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News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JANUARY 30, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Senate Panel Finds No Evidence Reagan Knew Of Funds Diversion -- The Senate Intelligence Committee's probe into the Iran-Contra affair concludes that President Reagan was unaware of the alleged diversion of funds to the Nicaraguan resistance. (Baltimore Sun, New York Times, USA Today, Wall Street Journal, Washington Post, Washington Times, AP, McClatchy, Newhouse, Reuter, Scripps Howard, UPI)

INTERNATIONAL NEWS

Abductors Threaten To Kill Hostages
-- Terrorists claiming to hold four professors threatened yesterday to execute all four if the United States or its allies should attack targets in Lebanon. Washington Post, Washington Times, AP, Newhouse, Reuter, UPI)



NETWORK NEWS (Thursday Evening)

SENATE INTELLIGENCE COMMITTEE REPORT -- The report does not cite any evidence that the President had any awareness of the plan to divert funds to the contras.

PRESIDENT/CONGRESS -- In Washington President Reagan was obliged to deal with the Capitol's new political reality.

SHULTZ/EXTRADITION -- Secretary Shultz made it clear today that the United States would continue to press for the extradition of the TWA hijacking suspect.

IRAN — NICARAGUA

WHITE HOUSE ROLE IN CONTRA AID LARGER THAN DISCLOSED

President Reagan and his senior advisers were more deeply involved in assisting the Nicaraguan rebels than has been previously disclosed, and last fall the President agreed to thank Israeli Prime Minister Shimon Peres for providing captured Soviet bloc arms to the contras, according to a Senate Intelligence committee report released last night.

The report by the Senate Select Committee on Intelligence provides extensive new details on efforts to help the contras, making it clear that Reagan Administration officials, including the President, knew much more about clandestine efforts to ship arms and other supplies to the rebels fighting the government of Nicaragua than they have publicly acknowledged.

(Bob Woodward, Washington Post, A1)

Concern For Hostages A Motivator In Iran Arms Sales, Panel Finds

The Iranian arms initiative resulted from President Reagan's "deep concern" over American hostages in Lebanon, Israel's desire to step up contacts with Iran and pressure from foreign middlemen and arms dealers, as much as any effort by the Administration to court moderated elements in Iran, the Senate Select Committee on Intelligence said in a report released yesterday.

The 65-page document, cleared for release on a 14-1 vote, provided fresh details about not only the Iranian arms transactions but also the still murky links between those arms sales and the diversion of the proceeds to aid the Nicaraguan rebels.

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

Senators Charge A Web Of Deceit In Iranian Affair

A report on the Iran-contra affair made public today by the Senate Intelligence Committee portrays Reagan Administration officials as regularly deceiving one another, and Congress, about main elements of the operation.

The report cites evidence that President Reagan was primarily interested in trading arms for the release of hostages and reveals that some profits from the sale of arms to Iran may have been used by an Israeli official for "other projects." It does not specify those projects.

(David Rosenbaum, New York Times, A1)

Senate Panel Finds No Evidence Reagan Knew Of Funds Diversion

The Senate Intelligence Committee's probe into the Iran-Contra affair concludes that President Reagan was unaware of the alleged diversion of funds to the Nicaraguan resistance.

But the report issued yesterday also said the Reagan Administration's foreign policy is "in a real disarray."

(Michael Hedges, Washington Times, A1)

Iran Arms-Sales Profits Sent To Contras Since Early '86, Senate Study Indicates

A Senate Intelligence Committee report on the Iran-Contra affair indicates that the diversion of profits to Nicaraguan guerrillas was an early feature of the secret U.S. arms sales to Iran.

The report says that notes of a meeting last November between Attorney General Meese and fired NSC staff member Lt. Col. North reflect that Col. North said money may have been diverted to the Nicaraguan guerrillas from the first U.S. arms sale to Iran last February. The notes indicate that \$3 million to \$4 million may have gone to the rebels from this sale of 1,000 TOW anti-tank missiles; Col. North also cited a potential diversion of profits from a later arms sale last May.

(John Walcott & David Rogers, Wall Street Journal, A2)

U.S. Intelligence May Have Given Iran First Victory

Iran may have used intelligence provided by the United States last year to win its first major victory over Iraq in their gulf war, threatening to tip the military balance toward Iran in direct contradiction of U.S. policy, senior officials said last night.

According to the Senate Select Committee on Intelligence's report on the Iran-contra affair, the intelligence was given to the Iranians -- over CIA objections -- at the insistence of the NSC.

(Stephens Broening, Baltimore Sun, A1)

Iran Profits Can't Be Traced To Contras

President Reagan, who has repeatedly denied that his "secret diplomatic initiative" to Iran was an arms-for-hostages swap, was preoccupied with the fate of U.S.A. hostages.

The Senate Intelligence Committee report says the hostages' condition, particularly the torture of CIA station chief William Buckley, was Reagan's prime motivation.

"Documents and testimony reflect a deep personal concern on the part of the President for the welfare of U.S. hostages," the report said.

(Johanna Neuman, USA Today, A4)

Iran Report: Where's The Arms Money?

The Senate Intelligence Committee found no direct evidence President Reagan knew funds were skimmed from his Iran arms deals for Nicaraguan rebels.

But the report could not "reach any final conclusions as to the final resting place of that money," said Sen. Boren.

(Ralph Soda, USA Today, A1)

Senate Report/Iran

A Senate report on the Iran-Contras scandal released Thursday showed no hard evidence President Reagan knew of efforts to skim arms sales profits to aid the Nicaraguan rebels, but said concern for American hostages in Lebanon kept the weapons flowing to Tehran.

The report by the Senate Intelligence Committee drew no conclusions about the scandal that has staggered Reagan's presidency, but presented the most detailed overview to date of how the 18-month diplomatic initiative was conceived and executed under the strictest secrecy.

(Judi Hasson, UPI)

What's New In The Intelligence Committee Report

The final Senate Intelligence Committee report provided new details on the Iran arms affair Thursday that indicate a tight group of top officials quickly became engulfed in an arms-for-hostages scheme.

The report also indicates Administration officials believed assurances by Iranian elements that Ayatollah Khomeini would step down as ruler of Iran in February 1986.

(Dana Walker, UPI)

Panel Give Details On Iran-Contra Investigation

The Senate Intelligence Committee reported Thursday that its two-month investigation of the Iranian arms sales showed widespread knowledge or suspicion among top Reagan Administration officials that money was diverted to Nicaraguan rebels, but no direct involvement by President Reagan.

As the clandestine diplomatic effort became public, the committee said, senior White House officials prepared to defend their actions by writing an account containing "important omissions and misstatements of fact about the program."

Sen. Boren said, "There is no direct evidence that would show that the President knew or participated in the diversion of funds."

(Michael Shanahan, McClatchy)

Senate Report Gives New Details On Iran Contra Diversion

A U.S. Senate report provides new details about the possible illegal diversion of Iran arms sale profits to Nicaraguan rebels but says there is no evidence that President Reagan knew of the diversion.

It said pressure from Israel and international arms dealers plus Reagan's deep desire to free the hostages prompted the Iran arms sales as much as the desire to improve relations with that country.

(Jim Adams, Reuter)

Iran-Contra Report Reveals Broad Picture But Leaves Crucial Questions

A new Senate report portrays a U.S.-Iranian arms deal largely plotted by foreign weapons merchants, carried out by Israel and kept alive by a White House aide's zealous support for Nicaragua's Contra rebels and by President Reagan's concern for U.S. hostages.

While the report raises serious questions about Reagan's control over his foreign policy apparatus, the White House welcomed its release. David Abshire, the President's special counselor on the Iran-Contra issue, called it "an important step toward getting to the bottom of this matter, as the President has promised." (Jim Drinkard, AP)

Poindexter Urged Ghorbanifar Link Over CIA Protests

Brushing aside CIA objections, former National Security Adviser John Poindexter insisted an Iranian arms merchant be given a "sample" of U.S. intelligence on Iraq even though officials feared the data would give Iran a battlefield advantage, a Senate report says.

The committee also said it had received documents indicating the CIA knew "of one instance in which Ghorbanifar had reportedly offered to provide intelligence on Iran to a third country in return for permission...to continue the drug smuggling activities of Ghorbanifar's associates with the country concerned." (Lawrence Knutson, AP)

Senate Report/North/Swiss Accounts

Oliver North set up three Swiss bank accounts in January 1986 "as a result of" a contact with Contra leader Adolfo Calero, the Senate Intelligence Committee said Thursday, but the panel could not determine if money ever made it to the rebels.

The report said it was unclear what happened to the profits from the sale of arms to Iran but said some of the money were traced to offshore bank accounts in the Cayman Islands. (Judi Hasson, UPI)

Report: North Funneled Funds To Contras In 1985

A report released by the Senate Intelligence Committee Thursday shows that former NSC aide Lt. Col. North was involved in funneling funds to the Contras as early as 1985.

It also describes high-level feuding between the NSC, which orchestrated the Iran arms dealings, and the CIA, which repeatedly questioned the program that was kept secret from Congress and the Cabinet. (Lance Gay, Scripps Howard)

Senate Report Details 'Undated Memorandum'

Oliver North told Attorney General Meese an Israeli official first suggested diverting Iran arms sales profits to Nicaraguan rebels and even set the initial amount at \$12 million, the Senate Intelligence Committee report said Thursday.

The report, the broadest description to date of the sweeping foreign policy scandal, said North described his January 1986 discussions with the Israeli official when Meese confronted him on Nov. 23, 1986, with a mysterious memorandum found the day before in North's office at the NSC. (Anne Saker, UPI)

Senate Report

The Senate Select Committee on Intelligence has released an inconclusive report that leaves to two congressional panels the task of determining how deeply the White House was involved in plans to divert Iranian arms sales profits to the Contra rebels.

"It's impossible at this point to draw final conclusions," Boren said, adding that the findings do show "serious problems" in the way the White House permitted "amateurs" to formulate foreign policy.

(Paula Schwed, Newhouse)

HOUSE SELECT COMMITTEE/ISRAEL

The House select committee investigating the Iran arms-Contra aid scandal is negotiating with the Israel government to secure its cooperation in the probe, the committee chairman said Thursday.

Rep. Hamilton also said the committee is subpoenaing hundreds of documents, including intelligence intercepts from the super-secret National Security Agency and possibly personal datebooks of Cabinet-level officials.

"We are now in discussions with the government of Israel and other foreign sources. I don't want to characterize them at the moment. These are on an official level. We are talking directly to the government of Israel. We are at the very early stages of that," he said.

(Dana Walker, UPI)

INDEPENDENT COUNSEL/JUSTICE DEPARTMENT

Lawrence Walsh, independent counsel in the Iran arms-Contra aid affair, told the Justice Department he will take over three of its related investigations and may yet assume others, officials said Thursday.

At the same time, congressional officials said Walsh was mailed a letter Thursday by the chairman of a House select committee also investigating the scandal that it may be necessary for the panel to grant immunity to key figures despite the special prosecutor's objections.

(Lori Santos, UPI)

INTERNATIONAL NEWS

CAPTORS THREATEN TO KILL HOSTAGES IF U.S. LAUNCHES MILITARY ATTACK

BEIRUT -- The terrorist group holding four kidnapped foreign professors -- three Americans and an Indian with U.S. resident status -- threatened today to kill them if the United States attempts any military action on behalf of the hostages here.

Today's note said that the captors would "kill the four American hostages as a preliminary measure as soon as any attack takes place, and this will be followed by other operations."

It claimed that "intentions for a military aggression" were "being prepared for by America with the assistance of certain states."

(Nora Boustany, Washington Post, A28)

Abductors Threaten To Kill Hostages

BEIRUT -- Terrorists claiming to hold four professors threatened yesterday to execute all four if the United States or its allies should attack targets in Lebanon.

The Islamic Jihad for the Liberation of Palestine delivered the threat to kill the hostages to an international news agency.

(Washington Times, A1)

Kidnappers/Lebanon

BEIRUT -- The kidnappers of three Americans and an Indian-born U.S. resident warned Thursday they will "execute" the four men if the United States and its allies launch a military attack on Lebanon.

The Soviet Union Thursday acknowledged the kidnappings were a matter of grave concern, but said the United States overreacted by extending the tour of duty of the aircraft carrier John F. Kennedy in the Mediterranean and by dispatching two other carrier battle groups to the region.

(Riad Kaj, UPI)

Group Threatens To Kill Hostages If United States Attacks

BEIRUT -- A Moslem group says it will kill four kidnapped foreign professors, three of them Americans, if the United States mounts any attack.

In Washington, Secretary Shultz said there were strong ties between the group and Iran. He warned other states not to make concessions to hostage-takers in Lebanon.

(John Fullerton, Reuter)

U.S. Carriers/Persian Gulf

The United States, in an apparent signal of strong support for nervous moderate Arab regimes in the Persian Gulf, has ordered the aircraft carrier Kitty Hawk and accompanying warships to the Gulf region.

Senior U.S. officials say the Reagan Administration, concerned at the growing intensity of fighting in the Iran-Iraq war, wants to preserve its options in case direct or indirect military intervention is required.

(David Wood, Newhouse)

Elite Troops Stand By In Mediterranean

U.S. Navy special forces and several hundred Marines trained to rescue hostages have been deployed aboard two U.S. battle groups in the Mediterranean, defense sources said yesterday.

They said the special forces lack "the integrated capability to get in and out" of Beirut in case of a hostage rescue mission. The sources noted that the two aircraft carriers now in the Mediterranean had no MC-130 special infiltration aircraft or HH 53 Pave Low helicopters aboard.

(James Dorsey, Washington Times, A1)

U.S. Facing New Mideast Dangers, Won't Comment On "Options"

The Reagan Administration is facing new dangers in the Middle East with fears of a widening of the Iran-Iraq war and a death threat against American hostages seized in Lebanon on Saturday.

White House spokesman Larry Speakes, questioned about a report that Administration officials were considering military action against terrorists in Lebanon if a hostage was killed, replied, "There are many options that are available to us, but I wouldn't comment on any of them."

(William Scally, Reuter)

SHULTZ OPPOSES A SWAP BY BONN FOR HOSTAGES

Secretary Shultz, reacting to reports that West Germany might release a Lebanese terrorist suspect to win freedom for Western hostages in Lebanon, made it clear yesterday that the United States would oppose such a deal, even if some of the freed captives were Americans.

Referring to U.S. efforts to get custody of Mohammed Hamadei, arrested at the Frankfurt airport Jan. 13, Shultz said in a satellite interview with European journalists over the U.S. Information Agency's Worldnet system: "Our efforts and request for extradition stands. I am certain it will continue to stand."

(John Goshko, Washington Post, A28)

Shultz Sees Iran's Hand In All Abductions By Terrorists

Secretary Shultz said yesterday that all the terrorist groups holding American hostages in Lebanon appear to be linked together with "very strong ties to Iran."

Another Administration official described these Iranian links as "somewhere between influence and control."

(Richard Beeston, Washington Times, A10)

NEWSPAPER SAYS WAITE SEEN IN MOTORCADE, PLANS TO RESURFACE BY SUNDAY

BEIRUT -- Hostage negotiator Terry Waite has been seen traveling in a motorcade in Syrian-controlled east Lebanon and will return to Moslem west Beirut within 48 hours, a leading Beirut newspaper reported today.

A Lebanese militia leader said Thursday that Waite was seen "moving around freely," but did not say when or where. (Rodeina Kenaan, AP)

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DRUZE LEADER SEARCHES FOR WAITE

BEIRUT -- The leader of the Druze Moslem militia responsible for the safety of Terry Waite returned to Lebanon from Syria to search today for the hostage negotiator who vanished while trying to free two Americans. Druze Moslem militia leader Walid Jumblatt left Damascus, Syria, late Thursday for Beirut to "look into the matter" of Waite, the special envoy to the archbishop of Canterbury who had been missing since Jan. 20.

Jumblatt provided armed escorts for Waite before Waite left for a rendezvous with the captors of two Americans Jan. 20. When asked if he believed Waite was kidnapped, Jumblatt told Lebanese television, "I hope not."
(UPI)

HILL NOTIFIED OF INTENT TO SELL ARMS TO ARABS

The Reagan Administration has formally notified Congress that it intends to sell \$2.2 billion worth of arms to Saudi Arabia, Egypt and Bahrain this year, according to Defense and State department officials.

The sales are the first in a series the Administration is expected to propose over the coming months for moderate Arab nations shaken by recent disclosures of secret U.S. arms sales to Iran.

(David Ottaway, Washington Post, A28)

REAGAN PANEL COUNTS ON FALL IN TRADE GAP Economic Advisers Detail Growth Forecasts

The Reagan Administration is counting on a falling trade deficit and a pickup in business investment to spark faster economic growth this year despite the smallest increase in consumer spending in six years, according to the 1987 report of the Council of Economic Advisers, released yesterday.

The decline of the dollar, along with faster economic growth this year in other industrial nations than in the United States, should reduce the trade deficit by more than one-fifth, CEA Chairman Beryl Sprinkel said.

(John Berry, Washington Post, F1)

Despite Declining Dollar, Trade Deficit Expected To Hit Record

Despite a sharp decline in the dollar and efforts to open more overseas markets to U.S. products, the nation's trade deficit swelled in 1986 to what analysts say will be a record \$170 billion to \$175 billion.

The Reagan Administration is predicting an improvement in the deficit this year in the vicinity of \$30 billion, although private economists say they are not so certain.
(Tom Raum, AP)

New U.S. Trade Figures Likely To Spur Congressional Action

U.S. trade figures for 1986 to be issued today are sure to show another record deficit and prompt Congress to take action, U.S. trade officials said.

A worsening U.S. trade deficit could drive down the dollar against other currencies and prompt calls for a meeting of finance ministers of the five major industrial nations to try to stabilize the dollar's exchange rate, trade analysts said.
(Robert Trautman, Reuter)

Traders Nervous About Trade Deficit Report

The last time the government announced its merchandise trade deficit, the dollar lost about 6 percent of its value against West German and Japanese currencies and economists went into shock.

In anticipation of today's report on the trade figures for December, the market braced itself even while expecting a revision from the report that caused the apoplexy last month. (Craig Webb, UPI)

U.S. RESCINDS PLAN FOR TARIFFS ON EUROPEAN IMPORTS Last-Minute Concessions On Exports To Common Market Avert Threat of Trade War

The Reagan Administration, averting a potentially bitter trade war, yesterday rescinded plans to impose 200 percent tariffs on imports of white wine, cheese, gin, canned ham and other European goods after receiving trade concessions on U.S. exports to the Common Market.

The new duties, ordered last month in retaliation for higher European tariffs on corn exports to Spain, were to have gone into effect today. The deal has not yet been ratified by the member countries of the European Economic Community, although approval is considered likely today. (Anne Swardson, Washington Post, A3)

Europe/U.S./Trade

The United States negotiated an end to a gourmet trade war with Europe via trans-Atlantic telephone Thursday, agreeing to call off steep new tariffs on cheese and wines in exchange for more U.S. grain exports to Spain.

Faced with a midnight deadline, the European Community agreed to compensate the United States for the estimated \$400 million in potential export sales it said it lost when Spain and Portugal joined the Common Market last year. (Mary Beth Franklin, UPI)

TAMBO-SHULTZ MEETING SAID TO HURT ANC S. African Says Use Of Violence Exposed

CAPE TOWN -- South African Foreign Minister Pik Botha said today that African National Congress President Oliver Tambo's meeting with Secretary Shultz yesterday had heightened American public awareness of the ANC's commitment to violence and ties to communism.

Citing State Department expressions of concern about the congress' use of violence and links to Moscow, coupled with media coverage of these issues in the United States during Tambo's visit, Botha said the black nationalist leader's trip could have the effect of bolstering South Africa's case for not negotiating with the ANC.

(Michael Getler & William Claiborne, Washington Post, A23)

SOVIETS SEEN SIGNALING DESIRE TO END AFGHAN CONFLICT

ISLAMABAD -- A dramatic series of steps by the Soviet Union has left Pakistani officials and western diplomats here convinced that Moscow for the first time may be signaling its desire to end the conflict in Afghanistan -- but that measures taken by the Kremlin so far fall well short of that goal.

The Soviet moves appear to be a carefully devised campaign to shift the focus of attention over the seven-year-old war from the withdrawal of the estimated 115,000 Soviet troops in Afghanistan to the kind of government that would be left when they leave.

"The real question is not the time span for a Soviet withdrawal but what kind of regime will be left in place," said one diplomat who has analyzed Soviet actions carefully.

(Richard Weintraub, Washington Post, A23)

SOVIETS REPORTEDLY VIOLATED AFGHAN CEASE-FIRE

Soviet warplanes kept firing on guerrilla positions right through a cease-fire which the Kremlin-backed regime in Afghanistan declared two weeks ago, U.S. officials say.

"The Russians never stopped shooting," said one Pentagon source, who described the highly publicized cease-fire proclamation as "one indication that they are beginning to hurt. But they are not hurting badly enough to pull out."

(Bryan Brumley, AP)

U.S. THWARTS MARCOS' ATTEMPT TO RETURN HOME

U.S. authorities, acting at the request of the Philippine government, thwarted an attempt by deposed president Ferdinand Marcos to fly back to his homeland amid an unsuccessful military rebellion there, a State Department spokesman said yesterday.

Spokesman Charles Redman said a department official visited Marcos Wednesday at his residence-in-exile in Honolulu and reminded him of his pledge not to return to the Philippines without approval of the government in Manila.

(Ken Fireman, Washington Post, A1)

MANILA LINKS PLOT TO MARCOS

Aquino Attempts To Regain Control Over The Military

MANILA -- This week's unsuccessful military rebellion was part of a plan by former president Ferdinand Marcos to stage a dramatic return from exile using a jet rented from a Lebanese arms dealer and bringing along combat boots and supplies for rebel troops, government officials said here today.

Today's announcements came as President Corazon Aquino tried to regain control over an increasingly rebellious military, insisting that officers who took part in this week's takeover of a suburban television studio would be court-martialed.

(Keith Richburg, Washington Post, A1)

NATIONAL NEWS

REAGAN VOWS SECOND VETO OF WATER BILL Argues With Wright At Leaders' Session

President Reagan, sparring face-to-face with House Speaker Jim Wright, announced plans yesterday to veto the clean-water bill approved over his objections by the Democrat-controlled Congress.

Reagan and Wright also engaged in a heated argument over budget priorities at the President's first meeting with the bipartisan congressional leadership since his State of the Union message Tuesday calling for cooperation with Congress.

"I think what we saw was the opening round of what the Democrats plan for the next two years,...coming on strong talking about getting a trade bill out early and then giving the President the business on the budget," said Sen. Dole. (David Hoffman, Washington Post, A12)

Reagan Set To Veto Clean Water Bill

President Reagan is set to veto for the second time in three months a \$20 billion water cleanup bill that he struck down in November on grounds it would cost too much and resurrect programs "that have failed in the past."

The President has until Monday to act on the bill, but House Majority Leader Foley, said the White House had "signaled" that it would be vetoed today. White House spokesman Larry Speakes said no decision had been made on when the President would act. (Dale Nelson, AP)

White House Visit Opens Hill Battle With Reagan

President Reagan and Democratic congressional leaders yesterday clashed face-to-face on wide range of domestic issues in what one lawmaker called "the opening round" of a battle likely to rage for the next two years.

During a bipartisan leadership meeting at the White House, Democrats challenged Mr. Reagan on the budget, trade policy and his opposition to an environmental bill. (Willis Witter, Washington Times, A1)

REAGAN, DEMOCRATS CLASH ON BUDGET, DOMESTIC ISSUES

President Reagan and the Democratic Leaders of Congress clashed sharply yesterday at a White House meeting on the federal budget and other domestic policy matters.

The tone of the meeting, described as "very confrontational" by one participant, could foreshadow a turbulent two years as the Democratic leaders and the Republican White House struggle for control of the legislative agenda and marshal their forces for the 1988 elections.

(New York Times News Service, Baltimore Sun, A1)

The President/Democrats

President Reagan is getting a dramatic demonstration of the changed political circumstances in Congress as hard-charging Democratic leaders challenge him to set a summit on budget issues and outline an aggressive agenda for action on other fronts.

Democratic congressional leaders, in control of both the Senate and House, met Thursday with Reagan at the White House in the presence of their Republican counterparts. The Democrats flexed their new muscles, asserting their role as an "equal" branch of government and informing the President that they plan to vote next week to override his expected veto of a clean water bill and force an early showdown on trade legislation.

(Miles Benson, Newhouse)

MEDICARE EXPANSION PLAN TAKES SHAPE Insurance For Catastrophic Illness Has Bipartisan Support

House Ways and Means health subcommittee chairman Fortney Stark and senior Republican Willis Gradison said yesterday they have reached agreement on the outlines of legislation to expand Medicare and protect the elderly against the costs of catastrophic illness.

Stark and Gradison revealed their proposal as the subcommittee, which has jurisdiction over Medicare, opened hearings on catastrophic insurance with HHS Secretary Otis Bowen as the main witness.

(Spencer Rich, Washington Post, A3)

SENATE APPROVES HOMELESS BILL

The Senate gave its approval Thursday night to an additional \$50 million to help the nation's homeless this winter.

White House budget office director James Miller is opposing the \$50-million "urgent" food-and-shelter bill because he says the funds probably won't reach the homeless in time to meet this winter's demands.

(Mary Deibel, Scripps Howard)

SENATE DISAPPROVES PAY RAISE BUT HOUSE ACTS TO CLEAR WAY

The Senate voted overwhelmingly last night to block salary increases for top federal officials, including members of Congress, but the House moved to sidestep a vote on the politically touchy issue, bolstering chances that the raises will take effect as scheduled next week.

As proposed by President Reagan, annual congressional pay would be increased from \$77,400 to \$89,500, with proportionally smaller increases for federal judges and other top government officials. The increases are to take effect next Wednesday unless blocked by both chambers in legislation that must be signed by Reagan or passed over his veto.

(Helen Dewar & Judith Havemann, Washington Post, A1)

Senate/Pay Raises

The Senate approved a \$50 million emergency bill for the homeless Thursday but added two changes, including language to stop pay raises for members of Congress and other federal officials.

However, the Senate also attached an amendment that would block pay raises for members of Congress and thousands of other federal employees. Those increases were proposed earlier this month by President Reagan and are scheduled to begin next week. (Bud Newman, UPI)

Senate Rejects Pay Raises

The Senate Thursday twice voted overwhelmingly to block hefty pay raises for members of Congress, senior federal bureaucrats and the judiciary but it appeared the raises would kick in at midnight Feb. 3 anyway.

By a vote of 87-7, the Democratic Senate approved a resolution to block the hikes, which were proposed earlier this month by President Reagan. (Lance Gay, Scripps Howard)

REAGAN HAS ACCOMPLISHED BULK OF AIMS, MEESE DECLARES

Attorney General Meese says President Reagan already has accomplished most of what he set out to do, so his legislative agenda is not as crucial as it was in earlier years.

In an interview limited by Mr. Meese to domestic issues, the attorney general conceded that many if not most of Mr. Reagan's 43 legislative initiatives sent to Congress this week have been submitted before and have been repudiated.

(Ann McFeatters, Scripps Howard, Washington Times, A4)

THE LAST WORD FROM LARRY SPEAKES

The Spokesman Looks Back On Six Years and 2,000 Briefings

The irony, as he sees it, is that this is where chief White House spokesman Larry Speakes came in.

This morning, at his 2,000th and final briefing for the White House press corps, Speakes expects to be talking about the same problem he was talking about at his first briefing six years ago -- Iran.

Today's Iran story is still essentially one of hostages and international repercussions, with the President of the United States in the thick of it, but it has a few new twists. This time the news isn't good and Reagan, often seen as a hero in the intervening years, is embattled. And this time Speakes sees the Iran story from an informed perspective, as an insider with an even stronger loyalty to the President.

(Donnie Radcliffe, Washington Post, C1)

Speakes To Brief White House Reporters For Last Time Today

White House spokesman Larry Speakes today will conduct his 2,000th and last briefing for the Reagan Administration.

Mr. Speakes, a tough Mississippi boy who now is comfortable in Brooks Brothers suits, came into his job like a lamb and leaves like a lion.

His departure has been met with mixed feelings by the White House press corps. Some are glad to be rid of the occasionally abrasive Mr. Speakes, a man who gave no quarter in his conflicts with reporters and who always remembered that his pay check was authorized by the man in the Oval Office.

(Jeremiah O'Leary, News Analysis, Washington Times, A4)

White House Spokesman Leaves Today

Larry Speakes speaks his last words today as the chief spokesman for President Reagan.

The wily Mississippi "catfish," as he likes to be known, is stepping down after almost six years as the White House principal deputy press secretary to take a lucrative job as chief of corporate communications for Merrill Lynch Co.

Speakes planned to give a farewell address at the National Press Club later in the day and was expected to make some suggestions to the news media on how to improve its coverage of public affairs.

(Ira Allen, UPI)

U.S. LAUNCHES PLAN TO STRESS SCIENCE IN ELEMENTARY SCHOOL

The National Science Foundation yesterday announced a \$50 million program to greatly expand and upgrade science education for elementary schoolchildren over the next four years, sponsoring the first large-scale development of science curriculum since the post-Sputnik era three decades ago.

Citing the need to recover the nation's competitive position in the world, the federal agency hopes to establish science as a basic course for students as early as kindergarten. It is now taught almost exclusively in high school. It hopes to increase from a few minutes to about an hour the time spent each day teaching science to young children.

(Barbara Vobejda, Washington Post, A1) .

NETWORK NEWS SUMMARY

(Thursday evening, January 29th)

Senate Intelligence Committee Report

NBC's Tom Brokaw: One of the persistent questions of the Iran-contra affair has been where did the money go, the profits from the Iranian arms sale that reportedly were diverted to the contras. Tonight the Senate Intelligence Committee is preparing to release its official report on its investigation and it does contain some fresh information on this money trail. This report, however, does not reflect the testimony of Adm. Poindexter or Col. North because they took the 5th amendment. However, as John Dancy reports now, the report does make it clear that there is still a great deal more to learn about the White House role.

NBC's John Dancy reports the Chairman of the Senate Intelligence Committee, Sen. David Boren, revealed this afternoon that the committee has now traced some of the Iranian arms sales money to a bank account in the Cayman Islands, but the committee has not yet been able to determine whether that money actually went on to the Nicaraguan contras. Senators familiar with the final draft of the report say it basically expands on a first draft seen by NBC News and here is the way that first draft dealt with some of the key players. The President: The report makes it clear he knew of and approved every significant step of the Iran deal. The report is inconclusive whether he knew of the diversion of funds to the contras. According to the report, as news of the secret dealings leaked out, North changed the way he characterized the initial arms sale, each time distancing the President from it. Where as in April 1986 North wrote that the shipments were undertaken with the endorsement of the U.S. government, seven months later on November 17th, North wrote that the U.S. acquiesced in the shipment. Then, just three days after that, on the advice of McFarlane, North said the shipments were undertaken despite our objections. The chairman and vice chairman of the Senate Intelligence Committee said the official accounting of the committee's investigation basically confirms earlier reports by NBC News and others.

(Sen. Cohen: "There are new facts, there are not significant departures from material that has been printed in the press or seen on television.")

The original draft of the report, the one obtained by NBC News, contained a set of conclusions. One of those conclusions was that the President knew nothing about the diversion of funds to the contras. Democrats on the committee objected vigorously, they said the evidence didn't support that conclusion so, finally, the conclusions were just simply left out of the report. Drawing conclusions will now be left up to the Senate and House committees and to the special prosecutor. (NBC-Lead)

ABC's Peter Jennings: We would like to say this evening that we are going to shed a great deal of light on the Iran affair, but that isn't the case. The Senate Intelligence Committee, which held all those hearings on arms for hostages and diverting money to the contras, has made its final report public, but it is very clear that until the key witnesses come out from behind the 5th amendment there are still going to be a lot of secrets. Now there are nuggets of information.

ABC's Brit Hume reports this report does not cite any evidence that the President had any awareness of the plan to divert funds from the sales of the arms to Iran to the contra rebels in Nicaragua.

Jennings: The White House has issued a late statement which said that the committee report is a step in the direction of getting to the bottom of the Iran affair. The White House, as you know, has consistently urged that it be made public, it is apparently pleased that it has done so. (ABC-Lead)

CBS's Dan Rather: Key witnesses in the arms for Iranians deal refused to testify so there is much more investigating to come. Against that backdrop the first official public report from Congress is coming out tonight on what little is known so far, among other things, the investigators make it clear that they don't know where the money went, they don't know who got the cash, it remains covered up.

CBS's Phil Jones reports the final report, 65 pages, is just out from the Senate Intelligence Committee. It reaches no conclusions, but according to Sen. Boren it does show the picture of a White House creating foreign policy in great disarray.

(Sen. Boren: There is still inclusion of no direct evidence that would state that the President knew of the diversion of funds or that he directed the diversion of funds. Now I have to caveat that by saying you cannot finally resolve that question, obviously, when do not have the testimony of Mr. North, Mr. Poindexter and many others.)

(Sen. Cohen: "What started out as an initial conceptual need to explore opportunities for a different relationship with certain factions in Iran, evolved rather quickly, at the operational level at least, to a predominant concern for the return of the hostages in exchange for the arms.")

According to Sen. Cohen this report makes it abundantly clear that President Reagan was involved early on, in fact, in the fall of 1985 of all the discussions of whether or not to sell arms to the Iranians. On the whole question of the diversion of funds to the contras the committee was able to trace it all the way to one account in the Cayman Islands, but as far as nailing it down, the money going from there to the contras, they were unable to get to that. One thing they have pointed out here today is that in this you are going to find reports of many, many more meetings that occurred at the White House and with key officials than we've heard about so far.

Rather: Phil, any reaction from President Reagan and his aides?

Jones: So far none. The White House says that it has not received a copy of the report. Of course by now it probably has arrived there and also they say the President did not receive a briefing.

(CBS-Lead)

PRESIDENT/CONGRESS

Jennings: In Washington today President Reagan was obliged to deal with the Capitol's new political reality, a Congress that is controlled by the Democrats. On Tuesday, you'll remember, the President gave the Congress his version of the state of the union. Today the Democratic leadership in Congress told Mr. Reagan the way they think it should be.

ABC's Sam Donaldson: The battle was joined face to face today at the White House between Ronald Reagan and the Democrats, and both sides came out swinging.

(Sen. Dole: "I think what we saw was maybe the opening round of what the Democrats plan for the next two years and that was coming on strong, really giving the President the business on the budget. I think it is the opening gun of 1988.")

(Rep. Wright: "I don't think I would call it confrontational, to say that we agreed on everything would not be right, no, of course we didn't.")

The Democrats told Mr. Reagan his budget contains unrealistic figures and wrong priorities. The President fired back by telling them they must agree to further cuts in domestic spending. Mr. Reagan said tomorrow he'll veto the \$18 billion clean water bill, and though his veto will almost certainly be overridden, he will keep doing it. Senate Democratic leader Byrd proposed a summit meeting on the budget to include the President so such confrontations can be avoided.

(Sen. Byrd: "Each of us is going to have to give up something. Let's give a little, take a little and come out with a package that we can support one another on. You don't clobber us and we don't clobber you.")

In fact, White House officials believe that is precisely what the Democrats will try to do, clobber the President at every turn. But, they say, Mr. Reagan's spirited participation in today's meeting and his veto of the clean water bill should demonstrate to them that it won't be easy. (ABC-9)

CATASTROPHIC HEALTH CARE

ABC's Joe Burgentino reports the catastrophic health insurance plan submitted by Secretary Bowen fills one of those gaps (in Medicare coverage), in exchange for Medicare recipients paying an extra five dollars a month, their out of pocket hospital expenses are limited to \$2,000 a year. But his plan does not cover nursing home care or any other expenses outside of the hospital. Too feeble for many in Congress including Claude Pepper who has his own plan that would cover nursing home care and most other medical expenses. But even the more modest Bowen proposal is too much for many in the Reagan Administration. The President himself has been reluctant to endorse it. Congress is now promising to do something with or without White House support. The unanswered questions: what will it be, when will it pass and how much will it cost. (ABC-10)

SHULTZ/EXTRADITION/MARINE ALERT

Rather: Even as President Reagan tries to get the arms to Iranians scandal behind him there were fresh pictures today of an American hostage with a gun to his head and a new accusation that the hostage takers do have ties to Iran.

CBS's Bill Plante: Kidnappers today released this grim picture of American hostage Robert Polhill and threatened in an accompanying statement to kill him and the other three men taken Saturday in Beirut if the U.S. attacks Lebanon. A U.S. naval carrier group has recently moved closer to Lebanon. Several groups under various names have taken 11 hostages including three Americans in Beirut in the past two weeks, all attempting to bring pressure for the release of arrested terrorist Mohammed Hamadei. The Secretary of State charged today that they all have something else in common.

(Secretary Shultz: "They are, to a substantial degree, linked together, and we also observe some very strong ties to Iran.")

In Beirut, students at the school from which Polhill was taken continued their demonstrations against the kidnappings as Americans began leaving in response to yesterday's State Department order declaring Lebanon off limits to U.S. passport holders.

(Philip Habib, U.S. citizen: "Hell, just hell. I feel so sorry for everyone living down there. I feel sorry for the children, for the older people, just hell.")

The White House finally confirmed today that this is Ronald Reagan's signature on the fly leaf of a bible displayed yesterday by the speaker of Iran's parliament. Spokesman Larry Speakes said the bible, inscribed by the President with a verse from scripture, was Oliver North's idea as a gesture of Mr. Reagan's goodwill toward Iran. It was signed in the Oval Office last October 3rd, the same day Mr. Reagan first viewed a video tape on which hostages David Jacobsen and Terry Anderson accused him of ignoring them. Later that day the President reacted angrily to the suggestion that he wasn't trying hard enough.

(President Reagan: "There has never been a day that we have not been trying every channel to get our hostages back from Lebanon.")

Now four months and a series of embarrassments later there don't seem to be any more channels. Both the U.S. and Iran are taking a hard-line and even more Americans are being held hostage in Lebanon.

(CBS-2)

Brokaw: Secretary Shultz made it clear today that the United States would continue to press for the extradition of a suspect in the TWA hijacking case despite the recent rash of hijacking in Lebanon and kidnappings and he urged other governments not to succumb to pressure from terrorist kidnappers. Shultz also said that Iran was strongly linked to the group which kidnapped three Americans last weekend. At the same time in this country two battalions of Marines at Camp Lejeune were put on alert today. The Pentagon called the alert routine saying that it was ordered just in case they have to send the Marines somewhere in a hurry. This order went out as the United States stepped up its naval presence in the Mediterranean and also in the Persian Gulf. And it comes as a group calling itself the Islamic Jihad for the Liberation of Palestine issued still another photograph of an American captive.

(NBC-2)

AMERICANS/LEBANON

Jennings: Well, some of the Americans who are still free to leave Lebanon are beginning to heed the Administration's warnings to get out or lose their passports. Today a ferry arrived in Larnica on the island of Cyprus about 12 hours across the sea from Beirut. The State Department says Americans have 30 days to leave. (ABC-4)

BIBLE

Brokaw: After months of silence the White House today confirmed that President Reagan did sign a bible that was sent secretly to officials in Iran. White House called this an isolated, insignificant matter. The bible was shown to reporters on Tuesday by the speaker of the Iranian parliament. Neither he nor the White House has said who delivered it to Tehran, but inside it was a handwritten verse from Galatians and the signature of Ronald Reagan dated October 3rd, 1986. (NBC-3, ABC-2)

MARCOS

Brokaw: Ferdinand Marcos said today that he wants to return to his homeland and he would risk his life to do so. His wife Imelda certainly appeared ready to go back with him, but Marcos said the United States government would not let him leave his home in exile in Honolulu. Marcos was trying to leave just as rebel soldiers in Manila finally gave up their coup attempt.

NBC's Charles Gomez reports Marcos got the message last night from representatives of the U.S. Pacific Command and the State Department and it wasn't what he wanted to hear.

(Marcos: "I will be physically prevented from going aboard any plane that is going to the Philippines. I feel that now I am being treated like a prisoner.")

Marcos is in Hawaii at the invitation of President Reagan. If he left the country he would lose his special immigration status. Marcos said he may still return to the Philippines and has told his supporters he'll be there as soon as he can. (NBC-4)

ABC's Judd Rose reports Marcos met with reporters after two State Department officials came here to warn him not to leave Hawaii. The State Department today said Marcos can go home with Aquino's permission.

(Charles Redman: "He is free to return to the Philippines if he can work this out with the government of the Philippines.") (ABC-5)

CBS's Jerry Bowen reports this charter jet slipped into Hawaii to pick up deposed president Ferdinand Marcos for a return trip to power, waited until last night when Philippine government officials asked the Reagan Administration to intervene.

(Charles Redman: "We got a report from the Filipino government, we looked into it and persuaded them that what he intended to do was to work his back to the Philippines.")

A State Department official went to Marcos' Honolulu home last night to tell the exiled leader he would not be allowed to leave, that he would be held to his agreement not to go to the Philippines unless invited by the government. U.S. State Department sources tell CBS News it is believed that Marcos himself was intimately involved in planning the coup which finally unravelled last night. (CBS-4)

U.S./EUROPE/TRADE

Jennings: Twenty-four hours before the United States was going to impose duties on a wide range of European products, Washington and the European Common Market have reached an agreement on American grain sales in Europe. (ABC-12, CBS-10)

CLEAN WATER BILL

Brokaw: President Reagan told congressional leaders today that he will veto the bill calling for an eight year clean up of the nation's water supply at a cost of \$18 billion. The President called it a budget buster. The Democratic leaders say that they are confident that the veto will be overridden. (NBC-6, CBS-11)

SHULTZ/TERRORISM/COMMENTARY

Brokaw: Today Secretary Shultz linked Iran strongly to terrorism including the taking of American hostages in Lebanon. In his commentary tonight John Chancellor looks at what might have been done to prevent this terrorism.

NBC's John Chancellor comments a few years ago we were putting up yellow ribbons and driving in the daytime with the headlights on showing sympathy for the hostages in Iran. The new attitude toward American hostages in Lebanon is quite different, some people are saying it is their own fault that they have been taken hostage, they wanted to be there. The White House is saying there are limits on what the American government can do for hostages and that Americans in Lebanon who ignored previous warning clearly did so at their own risk. Talk about a new mood. Call it the new realism. If it is going to succeed it needs to look again at the basic problems of the Middle East which include now only the Palestinians but also the threat of militant Islamic fundamentalism. For the last six years the United States and its European allies have done practically nothing to keep the peace process moving. Unless the new realism deals with the basic unresolved problems the hostage taking will only continue.

(NBC-8)

EDITORIALS/COLUMNISTS

STATE OF THE UNION

A resilient nation -- "In his State of the Union address Tuesday night, President Reagan did well what he does best: He annunciated a set of familiar political values, and he did so in an assertive, upbeat style that still communicates widely and positively to many Americans."

(Christian Science Monitor, 1/29)

No magic, just the same old tricks -- "Going into the State of the Union address, Ronald Reagan had to prove more than anything else that he was still able to stand up there and deliver an optimistic message, and he did. The trouble was, he did not have very much to say. After weeks of political paralysis and physical convalescence, he came off as the same upbeat, good news, Norman Rockwell, new-day-dawning figure he has been for the last six years in office. The strain hardly showed."

(Chicago Tribune, 1/29)

The Speech -- "Officially, the President's televised presentation to Congress Thursday night was a State of the Union speech. But in a sense, it was a State of Ronald Reagan report; for many people, journalists and politicians especially, expected the speech, the President's first major public appearance since November, to provide clues to his mental and physical condition. There have been growing doubts about Mr. Reagan's will and energy to carry the responsibilities of his office."

Well, the speech should have dispelled those uncertainties. While it was not his most dynamic performance, it was impressive enough to show that Mr. Reagan is not ready to ride into the sunset. He displayed, rather, the perspicacity and vigor to cope with the demands of the presidency."

(Richmond Times-Dispatch, 1/29)

Reagan's looking good, but is out of step with the times -- "Mr. Reagan, despite his age, has proven often enough that he is a resilient politician. It is to be hoped that remains the case. And it also is to be hoped that his harping on the balanced-budget amendment and prayer in the schools was just standard Reagan boiler plate -- not a true reflection of his legislative priorities. Congress is in a fiesty mood; the nation is getting impatient. If Mr. Reagan does not respond to the real concerns of the day, he risks being left behind the nation he was elected to lead."

(Philadelphia Inquirer, 1/29)

Reagan's Reagan again -- "He's back. That much was clear from the vintage State of the Union address President Reagan delivered to a roaring, cheering Congress Tuesday night.... Despite the setbacks in recent months, President Reagan is back -- and on the move. He deserves the support of every American."

(New York Post, 1/29)

Vintage Ronald Reagan -- "Last night's State of the Union address was vintage Ronald Reagan.... It was heartening to see the President in good health and talking about promoting 'harmony and good will' with the 100th Congress. That's what it will take to steer the nation toward a more promising future in the final two years of his Administration."

(Dallas Times Herald, 1/28)

EDITORIALS (continued)

Missing the point About the State of the Union -- "It's too late for government by public relations. There was little in the speech to indicate that Reagan is up to the challenge. It was an inspired melange of old ideas, contradictory policies, unfocused new proposals and syrupy platitudes. And on what should have been a major topic, the Iran-contra mess, Reagan showed that he still doesn't understand the point."

(Newsday, 1/29)

The Reagan-Wright tandem -- "The interplay between Reagan's portrayal of a nation whose 'best days have just begun' and Wright's subsequent reminders of the gaps between the President's stated intentions and the content of much of his actual programs, foretold the character of impending relations between the White House and the Capitol. Good spirit and restraint will be essential to achieving the level of cooperation needed to avoid a legislative stalemate in the 100th Congress.... The country can be pleased that Wright is watching over Reagan's shoulder."

(Boston Globe, 1/29)

The president comes back with a fighting speech -- "It was also said that the speech was a kind of test for the President. Well, if it was then he passed with ease. Coming back from prostate surgery as well as the emotional stress of the Iran crisis, the President looked good, sounded good, and projected confidence that he can do the job.... All this was vintage Reagan policy, and presented in vintage Reagan style."

(Atlanta Journal, 1/28)

The call of a wounded President -- "Absent the President's polished delivery, the message itself was less a battle cry for the final two years of the Reagan revolution than it was a whimper."

(Atlanta Constitution, 1/29)

Presidency still alive, on course -- "The speech was considered to be not just a measure of the nation's health, but also of the President's -- not just of his physical well being, but also of his temper. By that measure, the President did fine. Most Americans were probably relieved to see that Reagan was not immobilized by the pressure of either health or spirit. He rose to the occasion of his address with his usual good humor and determination."

(Chicago Sun-Times, 1/29)

The stage of the Union -- "Like an old trouper, President Reagan belted out all the old favorites. Old oratory like 'You and I stand on the shoulders of giants'... Old proposals like 'a line-item veto so we can carve out the boondoggles and pork'... Even familiar jokes about his own age. It was as though endless evocations of the old would serve as incantations to the political spirits; as though preserving the illusion of strength would preserve the real thing...."

The State of the Union address offers no achievable goals for the rest of Mr. Reagan's term, no strategy for cooperation between his Republican Administration and the Democratic Congress and no plan for cutting the budget deficit. The President said to Congress and country, 'Let's go to work and get this done together.' What came through was, Let's pretend."

(New York Times, 1/29)

FOREIGN MEDIA REACTION

STATE OF THE UNION ADDRESS

"He now is a troubled President -- physically not the man he was, and politically much weaker.... The Administration is running on an empty tank."
(Martin Bell, BBC TV, Britain)

"Reagan was warmly applauded. Hence a good performance. He was showing no sign of fatigue after his recent surgery."
(Antenne-2, Jacques Abouchar, France)

"Faced with a hostile Democratic Congress, an electorate which has doubts about his credibility and his ability to run the country, the President should have seized the occasion of the speech to appear strongly back in the saddle with the reins firmly in hand and, mainly, quite clear about the direction. Unfortunately, he has no major project to offer to the country to make it forget Irangate. A repetition of the fashionable but rather hollow theme of competitiveness of industry and the well-known songs of aid to the contras and support to SDI that Reagan has sounded before will not be sufficient to mobilize the country."
(Tribune de l'Economie, France)

"U.S. President Ronald Reagan tried to win the confidence of Americans, after confidence in the President had dropped in light of the arms deal with Iran. In his State of the Union address, Reagan said that he will strive for a disarmament treaty with Moscow. He also demanded measures to facilitate U.S. exports."
(Westfaelische Rundschau, West Germany)

"The Great Communicator did not reveal anything new.... There was a sensational omission in the speech.... Reagan did not apologize as had been requested by Congress...."
(GR-1 radio, Italy)

"No apologies for Irangate, but only a general admission of mistakes. A lot of optimism on economic issues despite the huge federal deficit. A paean and praises for the 'American spirit,' which is to be strengthened by a crusade to make the country more and more 'competitive.' Also, the renewed proposal to the Kremlin for a 'farewell to arms.'..."
(La Repubblica, Italy)

"The President knows how to make good speeches. After having been backed up against the wall in the Iran case for three months, he was on the offensive in Congress last night. He looked more fit and younger than in years, and delivered an emotional and intense message to Congress. We would not be surprised if his popularity curve takes a sudden upward swing after last night. Reagan scored high, both for what he said and what he did not say."
(Verdens Gang, Norway)

"On the burning question of his secret sale of arms to Iran and the diversion of funds to Nicaraguan contras, Mr. Reagan gave no new information and no apology.... Although he acknowledged that his initiative was not successful, Mr. Reagan remained unapologetic, even proud of it...."
(Globe and Mail, Canada)



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JANUARY 30, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN -- NICARAGUA

Senate Panel Finds No Evidence Reagan Knew Of Funds Diversion -- The Senate Intelligence Committee's probe into the Iran-Contra affair concludes that President Reagan was unaware of the alleged diversion of funds to the Nicaraguan resistance. (Baltimore Sun, New York Times, USA Today, Wall Street Journal, Washington Post, Washington Times, AP, McClatchy, Newhouse, Reuter, Scripps Howard, UPI)

INTERNATIONAL NEWS

Abductors Threaten To Kill Hostages
-- Terrorists claiming to hold four professors threatened yesterday to execute all four if the United States or its allies should attack targets in Lebanon. Washington Post, Washington Times, AP, Newhouse, Reuter, UPI)



NETWORK NEWS (Thursday Evening)

SENATE INTELLIGENCE COMMITTEE REPORT -- The report does not cite any evidence that the President had any awareness of the plan to divert funds to the contras.

PRESIDENT/CONGRESS -- In Washington President Reagan was obliged to deal with the Capitol's new political reality.

SHULTZ/EXTRADITION -- Secretary Shultz made it clear today that the United States would continue to press for the extradition of the TWA hijacking suspect.

IRAN — NICARAGUA

WHITE HOUSE ROLE IN CONTRA AID LARGER THAN DISCLOSED

President Reagan and his senior advisers were more deeply involved in assisting the Nicaraguan rebels than has been previously disclosed, and last fall the President agreed to thank Israeli Prime Minister Shimon Peres for providing captured Soviet bloc arms to the contras, according to a Senate Intelligence committee report released last night.

The report by the Senate Select Committee on Intelligence provides extensive new details on efforts to help the contras, making it clear that Reagan Administration officials, including the President, knew much more about clandestine efforts to ship arms and other supplies to the rebels fighting the government of Nicaragua than they have publicly acknowledged.

(Bob Woodward, Washington Post, A1)

Concern For Hostages A Motivator In Iran Arms Sales, Panel Finds

The Iranian arms initiative resulted from President Reagan's "deep concern" over American hostages in Lebanon, Israel's desire to step up contacts with Iran and pressure from foreign middlemen and arms dealers, as much as any effort by the Administration to court moderated elements in Iran, the Senate Select Committee on Intelligence said in a report released yesterday.

The 65-page document, cleared for release on a 14-1 vote, provided fresh details about not only the Iranian arms transactions but also the still murky links between those arms sales and the diversion of the proceeds to aid the Nicaraguan rebels.

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

Senators Charge A Web Of Deceit In Iranian Affair

A report on the Iran-contra affair made public today by the Senate Intelligence Committee portrays Reagan Administration officials as regularly deceiving one another, and Congress, about main elements of the operation.

The report cites evidence that President Reagan was primarily interested in trading arms for the release of hostages and reveals that some profits from the sale of arms to Iran may have been used by an Israeli official for "other projects." It does not specify those projects.

(David Rosenbaum, New York Times, A1)

Senate Panel Finds No Evidence Reagan Knew Of Funds Diversion

The Senate Intelligence Committee's probe into the Iran-Contra affair concludes that President Reagan was unaware of the alleged diversion of funds to the Nicaraguan resistance.

But the report issued yesterday also said the Reagan Administration's foreign policy is "in a real disarray."

(Michael Hedges, Washington Times, A1)

Iran Arms-Sales Profits Sent To Contras Since Early '86, Senate Study Indicates

A Senate Intelligence Committee report on the Iran-Contra affair indicates that the diversion of profits to Nicaraguan guerrillas was an early feature of the secret U.S. arms sales to Iran.

The report says that notes of a meeting last November between Attorney General Meese and fired NSC staff member Lt. Col. North reflect that Col. North said money may have been diverted to the Nicaraguan guerrillas from the first U.S. arms sale to Iran last February. The notes indicate that \$3 million to \$4 million may have gone to the rebels from this sale of 1,000 TOW anti-tank missiles; Col. North also cited a potential diversion of profits from a later arms sale last May.

(John Walcott & David Rogers, Wall Street Journal, A2)

U.S. Intelligence May Have Given Iran First Victory

Iran may have used intelligence provided by the United States last year to win its first major victory over Iraq in their gulf war, threatening to tip the military balance toward Iran in direct contradiction of U.S. policy, senior officials said last night.

According to the Senate Select Committee on Intelligence's report on the Iran-contra affair, the intelligence was given to the Iranians -- over CIA objections -- at the insistence of the NSC.

(Stephens Broening, Baltimore Sun, A1)

Iran Profits Can't Be Traced To Contras

President Reagan, who has repeatedly denied that his "secret diplomatic initiative" to Iran was an arms-for-hostages swap, was preoccupied with the fate of U.S.A. hostages.

The Senate Intelligence Committee report says the hostages' condition, particularly the torture of CIA station chief William Buckley, was Reagan's prime motivation.

"Documents and testimony reflect a deep personal concern on the part of the President for the welfare of U.S. hostages," the report said.

(Johanna Neuman, USA Today, A4)

Iran Report: Where's The Arms Money?

The Senate Intelligence Committee found no direct evidence President Reagan knew funds were skimmed from his Iran arms deals for Nicaraguan rebels.

But the report could not "reach any final conclusions as to the final resting place of that money," said Sen. Boren.

(Ralph Soda, USA Today, A1)

Senate Report/Iran

A Senate report on the Iran-Contras scandal released Thursday showed no hard evidence President Reagan knew of efforts to skim arms sales profits to aid the Nicaraguan rebels, but said concern for American hostages in Lebanon kept the weapons flowing to Tehran.

The report by the Senate Intelligence Committee drew no conclusions about the scandal that has staggered Reagan's presidency, but presented the most detailed overview to date of how the 18-month diplomatic initiative was conceived and executed under the strictest secrecy.

(Judi Hasson, UPI)

What's New In The Intelligence Committee Report

The final Senate Intelligence Committee report provided new details on the Iran arms affair Thursday that indicate a tight group of top officials quickly became engulfed in an arms-for-hostages scheme.

The report also indicates Administration officials believed assurances by Iranian elements that Ayatollah Khomeini would step down as ruler of Iran in February 1986.

(Dana Walker, UPI)

Panel Give Details On Iran-Contra Investigation

The Senate Intelligence Committee reported Thursday that its two-month investigation of the Iranian arms sales showed widespread knowledge or suspicion among top Reagan Administration officials that money was diverted to Nicaraguan rebels, but no direct involvement by President Reagan.

As the clandestine diplomatic effort became public, the committee said, senior White House officials prepared to defend their actions by writing an account containing "important omissions and misstatements of fact about the program."

Sen. Boren said, "There is no direct evidence that would show that the President knew or participated in the diversion of funds."

(Michael Shanahan, McClatchy)

Senate Report Gives New Details On Iran Contra Diversion

A U.S. Senate report provides new details about the possible illegal diversion of Iran arms sale profits to Nicaraguan rebels but says there is no evidence that President Reagan knew of the diversion.

It said pressure from Israel and international arms dealers plus Reagan's deep desire to free the hostages prompted the Iran arms sales as much as the desire to improve relations with that country.

(Jim Adams, Reuter)

Iran-Contra Report Reveals Broad Picture But Leaves Crucial Questions

A new Senate report portrays a U.S.-Iranian arms deal largely plotted by foreign weapons merchants, carried out by Israel and kept alive by a White House aide's zealous support for Nicaragua's Contra rebels and by President Reagan's concern for U.S. hostages.

While the report raises serious questions about Reagan's control over his foreign policy apparatus, the White House welcomed its release. David Abshire, the President's special counselor on the Iran-Contra issue, called it "an important step toward getting to the bottom of this matter, as the President has promised." (Jim Drinkard, AP)

Poindexter Urged Ghorbanifar Link Over CIA Protests

Brushing aside CIA objections, former National Security Adviser John Poindexter insisted an Iranian arms merchant be given a "sample" of U.S. intelligence on Iraq even though officials feared the data would give Iran a battlefield advantage, a Senate report says.

The committee also said it had received documents indicating the CIA knew "of one instance in which Ghorbanifar had reportedly offered to provide intelligence on Iran to a third country in return for permission...to continue the drug smuggling activities of Ghorbanifar's associates with the country concerned." (Lawrence Knutson, AP)

Senate Report/North/Swiss Accounts

Oliver North set up three Swiss bank accounts in January 1986 "as a result of" a contact with Contra leader Adolfo Calero, the Senate Intelligence Committee said Thursday, but the panel could not determine if money ever made it to the rebels.

The report said it was unclear what happened to the profits from the sale of arms to Iran but said some of the money were traced to offshore bank accounts in the Cayman Islands. (Judi Hasson, UPI)

Report: North Funneled Funds To Contras In 1985

A report released by the Senate Intelligence Committee Thursday shows that former NSC aide Lt. Col. North was involved in funneling funds to the Contras as early as 1985.

It also describes high-level feuding between the NSC, which orchestrated the Iran arms dealings, and the CIA, which repeatedly questioned the program that was kept secret from Congress and the Cabinet. (Lance Gay, Scripps Howard)

Senate Report Details 'Undated Memorandum'

Oliver North told Attorney General Meese an Israeli official first suggested diverting Iran arms sales profits to Nicaraguan rebels and even set the initial amount at \$12 million, the Senate Intelligence Committee report said Thursday.

The report, the broadest description to date of the sweeping foreign policy scandal, said North described his January 1986 discussions with the Israeli official when Meese confronted him on Nov. 23, 1986, with a mysterious memorandum found the day before in North's office at the NSC. (Anne Saker, UPI)

Senate Report

The Senate Select Committee on Intelligence has released an inconclusive report that leaves to two congressional panels the task of determining how deeply the White House was involved in plans to divert Iranian arms sales profits to the Contra rebels.

"It's impossible at this point to draw final conclusions," Boren said, adding that the findings do show "serious problems" in the way the White House permitted "amateurs" to formulate foreign policy.

(Paula Schwed, Newhouse)

HOUSE SELECT COMMITTEE/ISRAEL

The House select committee investigating the Iran arms-Contra aid scandal is negotiating with the Israel government to secure its cooperation in the probe, the committee chairman said Thursday.

Rep. Hamilton also said the committee is subpoenaing hundreds of documents, including intelligence intercepts from the super-secret National Security Agency and possibly personal datebooks of Cabinet-level officials.

"We are now in discussions with the government of Israel and other foreign sources. I don't want to characterize them at the moment. These are on an official level. We are talking directly to the government of Israel. We are at the very early stages of that," he said.

(Dana Walker, UPI)

INDEPENDENT COUNSEL/JUSTICE DEPARTMENT

Lawrence Walsh, independent counsel in the Iran arms-Contra aid affair, told the Justice Department he will take over three of its related investigations and may yet assume others, officials said Thursday.

At the same time, congressional officials said Walsh was mailed a letter Thursday by the chairman of a House select committee also investigating the scandal that it may be necessary for the panel to grant immunity to key figures despite the special prosecutor's objections.

(Lori Santos, UPI)

INTERNATIONAL NEWS

CAPTORS THREATEN TO KILL HOSTAGES IF U.S. LAUNCHES MILITARY ATTACK

BEIRUT -- The terrorist group holding four kidnapped foreign professors -- three Americans and an Indian with U.S. resident status -- threatened today to kill them if the United States attempts any military action on behalf of the hostages here.

Today's note said that the captors would "kill the four American hostages as a preliminary measure as soon as any attack takes place, and this will be followed by other operations."

It claimed that "intentions for a military aggression" were "being prepared for by America with the assistance of certain states."

(Nora Boustany, Washington Post, A28)

Abductors Threaten To Kill Hostages

BEIRUT -- Terrorists claiming to hold four professors threatened yesterday to execute all four if the United States or its allies should attack targets in Lebanon.

The Islamic Jihad for the Liberation of Palestine delivered the threat to kill the hostages to an international news agency.

(Washington Times, A1)

Kidnappers/Lebanon

BEIRUT -- The kidnappers of three Americans and an Indian-born U.S. resident warned Thursday they will "execute" the four men if the United States and its allies launch a military attack on Lebanon.

The Soviet Union Thursday acknowledged the kidnappings were a matter of grave concern, but said the United States overreacted by extending the tour of duty of the aircraft carrier John F. Kennedy in the Mediterranean and by dispatching two other carrier battle groups to the region.

(Riad Kaj, UPI)

Group Threatens To Kill Hostages If United States Attacks

BEIRUT -- A Moslem group says it will kill four kidnapped foreign professors, three of them Americans, if the United States mounts any attack.

In Washington, Secretary Shultz said there were strong ties between the group and Iran. He warned other states not to make concessions to hostage-takers in Lebanon.

(John Fullerton, Reuter)

U.S. Carriers/Persian Gulf

The United States, in an apparent signal of strong support for nervous moderate Arab regimes in the Persian Gulf, has ordered the aircraft carrier Kitty Hawk and accompanying warships to the Gulf region.

Senior U.S. officials say the Reagan Administration, concerned at the growing intensity of fighting in the Iran-Iraq war, wants to preserve its options in case direct or indirect military intervention is required.

(David Wood, Newhouse)

Elite Troops Stand By In Mediterranean

U.S. Navy special forces and several hundred Marines trained to rescue hostages have been deployed aboard two U.S. battle groups in the Mediterranean, defense sources said yesterday.

They said the special forces lack "the integrated capability to get in and out" of Beirut in case of a hostage rescue mission. The sources noted that the two aircraft carriers now in the Mediterranean had no MC-130 special infiltration aircraft or HH 53 Pave Low helicopters aboard.

(James Dorsey, Washington Times, A1)

U.S. Facing New Mideast Dangers, Won't Comment On "Options"

The Reagan Administration is facing new dangers in the Middle East with fears of a widening of the Iran-Iraq war and a death threat against American hostages seized in Lebanon on Saturday.

White House spokesman Larry Speakes, questioned about a report that Administration officials were considering military action against terrorists in Lebanon if a hostage was killed, replied, "There are many options that are available to us, but I wouldn't comment on any of them."

(William Scally, Reuter)

SHULTZ OPPOSES A SWAP BY BONN FOR HOSTAGES

Secretary Shultz, reacting to reports that West Germany might release a Lebanese terrorist suspect to win freedom for Western hostages in Lebanon, made it clear yesterday that the United States would oppose such a deal, even if some of the freed captives were Americans.

Referring to U.S. efforts to get custody of Mohammed Hamadei, arrested at the Frankfurt airport Jan. 13, Shultz said in a satellite interview with European journalists over the U.S. Information Agency's Worldnet system: "Our efforts and request for extradition stands. I am certain it will continue to stand."

(John Goshko, Washington Post, A28)

Shultz Sees Iran's Hand In All Abductions By Terrorists

Secretary Shultz said yesterday that all the terrorist groups holding American hostages in Lebanon appear to be linked together with "very strong ties to Iran."

Another Administration official described these Iranian links as "somewhere between influence and control."

(Richard Beeston, Washington Times, A10)

NEWSPAPER SAYS WAITE SEEN IN MOTORCADE, PLANS TO RESURFACE BY SUNDAY

BEIRUT -- Hostage negotiator Terry Waite has been seen traveling in a motorcade in Syrian-controlled east Lebanon and will return to Moslem west Beirut within 48 hours, a leading Beirut newspaper reported today.

A Lebanese militia leader said Thursday that Waite was seen "moving around freely," but did not say when or where. (Rodeina Kenaan, AP)

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DRUZE LEADER SEARCHES FOR WAITE

BEIRUT -- The leader of the Druze Moslem militia responsible for the safety of Terry Waite returned to Lebanon from Syria to search today for the hostage negotiator who vanished while trying to free two Americans. Druze Moslem militia leader Walid Jumblatt left Damascus, Syria, late Thursday for Beirut to "look into the matter" of Waite, the special envoy to the archbishop of Canterbury who had been missing since Jan. 20.

Jumblatt Provided armed escorts for Waite before Waite left for a rendezvous with the captors of two Americans Jan. 20. When asked if he believed Waite was kidnapped, Jumblatt told Lebanese television, "I hope not." (UPI)

HILL NOTIFIED OF INTENT TO SELL ARMS TO ARABS

The Reagan Administration has formally notified Congress that it intends to sell \$2.2 billion worth of arms to Saudi Arabia, Egypt and Bahrain this year, according to Defense and State department officials.

The sales are the first in a series the Administration is expected to propose over the coming months for moderate Arab nations shaken by recent disclosures of secret U.S. arms sales to Iran.

(David Ottaway, Washington Post, A28)

REAGAN PANEL COUNTS ON FALL IN TRADE GAP Economic Advisers Detail Growth Forecasts

The Reagan Administration is counting on a falling trade deficit and a pickup in business investment to spark faster economic growth this year despite the smallest increase in consumer spending in six years, according to the 1987 report of the Council of Economic Advisers, released yesterday.

The decline of the dollar, along with faster economic growth this year in other industrial nations than in the United States, should reduce the trade deficit by more than one-fifth, CEA Chairman Beryl Sprinkel said.

(John Berry, Washington Post, F1)

Despite Declining Dollar, Trade Deficit Expected To Hit Record

Despite a sharp decline in the dollar and efforts to open more overseas markets to U.S. products, the nation's trade deficit swelled in 1986 to what analysts say will be a record \$170 billion to \$175 billion.

The Reagan Administration is predicting an improvement in the deficit this year in the vicinity of \$30 billion, although private economists say they are not so certain. (Tom Raum, AP)

New U.S. Trade Figures Likely To Spur Congressional Action

U.S. trade figures for 1986 to be issued today are sure to show another record deficit and prompt Congress to take action, U.S. trade officials said.

A worsening U.S. trade deficit could drive down the dollar against other currencies and prompt calls for a meeting of finance ministers of the five major industrial nations to try to stabilize the dollar's exchange rate, trade analysts said. (Robert Trautman, Reuter)

Traders Nervous About Trade Deficit Report

The last time the government announced its merchandise trade deficit, the dollar lost about 6 percent of its value against West German and Japanese currencies and economists went into shock.

In anticipation of today's report on the trade figures for December, the market braced itself even while expecting a revision from the report that caused the apoplexy last month. (Craig Webb, UPI)

U.S. RESCINDS PLAN FOR TARIFFS ON EUROPEAN IMPORTS Last-Minute Concessions On Exports To Common Market Avert Threat of Trade War

The Reagan Administration, averting a potentially bitter trade war, yesterday rescinded plans to impose 200 percent tariffs on imports of white wine, cheese, gin, canned ham and other European goods after receiving trade concessions on U.S. exports to the Common Market.

The new duties, ordered last month in retaliation for higher European tariffs on corn exports to Spain, were to have gone into effect today. The deal has not yet been ratified by the member countries of the European Economic Community, although approval is considered likely today. (Anne Swardson, Washington Post, A3)

Europe/U.S./Trade

The United States negotiated an end to a gourmet trade war with Europe via trans-Atlantic telephone Thursday, agreeing to call off steep new tariffs on cheese and wines in exchange for more U.S. grain exports to Spain.

Faced with a midnight deadline, the European Community agreed to compensate the United States for the estimated \$400 million in potential export sales it said it lost when Spain and Portugal joined the Common Market last year. (Mary Beth Franklin, UPI)

TAMBO-SHULTZ MEETING SAID TO HURT ANC S. African Says Use Of Violence Exposed

CAPE TOWN -- South African Foreign Minister Pik Botha said today that African National Congress President Oliver Tambo's meeting with Secretary Shultz yesterday had heightened American public awareness of the ANC's commitment to violence and ties to communism.

Citing State Department expressions of concern about the congress' use of violence and links to Moscow, coupled with media coverage of these issues in the United States during Tambo's visit, Botha said the black nationalist leader's trip could have the effect of bolstering South Africa's case for not negotiating with the ANC.

(Michael Getler & William Claiborne, Washington Post, A23)

SOVIETS SEEN SIGNALING DESIRE TO END AFGHAN CONFLICT

ISLAMABAD -- A dramatic series of steps by the Soviet Union has left Pakistani officials and western diplomats here convinced that Moscow for the first time may be signaling its desire to end the conflict in Afghanistan -- but that measures taken by the Kremlin so far fall well short of that goal.

The Soviet moves appear to be a carefully devised campaign to shift the focus of attention over the seven-year-old war from the withdrawal of the estimated 115,000 Soviet troops in Afghanistan to the kind of government that would be left when they leave.

"The real question is not the time span for a Soviet withdrawal but what kind of regime will be left in place," said one diplomat who has analyzed Soviet actions carefully.

(Richard Weintraub, Washington Post, A23)

SOVIETS REPORTEDLY VIOLATED AFGHAN CEASE-FIRE

Soviet warplanes kept firing on guerrilla positions right through a cease-fire which the Kremlin-backed regime in Afghanistan declared two weeks ago, U.S. officials say.

"The Russians never stopped shooting," said one Pentagon source, who described the highly publicized cease-fire proclamation as "one indication that they are beginning to hurt. But they are not hurting badly enough to pull out."

(Bryan Brumley, AP)

U.S. THWARTS MARCOS' ATTEMPT TO RETURN HOME

U.S. authorities, acting at the request of the Philippine government, thwarted an attempt by deposed president Ferdinand Marcos to fly back to his homeland amid an unsuccessful military rebellion there, a State Department spokesman said yesterday.

Spokesman Charles Redman said a department official visited Marcos Wednesday at his residence-in-exile in Honolulu and reminded him of his pledge not to return to the Philippines without approval of the government in Manila.

(Ken Fireman, Washington Post, A1)

MANILA LINKS PLOT TO MARCOS

Aquino Attempts To Regain Control Over The Military

MANILA -- This week's unsuccessful military rebellion was part of a plan by former president Ferdinand Marcos to stage a dramatic return from exile using a jet rented from a Lebanese arms dealer and bringing along combat boots and supplies for rebel troops, government officials said here today.

Today's announcements came as President Corazon Aquino tried to regain control over an increasingly rebellious military, insisting that officers who took part in this week's takeover of a suburban television studio would be court-martialed.

(Keith Richburg, Washington Post, A1)

NATIONAL NEWS

REAGAN VOWS SECOND VETO OF WATER BILL Argues With Wright At Leaders' Session

President Reagan, sparring face-to-face with House Speaker Jim Wright, announced plans yesterday to veto the clean-water bill approved over his objections by the Democrat-controlled Congress.

Reagan and Wright also engaged in a heated argument over budget priorities at the President's first meeting with the bipartisan congressional leadership since his State of the Union message Tuesday calling for cooperation with Congress.

"I think what we saw was the opening round of what the Democrats plan for the next two years,...coming on strong talking about getting a trade bill out early and then giving the President the business on the budget," said Sen. Dole. (David Hoffman, Washington Post, A12)

Reagan Set To Veto Clean Water Bill

President Reagan is set to veto for the second time in three months a \$20 billion water cleanup bill that he struck down in November on grounds it would cost too much and resurrect programs "that have failed in the past."

The President has until Monday to act on the bill, but House Majority Leader Foley, said the White House had "signaled" that it would be vetoed today. White House spokesman Larry Speakes said no decision had been made on when the President would act. (Dale Nelson, AP)

White House Visit Opens Hill Battle With Reagan

President Reagan and Democratic congressional leaders yesterday clashed face-to-face on wide range of domestic issues in what one lawmaker called "the opening round" of a battle likely to rage for the next two years.

During a bipartisan leadership meeting at the White House, Democrats challenged Mr. Reagan on the budget, trade policy and his opposition to an environmental bill. (Willis Witter, Washington Times, A1)

REAGAN, DEMOCRATS CLASH ON BUDGET, DOMESTIC ISSUES

President Reagan and the Democratic Leaders of Congress clashed sharply yesterday at a White House meeting on the federal budget and other domestic policy matters.

The tone of the meeting, described as "very confrontational" by one participant, could foreshadow a turbulent two years as the Democratic leaders and the Republican White House struggle for control of the legislative agenda and marshal their forces for the 1988 elections.

(New York Times News Service, Baltimore Sun, A1)

The President/Democrats

President Reagan is getting a dramatic demonstration of the changed political circumstances in Congress as hard-charging Democratic leaders challenge him to set a summit on budget issues and outline an aggressive agenda for action on other fronts.

Democratic congressional leaders, in control of both the Senate and House, met Thursday with Reagan at the White House in the presence of their Republican counterparts. The Democrats flexed their new muscles, asserting their role as an "equal" branch of government and informing the President that they plan to vote next week to override his expected veto of a clean water bill and force an early showdown on trade legislation.

(Miles Benson, Newhouse)

MEDICARE EXPANSION PLAN TAKES SHAPE Insurance For Catastrophic Illness Has Bipartisan Support

House Ways and Means health subcommittee chairman Fortney Stark and senior Republican Willis Gradison said yesterday they have reached agreement on the outlines of legislation to expand Medicare and protect the elderly against the costs of catastrophic illness.

Stark and Gradison revealed their proposal as the subcommittee, which has jurisdiction over Medicare, opened hearings on catastrophic insurance with HHS Secretary Otis Bowen as the main witness.

(Spencer Rich, Washington Post, A3)

SENATE APPROVES HOMELESS BILL

The Senate gave its approval Thursday night to an additional \$50 million to help the nation's homeless this winter.

White House budget office director James Miller is opposing the \$50-million "urgent" food-and-shelter bill because he says the funds probably won't reach the homeless in time to meet this winter's demands.

(Mary Deibel, Scripps Howard)

SENATE DISAPPROVES PAY RAISE BUT HOUSE ACTS TO CLEAR WAY

The Senate voted overwhelmingly last night to block salary increases for top federal officials, including members of Congress, but the House moved to sidestep a vote on the politically touchy issue, bolstering chances that the raises will take effect as scheduled next week.

As proposed by President Reagan, annual congressional pay would be increased from \$77,400 to \$89,500, with proportionally smaller increases for federal judges and other top government officials. The increases are to take effect next Wednesday unless blocked by both chambers in legislation that must be signed by Reagan or passed over his veto.

(Helen Dewar & Judith Havemann, Washington Post, A1)

Senate/Pay Raises

The Senate approved a \$50 million emergency bill for the homeless Thursday but added two changes, including language to stop pay raises for members of Congress and other federal officials.

However, the Senate also attached an amendment that would block pay raises for members of Congress and thousands of other federal employees. Those increases were proposed earlier this month by President Reagan and are scheduled to begin next week. (Bud Newman, UPI)

Senate Rejects Pay Raises

The Senate Thursday twice voted overwhelmingly to block hefty pay raises for members of Congress, senior federal bureaucrats and the judiciary but it appeared the raises would kick in at midnight Feb. 3 anyway.

By a vote of 87-7, the Democratic Senate approved a resolution to block the hikes, which were proposed earlier this month by President Reagan. (Lance Gay, Scripps Howard)

REAGAN HAS ACCOMPLISHED BULK OF AIMS, MEESE DECLARES

Attorney General Meese says President Reagan already has accomplished most of what he set out to do, so his legislative agenda is not as crucial as it was in earlier years.

In an interview limited by Mr. Meese to domestic issues, the attorney general conceded that many if not most of Mr. Reagan's 43 legislative initiatives sent to Congress this week have been submitted before and have been repudiated.

(Ann McFeatters, Scripps Howard, Washington Times, A4)

THE LAST WORD FROM LARRY SPEAKES

The Spokesman Looks Back On Six Years and 2,000 Briefings

The irony, as he sees it, is that this is where chief White House spokesman Larry Speakes came in.

This morning, at his 2,000th and final briefing for the White House press corps, Speakes expects to be talking about the same problem he was talking about at his first briefing six years ago -- Iran.

Today's Iran story is still essentially one of hostages and international repercussions, with the President of the United States in the thick of it, but it has a few new twists. This time the news isn't good and Reagan, often seen as a hero in the intervening years, is embattled. And this time Speakes sees the Iran story from an informed perspective, as an insider with an even stronger loyalty to the President.

(Donnie Radcliffe, Washington Post, C1)

Speakes To Brief White House Reporters For Last Time Today

White House spokesman Larry Speakes today will conduct his 2,000th and last briefing for the Reagan Administration.

Mr. Speakes, a tough Mississippi boy who now is comfortable in Brooks Brothers suits, came into his job like a lamb and leaves like a lion.

His departure has been met with mixed feelings by the White House press corps. Some are glad to be rid of the occasionally abrasive Mr. Speakes, a man who gave no quarter in his conflicts with reporters and who always remembered that his pay check was authorized by the man in the Oval Office.

(Jeremiah O'Leary, News Analysis, Washington Times, A4)

White House Spokesman Leaves Today

Larry Speakes speaks his last words today as the chief spokesman for President Reagan.

The wily Mississippi "catfish," as he likes to be known, is stepping down after almost six years as the White House principal deputy press secretary to take a lucrative job as chief of corporate communications for Merrill Lynch Co.

Speakes planned to give a farewell address at the National Press Club later in the day and was expected to make some suggestions to the news media on how to improve its coverage of public affairs.

(Ira Allen, UPI)

U.S. LAUNCHES PLAN TO STRESS SCIENCE IN ELEMENTARY SCHOOL

The National Science Foundation yesterday announced a \$50 million program to greatly expand and upgrade science education for elementary schoolchildren over the next four years, sponsoring the first large-scale development of science curriculum since the post-Sputnik era three decades ago.

Citing the need to recover the nation's competitive position in the world, the federal agency hopes to establish science as a basic course for students as early as kindergarten. It is now taught almost exclusively in high school. It hopes to increase from a few minutes to about an hour the time spent each day teaching science to young children.

(Barbara Vobejda, Washington Post, A1)

NETWORK NEWS SUMMARY

(Thursday evening, January 29th)

Senate Intelligence Committee Report

NBC's Tom Brokaw: One of the persistent questions of the Iran-contra affair has been where did the money go, the profits from the Iranian arms sale that reportedly were diverted to the contras. Tonight the Senate Intelligence Committee is preparing to release its official report on its investigation and it does contain some fresh information on this money trail. This report, however, does not reflect the testimony of Adm. Poindexter or Col. North because they took the 5th amendment. However, as John Dancy reports now, the report does make it clear that there is still a great deal more to learn about the White House role.

NBC's John Dancy reports the Chairman of the Senate Intelligence Committee, Sen. David Boren, revealed this afternoon that the committee has now traced some of the Iranian arms sales money to a bank account in the Cayman Islands, but the committee has not yet been able to determine whether that money actually went on to the Nicaraguan contras. Senators familiar with the final draft of the report say it basically expands on a first draft seen by NBC News and here is the way that first draft dealt with some of the key players. The President: The report makes it clear he knew of and approved every significant step of the Iran deal. The report is inconclusive whether he knew of the diversion of funds to the contras. According to the report, as news of the secret dealings leaked out, North changed the way he characterized the initial arms sale, each time distancing the President from it. Where as in April 1986 North wrote that the shipments were undertaken with the endorsement of the U.S. government, seven months later on November 17th, North wrote that the U.S. acquiesced in the shipment. Then, just three days after that, on the advice of McFarlane, North said the shipments were undertaken despite our objections. The chairman and vice chairman of the Senate Intelligence Committee said the official accounting of the committee's investigation basically confirms earlier reports by NBC News and others.

(Sen. Cohen: "There are new facts, there are not significant departures from material that has been printed in the press or seen on television.")

The original draft of the report, the one obtained by NBC News, contained a set of conclusions. One of those conclusions was that the President knew nothing about the diversion of funds to the contras. Democrats on the committee objected vigorously, they said the evidence didn't support that conclusion so, finally, the conclusions were just simply left out of the report. Drawing conclusions will now be left up to the Senate and House committees and to the special prosecutor.

(NBC-Lead)

ABC's Peter Jennings: We would like to say this evening that we are going to shed a great deal of light on the Iran affair, but that isn't the case. The Senate Intelligence Committee, which held all those hearings on arms for hostages and diverting money to the contras, has made its final report public, but it is very clear that until the key witnesses come out from behind the 5th amendment there are still going to be a lot of secrets. Now there are nuggets of information.

ABC's Brit Hume reports this report does not cite any evidence that the President had any awareness of the plan to divert funds from the sales of the arms to Iran to the contra rebels in Nicaragua.

Jennings: The White House has issued a late statement which said that the committee report is a step in the direction of getting to the bottom of the Iran affair. The White House, as you know, has consistently urged that it be made public, it is apparently pleased that it has done so. (ABC-Lead)

CBS's Dan Rather: Key witnesses in the arms for Iranians deal refused to testify so there is much more investigating to come. Against that backdrop the first official public report from Congress is coming out tonight on what little is known so far, among other things, the investigators make it clear that they don't know where the money went, they don't know who got the cash, it remains covered up.

CBS's Phil Jones reports the final report, 65 pages, is just out from the Senate Intelligence Committee. It reaches no conclusions, but according to Sen. Boren it does show the picture of a White House creating foreign policy in great disarray.

(Sen. Boren: There is still inclusion of no direct evidence that would state that the President knew of the diversion of funds or that he directed the diversion of funds. Now I have to caveat that by saying you cannot finally resolve that question, obviously, when do not have the testimony of Mr. North, Mr. Poindexter and many others.)

(Sen. Cohen: "What started out as an initial conceptual need to explore opportunities for a different relationship with certain factions in Iran, evolved rather quickly, at the operational level at least, to a predominant concern for the return of the hostages in exchange for the arms.")

According to Sen. Cohen this report makes it abundantly clear that President Reagan was involved early on, in fact, in the fall of 1985 of all the discussions of whether or not to sell arms to the Iranians. On the whole question of the diversion of funds to the contras the committee was able to trace it all the way to one account in the Cayman Islands, but as far as nailing it down, the money going from there to the contras, they were unable to get to that. One thing they have pointed out here today is that in this you are going to find reports of many, many more meetings that occurred at the White House and with key officials than we've heard about so far.

Rather: Phil, any reaction from President Reagan and his aides?

Jones: So far none. The White House says that it has not received a copy of the report. Of course by now it probably has arrived there and also they say the President did not receive a briefing.

(CBS-Lead)

PRESIDENT/CONGRESS

Jennings: In Washington today President Reagan was obliged to deal with the Capitol's new political reality, a Congress that is controlled by the Democrats. On Tuesday, you'll remember, the President gave the Congress his version of the state of the union. Today the Democratic leadership in Congress told Mr. Reagan the way they think it should be.

ABC's Sam Donaldson: The battle was joined face to face today at the White House between Ronald Reagan and the Democrats, and both sides came out swinging.

(Sen. Dole: "I think what we saw was maybe the opening round of what the Democrats plan for the next two years and that was coming on strong, really giving the President the business on the budget. I think it is the opening gun of 1988.")

(Rep. Wright: "I don't think I would call it confrontational, to say that we agreed on everything would not be right, no, of course we didn't.")

The Democrats told Mr. Reagan his budget contains unrealistic figures and wrong priorities. The President fired back by telling them they must agree to further cuts in domestic spending. Mr. Reagan said tomorrow he'll veto the \$18 billion clean water bill, and though his veto will almost certainly be overridden, he will keep doing it. Senate Democratic leader Byrd proposed a summit meeting on the budget to include the President so such confrontations can be avoided.

(Sen. Byrd: "Each of us is going to have to give up something. Let's give a little, take a little and come out with a package that we can support one another on. You don't clobber us and we don't clobber you.")

In fact, White House officials believe that is precisely what the Democrats will try to do, clobber the President at every turn. But, they say, Mr. Reagan's spirited participation in today's meeting and his veto of the clean water bill should demonstrate to them that it won't be easy. (ABC-9)

CATASTROPHIC HEALTH CARE

ABC's Joe Burgentino reports the catastrophic health insurance plan submitted by Secretary Bowen fills one of those gaps (in Medicare coverage), in exchange for Medicare recipients paying an extra five dollars a month, their out of pocket hospital expenses are limited to \$2,000 a year. But his plan does not cover nursing home care or any other expenses outside of the hospital. Too feeble for many in Congress including Claude Pepper who has his own plan that would cover nursing home care and most other medical expenses. But even the more modest Bowen proposal is too much for many in the Reagan Administration. The President himself has been reluctant to endorse it. Congress is now promising to do something with or without White House support. The unanswered questions: what will it be, when will it pass and how much will it cost. (ABC-10)

SHULTZ/EXTRADITION/MARINE ALERT

Rather: Even as President Reagan tries to get the arms to Iranians scandal behind him there were fresh pictures today of an American hostage with a gun to his head and a new accusation that the hostage takers do have ties to Iran.

CBS's Bill Plante: Kidnappers today released this grim picture of American hostage Robert Polhill and threatened in an accompanying statement to kill him and the other three men taken Saturday in Beirut if the U.S. attacks Lebanon. A U.S. naval carrier group has recently moved closer to Lebanon. Several groups under various names have taken 11 hostages including three Americans in Beirut in the past two weeks, all attempting to bring pressure for the release of arrested terrorist Mohammed Hamadei. The Secretary of State charged today that they all have something else in common.

(Secretary Shultz: "They are, to a substantial degree, linked together, and we also observe some very strong ties to Iran.")

In Beirut, students at the school from which Polhill was taken continued their demonstrations against the kidnappings as Americans began leaving in response to yesterday's State Department order declaring Lebanon off limits to U.S. passport holders.

(Philip Habib, U.S. citizen: "Hell, just hell. I feel so sorry for everyone living down there. I feel sorry for the children, for the older people, just hell.")

The White House finally confirmed today that this is Ronald Reagan's signature on the fly leaf of a bible displayed yesterday by the speaker of Iran's parliament. Spokesman Larry Speakes said the bible, inscribed by the President with a verse from scripture, was Oliver North's idea as a gesture of Mr. Reagan's goodwill toward Iran. It was signed in the Oval Office last October 3rd, the same day Mr. Reagan first viewed a video tape on which hostages David Jacobsen and Terry Anderson accused him of ignoring them. Later that day the President reacted angrily to the suggestion that he wasn't trying hard enough.

(President Reagan: "There has never been a day that we have not been trying every channel to get our hostages back from Lebanon.")

Now four months and a series of embarrassments later there don't seem to be any more channels. Both the U.S. and Iran are taking a hard-line and even more Americans are being held hostage in Lebanon. (CBS-2)

Brokaw: Secretary Shultz made it clear today that the United States would continue to press for the extradition of a suspect in the TWA hijacking case despite the recent rash of hijacking in Lebanon and kidnappings and he urged other governments not to succumb to pressure from terrorist kidnappers. Shultz also said that Iran was strongly linked to the group which kidnapped three Americans last weekend. At the same time in this country two battalions of Marines at Camp Lejeune were put on alert today. The Pentagon called the alert routine saying that it was ordered just in case they have to send the Marines somewhere in a hurry. This order went out as the United States stepped up its naval presence in the Mediterranean and also in the Persian Gulf. And it comes as a group calling itself the Islamic Jihad for the Liberation of Palestine issued still another photograph of an American captive. (NBC-2)

AMERICANS/LEBANON

Jennings: Well, some of the Americans who are still free to leave Lebanon are beginning to heed the Administration's warnings to get out or lose their passports. Today a ferry arrived in Larnica on the island of Cyprus about 12 hours across the sea from Beirut. The State Department says Americans have 30 days to leave. (ABC-4)

BIBLE

Brokaw: After months of silence the White House today confirmed that President Reagan did sign a bible that was sent secretly to officials in Iran. White House called this an isolated, insignificant matter. The bible was shown to reporters on Tuesday by the speaker of the Iranian parliament. Neither he nor the White House has said who delivered it to Tehran, but inside it was a handwritten verse from Galatians and the signature of Ronald Reagan dated October 3rd, 1986. (NBC-3, ABC-2)

MARCOS

Brokaw: Ferdinand Marcos said today that he wants to return to his homeland and he would risk his life to do so. His wife Imelda certainly appeared ready to go back with him, but Marcos said the United States government would not let him leave his home in exile in Honolulu. Marcos was trying to leave just as rebel soldiers in Manila finally gave up their coup attempt.

NBC's Charles Gomez reports Marcos got the message last night from representatives of the U.S. Pacific Command and the State Department and it wasn't what he wanted to hear.

(Marcos: "I will be physically prevented from going aboard any plane that is going to the Philippines. I feel that now I am being treated like a prisoner.")

Marcos is in Hawaii at the invitation of President Reagan. If he left the country he would lose his special immigration status. Marcos said he may still return to the Philippines and has told his supporters he'll be there as soon as he can. (NBC-4)

ABC's Judd Rose reports Marcos met with reporters after two State Department officials came here to warn him not to leave Hawaii. The State Department today said Marcos can go home with Aquino's permission.

(Charles Redman: "He is free to return to the Philippines if he can work this out with the government of the Philippines.") (ABC-5)

CBS's Jerry Bowen reports this charter jet slipped into Hawaii to pick up deposed president Ferdinand Marcos for a return trip to power, waited until last night when Philippine government officials asked the Reagan Administration to intervene.

(Charles Redman: "We got a report from the Filipino government, we looked into it and persuaded them that what he intended to do was to work his back to the Philippines.")

A State Department official went to Marcos' Honolulu home last night to tell the exiled leader he would not be allowed to leave, that he would be held to his agreement not to go to the Philippines unless invited by the government. U.S. State Department sources tell CBS News it is believed that Marcos himself was intimately involved in planning the coup which finally unravelled last night. (CBS-4)

U.S./EUROPE/TRADE

Jennings: Twenty-four hours before the United States was going to impose duties on a wide range of European products, Washington and the European Common Market have reached an agreement on American grain sales in Europe. (ABC-12, CBS-10)

CLEAN WATER BILL

Brokaw: President Reagan told congressional leaders today that he will veto the bill calling for an eight year clean up of the nation's water supply at a cost of \$18 billion. The President called it a budget buster. The Democratic leaders say that they are confident that the veto will be overridden. (NBC-6, CBS-11)

SHULTZ/TERRORISM/COMMENTARY

Brokaw: Today Secretary Shultz linked Iran strongly to terrorism including the taking of American hostages in Lebanon. In his commentary tonight John Chancellor looks at what might have been done to prevent this terrorism.

NBC's John Chancellor comments a few years ago we were putting up yellow ribbons and driving in the daytime with the headlights on showing sympathy for the hostages in Iran. The new attitude toward American hostages in Lebanon is quite different, some people are saying it is their own fault that they have been taken hostage, they wanted to be there. The White House is saying there are limits on what the American government can do for hostages and that Americans in Lebanon who ignored previous warning clearly did so at their own risk. Talk about a new mood. Call it the new realism. If it is going to succeed it needs to look again at the basic problems of the Middle East which include now only the Palestinians but also the threat of militant Islamic fundamentalism. For the last six years the United States and its European allies have done practically nothing to keep the peace process moving. Unless the new realism deals with the basic unresolved problems the hostage taking will only continue.

(NBC-8)

EDITORIALS/COLUMNISTS

STATE OF THE UNION

A resilient nation -- "In his State of the Union address Tuesday night, President Reagan did well what he does best: He annunciated a set of familiar political values, and he did so in an assertive, upbeat style that still communicates widely and positively to many Americans."

(Christian Science Monitor, 1/29)

No magic, just the same old tricks -- "Going into the State of the Union address, Ronald Reagan had to prove more than anything else that he was still able to stand up there and deliver an optimistic message, and he did. The trouble was, he did not have very much to say. After weeks of political paralysis and physical convalescence, he came off as the same upbeat, good news, Norman Rockwell, new-day-dawning figure he has been for the last six years in office. The strain hardly showed."

(Chicago Tribune, 1/29)

The Speech -- "Officially, the President's televised presentation to Congress Thursday night was a State of the Union speech. But in a sense, it was a State of Ronald Reagan report; for many people, journalists and politicians especially, expected the speech, the President's first major public appearance since November, to provide clues to his mental and physical condition. There have been growing doubts about Mr. Reagan's will and energy to carry the responsibilities of his office."

Well, the speech should have dispelled those uncertainties. While it was not his most dynamic performance, it was impressive enough to show that Mr. Reagan is not ready to ride into the sunset. He displayed, rather, the perspicacity and vigor to cope with the demands of the presidency."

(Richmond Times-Dispatch, 1/29)

Reagan's looking good, but is out of step with the times -- "Mr. Reagan, despite his age, has proven often enough that he is a resilient politician. It is to be hoped that remains the case. And it also is to be hoped that his harping on the balanced-budget amendment and prayer in the schools was just standard Reagan boiler plate -- not a true reflection of his legislative priorities. Congress is in a fiesty mood; the nation is getting impatient. If Mr. Reagan does not respond to the real concerns of the day, he risks being left behind the nation he was elected to lead."

(Philadelphia Inquirer, 1/29)

Reagan's Reagan again -- "He's back. That much was clear from the vintage State of the Union address President Reagan delivered to a roaring, cheering Congress Tuesday night.... Despite the setbacks in recent months, President Reagan is back -- and on the move. He deserves the support of every American."

(New York Post, 1/29)

Vintage Ronald Reagan -- "Last night's State of the Union address was vintage Ronald Reagan.... It was heartening to see the President in good health and talking about promoting 'harmony and good will' with the 100th Congress. That's what it will take to steer the nation toward a more promising future in the final two years of his Administration."

(Dallas Times Herald, 1/28)

EDITORIALS (continued)

Missing the point About the State of the Union -- "It's too late for government by public relations. There was little in the speech to indicate that Reagan is up to the challenge. It was an inspired melange of old ideas, contradictory policies, unfocused new proposals and syrupy platitudes. And on what should have been a major topic, the Iran-contra mess, Reagan showed that he still doesn't understand the point."

(Newsday, 1/29)

The Reagan-Wright tandem -- "The interplay between Reagan's portrayal of a nation whose 'best days have just begun' and Wright's subsequent reminders of the gaps between the President's stated intentions and the content of much of his actual programs, foretold the character of impending relations between the White House and the Capitol. Good spirit and restraint will be essential to achieving the level of cooperation needed to avoid a legislative stalemate in the 100th Congress.... The country can be pleased that Wright is watching over Reagan's shoulder."

(Boston Globe, 1/29)

The president comes back with a fighting speech -- "It was also said that the speech was a kind of test for the President. Well, if it was then he passed with ease. Coming back from prostate surgery as well as the emotional stress of the Iran crisis, the President looked good, sounded good, and projected confidence that he can do the job.... All this was vintage Reagan policy, and presented in vintage Reagan style."

(Atlanta Journal, 1/28)

The call of a wounded President -- "Absent the President's polished delivery, the message itself was less a battle cry for the final two years of the Reagan revolution than it was a whimper."

(Atlanta Constitution, 1/29)

Presidency still alive, on course -- "The speech was considered to be not just a measure of the nation's health, but also of the President's -- not just of his physical well being, but also of his temper. By that measure, the President did fine. Most Americans were probably relieved to see that Reagan was not immobilized by the pressure of either health or spirit. He rose to the occasion of his address with his usual good humor and determination."

(Chicago Sun-Times, 1/29)

The stage of the Union -- "Like an old trouper, President Reagan belted out all the old favorites. Old oratory like 'You and I stand on the shoulders of giants'... Old proposals like 'a line-item veto so we can carve out the boondoggles and pork'... Even familiar jokes about his own age. It was as though endless evocations of the old would serve as incantations to the political spirits; as though preserving the illusion of strength would preserve the real thing...."

The State of the Union address offers no achievable goals for the rest of Mr. Reagan's term, no strategy for cooperation between his Republican Administration and the Democratic Congress and no plan for cutting the budget deficit. The President said to Congress and country, 'Let's go to work and get this done together.' What came through was, Let's pretend."

(New York Times, 1/29)

FOREIGN MEDIA REACTION

STATE OF THE UNION ADDRESS

"He now is a troubled President -- physically not the man he was, and politically much weaker.... The Administration is running on an empty tank."
(Martin Bell, BBC TV, Britain)

"Reagan was warmly applauded. Hence a good performance. He was showing no sign of fatigue after his recent surgery."
(Antenne-2, Jacques Abouchar, France)

"Faced with a hostile Democratic Congress, an electorate which has doubts about his credibility and his ability to run the country, the President should have seized the occasion of the speech to appear strongly back in the saddle with the reins firmly in hand and, mainly, quite clear about the direction. Unfortunately, he has no major project to offer to the country to make it forget Irangate. A repetition of the fashionable but rather hollow theme of competitiveness of industry and the well-known songs of aid to the contras and support to SDI that Reagan has sounded before will not be sufficient to mobilize the country."
(Tribune de l'Economie, France)

"U.S. President Ronald Reagan tried to win the confidence of Americans, after confidence in the President had dropped in light of the arms deal with Iran. In his State of the Union address, Reagan said that he will strive for a disarmament treaty with Moscow. He also demanded measures to facilitate U.S. exports."
(Westfaelische Rundschau, West Germany)

"The Great Communicator did not reveal anything new.... There was a sensational omission in the speech.... Reagan did not apologize as had been requested by Congress...."
(GR-1 radio, Italy)

"No apologies for Irangate, but only a general admission of mistakes. A lot of optimism on economic issues despite the huge federal deficit. A paean and praises for the 'American spirit,' which is to be strengthened by a crusade to make the country more and more 'competitive.' Also, the renewed proposal to the Kremlin for a 'farewell to arms.'..."
(La Repubblica, Italy)

"The President knows how to make good speeches. After having been backed up against the wall in the Iran case for three months, he was on the offensive in Congress last night. He looked more fit and younger than in years, and delivered an emotional and intense message to Congress. We would not be surprised if his popularity curve takes a sudden upward swing after last night. Reagan scored high, both for what he said and what he did not say."
(Verdens Gang, Norway)

"On the burning question of his secret sale of arms to Iran and the diversion of funds to Nicaraguan contras, Mr. Reagan gave no new information and no apology.... Although he acknowledged that his initiative was not successful, Mr. Reagan remained unapologetic, even proud of it...."
(Globe and Mail, Canada)