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News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, MAY 12, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Iran-Contra Hearings/The President -- President Reagan set the policy, Robert McFarlane carried it out, and aid continued to flow to the contras despite a congressional cutoff of all federal funding to the Nicaraguan rebels. (Baltimore Sun, New York Times, USA Today, Washington Post, Washington Times, AP, Copley, Newhouse, Reuter, Scripps Howard)

INTERNATIONAL NEWS

No Decision On Euromissiles, German, Soviet Officials Say -- Secretary Shultz has met West German and Soviet officials in new talks aimed at clearing obstacles to a superpower agreement to eliminate medium-range nuclear weapons from Europe. (Washington Post, Reuter)

NATIONAL NEWS

Counsel Begins Probing Meese Ties To Wedtech -- Attorney General Meese asked for a criminal investigation into his dealings with Wedtech Corp. (USA Today, Washington Post, Washington Times, Scripps Howard)

NETWORK NEWS (Monday Evening)

IRAN-CONTRA -- Robert McFarlane testified that President Reagan directed the NSC to help the contras during the congressional ban on aid.

MEESE -- Attorney General Meese will be investigated by a special prosecutor.

MIDDLE EAST -- The Israeli cabinet is deadlocked over a dispute about the prospects for a Middle East peace agreement.



IRAN — NICARAGUA

McFARLANE TELLS OF REAGAN ROLE IN CONTRA, HOSTAGE EFFORTS

Former National Security Adviser Robert McFarlane provided new details of President Reagan's close involvement in Iran-contra operations, including fund-raising from Saudi Arabia for the Nicaraguan rebels and proposed ransom payments for American hostages in Lebanon.

As the second witness in the televised congressional hearings, McFarlane provided the House and Senate investigating committees with new information about Reagan's knowledge of early clandestine initiatives to free the hostages -- efforts that ran counter to public Administration policy.

The former national security adviser made clear that the President had detailed knowledge of, and may have participated in, the effort to raise urgently needed funds from other governments to tide over the contras until Congress relaxed its restrictions.

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

Iran-Contra Hearings/The President

President Reagan set the policy, Robert McFarlane carried it out, and aid continued to flow to the contras despite a congressional cutoff of all federal funding to the Nicaraguan rebels.

"The President had made it clear that he wanted a job done," McFarlane testified in the first direct evidence of Reagan's role in ordering continued support to the Nicaraguan contras after Congress voted in October 1984 to prohibit "direct or indirect" military aid to the rebels.

(Miles Benson, Newhouse)

McFarlane Tells Of Reagan Efforts To Keep Contras Supplied

Former White House aide Robert McFarlane has provided new insights into President Reagan's personal efforts to keep aid flowing to Nicaragua's contra rebels at a time when Congress had banned such support.

Questioned by Senate Chief Counsel Arthur Liman, McFarlane told of a conversation with North last November 25, hours after North had been fired from the National Security Council for allegedly masterminding the diversion scheme.

"Ollie, it was approved, wasn't it?" he said he asked North. "And he said, 'Yes, Bud, it was approved. You know I wouldn't do anything that wasn't approved.'"

But McFarlane said he did not ask North whether he meant Reagan, John Poindexter -- North's boss at the NSC who resigned the same day he was fired -- or another official.

(Sue Baker, Reuter)

McFarlane Says He Was Told By North That The Diversion Of Iranian Arms Sales Funds Was 'Approved'

Robert McFarlane testified that he was told on two occasions by Lt. Col. Oliver North that approval had been granted for the diversion of Iranian arms sales profits to the contras.

McFarlane also disclosed that President Reagan had approved a scheme for ransoming American hostages in Lebanon at a cost of \$1 million per hostage. Reagan has insisted that he never approved ransom payments to terrorists, but McFarlane said the plan, which was to have been implemented by federal Drug Enforcement officers, "did involve bribes of guards and people in the chain from the immediate housing of the prisoners to their ultimate escape from Lebanon."

(Finlay Lewis, Copley)

Document Shredding/The President

In his first appearance before a House-Senate committee investigating the Iran-contra affair, former National Security Adviser Robert McFarlane described how White House aides shredded documents and constructed a false chronology to hide President Reagan's involvement.

A written chronology that was to serve as the Administration's official version of the secret policies was altered in several key respects, McFarlane testified.

He said when he met with other aides last Nov. 18 to draft the chronology, their remarks make it clear the document would be aimed toward "preventing the President from being damaged."

"Four or five of the typed pieces of paper on the table seemed to be cast in a way as to put the best face on things, and to minimize the President's role," said McFarlane, who acknowledged participating in the effort.

(Robert Gettlin & Robert Lewis, Newhouse)

North Urged 'Shredding,' McFarlane Tells Probers

Lt. Col. Oliver North told former National Security Adviser Robert McFarlane there would have to be a "shredding party" of key documents late last November as the attorney general was closing in on the Iran-contra connection, McFarlane told Congress.

But when the colonel's role in the Iran-contra affair was exposed and he was fired from the National Security Council staff last Nov. 25, he told McFarlane, "they must have found the memo," apparently outlining the diversion.

(Mary Belcher, Washington Times, A1)

North Said To Plan 'Shredding Party' Amid Meese Inquiry

Shortly after Attorney General Meese launched his inquiry into the Reagan Administration's secret arms deals with Iran last Nov. 21, Lt. Col. Oliver North told former National Security Adviser Robert McFarlane he planned a "shredding party" to destroy potentially embarrassing documents, McFarlane testified.

McFarlane, in his first day of testimony before the congressional committees investigating the Iran-contra affair, said North told him he planned to destroy a memo to then-National Security Adviser John Poindexter describing the diversion of funds to the Nicaraguan rebels, the existence of which made the diversion "a matter of record."

(Joe Pichirallo, Washington Post, A15)

McFarlane: North Foretold Of NSC 'Shredding Party' Before Being Fired

Former National Security Adviser Robert McFarlane testified that former National Security Council aide Oliver North confided three days before he was fired there was going to be a "shredding party" to destroy NSC documents.

McFarlane told the House and Senate committees investigating the Iran-contra scandal that he withheld this information from Attorney General Meese when he met with Meese twice over the Nov. 22-23 weekend.

McFarlane said he withheld the information because he didn't learn until later that NSC documents actually had been destroyed.

(Lance Gay & Walter Friedenberg, Scripps Howard)

McFarlane Says North Talked Of Shredding On Disclosure Weekend

Former National Security Adviser Robert McFarlane testified that Lt. Col. Oliver North told him "there had to be" a document shredding party on the eve of public disclosure of the Iran-contra connection.

In a day of dramatic testimony, McFarlane also said President Reagan personally expressed "satisfaction and pleasure" over foreign donations to the Nicaraguan contras during the time Congress had banned U.S. aid to the rebels.

(Cliff Haas, AP)

McFarlane: Saudis Gave \$24.5 Million

President Reagan knew of \$24.5 million in secret Saudi Arabian aid to the Nicaraguan contras, former National Security Adviser Robert McFarlane testified.

But McFarlane insisted the contributions were "gifts," not solicitations from Administration officials -- which would have been illegal.

(Leslie Phillips, USA Today, A1)

McFarlane Links A Reagan Meeting To Contra Money

Robert McFarlane...testified that one or two days after the President met personally with King Fahd of Saudi Arabia, the Saudis agreed to double the amount of money they were sending to the Nicaraguan rebels.

McFarlane...said President Reagan expressed "gratitude and satisfaction, not surprise," when told of the Saudi decision.

This occurred in early 1985, when the Administration was barred from sending aid of any sort to the rebels. But the legality of soliciting money from foreign countries at that time remains a matter of debate.

(David Rosenbaum, New York Times, A1)

Reagan, Saudis Met Twice; Funds Flowed To Contras After Talks

President Reagan met personally with Saudi Arabian officials on the eve of the Saudis' 1984 decision to begin contributing \$1 million a month to the Nicaraguan contras, and again on the eve of the Saudi decision in February 1985 to sharply increase that contribution by giving \$24 million more to the rebels, according to informed sources and public testimony yesterday.

Robert McFarlane, President Reagan's former national security adviser, discussed the second of those meetings -- between Reagan and Saudi Arabia's King Fahd -- in his testimony to the Iran-contra select committees. (Bob Woodward & David Ottaway, Washington Post, A1)

McFarlane Asked Foreign Nation To Train Contras

In the spring of 1985, then-National Security Adviser Robert McFarlane tried to get a foreign country -- reported to be Israel -- to take over the training of Nicaraguan rebels for the U.S., McFarlane said.

McFarlane's surprising disclosure underscores what is emerging as a theme in congressional hearings into the Iran-contra affair: the extraordinary degree to which the Reagan Administration -- trying to get around congressional strictures and keep its actions secret from Congress and the public -- shipped out the implementation of foreign policy initiatives to third parties.

Without naming the country, McFarlane testified...that he asked a representative of the country whether his government "had any interest or thought themselves qualified to instruct the contras in basic tactics." A knowledgeable congressional source said the country in question was Israel. (Michael Kelly, Baltimore Sun, A1)

Angry McFarlane Vows To Clear Misimpressions About Iran-Contra Affair

An angry Robert McFarlane returns to testify before a joint congressional hearing Tuesday, vowing to correct damning misimpressions of his role in the Iran-contra arms scandal and later cover-up.

McFarlane protested that his day-long appearance Monday before House and Senate committees investigating the Iran-contra scandal gave him no opportunity to put what happened in context or perspective.

"I'm astonished," McFarlane said in a rare flash of emotion that contrasted with the expressionless, monotonous presentation he made to the panels as Senate counsel Arthur Liman steered him through a maze of documents and facts outlining his involvement in the affair.

(Lance Gay & Walter Friedenberg, Scripps Howard)

NORTH PLANNED POSSIBLE REAGAN APPEAL FOR CONTRAS

Oliver North in 1985 drew up a contingency plan for President Reagan to address the nation and ask fellow Americans to "send your check or money order to the Nicaraguan Freedom Fighters."

The plan, released Monday by the Iran-contra congressional investigative committees, appealed to Americans' deepest sense of patriotism. Contributions were to be sent to postal box 1776 at a hallowed spot in U.S. history: either Gettysburg, Philadelphia, Valley Forge or Yorktown.

"It cannot be leaked in advance," wrote the fired National Security Council aide and central player in the Iran-contra affair. The once top-secret memo was written March 16, 1985, and sent to then-National Security Adviser Robert McFarlane.

McFarlane's handwritten notes on the document showed he was cool to some of the ideas, told North to hold off on others, and agreed with still other suggestions. (Larry Margasak, AP)

BUCHANAN SAYS PRINCIPALS IN IRAN-CONTRA ARMS SCANDAL WILL BE VINDICATED

Former White House Communications Director Patrick Buchanan said the principals in the Iran-contra arms scandal will be vindicated by history even if they are indicted for their roles in the affair.

In a speech to the American Resort Development Conference and Exhibition in San Diego, Buchanan conceded that retired Air Force Maj. Gen. Richard Secord and Marine Lt. Col. Oliver North may be indicted, but that the ultimate blame will fall on Congress for failing to support the Reagan Administration's attempt to block the spread of communism in Central America. (John Marelus, Copley)

EDITOR'S NOTES: "Bush's Iran-Contra Role Still Remains An Enigma As Probe Fails To Bring Elusive Image Into Focus," by John Fialka, appears in The Wall Street Journal, A72.

"A Somber Recounting Of A Secret Policy And Its 'Fatal Risks,'" by Haynes Johnson, appears in The Washington Post, A14.

"Highlights Of McFarlane's Testimony," appears in The Washington Post, A16.

INTERNATIONAL NEWS

GENSCHER, SHULTZ DISCUSS SOVIET PLAN

West German Foreign Minister Hans-Dietrich Genscher conferred here yesterday about a Soviet proposal to eliminate medium-range missiles from Europe and said the U.S. and its NATO allies still are weighing a response.

"We have not decided. We have discussed," Genscher told reporters after a two-hour breakfast meeting with Secretary Shultz. He also talked with senior White House and Defense Department officials on his one-day visit.

(John Goshko, Washington Post, A5)

No Decision On Euromissiles, German, Soviet Officials Say

Secretary Shultz has met West German and Soviet officials in new talks aimed at clearing obstacles to a superpower agreement to eliminate medium-range nuclear weapons from Europe.

West German Foreign Minister Hans-Dietrich Genscher and Soviet Deputy Foreign Minister Alexansdr Bessmertnykh said after separate discussions with Shultz at the State Department that no conclusions were reached.

(Carol Giacomo, Reuter)

U.S. MAY STRENGTHEN NATO NUCLEAR FORCES

Effort To Reassure Europe About Missile Pact

The Joint Chiefs of Staff are studying ways to deploy more U.S. nuclear firepower in or near Europe to reassure allies that a U.S.-Soviet missile pact would not weaken Washington's commitment to defend Europe with nuclear weapons, Pentagon officials said.

Secretary Weinberger and Adm. William Crowe, chairman of the Joint Chiefs, will be discussing a long list of options with European leaders at the Nuclear Planning Group meeting of NATO defense ministers in Stravanger, Norway, this week officials said.

(George Wilson, Washington Post, A4)

ADMINISTRATION TO SEEK NEW ROCKET

FOR SPACE MISSILE DEFENSE SYSTEM

Pentagon Stresses Role In Satellite, Space Station Deployments

The Reagan Administration is planning a major effort to win congressional support for development of a new rocket system needed in part to transport elements of a ballistic missile defense system into space, U.S. officials said.

In a classified report to the White House last week, the Defense Department made a strong plea for such an effort on grounds that the rockets are needed for deployment of new intelligence and communications satellites, for construction of the U.S. space station and also for potential deployment of the first phase of missile defenses by the mid 1990s, the officials said.

(Jeffrey Smith, Washington Post, A17)

ARMS CONTROL, SDI TO TOP HILL DEBATE OF DEFENSE FUNDING

Arms control and SDI will dominate both houses of Congress this week, with the House and Senate debating defense authorization bills for fiscal 1988.

The House is in the second week of work on its \$289 billion Pentagon budget, while the Senate is slated to take up its \$303 billion defense bill as early as tomorrow. (Jennifer Spevacek, Washington Times, A3)

PRETRIAL HEARING ENDS FOR 1ST MARINE GUARD Decision On Court-Martial Due In Week

A pretrial hearing for the first marine guard charged with espionage in the U.S. embassy security scandal ended in a closed courtroom at Quantico Marine Base, with military officials expected to decide within a week whether to order a court-martial.

A military hearing officer will issue recommendations on whether prosecutors have presented enough evidence to court-martial Sgt. Clayton Lonetree, 25, on any of 24 charges, including two allegations of espionage. (Molly Moore, Washington Post, A3)

U.S. URGES STOCKPILING OF OIL Allies Cool To Plea By Energy Secretary

PARIS -- The U.S. urged other Western nations to speed the buildup on emergency oil stocks as insurance against a future oil crisis.

Some European nations rejected the calls by U.S. Energy Secretary John Herrington and suggested the U.S. try harder to improve its energy efficiency.

Herrington said the major industrial nations should follow the U.S. example of building large volumes of emergency oil stocks as protection against a revival of OPEC's price-fixing clout.

(Robert Burns, Washington Post, C1)

YEUTTER SEES ACTION ON SUBSIDIES OECD Meeting May Back Farm Reforms

PARIS -- U.S. Trade Representative Clayton Yeutter said he expects a significant breakthrough in the effort to cut back global farm subsidies at a high-level international meeting that begins here today.

Yeutter, who is here for a ministerial meeting of the Organization for Economic Cooperation and Development, endorsed a section of the OECD communique to be issued Wednesday proposing major reforms of government support programs that generate huge agricultural surpluses.

(Hobart Rowen, Washington Post, C1)

U.S. WON'T SEND ENVOY BACK TO SYRIA But Administration Seeks Renewed Contacts

After lengthy internal debate, the Reagan Administration has decided it will not send Ambassador William Eagleton back to his post in Syria, despite its hope for renewal of high-level contacts with President Hafaz Assad as part of its new Middle East peace effort.

Sources said the Administration reluctantly has concluded that it cannot justify Eagleton's return unless Assad makes a gesture such as closing the Damascus office of the Palestinian terrorist group led by Abu Nidal, or arranging the release of some of the Americans held hostage in Lebanon.
(John Goshko, Washington Post, A9)

JORDANIAN PLEDGE TO LIMIT RUSSIANS IN TALKS REPORTED

Jordan has made a commitment to the U.S. and Israel that would minimize the Soviet role in shaping a Middle East peace agreement, according to diplomatic sources familiar with a three-part memorandum of understanding between Jordan and Israel.

The document includes a Jordanian agreement to limit the powers of an international conference, which would be convened as a stepping stone to direct negotiations between Jordan and Israel. This would apparently have the effect of reducing the Soviet Union to a bystander in the process, an arrangement that pleases Washington but does not seem likely to be accepted by Moscow.
(David Shipler, New York Times, A1)

MURPHY WARNS IRAN ON SHIPPING

BAGHDAD, Iraq -- U.S. envoy Richard Murphy warned Tehran against attacking U.S. ships just hours after Iran attacked a third merchant vessel in eight days.

"We regard any attack on an American ship as a very serious affair," said Murphy. "We will do what is necessary to ensure the passage of our ships." He said at a news conference that the U.S. supported freedom of navigation in the international waterway.

(Reuter story, Washington Post, A24)

U.S. CENTRAL AMERICA POLICY IN STATE OF CRISIS

President Reagan's failure to develop a clear Central American policy has created a credibility crisis within his own party that threatens continued U.S. aid to the Nicaraguan resistance.

That failure helped spark the Iran-contra affair and increased feuding among State Department and CIA officials over the best U.S. approach in Central America.

"People don't have a clear idea of what our goals are and what we want to accomplish," said an aide to House Minority Leader Robert Michel.

(Rita McWilliams, Washington Times, A10)

U.S. BARES ITS CLAWS IN HONDURAS EXERCISE

TEGUCIGALPA, Honduras -- About 6,500 American military personnel will launch the largest U.S. war game in the history of Honduras tomorrow.

The operation, known as Solid Shield, will see 1,800 U.S. Marines storming a northern shore beach while 1,500 U.S. Army paratroopers drop out of the sky.

Just off the Honduran coastline, 13 U.S. Navy ships will practice cat-and-mouse tactics, stalking each other to launch simulated air strikes and submarine attacks. (Glenn Garvin, Washington Times, A1)

CENTRAL AMERICAN ALLY TO RECEIVE F-5ES

The Reagan Administration intends to provide Honduras with 10 F-5E fighter planes over the next two years, State Department officials say.

The Administration is expected to formally notify Congress today that it wants to proceed with the \$75 million package. It is another element in U.S. efforts to deter Honduras' southern neighbor, Nicaragua, which the Administration maintains is attempting to export its revolution. The transaction also includes two F-5F trainers. (George Gedda, AP)

SANDINISTAS ACKNOWLEDGE CONTRA ACTIVITY INCREASING

MANAGUA, Nicaragua -- The Sandinista government has acknowledged that clashes with U.S.-supported rebels have increased sharply in recent weeks and that the rebels have scored their biggest military success this year.

But the government insists that it is still inflicting a "strategic defeat" on the rebels, known as contras, and currently is pressing a major offensive against a key logistics center in the north of the country.

(William Branigin, Washington Post, A1)

U.S. PRESSES SOUTH KOREAN LEADER TO ADOPT POLITICAL REFORMS Administration Calls On Chun To Resume Dialogue With The Opposition, Revise Election Laws

The Reagan Administration is pressing South Korean President Chun Doo Hwan to undertake reforms after his controversial and hotly contested decision to halt political dialogue about selection of his successor, according to State Department officials.

The revisions sought, which included election laws, local autonomy, more press freedom and release of political prisoners, were made public in congressional testimony last Wednesday by Assistant Secretary of State Gaston Sigur, the department's senior Asian affairs official.

(Don Oberdorfer, Washington Post, A27)

ANGOLA GETS INFUSION OF SOVIET ARMS
Major Drive Expected Against Guerrillas

The Soviet Union has completed a major arms buildup in Angola in preparation for what the Reagan Administration thinks will be a substantial summer offensive against U.S.-armed rebels fighting the Marxist government there.

A senior Administration official said U.S. intelligence sources estimate Moscow has sent \$1 billion worth of arms to Angola in the past year, bringing total Soviet military aid to \$4 billion in the past decade.

(David Ottaway, Washington Post, A27)

THATCHER CALLS JUNE 11 POLL,
AIMS AT RULING TO END OF CENTURY

LONDON -- British Prime Minister Margaret Thatcher has set her sights on leading Britain to the end of the century after announcing general elections in which she is favored to win a record third consecutive term.

"I hope to on and on," she told British television after announcing the June 11 election. "This is only the third term we're asking for. It may take longer than five years. It's a manifesto to set a course to go up to the end of the century."

(Claudia Rader, Reuter)

AQUINO SLATE SEEN AHEAD IN EARLY RETURNS

MANILA -- More than 25 million Filipinos went to the polls in an election for a new national legislature that President Corazon Aquino hopes will return the country to political normalcy and provide a supportive Congress for her programs.

The first free election since martial law was largely seen here as one of the most peaceful in the Philippines' long history of vote-buying, ballot box stealing, and political violence. Aquino, in a statement, said, "I am heartened by the news that voting in the senatorial and congressional elections so far has, on the whole, been calm, peaceful and orderly."

As of midnight, only a fraction of the votes were counted around the country, mostly in Metropolitan Manila, making it difficult to discern any real trends. But scattered returns from isolated precincts appeared to show Aquino's candidates winning between 18 and 23 of the 24 seats in the powerful and more prestigious Senate.

(Keith Richburg, Washington Post, A1)

NATIONAL NEWS

MEESE'S TIES TO WEDTECH TO BE PROBED

Independent Counsel Assigned; Attorney General Sees Vindication

Attorney General Meese asked that an independent counsel undertake a criminal investigation of his ties to the Wedtech Corp., a scandal-torn defense contractor that is already the subject of numerous federal inquiries.

Independent counsel James McKay, who is investigating Wedtech, promptly accepted the assignment. He said the inquiry, which will apparently concentrate on conflict-of-interest laws, would begin immediately and "will be pursued as expeditiously as possible."

Meese, who has had various personal and financial dealings with individuals associated with Wedtech, predicted that he would be vindicated. He also announced that he was terminating the "limited partnership" he and his wife established under California law in May 1985 with W. Franklyn Chinn, a West Coast businessman who had just become a consultant for Wedtech.

(George Lardner, Washington Post, A1)

Meese Is Target Of 2nd Probe

Ed Meese -- cleared by one special prosecutor before he became attorney general -- asked another special prosecutor to look into new financial irregularity charges.

Meese's probe heads off -- at least for now -- a Senate Judiciary Committee investigation. Said Chairman Joseph Biden: "This is the way the system is supposed to work."

President Reagan also applauded his old friend and aide -- saying Meese "has acted in the public interest."

(Ralph Soda & Sam Meddis, USA Today, A1)

Counsel Begins Probing Meese Ties To Wedtech

Attorney General Meese asked for a criminal investigation into his dealings with Wedtech Corp.

Terry Eastland, Justice Department director of public affairs, said, "The attorney general desires that this matter be resolved as quickly as possible, and in a forum that will prevent partisan political exploitation."

(Michael Hedges, Washington Times, A1)

Meese Agrees To Independent Counsel; Should He Step Aside?

There is growing speculation that Edwin Meese may have to step aside as U.S. attorney general after asking for an independent counsel to investigate his links with a firm whose four top officers have pleaded guilty to conspiring to bribe public officials.

Several Republican and Democratic lawmakers, who refused to be quoted by name, said they think Meese should take a leave of absence while the investigation proceeds.

The White House said that "the status of the moment" is that there has been no decision to have Meese step aside from his duties as the nation's top law enforcement official, chairman of the White House Domestic Policy Council and head of the search committee for a new FBI director.

(Ann McFeatters, Scripps Howard)

SHORT-TERM DEBT CEILING RISE IS VOTED Panel Sets Stage For Political Fight

The House Ways and Means Committee approved a short-term increase in the nation's debt limit with the hope the increase will not become ensnared in negotiations over budget issues between the Reagan Administration and Congress.

Beginning what is at least an annual and usually tortuous legislative exercise, the full House will take up on Wednesday the legislation increasing the debt ceiling by \$20 billion, to \$2.32 trillion, through July 17. The Treasury Department is pushing for a long-term debt-limit increase to \$2.578 trillion that would not expire until Sept. 30, 1988, an amendment that will be offered tomorrow but which appears less likely to pass.

Because legislation raising the debt ceiling is so crucial, it almost invariably attracts extraneous amendments, and this year promises to be no different. Despite appeals by President Reagan for a clean debt-limit bill in a meeting with congressional leaders yesterday, Sen. Phil Gramm will seek to attach to the legislation an amendment restoring a refinement of the automatic spending-cut mechanism struck from the 1985 balanced-budget law by the Supreme Court.

(Tom Kenworthy, Washington Post, A4)

Reagan Urges A Rise In Debt Ceiling

Warning of dire financial consequences, the White House urged Congress to raise the national debt ceiling before the government runs out of authority to borrow money this Friday.

But a number of conservative Republicans refuse to heed the Administration, and White House legislative strategists say they do not have the votes to assure passage of such a measure.

(Steven Roberts, New York Times, D15)

NASA'S JUDGEMENT BLAMED FOR ROCKET LOSS Air Force Personnel Also Faulted In Probe Of Atlas-Centaur Mishap

Poor judgement by NASA launch managers and a "missed call" by an Air Force weather team led to the destruction of a \$161 million Atlas-Centaur rocket and payload in an electrical storm on March 26, space agency investigators have concluded.

"The Air Force missed the call on the weather and NASA wasn't able to recognize that error," Jon Busse, who directed the investigation, said when he announced the findings. (Kathy Sawyer, Washington Post, A1)

EDITOR'S NOTE: "The Rosebush Chronicle (about James Rosebush's forthcoming book, 'First Lady, Public Wife')," by Donnie Radcliffe, appears in The Washington Post, D2)

NETWORK NEWS SUMMARY

(Monday Evening, May 11, 1987)

IRAN-CONTRA HEARINGS

NBC's Tom Brokaw: Former National Security Advisor Robert C. "Bud"

McFarlane today gave the most detailed picture yet of what President Reagan knew about efforts to raise money for the contras at a time when Congress expressly prohibited government agencies from doing just that. As the opening witness in the second week of the congressional hearings in the Iran-contra affair, McFarlane said the President ordered him to help the contras hold body and soul together.

NBC's John Dancy: Just three months ago, McFarlane tried to take his own life, saying he had failed the country and the President in the Iran-contra affair. Today he was before the congressional Iran committees pledging to tell all. The story he told revealed that President Reagan knew a lot about help for the contras from the beginning.

(McFarlane: "The President had made clear that he wanted a job done. The net result was that the job fell to the National Security Council staff.")

But McFarlane said there wasn't much the NSC could do.

(McFarlane: "Well basically, it was smoke and mirrors. It was a matter of trying to demonstrate, simply by the presence of a White House person, someone close enough to the President to achieve simply by dint of that proximity, credibility with the contra leaders.")

Then, a country delicately referred to in the hearings as "country two," but widely known to be Saudi Arabia, agreed to contribute money to the contras. At first, \$1 million a month, then after a state visit by King Fahd of Saudi Arabia in a private meeting between Fahd and President Reagan, Saudi Arabia abruptly increased the amount to \$2 million a month.

(TV coverage: File footage of the President and King Fahd.)

McFarlane informed the President, who didn't seem surprised.

(McFarlane: "And I recall getting his reaction as being one of - analogous to the earlier time - of gratitude and satisfaction; not of surprise.")

Had the President solicited the contribution from Fahd? Committee sources say there is no evidence from the President's diaries or McFarlane's private testimony that he did. McFarlane also testified about his role in selling arms to Iran in exchange for hostages. Emotional, he described the time after the first shipment of arms, when Lebanese captors agreed to release one hostage. McFarlane asked for CIA Beirut station chief William Buckley.

(Arthur Liman: "Were you asked to play God and choose one hostage?")

McFarlane: "Yes. And I asked for Mr. Buckley."

Liman: "And that was the subject of some anguish to be put in the position of having to choose?"

McFarlane: "Yes."

-more-

Dancy continues:

Liman: "And it brought home to you, I take it, what it really meant to be negotiating for hostages."

McFarlane: "Well it was very clear that this was not a -- the kind of exchange that was proper.")

By that time, however, Buckley had already been killed by his captors. Instead, the Rev. Benjamin Weir was released in exchange for 508 missiles. As today's session ended, Liman cited McFarlane's years of public service and he asked, "How could this happen?" McFarlane said, "That's a question that deserves an answer." And he will give it tomorrow.

Brokaw: McFarlane's testified today that he informed President Reagan that Saudi Arabia was sending money to the contras and his description of the President's determination to continue supporting the contras, all that is causing some uneasiness at the White House tonight.

NBC's Chris Wallace: The recent White House willingness to talk about the scandal was not in evidence today. The President was asked whether he had watched McFarlane.

(The President: "No, and I'm not going to make any comments.")

(TV coverage: The President in the cabinet room.)

The Vice President wouldn't even listen to questions.

(Vice President Bush: "We're not taking any questions at all.")

Privately, top advisors acknowledge McFarlane's testimony appears damaging. Seeming to show Mr. Reagan directed a White House effort to support the contras, despite a congressional cutoff. But spokesman Marlin Fitzwater maintained whatever the appearances, the President did nothing illegal. He said Mr. Reagan never made a secret of his support for the contras, inviting rebel leaders to the White House and telling his staff the same thing he told the public.

(The President: "Defeat for the contras would mean a second Cuba in the mainland of North America.")

(TV coverage: The President in the cabinet room.)

But aides say the President did not direct the NSC to solicit funds for the contras, standing by Mr. Reagan's denial last week.

(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: May 5, 1987, file footage of the President in the Rose Garden responding to reporters' questions.)

But McFarlane described a President who knew more than previously thought. A President who was told as soon as Saudi Arabia started giving money to the contras. A President who intervened when Honduras held up an arms shipment for the rebels at a time when the U.S. was barred from helping the contras. But while there may be a perception that Mr. Reagan was involved, officials here are far more concerned with what would stand up in court. As so far, they said, McFarlane has not hurt the President. One top advisor said the bottom line here is simple -- if it was illegal -- the President didn't know about it.

(NBC-Lead)

ABC's PETER JENNINGS: It is week two of the Iran-contra hearings and witness number two, the former National Security Advisor Robert McFarlane. In just a few hours of testimony today, Mr. McFarlane made clear: A. That the President did want his National Security Council to find ways to help the contras; and B. That Col. Oliver North told him he did have approval to divert Iranian arms funds to the contras. A note of background on Mr. McFarlane -- he's no stranger to government work and American foreign policy. He's a former Marine Colonel who went to the Nixon White House in 1971 and worked under Henry Kissinger. He served under President Ford and then under President Reagan.

ABC's Brit Hume: McFarlane told for the first time of a conversation with Oliver North last November, the day before North was fired from the White House and the diversion of funds to the contras revealed.

(McFarlane: "He thought that the President was in a very solid position and that there really was only one matter that concerned him and it was the matter of the channe'ling of funds to the contras from the Iran account. And I said, 'Well, that was approved, wasn't it?' And he said, 'Yes, you know it was. You know I wouldn't do anything without approval.'")

He was never asked who gave that approval.

(Liman: "Did you ask Col. North how they discovered this?"

McFarlane: "I asked what happened, I think. And he said, 'They must have found the memo,' or word to that effect."

Liman: "Did he say, 'I missed one.'?"

McFarlane: "Something like that.")

That last apparently referred to document shredding which McFarlane said he was told North had done that weekend. Earlier McFarlane testified that the President had ordered his staff to keep helping the contras after Congress cutoff military and CIA support in late 1984.

(McFarlane: "He directed that we continue...to bring the movement into the good graces of Congress and the American people and that we assure the contras of continuing Administration support to help them hold body and soul together until the time when Congress would again agree to support them.")

But McFarlane said he ordered his staff, chiefly North, to stay within the law and not to solicit or broker money for the contras. But he said \$1 million a month had been flowing to the contras from Saudi Arabia and he said he subtly put the arm on the Saudis to keep it coming **after** Congress cutoff aid. And he told of a private meeting between Saudi King Fahd and the President during a 1985 state visit.

(TV coverage: File footage of the President and King Fahd.)

Afterward, the Saudis doubled their money to the contras, McFarlane said he told the President.

(McFarlane: "I recall getting his reaction as being one of -- analogous to the earlier time -- of gratitude and satisfaction -- not of surprise.")

The Saudis issued a statement denying the subject of contras money came up in the meeting between King Fahd and the President. McFarlane said the President did intervene directly when a Central American country, reportedly Honduras, help up a shipment of bound for the contras.

(Liman: "Did you ask the President of the United States to speak to the head of state of that country to make sure that the contras arms were released to them?"

Hume continues:

McFarlane: "Yes."

Liman: "And was that successful?"

McFarlane: "Yes.")

The subject changes to the first arms deal with Iran and McFarlane told of dashed hopes that it would free all the hostages and of news ...that only one would be released.

(Liman: "Were you asked to play God and choose one hostage")

McFarlane: "Yes. And I asked for Mr. Buckley.")

But it was too late for the kidnapped CIA man William Buckley who had been murdered. So McFarlane said he asked for the Rev. Benjamin Weir, who was released.

Jennings: At the White House today a spokesman said the President's public support for the contras was never hidden, but he never asked his staff or anyone else to do anything that was illegal. The spokesman also said the President was not aware of soliciting for funds for the contras by members of his own Administration, but he did know that third countries were providing assistance. (ABC-2)

CBS's Dan Rather: Robert McFarlane under oath reveals his chilling choice -- picking one American hostage in Lebanon to be swapped for a weapon's shipment to Iran. The disclosures from President Reagan's former National Security Advisor didn't stop there. McFarlane also detailed just how involved President Reagan was in getting around Congress for secret aid to the Nicaraguan rebels, also Mr. Reagan's secret policy and arm dealings with Iran and much more about Oliver North's secret White House basement operations. Again today, President Reagan denied any knowledge of law breaking.

CBS's Phil Jones:

(McFarlane: "I regret and I will continue to regret, the mistakes that I've made.")

Robert McFarlane did indeed apologize for his involvement in the Iran-contra scandal, but in the process he may have caused bigger legal problems for Lt. Col. Oliver North. McFarlane disclosed details today indicating that North may have been involved in obstruction of justice after Attorney General Meese began asking questions in November of last year, by shredding documents about the diversion.

(Liman: "What did he tell you about a shredding party?"

McFarlane: "Well, just that there had to be one.")

McFarlane told about how President Reagan had directed that faith with the contras not be broken, that aids should make continued efforts to help the contras hold body and soul together until Congress would again agree to support them. McFarlane, who had served as President Reagan's National Security Advisor until December 1985, described an active President who even made a phone call to a Central American leader to free-up confiscated weapons for the contras.

(Liman: "Did you ask the President of the United States to speak to the head of State of that country to make sure that the contras' arms were released to them?"

McFarlane: "Yes."

Liman: "And was successful?"

McFarlane: "Yes.")

-more-

Jones continues:

According to McFarlane, both the President and Vice President were well aware of contributions from foreign countries, including \$32 million in donations from Saudi Arabia.

(TV coverage: Still photos of the President and Vice President.)

McFarlane conceded today that suspicions about Lt. Col. Oliver North should have lead him to ask more questions. McFarlane insisted that he had warned North against violating the Boland amendment which prohibited direct or indirect assistance to the contras. Concerning the Iranian arms sales, that turned into an arms for hostages deal, McFarlane told more details today about how the secret dealing went on and how he was asked to choose one American hostage to be released after the first U.S. approved shipment of arms to Iran. McFarlane said he felt as if he were playing God and he chose the American CIA station chief William Buckley, being held captive in Beirut.

(Liman: "And it brought home to you, I take it, what it really meant to be negotiating for hostages.")

(McFarlane: "Well it was very clear that this was not a -- the kind of exchange that was proper.")

However, as it turned out, Buckley was dead. The Rev. Benjamin Weir was the one released.

(Weir: "It certainly makes me feel very humble that I was chosen and I also appreciate the fact that Mr. McFarlane must have been in a very difficult position at that moment to make that kind of choice. I hope I would never be put in that position.")

McFarlane has been considered a fragile witness ever since he attempted suicide last year. But his testimony is crucial in determining whether or not the Reagan Administration broke any laws by aiding the contras.

Bill Plante: At the White House, in what is fast becoming a daily ritual, the President's spokesman repeated Mr. Reagan's assurance that while he always supported the contras, he never solicited illegal funds for them or knew that anyone in his Administration was doing so. Mr. Reagan himself steered clear of any questions about McFarlane's testimony.

(The President: "I can't...take questions on that. We're here on the matter of the debt ceiling.")

The White House has a dilemma. Its strategy is for the President to be seen in the business of governing -- pushing his agenda in trips around the country so that he appears to be active, involved and in charge.

(TV coverage: Collection of file footage of the President -- in Tuskegee, Al.; at Ellis Island; in York, Pa.; on the White House lawn.)

But at the same time, Mr. Reagan has to invoke ignorance and detachment as his defense against charges that he must have known more than he's letting on about the Iran-contra dealing.

(The President: "I had no detailed information.")

(TV coverage: File footage from May 3, 1987)

(The President: "I don't how that money was to be used...I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

Plante continues:

(TV coverage: File footage of the President from May 5, 1987.)

This strikes some as an extremely fine line for the President to walk.... The President's ultimate defense -- that he did nothing illegal. But White House official acknowledge that testimony such as McFarlane's may be damaging even if doesn't suggest illegality -- if it does suggest that Mr. Reagan knew a lot about what was going on.

(CBS-Lead)

ATTORNEY GENERAL MEESE/WEDTECH

Jennings: It is embarrassing to say the least. The Attorney General of the United States Edwin Meese is going to be investigated by a special prosecutor for a second time. And it's surely not something the Reagan Administration can be proud of. Including the Iran-contra affair, this is the seventh time that members of this Administration have been faced with investigations under the ethics in government act. On this occasion, Mr. Meese has asked for the investigation as there are questions about influence peddling when he was a counselor in the White House.

ABC's Dennis Troute: Returning from a speech today, the Attorney General turned aside questions about why he's sought an independent council to investigate his dealings with the Wedtech company.

(Meese: "My public affair office will put out a statement that answers all the questions.")

A letter from Meese's lawyer to the Justice Department says any investigation will show there was nothing "unethical or illegal in the Attorney General's conduct." The connection began when Meese was White House Council in 1982 and Wedtech was a small tool and die company anxious to cash in on the lucrative defense business. At the request of his long time friend and attorney, Bob Wallach, Meese had his aid, James Jenkins arrange a White House meeting to discuss an Army contract for Wedtech. Wedtech soon had a contract to make small engines for the military for \$32 million. Meese's deputy, James Jenkins, later took a job with the company and attorney Bob Wallach made more than \$1 million doing Wedtech's legal work. Another connection -- in 1985, Meese invested \$60,000 through an investment council [who was] then a director of Wedtech. The investment was a blind trust and it is not known if Meese owned any Wedtech stock. Meese has been under mounting pressure from Capitol Hill to get out the full story on his Wedtech dealings. Independent Council James McKay, also investigating others involved in Wedtech, has agreed to include Meese in his inquiry.

(McKay: "There's so much at stake here that we've got to do the most thorough and fair -- we want to be extremely fair all the way around.")

Meese was investigated in 1984 after critics complained his personal creditors too often were getting good government jobs. Cleared of criminal wrong doing after 5 months, he now faces the process again.

Jennings: The Attorney General is no the only official whose ties to Wedtech are being investigated. Another is the former White House political director Lyn Nofziger. And grand juries in 2 states have named 4 other men, three of them are political figures.

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

EUGENE HASENFUS

Brokaw: Eugene Hasenfus, the American mercenary who was shot down over Nicaragua complained today that he feels like a "lost sole" these days, abandoned by his government. Hasenfus, who lives now in Wisconsin, said that he is in debt and out of work. He was an employee of the contra resupply operation when the cargo plane in which he was flying was shot down. Hasenfus was captured by the Sandinista and then released. (NBC-2)

IRAN/IRAQ WAR

Rather: U.S. arms shipments to Iran have been cut off since President Reagan reversed his secret policy last year. And today, another U.S. Representative was in Iraq, reportedly delivering another message from President Reagan about U.S. efforts to end the Gulf War. Still that war shows no sign of abating.

CBS's Alan Pizzey reports from an Iranian army camp. (CBS-3)

ISRAELI CABINET DEADLOCK

Rather: The Israeli cabinet is deadlocked tonight over what some Israeli see as a historic chance for peace and some others see as a deathtrap. The proposal...is for an international conference leading for direct talks with the Arabs.... Top Israeli officials say they have received a letter from Secretary Shultz which endorses as international conference as the only practical way to continue to peace process -- a process which Israeli has never seen peaceful at all. (CBS-9)

AIDS

Rather: New developments in the battle against AIDS. They centered on issues of public health and public morality. A federal agency called for increased voluntary testing for the AIDS virus and the nation's largest city began an anti-AIDS advertising campaign of startling frankness.

CBS's Richard Roth: ...The proposal drawn up by the Centers for Disease control says AIDS blood tests should be encouraged for anyone in a high-risk group....but it calls routine mandatory AIDS testing not justified, an issue that's dividing some of the President's own advisors.

(William Bennett: "I think people who apply for marriage licenses, people who are admitted to hospitals, and other, we should have routine testing. And I still don't understand why we're not doing that.")

(Dr. Coop: "Voluntary testing, easily accessible to all, with the appropriate counseling and with safe guard to insure confidentiality is good public health practice at the present time.")

...The test now are mandatory only for military and some other government personnel and for blood donors... (CBS-5)

NASA/ROCKET LAUNCH

Rather: The Air Force and NASA were blamed today for a \$181 million mistake -- the March 26th launch of an...rocket. The rocket carried a military communications satellite. It was struck by lightning and blew up. Today investigators said Air Force weather forecasters made a bad call and NASA should have known better. (CBS-4)

DEPORTATION CASE OF PLO MEMBERS

Brokaw: A judge in Los Angeles today dismissed deportation proceedings against eight alleged members of the PLO. The case had drawn angry attacks from civil rights groups which charged the government was seeking to harass people who disagree with U.S. policy in the Middle East. The case was thrown out today when government officials failed to appear for a court hearing.
(NBC-4, ABC-10, CBS-8)

BARBIE TRIAL

Brokaw: The trial that has revived the anguish of France during World War II began today. Accused Nazi war criminal Claus Barbie finally appeared in court almost 40 years after he fled to Latin America.

NBC's Paul Miller reports on today's trial. (NBC-5, ABC-3, CBS-7)

DEFENSE CONTRACTS IN MASSACHUSETTS

Brokaw: ...This whole era of high technology has transformed Massachusetts from an economic disaster area to what Governor Dukakis likes to call "the economic miracle".... As this economic renaissance was helped along by the Reagan military buildup.... Defense contracts are up 60 percent in the last seven years.
(Brokaw: "Governor... what would happen to Massachusetts if there had not been the Reagan military buildup in the last few years?"
Dukakis: "We were really moving even before the buildup. I think it's a **great** mistake to suggest that Massachusetts' success these days depends on the defense budget.")
...If **Star Wars** fades away when Ronald Reagan leaves office, if the military buildup ends, that will be the challenge for the Massachusetts economic miracle.
(NBC-11)

-End of B-Section-

EDITORIALS/COLUMNISTS

IRAN-CONTRA

Week One: Secord's Version -- "Congressional investigators have been trying with some success to make the case that the Reagan Administration was illegally involved in this operation -- and that the President knew it.... Private pursuit of [Secord's] financial gain is not the real issue. Public policy is the real issue, and the means the President and his men might have taken to subvert and circumvent it." (Baltimore Sun, 5/8)

Walsh Deserves Some Elbow Room -- "The central question, of course, is whether Reagan was unwittingly used by unscrupulous allies and associates -- or whether he was consciously a part of the sordid scheme. Arguing mightily in favor of the latter conclusion is the fact that illegal fund-raising network and other bootleg assistance to the contras served a cause dear to the President. In any event, the truth appears rather likely to come out as the special prosecutor and the congressional investigators pursue their related but separate tasks."

(Milwaukee Journal 5/1)

It's No Court Of Law : "The investigators can develop significant information that the public needs to know, but they cannot 'convict' anyone of anything except in the headlines. Important as the committee's work is, we need to remember as long as we go along that it is far from a court of law, even though it may act as if it has the President 'on trial.'"

(Atlanta Journal, 5/7)

Hart, Reagan And Credibility -- "The coincidence of Gary Hart's lost weekend leaping onto the front page just as Congress was beginning its Iran-contra hearings appeared at first to be a lucky break for both President Reagan and the Democratic front-runner. Each event was expected to take news play away from the other, dividing the public's attention.... What Mr. Reagan has going for him is that he has been President for more than six years and should continue to be for the next two. The public can't simply say 'Get lost' to Mr. Reagan. But Mr. Hart...will have bowed to the inevitable." (Philadelphia Inquirer, 5/8)

Queasy Feeling In the White House -- "The White House has decided Reagan is once again going to make a splashy public effort to defend the contras, extol them as freedom fighters and send a message to Congress that he will not give up seeking more than \$100 million in new aid for them. Not to do so, the White House says firmly, would be to hold the people of Nicaragua 'hostage' to American politics."

(Ann McFeatters, Kansas City Times, 5/5)

Towering Lesson For NSC -- "The mistaken actions of President Reagan's National Security Council in the Iran-contra affair should not lead to equally mistaken congressional action to overregulate the President's national security staff.... If Congress insists on an overhaul of the NSC, it should remember Tower's words to the House Armed Services Committee: 'The worst time to legislate is a time of crisis...Congress has made a facility for making permanent solutions to temporary problems.'"

(Oregonian 5/6)

IRAN-CONTRA continued:

Iranscam On Trial -- "As the hearings proceed, the magnitude of how deeply private citizens were involved in making U.S. foreign policy will emerge. It is far too early to draw conclusions -- except one: Clearly, congressional intent -- and thus the Constitutional wisdom of checks and balances -- was thwarted in Iranscam." (Miami Herald, 5/10)

Quiet Pursuit -- "The major [impact] of the convictions, though, is that they underscore the officially sanctioned and clearly illegal effort to privatize American foreign policy by a deliberate plan to thwart the will of Congress.... Before the investigation is over there is a probability that others will [be indicted] too." (Los Angeles Times 5/8)

WILLIAM CASEY

William J. Casey -- "Fate was kind to Casey, striking him down with an incurable disease at the very moment that his secret operations shifted abruptly from the midnight work of cloak-and-dagger to the sunlit glare of publicity and scandal. He did not live to testify about his deeds to special prosecutors, grand juries and congressional committees. By his own standards, Casey served his country to the best of his abilities, defying the odds and the critics. By a different standard, the country can be grateful that his successor is once again a sober ex-judge and administrator unlikely to follow the call of romance." (Boston Globe, 5/7)

William Casey -- "William J. Casey...deserved the admiration of his fellow citizens for the often heroic way he served this republic over the years.... It was a shame he had to go out on the sour note of the Iran-contra scandal, because he will be missed." (Boston Herald, 5/7)

The Man Who Knew Too Little -- "The courage of William J. Casey...was never questioned. But like most men who believe that their ends justify the use of questionable means, affections for Casey was confined within the narrow limits of those who thought as he did.... William Casey will be remembered not only as a man who went out of his way, but also as one who led the CIA into a new round of questionable activities that may result in further restrictions on the agency." (Cleveland Plain Dealer 5/7)

Casey Of The CIA -- "Mr. Casey is rightfully credited with reorganizing, even galvanizing, an agency demoralized after strong public censure for its misadventures in the 1970s. However, his dedication to one man's ideological obsession -- President Reagan's unshakable faith in the contras -- yet again weakened the agency that he had strengthened. Mr. Casey's legacy of government service is ambivalent because he was inconsistent in his choice of loyalties -- first law before men, then the opposite. There is a message in his ambivalence that should not be lost in the eulogies." (Miami Herald, 5/8)

Reagan's Covert Operator From a Bygone Era -- "If Casey was running amok -- and he was -- it was either because the President allowed him to or because the President told him to. The congressional committee will now have to decide which without help from Casey. Knowing the man and the ethic by which he lived, that would have been the case even if he were still alive." (Newsday, 5/7)

FOREIGN MEDIA REACTION

IRAN-CONTRA HEARINGS

"In particular, Mr. McFarlane will claim that neither he nor the President told the national security staff specifically to break U.S. law against supplying the contras with weapons. The testimony seems certain to deepen the mystery of the precise relationship between the President, his senior aides and what has been called Mr. Reagan's 'shadow foreign policy team' that was directed by Colonel North but actually run by private citizens, including former high-ranking military officers, such as retired General Richard Secord, who testified last week."

(Independent, Britain)

"Reagan's alibi on the Iran-contra connection...risks being destroyed.... According to insistent rumors in Washington, McFarlane will say that Reagan was not in the dark about his assistants' project to divert Iranian funds to the contras."

(Corriere della Sera, Italy)

"Casey might have been the only person who, had he revealed everything he knew, could have dealt the Reagan presidency a crippling blow. But dead men tell no tales."

(Sunday Times, Britain)

"It seems that this general who says he was 'betrayed' by his former friends also tried to compensate with money the military and political capabilities he did not have. A main witness charging President Reagan, General Secord is also a very dubious figure."

(Quotiden, France)

"Irangate has been a severe blow for the Republican party.... The beginning of the hearings...keeps the affair open to public attention.... The question now is up to what point Reagan and Bush will be involved in Irangate."

(La Vanguardia, Spain)

"The Iran-contras incident is highly complicated. We sincerely hope that the witnesses will not be able to prove that President Reagan was actually involved in the funding of the contras. We all know that the Irangate incident is different from the Watergate incident."

(Sing Tao Jin Pao, Hong Kong)

"Will the world again witness that awesome spectacle only America can stage: the calling to account of a President by his subjects? ...As a U.S. senator put it, the American people will find out whether President Reagan faithfully abided by the spirit of the law, or had grossly ignored it instead. Whatever the answer would be, the world has by now become accustomed to the experience that in the United States the law works and people have the last word."

(Indonesian Observer, Indonesia)

"In an atmosphere which is becoming more and more tense, Vice President Bush yesterday tried to distance himself from Irangate and President Reagan during a speech in Michigan in which he denounced the lack of morality in U.S. politics.... According to his entourage, Bush has decided to separate his own role in Irangate -- a relatively modest role -- from Reagan's role in order not to miss the unexpected chance offered him by Hart's withdrawal."

(Stampa Sera, Italy)



News Summary

OFFICE OF THE PRESS SECRETARY

TUESDAY, MAY 12, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Iran-Contra Hearings/The President -- President Reagan set the policy, Robert McFarlane carried it out, and aid continued to flow to the contras despite a congressional cutoff of all federal funding to the Nicaraguan rebels. (Baltimore Sun, New York Times, USA Today, Washington Post, Washington Times, AP, Copley, Newhouse, Reuter, Scripps Howard)

INTERNATIONAL NEWS

No Decision On Euromissiles, German, Soviet Officials Say -- Secretary Shultz has met West German and Soviet officials in new talks aimed at clearing obstacles to a superpower agreement to eliminate medium-range nuclear weapons from Europe. (Washington Post, Reuter)

NATIONAL NEWS

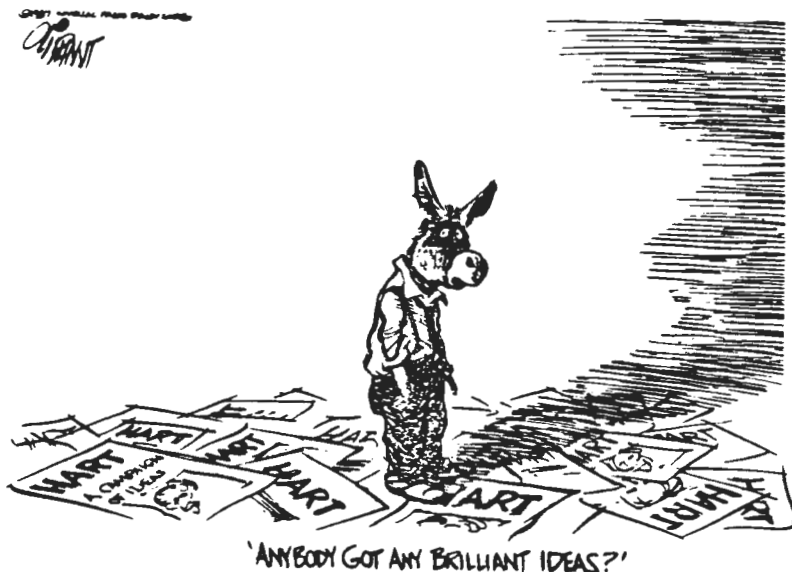
Counsel Begins Probing Meese Ties To Wedtech -- Attorney General Meese asked for a criminal investigation into his dealings with Wedtech Corp. (USA Today, Washington Post, Washington Times, Scripps Howard)

NETWORK NEWS (Monday Evening)

IRAN-CONTRA -- Robert McFarlane testified that President Reagan directed the NSC to help the contras during the congressional ban on aid.

MEESE -- Attorney General Meese will be investigated by a special prosecutor.

MIDDLE EAST -- The Israeli cabinet is deadlocked over a dispute about the prospects for a Middle East peace agreement.



IRAN — NICARAGUA

McFARLANE TELLS OF REAGAN ROLE IN CONTRA, HOSTAGE EFFORTS

Former National Security Adviser Robert McFarlane provided new details of President Reagan's close involvement in Iran-contra operations, including fund-raising from Saudi Arabia for the Nicaraguan rebels and proposed ransom payments for American hostages in Lebanon.

As the second witness in the televised congressional hearings, McFarlane provided the House and Senate investigating committees with new information about Reagan's knowledge of early clandestine initiatives to free the hostages -- efforts that ran counter to public Administration policy.

The former national security adviser made clear that the President had detailed knowledge of, and may have participated in, the effort to raise urgently needed funds from other governments to tide over the contras until Congress relaxed its restrictions.

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

Iran-Contra Hearings/The President

President Reagan set the policy, Robert McFarlane carried it out, and aid continued to flow to the contras despite a congressional cutoff of all federal funding to the Nicaraguan rebels.

"The President had made it clear that he wanted a job done," McFarlane testified in the first direct evidence of Reagan's role in ordering continued support to the Nicaraguan contras after Congress voted in October 1984 to prohibit "direct or indirect" military aid to the rebels.

(Miles Benson, Newhouse)

McFarlane Tells Of Reagan Efforts To Keep Contras Supplied

Former White House aide Robert McFarlane has provided new insights into President Reagan's personal efforts to keep aid flowing to Nicaragua's contra rebels at a time when Congress had banned such support.

Questioned by Senate Chief Counsel Arthur Liman, McFarlane told of a conversation with North last November 25, hours after North had been fired from the National Security Council for allegedly masterminding the diversion scheme.

"Ollie, it was approved, wasn't it?" he said he asked North. "And he said, 'Yes, Bud, it was approved. You know I wouldn't do anything that wasn't approved.'"

But McFarlane said he did not ask North whether he meant Reagan, John Poindexter -- North's boss at the NSC who resigned the same day he was fired -- or another official.

(Sue Baker, Reuter)

McFarlane Says He Was Told By North That The Diversion Of Iranian Arms Sales Funds Was 'Approved'

Robert McFarlane testified that he was told on two occasions by Lt. Col. Oliver North that approval had been granted for the diversion of Iranian arms sales profits to the contras.

McFarlane also disclosed that President Reagan had approved a scheme for ransoming American hostages in Lebanon at a cost of \$1 million per hostage. Reagan has insisted that he never approved ransom payments to terrorists, but McFarlane said the plan, which was to have been implemented by federal Drug Enforcement officers, "did involve bribes of guards and people in the chain from the immediate housing of the prisoners to their ultimate escape from Lebanon."

(Finlay Lewis, Copley)

Document Shredding/The President

In his first appearance before a House-Senate committee investigating the Iran-contra affair, former National Security Adviser Robert McFarlane described how White House aides shredded documents and constructed a false chronology to hide President Reagan's involvement.

A written chronology that was to serve as the Administration's official version of the secret policies was altered in several key respects, McFarlane testified.

He said when he met with other aides last Nov. 18 to draft the chronology, their remarks make it clear the document would be aimed toward "preventing the President from being damaged."

"Four or five of the typed pieces of paper on the table seemed to be cast in a way as to put the best face on things, and to minimize the President's role," said McFarlane, who acknowledged participating in the effort.

(Robert Gettlin & Robert Lewis, Newhouse)

North Urged 'Shredding,' McFarlane Tells Probers

Lt. Col. Oliver North told former National Security Adviser Robert McFarlane there would have to be a "shredding party" of key documents late last November as the attorney general was closing in on the Iran-contra connection, McFarlane told Congress.

But when the colonel's role in the Iran-contra affair was exposed and he was fired from the National Security Council staff last Nov. 25, he told McFarlane, "they must have found the memo," apparently outlining the diversion.

(Mary Belcher, Washington Times, A1)

North Said To Plan 'Shredding Party' Amid Meese Inquiry

Shortly after Attorney General Meese launched his inquiry into the Reagan Administration's secret arms deals with Iran last Nov. 21, Lt. Col. Oliver North told former National Security Adviser Robert McFarlane he planned a "shredding party" to destroy potentially embarrassing documents, McFarlane testified.

McFarlane, in his first day of testimony before the congressional committees investigating the Iran-contra affair, said North told him he planned to destroy a memo to then-National Security Adviser John Poindexter describing the diversion of funds to the Nicaraguan rebels, the existence of which made the diversion "a matter of record."

(Joe Pichirallo, Washington Post, A15)

McFarlane: North Foretold Of NSC 'Shredding Party' Before Being Fired

Former National Security Adviser Robert McFarlane testified that former National Security Council aide Oliver North confided three days before he was fired there was going to be a "shredding party" to destroy NSC documents.

McFarlane told the House and Senate committees investigating the Iran-contra scandal that he withheld this information from Attorney General Meese when he met with Meese twice over the Nov. 22-23 weekend.

McFarlane said he withheld the information because he didn't learn until later that NSC documents actually had been destroyed.

(Lance Gay & Walter Friedenberg, Scripps Howard)

McFarlane Says North Talked Of Shredding On Disclosure Weekend

Former National Security Adviser Robert McFarlane testified that Lt. Col. Oliver North told him "there had to be" a document shredding party on the eve of public disclosure of the Iran-contra connection.

In a day of dramatic testimony, McFarlane also said President Reagan personally expressed "satisfaction and pleasure" over foreign donations to the Nicaraguan contras during the time Congress had banned U.S. aid to the rebels.

(Cliff Haas, AP)

McFarlane: Saudis Gave \$24.5 Million

President Reagan knew of \$24.5 million in secret Saudi Arabian aid to the Nicaraguan contras, former National Security Adviser Robert McFarlane testified.

But McFarlane insisted the contributions were "gifts," not solicitations from Administration officials -- which would have been illegal.

(Leslie Phillips, USA Today, A1)

McFarlane Links A Reagan Meeting To Contra Money

Robert McFarlane...testified that one or two days after the President met personally with King Fahd of Saudi Arabia, the Saudis agreed to double the amount of money they were sending to the Nicaraguan rebels.

McFarlane...said President Reagan expressed "gratitude and satisfaction, not surprise," when told of the Saudi decision.

This occurred in early 1985, when the Administration was barred from sending aid of any sort to the rebels. But the legality of soliciting money from foreign countries at that time remains a matter of debate.

(David Rosenbaum, New York Times, A1)

Reagan, Saudis Met Twice; Funds Flowed To Contras After Talks

President Reagan met personally with Saudi Arabian officials on the eve of the Saudis' 1984 decision to begin contributing \$1 million a month to the Nicaraguan contras, and again on the eve of the Saudi decision in February 1985 to sharply increase that contribution by giving \$24 million more to the rebels, according to informed sources and public testimony yesterday.

Robert McFarlane, President Reagan's former national security adviser, discussed the second of those meetings -- between Reagan and Saudi Arabia's King Fahd -- in his testimony to the Iran-contra select committees. (Bob Woodward & David Ottaway, Washington Post, A1)

McFarlane Asked Foreign Nation To Train Contras

In the spring of 1985, then-National Security Adviser Robert McFarlane tried to get a foreign country -- reported to be Israel -- to take over the training of Nicaraguan rebels for the U.S., McFarlane said.

McFarlane's surprising disclosure underscores what is emerging as a theme in congressional hearings into the Iran-contra affair: the extraordinary degree to which the Reagan Administration -- trying to get around congressional strictures and keep its actions secret from Congress and the public -- shipped out the implementation of foreign policy initiatives to third parties.

Without naming the country, McFarlane testified...that he asked a representative of the country whether his government "had any interest or thought themselves qualified to instruct the contras in basic tactics." A knowledgeable congressional source said the country in question was Israel. (Michael Kelly, Baltimore Sun, A1)

Angry McFarlane Vows To Clear Misimpressions About Iran-Contra Affair

An angry Robert McFarlane returns to testify before a joint congressional hearing Tuesday, vowing to correct damning misimpressions of his role in the Iran-contra arms scandal and later cover-up.

McFarlane protested that his day-long appearance Monday before House and Senate committees investigating the Iran-contra scandal gave him no opportunity to put what happened in context or perspective.

"I'm astonished," McFarlane said in a rare flash of emotion that contrasted with the expressionless, monotonous presentation he made to the panels as Senate counsel Arthur Liman steered him through a maze of documents and facts outlining his involvement in the affair.

(Lance Gay & Walter Friedenberg, Scripps Howard)

NORTH PLANNED POSSIBLE REAGAN APPEAL FOR CONTRAS

Oliver North in 1985 drew up a contingency plan for President Reagan to address the nation and ask fellow Americans to "send your check or money order to the Nicaraguan Freedom Fighters."

The plan, released Monday by the Iran-contra congressional investigative committees, appealed to Americans' deepest sense of patriotism. Contributions were to be sent to postal box 1776 at a hallowed spot in U.S. history: either Gettysburg, Philadelphia, Valley Forge or Yorktown.

"It cannot be leaked in advance," wrote the fired National Security Council aide and central player in the Iran-contra affair. The once top-secret memo was written March 16, 1985, and sent to then-National Security Adviser Robert McFarlane.

McFarlane's handwritten notes on the document showed he was cool to some of the ideas, told North to hold off on others, and agreed with still other suggestions. (Larry Margasak, AP)

BUCHANAN SAYS PRINCIPALS IN IRAN-CONTRA ARMS SCANDAL WILL BE VINDICATED

Former White House Communications Director Patrick Buchanan said the principals in the Iran-contra arms scandal will be vindicated by history even if they are indicted for their roles in the affair.

In a speech to the American Resort Development Conference and Exhibition in San Diego, Buchanan conceded that retired Air Force Maj. Gen. Richard Secord and Marine Lt. Col. Oliver North may be indicted, but that the ultimate blame will fall on Congress for failing to support the Reagan Administration's attempt to block the spread of communism in Central America. (John Marelus, Copley)

EDITOR'S NOTES: "Bush's Iran-Contra Role Still Remains An Enigma As Probe Fails To Bring Elusive Image Into Focus," by John Fialka, appears in The Wall Street Journal, A72.

"A Somber Recounting Of A Secret Policy And Its 'Fatal Risks,'" by Haynes Johnson, appears in The Washington Post, A14.

"Highlights Of McFarlane's Testimony," appears in The Washington Post, A16.

INTERNATIONAL NEWS

GENSCHER, SHULTZ DISCUSS SOVIET PLAN

West German Foreign Minister Hans-Dietrich Genscher conferred here yesterday about a Soviet proposal to eliminate medium-range missiles from Europe and said the U.S. and its NATO allies still are weighing a response.

"We have not decided. We have discussed," Genscher told reporters after a two-hour breakfast meeting with Secretary Shultz. He also talked with senior White House and Defense Department officials on his one-day visit.
(John Goshko, Washington Post, A5)

No Decision On Euromissiles, German, Soviet Officials Say

Secretary Shultz has met West German and Soviet officials in new talks aimed at clearing obstacles to a superpower agreement to eliminate medium-range nuclear weapons from Europe.

West German Foreign Minister Hans-Dietrich Genscher and Soviet Deputy Foreign Minister Alexansdr Bessmertnykh said after separate discussions with Shultz at the State Department that no conclusions were reached.
(Carol Giacomo, Reuter)

U.S. MAY STRENGTHEN NATO NUCLEAR FORCES Effort To Reassure Europe About Missile Pact

The Joint Chiefs of Staff are studying ways to deploy more U.S. nuclear firepower in or near Europe to reassure allies that a U.S.-Soviet missile pact would not weaken Washington's commitment to defend Europe with nuclear weapons, Pentagon officials said.

Secretary Weinberger and Adm. William Crowe, chairman of the Joint Chiefs, will be discussing a long list of options with European leaders at the Nuclear Planning Group meeting of NATO defense ministers in Stravanger, Norway, this week officials said.

(George Wilson, Washington Post, A4)

ADMINISTRATION TO SEEK NEW ROCKET FOR SPACE MISSILE DEFENSE SYSTEM Pentagon Stresses Role In Satellite, Space Station Deployments

The Reagan Administration is planning a major effort to win congressional support for development of a new rocket system needed in part to transport elements of a ballistic missile defense system into space, U.S. officials said.

In a classified report to the White House last week, the Defense Department made a strong plea for such an effort on grounds that the rockets are needed for deployment of new intelligence and communications satellites, for construction of the U.S. space station and also for potential deployment of the first phase of missile defenses by the mid 1990s, the officials said.
(Jeffrey Smith, Washington Post, A17)

ARMS CONTROL, SDI TO TOP HILL
DEBATE OF DEFENSE FUNDING

Arms control and SDI will dominate both houses of Congress this week, with the House and Senate debating defense authorization bills for fiscal 1988.

The House is in the second week of work on its \$289 billion Pentagon budget, while the Senate is slated to take up its \$303 billion defense bill as early as tomorrow. (Jennifer Spevacek, Washington Times, A3)

PRETRIAL HEARING ENDS FOR 1ST MARINE GUARD
Decision On Court-Martial Due In Week

A pretrial hearing for the first marine guard charged with espionage in the U.S. embassy security scandal ended in a closed courtroom at Quantico Marine Base, with military officials expected to decide within a week whether to order a court-martial.

A military hearing officer will issue recommendations on whether prosecutors have presented enough evidence to court-martial Sgt. Clayton Lonetree, 25, on any of 24 charges, including two allegations of espionage. (Molly Moore, Washington Post, A3)

U.S. URGES STOCKPILING OF OIL
Allies Cool To Plea By Energy Secretary

PARIS -- The U.S. urged other Western nations to speed the buildup on emergency oil stocks as insurance against a future oil crisis.

Some European nations rejected the calls by U.S. Energy Secretary John Herrington and suggested the U.S. try harder to improve its energy efficiency.

Herrington said the major industrial nations should follow the U.S. example of building large volumes of emergency oil stocks as protection against a revival of OPEC's price-fixing clout.

(Robert Burns, Washington Post, C1)

YEUTTER SEES ACTION ON SUBSIDIES
OECD Meeting May Back Farm Reforms

PARIS -- U.S. Trade Representative Clayton Yeutter said he expects a significant breakthrough in the effort to cut back global farm subsidies at a high-level international meeting that begins here today.

Yeutter, who is here for a ministerial meeting of the Organization for Economic Cooperation and Development, endorsed a section of the OECD communique to be issued Wednesday proposing major reforms of government support programs that generate huge agricultural surpluses.

(Hobart Rowen, Washington Post, C1)

U.S. WON'T SEND ENVOY BACK TO SYRIA But Administration Seeks Renewed Contacts

After lengthy internal debate, the Reagan Administration has decided it will not send Ambassador William Eagleton back to his post in Syria, despite its hope for renewal of high-level contacts with President Hafaz Assad as part of its new Middle East peace effort.

Sources said the Administration reluctantly has concluded that it cannot justify Eagleton's return unless Assad makes a gesture such as closing the Damascus office of the Palestinian terrorist group led by Abu Nidal, or arranging the release of some of the Americans held hostage in Lebanon.
(John Goshko, Washington Post, A9)

JORDANIAN PLEDGE TO LIMIT RUSSIANS IN TALKS REPORTED

Jordan has made a commitment to the U.S. and Israel that would minimize the Soviet role in shaping a Middle East peace agreement, according to diplomatic sources familiar with a three-part memorandum of understanding between Jordan and Israel.

The document includes a Jordanian agreement to limit the powers of an international conference, which would be convened as a stepping stone to direct negotiations between Jordan and Israel. This would apparently have the effect of reducing the Soviet Union to a bystander in the process, an arrangement that pleases Washington but does not seem likely to be accepted by Moscow.
(David Shieler, New York Times, A1)

MURPHY WARNS IRAN ON SHIPPING

BAGHDAD, Iraq -- U.S. envoy Richard Murphy warned Tehran against attacking U.S. ships just hours after Iran attacked a third merchant vessel in eight days.

"We regard any attack on an American ship as a very serious affair," said Murphy. "We will do what is necessary to ensure the passage of our ships." He said at a news conference that the U.S. supported freedom of navigation in the international waterway.

(Reuter story, Washington Post, A24)

U.S. CENTRAL AMERICA POLICY IN STATE OF CRISIS

President Reagan's failure to develop a clear Central American policy has created a credibility crisis within his own party that threatens continued U.S. aid to the Nicaraguan resistance.

That failure helped spark the Iran-contra affair and increased feuding among State Department and CIA officials over the best U.S. approach in Central America.

"People don't have a clear idea of what our goals are and what we want to accomplish," said an aide to House Minority Leader Robert Michel.

(Rita McWilliams, Washington Times, A10)

U.S. BARES ITS CLAWS IN HONDURAS EXERCISE

TEGUCIGALPA, Honduras -- About 6,500 American military personnel will launch the largest U.S. war game in the history of Honduras tomorrow.

The operation, known as Solid Shield, will see 1,800 U.S. Marines storming a northern shore beach while 1,500 U.S. Army paratroopers drop out of the sky.

Just off the Honduran coastline, 13 U.S. Navy ships will practice cat-and-mouse tactics, stalking each other to launch simulated air strikes and submarine attacks. (Glenn Garvin, Washington Times, A1)

CENTRAL AMERICAN ALLY TO RECEIVE F-5ES

The Reagan Administration intends to provide Honduras with 10 F-5E fighter planes over the next two years, State Department officials say.

The Administration is expected to formally notify Congress today that it wants to proceed with the \$75 million package. It is another element in U.S. efforts to deter Honduras' southern neighbor, Nicaragua, which the Administration maintains is attempting to export its revolution. The transaction also includes two F-5F trainers. (George Gedda, AP)

SANDINISTAS ACKNOWLEDGE CONTRA ACTIVITY INCREASING

MANAGUA, Nicaragua -- The Sandinista government has acknowledged that clashes with U.S.-supported rebels have increased sharply in recent weeks and that the rebels have scored their biggest military success this year.

But the government insists that it is still inflicting a "strategic defeat" on the rebels, known as contras, and currently is pressing a major offensive against a key logistics center in the north of the country.

(William Branigin, Washington Post, A1)

U.S. PRESSES SOUTH KOREAN LEADER TO ADOPT POLITICAL REFORMS

Administration Calls On Chun To Resume Dialogue
With The Opposition, Revise Election Laws

The Reagan Administration is pressing South Korean President Chun Doo Hwan to undertake reforms after his controversial and hotly contested decision to halt political dialogue about selection of his successor, according to State Department officials.

The revisions sought, which included election laws, local autonomy, more press freedom and release of political prisoners, were made public in congressional testimony last Wednesday by Assistant Secretary of State Gaston Sigur, the department's senior Asian affairs official.

(Don Oberdorfer, Washington Post, A27)

ANGOLA GETS INFUSION OF SOVIET ARMS
Major Drive Expected Against Guerrillas

The Soviet Union has completed a major arms buildup in Angola in preparation for what the Reagan Administration thinks will be a substantial summer offensive against U.S.-armed rebels fighting the Marxist government there.

A senior Administration official said U.S. intelligence sources estimate Moscow has sent \$1 billion worth of arms to Angola in the past year, bringing total Soviet military aid to \$4 billion in the past decade.

(David Ottaway, Washington Post, A27)

THATCHER CALLS JUNE 11 POLL,
AIMS AT RULING TO END OF CENTURY

LONDON -- British Prime Minister Margaret Thatcher has set her sights on leading Britain to the end of the century after announcing general elections in which she is favored to win a record third consecutive term.

"I hope to on and on," she told British television after announcing the June 11 election. "This is only the third term we're asking for. It may take longer than five years. It's a manifesto to set a course to go up to the end of the century."

(Claudia Rader, Reuter)

AQUINO SLATE SEEN AHEAD IN EARLY RETURNS

MANILA -- More than 25 million Filipinos went to the polls in an election for a new national legislature that President Corazon Aquino hopes will return the country to political normalcy and provide a supportive Congress for her programs.

The first free election since martial law was largely seen here as one of the most peaceful in the Philippines' long history of vote-buying, ballot box stealing, and political violence. Aquino, in a statement, said, "I am heartened by the news that voting in the senatorial and congressional elections so far has, on the whole, been calm, peaceful and orderly."

As of **midnight**, only a fraction of the votes were counted around the country, mostly in Metropolitan Manila, making it difficult to discern any real trends. But scattered returns from isolated precincts appeared to show Aquino's candidates winning between 18 and 23 of the 24 seats in the powerful and more prestigious Senate.

(Keith Richburg, Washington Post, A1)

NATIONAL NEWS

MEESE'S TIES TO WEDTECH TO BE PROBED Independent Counsel Assigned; Attorney General Sees Vindication

Attorney General Meese asked that an independent counsel undertake a criminal investigation of his ties to the Wedtech Corp., a scandal-torn defense contractor that is already the subject of numerous federal inquiries.

Independent counsel James McKay, who is investigating Wedtech, promptly accepted the assignment. He said the inquiry, which will apparently concentrate on conflict-of-interest laws, would begin immediately and "will be pursued as expeditiously as possible."

Meese, who has had various personal and financial dealings with individuals associated with Wedtech, predicted that he would be vindicated. He also announced that he was terminating the "limited partnership" he and his wife established under California law in May 1985 with W. Franklyn Chinn, a West Coast businessman who had just become a consultant for Wedtech.

(George Lardner, Washington Post, A1)

Meese Is Target Of 2nd Probe

Ed Meese -- cleared by one special prosecutor before he became attorney general -- asked another special prosecutor to look into new financial irregularity charges.

Meese's probe heads off -- at least for now -- a Senate Judiciary Committee investigation. Said Chairman Joseph Biden: "This is the way the system is supposed to work."

President Reagan also applauded his old friend and aide -- saying Meese "has acted in the public interest."

(Ralph Soda & Sam Meddis, USA Today, A1)

Counsel Begins Probing Meese Ties To Wedtech

Attorney General Meese asked for a criminal investigation into his dealings with Wedtech Corp.

Terry Eastland, Justice Department director of public affairs, said, "The attorney general desires that this matter be resolved as quickly as possible, and in a forum that will prevent partisan political exploitation."

(Michael Hedges, Washington Times, A1)

Meese Agrees To Independent Counsel; Should He Step Aside?

There is growing speculation that Edwin Meese may have to step aside as U.S. attorney general after asking for an independent counsel to investigate his links with a firm whose four top officers have pleaded guilty to conspiring to bribe public officials.

Several Republican and Democratic lawmakers, who refused to be quoted by name, said they think Meese should take a leave of absence while the investigation proceeds.

The White House said that "the status of the moment" is that there has been no decision to have Meese step aside from his duties as the nation's top law enforcement official, chairman of the White House Domestic Policy Council and head of the search committee for a new FBI director.

(Ann McFeatters, Scripps Howard)

SHORT-TERM DEBT CEILING RISE IS VOTED Panel Sets Stage For Political Fight

The House Ways and Means Committee approved a short-term increase in the nation's debt limit with the hope the increase will not become ensnarled in negotiations over budget issues between the Reagan Administration and Congress.

Beginning what is at least an annual and usually tortuous legislative exercise, the full House will take up on Wednesday the legislation increasing the debt ceiling by \$20 billion, to \$2.32 trillion, through July 17. The Treasury Department is pushing for a long-term debt-limit increase to \$2.578 trillion that would not expire until Sept. 30, 1988, an amendment that will be offered tomorrow but which appears less likely to pass.

Because legislation raising the debt ceiling is so crucial, it almost invariably attracts extraneous amendments, and this year promises to be no different. Despite appeals by President Reagan for a clean debt-limit bill in a meeting with congressional leaders yesterday, Sen. Phil Gramm will seek to attach to the legislation an amendment restoring a refinement of the automatic spending-cut mechanism struck from the 1985 balanced-budget law by the Supreme Court.

(Tom Kenworthy, Washington Post, A4)

Reagan Urges A Rise In Debt Ceiling

Warning of dire financial consequences, the White House urged Congress to raise the national debt ceiling before the government runs out of authority to borrow money this Friday.

But a number of conservative Republicans refuse to heed the Administration, and White House legislative strategists say they do not have the votes to assure passage of such a measure.

(Steven Roberts, New York Times, D15)

NASA'S JUDGEMENT BLAMED FOR ROCKET LOSS Air Force Personnel Also Faulted In Probe Of Atlas-Centaur Mishap

Poor judgement by NASA launch managers and a "missed call" by an Air Force weather team led to the destruction of a \$161 million Atlas-Centaur rocket and payload in an electrical storm on March 26, space agency investigators have concluded.

"The Air Force missed the call on the weather and NASA wasn't able to recognize that error," Jon Busse, who directed the investigation, said when he announced the findings. (Kathy Sawyer, Washington Post, A1)

EDITOR'S NOTE: "The Rosebush Chronicle (about James Rosebush's forthcoming book, 'First Lady, Public Wife')," by Donnie Radcliffe, appears in The Washington Post, D2)

NETWORK NEWS SUMMARY

(Monday Evening, May 11, 1987)

IRAN-CONTRA HEARINGS

NBC's Tom Brokaw: Former National Security Advisor Robert C. "Bud"

McFarlane today gave the most detailed picture yet of what President Reagan knew about efforts to raise money for the contras at a time when Congress expressly prohibited government agencies from doing just that. As the opening witness in the second week of the congressional hearings in the Iran-contra affair, McFarlane said the President ordered him to help the contras hold body and soul together.

NBC's John Dancy: Just three months ago, McFarlane tried to take his own life, saying he had failed the country and the President in the Iran-contra affair. Today he was before the congressional Iran committees pledging to tell all. The story he told revealed that President Reagan knew a lot about help for the contras from the beginning.

(McFarlane: "The President had made clear that he wanted a job done. The net result was that the job fell to the National Security Council staff.")

But McFarlane said there wasn't much the NSC could do.

(McFarlane: "Well basically, it was smoke and mirrors. It was a matter of trying to demonstrate, simply by the presence of a White House person, someone close enough to the President to achieve simply by dint of that proximity, credibility with the contra leaders.")

Then, a country delicately referred to in the hearings as "country two," but widely known to be Saudi Arabia, agreed to contribute money to the contras. At first, \$1 million a month, then after a state visit by King Fahd of Saudi Arabia in a private meeting between Fahd and President Reagan, Saudi Arabia abruptly increased the amount to \$2 million a month.

(TV coverage: File footage of the President and King Fahd.)

McFarlane informed the President, who didn't seem surprised.

(McFarlane: "And I recall getting his reaction as being one of - analogous to the earlier time - of gratitude and satisfaction; not of surprise.")

Had the President solicited the contribution from Fahd? Committee sources say there is no evidence from the President's diaries or McFarlane's private testimony that he did. McFarlane also testified about his role in selling arms to Iran in exchange for hostages. Emotional, he described the time after the first shipment of arms, when Lebanese captors agreed to release one hostage. McFarlane asked for CIA Beirut station chief William Buckley.

(Arthur Liman: "Were you asked to play God and choose one hostage?")

McFarlane: "Yes. And I asked for Mr. Buckley."

Liman: "And that was the subject of some anguish to be put in the position of having to choose?"

McFarlane: "Yes."

-more-

Dancy continues:

Liman: "And it brought home to you, I take it, what it really meant to be negotiating for hostages."

McFarlane: "Well it was very clear that this was not a -- the kind of exchange that was proper.")

By that time, however, Buckley had already been killed by his captors. Instead, the Rev. Benjamin Weir was released in exchange for 508 missiles. As today's session ended, Liman cited McFarlane's years of public service and he asked, "How could this happen?" McFarlane said, "That's a question that deserves an answer." And he will give it tomorrow.

Brokaw: McFarlane's testified today that he informed President Reagan that Saudi Arabia was sending money to the contras and his description of the President's determination to continue supporting the contras, all that is causing some uneasiness at the White House tonight.

NBC's Chris Wallace: The recent White House willingness to talk about the scandal was not in evidence today. The President was asked whether he had watched McFarlane.

(The President: "No, and I'm not going to make any comments.")

(TV coverage: The President in the cabinet room.)

The Vice President wouldn't even listen to questions.

(Vice President Bush: "We're not taking any questions at all.")

Privately, top advisors acknowledge McFarlane's testimony appears damaging. Seeming to show Mr. Reagan directed a White House effort to support the contras, despite a congressional cutoff. But spokesman Marlin Fitzwater maintained whatever the appearances, the President did nothing illegal. He said Mr. Reagan never made a secret of his support for the contras, inviting rebel leaders to the White House and telling his staff the same thing he told the public.

(The President: "Defeat for the contras would mean a second Cuba in the mainland of North America.")

(TV coverage: The President in the cabinet room.)

But aides say the President did not direct the NSC to solicit funds for the contras, standing by Mr. Reagan's denial last week.

(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: May 5, 1987, file footage of the President in the Rose Garden responding to reporters' questions.)

But McFarlane described a President who knew more than previously thought. A President who was told as soon as Saudi Arabia started giving money to the contras. A President who intervened when Honduras held up an arms shipment for the rebels at a time when the U.S. was barred from helping the contras. But while there may be a perception that Mr. Reagan was involved, officials here are far more concerned with what would stand up in court. As so far, they said, McFarlane has not hurt the President. One top advisor said the bottom line here is simple -- if it was illegal -- the President didn't know about it.

(NBC-Lead)

ABC's PETER JENNINGS: It is week two of the Iran-contra hearings and witness number two, the former National Security Advisor Robert McFarlane. In just a few hours of testimony today, Mr. McFarlane made clear: A. That the President did want his National Security Council to find ways to help the contras; and B. That Col. Oliver North told him he did have approval to divert Iranian arms funds to the contras. A note of background on Mr. McFarlane -- he's no stranger to government work and American foreign policy. He's a former Marine Colonel who went to the Nixon White House in 1971 and worked under Henry Kissinger. He served under President Ford and then under President Reagan.

ABC's Brit Hume: McFarlane told for the first time of a conversation with Oliver North last November, the day before North was fired from the White House and the diversion of funds to the contras revealed.

(McFarlane: "He thought that the President was in a very solid position and that there really was only one matter that concerned him and it was the matter of the channe'ling of funds to the contras from the Iran account. And I said, 'Well, that was approved, wasn't it?' And he said, 'Yes, you know it was. You know I wouldn't do anything without approval.'")

He was never asked who gave that approval.

(Liman: "Did you ask Col. North how they discovered this?"

McFarlane: "I asked what happened, I think. And he said, 'They must have found the memo,' or word to that effect."

Liman: "Did he say, 'I missed one.'?"

McFarlane: "Something like that.")

That last apparently referred to document shredding which McFarlane said he was told North had done that weekend. Earlier McFarlane testified that the President had ordered his staff to keep helping the contras after Congress cutoff military and CIA support in late 1984.

(McFarlane: "He directed that we continue...to bring the movement into the good graces of Congress and the American people and that we assure the contras of continuing Administration support to help them hold body and soul together until the time when Congress would again agree to support them.")

But McFarlane said he ordered his staff, chiefly North, to stay within the law and not to solicit or broker money for the contras. But he said \$1 million a month had been flowing to the contras from Saudi Arabia and he said he subtly put the arm on the Saudis to keep it coming **after** Congress cutoff aid. And he told of a private meeting between **Saudi** King Fahd and the President during a 1985 state visit.

(TV coverage: File footage of the President and King Fahd.)

Afterward, the Saudis doubled their money to the contras, McFarlane said he told the President.

(McFarlane: "I recall getting his reaction as being one of -- analogous to the earlier time -- of gratitude and satisfaction -- not of surprise.")

The Saudis issued a statement denying the subject of contras money came up in the meeting between King Fahd and the President. McFarlane said the President did intervene directly when a Central American country, reportedly Honduras, help up a shipment of bound for the contras.

(Liman: "Did you ask the President of the United States to speak to the head of state of that country to make sure that the contras arms were released to them?"

Hume continues:

McFarlane: "Yes."

Liman: "And was that successful?"

McFarlane: Yes.")

The subject changes to the first arms deal with Iran and McFarlane told of dashed hopes that it would free all the hostages and of news ...that only one would be released.

(Liman: "Were you asked to play God and choose one hostage"

McFarlane: "Yes. And I asked for Mr. Buckley.")

But it was too late for the kidnapped CIA man William Buckley who had been murdered. So McFarlane said he asked for the Rev. Benjamin Weir, who was released.

Jennings: At the White House today a spokesman said the President's public support for the contras was never hidden, but he never asked his staff or anyone else to do anything that was illegal. The spokesman also said the President was not aware of soliciting for funds for the contras by members of his own Administration, but he did know that third countries were providing assistance. (ABC-2)

CBS's Dan Rather: Robert McFarlane under oath reveals his chilling choice -- picking one American hostage in Lebanon to be swapped for a weapon's shipment to Iran. The disclosures from President Reagan's former National Security Advisor didn't stop there. McFarlane also detailed just how involved President Reagan was in getting around Congress for secret aid to the Nicaraguan rebels, also Mr. Reagan's secret policy and arm dealings with Iran and much more about Oliver North's secret White House basement operations. Again today, President Reagan denied any knowledge of law breaking.

CBS's Phil Jones:

(McFarlane: "I regret and I will continue to regret, the mistakes that I've made.")

Robert McFarlane did indeed apologize for his involvement in the Iran-contra scandal, but in the process he may have caused bigger legal problems for Lt. Col. Oliver North. McFarlane disclosed details today indicating that North may have been involved in obstruction of justice after Attorney General Meese began asking questions in November of last year, by shredding documents about the diversion.

(Liman: "What did he tell you about a shredding party?"

McFarlane: "Well, just that there had to be one.")

McFarlane told about how President Reagan had directed that faith with the contras not be broken, that aids should make continued efforts to help the contras hold body and soul together until Congress would again agree to support them. McFarlane, who had served as President Reagan's National Security Advisor until December 1985, described an active President who even made a phone call to a Central American leader to free-up confiscated weapons for the contras.

(Liman: "Did you ask the President of the United States to speak to the head of State of that country to make sure that the contras' arms were released to them?"

McFarlane: "Yes."

Liman: "And was successful?"

McFarlane: "Yes.")

Jones continues:

According to McFarlane, both the President and Vice President were well aware of contributions from foreign countries, including \$32 million in donations from Saudi Arabia.

(TV coverage: Still photos of the President and Vice President.)

McFarlane conceded today that suspicions about Lt. Col. Oliver North should have lead him to ask more questions. McFarlane insisted that he had warned North against violating the Boland amendment which prohibited direct or indirect assistance to the contras. Concerning the Iranian arms sales, that turned into an arms for hostages deal, McFarlane told more details today about how the secret dealing went on and how he was asked to choose one American hostage to be released after the first U.S. approved shipment of arms to Iran. McFarlane said he felt as if he were playing God and he chose the American CIA station chief William Buckley, being held captive in Beirut.

(Liman: "And it brought home to you, I take it, what it really meant to be negotiating for hostages.")

(McFarlane: "Well it was very clear that this was not a -- the kind of exchange that was proper.")

However, as it turned out, Buckley was dead. The Rev. Benjamin Weir was the one released.

(Weir: "It certainly makes me feel very humble that I was chosen and I also appreciate the fact that Mr. McFarlane must have been in a very difficult position at that moment to make that kind of choice. I hope I would never be put in that position.")

McFarlane has been considered a fragile witness ever since he attempted suicide last year. But his testimony is crucial in determining whether or not the Reagan Administration broke any laws by aiding the contras.

Bill Plante: At the White House, in what is fast becoming a daily ritual, the President's spokesman repeated Mr. Reagan's assurance that while he always supported the contras, he never solicited illegal funds for them or knew that anyone in his Administration was doing so. Mr. Reagan himself steered clear of any questions about McFarlane's testimony.

(The President: "I can't...take questions on that. We're here on the matter of the debt ceiling.")

The White House has a dilemma. Its strategy is for the President to be seen in the business of governing -- pushing his agenda in trips around the country so that he appears to be active, involved and in charge.

(TV coverage: Collection of file footage of the President -- in Tuskegee, Al.; at Ellis Island; in York, Pa.; on the White House lawn.)

But at the same time, Mr. Reagan has to invoke ignorance and detachment as his defense against charges that he must have known more than he's letting on about the Iran-contra dealing.

(The President: "I had no detailed information.")

(TV coverage: File footage from May 3, 1987)

(The President: "I don't how that money was to be used...I'm hopeful that I'm finally going to hear some of the things that I'm still waiting to learn.")

Plante continues:

(TV coverage: File footage of the President from May 5, 1987.)

This strikes some as an extremely fine line for the President to walk.... The President's ultimate defense -- that he did nothing illegal. But White House official acknowledge that testimony such as McFarlane's may be damaging even if doesn't suggest illegality -- if it does suggest that Mr. Reagan knew a lot about what was going on.

(CBS-Lead)

ATTORNEY GENERAL MEESE/WEDTECH

Jennings: It is embarrassing to say the least. The Attorney General of the United States Edwin Meese is going to be investigated by a special prosecutor for a second time. And it's surely not something the Reagan Administration can be proud of. Including the Iran-contra affair, this is the seventh time that members of this Administration have been faced with investigations under the ethics in government act. On this occasion, Mr. Meese has asked for the investigation as there are questions about influence peddling when he was a counselor in the White House.

ABC's Dennis Troute: Returning from a speech today, the Attorney General turned aside questions about why he's sought an independent council to investigate his dealings with the Wedtech company.

(Meese: "My public affair office will put out a statement that answers all the questions.")

A letter from Meese's lawyer to the Justice Department says any investigation will show there was nothing "unethical or illegal in the Attorney General's conduct." The connection began when Meese was White House Council in 1982 and Wedtech was a small tool and die company anxious to cash in on the lucrative defense business. At the request of his long time friend and attorney, Bob Wallach, Meese had his aid, James Jenkins arrange a White House meeting to discuss an Army contract for Wedtech. Wedtech soon had a contract to make small engines for the military for \$32 million. Meese's deputy, James Jenkins, later took a job with the company and attorney Bob Wallach made more than \$1 million doing Wedtech's legal work. Another connection -- in 1985, Meese invested \$60,000 through an investment council [who was] then a director of Wedtech. The investment was a blind trust and it is not known if Meese owned any Wedtech stock. Meese has been under mounting pressure from Capitol Hill to get out the full story on his Wedtech dealings. Independent Council James McKay, also investigating others involved in Wedtech, has agreed to include Meese in his inquiry.

(McKay: "There's so much at stake here that we've got to do the most thorough and fair -- we want to be extremely fair all the way around.")

Meese was investigated in 1984 after critics complained his personal creditors too often were getting good government jobs. Cleared of criminal wrong doing after 5 months, he now faces the process again.

Jennings: The Attorney General is no the only official whose ties to Wedtech are being investigated. Another is the former White House political director Lyn Nofziger. And grand juries in 2 states have named 4 other men, three of them are political figures.

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

EUGENE HASENFUS

Brokaw: Eugene Hasenfus, the American mercenary who was shot down over Nicaragua complained today that he feels like a "lost sole" these days, abandoned by his government. Hasenfus, who lives now in Wisconsin, said that he is in debt and out of work. He was an employee of the contra resupply operation when the cargo plane in which he was flying was shot down. Hasenfus was captured by the Sandinista and then released. (NBC-2)

IRAN/IRAQ WAR

Rather: U.S. arms shipments to Iran have been cut off since President Reagan reversed his secret policy last year. And today, another U.S. Representative was in Iraq, reportedly delivering another message from President Reagan about U.S. efforts to end the Gulf War. Still that war shows no sign of abating.

CBS's Alan Pizzey reports from an Iranian army camp. (CBS-3)

ISRAELI CABINET DEADLOCK

Rather: The Israeli cabinet is deadlocked tonight over what some Israeli see as a historic chance for peace and some others see as a deathtrap. The proposal...is for an international conference leading for direct talks with the Arabs.... Top Israeli officials say they have received a letter from Secretary Shultz which endorses as international conference as the only practical way to continue to peace process -- a process which Israeli has never seen peaceful at all.

(CBS-9)

AIDS

Rather: New developments in the battle against AIDS. They centered on issues of public health and public morality. A federal agency called for increased voluntary testing for the AIDS virus and the nation's largest city began an anti-AIDS advertising campaign of startling frankness.

CBS's Richard Roth: ...The proposal drawn up by the Centers for Disease control says AIDS blood tests should be encouraged for anyone in a high-risk group....but it calls routine mandatory AIDS testing not justified, an issue that's dividing some of the President's own advisors.

(William Bennett: "I think people who apply for marriage licenses, people who are admitted to hospitals, and other, we should have routine testing. And I still don't understand why we're not doing that.")

(Dr. Coop: "Voluntary testing, easily accessible to all, with the appropriate counseling and with safe guard to insure confidentiality is good public health practice at the present time.")

...The test now are mandatory only for military and some other government personnel and for blood donors... (CBS-5)

-more-

NASA/ROCKET LAUNCH

Rather: The Air Force and NASA were blamed today for a \$181 million mistake -- the March 26th launch of an...rocket. The rocket carried a military communications satellite. It was struck by lightning and blew up. Today investigators said Air Force weather forecasters made a bad call and NASA should have known better. (CBS-4)

DEPORTATION CASE OF PLO MEMBERS

Brokaw: A judge in Los Angeles today dismissed deportation proceedings against eight alleged members of the PLO. The case had drawn angry attacks from civil rights groups which charged the government was seeking to harass people who disagree with U.S. policy in the Middle East. The case was thrown out today when government officials failed to appear for a court hearing.
(NBC-4, ABC-10, CBS-8)

BARBIE TRIAL

Brokaw: The trial that has revived the anguish of France during World War II began today. Accused Nazi war criminal Claus Barbie finally appeared in court almost 40 years after he fled to Latin America.

NBC's Paul Miller reports on today's trial. (NBC-5, ABC-3, CBS-7)

DEFENSE CONTRACTS IN MASSACHUSETTS

Brokaw: ...This whole era of high technology has transformed Massachusetts from an economic disaster area to what Governor Dukakis likes to call "the economic miracle".... As this economic renaissance was helped along by the Reagan military buildup.... Defense contracts are up 60 percent in the last seven years.
(Brokaw: "Governor... what would happen to Massachusetts if there had not been the Reagan military buildup in the last few years?"
Dukakis: "We were really moving even before the buildup. I think it's a great mistake to suggest that Massachusetts' success these days depends on the defense budget.")
...If Star Wars fades away when Ronald Reagan leaves office, if the military buildup ends, that will be the challenge for the Massachusetts economic miracle.
(NBC-11)

-End of B-Section-

EDITORIALS/COLUMNISTS

IRAN-CONTRA

Week One: Secord's Version -- "Congressional investigators have been trying with some success to make the case that the Reagan Administration was illegally involved in this operation -- and that the President knew it.... Private pursuit of [Secord's] financial gain is not the real issue. Public policy is the real issue, and the means the President and his men might have taken to subvert and circumvent it." (Baltimore Sun, 5/8)

Walsh Deserves Some Elbow Room -- "The central question, of course, is whether Reagan was unwittingly used by unscrupulous allies and associates -- or whether he was consciously a part of the sordid scheme. Arguing mightily in favor of the latter conclusion is the fact that illegal fund-raising network and other bootleg assistance to the contras served a cause dear to the President. In any event, the truth appears rather likely to come out as the special prosecutor and the congressional investigators pursue their related but separate tasks."

(Milwaukee Journal 5/1)

It's No Court Of Law : "The investigators can develop significant information that the public needs to know, but they cannot 'convict' anyone of anything except in the headlines. Important as the committee's work is, we need to remember as long as we go along that it is far from a court of law, even though it may act as if it has the President 'on trial.'"

(Atlanta Journal, 5/7)

Hart, Reagan And Credibility -- "The coincidence of Gary Hart's lost weekend leaping onto the front page just as Congress was beginning its Iran-contra hearings appeared at first to be a lucky break for both President Reagan and the Democratic front-runner. Each event was expected to take news play away from the other, dividing the public's attention.... What Mr. Reagan has going for him is that he has been President for more than six years and should continue to be for the next two. The public can't simply say 'Get lost' to Mr. Reagan. But Mr Hart...will have bowed to the inevitable." (Philadelphia Inquirer, 5/8)

Queasy Feeling In the White House -- "The White House has decided Reagan is once again going to make a splashy public effort to defend the contras, extol them as freedom fighters and send a message to Congress that he will not give up seeking more than \$100 million in new aid for them. Not to do so, the White House says firmly, would be to hold the people of Nicaragua 'hostage' to American politics."

(Ann McFeatters, Kansas City Times, 5/5)

Towering Lesson For NSC -- "The mistaken actions of President Reagan's National Security Council in the Iran-contra affair should not lead to equally mistaken congressional action to overregulate the President's national security staff.... If Congress insists on an overhaul of the NSC, it should remember Tower's words to the House Armed Services Committee: 'The worst time to legislate is a time of crisis...Congress has made a facility for making permanent solutions to temporary problems.'"

(Oregonian 5/6)

IRAN-CONTRA continued:

Iranscam On Trial -- "As the hearings proceed, the magnitude of how deeply private citizens were involved in making U.S. foreign policy will emerge. It is far too early to draw conclusions -- except one: Clearly, congressional intent -- and thus the Constitutional wisdom of checks and balances -- was thwarted in Iranscam." (Miami Herald, 5/10)

Quiet Pursuit -- "The major [impact] of the convictions, though, is that they underscore the officially sanctioned and clearly illegal effort to privatize American foreign policy by a deliberate plan to thwart the will of Congress.... Before the investigation is over there is a probability that others will [be indicted] too." (Los Angeles Times 5/8)

WILLIAM CASEY

William J. Casey -- "Fate was kind to Casey, striking him down with an incurable disease at the very moment that his secret operations shifted abruptly from the midnight work of cloak-and-dagger to the sunlit glare of publicity and scandal. He did not live to testify about his deeds to special prosecutors, grand juries and congressional committees. By his own standards, Casey served his country to the best of his abilities, defying the odds and the critics. By a different standard, the country can be grateful that his successor is once again a sober ex-judge and administrator unlikely to follow the call of romance." (Boston Globe, 5/7)

William Casey -- "William J. Casey...deserved the admiration of his fellow citizens for the often heroic way he served this republic over the years.... It was a shame he had to go out on the sour note of the Iran-contra scandal, because he will be missed." (Boston Herald, 5/7)

The Man Who Knew Too Little -- "The courage of William J. Casey...was never questioned. But like most men who believe that their ends justify the use of questionable means, affections for Casey was confined within the narrow limits of those who thought as he did.... William Casey will be remembered not only as a man who went out of his way, but also as one who led the CIA into a new round of questionable activities that may result in further restrictions on the agency." (Cleveland Plain Dealer 5/7)

Casey Of The CIA -- "Mr. Casey is rightfully credited with reorganizing, even galvanizing, an agency demoralized after strong public censure for its misadventures in the 1970s. However, his dedication to one man's ideological obsession -- President Reagan's unshakable faith in the contras -- yet again weakened the agency that he had strengthened. Mr. Casey's legacy of government service is ambivalent because he was inconsistent in his choice of loyalties -- first law before men, then the opposite. There is a message in his ambivalence that should not be lost in the eulogies." (Miami Herald, 5/8)

Reagan's Covert Operator From a Bygone Era -- "If Casey was running amok -- and he was -- it was either because the President allowed him to or because the President told him to. The congressional committee will now have to decide which without help from Casey. Knowing the man and the ethic by which he lived, that would have been the case even if he were still alive." (Newsday, 5/7)

FOREIGN MEDIA REACTION

IRAN-CONTRA HEARINGS

"In particular, Mr. McFarlane will claim that neither he nor the President told the national security staff specifically to break U.S. law against supplying the contras with weapons. The testimony seems certain to deepen the mystery of the precise relationship between the President, his senior aides and what has been called Mr. Reagan's 'shadow foreign policy team' that was directed by Colonel North but actually run by private citizens, including former high-ranking military officers, such as retired General Richard Secord, who testified last week."

(Independent, Britain)

"Reagan's alibi on the Iran-contra connection...risks being destroyed.... According to insistent rumors in Washington, McFarlane will say that Reagan was not in the dark about his assistants' project to divert Iranian funds to the contras."

(Corriere della Sera, Italy)

"Casey might have been the only person who, had he revealed everything he knew, could have dealt the Reagan presidency a crippling blow. But dead men tell no tales."

(Sunday Times, Britain)

"It seems that this general who says he was 'betrayed' by his former friends also tried to compensate with money the military and political capabilities he did not have. A main witness charging President Reagan, General Secord is also a very dubious figure."

(Quotiden, France)

"Irangate has been a severe blow for the Republican party.... The beginning of the hearings...keeps the affair open to public attention.... The question now is up to what point Reagan and Bush will be involved in Irangate."

(La Vanguardia, Spain)

"The Iran-contras incident is highly complicated. We sincerely hope that the witnesses will not be able to prove that President Reagan was actually involved in the funding of the contras. We all know that the Irangate incident is different from the Watergate incident."

(Sing Tao Jin Pao, Hong Kong)

"Will the world again witness that awesome spectacle only America can stage: the calling to account of a President by his subjects? ...As a U.S. senator put it, the American people will find out whether President Reagan faithfully abided by the spirit of the law, or had grossly ignored it instead. Whatever the answer would be, the world has by now become accustomed to the experience that in the United States the law works and people have the last word."

(Indonesian Observer, Indonesia)

"In an atmosphere which is becoming more and more tense, Vice President Bush yesterday tried to distance himself from Irangate and President Reagan during a speech in Michigan in which he denounced the lack of morality in U.S. politics.... According to his entourage, Bush has decided to separate his own role in Irangate -- a relatively modest role -- from Reagan's role in order not to miss the unexpected chance offered him by Hart's withdrawal."

(Stampa Sera, Italy)