the United States is interfering in Philippine affairs, and that you, as our man in Manilla, are constantly [intruding] to try to force the government one way or the other. Is that true? And if your answer is no, why do the Filipinos say it?

Bosworth: Well, of course it is not true. I think one of the hallmarks of our policy here over the last few years is that it's been basically a public policy. What you see is what there is. Not everyone may like it, but that's all there is. There is no secret agenda here.

Brinkley: The new constitution for the Philippines is to be voted on February 2nd. And there's in there, something about a nuclear-free zone, something perhaps on the order of New Zealand, what is it? Explain it to us?

Bosworth: Well, I think it's quite different than the New Zealand policy on the nuclear question. And we continue to take our lead from President Aquino's assertion that she will abide by the terms of the existing arrangements up until 1991, and then we will see what happens in terms or renegotiating some continuation of the arrangements.

Brinkley: Is there a future possibility of the U.S. Navy and Air Force being forced out of their bases in the Philippines because they are known to have nuclear weapons?

Bosworth: Well, that certainly has not become an issue at this point. Of course, we never confirm nor deny whether any of our ships or planes are carry nuclear weapons. But that policy of ours is well understood by the government. And I don't foresee that this is going to become a serious issue between the two governments.

THIS WEEK WITH DAVID BRINKLEY (continued)

Roundtable discussion, Jody Powell joins panel.

Brinkley: How about Pat Buchanan running for president, what do you make of that?

Powell: Since Pat once was a colleague of all of us as a columnist, I think we owe him our best advice and mine would be Pat, don't do it. You don't know what you are getting into here.

Donaldson: I want Pat Buchanan to run. Those of who don't agree with Pat Buchanan's philosophy would love to see him out there. You know there is something else here, I think Pat Buchanan is an embarrassment to his President and ought to leave the White House. Pat goes out says the wildest things, which is an embarrassment to the President who knows you don't get things in this town by calling all of the power levers a bunch of monkeys. You get them by soothing them and getting your way and running off.... I think Pat is an embarrassment because I think he ought to resign and I think he will take this honorable course, run for president, get four or five votes, and then come back to our business and let us fight it out on these roundtables.

Will: This is very bad news for Jack Kemp because there is a limited amount of money on the right. I would prefer that Pat didn't run because the very attributes that make him an interesting participant on op-ed pages might make it hard for the Republican party to maintain a sense of decorum and moderation in the race. I want both parties to have a certain minimal decorum, they never have much more.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Barry Schweid and John Walcott. Guest: George Shultz.

Kalb: Okay, do you feel that we do have enough time to negotiate an arms control agreement with the Russians?

Shultz: I think the talks got off to a good start.

Kalb: But, as yet, no new proposal?

Shultz: No.

Walcott: Do you think it's possible for the United States to deploy some segment of the Star Wars system without violating that treaty and should that be the goal of anything we do?

Shultz: Well, it all depends on what's deployed, but under the ABM Treaty, you can make certain kinds of deployments on the ground and, in fact, the only deployed ABM system anywhere is deployed by the Soviet Union, as you know, around Moscow, but that's not necessarily what's being talked about.

Kalb: When this all came up (Iran-contra affair), how do you justify, as a Secretary of State, assuming responsibility proudly for areas of American foreign policy, and then pulling back saying, "Really, I couldn't accept responsibility, because I didn't know," about other areas of American foreign policy. You're secretary of state for all of it.

Shultz: As far as the arms sales to Iran is concerned, my position has -- was made clear and as this process went on there were quite a number of times when I felt that there was no arms sale connection to it. And the rest of it, that is, the President's desire to see if there couldn't be some kind of different Iran, particularly in a post-Khomeini Iran -- I felt was a good idea.

Walcott: Let me ask you about the Contra half of this for a moment. Were you aware that during the time when Congress had cut off U.S. military aid to the Nicaraguan rebels, American diplomats and intelligence officials in Costa Rica, and also in Honduras, were still in contact with the rebels, were helping arrange the construction of an air strip in Costa Rica to be used by the rebels, were helping coordinate supply flights to the rebels?

Shultz: Certain things were legal and certain things weren't. And you remember the Congress appropriated \$27 million for humanitarian assistance to the people fighting for freedom and independence in Nicaragua. And you have to get it to them somehow or the other. So, that's a perfectly legitimate thing to do, in fact, you're mandated to do it by the law of Congress. And to the extent they worked on that, there's nothing wrong with that.

MEET THE PRESS (continued)

Kalb: Mr. Secretary, your Assistant Secretary for Inter-American affairs, Elliott Abrams, has said several times in the past week on television that if it is not the Contras who are going to do the job of eliminating the Sandinista regime, it will have to be the United States Marines. Do you agree with that?

Shultz: I think that the policies we have towards Central America are right and are very important for the security of our country. The rotten apple in the barrel is Nicaragua and all the people down there know it. The totalitarian form of government that they seek to impose on Nicaragua is bad news for everybody. Now, there are a lot of people in Nicaragua who don't like it, not surprisingly. And they're ready to fight for freedom and independence in their country and we're helping them.

Kalb: Do you believe, sir, that if the Contras can't do it, that the United States will have send the Marines in to do it?

Shultz: The problems that can take place if we back off from supporting decency and democracy in -- right here on our own land -- are very serious. And if that spreads up, and spreads on to Mexico, it'll pose a grave security problem for the United States and we'll have to think it over careful. But I'm not going to put my foot in the hole you want me to.

Schweid: But I'm thinking of diplomacy. Are we insisting that the Sandinistas must come to terms with the Contras and give the Contras a share of power?

Shultz: What the President has put forward and what our Nicaraguan freedom fighters have put forward is this proposition: They say, "Let's have a ceasefire and let's have along with that an agreement to sit down together and work out the sort of constitutional arrangements under which there can be a different kind of governmental process, where people have a chance to run for political power through the electoral process." That's what they want.

Walcott: Let me ask you briefly about the Philippines. There are more rumors, more reports of impending coups, possible coups, against the government of President Aquino. How stable do you believe her regime is? Do you think there is danger of a coup against Mrs. Aquino?

Shultz: No, I do not think there is any danger of that at all. I think she is very strongly supported by the Philippine people. She's a very impressive person. They're lucky to have her there and they know it. And you'll see that expressed, my guess is, when you see the voting on the new constitution.

CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Henry Kissinger, Sen. John Kerry and Rep. Henry Hyde.

Stahl: Henry Kissinger has had phone conversations with the President about the Iranian situation. We asked him earlier if he thought the President should apologize to the American people.

Kissinger: Any president is entitled to make a mistake, and I don't see why an apology is called for. And I would think that what needs to be done now is to get the facts out, to prevent a repetition of that occurrence which resulted from bad procedures and some appalling advice, and to fix that. And at some appropriate moment the President might say what he's done to fix it. But I don't see that a breast beating is indicated.

Stahl: Well, let me ask you specifically about the Middle East. We now know that we gave intelligence data to both Iran and Iraq, possibly even disinformation, we seem to be developing strains with Israel over whether they initiated this whole Iran arms business or not. How do we begin to repair and re-establish our foreign policy in the Middle East?

Kissinger: Well, I think to give intelligence data to both sides in a war is a big mistake. I think that is the sort of Machiavellianism that loses you credit all over. When I read this memorandum to the President that was published, released by the White House, here the National Security staff is saying Iraq is winning the war against Iran. Well, they must be the only people in the world who are believing this. And when you are giving the President wrong factual information, you are likely to get a wrong decision.

Stahl: Let me go to Con. Hyde fist. There is a group of Republicans who are now urging the President to go to the American people and apologize for the Iran-contra situation. And I understand that you are one of them. What do you think the President should say to the American people?

Hyde: Well, first of all, Lesley, I want to make it clear that I am not anyone who thinks the President needs to apologize; he has nothing to apologize for. What I think is needed is an explanation of the initiative towards Iran, the opening there, the reasons for it. And I think the President, better than anyone else, can make a very good case for it.

Stahl: Well, let's got to Sen. Kerry. Do you think that if the President gives another speech to the American people and says he's responsible, that that will begin to solve a lot of his problems?

Kerry: No, I don't Lesley. I think the President has a fundamental credibility problem at this point, and I think that, while it might be nice to have him apologize -- and I think more than an apology is necessary -- he would indeed have to engage himself in this and accept responsibility, above all. But I don't think that will solve the problem, because the American people already don't believe what is coming of the White House with respect to this matter.

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FACE THE NATION (continued)

Stahl: Is the President in deep trouble in Congress, or is he getting it behind him? Where do we stand?

Kerry: Well, I think clearly the national political landscape has been changed by this. The President's bargaining power with Congress is very different. Whereas for the last six years I think he's been able to move programs almost at will, now he is going to have to bargain. I think certainly Democrats and Republicans alike internationally want the President to be able to succeed, don't want to see a president handicapped in foreign policy. But there I think the President has handicapped himself.

Stahl: Con. Hyde, you are known as a supporter of the President's. Have you been finding it difficult to defend him on this policy, a policy where he didn't notify Congress and where apparently, at least we've been told, he didn't even tell his own Secretary of State and Secretary of Defense on the arms sales?

Hyde: Yes, that's difficult to explain, because the law requires Congress to be notified. But I can understand the justifiable paranoia of the White House, because Congress can't keep a secret, the State Department has difficulty keeping a secret, and if you are dealing with people's lives in an operation of great sensitivity, I can understand why they would want to keep it close to the vest.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Robert Novak, Morton Kondracke, Jack Germond and Richard Cohen.

McLaughlin: Describe in one word the prospects for an arms control agreement between the United States and the Soviet Union in calendar 1987.

Cohen: Poor. Novak: Thankfully, bleak. Germond: Minimal. Kondracke: Not good. McLaughlin: Answer: Dim.

McLaughlin: Item, the anchorman type -- Marlin Fitzwater was named this week by President Reagan to succeed Presidential spokesman Larry Speakes. Why did the President choose you Mr. Fitzwater? (Fitzwater on tape: "Well, I think it is obvious that the President wanted an anchorman type, thin with a lot of hair.") Fitzwater is currently press secretary to Vice President Bush and, note this, prior to that served for two years under Donald T. Regan at Treasury. Reportedly Fitzwater was selected over Nancy Reagan's choice for the job, namely Sheila Tate, her former press secretary. Does the Fitzwater appointment tell you that whatever denigrations Donald Regan may have suffered because of Iran, the bloom is now back on the Regan rose?

Germond: No, what it tells me is there is a great demand for fat, bald headed guys.

Novak: I think you are right, I think this was a Don Regan choice, but Pat Buchanan, who by the way is running for president John, Pat Buchanan recommended Fitzwater on the grounds that he is not a ideologue, he is not a newspaper man, you don't want either one. What he is, he is a nice Larry Speakes, if you can think of that contradiction in terms.

Kondracke: This may be a Regan victory, it undoubtedly is, there is a lot of other evidence of Regan victories and he is going to stay. But Marlin Fitzwater is about the best he could have gotten.

Germond: Marlin Fitzwater has a great quality and I hope he is able to maintain it, I have never seen any sign of paranoia in him.

McLaughlin: On a respect scale of 1-to-10 after, say December 1988, with zero meaning zero respect, ten meaning the veneration paid by a follower to the Dalai Lama, what kind of respect will Fitzwater have, 0-to-10?

Cohen: 8. Novak: 8.4. Germond: 8.4. Kondracke: 9. McLaughlin: 9.

Predictions: Cohen: Based upon what they are telling intimates, I predict Cuomo will go, Nunn won't (run for president.) Novak: I think the Republican Caucus will vote Sen. Helms over Sen. Lugar as ranking Republican on the Senate Foreign Relations Committee. Germond: When he really gets down to it he will be overcome by good sense and Pat Buchanan will not run for president. Kondracke: I think Pat will run for president. Cuomo will run. McLaughlin: Residential, home, mortgage interest rates trending downwards ceiling in at 9.5.

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AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Jack Kilpatrick, Hugh Sidey, Carl Rowan and Elizabeth Drew.

Agronsky: A Number of important Republican senators and congressmen are now saying they believe President Reagan should take full responsibility for his Administration's mistakes in the Iran scandal, apologize to the American public and ask the people to forgive him. Will the President do this, should he?

Rowan: The only kind of statement that might make a difference would be the President saying 'I ransomed hostages with arms, I told you I wouldn't do it but I did. I should have notified the Congress of this Iranian caper, I didn't. My staff violated the law by transferring funds from those sales to the contras. I didn't know about it but I should have, for all of this I am sorry.' I don't think he is remotely prepared to make that kind of statement.

Drew: Well, I agree Reagan is not one for admitting error particularly when he doesn't feel that he did anything wrong. The furthest he has gone is saying that mistakes were made in the execution of the policy, not the policy. What is so striking about these statements from important Republicans, conservatives, die-hard supporters of the President is that it indicates the agony that the Republicans now feel about this and they now worry about what it is going to mean.

Sidey: I think that they are just dead wrong. The fact of the matter is that the President has taken responsibility for the mismanagement and the failure of this mission but he does not believe it is a mistake and to say so would be hypocritical on his part. He believes that as conceived originally it had some chance of working. It didn't and that, he said, is right. He has taken that responsibility, so I say no.

Kilpatrick: And I say no, I'll say amen to my brother Sidey here and I say to my brother Carl I certainly am delighted you are not a speech writer in the White House. And Reagan has nothing to apologize for except getting caught.

Agronsky: That leaves a two-and-two division. I would say that I think he should do this, it is wrong for him not to.



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JANUARY 20, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Abshire Says Reagan To Respond To Panel -- White House special counselor David Abshire said yesterday that President Reagan will submit to questions from a special review board investigating procedures of the National Security Council. (Washington Post, Washington Times, UPI)

INTERNATIONAL NEWS

Dollar Hits A New Low Against Yen -- The dollar plunged yesterday to its lowest level against the Japanese yen since just after World War II, amid speculation the world's major industrial nations soon will be forced to take new actions to buttress the dollar. (Washington Post, Reuter)

NATIONAL NEWS

Reagan Back In White House, Still Out Of View -- President Reagan, back at the White House after a long weekend at Camp David, is in his third straight week of reduced workload out of public sight as he recovers from prostate surgery. (UPI)

NETWORK NEWS (Monday Evening)

WHITE HOUSE PANEL -- The White House has denied published reports that the President was ducking a meeting with the Tower commission.

SENATE INTELLIGENCE COMMITTEE -- President Reagan and his aides had no comment on a new Senate Intelligence Committee summary report.

IRAN/IRAQ -- There were claims and counter-claims as the fiercest fighting in years continues.

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IRAN — NICARAGUA

ABSHIRE SAYS REAGAN TO RESPOND TO PANEL

White House special counselor David Abshire said yesterday that President Reagan will submit to questions from a special review board investigating procedures of the National Security Council.

A Washington Post report yesterday quoted Administration sources as saying that Reagan had "rebuffed" the board's request for an interview because of a change in its strategy in dealing with the Iran controversy. The Post said Reagan would appear before the body, but that the White House did not want him answering questions about the affair until a fuller account of what had happened was assembled.

Abshire disputed this story, saying that Reagan had agreed when he created the board under chairmanship of former senator John Tower to be interviewed by it and that it was only "a matter of working out a mutually convenient time." (Lou Cannon & David Hoffman, Washington Post, A1)

Stall Of Tower Panel Typifies Reagan Stance In Arms Crisis

President Reagan's detachment from ongoing investigations of the Iran-Contra affair has become more pronounced -- a situation underscored by the President's delay in responding to interview requests from his Special Review Board.

Tower commission spokesman, Herb Hetu, said the commission has no reason to believe the White House is "sidestepping" the requests to interview Mr. Reagan. Such an interview, he said, will occur prior to completion of the commission's report.

(Willis Witter, News Analysis, Washington Times, A3)

Report: White House 'Stonewalling,' CIA 'Misleading' In Iran Probe

With the White House denying hedging a review of national security operations, a report today cites "misleading" information given to Congress by CIA Director William Casey and "stonewalling" by Vice Adm. Poindexter regarding U.S. arms sales to Iran.

"(Casey's remarks) contained several misleading statements and omitted several significant points," the Washington Post reported, quoting the Senate analysis. (John Vaughan, UPI)

SENATE STAFF REPORT FINDS CASEY'S IRAN TESTIMONY MISLEADING, INCOMPLETE Poindexter Briefing Called 'Stonewalling'

A written statement on President Reagan's secret Iran initiative, prepared at a White House meeting the day before CIA Director William Casey read it to two congressional committees, "contained several misleading statements and omitted certain significant points," according to a draft staff report of the Senate Select Committee on Intelligence.

Casey's Nov. 21 appearance before the Senate and House intelligence committees took place the same day that then-national security adviser John Poindexter briefed members of the Senate and House intelligence panels at the White House. Yesterday, one legislator present at Vice Adm. Poindexter's session called it "stonewalling...compared to what we now know."

(Dan Morgan & Walter Pincus, Washington Post, A1)

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Senate Report Calls Iran Scheme Faulty, Based On Bad Information

President Reagan's secret Iranian arms initiative was based on faulty intelligence and showed signs of disintegrating before it became public three months ago, a Senate Intelligence Committee draft report concludes.

Senate Intelligence Committee spokesman David Holliday yesterday called The New York Times' publication of the draft document "irresponsible." The summary was removed from a draft report that the panel voted 7-6 against releasing earlier this month.

(Mary Belcher, Washington Times, A3)

CRITICS SAY U.S. 'PRIVATIZED' FOREIGN POLICY ON IRAN

Several members of Congress say the Reagan Administration, following a pattern of using private industry to run domestic operations, has made unlawful efforts to "privatize" foreign policy in the Iran-contra operation.

The critics say the Constitution and Congress were circumvented by the use of middlemen who arranged the financing of the arms sale to Iran and the transfer of money to the Nicaraguan rebels. The rebels were also aided by the Administration's solicitation of money from private sources and other nations.

(Martin Tolchin, New York Times, A10)

WAITE OPTIMISTIC ON HOSTAGES

Envoy Says He Has Begun Direct Negotiations With Islamic Jihad

BEIRUT -- Anglican Church envoy Terry Waite, ending a round of direct contacts with the Islamic Jihad captors holding American hostages, said here today that prospects were good for more releases but that the arrests last week of two Lebanese Shiite Moslem terrorist suspects in Europe had made his mission more difficult.

In a press conference, Waite said that he thought chances were good for the release of American kidnap victims Terry Anderson, the Middle East bureau chief of The Associated Press, and Thomas Sutherland, a dean at the American University of Beirut. Islamic Jihad had assured him that both were being "well looked after" and in "generally good" condition, he said.

(Nora Boustany, Washington Post, A15)

Waite Optimistic For 2 Hostages

Hostage negotiator Terry Waite remains determinedly upbeat about prospects for at least two of the USA citizens held hostage in Lebanon.

Waite, nearing the end of his latest mission, said Monday he'd seen the captors of Associated Press correspondent Terry Anderson, 39, and Thomas Sutherland, 54, of the American University of Beirut.

"Eventually," he told Lebanese reporters who visited him at the seaside Riviera Hotel, "the prospects are good" for their release.

(Don Kirk, USA Today A4)

Waite: Prospect For U.S. Hostage Release 'Good'

BEIRUT -- Hostage negotiator Terry Waite, declaring the prospects for the release of two captive Americans "good," delayed his planned departure from Lebanon to continue his bid to engineer their release.

Waite told reporters that he delayed his departure Monday because he was still conducting private negotiations. "Until discussions are completed there is no need for leaving," he said. (UPI)

Waite Says Captors Report Anderson, Sutherland In Good Condition

BEIRUT -- Hostage negotiator Terry Waite said he received assurances from the Shiite Moslem terrorist group Islamic Jihad that two kidnapped Americans are in good condition and being well cared for.

The Anglican Church envoy said Monday he has not conducted direct negotiations with Islamic Jihad since arriving in Beirut a week ago. But he said he made contact with the group, although he did not specify how, and planned to begin face-to-face talks soon. (Farouk Nassar, AP)

CONTRA ARMS CREWS SAID TO SMUGGLE DRUGS

Federal drug investigators uncovered evidence last fall that the American flight crews covertly ferrying arms to the Nicaraguan rebels were smuggling cocaine and other drugs on their return trips to the United States, Administration officials said today.

When the crew members, based in El Salvador, learned that Drug Enforcement Administration agents were investigating their activities, one of them warned that they had White House protection, the officials said.

(Joel Brinkley, New York Times, A1)

CONTRAS DENY GETTING IRANIAN FUNDS

SACRAMENTO -- A representative of the Unified Nicaraguan Opposition, an alliance of anti-government political and military groups, denied Monday having received funding in the Iran arms-Contra aid deals attributed to U.S. officials.

"Although the press has treated it as fact, we categorically deny receiving any monies from the arms transaction," said Leonard Lacayo, UNO spokesman. "We have no financial links of any kind to the American government." (Grace Bonds Staples, McClatchy)

EX-CIA AIRLINE TIED TO COCAINE
Southern Air Plane Allegedly Used In Deal For Weapons

Independent counsel Lawrence Walsh has received a report, allegedly given short shrift at the Justice Department last fall, of a connection between a Colombian cocaine kingpin and Southern Air Transport, the former CIA airline involved in the Iran-contra affair.

According to informed sources, a witness told the FBI last summer of having seen a cargo plane with Southern Air markings being used for a guns-for-drugs transfer at an airfield in Barranquilla, Colombia, in 1983.

(George Lardner, Washington Post, A12)

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INTERNATIONAL NEWS

DOLLAR HITS A NEW LOW AGAINST YEN 5 Industrial Powers May Have To Act To Prop Up Currency

The dollar plunged yesterday to its lowest level against the Japanese yen since just after World War II, amid speculation the world's major industrial nations soon will be forced to take new actions to buttress the dollar.

Japanese Finance Minister Kiichi Miyazawa will meet late Wednesday in Washington with Treasury Secretary James Baker to discuss the monetary situation. The meeting, according to Administration sources, was arranged at the request of Miyazawa. (Hobart Rowen, Washington Post, A1)

Japan's Finance Minister Going To U.S. For Currency Talks

TOKYO -- Japanese Finance Minister Kiichi Miyazawa said today he will go to Washington Wednesday for talks on currency rates with U.S. Treasury Secretary James Baker.

Miyazawa told reporters that he proposed the talks because the dollar has plunged below levels prevailing when the U.S.-Japanese agreement on currency market stability was announced at the end of October.

(Hisanobu Ohse, Reuter)

DEFICIT IN U.S. TRADE WITH COMMUNIST GOVERNMENTS

The U.S. deficit in world trade now extends to trade with Communist governments, largely because the Soviet Union failed to buy U.S. grain last year, the U.S. International Trade Commission says.

From July through September of last year, U.S. exports to Communist countries dropped to \$928.4 million, the lowest level in three years. U.S. imports from those countries in that period set a new record of \$1.7 billion. There was a sizable increase in the import of clothes from China.

(Carl Hartman, AP)

SOVIETS REPORTEDLY LAUNCH TWO NEW SUBS, THREATENING SALT II BREACH

Two new missile-carrying submarines in the Soviet fleet could push the Kremlin over limits in the SALT II treaty once sea trials of the vessels begin this spring or summer, Administration sources said.

The sources, who agreed to discuss the matter only if not identified, said shipyard activity at the northern Soviet port of Severodvinsk indicated the two submarines had been launched in December.

The addition of 36 new multiple-warhead missiles, in turn, would push the Soviet arsenal beyond one of the so-called "sub-limits" contained in the SALT II accord, absent the retirement of older weapons.

(Norman Black, AP)

LINES ARE DRAWN FOR U.S., COMMON MARKET TRADE WAR

LONDON -- When the big chips are down, the Western alliance in Europe pulls together. But between times, Western unity is strained by little chips -- disputes over such things as grain, gin, brandy and cheese.

Western Europe's ties with the United States have frequently been strained when raw national interests -- employment, farm prices, economic concerns, domestic politics -- have gone ahead of treaty obligations. But these cases in the past have never brought the trans-Atlantic relationship to the point of collapse.

(David Mason, News Analysis, Washington Times, A7)

U.S. LAYS OUT RIGHTS STANCE Officials To Address U.N. Unit In Geneva

GENEVA -- The United States intends to adopt a more aggressive posture, particularly on Cuba, Vietnam and Cambodia, at the session of the United Nations Human Rights Commission beginning here Thursday, its chief delegate said today.

Ambassador E. Robert Wallach told reporters that leading Administration figures will come to Geneva for discussion of controversial topics of the six-week meeting. (John Parry, Washington Post, A15)

SOVIETS WOOING PROMINENT CULTURAL EMIGRES

NEW YORK -- Some prominent artists and writers who emigrated from the Soviet Union say the Kremlin quietly is offering to welcome them home, but they are skeptical and are insisting certain conditions be met.

The emigres, along with scholars on Soviet affairs, are unclear about the Kremlin's motives.

One theory is that such approaches are part of Soviet leader Mikhail Gorbachev's attempts to enlist intellectuals in his revitalization of Soviet society. Another is that the Kremlin could tout the return of emigres to show the superiority of the Soviet system. (Andrew Katell, AP)

HIJACK SUSPECT MAY BE HELD IN WASHINGTON-AREA BRIG

Mohammed Ali Hamadei, in custody in the 1985 TWA hijacking, probably will be lodged in the brig at a military base in the Washington area after he is brought from West Germany, federal law enforcement sources said yesterday.

Once Hamadei is extradited, he will be taken to a facility such as the Fort Meade Army base, said two sources, speaking on condition that they not be identified. (AP story, Washington Post, A15)

Officials Say Hijack Suspect Could Be Extradited Quickly

BONN -- Officials said a lebanese man charged in the United States with air piracy and murder in a 1985 TWA hijacking could be extradited very quickly now that Washington has pledged he will not face the death penalty.

Justice Ministry spokesman Juergen Schmid said Monday that the need for such a pledge had been the main obstacle to extraditing Mohammed Ali Hamadi, who was arrested in Frankfurt a week ago.

U.S. Justice Department officials said Sunday they would comply with the West German demand, and Schmid said West Germany now is waiting to receive the promise in writing. (Kenneth Jautz, AP)

United States To Seek Life Sentences For Hijacking Suspect

The Justice Department, having promised West German officials it would spare a Palestinian hijacking suspect the death penalty, says it plans to seek multiple life sentences for the accused terrorist.

Associate Attorney General Stephen Trott said Monday he expects the complicated extradition process against Mohammad Ali Hamadei "to go rather smoothly" following department agreement to West German demands to waive the death penalty for Hamadei if he is convicted in the United States.

(Lori Santos, UPI)

LATEST U.S. PEACE PUSH IN MIDDLE EAST INEFFECTIVE

U.S. officials see no immediate prospect for reviving peace talks in the Middle East in the wake of an unsuccessful trip to the region by Assistant Secretary of State Richard Murphy.

Murphy was due back in Washington today from a trip to Israel, Jordan, Egypt and Saudi Arabia that officials said found no possibility of breakthroughs nor offered any new American plans to jump start the stalled negotiations.

Reports from the Middle East say Murphy found a new depth of skepticism among Arab leaders about America's role in the peace process and new enthusiasm for an international conference, which would include all permanent members of the U.N. Security Council. (Jim Anderson, UPI)

IMMIGRATION RULES REQUIRE NEW PROOF FROM NEWLY HIRED Employer Must Verify Papers Of Americans And Aliens Within 24 Hours

Employers across the country must verify the citizenship status of all new employees, Americans and aliens, within 24 hours after they are hired, according to new rules to be issued this week by the Immigration and Naturalization Service.

The rules carry out the landmark immigration law signed by President Reagan on Nov. 6. The law prohibits the hiring of illegal aliens and will offer legal status, or amnesty, to illegal aliens who have lived in this country continuously since before Jan. 1, 1982. For the first time, it also requires Americans to present proof of citizenship when applying for jobs.

(Robert Pear, New York Times, A1)

Rules Would Require U.S. Citizens To Prove Residency

The Reagan Administration is proposing tentative immigration rules requiring every citizen or alien hired for a new job to prove residency and eligibility to work in the United States, an Administration source says.

It would be the first time the rules, which are aimed at slowing down illegal immigration, are applied to all U.S. citizens.

(Larry Margasak, AP)

ANC LEADER'S VISIT OPPOSED

Conservative activists detailed plans yesterday to protest the forthcoming visit of South African black leader Oliver Tambo to the United States, decrying his alleged ties to communists and advocacy of violence.

Rep. Danny Burton and others urged Secretary of State George Shultz to cancel a planned meeting Jan. 28 with Tambo, president of the African National Congress, which is outlawed in South Africa.

"The secretary of state should no more meet with Tambo than with Yasser Arafat.... He is a terrorist with strong ties to the South African Communist Party and the Soviet Union." (AP story, Washington Post, A7)

Conservatives Urge Shultz To Scrub Talks With Tambo

Conservative activists used the birthday of slain civil rights leader Martin Luther King Jr. yesterday to urge Secretary of State Shultz to cancel his meeting with Oliver Tambo, leader of the African National Congress.

A three-hour Capitol Hill forum, sponsored by the 34 groups forming the "Coalition Against ANC Terrorists," was designed "to draw the contradiction between nonviolence of Dr. King and the violent policy of the ANC," said Howard Phillips, chairman of the Conservative Caucus.

(Rita McWilliams, Washington Times, A1)

Planned Meeting Between Shultz, Tambo Draws Conservative Fire

Secretary of State Shultz should cancel his planned meeting with South African Oliver Tambo, say conservative activists who are calling the exiled black leader a terrorist.

But Randall Robinson, head of the Transafrica lobbying group says Shultz' scheduled Jan. 28 meeting with Tambo is a "small step in the right direction."

(Joan Mower, AP)

ISRAELI LEADERS IRKED AT REPORTER'S ROLE Iran Affair Interviews May Bring Recall

JERUSALEM -- Israel's state-run radio is considering recalling its Washington correspondent following complaints from the prime minister's office and Foreign Ministry about his reporting of a confidential Senate report critical of Israel's alleged role in the Iranian arms affair.

For several days earlier this month, Shimon Shiffer was one of only two Washington-based journalists to have seen the contents of the draft report on the affair by the Senate Select Committee on Intelligence.

(Glenn Frankel, Washington Post, A12)

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NATIONAL NEWS

REAGAN BACK IN WHITE HOUSE, STILL OUT OF VIEW

President Reagan, back at the White House after a long weekend at Camp David, is in his third straight week of reduced workload out of public sight as he recovers from prostate surgery.

Taking advantage of the Martin Luther King Jr. holiday, which he originally opposed, Reagan and his wife spent an extra day Monday at the presidential retreat in Maryland's Catoctin Mountains before returning to the White House. (Norman Sandler, UPI)

DOW BREAKS 2100 BARRIER Industrial Average Makes 12th Straight Gain After An Early Round Of Profit-Taking

NEW YORK -- The stock market roared back from an early bout of profit-taking today, propelling the Dow Jones industrial average past 2100 and stretching the indicator's winning streak to 12 straight sessions.

"The momentum is still there," said Raymond DeVoe, an analyst for Legg Mason Wood Walker. "There still seems to be a lot of money sloshing around, ready to come in."

"We're getting some very dramatic moves on individual stocks," said Bill Raftery, an analyst for Smith Barney. "It looks like we've got a solid demand market." (Marcy Gordon, Washington Post, C1)

Wall Street Hits Record Highs Despite Dollar's Record Lows

NEW YORK -- Wall Street stocks soared to close above the 2,100 points for the first time yesterday despite the fact that the battered dollar hit record lows in Asia and closed sharply lower in New York.

Analysts said the developments contradicted each other because a weaker dollar reduces the value of U.S. assets and puts pressure on inflation because it increases the price of imports.

(Peter Elsworth, Reuter)

VOLCKER'S FUTURE AT FED IN DOUBT ONCE AGAIN

The Reagan Administration is back in a familiar situation: mulling over whether to keep Paul Volcker as chairman of the Federal Reserve Board.

Despite the fact there have been stories in recent days mentioning other possible candidates, many veteran Fed watchers are betting Volcker will be reappointed when his term as chairman expires Aug. 6., just as he was in 1983. (Martin Crutsinger, AP)

CONGRESS' BUDGET AGONY IMPENDS
Deficit Target And Political Concerns Limit Lawmakers' Options

The Democratic-controlled 100th Congress, which has just begun to examine President Reagan's trillion-dollar budget for fiscal 1988 and the related problem of cutting the nation's stubborn deficit, appears headed for an uncomfortable choice between bad politics and bad economics.

Congress is left with a short and unappetizing list of options as it wrestles with a requested budget whose spending priorities and revenue proposals have not been well received on Capitol Hill.

(Tom Kenworthy, Washington Post, A7)

KENNEDY WANTS \$1.25 INCREASE IN MINIMUM WAGE,
HEALTH INSURANCE EXTENSION

Sen. Edward Kennedy, relishing his new committee chairmanship after six years in the minority, wants to raise the federal minimum wage by at least \$1.25 an hour, to \$4.60, and extend catastrophic health insurance to Medicare recipients.

Kennedy also said he will use his chairmanship of the Senate Labor and Human Resources Committee to fight President Reagan's proposed cuts in education programs, to raise funding for AIDS research and to enhance job-training programs.

(David Espo, AP)

CONGRESSMEN COOL TO ARMY PLAN FOR
DISPOSING CHEMICAL WEAPONS

An Army request for \$500 million to prepare for destroying the nation's existing stockpile of aging chemical weapons has run into stiff opposition on Capitol Hill, according to two legislators.

"I think the Army's request for this money is very, very premature, to say the least, and I doubt that it will be approved," Rep. Larry Hopkins said Monday.

(Tim Ahern, AP)

FIRST LADY/DRUG ABUSE/NEWSWEEK

Nancy Reagan becomes First Reader tomorrow when she receives her own hot-off-the-presses copy of a special edition of Newsweek devoted entirely to the drug crisis for the benefit of high-school-age readers.

Making the presentation will be Gerard Smith, Newsweek publisher and executive vice president, and Edward Rensi, president and chief operating officer of McDonald's USA, cosponsor of the special edition.

(Donnie Radcliffe, Washington Post, E2)

NETWORK NEWS SUMMARY

(Monday evening, January 19th)

WHITE HOUSE PANEL

ABC's Peter Jennings: The White House has denied published reports that the President was ducking a meeting with the panel he set up to investigate the role of the National Security Council. White House officials insist the President will meet with the panel soon even though no date for the meeting has yet been set. (ABC-6)

SENATE INTELLIGENCE COMMITTEE

Jennings: The Senate Intelligence Committee, meanwhile, has been trying to agree on exactly what it has learned from its own investigation into the Iran arms affair.

ABC's Anne Compton reports seven weeks after the parade of witnesses into the Senate Intelligence Committee's secure briefing room, the committee staff is only today beginning to write its final version of the Iran arms deal history. (ABC-7)

CBS's Dan Rather: President Reagan today began a third week virtually out of public view at the White House answering no questions. Mr. Reagan did so amid reports that even the commission he himself appointed to look into what's wrong with the White House-basement national security operation is still waiting for its first appointment to see him. Also today, President Reagan and his aides had no comment on a new Senate Intelligence Committee summary report, a published account today says it chronicles possible law breaking in the arms for Iran scandal. The report has not been released by officials, Phil Jones has confirmed what's in it.

CBS's Phil Jones reports the Senate Intelligence Committee's 27-page summary report identifies and extensive list of people in and out of government who may have violated laws and ignored advice to stop the super-secret arms deal to Iran. The summary, which was first leaked to a newspaper and confirmed by CBS News today, raises new questions about what the President knew about diversion of arms profits to the Nicaraguan contras. One critical memo mentioned in the summary, believed written by Oliver North in April 1986, contains a clause providing for the use of \$12 million in profits from the program to be given to the contras and requests the President's approval. However, sources tell CBS News there is no date on the memo, no proof that North wrote it, and that there is no document that shows the President signed or even received an oral briefing. In fact, the Intelligence Committee summary states there is no specific evidence that President Reagan knew about the diversion. But the summary does cite a series of mistakes and misjudgements, the Reagan White House ignoring warnings. This summary, viewed by many senators as incomplete and inaccurate, will not be forwarded to the special Iran-contra select committee. However, congressional sources said today that the damage to the Administration has already been done by this leak. (CBS-Lead)

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U.S./IRAN

CBS's Bill Redeker reports while the White House may have hoped its contacts would open a door to moderates in this fundamentalist state, so far there have been few signs of any breakthrough. Iran today may appear more moderate but its leadership and those who control the mass media still toe Khomeini's line. Still, sources say low-level contacts between Iran and the United States continue, mostly through the Swiss, who represent American interests in Iran. And, those sources say, that should it serve Iran's interests in the future, Iran may again use its influence with those holding the remaining hostages in Lebanon. (CBS-2)

IRAN-IRAQ

NBC's Jim Miklaszewski reports there were claims and counter-claims as the fiercest fighting in years continues, the battle for Basra, Iraq's second largest city is now 11 days old. U.S. intelligence reports raise doubts that Iran can actually seize Basra. The reports say Iran has failed to make any major military gains. But Western analysts say the sustained Iranian offensive has put increasing pressure on Iraqi President Hussein, that Iraq must push out the Iranians, otherwise, they say, Hussein's regime could be severely threatened. Pentagon sources say the U.S. remains committed to protecting Persian Gulf shipping. The aircraft carrier Kitty Hawk is steaming toward the Indian Ocean and could be in position just outside the Gulf within five days. Defense Department officials say there are no immediate plans to get the U.S. militarily involved, but according to one source, our interest in that war is at an all time high. (NBC-7, ABC-8, CBS-3)

U.S. DOLLAR

Brokaw: The dollar continued to plunge on world currency markets. In Tokyo there was a frenzy of trading as the dollar dropped to record low against the yen. A major factor appeared to be signals from Washington that it wants the dollar to go even lower. A lower dollar would help American manufacturers sell their products overseas and it would make Japanese products more expensive in this country. (NBC-6, CBS-8)

SALT II

Jennings: According to the Reagan Administration the Soviets may be about to exceed one of the limits in the SALT treaty. Both the Washington Post and AP quote Administration sources as saying the Soviets have launched two new missile-carrying submarines which will be ready for sea trials this summer. Once that happens the new subs and their missiles would be counted in the Soviet arsenal pushing them over the SALT II limits. The U.S. exceeded the limits of the SALT treaty late last year. (ABC-9)

HAMADI

Brokaw: The U.S. is expected to ask West Germany tomorrow to hand over Mohammed Hamadi, a suspected terrorist in the 1985 hijacking of TWA flight 847. The U.S. agreed yesterday to a West German demand that Hamadi not face the death penalty in this country. A Justice Department official said that now the U.S. might seek multiple life sentences if Hamadi is convicted here. (NBC-8, CBS-4)

NICARAGUA

Brokaw: A new effort began today to get peace talks started once again in Central America. The U.N. Secretary General Peres de Cuellar and the foreign ministers of eight Latin American nations flew to Managua and they were greeted by Nicaraguan President Daniel Ortega. They are making a five nation tour in an effort to revive the stalled talks on a region peace treaty known as the Contadora process. But inside the war zones of Nicaragua both sides now are arming themselves with powerful new weapons brought in from the outside. This war is escalating and Garrick Utley has a report tonight from the battle ground. (NBC-10)

WALL ST.

Jennings: It has been another record day on Wall St. The Dow, which two weeks ago cracked the 2,000 level, today pushed passed 2,100. Everyday the question is when will it stop, and every day the answer is not yet. (ABC-5, NBC-5, CBS-7)

M.L.K. BIRTHDAY

NBC's Tom Brokaw: The federal government and 38 states honored Dr. Martin Luther King Jr. today with ceremonies and a holiday marking his birth 58 years ago. (NBC-Lead, ABC-Lead, CBS-5)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: Sam Donaldson and George Will.
Guests: Ambassador Stephen Bosworth, Juan Ponce Enrile and Joker Arroyo, executive secretary of Corazon Aquino.

Brinkley: Ambassador Bosworth in Manilla, thank you very much for coming in today.

Will: Can the United States work hard to guarantee, and what sort of guarantee is needed, to prevent a military coup? That is, how firmly planted are democratic processes?

Bosworth: Well, I don't think that the risk of a military coup at this point is all that great. I think the great bulk of the population here firmly supports the civilian government. I think some of the voices you hear raised now are the equivalent of the sound democracy. There's a good deal of political debate going on, but at the moment it's going on within the legitimate political framework of the country. And I think that's fine.

Donaldson: The complaint is always heard that the United States is interfering in Philippine affairs, and that you, as our man in Manilla, are constantly [intruding] to try to force the government one way or the other. Is that true? And if your answer is no, why do the Filipinos say it?

Bosworth: Well, of course it is not true. I think one of the hallmarks of our policy here over the last few years is that it's been basically a public policy. What you see is what there is. Not everyone may like it, but that's all there is. There is no secret agenda here.

Brinkley: The new constitution for the Philippines is to be voted on February 2nd. And there's in there, something about a nuclear-free zone, something perhaps on the order of New Zealand, what is it? Explain it to us?

Bosworth: Well, I think it's quite different than the New Zealand policy on the nuclear question. And we continue to take our lead from President Aquino's assertion that she will abide by the terms of the existing arrangements up until 1991, and then we will see what happens in terms or renegotiating some continuation of the arrangements.

Brinkley: Is there a future possibility of the U.S. Navy and Air Force being forced out of their bases in the Philippines because they are known to have nuclear weapons?

Bosworth: Well, that certainly has not become an issue at this point. Of course, we never confirm nor deny whether any of our ships or planes carry nuclear weapons. But that policy of ours is well understood by the government. And I don't foresee that this is going to become a serious issue between the two governments.

THIS WEEK WITH DAVID BRINKLEY (continued)

Roundtable discussion, Jody Powell joins panel.

Brinkley: How about Pat Buchanan running for president, what do you make of that?

Powell: Since Pat once was a colleague of all of us as a columnist, I think we owe him our best advice and mine would be Pat, don't do it. You don't know what you are getting into here.

Donaldson: I want Pat Buchanan to run. Those of who don't agree with Pat Buchanan's philosophy would love to see him out there. You know there is something else here, I think Pat Buchanan is an embarrassment to his President and ought to leave the White House. Pat goes out says the wildest things, which is an embarrassment to the President who knows you don't get things in this town by calling all of the power levers a bunch of monkeys. You get them by soothing them and getting your way and running off.... I think Pat is an embarrassment because I think he ought to resign and I think he will take this honorable course, run for president, get four or five votes, and then come back to our business and let us fight it out on these roundtables.

Will: This is very bad news for Jack Kemp because there is a limited amount of money on the right. I would prefer that Pat didn't run because the very attributes that make him an interesting participant on op-ed pages might make it hard for the Republican party to maintain a sense of decorum and moderation in the race. I want both parties to have a certain minimal decorum, they never have much more.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Barry Schweid and John Walcott. Guest: George Shultz.

Kalb: Okay, do you feel that we do have enough time to negotiate an arms control agreement with the Russians?

Shultz: I think the talks got off to a good start.

Kalb: But, as yet, no new proposal?

Shultz: No.

Walcott: Do you think it's possible for the United States to deploy some segment of the Star Wars system without violating that treaty and should that be the goal of anything we do?

Shultz: Well, it all depends on what's deployed, but under the ABM Treaty, you can make certain kinds of deployments on the ground and, in fact, the only deployed ABM system anywhere is deployed by the Soviet Union, as you know, around Moscow, but that's not necessarily what's being talked about.

Kalb: When this all came up (Iran-contra affair), how do you justify, as a Secretary of State, assuming responsibility proudly for areas of American foreign policy, and then pulling back saying, "Really, I couldn't accept responsibility, because I didn't know," about other areas of American foreign policy. You're secretary of state for all of it.

Shultz: As far as the arms sales to Iran is concerned, my position has -- was made clear and as this process went on there were quite a number of times when I felt that there was no arms sale connection to it. And the rest of it, that is, the President's desire to see if there couldn't be some kind of different Iran, particularly in a post-Khomeini Iran -- I felt was a good idea.

Walcott: Let me ask you about the Contra half of this for a moment. Were you aware that during the time when Congress had cut off U.S. military aid to the Nicaraguan rebels, American diplomats and intelligence officials in Costa Rica, and also in Honduras, were still in contact with the rebels, were helping arrange the construction of an air strip in Costa Rica to be used by the rebels, were helping coordinate supply flights to the rebels?

Shultz: Certain things were legal and certain things weren't. And you remember the Congress appropriated \$27 million for humanitarian assistance to the people fighting for freedom and independence in Nicaragua. And you have to get it to them somehow or the other. So, that's a perfectly legitimate thing to do, in fact, you're mandated to do it by the law of Congress. And to the extent they worked on that, there's nothing wrong with that.

MEET THE PRESS (continued)

Kalb: Mr. Secretary, your Assistant Secretary for Inter-American affairs, Elliott Abrams, has said several times in the past week on television that if it is not the Contras who are going to do the job of eliminating the Sandinista regime, it will have to be the United States Marines. Do you agree with that?

Shultz: I think that the policies we have towards Central America are right and are very important for the security of our country. The rotten apple in the barrel is Nicaragua and all the people down there know it. The totalitarian form of government that they seek to impose on Nicaragua is bad news for everybody. Now, there are a lot of people in Nicaragua who don't like it, not surprisingly. And they're ready to fight for freedom and independence in their country and we're helping them.

Kalb: Do you believe, sir, that if the contras can't do it, that the United States will have send the Marines in to do it?

Shultz: The problems that can take place if we back off from supporting decency and democracy in -- right here on our own land -- are very serious. And if that spreads up, and spreads on to Mexico, it'll pose a grave security problem for the United States and we'll have to think it over careful. But I'm not going to put my foot in the hole you want me to.

Schweid: But I'm thinking of diplomacy. Are we insisting that the Sandinistas must come to terms with the contras and give the contras a share of power?

Shultz: What the President has put forward and what our Nicaraguan freedom fighters have put forward is this proposition: They say, "Let's have a ceasefire and let's have along with that an agreement to sit down together and work out the sort of constitutional arrangements under which there can be a different kind of governmental process, where people have a chance to run for political power through the electoral process." That's what they want.

Walcott: Let me ask you briefly about the Philippines. There are more rumors, more reports of impending coups, possible coups, against the government of President Aquino. How stable do you believe her regime is? Do you think there is danger of a coup against Mrs. Aquino?

Shultz: No, I do not think there is any danger of that at all. I think she is very strongly supported by the Philippine people. She's a very impressive person. They're lucky to have her there and they know it. And you'll see that expressed, my guess is, when you see the voting on the new constitution.

CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Henry Kissinger, Sen. John Kerry and Rep. Henry Hyde.

Stahl: Henry Kissinger has had phone conversations with the President about the Iranian situation. We asked him earlier if he thought the President should apologize to the American people.

Kissinger: Any president is entitled to make a mistake, and I don't see why an apology is called for. And I would think that what needs to be done now is to get the facts out, to prevent a repetition of that occurrence which resulted from bad procedures and some appalling advice, and to fix that. And at some appropriate moment the President might say what he's done to fix it. But I don't see that a breast beating is indicated.

Stahl: Well, let me ask you specifically about the Middle East. We now know that we gave intelligence data to both Iran and Iraq, possibly even disinformation, we seem to be developing strains with Israel over whether they initiated this whole Iran arms business or not. How do we begin to repair and re-establish our foreign policy in the Middle East?

Kissinger: Well, I think to give intelligence data to both sides in a war is a big mistake. I think that is the sort of Machiavellianism that loses you credit all over. When I read this memorandum to the President that was published, released by the White House, here the National Security staff is saying Iraq is winning the war against Iran. Well, they must be the only people in the world who are believing this. And when you are giving the President wrong factual information, you are likely to get a wrong decision.

Stahl: Let me go to Con. Hyde fist. There is a group of Republicans who are now urging the President to go to the American people and apologize for the Iran-contra situation. And I understand that you are one of them. What do you think the President should say to the American people?

Hyde: Well, first of all, Lesley, I want to make it clear that I am not anyone who thinks the President needs to apologize; he has nothing to apologize for. What I think is needed is an explanation of the initiative towards Iran, the opening there, the reasons for it. And I think the President, better than anyone else, can make a very good case for it.

Stahl: Well, let's got to Sen. Kerry. Do you think that if the President gives another speech to the American people and says he's responsible, that that will begin to solve a lot of his problems?

Kerry: No, I don't Lesley. I think the President has a fundamental credibility problem at this point, and I think that, while it might be nice to have him apologize -- and I think more than an apology is necessary -- he would indeed have to engage himself in this and accept responsibility, above all. But I don't think that will solve the problem, because the American people already don't believe what is coming of the White House with respect to this matter.

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FACE THE NATION (continued)

Stahl: Is the President in deep trouble in Congress, or is he getting it behind him? Where do we stand?

Kerry: Well, I think clearly the national political landscape has been changed by this. The President's bargaining power with Congress is very different. Whereas for the last six years I think he's been able to move programs almost at will, now he is going to have to bargain. I think certainly Democrats and Republicans alike internationally want the President to be able to succeed, don't want to see a president handicapped in foreign policy. But there I think the President has handicapped himself.

Stahl: Con. Hyde, you are known as a supporter of the President's. Have you been finding it difficult to defend him on this policy, a policy where he didn't notify Congress and where apparently, at least we've been told, he didn't even tell his own Secretary of State and Secretary of Defense on the arms sales?

Hyde: Yes, that's difficult to explain, because the law requires Congress to be notified. But I can understand the justifiable paranoia of the White House, because Congress can't keep a secret, the State Department has difficulty keeping a secret, and if you are dealing with people's lives in an operation of great sensitivity, I can understand why they would want to keep it close to the vest.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Robert Novak, Morton Kondracke, Jack Germond and Richard Cohen.

McLaughlin: Describe in one word the prospects for an arms control agreement between the United States and the Soviet Union in calendar 1987.

Cohen: Poor. Novak: Thankfully, bleak. Germond: Minimal. Kondracke: Not good. McLaughlin: Answer: Dim.

McLaughlin: Item, the anchorman type -- Marlin Fitzwater was named this week by President Reagan to succeed Presidential spokesman Larry Speakes. Why did the President choose you Mr. Fitzwater? (Fitzwater on tape: "Well, I think it is obvious that the President wanted an anchorman type, thin with a lot of hair.") Fitzwater is currently press secretary to Vice President Bush and, note this, prior to that served for two years under Donald T. Regan at Treasury. Reportedly Fitzwater was selected over Nancy Reagan's choice for the job, namely Sheila Tate, her former press secretary. Does the Fitzwater appointment tell you that whatever denigrations Donald Regan may have suffered because of Iran, the bloom is now back on the Regan rose?

Germond: No, what it tells me is there is a great demand for fat, bald headed guys.

Novak: I think you are right, I think this was a Don Regan choice, but Pat Buchanan, who by the way is running for president John, Pat Buchanan recommended Fitzwater on the grounds that he is not a ideologue, he is not a newspaper man, you don't want either one. What he is, he is a nice Larry Speakes, if you can think of that contradiction in terms.

Kondracke: This may be a Regan victory, it undoubtedly is, there is a lot of other evidence of Regan victories and he is going to stay. But Marlin Fitzwater is about the best he could have gotten.

Germond: Marlin Fitzwater has a great quality and I hope he is able to maintain it, I have never seen any sign of paranoia in him.

McLaughlin: On a respect scale of 1-to-10 after, say December 1988, with zero meaning zero respect, ten meaning the veneration paid by a follower to the Dalai Lama, what kind of respect will Fitzwater have, 0-to-10?

Cohen: 8. Novak: 8.4. Germond: 8.4. Kondracke: 9. McLaughlin: 9.

Predictions: Cohen: Based upon what they are telling intimates, I predict Cuomo will go, Nunn won't (run for president.) Novak: I think the Republican Caucus will vote Sen. Helms over Sen. Lugar as ranking Republican on the Senate Foreign Relations Committee. Germond: When he really gets down to it he will be overcome by good sense and Pat Buchanan will not run for president. Kondracke: I think Pat will run for president. Cuomo will run. McLaughlin: Residential, home, mortgage interest rates trending downwards ceiling in at 9.5.

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AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Jack Kilpatrick, Hugh Sidey, Carl Rowan and Elizabeth Drew.

Agronsky: A Number of important Republican senators and congressmen are now saying they believe President Reagan should take full responsibility for his Administration's mistakes in the Iran scandal, apologize to the American public and ask the people to forgive him. Will the President do this, should he?

Rowan: The only kind of statement that might make a difference would be the President saying 'I ransomed hostages with arms, I told you I wouldn't do it but I did. I should have notified the Congress of this Iranian caper, I didn't. My staff violated the law by transferring funds from those sales to the contras. I didn't know about it but I should have, for all of this I am sorry.' I don't think he is remotely prepared to make that kind of statement.

Drew: Well, I agree Reagan is not one for admitting error particularly when he doesn't feel that he did anything wrong. The furthest he has gone is saying that mistakes were made in the execution of the policy, not the policy. What is so striking about these statements from important Republicans, conservatives, die-hard supporters of the President is that it indicates the agony that the Republicans now feel about this and they now worry about what it is going to mean.

Sidey: I think that they are just dead wrong. The fact of the matter is that the President has taken responsibility for the mismanagement and the failure of this mission but he does not believe it is a mistake and to say so would be hypocritical on his part. He believes that as conceived originally it had some chance of working. It didn't and that, he said, is right. He has taken that responsibility, so I say no.

Kilpatrick: And I say no, I'll say amen to my brother Sidey here and I say to my brother Carl I certainly am delighted you are not a speech writer in the White House. And Reagan has nothing to apologize for except getting caught.

Agronsky: That leaves a two-and-two division. I would say that I think he should do this, it is wrong for him not to.



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, JANUARY 20, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Abshire Says Reagan To Respond To Panel -- White House special counselor David Abshire said yesterday that President Reagan will submit to questions from a special review board investigating procedures of the National Security Council. (Washington Post, Washington Times, UPI)

INTERNATIONAL NEWS

Dollar Hits A New Low Against Yen -- The dollar plunged yesterday to its lowest level against the Japanese yen since just after World War II, amid speculation the world's major industrial nations soon will be forced to take new actions to buttress the dollar. (Washington Post, Reuter)

NATIONAL NEWS

Reagan Back In White House, Still Out Of View -- President Reagan, back at the White House after a long weekend at Camp David, is in his third straight week of reduced workload out of public sight as he recovers from prostate surgery. (UPI)

NETWORK NEWS (Monday Evening)

WHITE HOUSE PANEL -- The White House has denied published reports that the President was ducking a meeting with the Tower commission.

SENATE INTELLIGENCE COMMITTEE -- President Reagan and his aides had no comment on a new Senate Intelligence Committee summary report.

IRAN/IRAQ -- There were claims and counter-claims as the fiercest fighting in years continues.

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IRAN — NICARAGUA

ABSHIRE SAYS REAGAN TO RESPOND TO PANEL

White House special counselor David Abshire said yesterday that President Reagan will submit to questions from a special review board investigating procedures of the National Security Council.

A Washington Post report yesterday quoted Administration sources as saying that Reagan had "rebuffed" the board's request for an interview because of a change in its strategy in dealing with the Iran controversy. The Post said Reagan would appear before the body, but that the White House did not want him answering questions about the affair until a fuller account of what had happened was assembled.

Abshire disputed this story, saying that Reagan had agreed when he created the board under chairmanship of former senator John Tower to be interviewed by it and that it was only "a matter of working out a mutually convenient time." (Lou Cannon & David Hoffman, Washington Post, A1)

Stall Of Tower Panel Typifies Reagan Stance In Arms Crisis

President Reagan's detachment from ongoing investigations of the Iran-Contra affair has become more pronounced -- a situation underscored by the President's delay in responding to interview requests from his Special Review Board.

Tower commission spokesman, Herb Hetu, said the commission has no reason to believe the White House is "sidestepping" the requests to interview Mr. Reagan. Such an interview, he said, will occur prior to completion of the commission's report.

(Willis Witter, News Analysis, Washington Times, A3)

Report: White House 'Stonewalling,' CIA 'Misleading' In Iran Probe

With the White House denying hedging a review of national security operations, a report today cites "misleading" information given to Congress by CIA Director William Casey and "stonewalling" by Vice Adm. Poindexter regarding U.S. arms sales to Iran.

"(Casey's remarks) contained several misleading statements and omitted several significant points," the Washington Post reported, quoting the Senate analysis. (John Vaughan, UPI)

SENATE STAFF REPORT FINDS CASEY'S IRAN TESTIMONY MISLEADING, INCOMPLETE Poindexter Briefing Called 'Stonewalling'

A written statement on President Reagan's secret Iran initiative, prepared at a White House meeting the day before CIA Director William Casey read it to two congressional committees, "contained several misleading statements and omitted certain significant points," according to a draft staff report of the Senate Select Committee on Intelligence.

Casey's Nov. 21 appearance before the Senate and House intelligence committees took place the same day that then-national security adviser John Poindexter briefed members of the Senate and House intelligence panels at the White House. Yesterday, one legislator present at Vice Adm. Poindexter's session called it "stonewalling...compared to what we now know." (Dan Morgan & Walter Pincus, Washington Post, A1)

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Senate Report Calls Iran Scheme Faulty, Based On Bad Information

President Reagan's secret Iranian arms initiative was based on faulty intelligence and showed signs of disintegrating before it became public three months ago, a Senate Intelligence Committee draft report concludes.

Senate Intelligence Committee spokesman David Holliday yesterday called The New York Times' publication of the draft document "irresponsible." The summary was removed from a draft report that the panel voted 7-6 against releasing earlier this month.

(Mary Belcher, Washington Times, A3)

CRITICS SAY U.S. 'PRIVATIZED' FOREIGN POLICY ON IRAN

Several members of Congress say the Reagan Administration, following a pattern of using private industry to run domestic operations, has made unlawful efforts to "privatize" foreign policy in the Iran-contra operation.

The critics say the Constitution and Congress were circumvented by the use of middlemen who arranged the financing of the arms sale to Iran and the transfer of money to the Nicaraguan rebels. The rebels were also aided by the Administration's solicitation of money from private sources and other nations.

(Martin Tolchin, New York Times, A10)

WAITE OPTIMISTIC ON HOSTAGES

Envoy Says He Has Begun Direct Negotiations With Islamic Jihad

BEIRUT -- Anglican Church envoy Terry Waite, ending a round of direct contacts with the Islamic Jihad captors holding American hostages, said here today that prospects were good for more releases but that the arrests last week of two Lebanese Shiite Moslem terrorist suspects in Europe had made his mission more difficult.

In a press conference, Waite said that he thought chances were good for the release of American kidnap victims Terry Anderson, the Middle East bureau chief of The Associated Press, and Thomas Sutherland, a dean at the American University of Beirut. Islamic Jihad had assured him that both were being "well looked after" and in "generally good" condition, he said.

(Nora Boustany, Washington Post, A15)

Waite Optimistic For 2 Hostages

Hostage negotiator Terry Waite remains determinedly upbeat about prospects for at least two of the USA citizens held hostage in Lebanon.

Waite, nearing the end of his latest mission, said Monday he'd seen the captors of Associated Press correspondent Terry Anderson, 39, and Thomas Sutherland, 54, of the American University of Beirut.

"Eventually," he told Lebanese reporters who visited him at the seaside Riviera Hotel, "the prospects are good" for their release.

(Don Kirk, USA Today A4)

Waite: Prospect For U.S. Hostage Release 'Good'

BEIRUT -- Hostage negotiator Terry Waite, declaring the prospects for the release of two captive Americans "good," delayed his planned departure from Lebanon to continue his bid to engineer their release.

Waite told reporters that he delayed his departure Monday because he was still conducting private negotiations. "Until discussions are completed there is no need for leaving," he said. (UPI)

Waite Says Captors Report Anderson, Sutherland In Good Condition

BEIRUT -- Hostage negotiator Terry Waite said he received assurances from the Shiite Moslem terrorist group Islamic Jihad that two kidnapped Americans are in good condition and being well cared for.

The Anglican Church envoy said Monday he has not conducted direct negotiations with Islamic Jihad since arriving in Beirut a week ago. But he said he made contact with the group, although he did not specify how, and planned to begin face-to-face talks soon. (Farouk Nassar, AP)

CONTRA ARMS CREWS SAID TO SMUGGLE DRUGS

Federal drug investigators uncovered evidence last fall that the American flight crews covertly ferrying arms to the Nicaraguan rebels were smuggling cocaine and other drugs on their return trips to the United States, Administration officials said today.

When the crew members, based in El Salvador, learned that Drug Enforcement Administration agents were investigating their activities, one of them warned that they had White House protection, the officials said.

(Joel Brinkley, New York Times, A1)

CONTRAS DENY GETTING IRANIAN FUNDS

SACRAMENTO -- A representative of the Unified Nicaraguan Opposition, an alliance of anti-government political and military groups, denied Monday having received funding in the Iran arms-Contra aid deals attributed to U.S. officials.

"Although the press has treated it as fact, we categorically deny receiving any monies from the arms transaction," said Leonard Lacayo, UNO spokesman. "We have no financial links of any kind to the American government."

(Grace Bonds Staples, McClatchy)

EX-CIA AIRLINE TIED TO COCAINE

Southern Air Plane Allegedly Used In Deal For Weapons

Independent counsel Lawrence Walsh has received a report, allegedly given short shrift at the Justice Department last fall, of a connection between a Colombian cocaine kingpin and Southern Air Transport, the former CIA airline involved in the Iran-contra affair.

According to informed sources, a witness told the FBI last summer of having seen a cargo plane with Southern Air markings being used for a guns-for-drugs transfer at an airfield in Barranquilla, Colombia, in 1983.

(George Lardner, Washington Post, A12)

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INTERNATIONAL NEWS

DOLLAR HITS A NEW LOW AGAINST YEN 5 Industrial Powers May Have To Act To Prop Up Currency

The dollar plunged yesterday to its lowest level against the Japanese yen since just after World War II, amid speculation the world's major industrial nations soon will be forced to take new actions to buttress the dollar.

Japanese Finance Minister Kiichi Miyazawa will meet late Wednesday in Washington with Treasury Secretary James Baker to discuss the monetary situation. The meeting, according to Administration sources, was arranged at the request of Miyazawa. (Hobart Rowen, Washington Post, A1)

Japan's Finance Minister Going To U.S. For Currency Talks

TOKYO -- Japanese Finance Minister Kiichi Miyazawa said today he will go to Washington Wednesday for talks on currency rates with U.S. Treasury Secretary James Baker.

Miyazawa told reporters that he proposed the talks because the dollar has plunged below levels prevailing when the U.S.-Japanese agreement on currency market stability was announced at the end of October.

(Hisanobu Ohse, Reuter)

DEFICIT IN U.S. TRADE WITH COMMUNIST GOVERNMENTS

The U.S. deficit in world trade now extends to trade with Communist governments, largely because the Soviet Union failed to buy U.S. grain last year, the U.S. International Trade Commission says.

From July through September of last year, U.S. exports to Communist countries dropped to \$928.4 million, the lowest level in three years. U.S. imports from those countries in that period set a new record of \$1.7 billion. There was a sizable increase in the import of clothes from China.

(Carl Hartman, AP)

SOVIETS REPORTEDLY LAUNCH TWO NEW SUBS, THREATENING SALT II BREACH

Two new missile-carrying submarines in the Soviet fleet could push the Kremlin over limits in the SALT II treaty once sea trials of the vessels begin this spring or summer, Administration sources said.

The sources, who agreed to discuss the matter only if not identified, said shipyard activity at the northern Soviet port of Severodvinsk indicated the two submarines had been launched in December.

The addition of 36 new multiple-warhead missiles, in turn, would push the Soviet arsenal beyond one of the so-called "sub-limits" contained in the SALT II accord, absent the retirement of older weapons.

(Norman Black, AP)

LINES ARE DRAWN FOR U.S., COMMON MARKET TRADE WAR

LONDON -- When the big chips are down, the Western alliance in Europe pulls together. But between times, Western unity is strained by little chips -- disputes over such things as grain, gin, brandy and cheese.

Western Europe's ties with the United States have frequently been strained when raw national interests -- employment, farm prices, economic concerns, domestic politics -- have gone ahead of treaty obligations. But these cases in the past have never brought the trans-Atlantic relationship to the point of collapse.

(David Mason, News Analysis, Washington Times, A7)

U.S. LAYS OUT RIGHTS STANCE Officials To Address U.N. Unit In Geneva

GENEVA -- The United States intends to adopt a more aggressive posture, particularly on Cuba, Vietnam and Cambodia, at the session of the United Nations Human Rights Commission beginning here Thursday, its chief delegate said today.

Ambassador E. Robert Wallach told reporters that leading Administration figures will come to Geneva for discussion of controversial topics of the six-week meeting. (John Parry, Washington Post, A15)

SOVIETS WOOING PROMINENT CULTURAL EMIGRES

NEW YORK -- Some prominent artists and writers who emigrated from the Soviet Union say the Kremlin quietly is offering to welcome them home, but they are skeptical and are insisting certain conditions be met.

The emigres, along with scholars on Soviet affairs, are unclear about the Kremlin's motives.

One theory is that such approaches are part of Soviet leader Mikhail Gorbachev's attempts to enlist intellectuals in his revitalization of Soviet society. Another is that the Kremlin could tout the return of emigres to show the superiority of the Soviet system. (Andrew Katell, AP)

HIJACK SUSPECT MAY BE HELD IN WASHINGTON-AREA BRIG

Mohammed Ali Hamadei, in custody in the 1985 TWA hijacking, probably will be lodged in the brig at a military base in the Washington area after he is brought from West Germany, federal law enforcement sources said yesterday.

Once Hamadei is extradited, he will be taken to a facility such as the Fort Meade Army base, said two sources, speaking on condition that they not be identified. (AP story, Washington Post, A15)

Officials Say Hijack Suspect Could Be Extradited Quickly

BONN -- Officials said a lebanese man charged in the United States with air piracy and murder in a 1985 TWA hijacking could be extradited very quickly now that Washington has pledged he will not face the death penalty.

Justice Ministry spokesman Juergen Schmid said Monday that the need for such a pledge had been the main obstacle to extraditing Mohammed Ali Hamadi, who was arrested in Frankfurt a week ago.

U.S. Justice Department officials said Sunday they would comply with the West German demand, and Schmid said West Germany now is waiting to receive the promise in writing. (Kenneth Jautz, AP)

United States To Seek Life Sentences For Hijacking Suspect

The Justice Department, having promised West German officials it would spare a Palestinian hijacking suspect the death penalty, says it plans to seek multiple life sentences for the accused terrorist.

Associate Attorney General Stephen Trott said Monday he expects the complicated extradition process against Mohammad Ali Hamadei "to go rather smoothly" following department agreement to West German demands to waive the death penalty for Hamadei if he is convicted in the United States.

(Lori Santos, UPI)

LATEST U.S. PEACE PUSH IN MIDDLE EAST INEFFECTIVE

U.S. officials see no immediate prospect for reviving peace talks in the Middle East in the wake of an unsuccessful trip to the region by Assistant Secretary of State Richard Murphy.

Murphy was due back in Washington today from a trip to Israel, Jordan, Egypt and Saudi Arabia that officials said found no possibility of breakthroughs nor offered any new American plans to jump start the stalled negotiations.

Reports from the Middle East say Murphy found a new depth of skepticism among Arab leaders about America's role in the peace process and new enthusiasm for an international conference, which would include all permanent members of the U.N. Security Council. (Jim Anderson, UPI)

IMMIGRATION RULES REQUIRE NEW PROOF FROM NEWLY HIRED Employer Must Verify Papers Of Americans And Aliens Within 24 Hours

Employers across the country must verify the citizenship status of all new employees, Americans and aliens, within 24 hours after they are hired, according to new rules to be issued this week by the Immigration and Naturalization Service.

The rules carry out the landmark immigration law signed by President Reagan on Nov. 6. The law prohibits the hiring of illegal aliens and will offer legal status, or amnesty, to illegal aliens who have lived in this country continuously since before Jan. 1, 1982. For the first time, it also requires Americans to present proof of citizenship when applying for jobs.

(Robert Pear, New York Times, A1)

Rules Would Require U.S. Citizens To Prove Residency

The Reagan Administration is proposing tentative immigration rules requiring every citizen or alien hired for a new job to prove residency and eligibility to work in the United States, an Administration source says.

It would be the first time the rules, which are aimed at slowing down illegal immigration, are applied to all U.S. citizens.

(Larry Margasak, AP)

ANC LEADER'S VISIT OPPOSED

Conservative activists detailed plans yesterday to protest the forthcoming visit of South African black leader Oliver Tambo to the United States, decrying his alleged ties to communists and advocacy of violence.

Rep. Danny Burton and others urged Secretary of State George Shultz to cancel a planned meeting Jan. 28 with Tambo, president of the African National Congress, which is outlawed in South Africa.

"The secretary of state should no more meet with Tambo than with Yasser Arafat.... He is a terrorist with strong ties to the South African Communist Party and the Soviet Union." (AP story, Washington Post, A7)

Conservatives Urge Shultz To Scrub Talks With Tambo

Conservative activists used the birthday of slain civil rights leader Martin Luther King Jr. yesterday to urge Secretary of State Shultz to cancel his meeting with Oliver Tambo, leader of the African National Congress.

A three-hour Capitol Hill forum, sponsored by the 34 groups forming the "Coalition Against ANC Terrorists," was designed "to draw the contradiction between nonviolence of Dr. King and the violent policy of the ANC," said Howard Phillips, chairman of the Conservative Caucus.

(Rita McWilliams, Washington Times, A1)

Planned Meeting Between Shultz, Tambo Draws Conservative Fire

Secretary of State Shultz should cancel his planned meeting with South African Oliver Tambo, say conservative activists who are calling the exiled black leader a terrorist.

But Randall Robinson, head of the Transafrica lobbying group says Shultz' scheduled Jan. 28 meeting with Tambo is a "small step in the right direction."

(Joan Mower, AP)

ISRAELI LEADERS IRKED AT REPORTER'S ROLE Iran Affair Interviews May Bring Recall

JERUSALEM -- Israel's state-run radio is considering recalling its Washington correspondent following complaints from the prime minister's office and Foreign Ministry about his reporting of a confidential Senate report critical of Israel's alleged role in the Iranian arms affair.

For several days earlier this month, Shimon Shiffer was one of only two Washington-based journalists to have seen the contents of the draft report on the affair by the Senate Select Committee on Intelligence.

(Glenn Frankel, Washington Post, A12)

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NATIONAL NEWS

REAGAN BACK IN WHITE HOUSE, STILL OUT OF VIEW

President Reagan, back at the White House after a long weekend at Camp David, is in his third straight week of reduced workload out of public sight as he recovers from prostate surgery.

Taking advantage of the Martin Luther King Jr. holiday, which he originally opposed, Reagan and his wife spent an extra day Monday at the presidential retreat in Maryland's Catoctin Mountains before returning to the White House. (Norman Sandler, UPI)

DOW BREAKS 2100 BARRIER Industrial Average Makes 12th Straight Gain After An Early Round Of Profit-Taking

NEW YORK -- The stock market roared back from an early bout of profit-taking today, propelling the Dow Jones industrial average past 2100 and stretching the indicator's winning streak to 12 straight sessions.

"The momentum is still there," said Raymond DeVoe, an analyst for Legg Mason Wood Walker. "There still seems to be a lot of money sloshing around, ready to come in."

"We're getting some very dramatic moves on individual stocks," said Bill Raftery, an analyst for Smith Barney. "It looks like we've got a solid demand market." (Marcy Gordon, Washington Post, C1)

Wall Street Hits Record Highs Despite Dollar's Record Lows

NEW YORK -- Wall Street stocks soared to close above the 2,100 points for the first time yesterday despite the fact that the battered dollar hit record lows in Asia and closed sharply lower in New York.

Analysts said the developments contradicted each other because a weaker dollar reduces the value of U.S. assets and puts pressure on inflation because it increases the price of imports.

(Peter Elsworth, Reuter)

VOLCKER'S FUTURE AT FED IN DOUBT ONCE AGAIN

The Reagan Administration is back in a familiar situation: mulling over whether to keep Paul Volcker as chairman of the Federal Reserve Board.

Despite the fact there have been stories in recent days mentioning other possible candidates, many veteran Fed watchers are betting Volcker will be reappointed when his term as chairman expires Aug. 6., just as he was in 1983. (Martin Crutsinger, AP)

CONGRESS' BUDGET AGONY IMPENDS
Deficit Target And Political Concerns Limit Lawmakers' Options

The Democratic-controlled 100th Congress, which has just begun to examine President Reagan's trillion-dollar budget for fiscal 1988 and the related problem of cutting the nation's stubborn deficit, appears headed for an uncomfortable choice between bad politics and bad economics.

Congress is left with a short and unappetizing list of options as it wrestles with a requested budget whose spending priorities and revenue proposals have not been well received on Capitol Hill.

(Tom Kenworthy, Washington Post, A7)

KENNEDY WANTS \$1.25 INCREASE IN MINIMUM WAGE,
HEALTH INSURANCE EXTENSION

Sen. Edward Kennedy, relishing his new committee chairmanship after six years in the minority, wants to raise the federal minimum wage by at least \$1.25 an hour, to \$4.60, and extend catastrophic health insurance to Medicare recipients.

Kennedy also said he will use his chairmanship of the Senate Labor and Human Resources Committee to fight President Reagan's proposed cuts in education programs, to raise funding for AIDS research and to enhance job-training programs.

(David Espo, AP)

CONGRESSMEN COOL TO ARMY PLAN FOR
DISPOSING CHEMICAL WEAPONS

An Army request for \$500 million to prepare for destroying the nation's existing stockpile of aging chemical weapons has run into stiff opposition on Capitol Hill, according to two legislators.

"I think the Army's request for this money is very, very premature, to say the least, and I doubt that it will be approved," Rep. Larry Hopkins said Monday.

(Tim Ahern, AP)

FIRST LADY/DRUG ABUSE/NEWSWEEK

Nancy Reagan becomes First Reader tomorrow when she receives her own hot-off-the-presses copy of a special edition of Newsweek devoted entirely to the drug crisis for the benefit of high-school-age readers.

Making the presentation will be Gerard Smith, Newsweek publisher and executive vice president, and Edward Rensi, president and chief operating officer of McDonald's USA, cosponsor of the special edition.

(Donnie Radcliffe, Washington Post, E2)

NETWORK NEWS SUMMARY

(Monday evening, January 19th)

WHITE HOUSE PANEL

ABC's Peter Jennings: The White House has denied published reports that the President was ducking a meeting with the panel he set up to investigate the role of the National Security Council. White House officials insist the President will meet with the panel soon even though no date for the meeting has yet been set. (ABC-6)

SENATE INTELLIGENCE COMMITTEE

Jennings: The Senate Intelligence Committee, meanwhile, has been trying to agree on exactly what it has learned from its own investigation into the Iran arms affair.

ABC's Anne Compton reports seven weeks after the parade of witnesses into the Senate Intelligence Committee's secure briefing room, the committee staff is only today beginning to write its final version of the Iran arms deal history. (ABC-7)

CBS's Dan Rather: President Reagan today began a third week virtually out of public view at the White House answering no questions. Mr. Reagan did so amid reports that even the commission he himself appointed to look into what's wrong with the White House-basement national security operation is still waiting for its first appointment to see him. Also today, President Reagan and his aides had no comment on a new Senate Intelligence Committee summary report, a published account today says it chronicles possible law breaking in the arms for Iran scandal. The report has not been released by officials, Phil Jones has confirmed what's in it.

CBS's Phil Jones reports the Senate Intelligence Committee's 27-page summary report identifies an extensive list of people in and out of government who may have violated laws and ignored advice to stop the super-secret arms deal to Iran. The summary, which was first leaked to a newspaper and confirmed by CBS News today, raises new questions about what the President knew about diversion of arms profits to the Nicaraguan contras. One critical memo mentioned in the summary, believed written by Oliver North in April 1986, contains a clause providing for the use of \$12 million in profits from the program to be given to the contras and requests the President's approval. However, sources tell CBS News there is no date on the memo, no proof that North wrote it, and that there is no document that shows the President signed or even received an oral briefing. In fact, the Intelligence Committee summary states there is no specific evidence that President Reagan knew about the diversion. But the summary does cite a series of mistakes and misjudgements, the Reagan White House ignoring warnings. This summary, viewed by many senators as incomplete and inaccurate, will not be forwarded to the special Iran-contra select committee. However, congressional sources said today that the damage to the Administration has already been done by this leak. (CBS-Lead)

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U.S./IRAN

CBS's Bill Redeker reports while the White House may have hoped its contacts would open a door to moderates in this fundamentalist state, so far there have been few signs of any breakthrough. Iran today may appear more moderate but its leadership and those who control the mass media still toe Khomeini's line. Still, sources say low-level contacts between Iran and the United States continue, mostly through the Swiss, who represent American interests in Iran. And, those sources say, that should it serve Iran's interests in the future, Iran may again use its influence with those holding the remaining hostages in Lebanon. (CBS-2)

IRAN-IRAQ

NBC's Jim Miklaszewski reports there were claims and counter-claims as the fiercest fighting in years continues, the battle for Basra, Iraq's second largest city is now 11 days old. U.S. intelligence reports raise doubts that Iran can actually seize Basra. The reports say Iran has failed to make any major military gains. But Western analysts say the sustained Iranian offensive has put increasing pressure on Iraqi President Hussein, that Iraq must push out the Iranians, otherwise, they say, Hussein's regime could be severely threatened. Pentagon sources say the U.S. remains committed to protecting Persian Gulf shipping. The aircraft carrier Kitty Hawk is steaming toward the Indian Ocean and could be in position just outside the Gulf within five days. Defense Department officials say there are no immediate plans to get the U.S. militarily involved, but according to one source, our interest in that war is at an all time high. (NBC-7, ABC-8, CBS-3)

U.S. DOLLAR

Brokaw: The dollar continued to plunge on world currency markets. In Tokyo there was a frenzy of trading as the dollar dropped to record low against the yen. A major factor appeared to be signals from Washington that it wants the dollar to go even lower. A lower dollar would help American manufacturers sell their products overseas and it would make Japanese products more expensive in this country. (NBC-6, CBS-8)

SALT II

Jennings: According to the Reagan Administration the Soviets may be about to exceed one of the limits in the SALT treaty. Both the Washington Post and AP quote Administration sources as saying the Soviets have launched two new missile-carrying submarines which will be ready for sea trials this summer. Once that happens the new subs and their missiles would be counted in the Soviet arsenal pushing them over the SALT II limits. The U.S. exceeded the limits of the SALT treaty late last year. (ABC-9)

HAMADI

Brokaw: The U.S. is expected to ask West Germany tomorrow to hand over Mohammed Hamadi, a suspected terrorist in the 1985 hijacking of TWA flight 847. The U.S. agreed yesterday to a West German demand that Hamadi not face the death penalty in this country. A Justice Department official said that now the U.S. might seek multiple life sentences if Hamadi is convicted here. (NBC-8, CBS-4)

NICARAGUA

Brokaw: A new effort began today to get peace talks started once again in Central America. The U.N. Secretary General Peres de Cuellar and the foreign ministers of eight Latin American nations flew to Managua and they were greeted by Nicaraguan President Daniel Ortega. They are making a five nation tour in an effort to revive the stalled talks on a region peace treaty known as the Contadora process. But inside the war zones of Nicaragua both sides now are arming themselves with powerful new weapons brought in from the outside. This war is escalating and Garrick Utley has a report tonight from the battle ground. (NBC-10)

WALL ST.

Jennings: It has been another record day on Wall St. The Dow, which two weeks ago cracked the 2,000 level, today pushed passed 2,100. Everyday the question is when will it stop, and every day the answer is not yet. (ABC-5, NBC-5, CBS-7)

M.L.K. BIRTHDAY

NBC's Tom Brokaw: The federal government and 38 states honored Dr. Martin Luther King Jr. today with ceremonies and a holiday marking his birth 58 years ago. (NBC-Lead, ABC-Lead, CBS-5)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: Sam Donaldson and George Will.
Guests: Ambassador Stephen Bosworth, Juan Ponce Enrile and Joker Arroyo, executive secretary of Corazon Aquino.

Brinkley: Ambassador Bosworth in Manilla, thank you very much for coming in today.

Will: Can the United States work hard to guarantee, and what sort of guarantee is needed, to prevent a military coup? That is, how firmly planted are democratic processes?

Bosworth: Well, I don't think that the risk of a military coup at this point is all that great. I think the great bulk of the population here firmly supports the civilian government. I think some of the voices you hear raised now are the equivalent of the sound democracy. There's a good deal of political debate going on, but at the moment it's going on within the legitimate political framework of the country. And I think that's fine.

Donaldson: The complaint is always heard that the United States is interfering in Philippine affairs, and that you, as our man in Manilla, are constantly [intruding] to try to force the government one way or the other. Is that true? And if your answer is no, why do the Filipinos say it?

Bosworth: Well, of course it is not true. I think one of the hallmarks of our policy here over the last few years is that it's been basically a public policy. What you see is what there is. Not everyone may like it, but that's all there is. There is no secret agenda here.

Brinkley: The new constitution for the Philippines is to be voted on February 2nd. And there's in there, something about a nuclear-free zone, something perhaps on the order of New Zealand, what is it? Explain it to us?

Bosworth: Well, I think it's quite different than the New Zealand policy on the nuclear question. And we continue to take our lead from President Aquino's assertion that she will abide by the terms of the existing arrangements up until 1991, and then we will see what happens in terms or renegotiating some continuation of the arrangements.

Brinkley: Is there a future possibility of the U.S. Navy and Air Force being forced out of their bases in the Philippines because they are known to have nuclear weapons?

Bosworth: Well, that certainly has not become an issue at this point. Of course, we never confirm nor deny whether any of our ships or planes are carry nuclear weapons. But that policy of ours is well understood by the government. And I don't foresee that this is going to become a serious issue between the two governments.

THIS WEEK WITH DAVID BRINKLEY (continued)

Roundtable discussion, Jody Powell joins panel.

Brinkley: How about Pat Buchanan running for president, what do you make of that?

Powell: Since Pat once was a colleague of all of us as a columnist, I think we owe him our best advice and mine would be Pat, don't do it. You don't know what you are getting into here.

Donaldson: I want Pat Buchanan to run. Those of who don't agree with Pat Buchanan's philosophy would love to see him out there. You know there is something else here, I think Pat Buchanan is an embarrassment to his President and ought to leave the White House. Pat goes out says the wildest things, which is an embarrassment to the President who knows you don't get things in this town by calling all of the power levers a bunch of monkeys. You get them by soothing them and getting your way and running off.... I think Pat is an embarrassment because I think he ought to resign and I think he will take this honorable course, run for president, get four or five votes, and then come back to our business and let us fight it out on these roundtables.

Will: This is very bad news for Jack Kemp because there is a limited amount of money on the right. I would prefer that Pat didn't run because the very attributes that make him an interesting participant on op-ed pages might make it hard for the Republican party to maintain a sense of decorum and moderation in the race. I want both parties to have a certain minimal decorum, they never have much more.

NBC -- MEET THE PRESS

Moderator: Marvin Kalb. Panel: Barry Schweid and John Walcott. Guest: George Shultz.

Kalb: Okay, do you feel that we do have enough time to negotiate an arms control agreement with the Russians?

Shultz: I think the talks got off to a good start.

Kalb: But, as yet, no new proposal?

Shultz: No.

Walcott: Do you think it's possible for the United States to deploy some segment of the Star Wars system without violating that treaty and should that be the goal of anything we do?

Shultz: Well, it all depends on what's deployed, but under the ABM Treaty, you can make certain kinds of deployments on the ground and, in fact, the only deployed ABM system anywhere is deployed by the Soviet Union, as you know, around Moscow, but that's not necessarily what's being talked about.

Kalb: When this all came up (Iran-contra affair), how do you justify, as a Secretary of State, assuming responsibility proudly for areas of American foreign policy, and then pulling back saying, "Really, I couldn't accept responsibility, because I didn't know," about other areas of American foreign policy. You're secretary of state for all of it.

Shultz: As far as the arms sales to Iran is concerned, my position has -- was made clear and as this process went on there were quite a number of times when I felt that there was no arms sale connection to it. And the rest of it, that is, the President's desire to see if there couldn't be some kind of different Iran, particularly in a post-Khomeini Iran -- I felt was a good idea.

Walcott: Let me ask you about the Contra half of this for a moment. Were you aware that during the time when Congress had cut off U.S. military aid to the Nicaraguan rebels, American diplomats and intelligence officials in Costa Rica, and also in Honduras, were still in contact with the rebels, were helping arrange the construction of an air strip in Costa Rica to be used by the rebels, were helping coordinate supply flights to the rebels?

Shultz: Certain things were legal and certain things weren't. And you remember the Congress appropriated \$27 million for humanitarian assistance to the people fighting for freedom and independence in Nicaragua. And you have to get it to them somehow or the other. So, that's a perfectly legitimate thing to do, in fact, you're mandated to do it by the law of Congress. And to the extent they worked on that, there's nothing wrong with that.

MEET THE PRESS (continued)

Kalb: Mr. Secretary, your Assistant Secretary for Inter-American affairs, Elliott Abrams, has said several times in the past week on television that if it is not the Contras who are going to do the job of eliminating the Sandinista regime, it will have to be the United States Marines. Do you agree with that?

Shultz: I think that the policies we have towards Central America are right and are very important for the security of our country. The rotten apple in the barrel is Nicaragua and all the people down there know it. The totalitarian form of government that they seek to impose on Nicaragua is bad news for everybody. Now, there are a lot of people in Nicaragua who don't like it, not surprisingly. And they're ready to fight for freedom and independence in their country and we're helping them.

Kalb: Do you believe, sir, that if the contras can't do it, that the United States will have send the Marines in to do it?

Shultz: The problems that can take place if we back off from supporting decency and democracy in -- right here on our own land -- are very serious. And if that spreads up, and spreads on to Mexico, it'll pose a grave security problem for the United States and we'll have to think it over careful. But I'm not going to put my foot in the hole you want me to.

Schweid: But I'm thinking of diplomacy. Are we insisting that the Sandinistas must come to terms with the contras and give the contras a share of power?

Shultz: What the President has put forward and what our Nicaraguan freedom fighters have put forward is this proposition: They say, "Let's have a ceasefire and let's have along with that an agreement to sit down together and work out the sort of constitutional arrangements under which there can be a different kind of governmental process, where people have a chance to run for political power through the electoral process." That's what they want.

Walcott: Let me ask you briefly about the Philippines. There are more rumors, more reports of impending coups, possible coups, against the government of President Aquino. How stable do you believe her regime is? Do you think there is danger of a coup against Mrs. Aquino?

Shultz: No, I do not think there is any danger of that at all. I think she is very strongly supported by the Philippine people. She's a very impressive person. They're lucky to have her there and they know it. And you'll see that expressed, my guess is, when you see the voting on the new constitution.

CBS -- FACE THE NATION

Moderator: Lesley Stahl. Guests: Henry Kissinger, Sen. John Kerry and Rep. Henry Hyde.

Stahl: Henry Kissinger has had phone conversations with the President about the Iranian situation. We asked him earlier if he thought the President should apologize to the American people.

Kissinger: Any president is entitled to make a mistake, and I don't see why an apology is called for. And I would think that what needs to be done now is to get the facts out, to prevent a repetition of that occurrence which resulted from bad procedures and some appalling advice, and to fix that. And at some appropriate moment the President might say what he's done to fix it. But I don't see that a breast beating is indicated.

Stahl: Well, let me ask you specifically about the Middle East. We now know that we gave intelligence data to both Iran and Iraq, possibly even disinformation, we seem to be developing strains with Israel over whether they initiated this whole Iran arms business or not. How do we begin to repair and re-establish our foreign policy in the Middle East?

Kissinger: Well, I think to give intelligence data to both sides in a war is a big mistake. I think that is the sort of Machiavellianism that loses you credit all over. When I read this memorandum to the President that was published, released by the White House, here the National Security staff is saying Iraq is winning the war against Iran. Well, they must be the only people in the world who are believing this. And when you are giving the President wrong factual information, you are likely to get a wrong decision.

Stahl: Let me go to Con. Hyde first. There is a group of Republicans who are now urging the President to go to the American people and apologize for the Iran-contra situation. And I understand that you are one of them. What do you think the President should say to the American people?

Hyde: Well, first of all, Lesley, I want to make it clear that I am not anyone who thinks the President needs to apologize; he has nothing to apologize for. What I think is needed is an explanation of the initiative towards Iran, the opening there, the reasons for it. And I think the President, better than anyone else, can make a very good case for it.

Stahl: Well, let's go to Sen. Kerry. Do you think that if the President gives another speech to the American people and says he's responsible, that that will begin to solve a lot of his problems?

Kerry: No, I don't Lesley. I think the President has a fundamental credibility problem at this point, and I think that, while it might be nice to have him apologize -- and I think more than an apology is necessary -- he would indeed have to engage himself in this and accept responsibility, above all. But I don't think that will solve the problem, because the American people already don't believe what is coming of the White House with respect to this matter.

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FACE THE NATION (continued)

Stahl: Is the President in deep trouble in Congress, or is he getting it behind him? Where do we stand?

Kerry: Well, I think clearly the national political landscape has been changed by this. The President's bargaining power with Congress is very different. Whereas for the last six years I think he's been able to move programs almost at will, now he is going to have to bargain. I think certainly Democrats and Republicans alike internationally want the President to be able to succeed, don't want to see a president handicapped in foreign policy. But there I think the President has handicapped himself.

Stahl: Con. Hyde, you are known as a supporter of the President's. Have you been finding it difficult to defend him on this policy, a policy where he didn't notify Congress and where apparently, at least we've been told, he didn't even tell his own Secretary of State and Secretary of Defense on the arms sales?

Hyde: Yes, that's difficult to explain, because the law requires Congress to be notified. But I can understand the justifiable paranoia of the White House, because Congress can't keep a secret, the State Department has difficulty keeping a secret, and if you are dealing with people's lives in an operation of great sensitivity, I can understand why they would want to keep it close to the vest.

THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Robert Novak, Morton Kondracke, Jack Germond and Richard Cohen.

McLaughlin: Describe in one word the prospects for an arms control agreement between the United States and the Soviet Union in calendar 1987.

Cohen: Poor. Novak: Thankfully, bleak. Germond: Minimal. Kondracke: Not good. McLaughlin: Answer: Dim.

McLaughlin: Item, the anchorman type -- Marlin Fitzwater was named this week by President Reagan to succeed Presidential spokesman Larry Speakes. Why did the President choose you Mr. Fitzwater? (Fitzwater on tape: "Well, I think it is obvious that the President wanted an anchorman type, thin with a lot of hair.") Fitzwater is currently press secretary to Vice President Bush and, note this, prior to that served for two years under Donald T. Regan at Treasury. Reportedly Fitzwater was selected over Nancy Reagan's choice for the job, namely Sheila Tate, her former press secretary. Does the Fitzwater appointment tell you that whatever denigrations Donald Regan may have suffered because of Iran, the bloom is now back on the Regan rose?

Germond: No, what it tells me is there is a great demand for fat, bald headed guys.

Novak: I think you are right, I think this was a Don Regan choice, but Pat Buchanan, who by the way is running for president John, Pat Buchanan recommended Fitzwater on the grounds that he is not a ideologue, he is not a newspaper man, you don't want either one. What he is, he is a nice Larry Speakes, if you can think of that contradiction in terms.

Kondracke: This may be a Regan victory, it undoubtedly is, there is a lot of other evidence of Regan victories and he is going to stay. But Marlin Fitzwater is about the best he could have gotten.

Germond: Marlin Fitzwater has a great quality and I hope he is able to maintain it, I have never seen any sign of paranoia in him.

McLaughlin: On a respect scale of 1-to-10 after, say December 1988, with zero meaning zero respect, ten meaning the veneration paid by a follower to the Dalai Lama, what kind of respect will Fitzwater have, 0-to-10?

Cohen: 8. Novak: 8.4. Germond: 8.4. Kondracke: 9. McLaughlin: 9.

Predictions: Cohen: Based upon what they are telling intimates, I predict Cuomo will go, Nunn won't (run for president.) Novak: I think the Republican Caucus will vote Sen. Helms over Sen. Lugar as ranking Republican on the Senate Foreign Relations Committee. Germond: When he really gets down to it he will be overcome by good sense and Pat Buchanan will not run for president. Kondracke: I think Pat will run for president. Cuomo will run. McLaughlin: Residential, home, mortgage interest rates trending downwards ceiling in at 9.5.

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AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: Jack Kilpatrick, Hugh Sidey, Carl Rowan and Elizabeth Drew.

Agronsky: A Number of important Republican senators and congressmen are now saying they believe President Reagan should take full responsibility for his Administration's mistakes in the Iran scandal, apologize to the American public and ask the people to forgive him. Will the President do this, should he?

Rowan: The only kind of statement that might make a difference would be the President saying 'I ransomed hostages with arms, I told you I wouldn't do it but I did. I should have notified the Congress of this Iranian caper, I didn't. My staff violated the law by transferring funds from those sales to the contras. I didn't know about it but I should have, for all of this I am sorry.' I don't think he is remotely prepared to make that kind of statement.

Drew: Well, I agree Reagan is not one for admitting error particularly when he doesn't feel that he did anything wrong. The furthest he has gone is saying that mistakes were made in the execution of the policy, not the policy. What is so striking about these statements from important Republicans, conservatives, die-hard supporters of the President is that it indicates the agony that the Republicans now feel about this and they now worry about what it is going to mean.

Sidey: I think that they are just dead wrong. The fact of the matter is that the President has taken responsibility for the mismanagement and the failure of this mission but he does not believe it is a mistake and to say so would be hypocritical on his part. He believes that as conceived originally it had some chance of working. It didn't and that, he said, is right. He has taken that responsibility, so I say no.

Kilpatrick: And I say no, I'll say amen to my brother Sidey here and I say to my brother Carl I certainly am delighted you are not a speech writer in the White House. And Reagan has nothing to apologize for except getting caught.

Agronsky: That leaves a two-and-two division. I would say that I think he should do this, it is wrong for him not to.