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News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, MAY 7, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

TRIP

President Rides York Tariff Wind -- President Reagan came to what he called "hog heaven" visiting the Harley Davidson motorcycle plant here to defend his Administration's trade policy.

(Harrisburg Intelligencer, Lancaster Intelligencer Journal,
Philadelphia Inquirer, Washington Post)

IRAN-NICARAGUA

Secord: North Talked To Reagan About Iran-Contra Link -- Richard Secord testified he was told by Oliver North that President Reagan knew money from the Iran arms sale was helping fund the contras.

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

NATIONAL NEWS

Senate Passes \$1 Trillion Budget -- The Senate passed a \$1 trillion budget plan that bows to President Reagan's request for higher defense spending -- but only if Reagan goes along with a tax increase to help support the Pentagon.

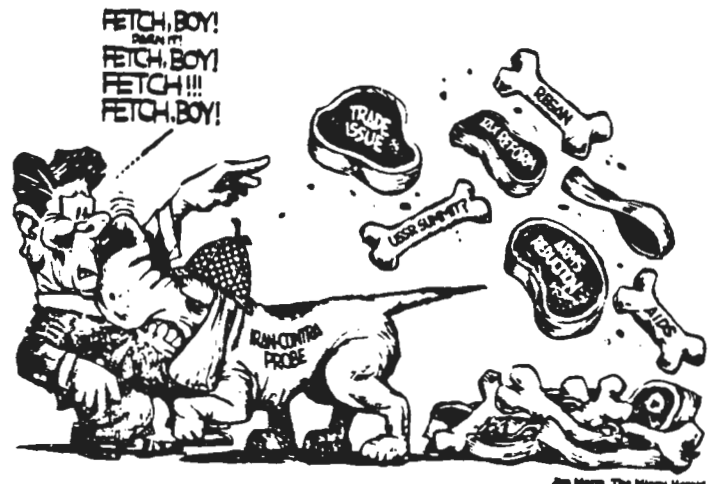
(Washington Post, Washington Times, AP, Reuter, UPI)

NETWORK NEWS (Wednesday Evening)

IRAN-CONTRA HEARINGS -- Richard Secord testified that Oliver North had discussed the contra money diversion with President Reagan.

CASEY'S DEATH -- William Casey died of pneumonia and complications resulting from brain cancer.

RICHARD MILLER -- Richard Miller pleaded guilty of conspiring with Oliver North to defraud the government.



TRIP NEWS

REAGAN IN HOG HEAVEN

YORK, Pa. -- Ronald Wilson Reagan took the podium on a make-shift stage in the warehouse at Harley-Davidson Wednesday afternoon and proclaimed, "It seems to me I've come to hog heaven."

The President quip was greeted with thunderous applause from about 500 adoring Harley workers. He was indeed in hog heaven.

The manufacturer of big motorcycles provided Reagan a forum to speak against tough trade sanctions legislation.

But for Harley-Davidson workers it was like a holiday, "We earned it," said Morgan Barclay, a finishing engineer who was in the front row for Reagan's speech. (Michael Argento, York Daily Record, A1)

Reagan Hails Motorcycle Firm's Drive

YORK, Pa. -- President Reagan told enthusiastic Harley-Davidson workers yesterday they "gave some folks in Washington an important lesson" about international trade.

"There are those in Congress who said our trade policies haven't worked," the President said from a stage flanked by six motorcycles at Harley-Davidson. "What you hear at Harley-Davidson is living proof that our laws are working."

About 1000 workers stood on the warehouse floor to hear Reagan whose visit focused national attention on the motorcycle factory and its success story. (Mary Warner, Harrisburg Intelligencer, A1)

President Rides York Tariff Wind

YORK, Pa. -- President Ronald Reagan came to what he called "hog heaven" visiting the Harley Davidson motorcycle plant here to defend his Administration's trade policy.

The York plant, considered a trade success story, had been granted import relief and is now prospering.

The President spoke out against stringent trade legislation being considered by Congress. Declaring "I remember the last time we had a so-called tough trade bill. It was called Smoot-Hawley, and they said it would protect American jobs. Instead, after other nations were through retaliating, it helped give us, or at least deepened, the Great Depression of the 1930s." (Gil Delaney, Lancaster Intelligencer Journal, A1)

Standing Tall, Reagan Hails Comeback Of Harley-Davidson

YORK, Pa. -- Distancing himself -- literally -- from the Iran-contra hearings, President Reagan visited a revitalized Harley-Davidson motorcycle plant and cited it as "living proof" that his trade policies work.

Reagan said the tariffs he imposed on imported motorcycles in 1983 to protect the last U.S. cycle maker had made Harley-Davidson competitive again.

"Like America, Harley-Davidson is back and standing tall," Reagan told cheering workers in a company warehouse.

(Owen Ullmann, Philadelphia Inquirer, A22)

Reagan Says Limited Protectionism Works

YORK, Pa. -- President Reagan celebrated the virtues of limited protectionism measures while saying that legislation being considered in Congress would encourage "trade wars."

The President used the setting of the Harley-Davidson Inc. motorcycle factory here to attack the tough trade bill recently passed by the House. "Our trade laws should work to foster growth and trade, not shut it off," he said to workers at the plant. The company, the only U.S.-based maker of big motorcycles, benefitted from stiff tariffs against Japanese competition, which Reagan imposed in 1983 and are now being lifted.

The President said some members of Congress believe "American workers need to run and hide from foreign competition, even if that means other countries will strike back by not letting you sell your bikes to their people. Well, Harley-Davidson has shown how wrong that is and what the truth is. American workers don't need to hide from anyone...."

"We're on the road to unprecedented prosperity in this country," Reagan said, "and we'll get there on a Harley."

(David Hoffman, Washington Post, A11)

IRAN — NICARAGUA

NORTH SAID HE MENTIONED DIVERSION TO REAGAN, PANEL TOLD

Retired major general Richard Secord testified that former White House aide Oliver North said several times that he had mentioned to President Reagan that it was "very ironic" that "some of the ayatollah's money was being used to support the contras."

"Whether he actually said this to the President, or whether he was joking with me, I'm not sure," Secord said. But Secord added that it was "not said to me in a way that I took it as a joke."

Secord said he had no "direct, first-hand knowledge about what the President knew or didn't know." But he said he thought that the diversion of arms sales profits was "perfectly legitimate in this enterprise" and that "we would really be applauded in the end."

In one of his few displays of emotion, Secord listed top Reagan Administration officials he had spoken to or met with, some of whom told him that the President was aware of what he was doing with the contras and was pleased with the work. In addition to North, he mentioned the late CIA Director William Casey and former National Security Advisers Robert McFarlane and John Poindexter.

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

Secord: North Talked To Reagan About Iran-Contra Link

Richard Secord testified he was told by Oliver North that President Reagan knew money from the Iran arms sale was helping fund the contras.

Secord, the White House's top unofficial go-between in the Iran-contra affair, also said former National Security Adviser John Poindexter told him Reagan was informed of Secord's work and was "pleased" with it.

(Lance Gay and Walter Friedenber, Scripps Howard)

Secord Says North Told Reagan About Diversion

Retired Air Force Maj. Gen. Richard Secord said former National Security Council aide Lt. Col. Oliver North told him he mentioned the Iran-contra connection in conversations with President Reagan before its public disclosure.

In his second day before the Iran-contra investigative committee, Gen. Secord described how he launched a frantic 11th-hour effort to stop the White House from announcing the fund diversion.

He tried in vain to speak directly to Reagan to prevent then-National Security Adviser John Poindexter's ouster from the White House.

"He (Poindexter) said it was too late," Gen. Secord said, recalling a phone conversation he had had with the admiral. "They'd already built a wall around the President."

(Mary Belcher, Washington Times, A1)

Secord Tried To Press Reagan To Stand Ground

Retired Maj. Gen. Richard Secord said he twice demanded to speak with President Reagan to tell him, "Don't cut and run," on the day two White House aides were ousted for the diversion of Iranian money to Nicaraguan rebels.

In congressional testimony, Secord described a frantic 11th-hour effort Nov. 25 to reach the President to persuade him to stand firm in support of policies that led to covert arms dealings in the face of a looming political firestorm.

"I wanted to tell the President that I'd like to see him and bring some rationality back into this matter," Secord said, his voice turning passionate. (Gregory Gordon, UPI)

A Bush Call Reportedly Praised North

Hours after President Reagan dismissed Lt. Col. Oliver North from the National Security Council, Vice President Bush telephoned Col. North at a local hotel and offered warm praise for his work, according to congressional testimony.

Maj. Gen. Richard Secord, in his second day of testimony before the Iran-contra committee, disclosed that Bush phoned Col. North last November, shortly before President Reagan called him with a similar message.

Gen. Secord also explained why he believed Bush had personally met with Felix Rodriguez, the former intelligence officer who was coordinating the private airlift operation for the contras from El Salvador.

(Stephen Engelberg, New York Times, A14)

Nicaraguan Contras Can't Win, Secord Says

Maj. Gen. Richard Secord said he doubted the contra rebels he once worked so hard to support could win a decisive military victory in Nicaragua.

"I think the best outcome they can hope for is to force some sort of serious negotiation with the (Sandinista) regime" in Managua, Secord said.

"There is no question in my mind that if the Sandinista government is allowed to continue in power, they will be trying to export their revolution to their neighbors."

He added: "I'm not a great adherent of the domino theory, but if there ever were any dominos stacked up in this world, they've got to be stacked up south of us." (Reuter)

Drug Agents Made Hostage-Rescue Bid, Iran Witness Says

Free-wheeling White House aide Oliver North tried to free American hostages in Lebanon using U.S. narcotics agents, a key witness in the Iran-contra investigation said.

Retired Air Force Maj. Gen. Richard Secord said North had asked him to send a ship Secord controlled to stand by off the coast of Lebanon to pick up any freed hostages.

Nothing came of it and the small freighter, with a Danish captain and a three-man crew, was later used to ferry supplies to contra rebels in Nicaragua, Secord said. (Jim Wolf, Reuter)

Secord Network Also Financed Other Secret Government Operations

The private Iran-contra arms network Richard Secord ran also financed other secret government operations for which Congress can find no presidential approval, investigators say.

Documents Secord kept show his operations bankrolled a ship gathering secret intelligence information, bought radios for a Caribbean nation, and paid \$11,000 in expenses for Drug Enforcement Administration agents involved in a secret scheme to free Americans held hostage in Lebanon.

Investigators will press Secord for more details of these operations in his third day of testimony before the joint House-Senate hearings into the Iran-contra arms scandal.

(Lance Gay & Walter Friedenber, Scripps Howard)

Secord Says U.S Had Wrong Intelligence About Iran Hostages

The U.S. had wrong intelligence on the whereabouts of the American hostages in Iran in 1980 when a second rescue attempt was being planned, Maj. Gen. Richard Secord said.

"Had we gone ahead based on that, I don't think that we'd have had a lot of people on the Hill applauding us," he told a congressional hearing on the Iran-scandal.

Intelligence about Iran remained poor even now, he said.

(Anthony Goodman, Reuter)

Secord: No Profit On Arms Deal

Retired Maj. Gen. Richard Secord denied he profited from covert Iran arms sales and contended he broke no laws in supplying contras with military aid.

In his second day of testimony before the joint House and Senate hearings on the Iran-contra scandal, Secord claimed he earned only \$6,000 a month for his work.

"I did not go into this enterprise with the notion of making a profit," he testified.

(Leslie Phillips, USA Today, A4)

CONTRA BACKER PLEADS GUILTY TO TAX FRAUD ON WEAPONS Turnabout By D.C. Public Relations Agent

Richard Miller, head of a Washington public relations firm that promoted the cause of the Nicaraguan contras, pleaded guilty in federal court to conspiring to supply military equipment to the rebels financed by tax-deductible contributions.

Miller, who last week "categorically" denied his involvement, admitted complicity in a scheme with fired National Security Council aide Lt. Col. Oliver North and conservative fundraiser Carl Channell to defraud the government by raising the money to arm the contras under the cover of a tax-exempt foundation.

(George Lardner, Washington Post, A1)

EX-CIA DIRECTOR WILLIAM J. CASEY DIES
Reagan Confidant Was Closely Tied To Iran-Contra Affair

William Casey, 74, a former director of central intelligence and a major figure in the Reagan Administration's support of the Nicaraguan contras and its arms sales to Iran, died of pneumonia and cancer at Community Hospital in Glen Cove, N.Y.

As the first director of central intelligence to be given Cabinet rank, he used his prominence and his friendships in the Administration to support the covert sale of arms to Iran from the time it was proposed in 1985 until the operation ended in 1986.

(J.Y. Smith, Washington Post, A1)

'Patriot' Casey Loses Battle To Cancer, Pneumonia At 74

William Casey, former World War II spymaster, millionaire businessman, 13th director of central intelligence and a major player in the Iran-contra affair, died at the Community Hospital at Glen Cove, N.Y. He was 74.

At the White House, President Reagan mourned Casey's passing as the loss of "a longtime supporter, a wise and unselfish counselor, and a good friend."

"America has lost a patriot, and the cause of freedom an able champion," Reagan said. "In addition to crediting him with rebuilding America's intelligence capability, history will note the brilliance of his mind and strategic vision, his passionate commitment to the cause of freedom and his unhesitating willingness to make personal sacrifices for the sake of that cause and his country."

(Bill Gertz, Washington Times, A1)

Even In Death, Casey Will Loom Large In Iran Arms Probe

Former CIA Director William Casey's death will leave lingering doubts over his true role in the Iran arms scandal, but investigators said they should be able to do well enough without him.

In Los Angeles, Attorney General Meese told reporters he believed any information Casey had about the Iran-contra scandal could be provided through other channels.

(Robert Kearns, Reuter)

SOLIDARITY SHIPPED ARMS TO CONTRAS

The outlawed Polish trade union Solidarity helped supply weapons to U.S.-backed Nicaraguan rebels by stealing East bloc arms and diverting them to a shadowy pipeline that eventually reached the conflict in Central America, according to Lt. Col. Oliver North.

Col. North revealed the Solidarity connection in a background interview with The Washington Times last summer before allegations of illegal arms sales surfaced.

(James Morrison, Washington Times, A1)

\$10 MILLION CONTRA DONATION APPARENTLY
SENT TO WRONG SWISS ACCOUNT

Apparently because of a simple error -- a "6" and a "7" were reversed in a Swiss bank account number -- the Nicaraguan rebels never received a \$10 million gift from the Sultan of Brunei last year, U.S. officials say.

The disappearance of the money has haunted the State Department ever since Brunei informed U.S. officials last December that the money had been deposited four months earlier. (George Gedda, AP)

SENATOR 'INCENSED' ABOUT DEA'S ROLE

Sen. Dale Bumpers told Drug Enforcement Administration head John Lawn that the agency's budget will not be approved until Lawn answers questions about cash payments that DEA agents reportedly received from Swiss bank accounts during the Iran-contra affair.

Bumpers said in a telephone interview that he was "incensed" to learn from testimony at the Iran-contra hearings that Lt. Col. Oliver North had arranged to use DEA agents -- paid from a Swiss account -- to find and rescue U.S. hostages in Lebanon.

(Charles Babcock, Washington Post, A34)

EDITOR'S NOTES: "Secord's Role In Iran-Contra Affair May Have Weight Of History," by Haynes Johnson, appears in The Washington Post, A29.

"Contra Corruption Said To Worry North," by Joe Pichirallo, appears in The Washington Post, A29.

"Excerpts From The Testimony Of Richard Secord," appears in The Washington Post, A31.

"McFarlane And The Taunting Glare Of Truth," by Jane Leavy, appears in The Washington Post, C1.

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NATIONAL NEWS

SENATE APPROVES \$1 TRILLION FISCAL 1988 BUDGET

The Democratic-controlled Senate approved a \$1 trillion fiscal 1988 budget early Thursday that challenged President Reagan to accept a tax increase to pay for a boost in military spending.

Despite calling for increased taxes, freezing many domestic programs and holding back Reagan's military buildup, the budget would fail to comply with the Gramm-Rudman deficit reduction law. It would leave a deficit of about \$134 billion while the law mandates no more than \$108 billion in red ink.

Democrats said it was a responsible fiscal blueprint.

"This debate is over whether we're going to borrow more money, or if we're going to start living a little bit within our means," said Sen. Lawton Chiles, chairman of the Senate Budget Committee. (Steven Komarow, AP)

Senate Passes \$1 Trillion Budget

The Senate passed a \$1 trillion budget plan that bows to President Reagan's request for higher defense spending -- but only if Reagan goes along with a tax increase to help support the Pentagon.

"The Senate vote on the budget is a victory for common sense and truth in budgeting," Democratic leader Robert Byrd said. "The needs of our people are taken care of, our nation's national security will continue to be strengthened and the budget deficit is not dodged."

But Republican leader Robert Dole said the measure is "nothing but a tax increase."

"It's never going to get enforced," said Sen. Pete Domenici, ranking Republican on the Budget Committee, referring to White House opposition to the defense payment plan. "There's no way the American public is ever going to buy this pig in a poke." (Linda Werfelman, UPI)

Senate Ties Tax Rise To A Trillion Budget

The Senate approved a \$1 trillion 1988 federal budget that allows military spending to grow with inflation if President Reagan agrees to new taxes of up to \$118 billion over the next four years.

The spending blueprint, written by Senate Budget Committee Chairman Lawton Chiles, was adopted on a 57-42 vote after angry Republican leaders charged it would "hold the President hostage" on defense spending. (Gene Grabowski, Washington Times, A2)

U.S. Senate Votes Democratic Budget Plan

The Democratic-controlled Senate voted a trillion-dollar budget that would cut the federal deficit by calling for higher taxes and lower defense spending than President Reagan has requested.

The Senate also defeated handily, on an 81 to 18 vote, Reagan's own budget -- which the House also rejected earlier -- and a substitute Senate Republican budget, 70 to 29. (Michael Posner, Reuter)

Senate Tentatively Approves \$1 Trillion Budget

The Democratic-controlled Senate, setting the stage for what could be a prolonged confrontation with the Reagan Administration, gave preliminary approval to a \$1 trillion budget for fiscal 1988 that calls for \$18.3 billion in new taxes.

The Democratic budget -- which provides no increase for defense spending after accounting for inflation, and shields key domestic programs from deep cuts sought by Reagan -- won preliminary approval 57 to 42 yesterday afternoon. All 54 Democrats voted for the plan and were joined by three of their liberal Republican colleagues, Lowell Weicker, Robert Stafford, and John Chafee.

Sen. Robert Dole, the Senate minority leader who plans to seek his party's presidential nomination, also foreshadowed the 1988 debate.

"I feel like it's 1980 or 1979 all over again," Dole said. "Here we are adding more spending and raising more taxes, the same thing voters rejected in 1980 and 1984. Here we go again."

(Tom Kenworthy, Washington Post, A10)

RESCUE OPERATION

Baker Team Has Buoyed President, But Difficulties Loom

Sen. William Cohen is delighted with Howard Baker. The Maine Republican didn't get a single phone call from Donald Regan during Regan's two years as White House chief of staff. He got five calls in three days from Baker after the Tennessean took over the job.

But ask Sen. Cohen what this more-open White House style will achieve, and his enthusiasm cools. While the Baker team has prevented a knockout of the Reagan presidency, he says, now it can't do much more than tell President Reagan, "OK, champ, go on back in for a few more rounds."

That is the quandary for Howard Baker, the new man in President Reagan's corner. The easy-going ex-senator has emerged as a Washington hero since he became chief of staff two months ago, but it is becoming clear that, even for heroes, opportunities are few and risks are high at the White House these days.

(Ellen Hume and Gerald Seib, Wall Street Journal, A1)

REAGAN SEEKS OIL INDUSTRY TAX RELIEF

Imports Are Called Threat To Security

President Reagan urged Congress to grant the oil industry two "relatively technical" tax breaks in an effort to boost domestic production, but declined to endorse a more sweeping proposal by Energy Secretary John Herrington.

In a three-page message, Reagan endorsed the tax changes and a variety of other measures to benefit U.S. producers, saying that growing dependence on foreign oil has "serious implications for national security."

Among the proposals are several that the Reagan Administration has promoted for years, including the repeal of the windfall profits tax and deregulation of natural gas prices.

(Cass Peterson, Washington Post, A17)

MEESE REVEALS DETAILS OF THREE-YEAR DRUG STING

LOS ANGELES -- The largest drug investigation in U.S. history has resulted in more than 350 arrests and seizure of nearly 10 tons of cocaine and \$50 million in cash and assets, Attorney General Meese said.

"This is the largest and most successful undercover investigation in federal drug law enforcement history. The results are unprecedented," Meese told reporters.

Meese said it was a three-year operation carried out with the help of Panama and resulted in the capture of three leading Columbian drug traffickers.
(John Pine, Reuter)

BENNETT RENEWS CALL FOR MANDATORY AIDS TESTS

Education Secretary William Bennett renewed his call for mandatory AIDS testing, stressing "knowledge is better than ignorance" about the disease that already has killed 19,000 Americans.

Bennett repeated a challenge he made during a speech at the National Press Club last week saying AIDS tests should be required for all hospital patients, prison inmates, potential immigrants and couples seeking marriage licenses.

Bennett, speaking to Columbia University alumni, said he is "still waiting for a good response" to his proposal and described his critics as having "lots of assertions, lots of incantations but very little in the way of" convincing arguments.
(Tamara Henry, UPI)

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INTERNATIONAL NEWS

CONGRESS MOVING TOWARD CLASHES WITH REAGAN ON ARMS ISSUES

The House, voting 245 to 181, added an amendment to the Defense Department authorization bill that would ban the use of funds for the deployment of weapons that exceed the limits set in the SALT II accord as long as the Soviet Union complies with those limits.

Meanwhile, the Senate Foreign Relations Committee voted 11 to 8 to add language to the State Department authorization measure calling for the traditional, narrow interpretation of the 1972 ABM Treaty. Such an interpretation would effectively preclude advanced development and testing of the space-based SDI system.

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

REAGAN AND NIXON: 'A CLOSER BOND'

President Reagan's arms control huddle with Richard Nixon at the White House last week is one of a long series of consultations with the former president with whom Reagan says he has the closest bond.

"I don't think they are personal friends, but it has certainly been a positive relationship," Lyn Nofziger, a Washington political consultant who served as an aide to both presidents, said after the latest meeting was disclosed.

(Dale Nelson, AP)

HOLLINGS DEMANDS PROBE OF EMBASSY CIVILIANS

Sen. Ernest Hollings announced that he is going to hold up confirmation of William Webster as head of the CIA until convinced that the FBI is actively pursuing allegations about civilian, as well as Marine, involvement in security breaches at the U.S. Embassy in Moscow.

Hollings said the Administration's attitude seemed to be that "they just had a few young Marines, who really got oversexed.... It's not that case at all. It's the security of the Department of State that's irresponsible."

The senator released a letter he wrote to President Reagan calling for "a vigorous and thorough investigation of all personnel, civilian and military, at the Moscow embassy during the time period."

(Charles Babcock, Washington Post, A5)

U.S. ENVOYS IN MOSCOW ACCUSED OF INCITING TENSIONS

MOSCOW -- Two Soviet students have charged U.S. diplomats here with attempts to incite anti-Russian ethnic tensions and riots, the official news agency Tass reported.

A U.S. Embassy spokesman rejected the attack, the second against Moscow-based U.S. officials in nine days and charged the Soviet Union with conducting a "campaign of disinformation and slander against American Embassy personnel."

(Gary Lee, Washington Post, A42)

DOLLAR FALLS AGAIN IN TOKYO
AS MARKET IGNORES NAKASONE

TOKYO -- Prime Minister Yasuhiro Nakasone told a parliamentary committee that a pledge he won from President Reagan to defend the dollar represented an unprecedented success for Japan in its effort to halt the yen's appreciation. But the Tokyo Foreign Exchange Market disagree.

After two Japanese national holidays Monday and Tuesday, the dollar fell 1.70 yen, or 1.2 percent, to 138.60 yen in Tokyo trading, its second-lowest closing price here. (Sam Jameson, Washington Post, E3)

Chill Greets Nakasone On Return From U.S.

TOKYO -- Japanese Prime Minister Yasuhiro Nakasone has received a cool welcome home following his visit to the U.S. to try and smooth over trade frictions in talks with President Reagan.

Nakasone hardly had time to unpack his bags following his return from Washington when he was grilled by opposition lawmakers in a session of the upper house budget committee.

The main thrust of the critical remarks was that the prime minister came home empty-handed without obtaining any pledge from Reagan to cut the U.S. budget deficit, which Japanese claim lies at the heart of the trade imbalance. (Edward Neilan, Washington Times, A6)

SOUTH AFRICA VOTE STRENGTHENS HOLD OF BOTHA'S PARTY

JOHANNESBURG -- President P.W. Botha's National Party appeared likely to increase its already overwhelming majority in the white chamber of South Africa's segregated parliament.

As about two million whites took part in the national election, nearly 1.5 million black workers and students observed a nationwide work stoppage to protest the whites-only vote.

President Botha, whose campaign stressed resistance to Western pressures for racial liberalization and resentment of American sanctions, was expected to claim a strong mandate for his brand of cautious change.

(John Battersby, New York Times, A1)

NETWORK NEWS SUMMARY

(Wednesday Evening, May 6, 1987)

IRAN-CONTRA HEARINGS

NBC's Tom Brokaw: One of the outstanding questions in the Iran-contra affair is whether President Reagan knew that money from the Iran arms sales was being diverted to the contras in Central America. The President says he did not know that. Today, former General Richard Secord, a key figure in these arrangements, told a Congressional investigating committee that Oliver North claimed that he discussed the contra connection with President Reagan.

NBC's John Dancy: In his second day before the House and Senate committees, Secord brought the story closer to the President. Secord said he never met the President personally throughout the affair.

(Secord: "I was told by Admiral Poindexter in January 1986 that not only was he pleased with the work that I'd been doing, but the President was as well.")

And Secord said former National Security Council aid Lt. Col. Oliver North told him --

(Secord: "In some conversations with the President, he had mentioned that it was very ironic that some of... (Iran's) money was being used to support the contras.")

The implication of that, of course, was that the President was aware of the diversion of money -- something he has denied repeatedly. After a contras resupply plane was shot down in October, records were found in an El Salvador safehouse of phone calls to Secord's office. Secord testified today that he ordered his logs of those phone calls shredded.

(Secord: "I was trying to conceal any documentary evidence that one could get their hands on that would link us to the contras.")

But ultimately the deal came to light and North was fired from his White House job. Secord said he was with North shortly after North was fired when the Lt. Col. got a phone call.

(Secord: "I didn't realize it was the President for a few seconds until I saw him stand up at attention -- he's a good Marine, you know." Laughter.)

Earlier in the day Secord said it had been clear to him from his first meeting with Iranian arms dealer Manucher Ghorbanifar that the Iranians saw this as an arms-for-hostages deal.

(Secord: "So many 'phoenixes for so many boxes' as he called them, which was his code word for hostages.")

Dealing with Ghorbanifar was frustrating. Secord said Ghorbanifar's check once bounced.

(Secord: "I was going to recommend that he be terminated -- now he misinterpreted that." Laughter)

Again today Secord pictured himself as a public-spirited American trying to help his government, not a profiteer.

(Secord: "And I know that some people are tossing this word around right now and I resent it. There was no intention of profiteering -- none.")

Dancy continues: Secord had testified freely -- without immunity -- testified to getting aid from U.S. government officials in the contra operation. Now some legal experts say that could open him up to charges by the special prosecutor of conspiring to subvert the laws forbidding aid to the contras.

Brokaw: For its part, the White House today went to some lengths to knock-down Secord's testimony on Oliver North and President Reagan. White House officials said North made a career out of bragging about his relationship with the President, but they say in two years the President met with Oliver North only 19 times and never alone. Again, they say, the President knew nothing about the contra connection. (NBC-Lead)

ABC's Peter Jennings: The question that everyone would like to be answered once-and-for-all came up in the Congressional hearings for the first time, "What did the President know and when?" We begin with the hearings on Capitol Hill, where the witness was once again retired Gen. Richard Secord.

ABC's Brit Hume: Secord insisted he was a private citizen who got no personal profit from selling arms to Iran or sending arms to the contras. And he said he was told by the President's National Security Advisor his actions were approved at the highest level.

(Secord: "I was told by Admiral Poindexter in January 1986 not only was he pleased with the work I'd been doing, but the President was as well. And on a few occasions I heard Oliver North, in an off-hand and I think humorous vain, remark that in some conversations with the President he had mentioned that it was very ironic that some of... (Iran's) money was being used to support the contras. Whether he actually said this to the President or where he was joking with me, I'm not sure. It was not said to me in a way that I took it as a joke.")

The White House said there was no record of such a conversation between Mr. Reagan and North. And Secord said he never talked with the President personally. The closest he came, he said, was being in the room when Oliver North took a phone call from the President last November 25th -- the day North was fired and the use of the Iran arms money for the contras came to light.

(Secord: "I didn't realize it was the President for a few seconds until I saw him stand up at attention -- he's a good Marine, you know." Laughter.)

Secord related part of North's end of the call.

(Secord: "He said that 'I'm just sorry it had to end this way, I was trying to serve you the best way I knew how, Mr. President.' I said, 'Let me have the phone.' But it was too late -- he hung up -- I wasn't fast enough. I wanted to tell the President that I'd like to see him and try to bring some rationality back into this matter. There's no reason to back away from these operations.")

Secord said North also got a similar "goodbye call" during that same meeting from Vice President George Bush. Secord was questioned closely today on why he felt free to use \$14 million in profits from the Iran arms sales to aid the contras. Did that also mean, asked counsel Neilds, he could spend it for any personal purpose he wished?

Hume continues:

(Secord: "I would never contemplate such a thing -- never."

Neilds: "Were you entitled to use it for a personal purpose?"

Secord: "In my opinion, yes."

Neilds: "So you could have gone off and bought an island in the Mediterranean with the \$14 million?"

Secord: "Yes, Mr. Neilds. But I did not go to Bimini." Laughter.)

That reference was to Presidential candidate Gary Hart's sailing trip with a Florida model and was one of several light moments today. Others occurred in Secord's account in dealing with a disreputable Iranian arms merchant, Manucher Ghorbafar, a man whom Secord had at one point inadvertently terrified.

(Secord: "I told him that I thought that he had behaved very poorly, that he was promising the moon always and never producing and that I was going to recommend that he be terminated -- now he misinterpreted that." Laughter.)

Secord has had smooth sailing -- smoother it seems than some on the committee wanted. Just wait, reporters are being told, until (the) Senate chief counsel...crossexamines him tomorrow. (ABC-Lead)

CBS's Dan Rather (from Washington, D.C.) : First, what former Air Force General told Congress today under oath.

CBS's Phil Jones: Retired Gen. Richard Secord, who admits he was the central operation figure for both the Iran and contra projects, today told of a conversion which had reinforced his belief that President Reagan had knowledge of the diversion of Iranian arms profits to the contras.

(Secord: "I was told on a number of occasions, and I then recorded it one in a December 1984 memo to myself, that the President was informed of my participation in the contra and later in the Iranian operations. And on a few occasions I heard Oliver North, in an off-hand and I think humorous vain, remark that in some conversations with the President, he had mentioned that it was very ironic that some of... (Iran's) money was being used to support the contras. Whether he actually said this to the President or whether he was joking with me, I'm not sure. It was not said to me in a way that I took it as a joke.... I did not take it as a joke. No.")

Secord described, in detail, his desperation that came once these covert activities leaked into the press last year. Secord, a private citizen, even wrote a speech he wanted President Reagan to give -- a speech for the President "to stick to his guns."

(Secord: "You make no bones about it -- that it was his operation, that he was responsible for it, directed it, endorsed it -- we tried, we failed, we're going to try again.")

And when Secord was called to the White House to help work on a chronology of events, his frustration intensified. The first account indicated the President had acquiesced on the transfer of weapons from Israel to Iran. But the next day, the chronology had been changed.

(Secord: "I said to Col. North -- 'There's something wrong here...this is not my understanding of the facts.' He said that McFarlane had drafted it himself -- meaning that McFarlane was the principle, he should know -- and I said, 'Fine, thank you very much. I'll get out of you guys' hair. See you later.' And I left.") When Secord heard that National Security Advisor John Poindexter was about to resign, he made an urgent call to the White House.

Jones continues:

(Secord: "It was difficult for me to get through, but I insisted. And I was rude in getting through. I asked John, 'What in the world is going on?' He said that it was too late. It was my intention to urge him not to quit, but to stand in there and fight and let's get this thing straightened out. But he said, 'It's too late.' The resignation had already gone forward. And I said, 'I want to talk to the President personally -- myself, I insist on it.' And I told his aid that I demanded to talk to the President. He said it was too late -- they had already built a wall around the President.")

Later the same day, Secord and North met privately in a hotel away from the White House. North received two calls at the hotel -- one from the Vice President and the other from the President.

(Secord: "I didn't realize it was the President for a few seconds, until I saw him stand up at attention -- he's a good Marine, you know." Laughter. "And he said, 'Yes, Mr. President. Yes, Mr. President. Thank you very much Mr. President.' And then he said, 'I'm just sorry it had to end is way. I was trying to serve you the best way I knew how, Mr. President.' I said, 'Let me have the phone.' It was too late -- he hung up. I wasn't fast enough.... I wanted to tell the President that I'd like to see him and try to bring some rationality back into this, into this matter. There's no reason to back away from these operations.")

Secord claimed today that the diversion of arms profits to the contras was Lt. Col. North's idea and Secord said he could never provide all the money that North requested. Committee members had predicted that Secord would be a volatile, arrogant witness. So far, he has been calm as he's related his version of events. But all this could change tomorrow as he will be challenged for the first time by the Senate's chief investigator.

Rather: President Reagan again today denied any advance knowledge of anything illegal. Warren Rudman, ranking Senate Republican on the committee, insisted to reporter that he didn't think Secord had actually linked President Reagan to any secret diversion of aid to Nicaraguan rebels.

(Rudman: "I did not understand his testimony that way. You can construe what he said any way you would like. I think I heard the testimony -- that is not what he said.") (CBS-Lead)

WILLIAM CASEY'S DEATH/ROLE IN IRAN-CONTRA AFFAIR

Brokaw: Ironically, one day after Secord described the active interest of William Casey in the contra connection, the former director of the CIA died of complications brought on by an operation for a cancerous brain tumor. Casey was 74 years old and as director of the CIA, Casey's part in the Iran-contra affair was substantial and controversial.

NBC's Art Kent reporting:

(Casey: "I assure you that all the things we've done have been fully authorized by the executive branch and by laws and by reporting and briefing of Congress.")

-more-

Kent continues: When William Casey made that statement, the secret shipment of arms to Iran had been underway for nine months and it would be another eight months before Congress was to learn of the Iran deal. Despite the Iran-contra controversy, many, especially in the intelligence community, credit Casey with rebuilding the CIA, which has been badly damaged by wholesale dismissals and resignations in the years before Ronald Reagan became President.

(TV coverage: File footage of William Casey and The President walking together while "Hail to the Chief" plays; then footage of William Casey, the President and Vice President at a groundbreaking ceremony.)

(Robert Gates: "He restored our morale, our sense of purpose and mission.")

But when Casey was first appointed, the fortune he had (gathered) on Wall Street became the basis of intense questions about his financial holdings. Casey was forced to place them in a blind trust and from that time, made no secret for his dislike for Congress -- especially in the area of secret operations.

(Admiral Turner: "He decided that you couldn't trust the Congress and we've had a rupture of relations between (the) intelligence (community) and the Congress.")

Relations worsed with revelations of the Iran arms deal. Casey was back before Congress with some members accusing him of being deliberately vague. Just yesterday, retired Air Force Maj. Gen. Richard Secord testified that Casey, if not personally involved, certainly knew about the illegal contra resupply operation. Congress would still like to know more about Casey's role.

(Sen. Inouye: "Obviously, Mr. Casey has taken certain information to the grave with him.")

President Reagan said he had lost a long time supporter and advisor.

(The President: "There's no question about our sorrow about that. We've lost a very devoted friend and a great public servant.")

Nonetheless, the unanswered questions about his involvement in the Iran-contra affair will always shadow William Casey's contribution to the secret side of government.

(NBC-2, ABC-2, CBS-16)

RICHARD MILLER

Brokaw: Richard Miller admitted his guilt in another aspect of the Iran-contra affair. He was charged with being part of conspiracy to illegally raise money for the contras.

NBC's Carl Stern: Miller, a former Reagan-Bush campaign worker pleaded guilty to conspiring with Oliver North to defraud the government in a scheme to arm the contras. Miller said he met with North to get the prices of military hardware, which later at a plush hotel contributors were asked to buy for the contras. The items included such things as ground-to-air missiles costing as much as \$50,000 each. Miller worked with fundraiser Carl Channell, who last week pleaded guilty to falsely describing the donations as tax deductible, humanitarian aid.

Stern continues: Reports imply almost \$5 million went from Channell's National Endowment for the Preservation of Liberty to Miller's international business communications company, then on to a Miller subsidiary in the Cayman Islands and on to Oliver North's bank account in Geneva and the contras in Miami. What came out of the funnel was about half of what went in. In addition Miller received an exclusive \$250,000 contract from the State Department to rally public support for contras, some of which investigators fear, may have gone for illegal lobbying. Today Miller's lawyer apologized.

(Earl Dudley: "Mr. Miller deeply and sincerely regrets the mistakes which have tarnished his efforts and the efforts of others.")

Prosecutors refused to say whether Col. North will be prosecuted.

(David Zornow, special prosecutor's staff: "I can tell you that he is one of the individuals who is under investigation, but I cannot make any comment whatsoever on who, if anyone, will be prosecuted additionally.")

Prosecutors have said they would not bring piecemeal cases against North, who is under several investigations. (NBC-3, ABC-4, CBS-2)

PRESIDENT'S VISIT

Jennings: President Reagan flew to York, Pa., today to honor the Harley-Davidson Company - the only American manufacturer of big motorcycles. The company almost collapsed five years ago because of competition from foreign companies, but has now made a dramatic comeback. The President used the occasion to urge Congress to insist on new no-protectionist legislation.

(TV coverage: The President in the Harley-Davidson plant standing beside an employee who is sitting on a motorcycle. The employee starts the motorcycle, the President revs it up using the hand throttle.) (NBC-14)

Rather: President Reagan today made a campaign-style visit to the Harley-Davidson motorcycle plant in York, Pa. He praised the company for its comeback after it nearly collapsed five years ago from competition by foreign imports. Harley-Davidson last March asked the government to lift protectionist tariffs it said it no longer needed. In doing that, Mr. Reagan said today, "You gave some folks in Washington an important lesson on how we go about buying and selling with other nations."

(TV coverage: The President wearing safety glasses walking through the Harley-Davidson plant; then next to an employee on a motorcycle, helping the employee start and rev the motorcycle; then in front of an assembly line.) (CBS-15)

WEBSTER'S NOMINATION

Brokaw: The nomination of FBI Director William Webster to replace William Casey as head of the CIA tonight has run into a new snag. Senator Ernest "Fritz" Hollings says that he will hold up that nomination until Webster assures him that a full investigation will be conducted of the security problems at the U.S. Embassy in Moscow.

(NBC-12, ABC-3, CBS-3)

REAGAN/NIXON MEETING

Brokaw: The White House disclosed today that President Reagan met secretly last week with former President Richard Nixon. They met for about one hour in the President's study at the White House. The White House said they talked mostly about arms control in light of an article that Nixon had written critical of the Administration's position on removing missiles from Europe. (NBC-13, ABC-13)

HOUSE/SENATE BUDGETS

Rather: The Senate today gave preliminary approval to a \$1 trillion budget for the next fiscal year. But many Republicans blasted one of its key provisions -- that's the one that would allow Pentagon spending to keep pace with inflation only if President Reagan comes up with a way to pay for it in a \$11.5 billion new tax bill. The House has passed its own \$1 trillion budget. (CBS-13)

STAR WARS

Rather: The House late today insisted that President Reagan keep his Star Wars program within the narrow definition of the 1972 anti-ballistic missile (ABM) treaty. Mr. Reagan contends that treaty's restrictions are abroad enough to allow an expanded Star Wars system. Earlier the House voted that Mr. Reagan must keep U.S. nuclear warhead limits within restraints of the still unratified SALT II treaty if the Kremlin does likewise. (CBS-14)

COMMENTARY ON IRAN-CONTRA HEARINGS

NBC's John Chancellor: The process has begun. For the next few months, the country will get a mass of detailed information of the sale of arms to Iran and the diversion of profits to the contras. So much detail that the shape of what happened may be obscured. Let's stand back and look at these things called the Iran-contra scandals because we do know quite a lot already. We know that a President who said he would never bargain with terrorists, did just that. We know the President didn't control his staff and that many Americans don't believe him when he says he didn't know money was being smuggled to the contras in Central America. We know the Congress passed a law which said military aid to the contra forces was illegal. We know the White House violated the spirit and perhaps the letter of the law. That is not how the American government is suppose to work. We teach young Americans that the law is supreme. But they read in the papers that officials at the White House, of all places, work to get around the law. We know that American officials went to places like Saudi Arabia begging for secret contributions for the contras -- for money to be passed under the table. We are told that other countries may have been involved in arms shipments.... And we wonder what people in...other places think about the American government when its officials make speeches about obeying the law of the land. We know a lot, but let's not allow the hearings to distract us from what we do know -- which is already bad enough. (NBC-11)

-End of B-Section-

EDITORIALS/COLUMNISTS

IRAN-CONTRA

As The Long Summer Begins, A Reminder Of The Stakes -- "The questions of what President Reagan...knew and when [he] knew it simply does not merit the obsessive attention that our national leaders are devoting to it.... Unhappily, it is impossible not to focus on a darker side of this Administration and its methods. One can, and must, argue that congressional interference in the executive branch responsibility for foreign affairs has become congenial and destructive."

(Washington Times, 5/6)

Reality Beyond The Hearings -- "There is no mistaking where the President stands. Six years into an operation that has produced scandal, corruption and thousands of dead and maimed -- including a young American engineer killed while working on a rural hydroelectric project -- Mr. Reagan is unfazed and unapologetic. He says the contras offer 'the only political alternative to the dictatorship of the past and the communism of today' in Nicaragua.... The contra policy failed on the merits long before the Iran-contra affair ever came to light. But if the hearings... -- and the skull duggery they expose -- make it politically easier to face that fact, then bring on the hearings."

(Philadelphia Inquirer, 5/6)

Reagan's Stale Defense Of A Misguided Policy -- "The President is still calling for the overthrow of the Nicaraguan government. That's what funding for the contras is all about. Reagan says the United States has always supported regional diplomatic initiatives aimed at 'peace and democracy.' But in this context, democracy means another government. The statement contradicts itself.... Reagan's Sunday speech suggests that he still doesn't understand what's so wrong about his policy."

(Newsday, 5/5)

At Last, The Curtain Rises -- "The Hearings are important, they are one of the rituals by which a self-governing society such as ours cleanses and renews itself. But when the final gavel falls, Congress and the American people will face the same nagging question: Are we ready, at last, to stop paying Nicaraguans to kill other Nicaraguans in the name of democracy and freedom?"

(Louisville Courier Journal, 5/3)

Contra Debate -- "It is clear that Reagan Administration officials blundered badly in the Iran-contra fiasco, but that does not change the central fact that there is now a communist satellite on the mainland.... A man who began his career as a sportscaster knows that in the struggle for national survival in a dangerous world, as in less deadly games, the first rule is to keep your eye on the ball."

(Dallas Morning Star 5/5)

From Covert to Center Stage -- "At best, the President, the Secretary of State, the Secretary of Defense, and Congress were left uniformed, while underlings wrote and carried out their own dark version of American foreign policy. At worst, the conspirators were not mere underlings."

(Boston Globe, 5/5)

Do we
get
this?

IRAN-CONTRA (continued)

The Channell Channel -- "What emerges from this Iran-contra sideshow is a picture of a president who either was involved in the process or so disassociated that he agreed to meet donors without knowing why -- two equally worrisome prospects." (Cleveland Plain Dealer, 5/3)

ARMS CONTROL

A Unique Chance In Arms Control Should Not Be Lost In Numbers -- "It seems clear that, for a variety of compelling and international reasons, Gorbachev is actually serious about arms control. It would seem to everyone's advantage to exploit this opportunity to limit the planet's exposure to annihilation and to lay the basis for the next careful and measured step toward eliminating nuclear weapons entirely." (Kenneth H. Torp, Denver Post, 5/2)

Putting Together A Treaty Won't Be Easy, Even Now -- "How can the Administration turn down a Soviet offer that only ratifies what the Administration itself has been requesting?.... How can the United States hold back without giving Mr. Gorbachev a mammoth propaganda victory?.... Beyond his problem with the Democrats, the President is being severely pressured by the foreign policy establishment...to modify his plans. And he's being very closely watched by his own constituency on the right (always skeptical of arms control). And, after all, only one-third of the Senate can block any arms treaty. The fight is still ahead." (Dayton Daily News/The Journal Herald, 4/29)

How Europe Will Influence The Future Of Arms Control -- "Whatever the outcome, the debate shows that arms control is really about politics. And the superpower battle ground, be it nuclear or political, is Western Europe." (Carol Rose, Des Moines Sunday Register, 4/26)

Soviets Are Deceptive In Arms Control Talks -- "The Soviets are determined to maintain a major advantage over NATO forces in Western Europe and, to assure their position, have erected formidable trip wires in the negotiations. Even if all Americans do not perceive this, our European allies do, and will not be reluctant to tell us." (V.H. Krulak, Manchester (NH) Union Leader, 4/30)

Opportunity To Alter History Goes Beyond Arms Control -- "It would fit Reagan's style to seize the initiative, to push Gorbachev as far as the Soviet leader's 'new thinking' will allow on crucial questions.... Forty years ago, some thought the atomic bomb might end the cycle of world wars. Instead, we and the Russians embraced it as a useful tool. Finally, however, the message has gotten through. Both America and the Soviet Union may now be ready to try for a historic turnaround." (Thomas J. Watson, former Ambassador to Moscow, Seattle Post, 4/29)

Who's Ahead In Europe? -- "The far [most] sensible strategy for the United States and Western Europe rests with a strong conventional force -- such as NATO already has -- and a negotiated reduction in nuclear arsenals. A zero-option agreement would mark an important step in that direction." (Oakland Tribune, 4/29)

FOREIGN MEDIA REACTION

IRAN-CONTRA

"General Secord...is' so convinced of the probity and legality of his undercover actions that he testified without a grant of limited immunity from prosecution -- the equivalent of a trapeze artist working without a safety net."
(Daily Telegraph, Britain)

"Appearing as the first witness, General Secord said he felt betrayed and accused the Administration of abandoning those implicated in the Irangate affair."
(Guardian, Britain)

"The first impression after this hearing is that the U.S. Administration was much more involved than it said it was."
(Bertrans Vannier, France-Inter Radio, France)

"Congressional public hearings might be more embarrassing since they show the President violated several points of law.... But isn't the biggest disgrace in this affair already inflicted on Mr. Reagan the fact that it lowered him to the rank of a mere politician who says one thing and acts differently?"
(Le Monde, France)

"On the other hand, the hearings in Congress are also a striking proof of the functioning of democracy."
(Stuttgarter Zeitung, West Germany)

"Those who expected a sensational beginning characterized by tension and surprise developments were certainly disappointed."
(Corriere della Sera, Italy)

"With Secord's accusation the curtain went up on a dramatic political show, where the struggle for Reagan's political survival is mixed with the electoral fight between Democrats and Republicans."
(La Stampa, Italy)

"It is difficult to see how Reagan can surmount this situation. Instead, he is likely to be a lame-duck leader, to the advantage of a Congress which has never forgiven him for reasserting the primacy of the White House over Capitol Hill. The public hearings which opened yesterday have in fact ushered in the post-Reagan era."
(La Suisse, Switzerland)

"There is another similarity between Watergate and Contragate. Both have to do with undeclared wars conducted largely in secret without electoral mandates. Both stem from an anti-communist ideology which is used to justify strategic U.S. objectives.... This Administration has given the ideology a name, the 'Reagan Doctrine.' What may be on trial for the next several weeks is that doctrine."
(Irish Times, Ireland)

"It will be very difficult for Reagan to emerge unscathed from the Congressional investigations, but chances are that he will not be forced to resign."
(Ming Pao Daily News, Hong Kong)