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News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JULY 13, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Reagan Briefed On Use Of Iran Profits, Memo Says -- President Reagan was briefed on the use of Iran arms sale profits for a series of far-flung covert operations to be kept secret from Congress, according to a memo initiated last fall by John Poindexter.

(Los Angeles Times,
New York Times, USA Today, Washington Post,
Washington Times, AP, Reuter)

NATIONAL NEWS

Reagan Takes Budget Push To Indiana -- President Reagan takes his budget-reform road show to Indianapolis, stressing the benefits of his truth-in-spending proposal and "Economic Bill of Rights." (USA Today)

INTERNATIONAL NEWS

Pakistan Said To Divert Missiles Bound For Afghan Rebels -- Pakistan, asked to deliver weapons to American-backed rebels in Afghanistan, has diverted millions of dollars worth of Stinger anti-aircraft missiles for its own use with U.S. acquiescence, sources say. (UPI)

NETWORK NEWS (Sunday Evening)

IRAN-CONTRA -- Congress has a White House memo that says President Reagan was told money from the Iran arms sale was used for other covert operations.

DEAVER -- Michael Deaver goes on trial on perjury charges.

PERSIAN GULF -- Pentagon officials now say the first tanker escorts will not take place for at least several weeks.

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IRAN — NICARAGUA

INOUE: REAGAN TOLD OF ARMS-PROFIT PLANS Poindexter Gave Briefing On 'Initiatives'

Former National Security Adviser John Poindexter briefed President Reagan last September about certain covert "initiatives" that were to be financed by proceeds of U.S.-Iran arms sales, Sen. Daniel Inouye said.

Appearing on CBS' "Face the Nation," the chairman of the Senate select committee said the information was contained in an "important document" that is expected to be one focus of questioning when Poindexter succeeds Oliver North this week as the witness before the joint congressional panels investigating the Iran-contra scandal.

The document is a Sept. 15, 1986, memorandum from North to Poindexter prior to Reagan's meeting with former Israeli prime minister Shimon Peres. The memo suggests that Poindexter brief Reagan about "initiatives" outlined in an attachment. Next to "approve" are Poindexter's initials and a notation, "Done."

Inouye made clear that there was no indication that the covert activities of which Reagan had been informed included the diversion of funds to the contras.

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

Reagan Briefed On Use Of Iran Profits, Memo Says

President Reagan was briefed on the use of Iran arms sale profits for a series of far-flung covert operations to be kept secret from Congress, according to a memo initiated last fall by John Poindexter.

The document, written by Oliver North and dated Sept. 15, 1986, notes that Poindexter told Reagan of plans for use of the "residuals" from the arms sale to undertake covert operations around the world, said Sen. Daniel Inouye....

Inouye said the operations were described in the document as being out of the reach of Congress and normal channels of accountability.

"The question is, in what detail" did Poindexter tell the President of the operation, said Sen. Warren Rudman...appearing with Inouye on CBS' "Face the Nation."

(Jim Drinkard, AP)

Committee Holds 'A Smoking Gun,' Chairman Reveals

The Iran-contra investigative committee has a memo in which John Poindexter said he briefed President Reagan on the use of Iranian arms sales proceeds for covert operations, a panel leader revealed.

Sen. Daniel Inouye said on CBS' ["Face the Nation"] "There is an important document in which he says, 'I briefed the President, the President agrees on the use of these residuals...for other purposes.'"

He said the committee will ask Poindexter: "Did he or did he not brief the President, and did the President approve or disapprove?"

But, Inouye predicted, the President is not likely to be impeached once the facts are known.

(Mary Belcher, Washington Times, A1)

Poindexter Memo Said To Describe Informing Reagan

The chairman of the Senate Iran-contra committee said that John Poindexter, the former national security adviser, had written a memo saying President Reagan had been told of plans to use profits from the Iran arms sales for covert operations other than supporting the contras.

"That memo does not speak of diverting the residual for use of the contras," said Sen. Daniel Inouye. "It says using the residual for other covert activities." (Fox Butterfield, New York Times, A1)

Memo Viewed As Crucial To Probe

The congressional panels investigating the Iran-contra scandal have a document indicating that former John Poindexter discussed with President Reagan the possibility of diverting money from Iran arms sales to other covert activities, Sen. Daniel Inouye said.

The document was briefly mentioned by Senate committee counsel Arthur Liman as he questioned Oliver North on Friday, and Inouye indicated that it will be one of the key items in the crucial appearance of Poindexter, expected Tuesday. (Rudy Abramson, Los Angeles Times, A1)

North Still Testifying But Focus On Poindexter

Even before Oliver North finishes his testimony before the Iran arms hearing, the focus of the probe is shifting to his former boss, John Poindexter, and what he told President Reagan.

"(Poindexter's) testimony will be vitally interesting. It will be riveting, and I happen to think it will be more important in some ways than Col. North's," Sen. Warren Rudman, ranking Republican on the Senate investigating committee, said on CBS' "Face the Nation."

Rudman said the testimony of Poindexter, who until last November 25 was the White House national security adviser, will be vital because "Admiral Poindexter had virtually open access to the President of the United States. Oliver North did not...." (Greg McCune, Reuter)

North Not Yet Finished, But Committee Ready For Poindexter

The congressional committees probing the Iran-contra case began looking to their next witness, John Poindexter, even before they called Oliver North back for what was billed as his final round of public testimony.

With North having portrayed himself as an obedient Marine who always followed orders as a National Security Council aide, investigators have rallied to the conclusion reached by some of them earlier that his ex-boss Poindexter holds keys to the case because he was the link between North and President Reagan.

However, with bipartisanship slipping, some conservatives on the committees charged in the wake of North's compelling testimony last week that their more liberal colleagues would try to use Poindexter this week to strike at Reagan.

"The real target is the President," complained Rep. Henry Hyde. "They have found that they can't get him through (North), so all roads lead to Admiral Poindexter." (Joseph Mianowany, AP)

North Grilling Today Targets Holes In Story

Oliver North appears for a fifth time before the Iran-contra panel -- and may be pressed on discrepancies in his televised testimony.

North "wasn't absolutely candid" in his appearances last week, Sen. Daniel Inouye told CBS' "Face the Nation."

And Sen. George Mitchell said on ABC's "This Week with David Brinkley" North made "statements that are subject to challenge and will no doubt be challenged." (Leslier Phillips, USA Today, A1)

NORTH'S ANSWERS RESULT IN DEEPENING QUESTIONS FOR REAGAN

Oliver North, the newest folk hero of the political right, has succeeded in captivating the public while exacerbating the problems facing the President he sought so loyally to protect.

North...has described a process in which President Reagan may or may not have been aware of the secret foreign policy apparatus run by his subordinates.

While White House officials welcomed North's early testimony last week that he never discussed with Reagan the diversion of profits to Nicaraguan contra rebels from secret U.S. arms sales to Iran, the Marine's subsequent answers at the public hearings managed to deepen public skepticism about Reagan's role. (Norman Sandler, UPI)

WORKING AT CROSS-PURPOSES

President Reagan is waging a contradictory political battle. He is staging a summer offensive for his "Economic Bill of Rights," designed to demonstrate that he remains relevant. Simultaneously, he has retreated into a defensive crouch on the Iran-contra affair, while aides anxiously await the testimony of John Poindexter...about what Reagan knew and when he knew it.

Unable to persuade reporters that Americans are disinterested in the Iran-contra scandal, Reagan has taken the fallback position that he is not interested. After claiming that he eagerly awaited North's testimony, the President fled from questions about in once North took the stand. If Reagan's spokesman can be believed, he was too busy even to turn on a television set.

This staggering lack of presidential curiosity is offered as a defense but has more the ring of an indictment. Regardless of what he knew, how could any president be "too busy" to watch a congressional hearing where an influential former aide dramatically accuses principal Administration officials of breaking the law, lying to the American people and obstructing justice? (Column, Lou Cannon, Washington Post, A2)

AGE, SCANDAL TAKE TOLL ON REAGAN, AIDES SAY

President Reagan, battered by the Iran-contra scandal and finally showing his age, has become a shadow of the vibrant political powerhouse of the early 1980s who brought about some of the greatest social, economic and governmental changes since Franklin Roosevelt's New Deal, according to many of those who work closely with him.

Speaking publicly, Administration officials insist that Reagan is every bit the President he has always been.

But privately, some of Reagan's own advisers say he is preoccupied by the Iran-contra affair and frustrated by his loss of public trust. He shows little or no enthusiasm for any second-term goals except an arms reduction agreement with the Soviet Union and continued U.S. aid for Nicaragua's contras.

(Jack Nelson, Los Angeles Times, A1)

MAJORITY IN POLLS SAYS NORTH HAD TOP APPROVAL

A majority of Americans polled since Oliver North began his testimony to Congress last week has formed a picture of the Iran-contra affair as a systematic policy run by a misguided but well-meaning Marine with the knowledge and approval of top Administration officials, including President Reagan.

Polls released yesterday by Time and Newsweek show that most respondents believe that Reagan has not told the truth in denying knowledge of the diversion of profits from U.S.-Iran arms sales to aid the Nicaraguan rebels.

With a New York Times/ CBS News Poll published Saturday, the surveys reflect public sympathy for North, who was seen as a patriot by large numbers of respondents, and widespread skepticism toward an Administration that originally attempted to focus blame for its most damaging scandal on North.

(Michael Weisskopf, Washington Post, A6)

BUSH RULES OUT TESTIFYING FOR IRAN-CONTRA PANEL

Vice President Bush has ruled out testifying before the congressional Iran-contra committee because his appearance would set a "dangerous precedent," a spokesman said.

"He feels it's not appropriate for the President or Vice President to testify before Congress," Bush spokesman Stephen Hart said. "He's concerned about setting a dangerous precedent."

The panel "never considered calling the President or Vice President," said Lance Morgan, a spokesman for the senators on the committee.

(Willis Witter, Washington Times, A5)

CONTRA-AID HOPES RISING WITH NORTH

Buoyed by overwhelming public support for Oliver North's testimony, the Reagan Administration is considering asking Congress to double military and humanitarian aid for the Nicaraguan resistance.

An appropriation request for \$300 million would cover 18 months instead of just a year, according to senior Administration officials. The current rate of support is \$100 million for one year.

"The figure has changed several times recently as we continue to assess the situation," said one official, speaking on condition that he not be identified. Other officials said President Reagan may be advised by senior aides to seek a two-year commitment at an even higher dollar figure.

But the White House made no secret of its belief that the emotional testimony of the former National Security Council staff member improves prospects that Congress will increase financial assistance for the resistance.

(Jeremiah O'Leary, Washington Times, A1)

EX-AIDE: NORTH TESTIMONY OMITTED REGAN APPROVAL

Oliver North did not testify at the Iran-contra hearings last week about what a former White House aide recalls as North's statements last fall regarding the role of ex-Chief of Staff Donald Regan in the scandal.

The former aide, speaking on the condition of anonymity Sunday, quoted North as saying in November 1986 that John Poindexter told him Regan had approved the diversion of money to Nicaraguan contra rebels from secret U.S. arms sales to Iran.

North...testified last week to the congressional committees investigating the case that he knew "for sure" of only two senior U.S. officials [Poindexter and William Casey] who had approved the possibly criminal diversion.

(Neil Roland, UPI)

NSA CHIEF FAULTS INOUE'S CLAIM THAT COMMITTEE PLUGGED ALL LEAKS

The director of the super-secret National Security Agency has challenged Sen. Daniel Inouye's claim that his special Iran-contra investigating committee has not leaked any U.S. secrets.

Lt. Gen. William Odom, the NSA director, charged in a letter dispatched Thursday to Inouye...that his statement to the committee did not accurately reflect their telephone conversation about unauthorized disclosures of secrets from the committee.

(Bill Gertz, Washington Times, A1)

CONTRA LEADERS JOINED UMBRELLA GROUP ONLY TO IMPRESS CONGRESS

Fractious Nicaraguan contra leaders made a show of unity in opposition to the Sandinista government principally to impress Congress and garner support at home, according to a memo by Oliver North.

They proffered a peace plan which Adolfo Calero, head of the largest contra army, agreed to sign only because he knew the ruling Sandinistas would not agree to its provisions, North wrote in an April 1, 1985, message to his then-boss, Robert McFarlane.

The memorandum attests to what the Administration has never publicly acknowledged -- that U.S. officials pressed the contra factions into forging an alliance to make their movement more saleable to a Congress considering the Administration's contra aid request. (Rita Beamish, AP)

SHOUTS, SIGNS OUTSIDE CASEY MEMORIAL

BEVERLY HILLS, Calif. -- Opponents and supporters of U.S. aid to Nicaraguan rebels exchanged shouts outside a church while a memorial service for the late CIA Director William Casey was held inside.

About 50 people with signs reading "Support The Nicaraguan Freedom Fighters" and "Oliver North Is Our American Hero" shouted "Communists!" at 150 people across the street who shouted "U.S. Out Of Nicaragua." Police and other spectators kept the two groups apart. (AP)

EDITOR'S NOTE: "A Correction: Times Was In Error On North's Secret Fund Testimony," by Fox Butterfield, appears in The New York Times, A1.

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NATIONAL NEWS

REAGAN TAKES BUDGET PUSH TO INDIANA

President Reagan takes his budget-reform road show to Indianapolis, stressing the benefits of his truth-in-spending proposal and "Economic Bill of Rights."

Reagan is expected to tell the annual meeting of the National Association of Counties that he'll fight to see that "everybody knows up front" the cost of legislation, said Gwendolyn King, Reagan's deputy for intergovernmental affairs.

"Very often, it has been a very big surprise once legislation is passed that counties are going to have to meet certain criteria they weren't aware of or...shell out state and local funds," she said.

(Jessica Lee, USA Today, A4)

DEAVER'S PERJURY TRIAL: A SPOTLIGHT ON LOBBYING Ex-Reagan Assistant Goes To Court Today

Michael Deaver, one of President Reagan's closest friends and former advisers, will walk into the federal courthouse this morning for an appointment he first requested and then fought to avoid: a public inquiry into charges that he broke the law after leaving the White House.

Deaver's trial on five counts of lying to Congress and a grand jury about his lobbying business may lack the klieg lights and cameras of the Iran-contra hearings playing four blocks up the street, but it promises appearances by many of the same figures. Secretary Shultz and former National Security Advisers Robert McFarlane and John Poindexter are among the likely witnesses.

The case, expected to last four to five weeks, will spin around a quintessential Washington story -- a tale of power, money and influence at the highest levels of the Reagan Administration.

(Bill McAllister, Washington Post, A3)

Deaver Trial Gets Under Way With Jury Selection

Selection of a jury was the only step remaining before the start of the perjury trial of Michael Deaver, President Reagan's longtime aide and close friend, accused of trading on his White House connections to become a multimillion-dollar lobbyist.

Deaver, the first person ever indicted under the post-Watergate Ethics in Government Act, was charged on March 18 with two counts of lying to Congress and three counts of lying to a federal grand jury about his activities since leaving the White House as deputy chief of staff less than two years earlier.

(Lee Byrd, AP)

Prosecution Facing Tough Job As Deaver Trial Begins

Michael Deaver, once one of President Reagan's closest aides and confidants, goes on trial in federal court this morning on perjury charges that some legal experts believe may be difficult to prove.

Deaver stands accused of having lied about his lobbying activities after he left the White House, both to a congressional committee and to a federal grand jury. But there are no so-called "substantive charges" in the case -- he is not charged with any direct violation of federal ethics or conflict-of-interest law.

Several legal authorities said that independent counsel Whitney North Seymour apparently believed that Deaver, 48, may have violated the spirit, but not the letter of federal ethics laws, so conflict of interest would be difficult to prove. Deaver has denied wrongdoing.

(Robert Jackson, Los Angeles Times, A1)

AMID MANY FAILURES MEESE MAKES A MARK Judicial Choices Represent His Most Enduring Legacy

After four years in the White House, Edwin Meese moved into the attorney general's office in February 1985, determined to broaden the legal significance of the Reagan revolution. Two-and-a-half years later, major parts of the Meese agenda -- in civil rights, law enforcement, antitrust policy and constitutional law -- have faltered on Capitol Hill, in the Supreme Court and even within the Reagan Administration.

Nevertheless, critics and supporters agree that Meese has left a mark. His impact in one critical sphere -- lifetime appointments to the federal judiciary -- will reverberate long after he is gone. And if the Senate confirms U.S. Appeals Court Robert Bork to succeed Supreme Court Justice Lewis Powell, who was the key swing vote on such issues as affirmative action and abortion, much of what Meese has failed to accomplish may suddenly be within reach.

"Meese has moved the center of gravity of the debate substantially to the right," said Anthony Podesta, president of People for the American Way, a liberal group, who is a frequent Meese critic. "He has made us argue on his terms...."

(Howard Kurtz, Washington Post, A1)

EXPERTS: COURT CAN GET BY WITH EIGHT JUSTICES

The Supreme Court won't be seriously hampered if it operates with only eight of its nine justices for a brief period, legal experts say.

"It's certainly not ideal, but it's not as bad a situation as some make it out to be," said Lawrence Baum, professor at Ohio State University.

"They can resolve the minor issues, but they may be reluctant to vote on major ones knowing a ninth justice will be along soon," said Bruce Fein of the conservative Heritage Foundation. "It's not a disaster, but it will slow down the court."

(Tony Mauro, USA Today, A4)

GOP HOPEFULS BACKING AWAY FROM REAGAN

SEATTLE -- For the first time, Republican presidential contenders have clearly but carefully begun to distance themselves from President Reagan.

At a convention of the Young Republican National Federation...the contenders, with the exception of Vice President Bush, implicitly criticized the President's leadership of the party, saying it was in serious trouble because it had failed to reach out to minorities.

And they openly criticized his leadership of the Administration and the nation in light of the Iran-contra affair, making it plain that their management would be more "hands on" than Reagan's and that the White House's relationship with Congress needed to be mended.

(Bernard Weintraub, New York Times, A1)

Young Republicans Cheer Loudest For North; Marine Is The Hero Of The Hour As Six GOP Hopefuls Test Sentiment At Convention

SEATTLE -- They cheered at the Young Republicans' national convention here whenever any speaker mentioned the Nicaraguan contras. They cheered the names of Robert Bork, Nancy Reagan and even Maureen Reagan.

But the biggest, loudest cheers of all -- cheers, chants and waves of applause that echoed off the mirrored ceiling and brightly bedecked walls of the huge hotel ballroom here -- came whenever any of the featured speakers mentioned the name of the hero of the hour: Marine Lt. Col. Oliver North.

The six contenders for the 1988 Republican presidential nomination who traveled here this weekend to address 700 Young Republican leaders from around the country quickly discovered that the biggest applause line they could utter was any one containing a reference to North.

(T.R. Reid, Washington Post, A8)

EDITOR'S NOTE: "The Rise Of Michael Deaver," by Marjorie Williams, appears in The Washington Post, B1.

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INTERNATIONAL NEWS

PAKISTAN SAID TO DIVERT MISSILES BOUND FOR AFGHAN REBELS

Pakistan, asked to deliver weapons to American-backed rebels in Afghanistan, has diverted millions of dollars worth of Stinger anti-aircraft missiles for its own use with U.S. acquiescence, sources say.

Intelligence sources report the arrival of only one-third of 600 Stingers to Afghanistan last year. Congressional sources say even "larger percentages" are being diverted, though they offer no firm figures.

An additional 600 missiles are supposed to be delivered this year, and the diversions have created a rift among Administration officials who disagree about whether the U.S. should impose tighter controls on Pakistan, the sources said in recent interviews on the condition of anonymity.
(Richard Sale. UPI)

ENVOY SAYS BRITAIN OPEN TO REFLAGGING TANKERS

Britain would consider an official request to reflag Kuwaiti tankers, the British ambassador to Kuwait was quoted as saying.

Ambassador Peter Hinchcliffe told a Kuwaiti newspaper that the British Navy had already escorted more than 100 commercial vessels in the gulf this year to protect them from attacks stemming from the gulf war.

(Christian Science Monitor, A2)

W. EUROPE REEVALUATES ITS DEFENSE

PARIS -- Faced with the prospect of reduced U.S. nuclear forces here, West European leaders increasingly are reviving the distant hope of an integrated European defense as a more independent guarantee of the continent's security.

[A] U.S.-Soviet missile accord, which many Europeans assume will be completed by the end of the year, has been widely interpreted here as an important psychological step in a process that eventually could lead to a reduced U.S. military presence in Europe and less commitment to its defense. Thus appeals for greater European defense integration have blossomed across the continent since the U.S. called on NATO countries to approve the deal earlier this year despite reluctance in the major European capitals.
(Edward Cody, Washington Post, A13)

U.S., EEC AG SUBSIDIES WOULD SAVE BILLIONS, ANALYSTS

President Reagan's proposal to eliminate farm subsidies could mean huge budget savings in the European Economic Community and the U.S., where nearly \$300 billion has been spent in the last decade on price and income supports, according to Agriculture Department analysts.

A new analysis of U.S. and EEC agriculture shows that total spending from farm price and income supports recently is averaging more than \$50 billion a year, up from less than \$12 billion for 10 countries of the EEC, which does not include the two most recent bloc members, Portugal and Spain.
(Don Kendall, AP)

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AUSTRALIA'S HAWKE PROMISES STRONG U.S. TIES

SYDNEY -- Prime Minister Bob Hawke, whose Labor Party swept to a historic third term, pledged to continue policies of slowly improving the nation's economy and maintaining strong defense ties with the U.S.

With ballots from Saturday's election still being counted, incomplete results showed the Labor Party maintaining its 16-seat majority in the powerful 148-seat House of Representatives and possibly adding five more seats.
(Stewart Slavin, UPI)

PANAMA'S NORIEGA FLATLY REJECTS CALLS FOR HIS OUSTER

PANAMA CITY -- Military strongman Gen. Manuel Antonio Noriega flatly rejected calls for his ouster in a television interview broadcast here tonight following weeks of protest against his rule.

"Why should I go, why should I go?" he asked when questioned about whether he would consider giving up his powerful post to restore peace.

Noriega said the only people calling for his removal from the military, which rules behind-the-scenes here, were a small group of Panamanians who he referred to as "the living dead" and U.S.-backed "racists."

(Tom Brown, Reuter)

EIGHT MINISTERS AND PRIME MINISTER RESIGN

SEOUL -- President Chun Doo Hwan accepted the resignation of his prime minister and eight ministers in a shakeup apparently aimed at installing a broader-based government before presidential elections.

Officials said Chun had named Kim Hung Yul, a former air force commander and defense minister, to replace outgoing premier Lee Han Key. Lee cited bad health in submitting his resignation.
(M.H. Ahn, AP)

Opposition Threatens More Protests If Prisoners Are Not Released

SEOUL -- Opposition leader Kim Young Sam demanded that President Chun Doo Hwan release all political prisoners by Friday to avoid "massive expressions of popular resistance" and prove his proposals for democratic reform are not "a fraud."

"So-called 'democratization' can be no more than a fraud and a handout if there are still any political prisoners left in our jails, any who have not been pardoned or received the restoration of their rights," Kim said.
(Spencer Sherman, UPI)

NETWORK NEWS SUMMARY

(Sunday evening, July 12, 1987)

IRAN CONTRA HEARINGS/NORTH & POINDEXTER TESTIMONY

CBS's Bob Schieffer: Former National Security Advisor John Poindexter reports that he once briefed President Reagan on how money obtained in the secret arms sale to Iran was being used to finance other secret operations. This disclosure comes from committee chairman Daniel Inouye who says that is one of the things Poindexter will be questioned about when he testifies latter this week.

CBS's Jacqueline Adams: President Reagan did not venture outside the White House this weekend, but the chairman of the Senate Iran-contra committee today pointed toward important testimony coming from former National Security Advisor John Poindexter. The committee plans to question him this week about an Oliver North memo which suggests the President knew more about the profits from the Iran arms sales than he's admitted.

(Sen. Inouye: "There was a very important one in which North recommended that this matter in this memo be discussed with the President of the U.S. and the Admiral [noted], 'I approve.' And then there was a notation -- 'briefed the President.'")

(Sen. Rudman: "Let's make it clear that memo doesn't speak to the diversion of funds to the contras.... It speaks to some of the other activities that would be derived out of this action.")

White House officials familiar with the document say it's nothing new, that it does not challenge the President's belief that he was never told about the diversion of Iran arms sales profits to the contras or for any other use.

(The President from May 5: "I'm waiting to hear as much as anyone else. I've told you over and over again everything that I know about what took place. And I'm waiting to find out.")

But the memo does make Poindexter's testimony final.

(Rudman: "I think I'd have to hear Poindexter's testimony -- how he phrases it, what he says, why he did what he did. And then the American people can reach whatever conclusions they have the right to achieve.")

White House officials say the President will watch the hearings sporadically this week, as he did last week. They remain pleased over all with Oliver North's testimony. But today's focus on his memo, and Poindexter's role, only heightens their anxiety about the week ahead.

CBS's Robert Schackne: After seven weeks of testimony, including last week with Oliver North, the committee, in the view of its senior members, has finally begun to confront the central issue--

(Inouye: "The creation and the maintenance of a secret government within our government.")

(Arthur Liman: "Director Casey was proposing to you that a CIA outside of the CIA be created?"

North: "The director was interested in the ability to go to an existing, as he put it, 'off-the-self, self-sustaining, stand-alone entity' that could perform certain activities on behalf of the U.S.")

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Schackne continues: That entity was, of course, the so-called "enterprise" of retired General Richard Secord....

(Sen. Cohen: "I think that if we ever agree to the notion that somehow any executive -- this President -- any future President -- should be allowed to set up covert actions and determine under what circumstances it will be carried out, when notification, if ever, they will be given -- I think that we have a different form of government.")

It is a long-standing argument -- in the 1970's Congress ordered President Nixon to halt the bombing of Cambodia.... But Kissinger and the Nixon-Ford Administrations reluctantly accepted the Congressional restrictions. Col. North and the Administration he worked for did not.

(North: "I deeply believe that the President of the U.S. is also a elected official of this land and by the Constitution as I understand it, he is the person charged with making and carrying out the foreign policy of this country.")

The man who directed the CIA for the Carter Administration says he ran covert operations and lived within Congressional rules.

(Stansfield Turner: "Yes, the system worked and you could do it.

There were disputes. There were discussions. But there were no leaks as a result.")

Since the CIA was founded 40 years ago, this is shaping up as the angriest battle over what Presidents can and cannot do in covert operations. Before it's over Congress almost certainly will seek to rewrite the rules, making them far more restrictive. (CBS-Lead)

ABC's Sam Donaldson: Congressional investigators focused attention today on a White House document that suggests President Reagan approved a plan by the late CIA Director William Casey to establish a unit outside the government to perform secret operations and to fund it with money from arms sales to Iran. It was Lt. Col. Oliver North, who last week disclosed Casey's scheme, and it was North's boss at the time, Admiral John Poindexter, who wrote down that the President had approved it.

ABC's Kenneth Walker: President Reagan has insisted he knew nothing of the diversion of Iranian arms sales profits to the Nicaraguan contras. But it now appears that Mr. Reagan may have discussed and approved using the money for other secret projects. Senate Committee Chairman Daniel Inouye, who knows about the extensive private testimony already taken from Admiral John Poindexter, discussed a document showing Poindexter discussed with the President at least some of Oliver North's recommendations for the disposal of the money.

(Inouye: "There were documents that Mr. Liman brought out, for example, that said, 'I approve your recommendation.' This is Poindexter advising North -- I approve or disapprove. He checks 'approve' and underneath it says, 'I briefed the President. The President agrees.' Now the question is -- did he brief the President and did the President agree? He'll say either yes he did or he must say that he falsified it.")

But Inouye said the memo did not mention the contras.

(Inouye: "That memo does not speak of diverting the residual for the use of the contras. It says using the residual for 'other covert activities.'")

Walker continues:

Rudman: ("Which is why it's very interesting testimony--

Inouye: "The secret government outside our government.")

Poindexter's secret testimony apparently does not directly implicate the President in the diversion of funds to contras and on "This Week With David Brinkley," two other committee members familiar with the Admiral's testimony offered possible explanations.

(Sen. Mitchell: "You remember Col. North said that Casey once suggested to him that North might be too junior a person to be the fall guy -- that there wouldn't then be plausible deniability. Maybe Admiral Poindexter should be the fall guy.")

Sen. Hatch: "I believe Admiral Poindexter, who you will find is a very good, honest and forthright person, very religious man, I think you are going to find that he's going to come in there and he's going to say, 'I did these things and I'm prepared to take the responsibility for them.'")

Rather prepared to take a fall or not, Poindexter must now explain, among other things, how the President could have approved the diversion of Iranian arms profits to covert operations, but exclude the covert operation perhaps most important to the President -- aid to the Nicaraguan contras.

Donaldson: All of the spotlight now is on Lt. Col. North. Admiral Poindexter had always been considered by the White House to be the most important potential witness. Brit Hume is with us now. Brit, what do you make of this memo?

ABC's Brit Hume: Well, less I think perhaps than Senator Inouye has made of it. This is a memorandum in which Oliver North is seeking John Poindexter's approval to go ahead with an initiative -- one of the non-contras initiatives that is apparently to be funded out of proceeds from the Iran arms sales. He asks for Poindexter's approval at the bottom of the page, and it comes back marked, "approved, J. done." It doesn't say all the things that Senator Inouye claims -- that is to say that "I briefed the President and the President approved." We certainly don't know what was done. We don't know whether the President was briefed simply on what these secret initiatives were or whether the President was also briefed, if he was, on the way they were to be funded. So this is a bit ambiguous.

Donaldson: Where are the flash points in Poindexter's testimony? What will the committee members be asking him that could be either damaging or helpful to the President?

Hume: Two things. First of all he's going to be asked whether he ever told the President about the contra funding through the arms sales proceeds. That's critical.... The second question is -- you have all of these things that Oliver North said he did that Mr. Poindexter is suppose to have approved. So, it's obvious that CIA Director Casey had a role to play and how does the chain of command work? Obviously, all of the that will be asked....

Donaldson: Is it conceivable to you that Poindexter will say, "I did it. I ordered it. I never asked anyone about it?"

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Hume: Not likely in my opinion. On the other hand, there may be some ambiguity about all of this. These memos seem to come back with check marks in the approved box -- if CIA Director Casey was involved here, you have a question about who really is doing the approving at high levels in the Administration and whether the President was kept out of it by not being told. (ABC-Lead)

ABC's Jackie Judd reports on the "making of a star witness" by Brendan Sullivan and his law firm. (ABC-2)

NBC's John Hart: Congress has a White House memo that says President Reagan was told money from the Iran arms deal was used for other covert operations and two Senators say Col. North may have lied last week....

NBC's Robin Lloyd: On CBS's "Face The Nation" Senator Daniel Inouye, the chairman of the Senate select committee investigating the Iran-contra affair, charged that North may have lied to the committee in his testimony this past week.

(Inouye: "Some documents do suggest that he wasn't absolutely candid.")

Inouye declined to give any details and said it would be impossible to verify much of what North said because of the number of documents he destroyed. On ABC's "This Week" another committee member, Senator George Mitchell, also expressed his doubts about some of North's testimony.

(Mitchell: "I don't have pounds of documents. I think there are some statements that are subject to challenge and will no doubt be challenged.")

Already Secretary of State Shultz and Attorney General Edwin Meese have contradicted North's portrayal of their role in the Iran-contra affair. Meese has hotly denied that Justice Department officials were present when North was shredding documents in his office. And Shultz has denied congratulating North for sending aid to the contras. But the focus of the Congressional investigation is starting to shift to North's superior Admiral John Poindexter. Poindexter appears before the committee the day after tomorrow and must answer the central question about whether he advised the President about the diversion of funds to the contras. Last November North said Poindexter told him that the President didn't know. But fighting that is a document the committee has reviewed in which Poindexter indicated that the President agreed to the use of Iranian arms money for other covert operation.

(Inouye: "The question is -- did he brief the President and did the President agree? He will say, "Yes, I did." Or he must say that he falsified it.")

Committee investigators have interviewed Poindexter extensively. Committee members expect his testimony to be vitally interesting, especially about whether the President told the truth when he denied knowing about the diversion of funds to the contras.

(Rudman: "I think the President well may have stated the truth from the beginning on this point. Now, we'll have to hear from Poindexter to decide whether or not the American people want to believe that.") This week Poindexter will have to say who is lying -- whether he did, whether it was North, or whether it was the President.

Hart: Documents made public during the hearings show that the day before Poindexter and North left their White House jobs, they were talking about their futures and one thing they thought about was getting North a job at the CIA as special assistant to the director. Another document shows Poindexter cutting off North's complaints last year that he had lost use of White House cars, could not get a promotion for his secretary, and could not get staff badges for two colleagues. (NBC-Lead)

DEAVER TRIAL

Schieffer: In what is turning out to be the a summer of bad news on all fronts for Reagan Administration, the President's old friend and former aide Michael Deaver goes on trial tomorrow in Washington on perjury charges. As a Washington lobbyist after leaving the White House, prosecutors claim he lied to a grand jury and a Congressional committee, both of which were investigating whether he improperly used his White House friends to get favors for clients. Rita Braver joins us from Washington. Rita, is this going to be another embarrassing episode for the White House?

CBS's Rita Braver: I think that you have to say it will. You have this picture of a man who is close to Ronald Reagan over the years, who is still a close friend of the President's and perhaps the First Lady's closest friend, being accused essentially of selling access to the White House. Also you have the possibility from reading the documents in the indictment that some high Administration officials will be called as witnesses including Secretary of State George Shultz.

Schieffer: Mike Deaver has claimed from the very beginning he did nothing wrong. What's his defense going to be?

Braver: He has claimed that he did nothing wrong. But, as far as the individual statements of perjury are concerned, some of his friends are saying that Deaver will say in the trial that anything that he said that amounts to a misstatement was a total accident and that this was because he was drinking heavily at the time, had a severe alcohol problem, and in fact, this fall went to a clinic to essentially dry out.

Schieffer: Deaver says that the government doesn't really have much of a case against him. What are they saying around the courthouse?

Braver: ...Deaver says that, "Look -- if they would have been able to get me, they would have got me for breaking the law. They didn't. They only got me for perjury. It was accidental. It will all be explained." Earlier this week the independent counsel in the case filed an extensive memorandum saying there was ample motive for Mr. Deaver to lie and he was trying to lie because he was embarrassed to admit that he got things done through just a few telephone calls and also that he was trying to sell his company for \$18 million -- a sale that, of course, eventually fell through. (CBS-3, ABC-3, NBC-2)

MEMORIAL FOR CASEY

Schieffler: There was a memorial service today for the late CIA chief William Casey in Beverly Hills, Ca. Pro and anti-contra demonstrators showed up outside the church. There was a lot shouting and finger pointing, but no violence reported. (CBS-2)

PERSIAN GULF

Hart: Kuwaiti tankers sailing under the British flag is a possibility raised today by the British Ambassador to Kuwait. If Kuwait asked, he said, there would be no problem. The U.S. is reflagging 11 Kuwaiti flags under the U.S. flag so they can receive American protection in the Gulf -- protection that will be delayed.

NBC's Jim Miklaszewski: Pentagon officials now say the first tanker escorts will not go through the Persian Gulf for at least several weeks. Navy sources say it may actually be September before the controversial plan shifts into high gear. One reason -- most of the 11 Kuwaiti tankers are scattered around the world and it could take weeks before they return to the Gulf.... Whatever the logistical problems, there's a big political question hanging over the escort plan. Under pressure from a skeptical Congress, the White House has yet to give the final go-ahead to reflag the Kuwaiti tankers. And military officials are just as concerned over when the escorts will end. For now, the Administration says in theory it is committed for the plan as long as there is a threat to shipping. After seven year of the Persian Gulf War, there's still no end in sight. (NBC-6)

ENERGY ROYALTIES

Hart: Close to one-fifth of the oil pumped in this country and nearly a third of the gas comes from federal land and the government is suppose to get royalties. But because of what one Congressman called "the most incompetent people in America" hundred of millions of dollars may be lost.

NBC's Roger O'Neil: ...Much of this land is public land leased to the oil companies by the Interior Department. In exchange for the minerals...the companies pay royalties -- 12-16 percent of the value of whatever is produced.... In the past 30 years, 18 different investigative reports have concluded the Minerals Management Service may be the worst run program in Washington.... As a federal revenue source, royalty money is second only to taxes. Critics say the government is losing as much as a billion dollar a year....
(Secretary Hodel: "We are not at all desirous of continuing the collection process that doesn't collect the money that the federal government should be collecting.") (NBC-5)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: George Will, Sam Donaldson.

Guests: Sen. George Mitchell, Sen. Orrin Hatch, Lt. Gen. Brent Scowcroft, former CIA director Stanford Turner.

Brinkley: What exactly in your judgment did the White House do wrong -- selling arms to Iran, transferring the profits to Nicaragua, or not telling Congress? What was the crime here?

Turner: I don't know if it's a crime, but I think all three were bad errors of foreign policy. We did not want to sell arms to Iran and tip the balance in that war and also violate our policy of not selling arms to terrorists.

Scowcroft: By far the worse of the three is the policy issue -- the selling of the arms to Iran. I think what it did was strike at the heart of what made this President a strong President and I think he's injured not only himself, but his Administration and the U.S.

Brinkley: How did they arrive at a policy like that?

Scowcroft: One of the problems is that the President continually met with hostage families, and so on. I think that's an intolerable burden to put any President under. Because the compulsion to deal with only a few very traumatic cases and the expense of the 250 million people he has to worry about becomes overwhelming. I think that is what drove it.

Turner: There is also the fundamental problem that the fear of telling the Congress about any of these activities drove them to such a small circle of people being involved in it, that the expertise of the government was not brought to bear on this subject. The real Iranian experts were not included.

Brinkley: Why this fear?

Turner: There has been an obsession in this Administration with leaks from the Congress...but there is no question that the White House leaks.... It is my feeling that the Congress doesn't leak any more than anybody else.

Will: North used the term deniability.... Describe when there are occasions when you would want to say we need to proceed with a program, we want the President to have deniability.

Scowcroft: When you're doing something you don't want attributed to the U.S.... Deniability is arcane now. You cannot have deniability because the law prevents deniability.... The law of 1974 says the President must find that any covert action is in the interest of national security. So you cannot legally do a covert action without prior approval.... It seems to me that no Administration would deliberately do that.... The diversion itself is a rather fine point and I am not saying that that could not have happened without the President knowing about it.... The President did make a finding. It was not reported to Congress...so the diversion is a small part of the whole thing.

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THIS WEEK WITH DAVID BRINKLEY (continued)

Donaldson: Col. North had worked for the NSC since 1981. Do you think he was in a position to be able to evaluate what the law was?

Turner: He certainly should have been. You shouldn't be in that kind of a position without being willing to protect the President from himself -- to protect the President from errors of law that his assistants might make.... You check -- one, is what the President telling me to do legal? Two -- is it within my concept of the ethics of the U.S. government?

Guests: Sen. Mitchell and Sen. Hatch

Brinkley: Is the kind of conflict we now see built into the system?

Mitchell: Covert operations by their very nature require secrecy and deceptions, but our open, democratic political process places a very high value on the opposite characteristics of truth and openness. There is no dispute about the need for covert actions.... The real question is how do you conduct covert operations in a democratic society in which you must have a rule of law and accountability by public officials? It's obvious the way we're doing it now isn't working.

Hatch: The fact is that the President should be conducting foreign policy but the Congress has a role to play too. It has the role of coming forth with the legislation and the the finances for foreign policy. But in recent years, we're had an arrogance in Congress... [so that the President] could hardly do anything without Congress micromanaging what he did....

Will: What should the American people think about Oliver North?

Mitchell: He's obviously a persuasive, magnetic individual.... I think the reaction is a mixed one. I think most Americans are taken by his personality, particularly his willingness to stand up and take the rap.

Hatch: I think you have a good Marine here who acknowledges his fault and said that he's made mistakes but also said he doesn't believe some of them are mistakes and he's willing to stand behind them.... He's taken on 26 members of Congress, some of the best attorneys in the U.S., four of the toughest days of testimony I've seen, and I tell you, I think he's come out pretty well. He's come off candid and I think most Americans are proud that we have people like that who are willing to fight for our country.... I think to persecute him further is a wrongful thing.

Donaldson: Do you think the trail leads more toward the President, less, or who's next?

Mitchell: Admiral Poindexter is next. I think what's happened is that a tremendous burden has been shifted by Col. North onto Admiral Poindexter. Col. North has said that he had authority. And the person he had authority from was Admiral Poindexter....

THIS WEEK WITH DAVID BRINKLEY (continued)

Hatch: We have established that Col. North acted pursuant to authority... He have also established that Poindexter told him he did not brief the President on the diversion of funds. I believe Admiral Poindexter...is going to come in and he's going to say, "I did these things and I'm prepared to take the responsibility for them. We felt that the policies were right." ...

Brinkley: Since Director Casey died a month or so ago, do you think it is likely now that he will become the fall guy?

Mitchell: Well, it's certainly appearing that way although I don't know that the reason is that he's dead..... We probably will never know.

Hatch: I believe we can believe Col. North with regard to what he said. I also revere Bill Casey. I don't think anybody's given more for this country than Bill Casey and I have no doubt that he felt very deeply about the contras and the potential establishment of a Russia-Cuban-Nicaraguan base here in American and the subversion of Central American and maybe even Mexico. He was trying to prevent that, rightly or wrongly....

Donaldson: Sen. Inouye has said, just this morning, that there are pounds of documents that suggest or show that Col. North was not candid in his testimony. Do either of you know anything about that?

Mitchell: Col. North is the first and will be the only witness to testify before the committee without prior questioning in executive session.... And checking of his testimony will occur subsequent to it.

Donaldson: Do you believe in Col. North's statement that he had a right to lie to Congress if he believes it is in the national interest?

Hatch: I don't think anybody has a right to lie to Congress. But I have to tell you this -- Col. North didn't just handle the Iran-contra matter.... There was a leak on the Achille Lauro that almost costs lives....

Mitchell: There is no such right -- in fact, it is a crime and should not occur.

FREE-FOR-ALL DISCUSSION (Bob Maynard joins panel.)

Maynard: There is the whole business of when and under what circumstances it's all right to lie...but I really believe that there is a much more serious issue here and it has to do with the entire enterprise in which Col. North and Director Casey and others engaged -- which was an ad hoc foreign policy of their own. I suppose, we will determine at some point, whether the President knew and what the President knew. I can't believe that the President was quite as ignorant as he has so far portrayed himself to be, although that remains to be seen. The issue here is whether the government of the U.S. can have its foreign policy operated in that way....

THIS WEEK WITH DAVID BRINKLEY (continued)

Donaldson: If you don't publicly come forward in some sense and follow the law and follow the procedures, you're always going to come up short because your secret policy won't be substained.

Will: We've had a climate in the country for 20-some years of people saying, "my conscience, my values, are somehow a little bit more important than the law" and I'm saying Oliver North didn't invent this....

Maynard: This operation is not about civil disobedience. This operation is about a frustration on the part of certain daring characters within this Administration to achieve an end and they didn't care whether they broke the law.

Will: I don't think that's a fair characterization of what's you've seen from Mr. North. I don't think on the evidence of his testimony it is fair to say he did not care. Honorable men and women of good will can and do disagree about what laws [apply] here--

Brinkley: How might this all turn out? Are you going to send Mr. North to jail? Are you going to impeach Mr. Reagan?

Will: We're certainly not going to impeach Mr. Reagan - there's no inclination to -- there isn't even time to the way Congress works. Congress will issue a report...and perhaps there will be some new laws. Some people may get indicted either for perjury or on extremely arcane and not very electrifying matters such as the misappropriations of government property if you can decide whose property it was....

Maynard: I think what you're going to have is an Administration that will leave office discredited.... And ultimately the question is -- was this President truly as asleep, was his nap that deep, that he knew nothing of all these activities or did he lie to the American public? And I think on that turns his reputation with history.

Donaldson: I don't know if Col. North is going to be indicted for anything or not.... As far as his testimony -- in a perverse way, it has put the finger more and more on high officials of this Administration -- living an dead....

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CBS -- FACE THE NATION

Moderator: Lesley Stahl.

Guests: Sen. Daniel Inouye and Sen. Warren Rudman.

Stahl: ...The CBS-New York Times poll says that most people think Oliver North told the truth. Do you think he told the truth?

Inouye: I think for the most part, especially on the larger issues, he was rather candid. At times, rather explosively candid as you pointed out. But there are a few minor points that must be followed up...that we can't quite understand. We'd like to give him a chance.

Stahl: Do you have other information, other documents, that actually will prove to the rest of the American people that he was or wasn't telling the truth?

Inouye: We have, as the colonel himself described, pounds and pounds of documents...to back up what he has said, to back up what he has said that Casey said, to back up what he said that the Attorney General said, and some documents to suggests that he wasn't absolutely candid.

Stahl: Where wasn't he absolutely candid?

Inouye: I think you'll have to wait for that.

Stahl: But there are some points that you know from other documents that he may not have told the truth on?

Inouye: Absolutely. For example, in one of the earlier programs, I suggested, to the chagrin of many, that the President wasn't absolutely honest when he said, "I didn't know," because I felt after reading the documents that he knew much more than he says he did. It is the same thing with other witnesses....

Stahl: North is putting the blame on Poindexter. Poindexter will put the blame on Casey and Casey is dead and that's where this whole thing is going to end. Isn't that the way it's going to play out?

Rudman: I think that's wrong and the chairman and I are both now fully aware of Admiral Poindexter's testimony and I do not think that is accurate. It is accurate to say that Director Casey is, as we have already seen, will be, obviously, named by not only North, but, obviously, by Poindexter in some part of this. But I do not believe it would be fair to say that this will all get laid on Director Casey. Before this is over I think many people will be accountable for what happened here. In terms of the policy itself, I think that on the important issue that face this committee Oliver North was very candid with us. He was willing to be the scapegoat so long as it was a political issue. He was not willing to become a criminal defendant for other people and he should not have. That is not what any man should be asked to do. I thought he was very truthful on those points and I believe that Poindexter will confirm a good deal of what he has to say. I think there will be some differences between their testimony and there will be differences between North's testimony and other people's testimony subsequent to this Monday....

FACE THE NATION (continued)

Stahl: If Poindexter does not put all the blame on Mr. Casey, it seems there is no one else left but Poindexter and the President.

Rudman: I think that's accurate.

Stahl: Which is it?

Rudman: We have had a rule not to discuss Admiral Poindexter's testimony and we're just not going to do it. I will say this -- that his testimony will be vitally interesting. It will be riveting in many ways and I happen to think it is more important in some ways than Col. North's

Inouye: If I may guide you, there were documents that Mr. Liman brought out -- for example -- that said, "I approve your recommendation." This is Poindexter advising North -- "I approve or disapprove." He checked approve then underneath it says "I briefed the President -- the President agrees." Now the question is -- did he brief the President and did the President agree? He either will say, "Yes, I did" or he must say that he falsified it. And the question will be why.

Rudman: Admiral Poindexter had virtually open access to the President of the U.S. Oliver North did not. Poindexter is a vitally important witness.

Inouye: There's an important document in which he says, "I briefed the President -- the President agrees on the use of the residuals for other purposes." Did he or did he not brief the President and did the President approve of this?

Stahl: And you have a document that saying he did brief the President on the use of this residuals?

Inouye: You saw it.

Rudman: Generally -- the question is in what detail. And that's what we will talk about.

Stahl: If he briefed the President on the residuals, is there any question -- I don't think the American people understand -- is there any question in either of your minds that the money that went from the sale of the arms to the contras was U.S. government money?

Rudman: Absolutely none and time will prove whoever holds an opposite view wrong. The fact is that these weapons were paid for by American taxpayers....

Stahl: Why isn't that memo the smoking gun?

Inouye: That memo does not speak of diverting the residuals for the use of the contras -- it says using the residuals for "other covert" activities.

Stahl: If Poindexter says I did brief the President on the diversion of money to the contras, then what?

Rudman: I think that's a serious issue.
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FACE THE NATION (continued)

Stahl: What does the committee do?

Rudman: We'll cross that bridge when we come to it.... I think the President well may have stated the truth in the beginning on this point. We'll have to hear from Poindexter to decide whether or not the American people want to believe that....

Stahl: If Poindexter sent this policy on his own, what happens to him?

Rudman: That's something for Mr. Walsh....

Inouye: I don't think it would end up with the impeachment of the President. I haven't seen anything, as far as I'm concerned, that would be sufficient grounds to impeach the President....

Stahl: Any suggestion that the Justice Department was in on a cover-up?

Inouye: It places a terrible cloud over the whole Justice Department....

Rudman: Attorney General Meese, in fairness to him, ought to be heard from.... Why would Col. North lie on this rather insignificant point?

Stahl: Let me ask you to summarize the most important thing that you think you heard this week from Col. North.

Inouye: The most depressing thing that I've heard all week long was that if the cause is right, you may do anything....

Rudman: I certainly share that and I would extent it to one area -- that although we appropriate enormous amounts of money to the CIA...that somehow the Director of the CIA, the late Mr. Casey,...directed North to set up secret, off-the-shelf covert operations, not even accountable in this case to the President of the U.S....

DISCUSSION (Chuck Stone, Philadelphia Daily News; Dick Williams, Atlanta Journal join Lesley Stahl.)

Stahl: Is North helping or hurting President Reagan?

Williams: I think if he's hurting the President, it's by contrast. The President has walked away from this thing, where as Oliver North has confronted it head-on.... The President in one sense walked away from it -- but Ollie North makes him look like kind of a wimp on the whole issue.

Stone: I think that both of them can't be telling the truth.... Mr. Reagan also deceived us -- two days before the contra hearings began, he said "I had no detailed knowledge of that." Ten days after the hearings began, he said, "I was informed..." He's lied to the American people.

Williams: No -- there's a narrow point there that I think people are misunderstanding about that. The President has said he had no knowledge of the diversion, but he knew about the Iran arms sales and has taken the political flak for that -- there's a big distinction there....

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NBC -- MEET THE PRESS

Moderator: Chris Wallace. Panel: Robert Kaiser, Albert Hunt.

Guests: Sen. William Cohen, retired admiral Bobby Inman.

Wallace: Admiral, I want to ask you about the man you used to work for, Bill Casey.... Is the Casey North described the Bill Casey you knew?

Inman: Remember that Bill Casey's great experience early in life was running OSS operations in Europe. He was, in fact, a very intelligent, man who could quickly absorb a great many facts, but he had some difficulty adopting to the rules and the laws that had been enacted during the 70's governing the intelligence process. He simply had a different view based on his experience in the 40's of how the process ought to work.

Wallace: How close was Casey to the President and how often did he discuss with Mr. Reagan what he was up to?

Inman: Mr. Casey was not a close friend of the President until the election in 1980.... Mr. Casey saw the President on rare occasion. He would talk to him by telephone. He preferred to communicate intelligence to the President by written memo and by daily briefings.

Wallace: Given their relationship, do you think Casey would or would not have told the President about the diversion of funds and about this year-long -- two year-long effort to supply the contras?

Inman: I really don't know. If he told him, I believed it would have most likely been in a form of a memo.... First it's not unusual for a President or DCIA to turn out to the private world for help....

Hunt: The reason North and Casey said this was so necessary was because Congress couldn't be trusted.... Is that a legitimate concern?

Inman: The record is very clear that there have been many covert operations...where there has never been a leak from the Congress.... The difference is the work was taken that's necessary to insure you had bipartisan support....

Guest: Sen. Cohen.

Wallace: It seems clear that John Poindexter is going to be the key make-or-break witness for the President. He has testified at length privately before your committee. Do you expect him to say that the President did or did not know about the diversion of funds?

Cohen: I frankly don't have access to the information of the private testimony....

Wallace: Is it credible to you with all the evidence we've heard from Oliver North...that Mr. Reagan was about the only guy in the White House who didn't know?

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MEET THE PRESS (continued)

Cohen: It would seem likely, given the fact that Casey was such a close personal adviser to the President, ...that he would be involved in that. But then again this entire case has presented some examples of unlikely behavior. So, we'll have to wait and see what the facts are.

Wallace: Let's say that Poindexter says he never told the President -- is that the end of the scandal then? Is Mr. Reagan out of the woods?

Cohen: I think that raises just as serious an issue as whether or not the President knew. If we find ourselves in a position of Poindexter, Casey and North proposing a foreign policy initiative...which Congress prohibited, it seems to me the failure to disclose that to the President, to get his approval, raises some very serious implications for how the government is being run....

Hunt: In light of [North's lying] history, why do you all seem so willing to accept what he's said these past four days as truthful?

Cohen: Number one -- he's under oath and certainly, even though he's been granted limited immunity, the immunity would not protect him from a charge of perjury. I think with respect to the major parts of the story that Col. North has told, we believe it essentially to be the truth because there is so much documentations.... Evidence supports that he believes he was acting under the chain of command and that the President of the U.S. had authorized his activities.

Kaiser: Do you believe that North's testimony has been helpful or harmful to President Reagan?

Cohen: I think it's been helpful certainly to Col North. He has helped himself a great deal. It has been very helpful to the committee.... As a consequence of that, it does reveal the absence of real stringent controls over the kind of activities that one would normally expect to have been exerted. In that sense, whether the President knew, and there is no evidence that he did know, I think it does prove rather harmful to the concept of the preception of the management of the covert operation and the government.

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Fred Barnes, Robert Novak, Eleanor Clift, Morton Kondracke.

On Iran-Contra Hearings/North's Testimony

McLaughlin: Is Oliver North a national hero?

Barnes: Absolutely. Beyond that he is also the most compelling, appealing and truthful witness I've ever seen at a Congressional hearing. But he's a...flawed hero -- he did cut some corners - he lied to Congress. And guys like that can't stay around for long.

Novak: That's exactly right. Not only did Col. North show that he's not a loose cannon, he's not a thief and not a criminal...he's the first guy in the White House with the guts to come out for the program of the Reagan Doctrine while the President is running around in Connecticut mouthing silly things about a super majority....

Clift: ...He's Rocky, Rambo, Patton and the boy next door all wrap up in one. But I'm not going to join the applause for someone who's sole defense is that he followed orders....

Kondracke: ...He's not somebody you want presiding over the way American foreign policy is going to be run.... He and Bill Casey were defiants of the constitutional process...they had total contempt for Congress....

Clift: Ollie North wasn't going to be the fall guy once he read the word "criminal." And he's bringing down the Administration with him. He's loyal to one person -- that's the President.... He's implicated Meese, he's implicated Shultz--

Kondracke: Let me tell you the hurdle he did not clear. He makes you believe, would want you to believe, that anything can be done in the name of a covert operation. Covert operations are suppose to be checked with the Congress. What he did was he invented a whole new enterprise--

McLaughlin: Is Oliver North a national hero?

Barnes: Yes again. Novak: Absolutely. Clift: He's not a hero.

Kondracke: He's no hero. McLaughlin: Oliver North is a hero.

McLaughlin: Oliver North said...he assumed the President approved of all his actions.... What is the impact of North's testimony on Ronald Reagan?

Clift: He has not done anything to help Reagan. He has painted a picture of a government-wide covert operation. If the President didn't know about it, it was only because they were giving him the small fig leaf of deniability.

Novak: It's up to the President whether it's going to help him or not. He runs around the country talking about irrelevances that won't help him a bit.

MCLAUGHLIN GROUP (continued)

Clift: The real question here is not what the President knew and when he knew it, but how the constitutional powers were abused.

Kondracke: You can bet your bottom dollar that the Congress will enact more laws designed to chain the President to a rock as a result of this.

Barnes: Oliver North has given Ronald Reagan a chance now to seize the initiative and make democracy in Nicaragua the issue here and the issue isn't how the White House is going to get along with Congress in foreign policy -- that's the boring process question...

Kondracke: North has seriously discredited the Meese investigation....

Clift: When the soap opera is over and North has faded from the screen, it will remain that he lied, he covered up.

Barnes: The hearings are what matter. It's not the record that's laid down. Do you remember what the Watergate committee's report said? Nobody remembers that. North is winning because people are watching this hearing and being convinced by him. From the beginning, these hearings have been slanted, unfair, McCarthyite...they are only designed to discredit Reagan.

Novak: The Republicans ought to be ashamed of themselves, because the most conservative members of that committee, the most Reaganite members...had given up on Col. North....

McLaughlin: What's the impact on the conservative movement in the U.S.?

Barnes: What North has done is help the contra cause.

McLaughlin: Will Oliver North be indicted?

Barnes: He'll be indicted; he'll never go to jail. Novak: That's right.

Clift: He will be indicted, but I don't think he'll be convicted by a jury of his peers.

Kondracke: He will be indicted. He'll be acquitted. And I think he'll run for Congress and win. McLaughlin: He will not be indicted.

McLaughlin: Will Ronald Reagan pardon Oliver North and Poindexter?

Barnes: I think he will. Novak: He should. Clift: Yes.

Kondracke: No, because he won't have to. McLaughlin: Yes.

PREDICTIONS

Barnes: President Reagan stands a better than 50-50 chance of getting another Supreme Court nomination beyond the Bork one because one of the liberal justices is looking particularly physically feeble.

Novak: Gorbachev...is no longer certain that there will be a summit.

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: James Kilpatrick, Carl Rowan, Lou Cannon, Hugh Sidey.

On the Iran-Contra Hearings/North's Testimony:

Agronsky: What was the important part of Oliver North's testimony?

Kilpatrick: It may turn out to boost the contra cause.

Rowan: There were two factors -- his testimony that former CIA Director Casey really ran the show...and his testimony that while the Justice Department fact finders were sitting ten feet away, he was still shredding documents.

Cannon: He said there were at least five, not one, memo sent to Admiral Poindexter for the President's approval outlining the Iran deal and the diversion.

Sidey: I think the most important thing is that the American people, for the first time, are beginning to understand the problem in Nicaragua and what the Administration was trying to do. The overall policy now is gaining support -- this could be a major change down the line in both the importance of the event and what happens to future funding for the contras.

Cannon: Col. North has made it clear that he did not talk directly to the President. He sent memos to Poindexter, presumably for presidential approval. It seems to me the key question still is what the President knew and when he knew it.... It's a harder thing for Poindexter to say that he didn't show five memos to the President than any one memo.... I think that where these hearings are leading is still to the person that has not been mentioned very much in the hearings this week and that's Ronald Reagan.

Kilpatrick: It now seems to me plausible, where earlier it seemed to me incredible, that maybe the President was just isolated from this -- he didn't have a need to know, so they deliberately boxed him out.

Sidey: The question of what the President knew and when he knew it is less important and less urgent as we go along. I think what you have is a classic case of a CIA operation in which Bill Casey took over, and isolated the President from it....

Cannon: This is sort of going up and down [at the White House]. There was a euphoria there the first day when North did not implicated the President, but now there is sort of a feeling which a number of people have expressed to me...that they are holding their breath. This has really set the stage for Admiral Poindexter's testimony.... They don't know at the White House what Admiral Poindexter is going to say.... The President said he welcomed North's testimony and when it came, he had no comment.

AGRONSKY & COMPANY (continued)

Agronsky: You can't really know what Reagan is thinking. What filters down to you that indicates what he may be thinking at this point?

Cannon: I don't know what he's thinking. What I do know is that he's gone out on the road on a campaign for his conservative economic issues almost exclusively and I know...that we were not allowed to get close and ask the President questions last week. That was explained to us as a deliberate strategy. What filters down is -- they think they got through this week, including the President, but they don't know about next week. Any there is still a lot of anxiousness....

Sidey: I think the week has ended with a pretty fairly upbeat, cautious bit of optimism. Admittedly, nobody knows what's going to happen. But the fact of the matter is that this element of public education has had a big impact....

Rowan: North made these great patriotic speeches -- and he made them better than Ronald Reagan has been making them -- but don't you assume for a moment that those telegrams reflect the overwhelming opinion of Americans.... There are millions of Americans who will be concerned about the lies.

Cannon: North has done what people have wanted Reagan to do on his side for seven years -- he has made the case openly for the war that they fought secretly.

Kilpatrick: This has been marvelous theater....

Agronsky: A few weeks ago the President described Col. North as a national hero. Do you see him now as a national hero?

Sidey: Let's wait until the returns are all in....

-End of News Summary-



News Summary

OFFICE OF THE PRESS SECRETARY

MONDAY, JULY 13, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Reagan Briefed On Use Of Iran Profits, Memo Says -- President Reagan was briefed on the use of Iran arms sale profits for a series of far-flung covert operations to be kept secret from Congress, according to a memo initiated last fall by John Poindexter. (Los Angeles Times,

New York Times, USA Today, Washington Post, Washington Times, AP, Reuter)

NATIONAL NEWS

Reagan Takes Budget Push To Indiana -- President Reagan takes his budget-reform road show to Indianapolis, stressing the benefits of his truth-in-spending proposal and "Economic Bill of Rights." (USA Today)

INTERNATIONAL NEWS

Pakistan Said To Divert Missiles Bound For Afghan Rebels -- Pakistan, asked to deliver weapons to American-backed rebels in Afghanistan, has diverted millions of dollars worth of Stinger anti-aircraft missiles for its own use with U.S. acquiescence, sources say. (UPI)

NETWORK NEWS (Sunday Evening)

IRAN-CONTRA -- Congress has a White House memo that says President Reagan was told money from the Iran arms sale was used for other covert operations.

DEAVER -- Michael Deaver goes on trial on perjury charges.

PERSIAN GULF -- Pentagon officials now say the first tanker escorts will not take place for at least several weeks.

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IRAN — NICARAGUA

INOUE: REAGAN TOLD OF ARMS-PROFIT PLANS Poindexter Gave Briefing On 'Initiatives'

Former National Security Adviser John Poindexter briefed President Reagan last September about certain covert "initiatives" that were to be financed by proceeds of U.S.-Iran arms sales, Sen. Daniel Inouye said.

Appearing on CBS' "Face the Nation," the chairman of the Senate select committee said the information was contained in an "important document" that is expected to be one focus of questioning when Poindexter succeeds Oliver North this week as the witness before the joint congressional panels investigating the Iran-contra scandal.

The document is a Sept. 15, 1986, memorandum from North to Poindexter prior to Reagan's meeting with former Israeli prime minister Shimon Peres. The memo suggests that Poindexter brief Reagan about "initiatives" outlined in an attachment. Next to "approve" are Poindexter's initials and a notation, "Done."

Inouye made clear that there was no indication that the covert activities of which Reagan had been informed included the diversion of funds to the contras.

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

Reagan Briefed On Use Of Iran Profits, Memo Says

President Reagan was briefed on the use of Iran arms sale profits for a series of far-flung covert operations to be kept secret from Congress, according to a memo initiated last fall by John Poindexter.

The document, written by Oliver North and dated Sept. 15, 1986, notes that Poindexter told Reagan of plans for use of the "residuals" from the arms sale to undertake covert operations around the world, said Sen. Daniel Inouye....

Inouye said the operations were described in the document as being out of the reach of Congress and normal channels of accountability.

"The question is, in what detail" did Poindexter tell the President of the operation, said Sen. Warren Rudman...appearing with Inouye on CBS' "Face the Nation."

(Jim Drinkard, AP)

Committee Holds 'A Smoking Gun,' Chairman Reveals

The Iran-contra investigative committee has a memo in which John Poindexter said he briefed President Reagan on the use of Iranian arms sales proceeds for covert operations, a panel leader revealed.

Sen. Daniel Inouye said on CBS' ["Face the Nation"] "There is an important document in which he says, 'I briefed the President, the President agrees on the use of these residuals...for other purposes.'"

He said the committee will ask Poindexter: "Did he or did he not brief the President, and did the President approve or disapprove?"

But, Inouye predicted, the President is not likely to be impeached once the facts are known.

(Mary Belcher, Washington Times, A1)

Poindexter Memo Said To Describe Informing Reagan

The chairman of the Senate Iran-contra committee said that John Poindexter, the former national security adviser, had written a memo saying President Reagan had been told of plans to use profits from the Iran arms sales for covert operations other than supporting the contras.

"That memo does not speak of diverting the residual for use of the contras," said Sen. Daniel Inouye. "It says using the residual for other covert activities." (Fox Butterfield, New York Times, A1)

Memo Viewed As Crucial To Probe

The congressional panels investigating the Iran-contra scandal have a document indicating that former John Poindexter discussed with President Reagan the possibility of diverting money from Iran arms sales to other covert activities, Sen. Daniel Inouye said.

The document was briefly mentioned by Senate committee counsel Arthur Liman as he questioned Oliver North on Friday, and Inouye indicated that it will be one of the key items in the crucial appearance of Poindexter, expected Tuesday. (Rudy Abramson, Los Angeles Times, A1)

North Still Testifying But Focus On Poindexter

Even before Oliver North finishes his testimony before the Iran arms hearing, the focus of the probe is shifting to his former boss, John Poindexter, and what he told President Reagan.

"(Poindexter's) testimony will be vitally interesting. It will be riveting, and I happen to think it will be more important in some ways than Col. North's," Sen. Warren Rudman, ranking Republican on the Senate investigating committee, said on CBS' "Face the Nation."

Rudman said the testimony of Poindexter, who until last November 25 was the White House national security adviser, will be vital because "Admiral Poindexter had virtually open access to the President of the United States. Oliver North did not...." (Greg McCune, Reuter)

North Not Yet Finished, But Committee Ready For Poindexter

The congressional committees probing the Iran-contra case began looking to their next witness, John Poindexter, even before they called Oliver North back for what was billed as his final round of public testimony.

With North having portrayed himself as an obedient Marine who always followed orders as a National Security Council aide, investigators have rallied to the conclusion reached by some of them earlier that his ex-boss Poindexter holds keys to the case because he was the link between North and President Reagan.

However, with bipartisanship slipping, some conservatives on the committees charged in the wake of North's compelling testimony last week that their more liberal colleagues would try to use Poindexter this week to strike at Reagan.

"The real target is the President," complained Rep. Henry Hyde. "They have found that they can't get him through (North), so all roads lead to Admiral Poindexter." (Joseph Mianowany, AP)

North Grilling Today Targets Holes In Story

Oliver North appears for a fifth time before the Iran-contra panel -- and may be pressed on discrepancies in his televised testimony.

North "wasn't absolutely candid" in his appearances last week, Sen. Daniel Inouye told CBS' "Face the Nation."

And Sen. George Mitchell said on ABC's "This Week with David Brinkley" North made "statements that are subject to challenge and will no doubt be challenged."
(Leslier Phillips, USA Today, A1)

NORTH'S ANSWERS RESULT IN DEEPENING QUESTIONS FOR REAGAN

Oliver North, the newest folk hero of the political right, has succeeded in captivating the public while exacerbating the problems facing the President he sought so loyally to protect.

North...has described a process in which President Reagan may or may not have been aware of the secret foreign policy apparatus run by his subordinates.

While White House officials welcomed North's early testimony last week that he never discussed with Reagan the diversion of profits to Nicaraguan contra rebels from secret U.S. arms sales to Iran, the Marine's subsequent answers at the public hearings managed to deepen public skepticism about Reagan's role.
(Norman Sandler, UPI)

WORKING AT CROSS-PURPOSES

President Reagan is waging a contradictory political battle. He is staging a summer offensive for his "Economic Bill of Rights," designed to demonstrate that he remains relevant. Simultaneously, he has retreated into a defensive crouch on the Iran-contra affair, while aides anxiously await the testimony of John Poindexter...about what Reagan knew and when he knew it.

Unable to persuade reporters that Americans are disinterested in the Iran-contra scandal, Reagan has taken the fallback position that he is not interested. After claiming that he eagerly awaited North's testimony, the President fled from questions about in once North took the stand. If Reagan's spokesman can be believed, he was too busy even to turn on a television set.

This staggering lack of presidential curiosity is offered as a defense but has more the ring of an indictment. Regardless of what he knew, how could any president be "too busy" to watch a congressional hearing where an influential former aide dramatically accuses principal Administration officials of breaking the law, lying to the American people and obstructing justice?
(Column, Lou Cannon, Washington Post, A2)

AGE, SCANDAL TAKE TOLL ON REAGAN, AIDES SAY

President Reagan, battered by the Iran-contra scandal and finally showing his age, has become a shadow of the vibrant political powerhouse of the early 1980s who brought about some of the greatest social, economic and governmental changes since Franklin Roosevelt's New Deal, according to many of those who work closely with him.

Speaking publicly, Administration officials insist that Reagan is every bit the President he has always been.

But privately, some of Reagan's own advisers say he is preoccupied by the Iran-contra affair and frustrated by his loss of public trust. He shows little or no enthusiasm for any second-term goals except an arms reduction agreement with the Soviet Union and continued U.S. aid for Nicaragua's contras.

(Jack Nelson, Los Angeles Times, A1)

MAJORITY IN POLLS SAYS NORTH HAD TOP APPROVAL

A majority of Americans polled since Oliver North began his testimony to Congress last week has formed a picture of the Iran-contra affair as a systematic policy run by a misguided but well-meaning Marine with the knowledge and approval of top Administration officials, including President Reagan.

Polls released yesterday by Time and Newsweek show that most respondents believe that Reagan has not told the truth in denying knowledge of the diversion of profits from U.S.-Iran arms sales to aid the Nicaraguan rebels.

With a New York Times/ CBS News Poll published Saturday, the surveys reflect public sympathy for North, who was seen as a patriot by large numbers of respondents, and widespread skepticism toward an Administration that originally attempted to focus blame for its most damaging scandal on North.

(Michael Weisskopf, Washington Post, A6)

BUSH RULES OUT TESTIFYING FOR IRAN-CONTRA PANEL

Vice President Bush has ruled out testifying before the congressional Iran-contra committee because his appearance would set a "dangerous precedent," a spokesman said.

"He feels it's not appropriate for the President or Vice President to testify before Congress," Bush spokesman Stephen Hart said. "He's concerned about setting a dangerous precedent."

The panel "never considered calling the President or Vice President," said Lance Morgan, a spokesman for the senators on the committee.

(Willis Witter, Washington Times, A5)

CONTRA-AID HOPES RISING WITH NORTH

Buoyed by overwhelming public support for Oliver North's testimony, the Reagan Administration is considering asking Congress to double military and humanitarian aid for the Nicaraguan resistance.

An appropriation request for \$300 million would cover 18 months instead of just a year, according to senior Administration officials. The current rate of support is \$100 million for one year.

"The figure has changed several times recently as we continue to assess the situation," said one official, speaking on condition that he not be identified. Other officials said President Reagan may be advised by senior aides to seek a two-year commitment at an even higher dollar figure.

But the White House made no secret of its belief that the emotional testimony of the former National Security Council staff member improves prospects that Congress will increase financial assistance for the resistance.
(Jeremiah O'Leary, Washington Times, A1)

EX-AIDE: NORTH TESTIMONY OMITTED REGAN APPROVAL

Oliver North did not testify at the Iran-contra hearings last week about what a former White House aide recalls as North's statements last fall regarding the role of ex-Chief of Staff Donald Regan in the scandal.

The former aide, speaking on the condition of anonymity Sunday, quoted North as saying in November 1986 that John Poindexter told him Regan had approved the diversion of money to Nicaraguan contra rebels from secret U.S. arms sales to Iran.

North...testified last week to the congressional committees investigating the case that he knew "for sure" of only two senior U.S. officials [Poindexter and William Casey] who had approved the possibly criminal diversion.
(Neil Roland, UPI)

NSA CHIEF FAULTS INOUE'S CLAIM THAT COMMITTEE PLUGGED ALL LEAKS

The director of the super-secret National Security Agency has challenged Sen. Daniel Inouye's claim that his special Iran-contra investigating committee has not leaked any U.S. secrets.

Lt. Gen. William Odom, the NSA director, charged in a letter dispatched Thursday to Inouye...that his statement to the committee did not accurately reflect their telephone conversation about unauthorized disclosures of secrets from the committee.

(Bill Gertz, Washington Times, A1)

CONTRA LEADERS JOINED UMBRELLA GROUP ONLY TO IMPRESS CONGRESS

Fractional Nicaraguan contra leaders made a show of unity in opposition to the Sandinista government principally to impress Congress and garner support at home, according to a memo by Oliver North.

They proffered a peace plan which Adolfo Calero, head of the largest contra army, agreed to sign only because he knew the ruling Sandinistas would not agree to its provisions, North wrote in an April 1, 1985, message to his then-boss, Robert McFarlane.

The memorandum attests to what the Administration has never publicly acknowledged -- that U.S. officials pressed the contra factions into forging an alliance to make their movement more saleable to a Congress considering the Administration's contra aid request. (Rita Beamish, AP)

SHOUTS, SIGNS OUTSIDE CASEY MEMORIAL

BEVERLY HILLS, Calif. -- Opponents and supporters of U.S. aid to Nicaraguan rebels exchanged shouts outside a church while a memorial service for the late CIA Director William Casey was held inside.

About 50 people with signs reading "Support The Nicaraguan Freedom Fighters" and "Oliver North Is Our American Hero" shouted "Communists!" at 150 people across the street who shouted "U.S. Out Of Nicaragua." Police and other spectators kept the two groups apart. (AP)

EDITOR'S NOTE: "A Correction: Times Was In Error On North's Secret Fund Testimony," by Fox Butterfield, appears in The New York Times, A1.

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NATIONAL NEWS

REAGAN TAKES BUDGET PUSH TO INDIANA

President Reagan takes his budget-reform road show to Indianapolis, stressing the benefits of his truth-in-spending proposal and "Economic Bill of Rights."

Reagan is expected to tell the annual meeting of the National Association of Counties that he'll fight to see that "everybody knows up front" the cost of legislation, said Gwendolyn King, Reagan's deputy for intergovernmental affairs.

"Very often, it has been a very big surprise once legislation is passed that counties are going to have to meet certain criteria they weren't aware of or...shell out state and local funds," she said.

(Jessica Lee, USA Today, A4)

DEAVER'S PERJURY TRIAL: A SPOTLIGHT ON LOBBYING Ex-Reagan Assistant Goes To Court Today

Michael Deaver, one of President Reagan's closest friends and former advisers, will walk into the federal courthouse this morning for an appointment he first requested and then fought to avoid: a public inquiry into charges that he broke the law after leaving the White House.

Deaver's trial on five counts of lying to Congress and a grand jury about his lobbying business may lack the klieg lights and cameras of the Iran-contra hearings playing four blocks up the street, but it promises appearances by many of the same figures. Secretary Shultz and former National Security Advisers Robert McFarlane and John Poindexter are among the likely witnesses.

The case, expected to last four to five weeks, will spin around a quintessential Washington story -- a tale of power, money and influence at the highest levels of the Reagan Administration.

(Bill McAllister, Washington Post, A3)

Deaver Trial Gets Under Way With Jury Selection

Selection of a jury was the only step remaining before the start of the perjury trial of Michael Deaver, President Reagan's longtime aide and close friend, accused of trading on his White House connections to become a multimillion-dollar lobbyist.

Deaver, the first person ever indicted under the post-Watergate Ethics in Government Act, was charged on March 18 with two counts of lying to Congress and three counts of lying to a federal grand jury about his activities since leaving the White House as deputy chief of staff less than two years earlier.

(Lee Byrd, AP)

Prosecution Facing Tough Job As Deaver Trial Begins

Michael Deaver, once one of President Reagan's closest aides and confidants, goes on trial in federal court this morning on perjury charges that some legal experts believe may be difficult to prove.

Deaver stands accused of having lied about his lobbying activities after he left the White House, both to a congressional committee and to a federal grand jury. But there are no so-called "substantive charges" in the case -- he is not charged with any direct violation of federal ethics or conflict-of-interest law.

Several legal authorities said that independent counsel Whitney North Seymour apparently believed that Deaver, 48, may have violated the spirit, but not the letter of federal ethics laws, so conflict of interest would be difficult to prove. Deaver has denied wrongdoing.

(Robert Jackson, Los Angeles Times, A1)

AMID MANY FAILURES MEESE MAKES A MARK Judicial Choices Represent His Most Enduring Legacy

After four years in the White House, Edwin Meese moved into the attorney general's office in February 1985, determined to broaden the legal significance of the Reagan revolution. Two-and-a-half years later, major parts of the Meese agenda -- in civil rights, law enforcement, antitrust policy and constitutional law -- have faltered on Capitol Hill, in the Supreme Court and even within the Reagan Administration.

Nevertheless, critics and supporters agree that Meese has left a mark. His impact in one critical sphere -- lifetime appointments to the federal judiciary -- will reverberate long after he is gone. And if the Senate confirms U.S. Appeals Court Robert Bork to succeed Supreme Court Justice Lewis Powell, who was the key swing vote on such issues as affirmative action and abortion, much of what Meese has failed to accomplish may suddenly be within reach.

"Meese has moved the center of gravity of the debate substantially to the right," said Anthony Podesta, president of People for the American Way, a liberal group, who is a frequent Meese critic. "He has made us argue on his terms...."

(Howard Kurtz, Washington Post, A1)

EXPERTS: COURT CAN GET BY WITH EIGHT JUSTICES

The Supreme Court won't be seriously hampered if it operates with only eight of its nine justices for a brief period, legal experts say.

"It's certainly not ideal, but it's not as bad a situation as some make it out to be," said Lawrence Baum, professor at Ohio State University.

"They can resolve the minor issues, but they may be reluctant to vote on major ones knowing a ninth justice will be along soon," said Bruce Fein of the conservative Heritage Foundation. "It's not a disaster, but it will slow down the court."

(Tony Mauro, USA Today, A4)

GOP HOPEFULS BACKING AWAY FROM REAGAN

SEATTLE -- For the first time, Republican presidential contenders have clearly but carefully begun to distance themselves from President Reagan.

At a convention of the Young Republican National Federation...the contenders, with the exception of Vice President Bush, implicitly criticized the President's leadership of the party, saying it was in serious trouble because it had failed to reach out to minorities.

And they openly criticized his leadership of the Administration and the nation in light of the Iran-contra affair, making it plain that their management would be more "hands on" than Reagan's and that the White House's relationship with Congress needed to be mended.

(Bernard Weintraub, New York Times, A1)

Young Republicans Cheer Loudest For North; Marine Is The Hero Of The Hour As Six GOP Hopefuls Test Sentiment At Convention

SEATTLE -- They cheered at the Young Republicans' national convention here whenever any speaker mentioned the Nicaraguan contras. They cheered the names of Robert Bork, Nancy Reagan and even Maureen Reagan.

But the biggest, loudest cheers of all -- cheers, chants and waves of applause that echoed off the mirrored ceiling and brightly bedecked walls of the huge hotel ballroom here -- came whenever any of the featured speakers mentioned the name of the hero of the hour: Marine Lt. Col. Oliver North.

The six contenders for the 1988 Republican presidential nomination who traveled here this weekend to address 700 Young Republican leaders from around the country quickly discovered that the biggest applause line they could utter was any one containing a reference to North.

(T.R. Reid, Washington Post, A8)

EDITOR'S NOTE: "The Rise Of Michael Deaver," by Marjorie Williams, appears in The Washington Post, B1.

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INTERNATIONAL NEWS

PAKISTAN SAID TO DIVERT MISSILES BOUND FOR AFGHAN REBELS

Pakistan, asked to deliver weapons to American-backed rebels in Afghanistan, has diverted millions of dollars worth of Stinger anti-aircraft missiles for its own use with U.S. acquiescence, sources say.

Intelligence sources report the arrival of only one-third of 600 Stingers to Afghanistan last year. Congressional sources say even "larger percentages" are being diverted, though they offer no firm figures.

An additional 600 missiles are supposed to be delivered this year, and the diversions have created a rift among Administration officials who disagree about whether the U.S. should impose tighter controls on Pakistan, the sources said in recent interviews on the condition of anonymity.
(Richard Sale. UPI)

ENVOY SAYS BRITAIN OPEN TO REFLAGGING TANKERS

Britain would consider an official request to reflag Kuwaiti tankers, the British ambassador to Kuwait was quoted as saying.

Ambassador Peter Hinchcliffe told a Kuwaiti newspaper that the British Navy had already escorted more than 100 commercial vessels in the gulf this year to protect them from attacks stemming from the gulf war.
(Christian Science Monitor, A2)

W. EUROPE REEVALUATES ITS DEFENSE

PARIS -- Faced with the prospect of reduced U.S. nuclear forces here, West European leaders increasingly are reviving the distant hope of an integrated European defense as a more independent guarantee of the continent's security.

[A] U.S.-Soviet missile accord, which many Europeans assume will be completed by the end of the year, has been widely interpreted here as an important psychological step in a process that eventually could lead to a reduced U.S. military presence in Europe and less commitment to its defense. Thus appeals for greater European defense integration have blossomed across the continent since the U.S. called on NATO countries to approve the deal earlier this year despite reluctance in the major European capitals.
(Edward Cody, Washington Post, A13)

U.S., EEC AG SUBSIDIES WOULD SAVE BILLIONS, ANALYSTS

President Reagan's proposal to eliminate farm subsidies could mean huge budget savings in the European Economic Community and the U.S., where nearly \$300 billion has been spent in the last decade on price and income supports, according to Agriculture Department analysts.

A new analysis of U.S. and EEC agriculture shows that total spending from farm price and income supports recently is averaging more than \$50 billion a year, up from less than \$12 billion for 10 countries of the EEC, which does not include the two most recent bloc members, Portugal and Spain.
(Don Kendall, AP)

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AUSTRALIA'S HAWKE PROMISES STRONG U.S. TIES

SYDNEY -- Prime Minister Bob Hawke, whose Labor Party swept to a historic third term, pledged to continue policies of slowly improving the nation's economy and maintaining strong defense ties with the U.S.

With ballots from Saturday's election still being counted, incomplete results showed the Labor Party maintaining its 16-seat majority in the powerful 148-seat House of Representatives and possibly adding five more seats.
(Stewart Slavin, UPI)

PANAMA'S NORIEGA FLATLY REJECTS CALLS FOR HIS OUSTER

PANAMA CITY -- Military strongman Gen. Manuel Antonio Noriega flatly rejected calls for his ouster in a television interview broadcast here tonight following weeks of protest against his rule.

"Why should I go, why should I go?" he asked when questioned about whether he would consider giving up his powerful post to restore peace.

Noriega said the only people calling for his removal from the military, which rules behind-the-scenes here, were a small group of Panamanians who he referred to as "the living dead" and U.S.-backed "racists."

(Tom Brown, Reuter)

EIGHT MINISTERS AND PRIME MINISTER RESIGN

SEOUL -- President Chun Doo Hwan accepted the resignation of his prime minister and eight ministers in a shakeup apparently aimed at installing a broader-based government before presidential elections.

Officials said Chun had named Kim Hung Yul, a former air force commander and defense minister, to replace outgoing premier Lee Han Key. Lee cited bad health in submitting his resignation.
(M.H. Ahn, AP)

Opposition Threatens More Protests If Prisoners Are Not Released

SEOUL -- Opposition leader Kim Young Sam demanded that President Chun Doo Hwan release all political prisoners by Friday to avoid "massive expressions of popular resistance" and prove his proposals for democratic reform are not "a fraud."

"So-called 'democratization' can be no more than a fraud and a handout if there are still any political prisoners left in our jails, any who have not been pardoned or received the restoration of their rights," Kim said.
(Spencer Sherman, UPI)

NETWORK NEWS SUMMARY

(Sunday evening, July 12, 1987)

IRAN CONTRA HEARINGS/NORTH & POINDEXTER TESTIMONY

CBS's Bob Schieffer: Former National Security Advisor John Poindexter reports that he once briefed President Reagan on how money obtained in the secret arms sale to Iran was being used to finance other secret operations. This disclosure comes from committee chairman Daniel Inouye who says that is one of the things Poindexter will be questioned about when he testifies latter this week.

CBS's Jacqueline Adams: President Reagan did not venture outside the White House this weekend, but the chairman of the Senate Iran-contra committee today pointed toward important testimony coming from former National Security Advisor John Poindexter. The committee plans to question him this week about an Oliver North memo which suggests the President knew more about the profits from the Iran arms sales than he's admitted.

(Sen. Inouye: "There was a very important one in which North recommended that this matter in this memo be discussed with the President of the U.S. and the Admiral [noted], 'I approve.' And then there was a notation -- 'briefed the President.'")

(Sen. Rudman: "Let's make it clear that memo doesn't speak to the diversion of funds to the contras.... It speaks to some of the other activities that would be derived out of this action.")

White House officials familiar with the document say it's nothing new, that it does not challenge the President's belief that he was never told about the diversion of Iran arms sales profits to the contras or for any other use.

(The President from May 5: "I'm waiting to hear as much as anyone else. I've told you over and over again everything that I know about what took place. And I'm waiting to find out.")

But the memo does make Poindexter's testimony final.

(Rudman: "I think I'd have to hear Poindexter's testimony -- how he phrases it, what he says, why he did what he did. And then the American people can reach whatever conclusions they have the right to achieve.")

White House officials say the President will watch the hearings sporadically this week, as he did last week. They remain pleased over all with Oliver North's testimony. But today's focus on his memo, and Poindexter's role, only heightens their anxiety about the week ahead.

CBS's Robert Schackne: After seven weeks of testimony, including last week with Oliver North, the committee, in the view of its senior members, has finally begun to confront the central issue--

(Inouye: "The creation and the maintenance of a secret government within our government.")

(Arthur Liman: "Director Casey was proposing to you that a CIA outside of the CIA be created?"

North: "The director was interested in the ability to go to an existing, as he put it, 'off-the-self, self-sustaining, stand-alone entity' that could perform certain activities on behalf of the U.S.")

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Schackne continues: That entity was, of course, the so-called "enterprise" of retired General Richard Secord....

(Sen. Cohen: "I think that if we ever agree to the notion that somehow any executive -- this President -- any future President -- should be allowed to set up covert actions and determine under what circumstances it will be carried out, when notification, if ever, they will be given -- I think that we have a different form of government.")

It is a long-standing argument -- in the 1970's Congress ordered President Nixon to halt the bombing of Cambodia.... But Kissinger and the Nixon-Ford Administrations reluctantly accepted the Congressional restrictions. Col. North and the Administration he worked for did not.

(North: "I deeply believe that the President of the U.S. is also a elected official of this land and by the Constitution as I understand it, he is the person charged with making and carrying out the foreign policy of this country.")

The man who directed the CIA for the Carter Administration says he ran covert operations and lived within Congressional rules.

(Stansfield Turner: "Yes, the system worked and you could do it.

There were disputes. There were discussions. But there were no leaks as a result.")

Since the CIA was founded 40 years ago, this is shaping up as the angriest battle over what Presidents can and cannot do in covert operations. Before it's over Congress almost certainly will seek to rewrite the rules, making them far more restrictive. (CBS-Lead)

ABC's Sam Donaldson: Congressional investigators focused attention today on a White House document that suggests President Reagan approved a plan by the late CIA Director William Casey to establish a unit outside the government to perform secret operations and to fund it with money from arms sales to Iran. It was Lt. Col. Oliver North, who last week disclosed Casey's scheme, and it was North's boss at the time, Admiral John Poindexter, who wrote down that the President had approved it.

ABC's Kenneth Walker: President Reagan has insisted he knew nothing of the diversion of Iranian arms sales profits to the Nicaraguan contras. But it now appears that Mr. Reagan may have discussed and approved using the money for other secret projects. Senate Committee Chairman Daniel Inouye, who knows about the extensive private testimony already taken from Admiral John Poindexter, discussed a document showing Poindexter discussed with the President at least some of Oliver North's recommendations for the disposal of the money.

(Inouye: "There were documents that Mr. Liman brought out, for example, that said, 'I approve your recommendation.' This is Poindexter advising North -- I approve or disapprove. He checks 'approve' and underneath it says, 'I briefed the President. The President agrees.' Now the question is -- did he brief the President and did the President agree? He'll say either yes he did or he must say that he falsified it.")

But Inouye said the memo did not mention the contras.

(Inouye: "That memo does not speak of diverting the residual for the use of the contras. It says using the residual for 'other covert activities.'")

Walker continues:

Rudman: ("Which is why it's very interesting testimony--

Inouye: "The secret government outside our government.")

Poindexter's secret testimony apparently does not directly implicate the President in the diversion of funds to contras and on "This Week With David Brinkley," two other committee members familiar with the Admiral's testimony offered possible explanations.

(Sen. Mitchell: "You remember Col. North said that Casey once suggested to him that North might be too junior a person to be the fall guy -- that there wouldn't then be plausible deniability. Maybe Admiral Poindexter should be the fall guy.")

Sen. Hatch: "I believe Admiral Poindexter, who you will find is a very good, honest and forthright person, very religious man, I think you are going to find that he's going to come in there and he's going to say, 'I did these things and I'm prepared to take the responsibility for them.'")

Rather prepared to take a fall or not, Poindexter must now explain, among other things, how the President could have approved the diversion of Iranian arms profits to covert operations, but exclude the covert operation perhaps most important to the President -- aid to the Nicaraguan contras.

Donaldson: All of the spotlight now is on Lt. Col. North. Admiral Poindexter had always been considered by the White House to be the most important potential witness. Brit Hume is with us now. Brit, what do you make of this memo?

ABC's Brit Hume: Well, less I think perhaps than Senator Inouye has made of it. This is a memorandum in which Oliver North is seeking John Poindexter's approval to go ahead with an initiative -- one of the non-contras initiatives that is apparently to be funded out of proceeds from the Iran arms sales. He asks for Poindexter's approval at the bottom of the page, and it comes back marked, "approved, J. done." It doesn't say all the things that Senator Inouye claims -- that is to say that "I briefed the President and the President approved." We certainly don't know what was done. We don't know whether the President was briefed simply on what these secret initiatives were or whether the President was also briefed, if he was, on the way they were to be funded. So this is a bit ambiguous.

Donaldson: Where are the flash points in Poindexter's testimony? What will the committee members be asking him that could be either damaging or helpful to the President?

Hume: Two things. First of all he's going to be asked whether he ever told the President about the contra funding through the arms sales proceeds. That's critical.... The second question is -- you have all of these things that Oliver North said he did that Mr. Poindexter is suppose to have approved. So, it's obvious that CIA Director Casey had a role to play and how does the chain of command work? Obviously, all of the that will be asked....

Donaldson: Is it conceivable to you that Poindexter will say, "I did it. I ordered it. I never asked anyone about it?"

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Hume: Not likely in my opinion. On the other hand, there may be some ambiguity about all of this. These memos seem to come back with check marks in the approved box -- if CIA Director Casey was involved here, you have a question about who really is doing the approving at high levels in the Administration and whether the President was kept out of it by not being told. (ABC-Lead)

ABC's Jackie Judd reports on the "making of a star witness" by Brendan Sullivan and his law firm. (ABC-2)

NBC's John Hart: Congress has a White House memo that says President Reagan was told money from the Iran arms deal was used for other covert operations and two Senators say Col. North may have lied last week....

NBC's Robin Lloyd: On CBS's "Face The Nation" Senator Daniel Inouye, the chairman of the Senate select committee investigating the Iran-contra affair, charged that North may have lied to the committee in his testimony this past week.

(Inouye: "Some documents do suggest that he wasn't absolutely candid.")

Inouye declined to give any details and said it would be impossible to verify much of what North said because of the number of documents he destroyed. On ABC's "This Week" another committee member, Senator George Mitchell, also expressed his doubts about some of North's testimony.

(Mitchell: "I don't have pounds of documents. I think there are some statements that are subject to challenge and will no doubt be challenged.")

Already Secretary of State Shultz and Attorney General Edwin Meese have contradicted North's portrayal of their role in the Iran-contra affair. Meese has hotly denied that Justice Department officials were present when North was shredding documents in his office. And Shultz has denied congratulating North for sending aid to the contras. But the focus of the Congressional investigation is starting to shift to North's superior Admiral John Poindexter. Poindexter appears before the committee the day after tomorrow and must answer the central question about whether he advised the President about the diversion of funds to the contras. Last November North said Poindexter told him that the President didn't know. But fighting that is a document the committee has reviewed in which Poindexter indicated that the President agreed to the use of Iranian arms money for other covert operation.

(Inouye: "The question is -- did he brief the President and did the President agree? He will say, "Yes, I did." Or he must say that he falsified it.")

Committee investigators have interviewed Poindexter extensively. Committee members expect his testimony to be vitally interesting, especially about whether the President told the truth when he denied knowing about the diversion of funds to the contras.

(Rudman: "I think the President well may have stated the truth from the beginning on this point. Now, we'll have to hear from Poindexter to decide whether or not the American people want to believe that.")

This week Poindexter will have to say who is lying -- whether he did, whether it was North, or whether it was the President.

Hart: Documents made public during the hearings show that the day before Poindexter and North left their White House jobs, they were talking about their futures and one thing they thought about was getting North a job at the CIA as special assistant to the director. Another document shows Poindexter cutting off North's complaints last year that he had lost use of White House cars, could not get a promotion for his secretary, and could not get staff badges for two colleagues. (NBC-Lead)

DEAVER TRIAL

Schieffer: In what is turning out to be the a summer of bad news on all fronts for Reagan Administration, the President's old friend and former aide Michael Deaver goes on trial tomorrow in Washington on perjury charges. As a Washington lobbyist after leaving the White House, prosecutors claim he lied to a grand jury and a Congressional committee, both of which were investigating whether he improperly used his White House friends to get favors for clients. Rita Braver joins us from Washington. Rita, is this going to be another embarrassing episode for the White House?

CBS's Rita Braver: I think that you have to say it will. You have this picture of a man who is close to Ronald Reagan over the years, who is still a close friend of the President's and perhaps the First Lady's closest friend, being accused essentially of selling access to the White House. Also you have the possibility from reading the documents in the indictment that some high Administration officials will be called as witnesses including Secretary of State George Shultz.

Schieffer: Mike Deaver has claimed from the very beginning he did nothing wrong. What's his defense going to be?

Braver: He has claimed that he did nothing wrong. But, as far as the individual statements of perjury are concerned, some of his friends are saying that Deaver will say in the trial that anything that he said that amounts to a misstatement was a total accident and that this was because he was drinking heavily at the time, had a severe alcohol problem, and in fact, this fall went to a clinic to essentially dry out.

Schieffer: Deaver says that the government doesn't really have much of a case against him. What are they saying around the courthouse?

Braver: ...Deaver says that, "Look -- if they would have been able to get me, they would have got me for breaking the law. They didn't. They only got me for perjury. It was accidental. It will all be explained." Earlier this week the independent counsel in the case filed an extensive memorandum saying there was ample motive for Mr. Deaver to lie and he was trying to lie because he was embarrassed to admit that he got things done through just a few telephone calls and also that he was trying to sell his company for \$18 million -- a sale that, of course, eventually fell through. (CBS-3, ABC-3, NBC-2)

MEMORIAL FOR CASEY

Schieffler: There was a memorial service today for the late CIA chief William Casey in Beverly Hills, Ca. Pro and anti-contra demonstrators showed up outside the church. There was a lot shouting and finger pointing, but no violence reported. (CBS-2)

PERSIAN GULF

Hart: Kuwaiti tankers sailing under the British flag is a possibility raised today by the British Ambassador to Kuwait. If Kuwait asked, he said, there would be no problem. The U.S. is reflagging 11 Kuwaiti flags under the U.S. flag so they can receive American protection in the Gulf -- protection that will be delayed.

NBC's Jim Miklaszewski: Pentagon officials now say the first tanker escorts will not go through the Persian Gulf for at least several weeks. Navy sources say it may actually be September before the controversial plan shifts into high gear. One reason -- most of the 11 Kuwaiti tankers are scattered around the world and it could take weeks before they return to the Gulf.... Whatever the logistical problems, there's a big political question hanging over the escort plan. Under pressure from a skeptical Congress, the White House has yet to give the final go-ahead to reflag the Kuwaiti tankers. And military officials are just as concerned over when the escorts will end. For now, the Administration says in theory it is committed for the plan as long as there is a threat to shipping. After seven years of the Persian Gulf War, there's still no end in sight. (NBC-6)

ENERGY ROYALTIES

Hart: Close to one-fifth of the oil pumped in this country and nearly a third of the gas comes from federal land and the government is supposed to get royalties. But because of what one Congressman called "the most incompetent people in America" hundred of millions of dollars may be lost.

NBC's Roger O'Neil: ...Much of this land is public land leased to the oil companies by the Interior Department. In exchange for the minerals...the companies pay royalties -- 12-16 percent of the value of whatever is produced.... In the past 30 years, 18 different investigative reports have concluded the Minerals Management Service may be the worst run program in Washington.... As a federal revenue source, royalty money is second only to taxes. Critics say the government is losing as much as a billion dollars a year....

(Secretary Hodel: "We are not at all desirous of continuing the collection process that doesn't collect the money that the federal government should be collecting.") (NBC-5)

ABC -- THIS WEEK WITH DAVID BRINKLEY

Moderator: David Brinkley. Panel: George Will, Sam Donaldson.

Guests: Sen. George Mitchell, Sen. Orrin Hatch, Lt. Gen. Brent Scowcroft, former CIA director Stanford Turner.

Brinkley: What exactly in your judgment did the White House do wrong -- selling arms to Iran, transferring the profits to Nicaragua, or not telling Congress? What was the crime here?

Turner: I don't know if it's a crime, but I think all three were bad errors of foreign policy. We did not want to sell arms to Iran and tip the balance in that war and also violate our policy of not selling arms to terrorists.

Scowcroft: By far the worse of the three is the policy issue -- the selling of the arms to Iran. I think what it did was strike at the heart of what made this President a strong President and I think he's injured not only himself, but his Administration and the U.S.

Brinkley: How did they arrive at a policy like that?

Scowcroft: One of the problems is that the President continually met with hostage families, and so on. I think that's an intolerable burden to put any President under. Because the compulsion to deal with only a few very traumatic cases and the expense of the 250 million people he has to worry about becomes overwhelming. I think that is what drove it.

Turner: There is also the fundamental problem that the fear of telling the Congress about any of these activities drove them to such a small circle of people being involved in it, that the expertise of the government was not brought to bear on this subject. The real Iranian experts were not included.

Brinkley: Why this fear?

Turner: There has been an obsession in this Administration with leaks from the Congress...but there is no question that the White House leaks.... It is my feeling that the Congress doesn't leak any more than anybody else.

Will: North used the term deniability.... Describe when there are occasions when you would want to say we need to proceed with a program, we want the President to have deniability.

Scowcroft: When you're doing something you don't want attributed to the U.S.... Deniability is arcane now. You cannot have deniability because the law prevents deniability.... The law of 1974 says the President must find that any covert action is in the interest of national security. So you cannot legally do a covert action without prior approval.... It seems to me that no Administration would deliberately do that.... The diversion itself is a rather fine point and I am not saying that that could not have happened without the President knowing about it.... The President did make a finding. It was not reported to Congress...so the diversion is a small part of the whole thing.

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THIS WEEK WITH DAVID BRINKLEY (continued)

Donaldson: Col. North had worked for the NSC since 1981. Do you think he was in a position to be able to evaluate what the law was?

Turner: He certainly should have been. You shouldn't be in that kind of a position without being willing to protect the President from himself -- to protect the President from errors of law that his assistants might make.... You check -- one, is what the President telling me to do legal? Two -- is it within my concept of the ethics of the U.S. government?

Guests: Sen. Mitchell and Sen. Hatch

Brinkley: Is the kind of conflict we now see built into the system?

Mitchell: Covert operations by their very nature require secrecy and deceptions, but our open, democratic political process places a very high value on the opposite characteristics of truth and openness. There is no dispute about the need for covert actions.... The real question is how do you conduct covert operations in a democratic society in which you must have a rule of law and accountability by public officials? It's obvious the way we're doing it now isn't working.

Hatch: The fact is that the President should be conducting foreign policy but the Congress has a role to play too. It has the role of coming forth with the legislation and the the finances for foreign policy. But in recent years, we're had an arrogance in Congress... [so that the President] could hardly do anything without Congress micromanaging what he did....

Will: What should the American people think about Oliver North?

Mitchell: He's obviously a persuasive, magnetic individual.... I think the reaction is a mixed one. I think most Americans are taken by his personality, particularly his willingness to stand up and take the rap.

Hatch: I think you have a good Marine here who acknowledges his fault and said that he's made mistakes but also said he doesn't believe some of them are mistakes and he's willing to stand behind them.... He's taken on 26 members of Congress, some of the best attorneys in the U.S., four of the toughest days of testimony I've seen, and I tell you, I think he's come out pretty well. He's come off candid and I think most Americans are proud that we have people like that who are willing to fight for our country.... I think to persecute him further is a wrongful thing.

Donaldson: Do you think the trail leads more toward the President, less, or who's next?

Mitchell: Admiral Poindexter is next. I think what's happened is that a tremendous burden has been shifted by Col. North onto Admiral Poindexter. Col. North has said that he had authority. And the person he had authority from was Admiral Poindexter....

THIS WEEK WITH DAVID BRINKLEY (continued)

Hatch: We have established that Col. North acted pursuant to authority... He have also established that Poindexter told him he did not brief the President on the diversion of funds. I believe Admiral Poindexter...is going to come in and he's going to say, "I did these things and I'm prepared to take the responsibility for them. We felt that the policies were right." ...

Brinkley: Since Director Casey died a month or so ago, do you think it is likely now that he will become the fall guy?

Mitchell: Well, it's certainly appearing that way although I don't know that the reason is that he's dead..... We probably will never know.

Hatch: I believe we can believe Col. North with regard to what he said. I also revere Bill Casey. I don't think anybody's given more for this country than Bill Casey and I have no doubt that he felt very deeply about the contras and the potential establishment of a Russia-Cuban-Nicaraguan base here in American and the subversion of Central American and maybe even Mexico. He was trying to prevent that, rightly or wrongly....

Donaldson: Sen. Inouye has said, just this morning, that there are pounds of documents that suggest or show that Col. North was not candid in his testimony. Do either of you know anything about that?

Mitchell: Col. North is the first and will be the only witness to testify before the committee without prior questioning in executive session.... And checking of his testimony will occur subsequent to it.

Donaldson: Do you believe in Col. North's statement that he had a right to lie to Congress if he believes it is in the national interest?

Hatch: I don't think anybody has a right to lie to Congress. But I have to tell you this -- Col. North didn't just handle the Iran-contra matter.... There was a leak on the Achille Lauro that almost costs lives....

Mitchell: There is no such right -- in fact, it is a crime and should not occur.

FREE-FOR-ALL DISCUSSION (Bob Maynard joins panel.)

Maynard: There is the whole business of when and under what circumstances it's all right to lie...but I really believe that there is a much more serious issue here and it has to do with the entire enterprise in which Col. North and Director Casey and others engaged -- which was an ad hoc foreign policy of their own. I suppose, we will determine at some point, whether the President knew and what the President knew. I can't believe that the President was quite as ignorant as he has so far portrayed himself to be, although that remains to be seen. The issue here is whether the government of the U.S. can have its foreign policy operated in that way....

THIS WEEK WITH DAVID BRINKLEY (continued)

Donaldson: If you don't publicly come forward in some sense and follow the law and follow the procedures, you're always going to come up short because your secret policy won't be substained.

Will: We've had a climate in the country for 20-some years of people saying, "my conscience, my values, are somehow a little bit more important than the law" and I'm saying Oliver North didn't invent this....

Maynard: This operation is not about civil disobedience. This operation is about a frustration on the part of certain daring characters within this Administration to achieve an end and they didn't care whether they broke the law.

Will: I don't think that's a fair characterization of what's you've seen from Mr. North. I don't think on the evidence of his testimony it is fair to say he did not care. Honorable men and women of good will can and do disagree about what laws [apply] here--

Brinkley: How might this all turn out? Are you going to send Mr. North to jail? Are you going to impeach Mr. Reagan?

Will: We're certainly not going to impeach Mr. Reagan - there's no inclination to -- there isn't even time to the way Congress works. Congress will issue a report...and perhaps there will be some new laws. Some people may get indicted either for perjury or on extremely arcane and not very electrifying matters such as the misappropriations of government property if you can decide whose property it was....

Maynard: I think what you're going to have is an Administration that will leave office discredited.... And ultimately the question is -- was this President truly as asleep, was his nap that deep, that he knew nothing of all these activities or did he lie to the American public? And I think on that turns his reputation with history.

Donaldson: I don't know if Col. North is going to be indicted for anything or not.... As far as his testimony -- in a perverse way, it has put the finger more and more on high officials of this Administration -- living an dead....

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CBS -- FACE THE NATION

Moderator: Lesley Stahl.

Guests: Sen. Daniel Inouye and Sen. Warren Rudman.

Stahl: ...The CBS-New York Times poll says that most people think Oliver North told the truth. Do you think he told the truth?

Inouye: I think for the most part, especially on the larger issues, he was rather candid. At times, rather explosively candid as you pointed out. But there are a few minor points that must be followed up...that we can't quite understand. We'd like to give him a chance.

Stahl: Do you have other information, other documents, that actually will prove to the rest of the American people that he was or wasn't telling the truth?

Inouye: We have, as the colonel himself described, pounds and pounds of documents...to back up what he has said, to back up what he has said that Casey said, to back up what he said that the Attorney General said, and some documents to suggests that he wasn't absolutely candid.

Stahl: Where wasn't he absolutely candid?

Inouye: I think you'll have to wait for that.

Stahl: But there are some points that you know from other documents that he may not have told the truth on?

Inouye: Absolutely. For example, in one of the earlier programs, I suggested, to the chagrin of many, that the President wasn't absolutely honest when he said, "I didn't know," because I felt after reading the documents that he knew much more than he says he did. It is the same thing with other witnesses....

Stahl: North is putting the blame on Poindexter. Poindexter will put the blame on Casey and Casey is dead and that's where this whole thing is going to end. Isn't that the way it's going to play out?

Rudman: I think that's wrong and the chairman and I are both now fully aware of Admiral Poindexter's testimony and I do not think that is accurate. It is accurate to say that Director Casey is, as we have already seen, will be, obviously, named by not only North, but, obviously, by Poindexter in some part of this. But I do not believe it would be fair to say that this will all get laid on Director Casey. Before this is over I think many people will be accountable for what happened here. In terms of the policy itself, I think that on the important issue that face this committee Oliver North was very candid with us. He was willing to be the scapegoat so long as it was a political issue. He was not willing to become a criminal defendant for other people and he should not have. That is not what any man should be asked to do. I thought he was very truthful on those points and I believe that Poindexter will confirm a good deal of what he has to say. I think there will be some differences between their testimony and there will be differences between North's testimony and other people's testimony subsequent to this Monday....

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FACE THE NATION (continued)

Stahl: If Poindexter does not put all the blame on Mr. Casey, it seems there is no one else left but Poindexter and the President.

Rudman: I think that's accurate.

Stahl: Which is it?

Rudman: We have had a rule not to discuss Admiral Poindexter's testimony and we're just not going to do it. I will say this -- that his testimony will be vitally interesting. It will be riveting in many ways and I happen to think it is more important in some ways than Col. North's

Inouye: If I may guide you, there were documents that Mr. Liman brought out -- for example -- that said, "I approve your recommendation." This is Poindexter advising North -- "I approve or disapprove." He checked approve then underneath it says "I briefed the President -- the President agrees." Now the question is -- did he brief the President and did the President agree? He either will say, "Yes, I did" or he must say that he falsified it. And the question will be why.

Rudman: Admiral Poindexter had virtually open access to the President of the U.S. Oliver North did not. Poindexter is a vitally important witness.

Inouye: There's an important document in which he says, "I briefed the President -- the President agrees on the use of the residuals for other purposes." Did he or did he not brief the President and did the President approve of this?

Stahl: And you have a document that saying he did brief the President on the use of this residuals?

Inouye: You saw it.

Rudman: Generally -- the question is in what detail. And that's what we will talk about.

Stahl: If he briefed the President on the residuals, is there any question -- I don't think the American people understand -- is there any question in either of your minds that the money that went from the sale of the arms to the contras was U.S. government money?

Rudman: Absolutely none and time will prove whoever holds an opposite view wrong. The fact is that these weapons were paid for by American taxpayers....

Stahl: Why isn't that memo the smoking gun?

Inouye: That memo does not speak of diverting the residuals for the use of the contras -- it says using the residuals for "other covert" activities.

Stahl: If Poindexter says I did brief the President on the diversion of money to the contras, then what?

Rudman: I think that's a serious issue.

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FACE THE NATION (continued)

Stahl: What does the committee do?

Rudman: We'll cross that bridge when we come to it.... I think the President well may have stated the truth in the beginning on this point. We'll have to hear from Poindexter to decide whether or not the American people want to believe that....

Stahl: If Poindexter sent this policy on his own, what happens to him?

Rudman: That's something for Mr. Walsh....

Inouye: I don't think it would end up with the impeachment of the President. I haven't seen anything, as far as I'm concerned, that would be sufficient grounds to impeach the President....

Stahl: Any suggestion that the Justice Department was in on a cover-up?

Inouye: It places a terrible cloud over the whole Justice Department....

Rudman: Attorney General Meese, in fairness to him, ought to be heard from.... Why would Col. North lie on this rather insignificant point?

Stahl: Let me ask you to summarize the most important thing that you think you heard this week from Col. North.

Inouye: The most depressing thing that I've heard all week long was that if the cause is right, you may do anything....

Rudman: I certainly share that and I would extent it to one area -- that although we appropriate enormous amounts of money to the CIA...that somehow the Director of the CIA, the late Mr. Casey,...directed North to set up secret, off-the-shelf covert operations, not even accountable in this case to the President of the U.S....

DISCUSSION (Chuck Stone, Philadelphia Daily News; Dick Williams, Atlanta Journal join Lesley Stahl.)

Stahl: Is North helping or hurting President Reagan?

Williams: I think if he's hurting the President, it's by contrast. The President has walked away from this thing, where as Oliver North has confronted it head-on.... The President in one sense walked away from it -- but Ollie North makes him look like kind of a wimp on the whole issue.

Stone: I think that both of them can't be telling the truth.... Mr. Reagan also deceived us -- two days before the contra hearings began, he said "I had no detailed knowledge of that." Ten days after the hearings began, he said, "I was informed..." He's lied to the American people.

Williams: No -- there's a narrow point there that I think people are misunderstanding about that. The President has said he had no knowledge of the diversion, but he knew about the Iran arms sales and has taken the political flak for that -- there's a big distinction there....

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NBC -- MEET THE PRESS

Moderator: Chris Wallace. Panel: Robert Kaiser, Albert Hunt.

Guests: Sen. William Cohen, retired admiral Bobby Inman.

Wallace: Admiral, I want to ask you about the man you used to work for, Bill Casey.... Is the Casey North described the Bill Casey you knew?

Inman: Remember that Bill Casey's great experience early in life was running OSS operations in Europe. He was, in fact, a very intelligent, man who could quickly absorb a great many facts, but he had some difficulty adopting to the rules and the laws that had been enacted during the 70's governing the intelligence process. He simply had a different view based on his experience in the 40's of how the process ought to work.

Wallace: How close was Casey to the President and how often did he discuss with Mr. Reagan what he was up to?

Inman: Mr. Casey was not a close friend of the President until the election in 1980.... Mr. Casey saw the President on rare occasion. He would talk to him by telephone. He preferred to communicate intelligence to the President by written memo and by daily briefings.

Wallace: Given their relationship, do you think Casey would or would not have told the President about the diversion of funds and about this year-long -- two year-long effort to supply the contras?

Inman: I really don't know. If he told him, I believed it would have most likely been in a form of a memo.... First it's not unusual for a President or DCIA to turn out to the private world for help....

Hunt: The reason North and Casey said this was so necessary was because Congress couldn't be trusted.... Is that a legitimate concern?

Inman: The record is very clear that there have been many covert operations...where there has never been a leak from the Congress.... The difference is the work was taken that's necessary to insure you had bipartisan support....

Guest: Sen. Cohen.

Wallace: It seems clear that John Poindexter is going to be the key make-or-break witness for the President. He has testified at length privately before your committee. Do you expect him to say that the President did or did not know about the diversion of funds?

Cohen: I frankly don't have access to the information of the private testimony....

Wallace: Is it credible to you with all the evidence we've heard from Oliver North...that Mr. Reagan was about the only guy in the White House who didn't know?

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MEET THE PRESS (continued)

Cohen: It would seem likely, given the fact that Casey was such a close personal adviser to the President, ...that he would be involved in that. But then again this entire case has presented some examples of unlikely behavior. So, we'll have to wait and see what the facts are.

Wallace: Let's say that Poindexter says he never told the President -- is that the end of the scandal then? Is Mr. Reagan out of the woods?

Cohen: I think that raises just as serious an issue as whether or not the President knew. If we find ourselves in a position of Poindexter, Casey and North proposing a foreign policy initiative...which Congress prohibited, it seems to me the failure to disclose that to the President, to get his approval, raises some very serious implications for how the government is being run....

Hunt: In light of [North's lying] history, why do you all seem so willing to accept what he's said these past four days as truthful?

Cohen: Number one -- he's under oath and certainly, even though he's been granted limited immunity, the immunity would not protect him from a charge of perjury. I think with respect to the major parts of the story that Col. North has told, we believe it essentially to be the truth because there is so much documentations.... Evidence supports that he believes he was acting under the chain of command and that the President of the U.S. had authorized his activities.

Kaiser: Do you believe that North's testimony has been helpful or harmful to President Reagan?

Cohen: I think it's been helpful certainly to Col North. He has helped himself a great deal. It has been very helpful to the committee.... As a consequence of that, it does reveal the absence of real stringent controls over the kind of activities that one would normally expect to have been exerted. In that sense, whether the President knew, and there is no evidence that he did know, I think it does prove rather harmful to the concept of the preception of the management of the covert operation and the government.

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THE McLAUGHLIN GROUP

Moderator: John McLaughlin. Panel: Fred Barnes, Robert Novak, Eleanor Clift, Morton Kondracke.

On Iran-Contra Hearings/North's Testimony

McLaughlin: Is Oliver North a national hero?

Barnes: Absolutely. Beyond that he is also the most compelling, appealing and truthful witness I've ever seen at a Congressional hearing. But he's a...flawed hero -- he did cut some corners - he lied to Congress. And guys like that can't stay around for long.

Novak: That's exactly right. Not only did Col. North show that he's not a loose cannon, he's not a thief and not a criminal...he's the first guy in the White House with the guts to come out for the program of the Reagan Doctrine while the President is running around in Connecticut mouthing silly things about a super majority....

Clift: ...He's Rocky, Rambo, Patton and the boy next door all wrap up in one. But I'm not going to join the applause for someone who's sole defense is that he followed orders....

Kondracke: ...He's not somebody you want presiding over the way American foreign policy is going to be run.... He and Bill Casey were defiants of the constitutional process...they had total contempt for Congress....

Clift: Ollie North wasn't going to be the fall guy once he read the word "criminal." And he's bringing down the Administration with him. He's loyal to one person -- that's the President.... He's implicated Meese, he's implicated Shultz--

Kondracke: Let me tell you the hurdle he did not clear. He makes you believe, would want you to believe, that anything can be done in the name of a covert operation. Covert operations are suppose to be checked with the Congress. What he did was he invented a whole new enterprise--

McLaughlin: Is Oliver North a national hero?

Barnes: Yes again. Novak: Absolutely. Clift: He's not a hero.

Kondracke: He's no hero. McLaughlin: Oliver North is a hero.

McLaughlin: Oliver North said...he assumed the President approved of all his actions.... What is the impact of North's testimony on Ronald Reagan?

Clift: He has not done anything to help Reagan. He has painted a picture of a government-wide covert operation. If the President didn't know about it, it was only because they were giving him the small fig leaf of deniability.

Novak: It's up to the President whether it's going to help him or not. He runs around the country talking about irrelevances that won't help him a bit.

MCLAUGHLIN GROUP (continued)

Clift: The real question here is not what the President knew and when he knew it, but how the constitutional powers were abused.

Kondracke: You can bet your bottom dollar that the Congress will enact more laws designed to chain the President to a rock as a result of this.

Barnes: Oliver North has given Ronald Reagan a chance now to seize the initiative and make democracy in Nicaragua the issue here and the issue isn't how the White House is going to get along with Congress in foreign policy -- that's the boring process question...

Kondracke: North has seriously discredited the Meese investigation....

Clift: When the soap opera is over and North has faded from the screen, it will remain that he lied, he covered up.

Barnes: The hearings are what matter. It's not the record that's laid down. Do you remember what the Watergate committee's report said? Nobody remembers that. North is winning because people are watching this hearing and being convinced by him. From the beginning, these hearings have been slanted, unfair, McCarthyite...they are only designed to discredit Reagan.

Novak: The Republicans ought to be ashamed of themselves, because the most conservative members of that committee, the most Reaganite members...had given up on Col. North....

McLaughlin: What's the impact on the conservative movement in the U.S.?

Barnes: What North has done is help the contra cause.

McLaughlin: Will Oliver North be indicted?

Barnes: He'll be indicted; he'll never go to jail. Novak: That's right.

Clift: He will be indicted, but I don't think he'll be convicted by a jury of his peers.

Kondracke: He will be indicted. He'll be acquitted. And I think he'll run for Congress and win. McLaughlin: He will not be indicted.

McLaughlin: Will Ronald Reagan pardon Oliver North and Poindexter?

Barnes: I think he will. Novak: He should. Clift: Yes.

Kondracke: No, because he won't have to. McLaughlin: Yes.

PREDICTIONS

Barnes: President Reagan stands a better than 50-50 chance of getting another Supreme Court nomination beyond the Bork one because one of the liberal justices is looking particularly physically feeble.

Novak: Gorbachev...is no longer certain that there will be a summit.

AGRONSKY & COMPANY

Moderator: Martin Agronsky. Panel: James Kilpatrick, Carl Rowan, Lou Cannon, Hugh Sidey.

On the Iran-Contra Hearings/North's Testimony:

Agronsky: What was the important part of Oliver North's testimony?

Kilpatrick: It may turn out to boost the contra cause.

Rowan: There were two factors -- his testimony that former CIA Director Casey really ran the show...and his testimony that while the Justice Department fact finders were sitting ten feet away, he was still shredding documents.

Cannon: He said there were at least five, not one, memo sent to Admiral Poindexter for the President's approval outlining the Iran deal and the diversion.

Sidey: I think the most important thing is that the American people, for the first time, are beginning to understand the problem in Nicaragua and what the Administration was trying to do. The overall policy now is gaining support -- this could be a major change down the line in both the importance of the event and what happens to future funding for the contras.

Cannon: Col. North has made it clear that he did not talk directly to the President. He sent memos to Poindexter, presumably for presidential approval. It seems to me the key question still is what the President knew and when he knew it.... It's a harder thing for Poindexter to say that he didn't show five memos to the President than any one memo.... I think that where these hearings are leading is still to the person that has not been mentioned very much in the hearings this week and that's Ronald Reagan.

Kilpatrick: It now seems to me plausible, where earlier it seemed to me incredible, that maybe the President was just isolated from this -- he didn't have a need to know, so they deliberately boxed him out.

Sidey: The question of what the President knew and when he knew it is less important and less urgent as we go along. I think what you have is a classic case of a CIA operation in which Bill Casey took over, and isolated the President from it....

Cannon: This is sort of going up and down [at the White House]. There was a euphoria there the first day when North did not implicate the President, but now there is sort of a feeling which a number of people have expressed to me...that they are holding their breath. This has really set the stage for Admiral Poindexter's testimony.... They don't know at the White House what Admiral Poindexter is going to say.... The President said he welcomed North's testimony and when it came, he had no comment.

AGRONSKY & COMPANY (continued)

Agronsky: You can't really know what Reagan is thinking. What filters down to you that indicates what he may be thinking at this point?

Cannon: I don't know what he's thinking. What I do know is that he's gone out on the road on a campaign for his conservative economic issues almost exclusively and I know...that we were not allowed to get close and ask the President questions last week. That was explained to us as a deliberate strategy. What filters down is -- they think they got through this week, including the President, but they don't know about next week. Any there is still a lot of anxiousness....

Sidey: I think the week has ended with a pretty fairly upbeat, cautious bit of optimism. Admittedly, nobody knows what's going to happen. But the fact of the matter is that this element of public education has had a big impact....

Rowan: North made these great patriotic speeches -- and he made them better than Ronald Reagan has been making them -- but don't you assume for a moment that those telegrams reflect the overwhelming opinion of Americans.... There are millions of Americans who will be concerned about the lies.

Cannon: North has done what people have wanted Reagan to do on his side for seven years -- he has made the case openly for the war that they fought secretly.

Kilpatrick: This has been marvelous theater....

Agronsky: A few weeks ago the President described Col. North as a national hero. Do you see him now as a national hero?

Sidey: Let's wait until the returns are all in....

-End of News Summary-