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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MAY 6, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Secord: Top OK'd Arms Deal -- Retired Maj. Gen. Richard Secord testified he helped deliver \$3.5 million in Iran-arms sales profits to Nicaraguan contra rebels -- with White House support.

(New York Times, USA Today, Washington Post, Washington Times, AP, Copley, Reuter, Scripps Howard)

INTERNATIONAL NEWS

U.S., Soviets To Swap Missile Test Data -- U.S. and Soviet officials announced agreement on the establishment of centers in each capital to exchange information on missile tests and potentially threatening military activities.

(Washington Post)

NATIONAL NEWS

President Tells College Chiefs To Fight Campus Drugs -- President Reagan, saying that "the time for excuses is over," called upon college administrators to "become serious about fighting drug use on our nation's campuses."

(Washington Post, AP)

NETWORK NEWS (Tuesday Evening)

IRAN-CONTRA HEARINGS -- Richard Secord testified that he sold arms to Iran and used the profits to help the contras -- believing he had the full approval of the Reagan Administration.

ARMS TALKS -- U.S. and Soviet negotiators resumed strategic arms talks with the American side expected to present a new draft treaty on reducing long-range nuclear missiles.



IRAN — NICARAGUA

REAGAN NOT WATCHING HEARINGS BUT WAITING TO SEE WHAT THEY REVEAL

President Reagan says he's "waiting to hear as much as anyone else" what the Iran-contra hearings will reveal, but other White House officials are described as "somewhat detached" about the televised proceedings.

Reagan, appearing at a Rose Garden ceremony, said there was "no illegal fundraising as far as I know" for rebel forces in Nicaragua -- basically repeating a statement he made Sunday.

Reagan said, "I knew as everyone else, I think, knew that out there in the country there were people who were contributing privately and in groups, giving money to aid the contras."

As for whether the money was intended for military purposes, Reagan said, "I don't know how that money was to be used. And I have no knowledge that there was ever any solicitation by our people with these people."
(Terence Hunt, AP)

\$3.5 MILLION FROM IRAN USED AS CONTRA AID, SECORD SAYS

Retired Air Force major general Richard Secord, ending months of silence, revealed at the opening of congressional hearings into the Iran-contra affair that about \$3.5 million of the \$18 million profit from the 1985-86 sale of U.S. arms to Iran was used to finance the airlift of military supplies and equipment to the rebels fighting in Nicaragua.

Secord, the pivotal private operator in the affair that has haunted the Reagan Administration since it was exposed last November, also told the opening joint session of the Senate and House select committees that some of the money went to three other operations at the direction of then-White House aide Lt. Col. Oliver North.

These, he said, included purchase of \$100,000 in radio and telephone equipment for an unnamed Caribbean country, procurement of a small ship in April 1986, and payment of Drug Enforcement Administration agents working on a separate project to locate and rescue some American hostages in Lebanon.
(Dan Morgan & Walter Pincus, Washington Post, A1)

Secord Says High Officials Helped Him Supply Contras Despite Ban On U.S. Arms Aid

The first witness at the congressional hearings on the Iran-contra affair, Maj. Gen. Richard Secord, testified that government officials including William Casey, then Director of the CIA, helped in the operation to supply weapons to the Nicaraguan rebels after Congress had prohibited such aid.

Gen. Secord also testified that only about \$3.5 million of the \$12 million in profits from the sale of arms to Iran was actually spent on behalf of the contras. More than half of the money, he said, was kept by his business partner, Albert Hakim, and part of the rest was used for a secret project unrelated to Iran or Nicaragua that he did not identify.

(David Rosenbaum, New York Times, A1)

Secord: I Undertook Mission Impossible With Administration Blessing

As Richard Secord tells it, he was the star in a kind of "Mission Impossible," complete with secret coding equipment, clandestine companions and a letter on White House stationary. *stationery.*

"Your discrete assistance is again required in support of our national interests.... As in the past, you should exercise great caution that this activity does not become public knowledge."

The letter was signed by Oliver North on behalf of National Security Adviser Robert McFarlane in November 1985.

"We believed very much in the significance of what we were doing and that our conduct was in furtherance of the President's policies," Secord said. "I also understood that this Administration knew of my conduct and approved it." (Lance Gay and Walter Friedenberg, Scripps Howard)

Key Witness Links Casey, Other High Administration Officials To Covert Contra Aid Program

The leadoff witness in the long-awaited Iran-contra hearings linked senior officials in the Reagan Administration to a covert air-resupply operation undertaken at a time when federal law prohibited the U.S. government from providing either direct or indirect military aid to the contra rebels.

Retired Air Force General Richard Secord said he had been recruited by Oliver North, then a National Security Council aide, in July 1985 to set up the operation but added that his efforts were constantly hobbled by funding shortages, skepticism by CIA officials about his motives and criticism from a former CIA operative with a pipeline to Vice President Bush's office.

His testimony also linked Secretary Shultz to an effort to raise foreign funds for the contras at a time Secord estimated that \$10 million would be needed to meet their needs. (Finlay Lewis, Copley)

Secord Portrays Large Administration Role In Iran-Contra Scandal

A retired Air Force general is laying before the nation new hints of the depth of Reagan Administration involvement in the Iran-contra scandal, ranging from backstage encouragement by CIA chief William Casey to payments to federal drug agents to free U.S. hostages.

Richard Secord said he met three times with Casey and dealt routinely with CIA and diplomatic officials in Central America while running a "private" resupply operation for the contras fighting Nicaragua's leftist government.

At the third meeting Secord warned Casey of the contras' desperate need for money.

"Casey asked me how much money was needed. ...I said it would take about \$10 million, I thought. And he said, '\$10 million, \$10 million' and then he mentioned a country which he thought might be willing to donate this kind of money. But then he said, 'But, I can't approach them.' ...He said that two or three times. Then he looked at me and he said, 'But you can,'" Secord stated. (Jim Drinkard and David Espo, AP)

Secord: Top OK'd Arms Deal

Retired Maj. Gen. Richard Secord testified on opening day of Iran-contra hearings he helped deliver \$3.5 million in Iran-arms sales profits to Nicaraguan contra rebels -- with White House support.

Also from Secord:

-- Former CIA Director William Casey, Lt. Col. Oliver North and former ambassador to Costa Rica Lewis Tambs assisted his mission to aid the contras militarily.

-- It was reported to me that Vice President Bush met with an ex-CIA agent who was instrumental in aiding the contras.

(Leslie Phillips, USA Today, A1)

Secord Says Contras Got \$3.5 Million From \$30 Million Iran Arms Deal

A key witness in the Iran-contra scandal, retired Maj. Gen. Richard Secord, has told a congressional inquiry that \$3.5 million from the proceeds of a \$30 million arms deal with Tehran went to help the Nicaraguan rebels.

The 54-year-old former Air Force officer, opening witness at the long-awaited televised hearings into the clandestine operations, said those involved had been "betrayed, abandoned and left to defend ourselves" by senior officials of the Reagan Administration.

He blasted Attorney General Meese for making "grossly inaccurate disclosures about our operations" when they surfaced last November, thrusting President Reagan into his biggest political crisis.

"The decision of Mr. Meese, and possibly others, to succumb to anxiety and ignorance is particularly unforgivable, in my judgement," Secord said.

(Anthony Goodman, Reuter)

North Was Upset About Reports Of Contras Wasting Money, Secord Says

Reports that the contra rebels may have been "squandering" their limited funds infuriated Lt. Col. Oliver North and led him to dress down contra leader Adolfo Calero, retired Maj. Gen. Richard Secord testified.

Secord said that during an all-night meeting in Miami about July 1, 1985, North was "very, very hard on this point" that reported financial transgressions could damage the contras' image. At the time, Congress had banned U.S. military assistance to the rebels and they were receiving donations from foreign and private sources.

In Miami, Calero Tuesday denied any money was squandered.

(Rita Beamish, AP)

Secord Portrays Self Twice Burned

Richard Secord broke months of self-imposed silence with detailed testimony on the private contra arms scandal and some dramatic public soul-serching.

In three hours before the congressional committees investigating the Iran-contra affair, the witness, a retired Air Force major general, made several apparently painful disclosures about himself, including the revelation that he refused to take any profits from the weapons because he harbored a return to government service.

Gen. Secord had been one of the most mysterious figures in the Reagan Administration's greatest crisis. But yesterday, in a dispassionate voice edged with bitterness, he portrayed himself as a man twice burned by the country for which he said he sacrificed over and over.

(Michael Hedges, Washington Times, A1)

DEA Agents Paid From Swiss Account To Search For Hostages, Secord Says

Drug Enforcement Administration agents received cash payments from a Swiss bank account during a White House-directed effort to find U.S. hostages in Lebanon, a key witness in the Iran-contra affair testified.

"There were expense payments made, and we haven't yet determined the exact amount of these payments, made to U.S. Drug Enforcement Agency agents who were working on a separate project to try and locate and rescue some American hostages in Lebanon," Richard Secord said in detailing how about \$30 million from Iran arms sales was spent. He did not say when the payments were made.

DEA Director John Lawn was in his office yesterday, but would not take a reporter's call seeking an explanation of this unusual arrangement. DEA and Justice Department spokesmen later refused to comment on the matter, saying everything dealing with the Iran-contra affair fell under the jurisdiction of independent counsel Lawrence Walsh.

(Charles Babcock, Washington Post, A23)

EDITOR'S NOTES: "High Rhetoric, Then A Bitter Story Of Money And Covert Action," by Haynes Johnson, appears in The Washington Post, A21.

"Opening Remarks By Leaders Of The Select Committees," appears in The Washington Post, A22.

"Excerpts Of Maj. Gen. Richard Secord's Testimony," appears in The Washington Post, A23.

INTERNATIONAL NEWS

U.S., SOVIETS TO SWAP MISSILE TEST DATA Accord Reached In Geneva Provides For Centers In Moscow, Here

U.S. and Soviet officials announced agreement on the establishment of centers in each capital to exchange information on missile tests and potentially threatening military activities.

President Reagan hailed the agreement in a prepared statement as "a practical measure that will reduce the risk of conflict between the United States and the Soviet Union, particularly nuclear conflicts that might result from accident, misinterpretation or miscalculation."

(Jeffrey Smith, Washington Post, A30)

TASS SAYS REAGAN RAISES NEW BAR TO ARMS ACCORD

MOSCOW -- The official Soviet news agency Tass charged President Reagan with putting "new obstacles" in the way of a strategic arms accord and said that the proposals to reduce strategic weapons on both sides effectively "rule out" an agreement on these weapons.

But when spokesman Gennadi Gerasimov was asked whether the stance represents the official response to Reagan's proposals, he said it was "the opinion of the Tass correspondent." (Gary Lee, Washington Post, A30)

Soviets Criticize Reagan Statement

MOSCOW -- Tass military analyst Vladimir Chernyshev accused President Reagan of putting the elimination of medium-range nuclear missiles from Europe on the back burner as the superpowers are "just millimeters" from agreement.

"It is known to the whole world that just millimeters are left to cover to reach an agreement on medium-range and theater missiles," Chernyshev said. "It is likewise known that the ball in this game is in the U.S. court."

"Yet, the President in his statement pushed this problem, which is ripe for a mutually acceptable solution, to the background, while proclaiming a 50 percent cut in strategic offensive arms to be the 'number one' objective," Chernyshev said. (AP)

SOVIET OFFER POSES DILEMMA FOR BONN Kohl Torn Between Wishes Of Party And U.S. On Missile Removal

BONN -- Moscow's offer to scrap an entire class of short-range nuclear missiles in Europe has confronted the West German government with its most serious foreign policy dilemma in four years, officials and diplomats say.

Chancellor Helmut Kohl faces an unpleasant and unusual choice. If he accepts the offer, he would ignore the unanimous advice of his Christian Democratic Party. If he rejects it, he would go against the wishes of the U.S. and, possibly, West German voters.

(Robert McCartney, Washington Post, A29)

MOSCOW CHALLENGES REAGAN ON ACCURACY OF LENIN QUOTE

MOSCOW -- Soviet Foreign Ministry spokesman Gennadi Gerasimov challenged President Reagan about a quote he attributed to Vladimir Lenin, the founder of the Soviet state, in a speech on Central America.

In his address to the American Newspaper Publishers' Association two days ago, Reagan quoted Lenin as saying that the road to America lay across Mexico, Gerasimov said.

"I am ready to eat my hat if he can find that statement in any of these volumes," Gerasimov told reporters as he peered across the complete 55 volumes of Lenin's works on his table.

(Reuter story, Washington Post, A31)

REAGAN LAUDS HARLEY-DAVIDSON COMEBACK

President Reagan, on a full-throttle campaign to improve U.S. business' competitiveness, is paying tribute to a motorcycle manufacturer which says it no longer needs tariffs to compete with foreign imports.

Reagan was to travel by helicopter to a Harley-Davidson plant in Pennsylvania to argue that in the quest to erase a \$166.3 billion trade deficit, a self-help posture by business is preferable to protectionist measures by the government.

(Merrill Hartson, AP)

NAKASONE SAYS OUTCOME OF MEETING WITH REAGAN INSUFFICIENT

TOKYO -- Prime Minister Yasuhiro Nakasone said that talks last week with President Reagan resulted in some progress toward easing bilateral trade friction, but the overall result was "regrettable."

"There was some progress on several issues to strengthen U.S.-Japan relations," said Nakasone. "But I feel (it is) regrettable that sufficient results did not come out of the meeting as expected."

(AP)

U.S. SAYS JAPANESE BARRIERS ACCOUNT FOR LESS THAN ONE-THIRD OF DEFICIT

Removal of all Japanese barriers against American products in itself would make a relatively small impact on the U.S. trade deficit with Japan, government officials told Congress.

"Even if the (Japanese) market were totally open, you'd still see a substantial deficit," said Commerce Undersecretary Bruce Smart in testimony before a joint hearing of the House Foreign Affairs subcommittees on Asia and international trade.

Smart described Japanese Prime Minister Nakasone's talks with President Reagan last week as useful but said they "did not live up to the high expectations, perhaps unrealistic, some people had."

(Gene Kramer, AP)

U.S. AIDE PREDICTS 'SIGNIFICANT' DROP IN U.S. TRADE DEFICIT

U.S. Trade Representative Clayton Yeutter predicted a significant drop in the U.S trade deficit in the next few months because of the fall of the dollar against major world currencies.

He told a meeting of business writers and editors the volume of U.S exports has been up in recent months and the volume of goods coming into the U.S. down, but the trade turnaround has not yet been reflected in dollar terms.

(Robert Trautman, Reuter)

PACKWOOD SAYS CONGRESS CAN PASS 'VERY GOOD' COMPROMISE TRADE BILL

Sen. Robert Packwood, ranking Republican on the Senate Finance Committee, said that Congress could pass "a very good" trade bill by picking the best parts of legislation approved last week by the House and currently being written by the Senate.

"There are good things in the House bill and very good things in the Senate bill. The good things are different," so they could be easily resolved in the House-Senate conference, Packwood told reporters.

(Stuart Auerbach, Washington Post, G1)

WORLD BANK OFFERS ENVIRONMENTAL PROJECTS

The World Bank, long accused by legislators, conservation groups and the Reagan Administration of financing environmentally destructive projects, announced sweeping new measures to protect the environments of developing countries.

The new programs, unveiled in a speech by World Bank President Barber Conable, will move environmental concerns from the periphery to the center of the bank's development policies, bank officials said.

(Philip Shavecoff, New York Times, A14)

U.S. ARMY AIRLIFTS GUATEMALAN TROOPS

The U.S. has flown Guatemalan troops into the interior of the country to fight antigovernment guerrillas, Pentagon spokesman Fred Hoffman said.

Hoffman said Guatemalan President Vinicio Cerezo requested the American airlift because his nation's helicopters were out of service.

On Sunday and Monday, the Pentagon said, three Army CH47 Chinook transport helicopters, each carrying an American crew of six, airlifted about 300 Guatemalan troops from a field near Guatemala City, the capital, to a base camp about 85 miles north in jungle flatland at Playa Grande.

Asked if the two-day airlift represents an Administration decision to broaden U.S. military support to Guatemala, Hoffman said that the airlift was "a one-shot thing." He said the choppers drew no fire, nor did they experience any difficulties.

(George Wilson, Washington Post, A16)

TRIBUNAL ORDERS U.S. TO RETURN
FROZEN BANK FUNDS TO IRAN
Release Not Linked To Hostages In Lebanon

THE HAGUE -- The Iran-U.S. Claims Tribunal has ordered the U.S. to return \$451.4 million in frozen Iranian assets to Tehran. At U.S. urging, the tribunal stressed that the fate of American hostages in Lebanon was not linked to the return.

The arbitration panel, in a ruling yesterday, apparently resolved a running dispute between the two countries over assets that the U.S. concedes belong to Iran.

In Washington, State Department spokesman Charles Redman said the U.S. is studying the ruling. He declined to say if an appeal was being considered.
(Abner Katzman, Washington Post, A29)

TO BECOME AMBASSADOR: A 247-QUESTION ORDEAL
Sen. Helms Grills Candidate For Mozambique

Can a senator bury a president's ambassadorial nomination in an avalanche of questions? In the case of Melissa Foelsch Wells, President Reagan's ambassador-designate to Mozambique, Sen. Jesse Helms is out to see if he can.

Nominated last Oct. 7 to fill the post vacated by Peter Jon de Vos, Wells has answered in writing 247 questions from Helms. Old-timers at the State Department say they believe the number sets a record for an ambassadorial nominee.
(David Ottaway, Washington Post, A17)

EDITOR'S NOTE: "Cairo Cites Libyan Force In Asking U.S. Arms Aid," by Jonathan Randal, appears in The Washington Post, A34.

NATIONAL NEWS

REAGAN DECRIES FILMS, MUSIC 'GLORIFYING DRUG USE'

In a Rose Garden ceremony establishing a White House Conference for a Drug-Free America, President Reagan assailed the movie and music industries for "glorifying drug use" among minors and said the movie rating system ought to prevent films promoting drug use from being seen by youngsters.

Citing a Parade Magazine Report from 1985 that counted 60 movies in the preceding five years, including some Academy Award winners, that had portrayed drug use in a "positive, upbeat way," Reagan said: "Perhaps it's time to give a thought to tightening up on that rating system. It's hard to see why any film promoting drug use should ever be available to minors under any circumstance."

(UPI story, Washington Post, A17)

President Tells College Chiefs To Fight Campus Drugs

President Reagan, saying that "the time for excuses is over," called upon college administrators to "become serious about fighting drug use on our nation's campuses."

The President praised efforts of business and union leaders and others to combat drug abuse but added: "Let me say quite frankly here, too, that we are looking to our college administrators to become serious about fighting drug use on our nation's campuses." (Dale Nelson, AP)

SENATE DEMOCRATS MODIFY BUDGET PLAN

Military Money Dependent On Reagan's Acceptance Of Tax Increase

Senate Democrats introduced a modified fiscal 1988 budget that would force President Reagan to accept an \$18.3 billion tax increase if he wants military spending to stay abreast of inflation.

The modified Democratic plan, which would still reduce defense spending authority by \$10 billion below the level requested by Reagan, represents a delicate balance to satisfy the demands of liberal and conservative members of the Senate's Democratic majority.

Sen. Pete Domenici, ranking Republican on the budget panel, protested the linkage between the increase in defense spending to Reagan's willingness to accept new taxes, calling it "grossly unfair" that Democrats require no such stamp of approval for the additional domestic spending to take effect.

(Tom Kenworthy, Washington Post, A7)

HOUSE APPROVES DEFENSE AUTHORIZATION CUT

The House, beginning what has become an annual battle with the Reagan Administration over military spending and arms control policy, agreed to cut \$17 billion from Defense Department authorization legislation for the next fiscal year.

The reduction, adopted by a vote of 249 to 172, put the defense spending level at \$289 billion, the amount set in the House-passed budget resolution but \$23 billion less than President Reagan requested.

Meanwhile, the Senate Armed Services Committee approved its version of the defense authorization bill and set the spending level at \$303 billion. Committee Chairman Sam Nunn said this would allow 0.5 percent real growth above the rate of inflation and "there's no chance of getting anything more than" \$303 billion. (Edward Walsh, Washington Post, A4)

SENATE COMMITTEE ENDORSES 'STAR WARS' LIMITS

The Senate Armed Services Committee, moving Congress closer to confrontation with President Reagan on arms control, voted to confine "Star Wars" development and testing to limits prescribed by the traditional, narrow interpretation of the ABM Treaty.

The ABM restriction, which would allow the Administration to implement its new broader interpretation of the treaty only with congressional assent, was approved 12 to 8 as part of the committee's draft of a defense authorization bill for the next two years.

The restriction on SDI triggered protests from Senate Republican leaders, who promptly drafted a letter urging Reagan to follow through on his threat to veto any legislation that included such a restriction.

(Helen Dewar, Washington Post, A4)

HOUSE REFUSES TO ALLOW \$15 BILLION FOR F.S.L.I.C.

The House rejected an amendment that would have injected \$15 billion into the beleaguered F.S.L.I.C., the thrift industry's deposit insurance fund.

The lop-sided 258-153 vote against the amendment was a major defeat for House Speaker Jim Wright and the House Banking Committee chairman, Fernand St Germain, and a surprise in light of their support for the measure.

The vote against the amendment, essentially a vote in favor of a \$5 billion relief package, was a major lobbying victory for the thrift industry's largest trade group, the United States League of Savings Institutions, and a dramatic display of the influence of local thrift institutions on their elected representatives.

(Nathaniel Nash, New York Times, D1)

JUSTICE DEPT. STUDIES MEESE'S WEDTECH TIES

The Justice Department has launched a "threshold inquiry" into whether Attorney General Meese's ties to the Wedtech Corp. require a criminal investigation under the Ethics in Government Act.

The disclosure was made by independent counsel James McKay in response to a letter from the chairmen of the Senate and House Judiciary committees. They told McKay that Meese may have violated a federal conflict-of-interest law in failing to disqualify himself until recently from two department investigations of Wedtech, a scandal-torn defense contractor.

McKay, who is conducting his own investigation of lobbying on Wedtech's behalf by former White House aide Lyn Nofziger, said he did not believe his jurisdiction is broad enough to cover the allegations against Meese. But he said he stood ready to take them on if the department or the three-judge court that appointed him expands his mandate.

(George Lardner, Washington Post, A1)

ILLEGAL ALIENS UNDERWHELM INS OFFICES

Immigration and Naturalization officials braced for a flood of residency applications from illegal aliens throughout the country, and had to cope with only a trickle of immigrants seeking to become permanent U.S. residents.

Thousands of aliens apparently are still wary of exposing their illegal status to the federal government, fearing the new immigration law is only an elaborate trap and a ticket to deportation.

(Jacqueline Adams, Washington Times, A1)

DOW AVERAGE SHOOTS UP 51.85 POINTS Dollar, Bond Market Cited In Stock Gains

NEW YORK -- A trickle of optimism in the bond market helped unleash the biggest surge on Wall Street in two weeks, as traders temporarily shook off doubts about rising inflation and interest rates.

The Dow Jones average of 30 industrials shot up 51.85 points to finish at 2338.07, the best day for the blue-chip average since a 66.47-point gain April 21.

Analysts said stocks drew most of their strength from a slightly firmer dollar and a modest rebound in the bond market, where traders anticipated good demand for \$29 billion in new government debt being auctioned off in three parts beginning this afternoon.

(James Kennedy, Washington Post, G1)

NETWORK NEWS SUMMARY

(Tuesday Evening, May 5, 1987)

IRAN-CONTRA HEARINGS

NBC's Tom Brokaw (from Washington, D.C.): It was a day rich with political drama.... In Washington a joint congressional committee opened hearings in the Iran-contra affair and a former Air Force General provided a detailed picture of the role of the White House and the CIA. First witness before the congressional Iran-contra hearings was Richard Secord, and he testified that he sold arms to Iran and he used the profits to help the Nicaraguan contras -- believing that the Reagan Administration knew what he was doing and approved it. This, at a time when U.S. officials were barred by law from helping the rebels.

NBC's John Dancy: Three months of private investigations are over and the committees plans now to lay the story out before the public.

(Sen. Inouye: "The story is both sad and sordid. It is filled with inconsistencies and often unexplainable conduct. None of the participants emerged unblemished."

Sen. Rudman: "We already have sufficient evidence to establish that this is an inexcusable fiasco of the first order.")

As first witness the committee called Retired Air Force Major General Richard Secord, who sold arms to both Iran and the contras. Secord testified freely, without immunity -- proudly. It was the testimony of a man who believed he was serving his country.

(Secord: "I made no secret then and make no secret now of my view the containment of the Sandinista regime and our relations with Iran should be subjects of vital and strategic interests to the United States.")

Secord said more than \$30 million from the Iran arms sale had been funneled through Lake Resources, a Swiss bank account controlled by Secord, his partner, businessman Albert Hakim, and Lt. Col. Oliver North of the National Security Council. Of that, Secord said, \$18 million had be diverted, but most went to operating costs and profits. Hakim still holds almost \$7 million of the money. House committee chief counsel John Neils asked Secord how much had actually gone to the contras.

(Secord: "It appears that approximately \$3.5 million of these funds were expended in support of the airlift project, the various contra projects.")

Secord said it was a straight, commercial transaction -- arms for money -- and defended the profits.

(Secord: "Between 20-30 percent was the mark up, which is quite low in the arms business.")

Secord, a former Pentagon official, said he had never taken any of the money due him because he hoped to get another government job.

(Secord: "I also believed that if I took a share of profits from arms sales, no matter how legal it is -- it was a completely legal, commercial deal -- it would tarnish me.")

Even though the CIA was suppose to be keeping hands off the contra resupply operation, Secord said CIA Director William Casey had called him in to ask how he could help with the contras.

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Dancy continues:

(Secord: "But he was well aware that we were cranking up this air lift operation.")

While Secord added some new details, filled in some of the blanks, his testimony did not break any new ground. He's expected back tomorrow morning for at least one more day before the committee.

Brokaw: President Reagan said today that he was interested in what the hearings would produce, but he did not watch them on television and he once again insisted that he knew nothing about any illegal fund raising for the contras by his Administration.

(The President: "There was no illegal fund raising -- as far as I know -- at this point. I knew, as everyone else I think knew, that out there in the country there were people that were contributing, privately and in groups -- giving money to aid the contras.... I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people.... No.")

NBC's Chris Wallace is at the White House now. Chris, if Gen. Secord continues in the same vein that he started in today, it is going to appear that the President was the only one in the Administration who did not know that money was going for contra weapons.

NBC's Chris Wallace: That in fact brings up the basic way in which the White House is approaching these hearings. They are really dealing with them on two fronts. First of all, legally, did the President commit any crimes? And they maintain that, in fact, he did not. That he did not know about any diversion of funds to the contras, that he did not know about any illegal fund raising, and they say that there will be nothing in these hearings to contradict that. But then secondly, there's the perception problem. A perception that will be fed by a string of revelations all summer that somehow the President and this White House was doing something wrong. And they acknowledge that's going to hurt the President -- nothing fatal, nothing impeachable -- but it's going to be damaging.... There's a feeling that Mr. Reagan made a big mistake during the Tower Board investigation by going underground, by refusing to talk about the issue. So you saw him talking about it today. He's going to have a trip to Pennsylvania tomorrow -- he's going to meet with the press again. They're not going to let these hearings dominate them. They're not going to be able to ignore them, but they are not going to be dominated by them either.

(NBC-Lead)

ABC's Peter Jennings (on Capitol Hill): Here on Capitol Hill today, after months of expectation, the full story of the Iran-contra affair begins to unfold for all of us to see. The first witness -- a key figure who has not been heard from before. He began to tell the committees of the Senate and the House of his own involvement in sending arms to Iran and in helping the contras. He is Richard Secord. He is a retired Air Force Major General and a former Deputy Assistant Secretary of Defense. The Senate Intelligence Committee named him some time ago as the "chief lieutenant," to Oliver North in arranging the sales of arms to Iran and diversions to the contras.

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ABC's Brit Hume: Forthcoming in his role in running a clandestine supply network for the contras, an operation he said was intended to be only temporary, and which he said was always desperately short of intelligence, logistical support and above all, money.

(Secord: "We believed very much in the significants of what we were doing and that our conduct was in furtherance of the President's policies. I also understood that this Administration knew of my conduct and approved it. We did have some success. We also had our share of failure. But in all these endeavors, at least we tried. If we were unconventional in some of our methods, it was only because conventional wisdom had been exhausted. If we had been successful in every expect, we would not be here today.")

Secord said he was recruited for the task by Presidential aid Oliver North with whom he was in continual contact throughout. But he denounced Attorney General Meese for his November 25th statement that between \$10-30 million had been diverted from the Iran arms sales to the Nicaraguan contras. Secord said it was grossly inaccurate.

(Secord: "The decision of Mr. Meese and possibly others to succumb to anxiety and ignorance is particularly unforgiveable in my judgment -- in light of the fact that had he been receptive, he could have been advised of the facts surrounding these events before his announcement. This responsible option was rejected and we were instead, betrayed, abandoned and left to defend ourselves.")

Yes, Secord said money was diverted from the Iran arms sales proceeds to the contras. Proceeds, Secord said, totalling \$30 million. Of that, the U.S. government was paid \$12 million for the arms. Another \$8 million remains unspent in Swiss accounts. The contras got only \$3.5 million. Another \$3 million went for expenses in shipping the arms to Iran. Only \$2 million remains unexplained Secord said, with another \$1 million having gone for purposes unrelated to either Iran or Nicaragua. One of those unrelated causes, an Oliver North project to use U.S. drug enforcement agents to try to free U.S. hostages in Lebanon.

(Secord: "I was told that the director of the Drug Enforcement Agency had agreed to detail some agents to this project from time to time. But the expenses of these agents would have to be borne by outside financing. So we financed them.")

Secord said he had three meetings with CIA Director Casey at which he pleaded with him for intelligence support and money for the contra cause. Casey gave encouragement, asking how much money was needed. "\$10 million," said Secord.

(Secord: "He said, '\$10 million.' And then he mentioned a country which he thought might be willing to donate this kind of money. But then he said, 'But I can't approach them.' Why I don't know. Why he couldn't approach them I don't know and he didn't say. But he said that two or three times and then he looked at me and said, 'But you can.' I said, 'Mr. Director, I'm not an official of the U.S. government, I don't think these people are particularly interested in solicitation from a private citizens. I think that would be very foolish.'")

Secord said he did nothing about Casey's suggestions, but did twice talk to a Saudi Arabian official in Washington about a contra donation. Secord said he got no promises, but the Saudis reportedly did put up \$32 million.

Hume continues: Secord said extensive consultations with a lawyer had convinced him his actions were legal and he said he made no profit from his assistance to the contras. He is likely to be questioned at length about both assertions tomorrow.

Jennings: But down the other end of Pennsylvania Avenue at the White House today, they surely know that the Reagan Presidency is on trial and there was a heightened effort today to have the world believe that it was business as unusual.

ABC's Sam Donaldson: The White House tried to project as air of "business as usual" as the President presided at a Rose Garden ceremony on drug prevention and of unconcern as the President repeated his contention that he knew nothing about illegal aid to the contras.

(TV coverage: The President walking into the Rose Garden, past cabinet member to the sound of applause.)

(The President: "I knew, as everyone else I think knew, that out there in the country there were people that were contributing privately and in groups -- giving money to aid the contras.... I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people.... No.")

(TV coverage: The President standing in the Rose Garden and responding to reporters' questions.)

White House aids insist today that it was the President who set things in motion to uncover North's activities. And as to Gen. Secord's bitter assertion that the Attorney General's public disclosure of North's Iran arms skimming operation was a betrayal, these aids reminded reporters that was done at the President's direction and made it clear they reject the suggestion that the President had betrayed anyone.

(TV coverage: The President in the White House Briefing Room introducing Attorney General Meese.)

In fact, Mr. Reagan stressed again that he wants the committee to tell him what happened, that he really doesn't know.

(The President: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.... I know what I did and I have told all of you repeatedly what I did and now I'm going to quit talking and go into the office.")

(TV coverage: The President in the Rose Garden responding to reporters' questions from the steps outside the Oval Office, then walking into the Oval Office.)

Once inside, the President went through the day without watching a single minute of the hearings. But watch them or not, officials here are well aware of their potential for damage -- at best, by distracting the Administration and the country from other issues; at worst, by producing the kind of revelations that could truly undermine Mr. Reagan's Presidency.

Jennings: Joining us here on Capitol Hill this evening the chairmen of the committees -- Sen. Inouye and Rep. Hamilton. The revelations about Col. North -- surprise you today?

(Sen. Inouye: Not at all because we've been privy to documents up until now.")

What did you learn today that you hadn't heard before?

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Jennings continues:

(Rep. Hamilton: "I think I learned that Col. North controlled the money a lot more than I thought he might have. I learned that Bill Casey was involved through the meetings that Gen. Secord described and of course we learned a good bit more about the money trail.")

Sen. Inouye: "That's about it, but I think the whole committee was well aware of the dimensions of the problem before us. At this stage, it may be tedious and dull to some because the...is just laying out the foundation of the case.")

But as far as you both are concerned, you have set the tone for these lengthy hearings you wanted to set today?

(Rep. Hamilton: "Yes, we did. We wanted to draw out the facts. We wanted to do it in a calm, deliberate way without partisanship. I think we achieved that.")

ABC's John Martin: Richard Secord told a story of painfully pulling together a make-shift airlift organization to replace what the CIA withdrew when Congress banned support to the contras in 1984.

(Secord: "What was withdrawn really is what I have characterized as the...of war. All of them -- they were really in desperate straits.")

By the time his operation was uncovered, Secord said the assets he and his associates had assembled -- five planes, spare parts and operations base -- were worth \$4 million. Secord said one of its assets was this Costa Rican airstrip -- set-up with help from then-American Ambassador Lewis Tambs. In Phoenix today, Tambs insisted he spent no government money and broke no law.

(Tambs: "As far as I'm concerned, my offices and myself were doing what we believed to be orders for legitimate authority.")

Tambs has said his orders came from Oliver North, Elliott Abrams of the State Department and a CIA official. Secord said the network ultimately seemed in good enough condition to turn over to the CIA. He approached then CIA Director William Casey, he said, and talked of this if such operations became legal again.

(Secord: "Mr. Director, if and when you get your hunting license back, whatever assets we are creating right now is yours to just walk in and it's yours -- that I assure you.")

Gen. Secord insisted his network was not funded by the U.S. government, but the committee and a grand jury are still looking at evidence to see whether Secord and his associates violated the law.

(ABC-Lead)

CBS's Dan Rather (from Washington, D.C.): Congress today began taking public testimony about what went wrong, who broke the law, and what did President Reagan know? Former Air Force Maj. Gen. Richard Secord was called as first witness. He said whatever he did was, "in furtherance of the President's policies." At the White House, Mr Reagan again denied any personal knowledge of law breaking.

CBS's Phil Jones: For the 26 members of the Congressional investigating committees, it was clearly not a joyous assignment.

(Sen. Inouye: "The story is both sad and sordid. It is filled with inconsistencies and often unexplainable conduct. None of the participants emerges unblemished.")

-more-

Jones continues: But the first witness, retired Air Force General Richard Secord, a central figure in both the Iran arms deals and the diversion of profits to the Nicaraguan contras, marched forward proclaiming he had done nothing wrong. Testifying under oath and without immunity, Secord claimed that he and others involved were "honest men" who had faced constant danger....

(Secord: "He believed very much in the significance of what we were doing and that our conduct was in furtherance of the President's policies.")

Secord attacked Attorney General Meese for revealing details of the secret contra funding scheme, a disclosure he called, "premature and inaccurate."

(Secord: "The decision of Mr. Meese and possibly others to succumb to anxiety and ignorance is particularly unforgivable in my judgment, in light of the fact that had he been receptive, he could have been advised of the facts surrounding these events before his announcement. This reasonable option was rejected, and we were instead betrayed, abandoned and left to defend ourselves.")

Secord said \$30 million in Iranian arms profits had gone into Swiss bank accounts, but that only \$3.5 million went to the contras. However, \$2 million remains unaccounted for and \$8 million remains in Swiss accounts. It was also disclosed by Secord for the first time that proceeds from the arms sales also went to drug enforcement agents, working separately to rescue some of the American hostages in Lebanon.

(Secord: "In some cases, the cash was given to Col. North and in some cases the money was picked up by the DA people in Europe.")

Secord acknowledged that his operation has access to special communication devices all over Central America, coordinating their activities with Lt. Col. North at the White House. And Secord disclosed that former CIA Director William Casey was well informed.

(Secord: "He was well aware that we were cranking up this airlift operation -- was in favor of it -- knew of it's importance.")

The information today was not startling, but the Secord testimony did illustrate just how those involved felt they were doing what President Reagan wanted done.

CBS's Bill Plante: There is tension at the White House about what the hearings may reveal, but Ronald Reagan does not appear to share it. The President said he's already told all he knows, maintains he know of no illegal fund raising, or that the money was used to buy weapons for the contras.

(TV coverage: The President signing document in the Rose Garden, applause from surrounding cabinet members.)

(The President: "I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people.")

(TV coverage: The President in the Rose Garden responding to reporters' questions, then walking toward the Oval Office.)

Asking if he is willing to testify, Mr. Reagan said he'd have to wait and see. And his attitude as the hearings begin --

(The President: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

The President's top officials say they're convinced that though these hearings may be embarrassing, they won't cause any legal problems for Mr. Reagan.

Wednesday, May 6, 1987 -- B-7

Plante continues: Nonetheless, there's a great deal at stake for the White House.

(James Burnes, political scientist: "I expect it will cripple the rest of his presidency. But if it's simply a matter of inattention on his part, then I think he can recover and serve out his term with some effectiveness.")

Mr. Reagan can be expected to pursue his own agenda vigorously in the time remaining, particularly arms control. But for just about everyone else in politics, the question is, "Will Ronald Reagan be the issue?"

(Kevin Phillips, Republican political analyst: "I think it's going to be very, very difficult for Republicans running for President if the President is still in office and he's been...undercut further by these investigations.")

But Mr. Reagan's team in the White House doesn't see it that way. They do expect some political fallout, but they insist that the whole thing will blow over. Meanwhile, their strategy will be to keep Mr. Reagan visible, making a number of public appearances so it doesn't appear that he's hiding in the bunker. (CBS-Lead)

HART/CARTOONISTS
ANALYSIS ?

CBS's Bob Schieffer: Today's session had all those things we came to know so well during the famous Watergate hearings -- lights, cameras, congressional aids. But in a town that thrives on gossip, it was Gary Hart's trouble that was "topic A" everywhere.... For the President, the timing couldn't have been better.... Indeed, as the hearings that were supposed to be the Reagan Administration's worst moment got underway, it was Hart who dominated the headlines. Cartoonists loved it. This one showed a lone reporter being dispatched to the hearings while the rest of the staff was put on Hart.... In this town there was a lot more talk today about Gary Hart than Ronald Reagan. (CBS-3)

HARLINGER, TEXAS

Rather: Harlinger, Texas, is in many ways a beautiful, small American town. It never gave much thought to how vulnerable it is -- that is, until last year when President Reagan reminded townsfolk and the rest of us, in a speech, that, "Sandinista terrorists and subversives were only two days driving time from Harlinger." So we sent Harry Smith to see what Harlinger was thinking as the Iran contra hearings opened.

CBS's Harry Smith reports on the feeling in Harlinger, Texas, on the first day of the Iran-contra hearings. (CBS-14)

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ARMS TALKS

Rather: U.S. and Soviet negotiators resumed their Geneva strategic arms talks today. The U.S. plans to present a new draft treaty on reducing long-range nuclear missiles. Talks on medium-range missiles resumed two weeks ago. In order to reassure NATO allies that the Pentagon would not abandon its so-called "nuclear umbrella," CBS has been told the Defense Department now wants to fill a current void by building a whole new class of missiles. They would have a range of about 275 miles. They would match existing Soviet SUD missiles.

(CBS-4)

HOUSE DEFENSE BUDGET

Rather: The House voted to authorize Pentagon spending of \$288 billion in the next fiscal year. That's \$1 billion less than this year; almost \$25 billion less than Mr. Reagan wanted. Next week the House bill goes on to the Senate where the Armed Services Committee voted today essentially to freeze U.S. defense spending.

(CBS-5)

GUATEMALA

Jennings: The Pentagon announced today that three American army helicopters were used this past Sunday and Monday to airlift Guatemalan troops into an isolated part of Guatemala. Those troops were involved in fighting leftist guerillas in the region. It is the first time the U.S. has provided that kind of direct assistance to Guatemala.

(ABC-2, CBS-9)

LINDER'S DEATH

Jennings: The father of a young American who was killed in Nicaragua last week, met with reporters today to say that his son had been deliberately shot and killed by the contras. Doctor David Linder said that his son Benjamin, who had been working on an electrical project, may have been wounded by grenade fragments in a contras attack, but was actually killed when he was shot at close range. Dr. Linder is a pathologist and his remarks very much contradict other reports of how his son died.

(ABC-3)

HOSTAGES

CBS's Bill McLaughlin: Since the first Americans were taken hostage in Lebanon over two years ago, their fate has haunted the Reagan Administration and put the President on the road that lead to the Iran-contra scandal. Now the Administration officials say the exchange of arms for hostages only encouraged terrorism. So the Administration has now executed a 180 degree shift in policy. CBS News has been told the U.S. will do absolutely nothing to secure the hostages release other than to pursue the admittedly remote possibility of a military rescue.

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McLaughlin continues:

(Peggy Say, hostage's sister: "He told me about a month ago their new policy which is one of complete devaluation of the hostages. And that they will not engage in anything overtly or covertly. So I know that those doors are closed to me and consequently to Terry because of that.")

(Robert Kupperman, terrorist expert: "The United States government cannot afford to get wrapped around the axle for every hostage -- that's what it comes down to.")

For the families, as well as the freed hostages, the new policy means they have to rely solely on themselves using public pressure to get the remaining Americans released.

(Benjamin Weir: "If there can be some kind of exchange, I think that is well worth considering.")

(David Jacobsen: "When people ask me, 'Should you negotiate for hostages?' my response is a very straight forward one. Is not a human life worth negotiating for? Is not a human life worth talking about?")

The other groups in Lebanon seem to think so. Since Jacobsen's release, a new terrorist faction kidnapped three American professors in Beirut. Their families too have little to do but hope and mark the passing of time. Ironically, ignoring the hostages may end up helping them more than all the schemes dreamt up by Oliver North....
(CBS-10)

ATTORNEY GENERAL MEESE

Brokaw: It was disclosed that the Justice Department is investigating its own Attorney General Edwin Meese. This preliminary investigation involves Meese's involvement in with New York's Wedtech Corp. A special prosecutor said he might try to take over the investigation himself if evidence is found that Meese acted improperly in helping Wedtech get government contracts.
(NBC-5, ABC-4, CBS-11)

AMNESTY

Brokaw: At immigration offices around the country thousands of illegal aliens were knocking on the door wanting to get into the U.S. legally under new rules that offer amnesty....

(NBC-7, ABC-6, CBS-6)

COLUMBIAN COCAINE

Brokaw: Federal authorities disclosed today that Carlos Ladder, one of the kings of the Columbian cocaine business has offered to cooperate with federal drug authorities. They said the Ladder made his offer in a letter to Vice President George Bush

NBC's Brian Ross: ...Already Ladder has provided named of American officials who (he) says are marked for assassination by the Columbian cocaine bosses.... Ambassador Tony Gillespie says he's been told he's a target.

(Ambassador Gillespie: "They are ruthless. They kill people when it seems to serve their purpose, or they try to.)...
(NBC-4)

-End of News Summary-

EDITORIALS/COLUMNISTS

IRAN-CONTRA

Cooperate On Iran Probe -- "Congress is understandably eager to get the full Iran-contra story out on the record, even if this requires immunizing certain witnesses. The American people clearly share this eagerness. But nothing should be done that would handicap the important work of Walsh and a grand jury." (Buffalo News, 4/30)

Time To Pin Down What The President Knew -- "If the first phase of the Iran-contra scandal had to do with showing how little President Ronald Reagan understood what his own Administration was up to, the second is likely to focus on how much he really did know.... Was there a rogue operation inside the White House or had Reagan authorized illegal actions? This is the issue the hearings must ultimately resolve. The White House has been entirely too willing to paint a portrait of a bumbling President out of touch with events. The point might just be that a bumbling President was very much in touch." (Newsday, 5/3)

Iranamok's Fine Kettle Of Fish Ripening -- "What is coming into focus is a sharpened picture of how the White House's hired spooks, unfettered by the demands of public accountability, managed their secret funds in an extraordinarily, uh, casual way.... If the nation learns nothing else from the Iranamok affair, let it at least mark this lesson from the White House's privatization of foreign policy: It's a terribly messy and ineffective way to do business, leading to temptations and transgressions that are bounds to be disclosed." (Atlanta Constitution, 5/4)

Iran scam: Fat Lady To Sing -- "The hearings...promise to make this a difficult period for the country as a whole, and for the Reagan Administration in particular.... During the recent hiatus, President Reagan has regained control of the White House and exercised a renewed leadership in the critical areas of arms and trade negotiations. But it's apparent the Reagan White House must once again brace for damaging revelations. However, this is only Act III of a five-act soap opera. It's important to wait until the fat lady sings before coming to judgment in the historical significance of the Iran-contra affair." (Dallas Times Herald, 5/4)

Don't Hobble The Prosecutor In The Iran-Contra Affair -- "The American people are entitled to the truth, and to the proper disposition of any serious offenses. It would be a disservice to public confidence in government if the labor of the independent counsel should be undone by congressional zeal for televised hearings, dramatic testimony and headline-hunting cross-examination." (Providence Journal, 5/1)

More Serious Than Watergate -- "The Iran-contra affair is not Watergate. It is much more serious than Watergate, not because of who was (or was not) involved but because of what was involved: the formulation and conduct of American foreign policy.... Watergate...was a political scandal.... The Iran-contra affair is an international event that has consequences that go beyond our shores." (Senator Daniel Inouye, Richmond Times-Dispatch, 5/5)

IRAN-CONTRA (continued)

The Iran-Contra Hearings: Getting At The Truth -- "The Congressional hearings on the Iran-contra affair are already assured of having a powerful impact not just on the Presidency of Ronald Reagan, but also on the American political process, including the 1988 presidential election.... It is important to remember once again that the American system is a system of principles and laws, not personalities. It is in that scrupulous regard for law that is to be found the nation's safety, and its future."

(Christian Science Monitor, 5/5)

Reagan's Obligation -- "Mr. Reagan and other Presidents should have challenged the Boland amendments and other intrusions when they occurred. The President cannot leave it to Congress to recognize the powers of the executive branch if the executive won't speak up for itself. If Mr. Reagan doesn't speak up for his office, no one will. And as the Iran hearings get under way, the need has never been more pressing."

(Wall Street Journal, 5/5)

Don't Make A Circus Of The Iran Hearings -- "Inouye might think that the President is aware of more than he is acknowledging. But that's different from knowing. And it's entirely unacceptable for any committee member, let alone the chairman, to fling out incendiary and unsupported allegations of this sort."

(New York Post, 5/5)

The Ever-Growing White House Staff -- "There are several explanations for Irangate, but one of the causes has gone pretty much unnoticed -- the ballooning of the White House staff in the past quarter-century."

(Dan H. Fenn, Jr., Boston Globe, 5/1)

THE PRESIDENT

History's Verdict -- "President Reagan, in our opinion, should go down in history as one of our greatest Presidents. Indeed, the principle threats to this historical judgment, we believe, are self-generated, rather than coming from his political foes."

(Jim Finnegan, Manchester (NH) Union Leader, 4/25)

In The Hinterland, The Reagan Aura Is Mud -- "After conducting a new round of intensive voter interviewing, I've found that Reagan is still a reference point, but now a largely negative one.... It is a sad, sour climate in which to begin a presidential race. When the voters who say honesty is what they seek tell you they are convinced they won't get it -- then you recognize how damaging are the consequences of the disillusionment with Reagan." (David Broder, Shreveport Journal, 4/23)

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FOREIGN MEDIA REACTION

IRAN-CONTRA HEARINGS

"The Irangate hearings...will be the most riveting event on Capitol Hill since Watergate.... The value and timing of the hearings are being questioned, however. In its anxiety to steal the limelight, Congress may be jeopardizing the painstaking efforts of the other, arguably more important, investigation run by Lawrence Walsh, the special prosecutor."
(Sunday Times, Britain)

"The stink of money now pervades Washington -- and that's a difference from Watergate, which was about stealing the Constitution, not stealing money."
(Observer, Britain)

"The dismissal of Reagan as an old fool is a grave and dangerous mistake.... President Reagan deliberately covered up the Iran arms deal from the very beginning: he is not stupid or forgetful, but devious."
(Sunday Telegraph, Britain)

"In short, it will be a very spectacular show but not at all a careful investigation."
(Jean-Pierre Joulin, Europe One Radio, France)

"The curtain is rising...on a typical U.S. political show.... The dossier of secret sales of U.S. weapons to Iran and the diversion of funds for the contras is returning to the limelight."
(Figaro, France)

"Once again the White House is facing the acid bath of the truth-seeking Senators in Congress.... The hearings could become a nightmare for the White House. The acid bath may not just clear things up, it may also have a corrosive affect: Howard Baker, as chief of staff the regent behind Reagan, would probably find it very difficult to prevent a further decline in the President's authority."
(Sueddeutsche Zeitung, Germany)

"The Irangate public trial opens today, but those who expect a replica of Watergate will be disappointed.... The most serious crime Reagan can be accused of is that of allowing, either on purpose or simply by neglect, violation of administrative regulations."
(Il Tempo, Italy)

"The **feeling** that the President knew more than he said is general...but, notwithstanding the sword of Damocles threatening Reagan, it is not probable that...he will share Nixon's fate.... No one is interested in pushing toward a solution that would have disastrous effects on the country in general."
(El Pais, Spain)

"Reagan will have to submit to an embarrassing investigation which, in the best of cases, will prove his incompetence to govern, and in the worst that he lied to the American people."
(Francisco Bastera, El Pais, Spain)

"For all practical purposes, his Presidency is over."
(Paulo Francis, Folha, Brazil)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, MAY 6, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Secord: Top OK'd Arms Deal -- Retired Maj. Gen. Richard Secord testified he helped deliver \$3.5 million in Iran-arms sales profits to Nicaraguan contra rebels -- with White House support.

(New York Times, USA Today, Washington Post, Washington Times, AP, Copley, Reuter, Scripps Howard)

INTERNATIONAL NEWS

U.S., Soviets To Swap Missile Test Data -- U.S. and Soviet officials announced agreement on the establishment of centers in each capital to exchange information on missile tests and potentially threatening military activities.

(Washington Post)

NATIONAL NEWS

President Tells College Chiefs To Fight Campus Drugs -- President Reagan, saying that "the time for excuses is over," called upon college administrators to "become serious about fighting drug use on our nation's campuses."

(Washington Post, AP)

NETWORK NEWS (Tuesday Evening)

IRAN-CONTRA HEARINGS -- Richard Secord testified that he sold arms to Iran and used the profits to help the contras -- believing he had the full approval of the Reagan Administration.

ARMS TALKS -- U.S. and Soviet negotiators resumed strategic arms talks with the American side expected to present a new draft treaty on reducing long-range nuclear missiles.



IRAN — NICARAGUA

REAGAN NOT WATCHING HEARINGS BUT WAITING TO SEE WHAT THEY REVEAL

President Reagan says he's "waiting to hear as much as anyone else" what the Iran-contra hearings will reveal, but other White House officials are described as "somewhat detached" about the televised proceedings.

Reagan, appearing at a Rose Garden ceremony, said there was "no illegal fundraising as far as I know" for rebel forces in Nicaragua -- basically repeating a statement he made Sunday.

Reagan said, "I knew as everyone else, I think, knew that out there in the country there were people who were contributing privately and in groups, giving money to aid the contras."

As for whether the money was intended for military purposes, Reagan said, "I don't know how that money was to be used. And I have no knowledge that there was ever any solicitation by our people with these people."
(Terence Hunt, AP)

\$3.5 MILLION FROM IRAN USED AS CONTRA AID, SECORD SAYS

Retired Air Force major general Richard Secord, ending months of silence, revealed at the opening of congressional hearings into the Iran-contra affair that about \$3.5 million of the \$18 million profit from the 1985-86 sale of U.S. arms to Iran was used to finance the airlift of military supplies and equipment to the rebels fighting in Nicaragua.

Secord, the pivotal private operator in the affair that has haunted the Reagan Administration since it was exposed last November, also told the opening joint session of the Senate and House select committees that some of the money went to three other operations at the direction of then-White House aide Lt. Col. Oliver North.

These, he said, included purchase of \$100,000 in radio and telephone equipment for an unnamed Caribbean country, procurement of a small ship in April 1986, and payment of Drug Enforcement Administration agents working on a separate project to locate and rescue some American hostages in Lebanon.
(Dan Morgan & Walter Pincus, Washington Post, A1)

Secord Says High Officials Helped Him Supply Contras Despite Ban On U.S. Arms Aid

The first witness at the congressional hearings on the Iran-contra affair, Maj. Gen. Richard Secord, testified that government officials including William Casey, then Director of the CIA, helped in the operation to supply weapons to the Nicaraguan rebels after Congress had prohibited such aid.

Gen. Secord also testified that only about \$3.5 million of the \$12 million in profits from the sale of arms to Iran was actually spent on behalf of the contras. More than half of the money, he said, was kept by his business partner, Albert Hakim, and part of the rest was used for a secret project unrelated to Iran or Nicaragua that he did not identify.

(David Rosenbaum, New York Times, A1)

Secord: I Undertook Mission Impossible With Administration Blessing

As Richard Secord tells it, he was the star in a kind of "Mission Impossible," complete with secret coding equipment, clandestine companions and a letter on White House stationary.

"Your discrete assistance is again required in support of our national interests.... As in the past, you should exercise great caution that this activity does not become public knowledge."

The letter was signed by Oliver North on behalf of National Security Adviser Robert McFarlane in November 1985.

"We believed very much in the significance of what we were doing and that our conduct was in furtherance of the President's policies," Secord said. "I also understood that this Administration knew of my conduct and approved it." (Lance Gay and Walter Friedenber, Scripps Howard)

Key Witness Links Casey, Other High Administration Officials To Covert Contra Aid Program

The leadoff witness in the long-awaited Iran-contra hearings linked senior officials in the Reagan Administration to a covert air-resupply operation undertaken at a time when federal law prohibited the U.S. government from providing either direct or indirect military aid to the contra rebels.

Retired Air Force General Richard Secord said he had been recruited by Oliver North, then a National Security Council aide, in July 1985 to set up the operation but added that his efforts were constantly hobbled by funding shortages, skepticism by CIA officials about his motives and criticism from a former CIA operative with a pipeline to Vice President Bush's office.

His testimony also linked Secretary Shultz to an effort to raise foreign funds for the contras at a time Secord estimated that \$10 million would be needed to meet their needs. (Finlay Lewis, Copley)

Secord Portrays Large Administration Role In Iran-Contra Scandal

A retired Air Force general is laying before the nation new hints of the depth of Reagan Administration involvement in the Iran-contra scandal, ranging from backstage encouragement by CIA chief William Casey to payments to federal drug agents to free U.S. hostages.

Richard Secord said he met three times with Casey and dealt routinely with CIA and diplomatic officials in Central America while running a "private" resupply operation for the contras fighting Nicaragua's leftist government.

At the third meeting Secord warned Casey of the contras' desperate need for money.

"Casey asked me how much money was needed. ...I said it would take about \$10 million, I thought. And he said, '\$10 million, \$10 million' and then he mentioned a country which he thought might be willing to donate this kind of money. But then he said, 'But, I can't approach them.' ...He said that two or three times. Then he looked at me and he said, 'But you can,'" Secord stated. (Jim Drinkard and David Espo, AP)

Secord: Top OK'd Arms Deal

Retired Maj. Gen. Richard Secord testified on opening day of Iran-contra hearings he helped deliver \$3.5 million in Iran-arms sales profits to Nicaraguan contra rebels -- with White House support.

Also from Secord:

-- Former CIA Director William Casey, Lt. Col. Oliver North and former ambassador to Costa Rica Lewis Tambs assisted his mission to aid the contras militarily.

-- It was reported to me that Vice President Bush met with an ex-CIA agent who was instrumental in aiding the contras.

(Leslie Phillips, USA Today, A1)

Secord Says Contras Got \$3.5 Million From \$30 Million Iran Arms Deal

A key witness in the Iran-contra scandal, retired Maj. Gen. Richard Secord, has told a congressional inquiry that \$3.5 million from the proceeds of a \$30 million arms deal with Tehran went to help the Nicaraguan rebels.

The 54-year-old former Air Force officer, opening witness at the long-awaited televised hearings into the clandestine operations, said those involved had been "betrayed, abandoned and left to defend ourselves" by senior officials of the Reagan Administration.

He blasted Attorney General Meese for making "grossly inaccurate disclosures about our operations" when they surfaced last November, thrusting President Reagan into his biggest political crisis.

"The decision of Mr. Meese, and possibly others, to succumb to anxiety and ignorance is particularly unforgivable, in my judgement," Secord said.

(Anthony Goodman, Reuter)

North Was Upset About Reports Of Contras Wasting Money, Secord Says

Reports that the contra rebels may have been "squandering" their limited funds infuriated Lt. Col. Oliver North and led him to dress down contra leader Adolfo Calero, retired Maj. Gen. Richard Secord testified.

Secord said that during an all-night meeting in Miami about July 1, 1985, North was "very, very hard on this point" that reported financial transgressions could damage the contras' image. At the time, Congress had banned U.S. military assistance to the rebels and they were receiving donations from foreign and private sources.

In Miami, Calero Tuesday denied any money was squandered.

(Rita Beamish, AP)

Secord Portrays Self Twice Burned

Richard Secord broke months of self-imposed silence with detailed testimony on the private contra arms scandal and some dramatic public soul-serching.

In three hours before the congressional committees investigating the Iran-contra affair, the witness, a retired Air Force major general, made several apparently painful disclosures about himself, including the revelation that he refused to take any profits from the weapons because he harbored a return to government service.

Gen. Secord had been one of the most mysterious figures in the Reagan Administration's greatest crisis. But yesterday, in a dispassionate voice edged with bitterness, he portrayed himself as a man twice burned by the country for which he said he sacrificed over and over.

(Michael Hedges, Washington Times, A1)

DEA Agents Paid From Swiss Account To Search For Hostages, Secord Says

Drug Enforcement Administration agents received cash payments from a Swiss bank account during a White House-directed effort to find U.S. hostages in Lebanon, a key witness in the Iran-contra affair testified.

"There were expense payments made, and we haven't yet determined the exact amount of these payments, made to U.S. Drug Enforcement Agency agents who were working on a separate project to try and locate and rescue some American hostages in Lebanon," Richard Secord said in detailing how about \$30 million from Iran arms sales was spent. He did not say when the payments were made.

DEA Director John Lawn was in his office yesterday, but would not take a reporter's call seeking an explanation of this unusual arrangement. DEA and Justice Department spokesmen later refused to comment on the matter, saying everything dealing with the Iran-contra affair fell under the jurisdiction of independent counsel Lawrence Walsh.

(Charles Babcock, Washington Post, A23)

EDITOR'S NOTES: "High Rhetoric, Then A Bitter Story Of Money And Covert Action," by Haynes Johnson, appears in The Washington Post, A21.

"Opening Remarks By Leaders Of The Select Committees," appears in The Washington Post, A22.

"Excerpts Of Maj. Gen. Richard Secord's Testimony," appears in The Washington Post, A23.

INTERNATIONAL NEWS

U.S., SOVIETS TO SWAP MISSILE TEST DATA Accord Reached In Geneva Provides For Centers In Moscow, Here

U.S. and Soviet officials announced agreement on the establishment of centers in each capital to exchange information on missile tests and potentially threatening military activities.

President Reagan hailed the agreement in a prepared statement as "a practical measure that will reduce the risk of conflict between the United States and the Soviet Union, particularly nuclear conflicts that might result from accident, misinterpretation or miscalculation."

(Jeffrey Smith, Washington Post, A30)

TASS SAYS REAGAN RAISES NEW BAR TO ARMS ACCORD

MOSCOW -- The official Soviet news agency Tass charged President Reagan with putting "new obstacles" in the way of a strategic arms accord and said that the proposals to reduce strategic weapons on both sides effectively "rule out" an agreement on these weapons.

But when spokesman Gennadi Gerasimov was asked whether the stance represents the official response to Reagan's proposals, he said it was "the opinion of the Tass correspondent." (Gary Lee, Washington Post, A30)

Soviets Criticize Reagan Statement

MOSCOW -- Tass military analyst Vladimir Chernyshev accused President Reagan of putting the elimination of medium-range nuclear missiles from Europe on the back burner as the superpowers are "just millimeters" from agreement.

"It is known to the whole world that just millimeters are left to cover to reach an agreement on medium-range and theater missiles," Chernyshev said. "It is likewise known that the ball in this game is in the U.S. court."

"Yet, the President in his statement pushed this problem, which is ripe for a mutually acceptable solution, to the background, while proclaiming a 50 percent cut in strategic offensive arms to be the 'number one' objective," Chernyshev said. (AP)

SOVIET OFFER POSES DILEMMA FOR BONN Kohl Torn Between Wishes Of Party And U.S. On Missile Removal

BONN -- Moscow's offer to scrap an entire class of short-range nuclear missiles in Europe has confronted the West German government with its most serious foreign policy dilemma in four years, officials and diplomats say.

Chancellor Helmut Kohl faces an unpleasant and unusual choice. If he accepts the offer, he would ignore the unanimous advice of his Christian Democratic Party. If he rejects it, he would go against the wishes of the U.S. and, possibly, West German voters.

(Robert McCartney, Washington Post, A29)

MOSCOW CHALLENGES REAGAN ON ACCURACY OF LENIN QUOTE

MOSCOW -- Soviet Foreign Ministry spokesman Gennadi Gerasimov challenged President Reagan about a quote he attributed to Vladimir Lenin, the founder of the Soviet state, in a speech on Central America.

In his address to the American Newspaper Publishers' Association two days ago, Reagan quoted Lenin as saying that the road to America lay across Mexico, Gerasimov said.

"I am ready to eat my hat if he can find that statement in any of these volumes," Gerasimov told reporters as he peered across the complete 55 volumes of Lenin's works on his table.

(Reuter story, Washington Post, A31)

REAGAN LAUDS HARLEY-DAVIDSON COMEBACK

President Reagan, on a full-throttle campaign to improve U.S. business' competitiveness, is paying tribute to a motorcycle manufacturer which says it no longer needs tariffs to compete with foreign imports.

Reagan was to travel by helicopter to a Harley-Davidson plant in Pennsylvania to argue that in the quest to erase a \$166.3 billion trade deficit, a self-help posture by business is preferable to protectionist measures by the government.

(Merrill Hartson, AP)

NAKASONE SAYS OUTCOME OF MEETING WITH REAGAN INSUFFICIENT

TOKYO -- Prime Minister Yasuhiro Nakasone said that talks last week with President Reagan resulted in some progress toward easing bilateral trade friction, but the overall result was "regrettable."

"There was some progress on several issues to strengthen U.S.-Japan relations," said Nakasone. "But I feel (it is) regrettable that sufficient results did not come out of the meeting as expected."

(AP)

U.S. SAYS JAPANESE BARRIERS ACCOUNT FOR LESS THAN ONE-THIRD OF DEFICIT

Removal of all Japanese barriers against American products in itself would make a relatively small impact on the U.S. trade deficit with Japan, government officials told Congress.

"Even if the (Japanese) market were totally open, you'd still see a substantial deficit," said Commerce Undersecretary Bruce Smart in testimony before a joint hearing of the House Foreign Affairs subcommittees on Asia and international trade.

Smart described Japanese Prime Minister Nakasone's talks with President Reagan last week as useful but said they "did not live up to the high expectations, perhaps unrealistic, some people had."

(Gene Kramer, AP)

U.S. AIDE PREDICTS 'SIGNIFICANT' DROP IN U.S. TRADE DEFICIT

U.S. Trade Representative Clayton Yeutter predicted a significant drop in the U.S trade deficit in the next few months because of the fall of the dollar against major world currencies.

He told a meeting of business writers and editors the volume of U.S exports has been up in recent months and the volume of goods coming into the U.S. down, but the trade turnaround has not yet been reflected in dollar terms. (Robert Trautman, Reuter)

PACKWOOD SAYS CONGRESS CAN PASS 'VERY GOOD' COMPROMISE TRADE BILL

Sen. Robert Packwood, ranking Republican on the Senate Finance Committee, said that Congress could pass "a very good" trade bill by picking the best parts of legislation approved last week by the House and currently being written by the Senate.

"There are good things in the House bill and very good things in the Senate bill. The good things are different," so they could be easily resolved in the House-Senate conference, Packwood told reporters.

(Stuart Auerbach, Washington Post, G1)

WORLD BANK OFFERS ENVIRONMENTAL PROJECTS

The World Bank, long accused by legislators, conservation groups and the Reagan Administration of financing environmentally destructive projects, announced sweeping new measures to protect the environments of developing countries.

The new programs, unveiled in a speech by World Bank President Barber Conable, will move environmental concerns from the periphery to the center of the bank's development policies, bank officials said.

(Philip Shavecoff, New York Times, A14)

U.S. ARMY AIRLIFTS GUATEMALAN TROOPS

The U.S. has flown Guatemalan troops into the interior of the country to fight antigovernment guerrillas, Pentagon spokesman Fred Hoffman said.

Hoffman said Guatemalan President Vinicio Cerezo requested the American airlift because his nation's helicopters were out of service.

On Sunday and Monday, the Pentagon said, three Army CH47 Chinook transport helicopters, each carrying an American crew of six, airlifted about 300 Guatemalan troops from a field near Guatemala City, the capital, to a base camp about 85 miles north in jungle flatland at Playa Grande.

Asked if the two-day airlift represents an Administration decision to broaden U.S. military support to Guatemala, Hoffman said that the airlift was "a one-shot thing." He said the choppers drew no fire, nor did they experience any difficulties. (George Wilson, Washington Post, A16)

TRIBUNAL ORDERS U.S. TO RETURN
FROZEN BANK FUNDS TO IRAN
Release Not Linked To Hostages In Lebanon

THE HAGUE -- The Iran-U.S. Claims Tribunal has ordered the U.S. to return \$451.4 million in frozen Iranian assets to Tehran. At U.S. urging, the tribunal stressed that the fate of American hostages in Lebanon was not linked to the return.

The arbitration panel, in a ruling yesterday, apparently resolved a running dispute between the two countries over assets that the U.S. concedes belong to Iran.

In Washington, State Department spokesman Charles Redman said the U.S. is studying the ruling. He declined to say if an appeal was being considered. (Abner Katzman, Washington Post, A29)

TO BECOME AMBASSADOR: A 247-QUESTION ORDEAL
Sen. Helms Grills Candidate For Mozambique

Can a senator bury a president's ambassadorial nomination in an avalanche of questions? In the case of Melissa Foelsch Wells, President Reagan's ambassador-designate to Mozambique, Sen. Jesse Helms is out to see if he can.

Nominated last Oct. 7 to fill the post vacated by Peter Jon de Vos, Wells has answered in writing 247 questions from Helms. Old-timers at the State Department say they believe the number sets a record for an ambassadorial nominee. (David Ottaway, Washington Post, A17)

EDITOR'S NOTE: "Cairo Cites Libyan Force In Asking U.S. Arms Aid," by Jonathan Randal, appears in The Washington Post, A34.

NATIONAL NEWS

REAGAN DECRIES FILMS, MUSIC 'GLORIFYING DRUG USE'

In a Rose Garden ceremony establishing a White House Conference for a Drug-Free America, President Reagan assailed the movie and music industries for "glorifying drug use" among minors and said the movie rating system ought to prevent films promoting drug use from being seen by youngsters.

Citing a Parade Magazine Report from 1985 that counted 60 movies in the preceding five years, including some Academy Award winners, that had portrayed drug use in a "positive, upbeat way," Reagan said: "Perhaps it's time to give a thought to tightening up on that rating system. It's hard to see why any film promoting drug use should ever be available to minors under any circumstance."

(UPI story, Washington Post, A17)

President Tells College Chiefs To Fight Campus Drugs

President Reagan, saying that "the time for excuses is over," called upon college administrators to "become serious about fighting drug use on our nation's campuses."

The President praised efforts of business and union leaders and others to combat drug abuse but added: "Let me say quite frankly here, too, that we are looking to our college administrators to become serious about fighting drug use on our nation's campuses." (Dale Nelson, AP)

SENATE DEMOCRATS MODIFY BUDGET PLAN

Military Money Dependent On Reagan's Acceptance Of Tax Increase

Senate Democrats introduced a modified fiscal 1988 budget that would force President Reagan to accept an \$18.3 billion tax increase if he wants military spending to stay abreast of inflation.

The modified Democratic plan, which would still reduce defense spending authority by \$10 billion below the level requested by Reagan, represents a delicate balance to satisfy the demands of liberal and conservative members of the Senate's Democratic majority.

Sen. Pete Domenici, ranking Republican on the budget panel, protested the linkage between the increase in defense spending to Reagan's willingness to accept new taxes, calling it "grossly unfair" that Democrats require no such stamp of approval for the additional domestic spending to take effect.

(Tom Kenworthy, Washington Post, A7)

HOUSE APPROVES DEFENSE AUTHORIZATION CUT

The House, beginning what has become an annual battle with the Reagan Administration over military spending and arms control policy, agreed to cut \$17 billion from Defense Department authorization legislation for the next fiscal year.

The reduction, adopted by a vote of 249 to 172, put the defense spending level at \$289 billion, the amount set in the House-passed budget resolution but \$23 billion less than President Reagan requested.

Meanwhile, the Senate Armed Services Committee approved its version of the defense authorization bill and set the spending level at \$303 billion. Committee Chairman Sam Nunn said this would allow 0.5 percent real growth above the rate of inflation and "there's no chance of getting anything more than" \$303 billion. (Edward Walsh, Washington Post, A4)

SENATE COMMITTEE ENDORSES 'STAR WARS' LIMITS

The Senate Armed Services Committee, moving Congress closer to confrontation with President Reagan on arms control, voted to confine "Star Wars" development and testing to limits prescribed by the traditional, narrow interpretation of the ABM Treaty.

The ABM restriction, which would allow the Administration to implement its new broader interpretation of the treaty only with congressional assent, was approved 12 to 8 as part of the committee's draft of a defense authorization bill for the next two years.

The restriction on SDI triggered protests from Senate Republican leaders, who promptly drafted a letter urging Reagan to follow through on his threat to veto any legislation that included such a restriction.

(Helen Dewar, Washington Post, A4)

HOUSE REFUSES TO ALLOW \$15 BILLION FOR F.S.L.I.C.

The House rejected an amendment that would have injected \$15 billion into the beleaguered F.S.L.I.C., the thrift industry's deposit insurance fund.

The lop-sided 258-153 vote against the amendment was a major defeat for House Speaker Jim Wright and the House Banking Committee chairman, Fernand St Germain, and a surprise in light of their support for the measure.

The vote against the amendment, essentially a vote in favor of a \$5 billion relief package, was a major lobbying victory for the thrift industry's largest trade group, the United States League of Savings Institutions, and a dramatic display of the influence of local thrift institutions on their elected representatives.

(Nathaniel Nash, New York Times, D1)

JUSTICE DEPT. STUDIES MEESE'S WEDTECH TIES

The Justice Department has launched a "threshold inquiry" into whether Attorney General Meese's ties to the Wedtech Corp. require a criminal investigation under the Ethics in Government Act.

The disclosure was made by independent counsel James McKay in response to a letter from the chairmen of the Senate and House Judiciary committees. They told McKay that Meese may have violated a federal conflict-of-interest law in failing to disqualify himself until recently from two department investigations of Wedtech, a scandal-torn defense contractor.

McKay, who is conducting his own investigation of lobbying on Wedtech's behalf by former White House aide Lyn Nofziger, said he did not believe his jurisdiction is broad enough to cover the allegations against Meese. But he said he stood ready to take them on if the department or the three-judge court that appointed him expands his mandate.

(George Lardner, Washington Post, A1)

ILLEGAL ALIENS UNDERWHELM INS OFFICES

Immigration and Naturalization officials braced for a flood of residency applications from illegal aliens throughout the country, and had to cope with only a trickle of immigrants seeking to become permanent U.S. residents.

Thousands of aliens apparently are still wary of exposing their illegal status to the federal government, fearing the new immigration law is only an elaborate trap and a ticket to deportation.

(Jacqueline Adams, Washington Times, A1)

DOW AVERAGE SHOOTS UP 51.85 POINTS Dollar, Bond Market Cited In Stock Gains

NEW YORK -- A trickle of optimism in the bond market helped unleash the biggest surge on Wall Street in two weeks, as traders temporarily shook off doubts about rising inflation and interest rates.

The Dow Jones average of 30 industrials shot up 51.85 points to finish at 2338.07, the best day for the blue-chip average since a 66.47-point gain April 21.

Analysts said stocks drew most of their strength from a slightly firmer dollar and a modest rebound in the bond market, where traders anticipated good demand for \$29 billion in new government debt being auctioned off in three parts beginning this afternoon.

(James Kennedy, Washington Post, G1)

NETWORK NEWS SUMMARY

(Tuesday Evening, May 5, 1987)

IRAN-CONTRA HEARINGS

NBC's Tom Brokaw (from Washington, D.C.): It was a day rich with political drama.... In Washington a joint congressional committee opened hearings in the Iran-contra affair and a former Air Force General provided a detailed picture of the role of the White House and the CIA. First witness before the congressional Iran-contra hearings was Richard Secord, and he testified that he sold arms to Iran and he used the profits to help the Nicaraguan contras -- believing that the Reagan Administration knew what he was doing and approved it. This, at a time when U.S. officials were barred by law from helping the rebels.

NBC's John Dancy: Three months of private investigations are over and the committee plans now to lay the story out before the public.

(Sen. Inouye: "The story is both sad and sordid. It is filled with inconsistencies and often inexplicable conduct. None of the participants emerged unblemished."

Sen. Rudman: "We already have sufficient evidence to establish that this is an inexcusable fiasco of the first order.")

As first witness the committee called Retired Air Force Major General Richard Secord, who sold arms to both Iran and the contras. Secord testified freely, without immunity -- proudly. It was the testimony of a man who believed he was serving his country.

(Secord: "I made no secret then and make no secret now of my view the containment of the Sandinista regime and our relations with Iran should be subjects of vital and strategic interests to the United States.")

Secord said more than \$30 million from the Iran arms sale had been funneled through Lake Resources, a Swiss bank account controlled by Secord, his partner, businessman Albert Hakim, and Lt. Col. Oliver North of the National Security Council. Of that, Secord said, \$18 million had been diverted, but most went to operating costs and profits. Hakim still holds almost \$7 million of the money. House committee chief counsel John Neils asked Secord how much had actually gone to the contras.

(Secord: "It appears that approximately \$3.5 million of these funds were expended in support of the airlift project, the various contra projects.")

Secord said it was a straight, commercial transaction -- arms for money -- and defended the profits.

(Secord: "Between 20-30 percent was the mark up, which is quite low in the arms business.")

Secord, a former Pentagon official, said he had never taken any of the money due him because he hoped to get another government job.

(Secord: "I also believed that if I took a share of profits from arms sales, no matter how legal it is -- it was a completely legal, commercial deal -- it would tarnish me.")

Even though the CIA was supposed to be keeping hands off the contra resupply operation, Secord said CIA Director William Casey had called him in to ask how he could help with the contras.

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Dancy continues:

(Secord: "But he was well aware that we were cranking up this air lift operation.")

While Secord added some new details, filled in some of the blanks, his testimony did not break any new ground. He's expected back tomorrow morning for at least one more day before the committee.

Brokaw: President Reagan said today that he was interested in what the hearings would produce, but he did not watch them on television and he once again insisted that he knew nothing about any illegal fund raising for the contras by his Administration.

(The President: "There was no illegal fund raising -- as far as I know -- at this point. I knew, as everyone else I think knew, that out there in the country there were people that were contributing, privately and in groups -- giving money to aid the contras.... I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people.... No.")

NBC's Chris Wallace is at the White House now. Chris, if Gen. Secord continues in the same vein that he started in today, it is going to appear that the President was the only one in the Administration who did not know that money was going for contra weapons.

NBC's Chris Wallace: That in fact brings up the basic way in which the White House is approaching these hearings. They are really dealing with them on two fronts. First of all, legally, did the President commit any crimes? And they maintain that, in fact, he did not. That he did not know about any diversion of funds to the contras, that he did not know about any illegal fund raising, and they say that there will be nothing in these hearings to contradict that. But then secondly, there's the perception problem. A perception that will be fed by a string of revelations all summer that somehow the President and this White House was doing something wrong. And they acknowledge that's going to hurt the President -- nothing fatal, nothing impeachable -- but it's going to be damaging.... There's a feeling that Mr. Reagan made a big mistake during the Tower Board investigation by going underground, by refusing to talk about the issue. So you saw him talking about it today. He's going to have a trip to Pennsylvania tomorrow -- he's going to meet with the press again. They're not going to let these hearings dominate them. They're not going to be able to ignore them, but they are not going to be dominated by them either.

(NBC-Lead)

ABC's Peter Jennings (on Capitol Hill): Here on Capitol Hill today, after months of expectation, the full story of the Iran-contra affair begins to unfold for all of us to see. The first witness -- a key figure who has not been heard from before. He began to tell the committees of the Senate and the House of his own involvement in sending arms to Iran and in helping the contras. He is Richard Secord. He is a retired Air Force Major General and a former Deputy Assistant Secretary of Defense. The Senate Intelligence Committee named him some time ago as the "chief lieutenant," to Oliver North in arranging the sales of arms to Iran and arms diversions to the contras.

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ABC's Brit Hume: Forthcoming in his role in running a clandestine supply network for the contras, an operation he said was intended to be only temporary, and which he said was always desperately short of intelligence, logistical support and above all, money.

(Secord: "We believed very much in the significants of what we were doing and that our conduct was in furtherance of the President's policies. I also understood that this Administration knew of my conduct and approved it. We did have some success. We also had our share of failure. But in all these endeavors, at least we tried. If we were unconventional in some of our methods, it was only because conventional wisdom had been exhausted. If we had been successful in every expect, we would not be here today.")

Secord said he was recruited for the task by Presidential aid Oliver North with whom he was in continual contact throughout. But he denounced Attorney General Meese for his November 25th statement that between \$10-30 million had been diverted from the Iran arms sales to the Nicaraguan contras. Secord said it was grossly inaccurate.

(Secord: "The decision of Mr. Meese and possibly others to succumb to anxiety and ignorance is particularly unforgiveable in my judgment -- in light of the fact that had he been receptive, he could have been advised of the facts surrounding these events before his announcement. This responsible option was rejected and we were instead, betrayed, abandoned and left to defend ourselves.")

Yes, Secord said money was diverted from the Iran arms sales proceeds to the contras. Proceeds, Secord said, totalling \$30 million. Of that, the U.S. government was paid \$12 million for the arms. Another \$8 million remains unspent in Swiss accounts. The contras got only \$3.5 million. Another \$3 million went for expenses in shipping the arms to Iran. Only \$2 million remains unexplained Secord said, with another \$1 million having gone for purposes unrelated to either Iran or Nicaragua. One of those unrelated causes, an Oliver North project to use U.S. drug enforcement agents to try to free U.S. hostages in Lebanon.

(Secord: "I was told that the director of the Drug Enforcement Agency had agreed to detail some agents to this project from time to time. But the expenses of these agents would have to be borne by outside financing. So we financed them.")

Secord said he had three meetings with CIA Director Casey at which he pleaded with him for intelligence support and money for the contra cause. Casey gave encouragement, asking how much money was needed. "\$10 million," said Secord.

(Secord: "He said, '\$10 million.' And then he mentioned a country which he thought might be willing to donate this kind of money. But then he said, 'But I can't approach them.' Why I don't know. Why he couldn't approach them I don't know and he didn't say. But he said that two or three times and then he looked at me and said, 'But you can.' I said, 'Mr. Director, I'm not an official of the U.S. government, I don't think these people are particularly interested in solicitation from a private citizens. I think that would be very foolish.'")

Secord said he did nothing about Casey's suggestions, but did twice talk to a Saudi Arabian official in Washington about a contra donation. Secord said he got no promises, but the Saudis reportedly did put up \$32 million.

Hume continues: Secord said extensive consultations with a lawyer had convinced him his actions were legal and he said he made no profit from his assistance to the contras. He is likely to be questioned at length about both assertions tomorrow.

Jennings: But down the other end of Pennsylvania Avenue at the White House today, they surely know that the Reagan Presidency is on trial and there was a heightened effort today to have the world believe that it was business as unusual.

ABC's Sam Donaldson: The White House tried to project as air of "business as usual" as the President presided at a Rose Garden ceremony on drug prevention and of unconcern as the President repeated his contention that he knew nothing about illegal aid to the contras.

(TV coverage: The President walking into the Rose Garden, past cabinet member to the sound of applause.)

(The President: "I knew, as everyone else I think knew, that out there in the country there were people that were contributing privately and in groups -- giving money to aid the contras.... I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people.... No.")

(TV coverage: The President standing in the Rose Garden and responding to reporters' questions.)

White House aids insist today that it was the President who set things in motion to uncover North's activities. And as to Gen. Secord's bitter assertion that the Attorney General's public disclosure of North's Iran arms skimming operation was a betrayal, these aids reminded reporters that was done at the President's direction and made it clear they reject the suggestion that the President had betrayed anyone.

(TV coverage: The President in the White House Briefing Room introducing Attorney General Meese.)

In fact, Mr. Reagan stressed again that he wants the committee to tell him what happened, that he really doesn't know.

(The President: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.... I know what I did and I have told all of you repeatedly what I did and now I'm going to quit talking and go into the office.")

(TV coverage: The President in the Rose Garden responding to reporters' questions from the steps outside the Oval Office, then walking into the Oval Office.)

Once inside, the President went through the day without watching a single minute of the hearings. But watch them or not, officials here are well aware of their potential for damage -- at best, by distracting the Administration and the country from other issues; at worst, by producing the kind of revelations that could truly undermine Mr. Reagan's Presidency.

Jennings: Joining us here on Capitol Hill this evening the chairmen of the committees -- Sen. Inouye and Rep. Hamilton. The revelations about Col. North -- surprise you today?

(Sen. Inouye: Not at all because we've been privy to documents up until now.")

What did you learn today that you hadn't heard before?

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Jennings continues:

(Rep. Hamilton: "I think I learned that Col. North controlled the money a lot more than I thought he might have. I learned that Bill Casey was involved through the meetings that Gen. Secord described and of course we learned a good bit more about the money trail.")

Sen. Inouye: "That's about it, but I think the whole committee was well aware of the dimensions of the problem before us. At this stage, it may be tedious and dull to some because the...is just laying out the foundation of the case.")

But as far as you both are concerned, you have set the tone for these lengthy hearings you wanted to set today?

(Rep. Hamilton: "Yes, we did. We wanted to draw out the facts. We wanted to do it in a calm, deliberate way without partisanship. I think we achieved that.")

ABC's John Martin: Richard Secord told a story of painfully pulling together a make-shift airlift organization to replace what the CIA withdrew when Congress banned support to the contras in 1984.

(Secord: "What was withdrawn really is what I have characterized as the...of war. All of them -- they were really in desperate straits.")

By the time his operation was uncovered, Secord said the assets he and his associates had assembled -- five planes, spare parts and operations base -- were worth \$4 million. Secord said one of its assets was this Costa Rican airstrip -- set-up with help from then-American Ambassador Lewis Tambs. In Phoenix today, Tambs insisted he spent no government money and broke no law.

(Tambs: "As far as I'm concerned, my offices and myself were doing what we believed to be orders for legitimate authority.")

Tambs has said his orders came from Oliver North, Elliott Abrams of the State Department and a CIA official. Secord said the network ultimately seemed in good enough condition to turn over to the CIA. He approached then CIA Director William Casey, he said, and talked of this if such operations became legal again.

(Secord: "Mr. Director, if and when you get your hunting license back, whatever assets we are creating right now is yours to just walk in and it's yours -- that I assure you.")

Gen. Secord insisted his network was not funded by the U.S. government, but the committee and a grand jury are still looking at evidence to see whether Secord and his associates violated the law.

(ABC-Lead)

CBS's Dan Rather (from Washington, D.C.): Congress today began taking public testimony about what went wrong, who broke the law, and what did President Reagan know? Former Air Force Maj. Gen. Richard Secord was called as first witness. He said whatever he did was, "in furtherance of the President's policies." At the White House, Mr Reagan again denied any personal knowledge of law breaking.

CBS's Phil Jones: For the 26 members of the Congressional investigating committees, it was clearly not a joyous assignment.

(Sen. Inouye: "The story is both sad and sordid. It is filled with inconsistencies and often inexplicable conduct. None of the participants emerges unblemished.")

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Jones continues: But the first witness, retired Air Force General Richard Secord, a central figure in both the Iran arms deals and the diversion of profits to the Nicaraguan contras, marched forward proclaiming he had done nothing wrong. Testifying under oath and without immunity, Secord claimed that he and others involved were "honest men" who had faced constant danger....

(Secord: "He believed very much in the significance of what we were doing and that our conduct was in furtherance of the President's policies.")

Secord attacked Attorney General Meese for revealing details of the secret contra funding scheme, a disclosure he called, "premature and inaccurate."

(Secord: "The decision of Mr. Meese and possibly others to succumb to anxiety and ignorance is particularly unforgiveable in my judgment, in light of the fact that had he been receptive, he could have been advised of the facts surrounding these events before his announcement. This reasonable option was rejected, and we were instead betrayed, abandoned and left to defend ourselves.")

Secord said \$30 million in Iranian arms profits had gone into Swiss bank accounts, but that only \$3.5 million went to the contras. However, \$2 million remains unaccounted for and \$8 million remains in Swiss accounts. It was also disclosed by Secord for the first time that proceeds from the arms sales also went to drug enforcement agents, working separately to rescue some of the American hostages in Lebanon.

(Secord: "In some cases, the cash was given to Col. North and in some cases the money was picked up by the DA people in Europe.")

Secord acknowledged that his operation has access to special communication devices all over Central America, coordinating their activities with Lt. Col. North at the White House. And Secord disclosed that former CIA Director William Casey was well informed.

(Secord: "He was well aware that we were cranking up this airlift operation -- was in favor of it -- knew of it's importance.")

The information today was not startling, but the Secord testimony did illustrate just how those involved felt they were doing what President Reagan wanted done.

CBS's Bill Plante: There is tension at the White House about what the hearings may reveal, but Ronald Reagan does not appear to share it. The President said he's already told all he knows, maintains he know of no illegal fund raising, or that the money was used to buy weapons for the contras.

(TV coverage: The President signing document in the Rose Garden, applause from surrounding cabinet members.)

(The President: "I don't know how that money was to be used and I have no knowledge that there was ever any solicitation by our people.")

(TV coverage: The President in the Rose Garden responding to reporters' questions, then walking toward the Oval Office.)

Asking if he is willing to testify, Mr. Reagan said he'd have to wait and see. And his attitude as the hearings begin --

(The President: "I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

The President's top officials say they're convinced that though these hearings may be embarrassing, they won't cause any legal problems for Mr. Reagan.

Plante continues: Nonetheless, there's a great deal at stake for the White House.

(James Burnes, political scientist: "I expect it will cripple the rest of his presidency. But if it's simply a matter of inattention on his part, then I think he can recover and serve out his term with some effectiveness.")

Mr. Reagan can be expected to pursue his own agenda vigorously in the time remaining, particularly arms control. But for just about everyone else in politics, the question is, "Will Ronald Reagan be the issue?"

(Kevin Phillips, Republican political analyst: "I think it's going to be very, very difficult for Republicans running for President if the President is still in office and he's been...undercut further by these investigations.")

But Mr. Reagan's team in the White House doesn't see it that way. They do expect some political fallout, but they insist that the whole thing will blow over. Meanwhile, their strategy will be to keep Mr. Reagan visible, making a number of public appearances so it doesn't appear that he's hiding in the bunker. (CBS-Lead)

ANALYSIS

CBS's Bob Schieffer: Today's session had all those things we came to know so well during the famous Watergate hearings -- lights, cameras, congressional aids. But in a town that thrives on gossip, it was Gary Hart's trouble that was "topic A" everywhere.... For the President, the timing couldn't have been better.... Indeed, as the hearings that were supposed to be the Reagan Administration's worst moment got underway, it was Hart who dominated the headlines. Cartoonists loved it. This one showed a lone reporter being dispatched to the hearings while the rest of the staff was put on Hart.... In this town there was a lot more talk today about Gary Hart than Ronald Reagan. (CBS-3)

HARLINGER, TEXAS

Rather: Harlinger, Texas, is in many ways a beautiful, small American town. It never gave much thought to how vulnerable it is -- that is, until last year when President Reagan reminded townsfolk and the rest of us, in a speech, that, "Sandinista terrorists and subversives were only two days driving time from Harlinger." So we sent Harry Smith to see what Harlinger was thinking as the Iran contra hearings opened.

CBS's Harry Smith reports on the feeling in Harlinger, Texas, on the first day of the Iran-contra hearings. (CBS-14)

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ARMS TALKS

Rather: U.S. and Soviet negotiators resumed their Geneva strategic arms talks today. The U.S. plans to present a new draft treaty on reducing long-range nuclear missiles. Talks on medium-range missiles resumed two weeks ago. In order to reassure NATO allies that the Pentagon would not abandon its so-called "nuclear umbrella," CBS has been told the Defense Department now wants to fill a current void by building a whole new class of missiles. They would have a range of about 275 miles. They would match existing Soviet SUD missiles.

(CBS-4)

HOUSE DEFENSE BUDGET

Rather: The House voted to authorize Pentagon spending of \$288 billion in the next fiscal year. That's \$1 billion less than this year; almost \$25 billion less than Mr. Reagan wanted. Next week the House bill goes on to the Senate where the Armed Services Committee voted today essentially to freeze U.S. defense spending.

(CBS-5)

GUATEMALA

Jennings: The Pentagon announced today that three American army helicopters were used this past Sunday and Monday to airlift Guatemalan troops into an isolated part of Guatemala. Those troops were involved in fighting leftist guerillas in the region. It is the first time the U.S. has provided that kind of direct assistance to Guatemala.

(ABC-2, CBS-9)

LINDER'S DEATH

Jennings: The father of a young American who was killed in Nicaragua last week, met with reporters today to say that his son had been deliberately shot and killed by the contras. Doctor David Linder said that his son Benjamin, who had been working on an electrical project, may have been wounded by grenade fragments in a contras attack, but was actually killed when he was shot at close range. Dr. Linder is a pathologist and his remarks very much contradict other reports of how his son died.

(ABC-3)

HOSTAGES

CBS's Bill McLaughlin: Since the first Americans were taken hostage in Lebanon over two years ago, their fate has haunted the Reagan Administration and put the President on the road that lead to the Iran-contra scandal. Now the Administration officials say the exchange of arms for hostages only encouraged terrorism. So the Administration has now executed a 180 degree shift in policy. CBS News has been told the U.S. will do absolutely nothing to secure the hostages release other than to pursue the admittedly remote possibility of a military rescue.

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McLaughlin continues:

(Peggy Say, hostage's sister: "He told me about a month ago their new policy which is one of complete devaluation of the hostages. And that they will not engage in anything overtly or covertly. So I know that those doors are closed to me and consequently to Terry because of that.")

(Robert Kupperman, terrorist expert: "The United States government cannot afford to get wrapped around the axle for every hostage -- that's what it comes down to.")

For the families, as well as the freed hostages, the new policy means they have to rely solely on themselves using public pressure to get the remaining Americans released.

(Benjamin Weir: "If there can be some kind of exchange, I think that is well worth considering.")

(David Jacobsen: "When people ask me, 'Should you negotiate for hostages?' my response is a very straight forward one. Is not a human life worth negotiating for? Is not a human life worth talking about?")

The other groups in Lebanon seem to think so. Since Jacobsen's release, a new terrorist faction kidnapped three American professors in Beirut. Their families too have little to do but hope and mark the passing of time. Ironically, ignoring the hostages may end up helping them more than all the schemes dreamt up by Oliver North....

(CBS-10)

ATTORNEY GENERAL MEESE

Brokaw: It was disclosed that the Justice Department is investigating its own Attorney General Edwin Meese. This preliminary investigation involves Meese's involvement in with New York's Wedtech Corp. A special prosecutor said he might try to take over the investigation himself if evidence is found that Meese acted improperly in helping Wedtech get government contracts.

(NBC-5, ABC-4, CBS-11)

AMNESTY

Brokaw: At immigration offices around the country thousands of illegal aliens were knocking on the door wanting to get into the U.S. legally under new rules that offer amnesty....

(NBC-7, ABC-6, CBS-6)

COLUMBIAN COCAINE

Brokaw: Federal authorities disclosed today that Carlos Ladder, one of the kings of the Columbian cocaine business has offered to cooperate with federal drug authorities. They said the Ladder made his offer in a letter to Vice President George Bush

NBC's Brian Ross: ...Already Ladder has provided named of American officials who (he) says are marked for assassination by the Columbian cocaine bosses.... Ambassador Tony Gillespie says he's been told he's a target.

(Ambassador Gillespie: "They are ruthless. They kill people when it seems to serve their purpose, or they try to.)... (NBC-4)

-End of News Summary-

EDITORIALS/COLUMNISTS

IRAN-CONTRA

Cooperate On Iran Probe -- "Congress is understandably eager to get the full Iran-contra story out on the record, even if this requires immunizing certain witnesses. The American people clearly share this eagerness. But nothing should be done that would handicap the important work of Walsh and a grand jury."
(Buffalo News, 4/30)

Time To Pin Down What The President Knew -- "If the first phase of the Iran-contra scandal had to do with showing how little President Ronald Reagan understood what his own Administration was up to, the second is likely to focus on how much he really did know.... Was there a rogue operation inside the White House or had Reagan authorized illegal actions? This is the issue the hearings must ultimately resolve. The White House has been entirely too willing to paint a portrait of a bumbling President out of touch with events. The point might just be that a bumbling President was very much in touch."
(Newsday, 5/3)

Iranamok's Fine Kettle Of Fish Ripening -- "What is coming into focus is a sharpened picture of how the White House's hired spooks, unfettered by the demands of public accountability, managed their secret funds in an extraordinarily, uh, casual way.... If the nation learns nothing else from the Iranamok affair, let it at least mark this lesson from the White House's privatization of foreign policy: It's a terribly messy and ineffective way to do business, leading to temptations and transgressions that are bounds to be disclosed."
(Atlanta Constitution, 5/4)

Iran scam: Fat Lady To Sing -- "The hearings...promise to make this a difficult period for the country as a whole, and for the Reagan Administration in particular.... During the recent hiatus, President Reagan has regained control of the White House and exercised a renewed leadership in the critical areas of arms and trade negotiations. But it's apparent the Reagan White House must once again brace for damaging revelations. However, this is only Act III of a five-act soap opera. It's important to wait until the fat lady sings before coming to judgment in the historical significance of the Iran-contra affair."
(Dallas Times Herald, 5/4)

Don't Hobble The Prosecutor In The Iran-Contra Affair -- "The American people are entitled to the truth, and to the proper disposition of any serious offenses. It would be a disservice to public confidence in government if the labor of the independent counsel should be undone by congressional zeal for televised hearings, dramatic testimony and headline-hunting cross-examination."
(Providence Journal, 5/1)

More Serious Than Watergate -- "The Iran-contra affair is not Watergate. It is much more serious than Watergate, not because of who was (or was not) involved but because of what was involved: the formulation and conduct of American foreign policy.... Watergate...was a political scandal.... The Iran-contra affair is an international event that has consequences that go beyond our shores."
(Senator Daniel Inouye, Richmond Times-Dispatch, 5/5)

IRAN-CONTRA (continued)

The Iran-Contra Hearings: Getting At The Truth -- "The Congressional hearings on the Iran-contra affair are already assured of having a powerful impact not just on the Presidency of Ronald Reagan, but also on the American political process, including the 1988 presidential election.... It is important to remember once again that the American system is a system of principles and laws, not personalities. It is in that scrupulous regard for law that is to be found the nation's safety, and its future."

(Christian Science Monitor, 5/5)

Reagan's Obligation -- "Mr. Reagan and other Presidents should have challenged the Boland amendments and other intrusions when they occurred. The President cannot leave it to Congress to recognize the powers of the executive branch if the executive won't speak up for itself. If Mr. Reagan doesn't speak up for his office, no one will. And as the Iran hearings get under way, the need has never been more pressing."

(Wall Street Journal, 5/5)

Don't Make A Circus Of The Iran Hearings -- "Inouye might think that the President is aware of more than he is acknowledging. But that's different from knowing. And it's entirely unacceptable for any committee member, let alone the chairman, to fling out incendiary and unsupported allegations of this sort."

(New York Post, 5/5)

The Ever-Growing White House Staff -- "There are several explanations for Irangate, but one of the causes has gone pretty much unnoticed -- the ballooning of the White House staff in the past quarter-century."

(Dan H. Fenn, Jr., Boston Globe, 5/1)

THE PRESIDENT

History's Verdict -- "President Reagan, in our opinion, should go down in history as one of our greatest Presidents. Indeed, the principle threats to this historical judgment, we believe, are self-generated, rather than coming from his political foes."

(Jim Finnegan, Manchester (NH) Union Leader, 4/25)

In The Hinterland, The Reagan Aura Is Mud -- "After conducting a new round of intensive voter interviewing, I've found that Reagan is still a reference point, but now a largely negative one.... It is a sad, sour climate in which to begin a presidential race. When the voters who say honesty is what they seek tell you they are convinced they won't get it -- then you recognize how damaging are the consequences of the disillusionment with Reagan." (David Broder, Shreveport Journal, 4/23)

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FOREIGN MEDIA REACTION

IRAN-CONTRA HEARINGS

"The Irangate hearings...will be the most riveting event on Capitol Hill since Watergate.... The value and timing of the hearings are being questioned, however. In its anxiety to steal the limelight, Congress may be jeopardizing the painstaking efforts of the other, arguably more important, investigation run by Lawrence Walsh, the special prosecutor."
(Sunday Times, Britain)

"The stink of money now pervades Washington -- and that's a difference from Watergate, which was about stealing the Constitution, not stealing money."
(Observer, Britain)

"The dismissal of Reagan as an old fool is a grave and dangerous mistake.... President Reagan deliberately covered up the Iran arms deal from the very beginning: he is not stupid or forgetful, but devious."
(Sunday Telegraph, Britain)

"In short, it will be a very spectacular show but not at all a careful investigation."
(Jean-Pierre Joulín, Europe One Radio, France)

"The curtain is rising...on a typical U.S. political show.... The dossier of secret sales of U.S. weapons to Iran and the diversion of funds for the contras is returning to the limelight."
(Figaro, France)

"Once again the White House is facing the acid bath of the truth-seeking Senators in Congress.... The hearings could become a nightmare for the White House. The acid bath may not just clear things up, it may also have a corrosive affect: Howard Baker, as chief of staff the regent behind Reagan, would probably find it very difficult to prevent a further decline in the President's authority."
(Sueddeutsche Zeitung, Germany)

"The Irangate public trial opens today, but those who expect a replica of Watergate will be disappointed.... The most serious crime Reagan can be accused of is that of allowing, either on purpose or simply by neglect, violation of administrative regulations."
(Il Tempo, Italy)

"The feeling that the President knew more than he said is general...but, notwithstanding the sword of Damocles threatening Reagan, it is not probable that...he will share Nixon's fate.... No one is interested in pushing toward a solution that would have disastrous effects on the country in general."
(El Pais, Spain)

"Reagan will have to submit to an embarrassing investigation which, in the best of cases, will prove his incompetence to govern, and in the worst that he lied to the American people."
(Francisco Basterra, El Pais, Spain)

"For all practical purposes, his Presidency is over."
(Paulo Francis, Folha, Brazil)