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News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, FEBRUARY 25, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Reagan Says 'Possible To Forget' -- President Reagan, asked Tuesday about a disputed point in the Iran-contra controversy, suggested that "it's possible to forget" whether he authorized a 1985 shipment by Israel of U.S. arms to Iran.

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

Special Counsel Named Illegally, North Charges -- Lt. Col. Oliver North urged a federal court Tuesday to bar independent counsel Lawrence Walsh's investigation of the Iran-contra scandal, contending that Walsh's appointment violated separation of powers and several other constitutional provisions. (Los Angeles Times, Washington Post, Washington Times, AP)

NATIONAL NEWS

Wright Vows Support Of Welfare Reform Plan -- An overhaul of the welfare system sought by the nation's governors will be given a "high priority" in Congress this year, House Speaker Jim Wright said yesterday.

(Washington Post, Washington Times, AP)

NETWORK NEWS (Tuesday Evening)

PRESIDENT REAGAN/IRAN-CONTRA AFFAIR -- The President indicated he has simply forgotten whether he approved in advance the Israeli arms shipment to Iran in the summer of 1985.

NORTH'S LAWSUIT -- Oliver North claimed the investigation by the independent counsel is unconstitutional.

WELFARE REFORM/GOVERNORS -- President Reagan proposed his own plan to Congress.

BORN TO RUN: The 1988 presidential election is more than a year and a half off, but it's never too early for political endorsements. Perennial counterculture hero **Abbie Hoffman** is giving his to a guy with an already broad-based constituency. Sorry **Gary Hart**, but no. "We're going to hear a lot of talk about **Lee Iacocca** for President," Abbie told *L.A. Style* magazine. "But why not **Bruce Springsteen**? Let's draft Bruce. We don't need a President, we need a boss." According to the Constitution, Bruce qualifies: He is over 35 and was born in the U.S.A.

(People Magazine, 3/2)

IRAN — NICARAGUA

PRESIDENT CAN'T RECALL DEAL DATE Reagan Tells Tower Others May Have 'Influenced' Memory

President Reagan, who has given conflicting versions to the Tower special review board about his role in shipment of U.S. arms to Iran, said yesterday that he is still confused about when he actually authorized the first shipment.

Administration sources said Reagan sent a new letter Friday to the commission, which is investigating NSC procedures in the clandestine arms deal and is scheduled to issue its report Thursday.

In the letter, according to the sources, Reagan said he "honestly had no recollection" of when he authorized the arms shipment "and may have allowed myself to be influenced by the recollection of others."

(Lou Cannon & Bob Woodward, Washington Post, A1)

Possible To Forget, Reagan Points Out Responds To Questions About Report He Couldn't Recall Arms Deal Stance

President Reagan, responding to questions about his changing recollections of key events related to the Iran-contra scandal, declared Tuesday: "It's possible to forget."

House Speaker Jim Wright, after a White House meeting Tuesday, said he found it "appalling" that the President could have forgotten whether he had taken so important a step as approving the Israeli arms shipment to Iran. But he added: "I find it believable that someone might have forgotten, and if the President has a lot on his mind, maybe he did forget."

(James Gerstenzang, Los Angeles Times, A1)

Reagan Says 'Possible To Forget'

President Reagan, asked Tuesday about a disputed point in the Iran-contra controversy, suggested that "it's possible to forget" whether he authorized a 1985 shipment by Israel of U.S. arms to Iran.

The President waved off further questions, saying he would not comment further until after the Tower Commission releases its findings Thursday on the Iran-contra arms-and-money scheme.

(Merrill Hartson, AP)

President Reagan/Iran-Contra Affair

President Reagan left open the key question of whether he approved the first shipment of U.S. arms to Iran in the summer of 1985, but said Tuesday, "I think it is possible to forget."

Reagan, asked if he was upset by reports "you couldn't remember" whether or not he approved the Israeli shipment, did not confirm that he gave conflicting accounts to the Tower Commission.

(Sean McCormally, UPI)

Reagan Apparently Unable To Resolve Key Iran Issue

President Reagan, braced for a damaging report on the Iran-contra scandal, has admitted having a faulty memory on the central question of whether he approved arms sales to Iran months before he says he did.

Meantime, Marlin Fitzwater disclosed that Donald Regan would discuss resigning after Thursday's release of the Tower commission's report on its three-month probe of secret arms sales to Iran and diversion of profits to contra rebels in Nicaragua. (Gene Gibbons, Reuter)

PANEL SAID TO FIND REAGAN WAS TOLD OF IRAN DEALINGS
Tower Commission's Report Is Also Said
To Describe 'Freelancing' By North

The Tower Commission has concluded that President Reagan, far from being remote from the Administration's Iran arms dealings, was briefed on them regularly as they took place, according to officials familiar with the commission's report.

The officials said the report will show that Reagan frequently discussed the Iran initiative at morning meetings with John Poindexter, then his national security adviser.

But the report also says the President's participation in those discussions was minimal. Often he simply asked questions about the American hostages being held in Lebanon and told anecdotes, according to an official who has seen the report. (Gerald Boyd, New York Times, A1)

REGAN POINTING FINGER AT NSC
His Claim: Oval Office Was Misled

Donald Regan, under pressure to resign, is putting out the word the NSC misled the White House.

Regan has told associates he expects the Tower Commission report due Thursday to vindicate him in an NSC cover-up.

And Regan aide Tom Dawson called Newsweek Monday to fault its cover-up coverage, warning: "You guys are gonna eat a lot of crow on Thursday." (Johanna Neuman, USA Today, A4)

MANY DOUBT PRESIDENT'S ABILITY TO LEAD

Disillusioned with his handling of the Iran-contra affair, many Americans believe that President Reagan is losing control of the government and that his ability to lead has been seriously, though apparently not fatally, damaged, the Los Angeles Times Poll has found.

About 75% of Americans believe that the White House tried to cover up the Iran-contra scandal, and two-thirds think the scandal has diminished Reagan's ability to lead in his last two years in office.

However, Reagan remains well-liked: 55% of Americans approve of the President's job performance, up from 50% in December, and a whopping 79% -- including 90% of Republicans and 67% of Democrats -- said they like Reagan personally. The findings appear to give credence to a remark about the American people that Reagan made recently to Sen. Bob Dole: "They like me but they don't believe me."

(David Lamb, Los Angeles Times, A1)

NORTH CHALLENGES INDEPENDENT COUNSEL STATUTE
NSC Ex-Aide's Lawsuit Contends Provision
Of 1978 Ethics Law Is Unconstitutional

Lt. Col. Oliver North went to court yesterday in an effort to stop the criminal investigation into the Iran arms sales-contra aid affair, charging that the appointment of the independent counsel in the case was unconstitutional.

In his first public action since he invoked his Fifth Amendment privilege against testifying before Congress in December, North asked in a lawsuit that the office of independent counsel Lawrence Walsh be disbanded on grounds that his appointment by a special three-judge court improperly infringes on executive branch decision-making.

(Howard Kurtz, Washington Post, A16)

Special Counsel Named Illegally, North Charges

Lt. Col. Oliver North urged a federal court Tuesday to bar independent counsel Lawrence Walsh's investigation of the Iran-contra scandal, contending that Walsh's appointment violated separation of powers and several other constitutional provisions.

The lawsuit is not expected to slow Walsh's investigation.

Patrick Korten, spokesman for Assistant Attorney General Charles Cooper and Attorney General Edwin Meese, said that they would not comment on whether North's challenge was the "appropriate" case until they had the opportunity to study the suit. Meese is named as a defendant in the suit.

(Ronald Ostrow, Los Angeles Times, A1)

North Suit Contends Investigation Illegal

Lt. Col. Oliver North asked a federal court yesterday to halt the Iran-contra investigation by an independent counsel on the grounds that it is unconstitutional.

Justice Department spokesman Patrick Korten last evening said there would be no official comment on the lawsuit until the proper department officials "had a chance to read it and digest it."

But, he said, "under normal circumstances, the department would defend a law under challenge in court."

(John McCaslin, Washington Times, A4)

North Challenges Special Counsel Investigation

Lt. Col. Oliver North, who has remained silent about his role in the Iran-contra affair, is mounting a court challenge to derail an investigation of the case by special independent counsel Lawrence Walsh.

"The independent counsel statute has received extensive and careful study and we are satisfied of its constitutionality. We shall, of course, oppose the action," Walsh said.

(James Rubin, AP)

POINDEXTER TRIED TO OUST NORTH FROM CONTRA ROLE
Idea Dropped In Mid-1986 After Opposition

John Poindexter tried in mid-1986 to relieve Oliver North of responsibility for contra affairs at the NSC, but dropped the idea after "a fuss" from conservatives and "muscular" opposition from North himself, sources said yesterday.

Current and former NSC officials said Poindexter became concerned last summer that North, an NSC deputy director for political-military affairs, had become too politically involved in the cause of the Nicaraguan rebels.

Nevertheless, Poindexter not only backed off from the plan to relieve North of the "contra account" but had also passed up at least two opportunities to have North moved off the NSC staff altogether in the past 14 months, sources reported. (Dan Morgan, Washington Post, A17)

PROBE LEADERS IN SENATE URGE DELAY ON GATES

The chairman and vice chairman of the Senate select committee investigating the Iran-contra affair said yesterday that confirmation of Robert Gates as director of the CIA should be delayed until completion of the congressional inquiries, which could run at least through August.

Chairman Daniel Inouye said that Gates is serving as acting director following the resignation of William Casey and thus "it is not like a judicial appointment where there is a vacancy that has not been filled."

Vice Chairman Warren Rudman agreed that the nomination should be delayed, but emphasized that so far he does not "see anything that would disqualify (Gates) from being head of the CIA."

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

AIRLINE'S ARMS ROLE PROBED

Southern Air Called Suspected Channel In Contra Operation

GENEVA -- The Southern Air Transport Co. of Miami, a former CIA proprietary company, is suspected by the U.S. Justice Department of being a channel for profits from the sales of Iranian arms that were used to finance an air resupply operation on behalf of the anti-Sandinista rebels in Nicaragua, according to official sources here.

The company, these sources said, is suspected by the U.S. Justice Department of being the firm that received Iranian arms sales profits that were diverted to support the rebels in the ambitious covert program operated by Oliver North. (Loren Jenkins, Washington Post, A1)

EDITOR'S NOTE: "The Afternoon Of A Fawn -- Oliver North's Former Secretary, Thrust Into The Glare Of Fame," by Carla Hall & Elizabeth Kastor, appears in The Washington Post, B1.

INTERNATIONAL NEWS

ADMINISTRATION WARNED ON SDI TESTING Hill Opposes Broadened ABM Treaty Interpretation, Wright Says

House Speaker Jim Wright warned the Reagan Administration yesterday that it risks cutbacks in SDI funding from Congress if it tries to push ahead with expanded SDI testing and development under a broadened interpretation of the 1972 ABM Treaty.

Wright's assertion that a majority of Congress opposes such a reinterpretation and could act to stop it by withholding funds came as congressional leaders said they had been assured by Administration officials that no formal action on the treaty may be taken until mid-May.

(Helen Dewar & Jeffrey Smith, Washington Post, A18)

SOVIET RADARS OF CONCERN TO U.S. REMOVED Officials Dispute Motive For Action

The Soviet Union has removed several missile defense radars that were said by the Reagan Administration to be a key part of alleged Soviet preparations to break out of the 1972 ABM Treaty, U.S. intelligence experts said yesterday.

Removal of the radars at the Soviet missile test center in Sary Shagan began last fall and was completed recently, the officials said, leading some experts at the State Department to speculate that the Soviets are making a concerted effort to resolve a major concern raised by the U.S.

However, some officials at the Defense Department dispute this interpretation, arguing that removal of the radars indicates the Soviets are preparing for testing or deployment of more modern equipment. No hard evidence exists for either view, and the Soviets have said nothing to clarify the issue.

(Jeffrey Smith, Washington Post, A20)

RISK TO SOVIETS GROWS IN AFGHANISTAN -- IKLE

Moscow should take advantage of a "window of opportunity" to withdraw from Afghanistan or risk the growing threat of hostile armed forces spilling over its vulnerable south Asian border, a senior Pentagon official said yesterday.

"They once had a peaceful non-threatening Afghanistan on their border," Fred Ikle, undersecretary of defense for policy, said. "If they hurry, they can have that again. But if they keep their troops in there too long, they face the hostility of the whole region."

Ikle also said U.S. officials are pessimistic about the current round of peace talks on the war in Afghanistan since they do not include representatives of the mujahideen resistance forces.

(Bill Gertz, Washington Times, A1)

DODD, SHULTZ TRADE BARBS ON POLICY
Administration Is Said To Impede Central American Peace Plan

Sen. Christopher Dodd charged yesterday that the Reagan Administration had sought to discourage four Central American presidents from working out a plan for peace in that troubled area, and Secretary Shultz fired back with an attack on Dodd for "intruding" on the conduct of U.S. policy.

The sometimes-heated exchange before the Senate Foreign Relations Committee began with Dodd's assertion that the Administration, while publicly "welcoming" the initiative of Costa Rican President Oscar Arias Sanchez, in fact "discouraged participation" in his Feb. 15 meeting with the presidents of El Salvador, Honduras and Guatemala to draw up a regional peace plan.

(Don Oberdorfer, Washington Post, A10)

Shultz Scolds Sen. Dodd For Intruding Into Foreign Policy

Secretary Shultz rebuked Sen. Christopher Dodd and other lawmakers yesterday for attempting to "run their own foreign policy" by traveling abroad to visit heads of state and excluding U.S. ambassadors from the meetings.

"We are getting into a real problem in the conduct of the foreign policy of the United States because it is being intruded into in all sorts of ways," Shultz told the Connecticut Democrat. "And frankly, senator, I want to confront you on this subject."

(Warren Strobel, Washington Times, A1)

GIVE CONTRA AID TIME TO WORK, HILL URGED
Gen. Galvin Says Results Should Show In 'About A Year'

The financial aid given to the contras by the U.S. may not result in marked combat improvement against Nicaragua's Sandinista government for almost a year, a senior U.S. military official in the region said yesterday.

Gen. John Galvin, chief of the U.S. Southern Command based in Panama, said Congress is expecting tangible results more quickly than the counterrevolutionary forces can produce them.

(Molly Moore, Washington Post, A10)

U.S. WARNS PAKISTAN ON TESTING NUCLEAR DEVICE
Hearings On A New \$4 Billion Aid Program
Open Today Amid Growing Tension

Congress begins hearings today on a new six-year, \$4 billion aid program to Pakistan at a time of growing tension between the two countries over Pakistani progress toward the explosion of its first nuclear device.

The U.S. ambassador to Pakistan, Deane Hinton, bluntly warned the Pakistani government last week that a decision to proceed with a nuclear test was certain to trigger a congressional ban on any further U.S. economic and military aid and "produce a crisis in our relations."

(David Ottaway, Washington Post, A20)

BAKER SEES BRAZIL ACTION AS TEMPORARY

Treasury Secretary Baker yesterday called Brazil's decision to suspend payments on its international debt an unfortunate move, but a temporary one.

Commercial banks should not panic over the development, Baker told a Senate appropriations subcommittee. "The announcement did not say they will not pay; it just says their reserves are so low they cannot pay now," he testified. "I feel confident the problem will be resolved."

(Washington Post, F5)

ROGERS TO STEP DOWN AS NATO CHIEF IN JUNE General Retiring After Criticism Of Summit

BRUSSELS -- NATO authorities put an end to months of speculation about the future of their top military commander today when they announced that the White House had asked that Gen. Bernard Rogers be released from his responsibilities at the end of June.

The retirement of the controversial officer was generally attributed here to the immediate outcry he and his staff unleashed in opposition to some of the arms control accords considered by the Administration at the Reykjavik summit in October. (David Fouquet, Washington Post, A25)

NATIONAL NEWS

REAGAN TELLS CHIEF OF STAFF IT'S TIME FOR A GRACEFUL EXIT

Donald Regan has received the word from the President himself that he's out as the White House chief of staff, it was learned yesterday.

President Reagan and Regan are said to have agreed on a scenario that will produce the resignation of the 68-year-old aide within a week or 10 days.

A Reagan insider said this would give the former Wall Street executive a "graceful" way out.

Officially, Marlin Fitzwater said yesterday that Reagan and Regan had agreed to "sit down and talk about his future" after the report of the Tower commission is released. (Jeremiah O'Leary, Washington Times, A1)

GOVERNORS ENDORSE WELFARE OVERHAUL Speaker Wright Holds Out Hope For House Action This Spring

With only one dissenting voice, the nation's governors yesterday endorsed a major overhaul of the welfare system, emphasizing job training and work requirements for those now receiving aid.

Their newly approved policy won quick applause from House Speaker Jim Wright, who said he hopes to see House action on the issue this spring. Wright also indicated that Congress is likely to approve the federal government payment for most of the estimated additional \$1 billion a year in spending that the governors seek to finance training, child care and medical services for welfare recipients attempting to move into jobs.

(David Broder, Washington Post, A4)

Wright Vows Support Of Welfare Reform Plan

An overhaul of the welfare system sought by the nation's governors will be given a "high priority" in Congress this year, House Speaker Jim Wright said yesterday.

"I think I can promise you that we welcome with open arms your proposal on welfare reform," Wright told the governors. "We will give it a high priority."

"It cannot be revenue-neutral in its first year if it is to accomplish its objectives," Wright said. "In the long run it will be revenue-neutral if it takes people off the welfare rolls and puts them into productive jobs."

(Isaiah Poole, Washington Times, A2)

Governors, Key Lawmakers Push For Welfare Reform

Welfare reform is gathering momentum as a hot issue, thanks to the clout of the nation's governors, support from key lawmakers and some modest encouragement from the Reagan Administration.

"You're giving us the ammunition we need to move forward in this Congress," Rep. Harold Ford, chairman of the House Ways and Means subcommittee on public assistance, told a bipartisan panel of six governors presenting their plan to the full committee Tuesday afternoon.

(Jill Lawrence, AP)

FED CHIEF WARNS OF BUDGET GAP
Volcker Sees Link To Trade Deficit

Federal Reserve Chairman Paul Volcker yesterday warned Congress that the U.S. might not benefit from reducing its huge trade deficit unless the federal budget deficit is brought down at the same time.

The Fed chairman indicated that it is not economically necessary to reduce the deficit all the way to the \$108 billion target set by the Gramm-Rudman-Hollings deficit reduction law for fiscal 1988, however.

Volcker told the Senate Budget Committee that the amount of foreign capital flowing into this country will slow down in line with any reduction in the trade deficit. If the federal deficit and the government's need to borrow in capital markets to finance it are not cut, higher interest rates would be required to squeeze out some private borrowers, he said.

(John Berry, Washington Post, F1)

EDITOR'S NOTES: "Democratic Governors Cool To Hart Candidacy -- '88 Standard-Bearer Still To Be Found," by Bill Peterson, appears in The Washington Post, A4.

"Shultz Sees 'Green Light' For Mansion But White House Aides Miss The Signal," by Don Oberdorfer, appears in The Washington Post, A21.

NETWORK NEWS SUMMARY

(Tuesday Evening, February 24, 1987)

THE PRESIDENT/IRAN-CONTRA AFFAIR

NBC's Tom Brokaw: The President's memory, a beautiful secretary, a surprise lawsuit, and growing anticipation about the Tower commission's report -- those were the key elements today in the Iran-contra affair, a real-life drama that is being played out on so many stages here in the nation's Capital. The President's memory involves a New York Times story today that the President can't remember whether he authorized the initial Israeli arms sales to Iran. That subject came up when the President posed for pictures at an economic meeting today.

NBC's Chris Wallace: The President responded to reporters' questions today with one of his own, appearing to confirm he does not remember whether he approved the original arms shipments to Iran.

(The President: "If I could ask one question to everybody. Everybody that can remember what they were doing on August 8th of 1985 raised your hand. I think it's possible to forget. Nobody's raised any hands.")

What the President was doing that day was meeting with top advisers at the White House. Subject: whether to permit Israel to sell arms to Iran. White House sources say in two sessions with the Tower commission, Mr. Reagan gave conflicting accounts of what he decided, first indicating he approved the shipment then 16 days later that he did not. But top White House officials now say the real story is the President can't remember. House Speaker James Wright said it's appalling for Mr. Reagan to forget something so important.

(Reporter: "With your experience of working with him though, sir, do you find that credible that he wouldn't remember that big of a decision?")

Rep. Wright: "Yes, I find that credible.")

Another leading Democrat said it's one more case of the White House not coming clean.

(Rep. Fawcett: "When testimony is changed, when documents are changed, when positions are changed, you have to say it's more than just a failure of memory.")

Charges of cover-up are focused now on Oliver North's secretary Fawn Hall who has told prosecutors she destroyed and doctored key evidence at North's request. Media interest in Hall is so great her lawyer had her pose for cameras today. She seemed to enjoy the attention.

(Fawn Hall: "It's a little overwhelming. One of my friends said Andy Warhol once said that everyone's famous for 15 minutes. I kind of feel like that right now.")

Avoiding cameras but still on the job: White House Chief of Staff Donald Regan. Top officials say the President won't discuss Regan's future with him until sometime next week, and some say Regan may still be able to hang on. The next big event though is the release of the Tower commission report on Thursday. Officials say the President will attend the panel's news conference to emphasize he wants all the facts out no matter how damaging -- facts that in some cases the President can't remember. (NBC-Lead)

-more-

ABC's Peter Jennings: It's been a nagging question ever since the Iran affair was revealed: Just when did the President approve the first arms sales to Iran, before they took place, or afterwards? The President has given conflicting answers to the commission which is investigating his National Security Council, and today the President said he doesn't remember.

ABC's Sam Donaldson: At the outset of a meeting with black leaders, President Reagan indicated to reporters that he has simply forgotten whether he approved in advance the Israeli arms shipment to Iran in the summer of 1985.

(The President: "If I could ask one question of everybody. Everybody that can remember what they were doing on August 8th of 1985 raise your hand. I think it's possible to forget. Nobody's raised any hands.")

In his first interview with the Tower commission, Mr. Reagan reportedly agreed with the testimony of his former national security adviser Robert McFarlane, that he had approved the Israeli arms shipment in advance. But at his second interview the President reportedly changed his story to that given by his Chief of Staff Donald Regan, which is that he had not given advance approval. This assertion of a faulty memory struck two top House Democrats as a less than perfect explanation for the switch.

(Rep. Wright: "That's appalling thing. Maybe he did forget. I'm not prepared to get into the inner sanctums of the President's mental processes.")

Rep. Fascell: "When testimony is changed, when documents are changed, when positions are changed, you have to say that it's more than just a failure of memory.")

When the Tower commission report is released Thursday morning, the President will appear to thank the commissioners and promise to study their work carefully. Then next week, probably Tuesday, he will deliver a prime time television speech with his response and perhaps hold a news conference, but that has not been settled.

(TV coverage: Still photo of the President with words above.)

And he will sit down with Chief of Staff Regan to discuss Regan's future which appears to be out.

(Rep. Cheney: "There's only one reason to serve as chief of staff and that's to serve the President of the United States. And when you can no longer do that then you should move on.")

Sources here say Regan's departure will not occur this week -- may not occur even next week, and when he goes he may go to another job in the Reagan Administration.

Jennings: Sam tells us Thursday is the day the President's own commission will present him with a report on the Iran affair and it is going to be very embarrassing. Today we know some of what that report is going to say.

ABC's Bob Zelnick: Tower commission sources have told ABC News that President Reagan gave vague and sometimes contradictory answers regarding the key issue of whether the Iran deals involved the trading of arms for hostages.

Zelnick continues: But despite some private skepticism, sources say the Tower report, lacking firm proof to the contrary, will accept the President's claim that he was most interested in using arms as part of a strategic initiative to open doors in Iran.

(TV coverage: Film of the President in the Cabinet Room and the Oval Office with words beneath.)

Commission sources say a different conclusion will be reached about John Poindexter, Oliver North, and others on the NSC. Based on internal memoranda and other material from the White House computer, the commission will find that these men were fully aware of the arms for hostages nature of the Iran business. For Chief of Staff Donald Regan some good news. The final commission report will make no finding of wrongdoing on his part, while commission sources say there has been testimony to a doctored Iran chronology prepared last November to minimize the President's role in the affair. Regan himself denies that.

(TV coverage: Still photos of the President and Mr. Regan with words beneath.)

Individual panel members find that denial unpersuasive, but lacking documentation, sources say the panel will not attempt to resolve the conflicting accounts. While the report will leave to independent counsel Lawrence Walsh the job of saying whether any individuals should face criminal prosecution, commission sources say it will accuse the NSC of ignoring legal restrictions on military aid to the contras and the sale of weapons to Iran. Finally, commission sources say the inability to question North and Poindexter who asserted the Fifth Amendment, or to get at Swiss bank account records, prevented the panel from learning much about the amount of Iran weapons profits diverted from the contras or the mechanics of the diversion. Commission sources say the lesson to be learned is that policies like helping the contras or getting the hostages home can not become obsessions, obsessions which are at war with common sense, prudent statecraft and the rule of law. (ABC-Lead)

CBS's Dan Rather: President Reagan reportedly first testified to the Tower commission that he did give advance approval for a secret shipment of weapons to Iran. Then he testified he didn't do that. Some of his top aides also have testified both ways. Today Mr. Reagan virtually confirmed that he now has told investigators he just doesn't remember.

CBS's Bill Plante: President Reagan, asked about reports that he couldn't remember whether he approved Israeli arms shipments to Iran before or after the fact, seemed to suggest that indeed he had forgotten.

(The President: "I'm not supposed to answer, but I'd like to ask one question of everybody. Everybody that remember what they were doing on August 8th of 1985 raise your hand. I think it's possible to forget. Nobody's raised any hands.")

Mr. Reagan changed his story on the arms sale in two different meetings with the Tower commission. A senior Administration official says the President just couldn't remember.

(TV coverage: Still photo of the President with words beneath.)

But a House Democratic leader calls it part of the White House damage control effort.

Plante continues:

(Rep. Fascell: "When testimony is changed, when documents are changed, when positions are changed, you have to say that it's more than just a failure of memory.")

Mr. Reagan's spokesman, asked if the President's memory is failing retorted, "That's outrageous. I won't deal with it." And, says the Speaker of the House, detachment is not an excuse.

(Rep. Wright: "The buck stops here. It doesn't make any difference whom the President appoints to help him do his job. That isn't the big question. The big question is the President himself and the assumption of responsibility by the President of the United States.")

A top Republican added his voice to those saying Donald Regan has a responsibility.

(Rep. Cheney: "There's only one reason to serve as Chief of Staff, and that's to serve the President of the United States. And when you can no longer do that then you should move on.")

Regan was asked at an office party this afternoon if he wanted to join the pool on when he was leaving. The chief of staff joked that if the stakes were high enough he'd rig the pool. But for the First Lady and some of the President's friends, it's no laughing matter. They continue to press for Regan's departure -- the sooner the better.

(CBS-Lead)

NORTH'S LAWSUIT

Brokaw: Lawyers for Oliver North surprised everyone today by claiming that the investigation by the independent counsel...is unconstitutional. In a suit filed in federal court North's lawyers argued that since the special prosecutor can not be fired by the President, he is not truly a member of the Executive Branch, and under the constitution, only the Executive Branch can prosecute crimes. Well the special prosecutor in this case, Lawrence Walsh, said he'll oppose North's suit, that the statute creating his position has been carefully studied, and it is constitutional, however, this matter never has been tested in court. (NBC-2)

Jennings: Col. Oliver North's legal team weighed in today with a legal challenge to the independent counsel which is investigating. The lawsuit tries to make a case for not having a special prosecutor.

ABC's Dennis Troute: Oliver North's attorney's filing asks that independent counsel Lawrence Walsh be thrown out and his office abolished because it is, "plainly unconstitutional." The basic argument: that a counsel appointed by a court gives the Judicial Branch the Executive's job of enforcing the law. Conservatives long have liked that argument, but in a rare public comment, Lawrence Walsh's office says that after careful and extensive study it is satisfied with the constitutionality of the law and it promises to oppose North's legal action. Meanwhile Fawn Hall, the woman who was Oliver North's personal secretary for four years, and whose testimony is buttressing the case against him, appeared for a photo session with newsmen today. She refused to answer substantive questions and said all this notoriety is unsettling....

Troute continues: Government sources say that during a month of sessions with Lawrence Walsh's staff investigators Hall has provided damning evidence against her former boss. They're attempting to build a case of obstruction of justice against Oliver North.... Congressional investigators now say they too would like to hear from Miss Hall. Her lawyer says if Congress guarantees her immunity from prosecution as the independent counsel has, she'll tell her story again on Capitol Hill. (ABC-2)

Rather: Fired White House aide Oliver North, key man in the secret arms and money dealings who so far has taken the Fifth and stonewalled, today tried to block efforts to get to the bottom of the deal and possible wrongdoing.

CBS's Rita Braver: ...North claims his (Walsh's) appointment violates the constitution and the separation of powers.... A former Watergate prosecutor says North's claim has merit.

(Philip Lacovara, former Watergate prosecutor: "The constitution assigns certain functions to the President as head of the Executive Branch, and even Congress can not take those functions away from him.")

...The suit could undermine Walsh's investigation delaying prosecutions for years. And it will increase pressure on Congress to give North the immunity he so badly wants.

Rather: While Oliver North refuses to talk, his own secretary is now apparently telling the independent special prosecutor plenty -- reportedly about destroying and doctoring national security documents before investigators could get to them. (CBS-2)

IRAN-IRAQ WAR/ARMS SALES

Rather: President Reagan has insisted that the many sophisticated arms sent to Iran could not have tipped the balance in the Persian Gulf war. But sensitive intelligence that was sent along with the arms may indeed have done just that.

(TV coverage: Still photo of the President below the words, "Arms scandal.")

Pentagon witnesses have told the Tower commission that as part of the deal, Iran got what was supposed to be secret data on Iraqi troop locations which may have helped the Iranians score battlefield victories. (CBS-3)

CONTRA DIVERSION/IBC

Jennings: We have reported before that a number of the investigations underway have been concentrating their attention on private organizations with which Col. North was connected and which might have been used to channel money and arms to the contras in Nicaragua. One of the organizations being scrutinized is International Business Communications, or IBC.

ABC's John Martin: ...According to documents and minutes of its meetings obtained by ABC News, last year IBC helped carry out a vast national media campaign on behalf of the Nicaraguan rebels. It sent seven speakers to 72 congressional districts spread over 12 states.... IBC got a lot of money from another source and investigators want to know whether any of it went to buy arms illegally for the contras. The Tower commission is studying IBC's relationship to conservative "Spitz" Channell and the money Channell raised with former NSC staff member Oliver North. Some of that money may have been used to pay David Fisher after he left his job as special assistant to President Reagan and became an IBC consultant.

(TV coverage: The President and First Lady deplaning with Fisher behind them.)

Photocopies of bills and three checks show Fisher was paid \$20,000 a month by Channell.... (ABC-3)

MCFARLANE

Brokaw: Former national security adviser Robert McFarlane is out of the hospital and back in his office today. McFarlane, hospitalized two weeks for an overdose of Valium spent the weekend at a family cabin and checked out of Bethesda Naval Hospital yesterday. His lawyers said he'll be meeting with the special prosecutor and investigators for the House and Senate committees. (ABC-4, NBC-3)

IRAN-CONTRA AFFAIR/COMMENTARY

NBC's John Chancellor: It was three months ago this week when we learned of the Iran-contra scandals here at the White House. It's amazing when you think about that the Reagan Administration, so skilled in public relations, has let this drag on for three months. This White House used to solve P.R. problems in three days not three months. But in this case the White House has broken a basic law of public relations which says that if an organization has a problem, the way to deal with it is to get it all out in public right away. The Johnson & Johnson company did that when the Tylenol scare hit the headlines.... But the White House has followed the bad examples of companies like Firestone which got in deep trouble when it denied that some of its tires were defective.... The irony of the Iran-contra scandals is that an Administration which prides itself on its public relations abilities wouldn't or couldn't get its side of the story to the public. If the facts had come out last November, things would be much different here today. (NBC-10)

WELFARE REFORM/NATION'S GOVERNORS

Rather: President Reagan today tried to follow the lead of the nation's governors in proposing a major overhaul of the nation's welfare system. Mr. Reagan proposed his own plan to Congress today.

CBS's Lesley Stahl: Welfare reform is suddenly a hot political issue and the politicians have put it on a fast track. The nation's governors endorsed a welfare reform plan today. Congress is aiming for legislation by May. But most significantly, President Reagan has shifted his rhetoric from the tax on welfare queens who cheat the system, to calls for genuine welfare reform.

(TV coverage: The President at meeting today.)

He sent his proposal to Congress today.

(The President: "Our welfare reform package is our way of opening paths of opportunity.")

After years of outright hostility the political right and the left have found common ground.

(Gov. Cuomo: "The old welfare system is very, very unsatisfactory because it never broke the cycle of dependency. It just recreated it.")

According to Administration officials a CBS News documentary by Bill Moyers convinced the White House that the political climate was ready for welfare reform. The documentary argued that the current welfare system is destroying the American family.

(Charles Hobbs, assistant to the President: "We were fascinated by the fact that here he was dramatizing something that we were finding, and it really wasn't politically right or left at all.")

Congress and the governors emphasized mandatory work and education for most welfare recipients and they want as much as two billion federal dollars for job training and child care. The President proposes to set up demonstration projects around the country.

(Gov. Dukakis: "I think we're beyond that. We now know how you help people to lift themselves out of welfare dependency. It's good child care, it's real training for real jobs.") But the White House doesn't want to spend any additional money. It's focusing on eliminating bureaucracy and waste in the welfare system. Nevertheless Republicans think it's a good political issue. So much so that presidential aspirant, Senator Bob Dole, assigned himself a highly visible seat on the Senate Welfare subcommittee. He believes the White House will compromise because it needs this issue.

(Sen. Dole: "Well I think to a certain extent the White House needed an agenda. They were casting about with all the Iranian controversy and a lot of everybody dumping on the White House. It demonstrates that Ronald Reagan, who's quite conservative, is also very pragmatic.")

Sen. Moynihan: "I think there's a sense of 'Hey, we're about to be in real trouble if we don't get hold of this. That society itself is at risk and you better straighten out.'")

The welfare reform movement would not have gotten this far without President Reagan, but key members of Congress say that if he doesn't join in their consensus to spend more money they can and will go forward without him. (CBS-4)

Brokaw: The nation's governors today approved a sweeping new plan to put people on welfare to work. They took it to Congress where House Majority Leader Jim Wright said, "We will give it a high priority." And President Reagan has endorsed major parts of this plan.... The governors called for a binding contract requiring welfare recipients to strive for self-sufficiency. (NBC-4)

PENTAGON/ROGERS/GALVIN

Jennings: The Pentagon said today that General Bernard Rogers, the supreme allied commander in Europe, will leave his post at the end of June and that his successor is likely to be General John Calvin, currently commander in chief of southern command which includes Central and Latin America. (ABC-5)

FOREIGN DEBT/BRAZIL

Jennings: Two of the Administration's top economic advisers went to Capitol Hill today to reassure nervous lawmakers worried about Brazil. Both Federal Reserve Chairman Paul Volcker and Treasury Secretary James Baker say they think Brazil's decision to suspend payment on its international debt is just a temporary measure. Temporary or not, it has been a shock to stockholders of American banks and to the financial markets. (ABC-9)

CHALLENGER/MORTON THIOKOL

Jennings: The Morton Thiokol company which built the booster rocket blamed for the Challenger disaster has reached what amounts to an out of court settlement with NASA. Thiokol has agreed to give up \$10 million in profits from its work with the space agency. Thiokol has also agreed to perform an additional \$409 million worth of repair work on the booster rocket design at cost without profit. Thiokol accepted no liability for the Challenger explosion. (ABC-12, CBS-13, NBC-7)

AIDS

Jennings: Public health officials and civil rights advocates gathered in Atlanta today for two days on hearings on a number of proposals to fight the spread of AIDS. The Center for Disease Control is considering a plan which would require testing millions of Americans for exposure to the AIDS virus.

ABC's George Strait: ...While the consensus at this conference is that expanding AIDS testing is a bad idea, there's a sense that it might have to be. As the Secretary of Health and Human Services said, "A few individual rights might have to be sacrificed if AIDS is to be conquered." (ABC-6, CBS-9, NBC-8)

SUPREME COURT/POLICE SEARCHES

Rather: A U.S. Supreme Court ruling today tried to balance the rights of defendants accused of rape and the rights of victims to privacy.... On another case the high Court gave police a victory today on a controversial search of a citizen's home. The justices said police could use as evidence a packet of drugs seized when police searched the wrong apartment. Also on stage today the Supreme Court ruled that a full-time gambler may deduct losses at tax time.

(CBS-13, NBC-9)

EDITORIALS/COLUMNISTS

STRATEGIC DEFENSE INITIATIVE/ABM TREATY

U.S. Shouldn't Be Hooked With Early SDI Deployment -- "The question comes down to a military one. A SDI system would make it harder for Soviet military planners. It would give the United States at least some options to use in case of an attack or threat. It could help defend a missile site, though President Reagan has been touting SDI as a population defense. So the follow-up question is: Are there other options to improve security by limiting the arms race rather than splitting it wide open? The answer is yes, and those options ought to be exhausted first."

(Dayton Daily News, 2/11)

Broaden ABM Treaty, And Get On With SDI Testing In Space -- "It is in continued development of that program (SDI), which I have strongly supported since President Reagan launched it in 1983, that lies the best hope of getting a realistic nuclear arms agreement with the Soviets. Whether or not President Reagan is able to get such an agreement before his term ends, it is in the best interests of our future security and the security of our children and grandchildren that we proceed with development of a space defense system that will defend us from nuclear attack."

(William Randolph Hearst, Jr., Los Angeles Examiner, 2/15)

Wrecking Another Treaty -- "The real concern among State Department officials may be that a U.S. decision to abrogate the ABM Treaty would further undermine public support both here and abroad for the already beleaguered Reagan White House. Public broadcasts of Administration in-fighting don't help. What Reagan could use right now is the image, if not the reality, that his Administration still has a few happy campers."

(Des Moines Register, 2/11)

Rash Reading Of ABM Pact -- "It is becoming apparent that the Reagan Administration -- on its own -- is trying rashly to commit this nation to a course of acquisition and deployment of a "star wars" system and a break with an ABM Treaty that will prove difficult if not impossible to repair."

(Denver Post, 2/10)

Will SDI Outlast Reagan? -- "Events of recent weeks show clearly that without more assertive leadership from Mr. Reagan, the Administration's Strategic Defense Initiative risks being promptly abandoned by the next president and a skeptical Congress. With only 23 months still to govern, the President has scant opportunity left to recast the superpower balance of terror.... Consequently, SDI has reached a critical juncture Mr. Reagan must either win acceptance of the program by Congress and America's allies soon, or watch it atrophy in the face of budgetary pressures, a determined clique of domestic critics, and an unrelenting diplomatic onslaught by Mikhail Gorbachev."

(San Diego Union, 2/12)

Arms Control, Not Decontrol -- "Mr. Reagan and his defense secretary are reported to believe that they could broadly define the ABM Treaty without consulting with the Soviets or with Congress. The President thinks he can order deployment and still honor the ABM Treaty. The Soviets would object, but they wouldn't do more than that, the Administration predicts. It's wonderland thinking."

(Hartford Courant, 2/15)

EDITORIALS & COLUMNISTS (columnists)

CATASTROPHIC HEALTH INSURANCE

Reagan Health-Care Plan Would Benefit Elderly -- "Reagan's approval of this program, recommended by Dr. Otis Bowen, Secretary of HHS, did not come easily. The Bowen plan had divided the Administration. In sending his recommendation to a receptive Congress, Reagan overruled the objections of three powerful aides -- his attorney general, budget director and top economic adviser. The President made a wise choice."

(Buffalo News, 2/14)

Reagan's Medical Plan Healthy -- "There is much to recommend the plan. Although it may not go the full distance in guaranteeing that senior citizens will not have to face the financial devastation caused by catastrophic illness, it is a substantial step toward that goal."

(Atlanta Constitution, 2/19)

Catastrophic Politics -- "It's clear that Mr. Reagan has made a large political mistake here. The President reportedly decided to support the Bowen plan out of genuine distress for the financial burden serious illness can impose on the near-poor. It's not at all evident, however, that the President or anyone around him gave much thought to what would happen to this admirable concern if it were rolled onto the policy table of a town that thinks only of public, federally paid-for answers to all the world's painful, human problems."

(Wall Street Journal, 2/15)

Many Need More Help -- "The President's proposal for catastrophic health insurance is a start, but that's about all. It does not really address the problem of even minimal health care for large segments of our population. That is a tragedy for the richest nation in the world.... We recognize that money is a problem for the federal government in a time of huge deficits. The real problem, however, is misplaced priorities of how federal tax dollars are spent."

(Statesman-Journal, Salem, Ore., 2/14)

Congress Should Try To Find Better Answers Than Reagan's -- "Congress and the country should take a long, careful look at President Reagan's proposal to broaden Medicare to cover catastrophic illnesses.... If Congress moves full speed ahead with the Reagan plan -- or with any of the even more drastic proposals -- there will never be an opportunity to unscramble the egg. America must take a careful look first."

(Cincinnati Enquirer, 2/18)

Dealing With Cost Of Catastrophic Care -- "Although Reagan is often described as a conservative ideologue, he has a pragmatic side that seems to have prevailed in this case. At age 76, it isn't surprising that he has an interest in the cost of health care for the elderly.... The final legislative product may not be identical with his proposals, but chances are good that a viable program of protection against catastrophic medical costs for the elderly will emerge from this session of Congress."

(Honolulu Star-Bulletin, 2/20)

FOREIGN MEDIA REACTION

IRAN-CONTRA

"On Thursday the Tower Commission, the most prestigious of the Irangate investigating teams, delivers its report. No one expects it to be other than scathing about the shambles at the heart of the Reagan Administration...." (Guardian, Britain)

"Public confidence has been sapped by the Iran-contra scandal even more than might have been expected, thanks to the inadequate way in which the President's advisers have prepared and protected him throughout the crisis...." (Daily Telegraph, Britain)

"There is reason to believe that the executive power is close to paralysis....Weeks are going by and we do not see how the 'great communicator' could make a comeback. Because of differences between the two main figures in the Administration--Shultz and Weinberger--the cabinet will not be able to run the country without the President..." (Le Monde, France)

"A crucial week is beginning for President Reagan with the publication of the report made by the Tower committee.... The President might take advantage of this difficult moment to address the country in a press conference. For the time being, it's the imminent departure -- resignation or firing -- of Donald Regan which is the main issue...." (Figaro, France)

"The affair of arms sales to Iran continues to provoke spectacular developments and revelations. A new head is about to fall, that of Donald Regan blamed for trying to hide the activities of the Presidency." (France-Soir, France)

"It is not completely clear yet what the President knew about Irangate. If, however, he knew about all the intrigues originated in the White House basement, he must share responsibility for them. If, on the other hand, he was kept in the dark, he appears an incapable person maneuvered by his subordinates.... At this point Donald Regan's resignation is taken for certain...and perhaps the President will give a press conference to apologize publicly before the nation...." (La Repubblica, Italy)

"Mr. Donald Regan, will resign on Friday, one day after the publication of the Tower Report on the Iran scandal. He will be replaced by Mr. Drew Lewis, a former Transport Secretary and once President Reagan's envoy to acid rain talks with Canada. Administration sources, predicting these changes to the Times said Mr. Regan's departure had already been arranged, although both he and the President have insisted publicly it is up to the other to decide..." (Times, Britain)



News Summary

OFFICE OF THE PRESS SECRETARY

WEDNESDAY, FEBRUARY 25, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Reagan Says 'Possible To Forget' -- President Reagan, asked Tuesday about a disputed point in the Iran-contra controversy, suggested that "it's possible to forget" whether he authorized a 1985 shipment by Israel of U.S. arms to Iran.

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

Special Counsel Named Illegally, North Charges -- Lt. Col. Oliver North urged a federal court Tuesday to bar independent counsel Lawrence Walsh's investigation of the Iran-contra scandal, contending that Walsh's appointment violated separation of powers and several other constitutional provisions. (Los Angeles Times, Washington Post, Washington Times, AP)

NATIONAL NEWS

Wright Vows Support Of Welfare Reform Plan -- An overhaul of the welfare system sought by the nation's governors will be given a "high priority" in Congress this year, House Speaker Jim Wright said yesterday.

(Washington Post, Washington Times, AP)

NETWORK NEWS (Tuesday Evening)

PRESIDENT REAGAN/IRAN-CONTRA AFFAIR -- The President indicated he has simply forgotten whether he approved in advance the Israeli arms shipment to Iran in the summer of 1985.

NORTH'S LAWSUIT -- Oliver North claimed the investigation by the independent counsel is unconstitutional.

WELFARE REFORM/GOVERNORS -- President Reagan proposed his own plan to Congress.

BORN TO RUN: The 1988 presidential election is more than a year and a half off, but it's never too early for political endorsements. Perennial counterculture hero **Abbie Hoffman** is giving his to a guy with an already broad-based constituency. Sorry **Gary Hart**, but no. "We're going to hear a lot of talk about **Lee Iacocca** for President," Abbie told *L.A. Style* magazine. "But why not **Bruce Springsteen**? Let's draft Bruce. We don't need a President, we need a boss." According to the Constitution, Bruce qualifies: He is over 35 and was born in the U.S.A.

(People Magazine, 3/2)

IRAN — NICARAGUA

PRESIDENT CAN'T RECALL DEAL DATE Reagan Tells Tower Others May Have 'Influenced' Memory

President Reagan, who has given conflicting versions to the Tower special review board about his role in shipment of U.S. arms to Iran, said yesterday that he is still confused about when he actually authorized the first shipment.

Administration sources said Reagan sent a new letter Friday to the commission, which is investigating NSC procedures in the clandestine arms deal and is scheduled to issue its report Thursday.

In the letter, according to the sources, Reagan said he "honestly had no recollection" of when he authorized the arms shipment "and may have allowed myself to be influenced by the recollection of others."

(Lou Cannon & Bob Woodward, Washington Post, A1)

Possible To Forget, Reagan Points Out Responds To Questions About Report He Couldn't Recall Arms Deal Stance

President Reagan, responding to questions about his changing recollections of key events related to the Iran-contra scandal, declared Tuesday: "It's possible to forget."

House Speaker Jim Wright, after a White House meeting Tuesday, said he found it "appalling" that the President could have forgotten whether he had taken so important a step as approving the Israeli arms shipment to Iran. But he added: "I find it believable that someone might have forgotten, and if the President has a lot on his mind, maybe he did forget."

(James Gerstenzang, Los Angeles Times, A1)

Reagan Says 'Possible To Forget'

President Reagan, asked Tuesday about a disputed point in the Iran-contra controversy, suggested that "it's possible to forget" whether he authorized a 1985 shipment by Israel of U.S. arms to Iran.

The President waved off further questions, saying he would not comment further until after the Tower Commission releases its findings Thursday on the Iran-contra arms-and-money scheme.

(Merrill Hartson, AP)

President Reagan/Iran-Contra Affair

President Reagan left open the key question of whether he approved the first shipment of U.S. arms to Iran in the summer of 1985, but said Tuesday, "I think it is possible to forget."

Reagan, asked if he was upset by reports "you couldn't remember" whether or not he approved the Israeli shipment, did not confirm that he gave conflicting accounts to the Tower Commission.

(Sean McCormally, UPI)

Reagan Apparently Unable To Resolve Key Iran Issue

President Reagan, braced for a damaging report on the Iran-contra scandal, has admitted having a faulty memory on the central question of whether he approved arms sales to Iran months before he says he did.

Meantime, Marlin Fitzwater disclosed that Donald Regan would discuss resigning after Thursday's release of the Tower commission's report on its three-month probe of secret arms sales to Iran and diversion of profits to contra rebels in Nicaragua. (Gene Gibbons, Reuter)

PANEL SAID TO FIND REAGAN WAS TOLD OF IRAN DEALINGS
Tower Commission's Report Is Also Said
To Describe 'Freelancing' By North

The Tower Commission has concluded that President Reagan, far from being remote from the Administration's Iran arms dealings, was briefed on them regularly as they took place, according to officials familiar with the commission's report.

The officials said the report will show that Reagan frequently discussed the Iran initiative at morning meetings with John Poindexter, then his national security adviser.

But the report also says the President's participation in those discussions was minimal. Often he simply asked questions about the American hostages being held in Lebanon and told anecdotes, according to an official who has seen the report. (Gerald Boyd, New York Times, A1)

REGAN POINTING FINGER AT NSC
His Claim: Oval Office Was Misled

Donald Regan, under pressure to resign, is putting out the word the NSC misled the White House.

Regan has told associates he expects the Tower Commission report due Thursday to vindicate him in an NSC cover-up.

And Regan aide Tom Dawson called Newsweek Monday to fault its cover-up coverage, warning: "You guys are gonna eat a lot of crow on Thursday." (Johanna Neuman, USA Today, A4)

MANY DOUBT PRESIDENT'S ABILITY TO LEAD

Disillusioned with his handling of the Iran-contra affair, many Americans believe that President Reagan is losing control of the government and that his ability to lead has been seriously, though apparently not fatally, damaged, the Los Angeles Times Poll has found.

About 75% of Americans believe that the White House tried to cover up the Iran-contra scandal, and two-thirds think the scandal has diminished Reagan's ability to lead in his last two years in office.

However, Reagan remains well-liked: 55% of Americans approve of the President's job performance, up from 50% in December, and a whopping 79% -- including 90% of Republicans and 67% of Democrats -- said they like Reagan personally. The findings appear to give credence to a remark about the American people that Reagan made recently to Sen. Bob Dole: "They like me but they don't believe me."

(David Lamb, Los Angeles Times, A1)

NORTH CHALLENGES INDEPENDENT COUNSEL STATUTE
NSC Ex-Aide's Lawsuit Contends Provision
Of 1978 Ethics Law Is Unconstitutional

Lt. Col. Oliver North went to court yesterday in an effort to stop the criminal investigation into the Iran arms sales-contra aid affair, charging that the appointment of the independent counsel in the case was unconstitutional.

In his first public action since he invoked his Fifth Amendment privilege against testifying before Congress in December, North asked in a lawsuit that the office of independent counsel Lawrence Walsh be disbanded on grounds that his appointment by a special three-judge court improperly infringes on executive branch decision-making.

(Howard Kurtz, Washington Post, A16)

Special Counsel Named Illegally, North Charges

Lt. Col. Oliver North urged a federal court Tuesday to bar independent counsel Lawrence Walsh's investigation of the Iran-contra scandal, contending that Walsh's appointment violated separation of powers and several other constitutional provisions.

The lawsuit is not expected to slow Walsh's investigation.

Patrick Korten, spokesman for Assistant Attorney General Charles Cooper and Attorney General Edwin Meese, said that they would not comment on whether North's challenge was the "appropriate" case until they had the opportunity to study the suit. Meese is named as a defendant in the suit.

(Ronald Ostrow, Los Angeles Times, A1)

North Suit Contends Investigation Illegal

Lt. Col. Oliver North asked a federal court yesterday to halt the Iran-contra investigation by an independent counsel on the grounds that it is unconstitutional.

Justice Department spokesman Patrick Korten last evening said there would be no official comment on the lawsuit until the proper department officials "had a chance to read it and digest it."

But, he said, "under normal circumstances, the department would defend a law under challenge in court."

(John McCaslin, Washington Times, A4)

North Challenges Special Counsel Investigation

Lt. Col. Oliver North, who has remained silent about his role in the Iran-contra affair, is mounting a court challenge to derail an investigation of the case by special independent counsel Lawrence Walsh.

"The independent counsel statute has received extensive and careful study and we are satisfied of its constitutionality. We shall, of course, oppose the action," Walsh said.

(James Rubin, AP)

POINDEXTER TRIED TO OUST NORTH FROM CONTRA ROLE
Idea Dropped In Mid-1986 After Opposition

John Poindexter tried in mid-1986 to relieve Oliver North of responsibility for contra affairs at the NSC, but dropped the idea after "a fuss" from conservatives and "muscular" opposition from North himself, sources said yesterday.

Current and former NSC officials said Poindexter became concerned last summer that North, an NSC deputy director for political-military affairs, had become too politically involved in the cause of the Nicaraguan rebels.

Nevertheless, Poindexter not only backed off from the plan to relieve North of the "contra account" but had also passed up at least two opportunities to have North moved off the NSC staff altogether in the past 14 months, sources reported. (Dan Morgan, Washington Post, A17)

PROBE LEADERS IN SENATE URGE DELAY ON GATES

The chairman and vice chairman of the Senate select committee investigating the Iran-contra affair said yesterday that confirmation of Robert Gates as director of the CIA should be delayed until completion of the congressional inquiries, which could run at least through August.

Chairman Daniel Inouye said that Gates is serving as acting director following the resignation of William Casey and thus "it is not like a judicial appointment where there is a vacancy that has not been filled."

Vice Chairman Warren Rudman agreed that the nomination should be delayed, but emphasized that so far he does not "see anything that would disqualify (Gates) from being head of the CIA."

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

AIRLINE'S ARMS ROLE PROBED
Southern Air Called Suspected Channel In Contra Operation

GENEVA -- The Southern Air Transport Co. of Miami, a former CIA proprietary company, is suspected by the U.S. Justice Department of being a channel for profits from the sales of Iranian arms that were used to finance an air resupply operation on behalf of the anti-Sandinista rebels in Nicaragua, according to official sources here.

The company, these sources said, is suspected by the U.S. Justice Department of being the firm that received Iranian arms sales profits that were diverted to support the rebels in the ambitious covert program operated by Oliver North. (Loren Jenkins, Washington Post, A1)

EDITOR'S NOTE: "The Afternoon Of A Fawn -- Oliver North's Former Secretary, Thrust Into The Glare Of Fame," by Carla Hall & Elizabeth Kastor, appears in The Washington Post, B1.

INTERNATIONAL NEWS

ADMINISTRATION WARNED ON SDI TESTING Hill Opposes Broadened ABM Treaty Interpretation, Wright Says

House Speaker Jim Wright warned the Reagan Administration yesterday that it risks cutbacks in SDI funding from Congress if it tries to push ahead with expanded SDI testing and development under a broadened interpretation of the 1972 ABM Treaty.

Wright's assertion that a majority of Congress opposes such a reinterpretation and could act to stop it by withholding funds came as congressional leaders said they had been assured by Administration officials that no formal action on the treaty may be taken until mid-May.

(Helen Dewar & Jeffrey Smith, Washington Post, A18)

SOVIET RADARS OF CONCERN TO U.S. REMOVED Officials Dispute Motive For Action

The Soviet Union has removed several missile defense radars that were said by the Reagan Administration to be a key part of alleged Soviet preparations to break out of the 1972 ABM Treaty, U.S. intelligence experts said yesterday.

Removal of the radars at the Soviet missile test center in Sary Shagan began last fall and was completed recently, the officials said, leading some experts at the State Department to speculate that the Soviets are making a concerted effort to resolve a major concern raised by the U.S.

However, some officials at the Defense Department dispute this interpretation, arguing that removal of the radars indicates the Soviets are preparing for testing or deployment of more modern equipment. No hard evidence exists for either view, and the Soviets have said nothing to clarify the issue.

(Jeffrey Smith, Washington Post, A20)

RISK TO SOVIETS GROWS IN AFGHANISTAN -- IKLE

Moscow should take advantage of a "window of opportunity" to withdraw from Afghanistan or risk the growing threat of hostile armed forces spilling over its vulnerable south Asian border, a senior Pentagon official said yesterday.

"They once had a peaceful non-threatening Afghanistan on their border," Fred Ikle, undersecretary of defense for policy, said. "If they hurry, they can have that again. But if they keep their troops in there too long, they face the hostility of the whole region."

Ikle also said U.S. officials are pessimistic about the current round of peace talks on the war in Afghanistan since they do not include representatives of the mujahideen resistance forces.

(Bill Gertz, Washington Times, A1)

DODD, SHULTZ TRADE BARBS ON POLICY
Administration Is Said To Impede Central American Peace Plan

Sen. Christopher Dodd charged yesterday that the Reagan Administration had sought to discourage four Central American presidents from working out a plan for peace in that troubled area, and Secretary Shultz fired back with an attack on Dodd for "intruding" on the conduct of U.S. policy.

The sometimes-heated exchange before the Senate Foreign Relations Committee began with Dodd's assertion that the Administration, while publicly "welcoming" the initiative of Costa Rican President Oscar Arias Sanchez, in fact "discouraged participation" in his Feb. 15 meeting with the presidents of El Salvador, Honduras and Guatemala to draw up a regional peace plan.

(Don Oberdorfer, Washington Post, A10)

Shultz Scolds Sen. Dodd For Intruding Into Foreign Policy

Secretary Shultz rebuked Sen. Christopher Dodd and other lawmakers yesterday for attempting to "run their own foreign policy" by traveling abroad to visit heads of state and excluding U.S. ambassadors from the meetings.

"We are getting into a real problem in the conduct of the foreign policy of the United States because it is being intruded into in all sorts of ways," Shultz told the Connecticut Democrat. "And frankly, senator, I want to confront you on this subject."

(Warren Strobel, Washington Times, A1)

GIVE CONTRA AID TIME TO WORK, HILL URGED
Gen. Galvin Says Results Should Show In 'About A Year'

The financial aid given to the contras by the U.S. may not result in marked combat improvement against Nicaragua's Sandinista government for almost a year, a senior U.S. military official in the region said yesterday.

Gen. John Galvin, chief of the U.S. Southern Command based in Panama, said Congress is expecting tangible results more quickly than the counterrevolutionary forces can produce them.

(Molly Moore, Washington Post, A10)

U.S. WARNS PAKISTAN ON TESTING NUCLEAR DEVICE
Hearings On A New \$4 Billion Aid Program
Open Today Amid Growing Tension

Congress begins hearings today on a new six-year, \$4 billion aid program to Pakistan at a time of growing tension between the two countries over Pakistani progress toward the explosion of its first nuclear device.

The U.S. ambassador to Pakistan, Deane Hinton, bluntly warned the Pakistani government last week that a decision to proceed with a nuclear test was certain to trigger a congressional ban on any further U.S. economic and military aid and "produce a crisis in our relations."

(David Ottaway, Washington Post, A20)

BAKER SEES BRAZIL ACTION AS TEMPORARY

Treasury Secretary Baker yesterday called Brazil's decision to suspend payments on its international debt an unfortunate move, but a temporary one.

Commercial banks should not panic over the development, Baker told a Senate appropriations subcommittee. "The announcement did not say they will not pay; it just says their reserves are so low they cannot pay now," he testified. "I feel confident the problem will be resolved."

(Washington Post, F5)

ROGERS TO STEP DOWN AS NATO CHIEF IN JUNE General Retiring After Criticism Of Summit

BRUSSELS -- NATO authorities put an end to months of speculation about the future of their top military commander today when they announced that the White House had asked that Gen. Bernard Rogers be released from his responsibilities at the end of June.

The retirement of the controversial officer was generally attributed here to the immediate outcry he and his staff unleashed in opposition to some of the arms control accords considered by the Administration at the Reykjavik summit in October. (David Fouquet, Washington Post, A25)

NATIONAL NEWS

REAGAN TELLS CHIEF OF STAFF IT'S TIME FOR A GRACEFUL EXIT

Donald Regan has received the word from the President himself that he's out as the White House chief of staff, it was learned yesterday.

President Reagan and Regan are said to have agreed on a scenario that will produce the resignation of the 68-year-old aide within a week or 10 days.

A Reagan insider said this would give the former Wall Street executive a "graceful" way out.

Officially, Marlin Fitzwater said yesterday that Reagan and Regan had agreed to "sit down and talk about his future" after the report of the Tower commission is released. (Jeremiah O'Leary, Washington Times, A1)

GOVERNORS ENDORSE WELFARE OVERHAUL Speaker Wright Holds Out Hope For House Action This Spring

With only one dissenting voice, the nation's governors yesterday endorsed a major overhaul of the welfare system, emphasizing job training and work requirements for those now receiving aid.

Their newly approved policy won quick applause from House Speaker Jim Wright, who said he hopes to see House action on the issue this spring. Wright also indicated that Congress is likely to approve the federal government payment for most of the estimated additional \$1 billion a year in spending that the governors seek to finance training, child care and medical services for welfare recipients attempting to move into jobs.

(David Broder, Washington Post, A4)

Wright Vows Support Of Welfare Reform Plan

An overhaul of the welfare system sought by the nation's governors will be given a "high priority" in Congress this year, House Speaker Jim Wright said yesterday.

"I think I can promise you that we welcome with open arms your proposal on welfare reform," Wright told the governors. "We will give it a high priority."

"It cannot be revenue-neutral in its first year if it is to accomplish its objectives," Wright said. "In the long run it will be revenue-neutral if it takes people off the welfare rolls and puts them into productive jobs."

(Isaiah Poole, Washington Times, A2)

Governors, Key Lawmakers Push For Welfare Reform

Welfare reform is gathering momentum as a hot issue, thanks to the clout of the nation's governors, support from key lawmakers and some modest encouragement from the Reagan Administration.

"You're giving us the ammunition we need to move forward in this Congress," Rep. Harold Ford, chairman of the House Ways and Means subcommittee on public assistance, told a bipartisan panel of six governors presenting their plan to the full committee Tuesday afternoon.

(Jill Lawrence, AP)

FED CHIEF WARNS OF BUDGET GAP
Volcker Sees Link To Trade Deficit

Federal Reserve Chairman Paul Volcker yesterday warned Congress that the U.S. might not benefit from reducing its huge trade deficit unless the federal budget deficit is brought down at the same time.

The Fed chairman indicated that it is not economically necessary to reduce the deficit all the way to the \$108 billion target set by the Gramm-Rudman-Hollings deficit reduction law for fiscal 1988, however.

Volcker told the Senate Budget Committee that the amount of foreign capital flowing into this country will slow down in line with any reduction in the trade deficit. If the federal deficit and the government's need to borrow in capital markets to finance it are not cut, higher interest rates would be required to squeeze out some private borrowers, he said.

(John Berry, Washington Post, F1)

EDITOR'S NOTES: "Democratic Governors Cool To Hart Candidacy -- '88 Standard-Bearer Still To Be Found," by Bill Peterson, appears in The Washington Post, A4.

"Shultz Sees 'Green Light' For Mansion But White House Aides Miss The Signal," by Don Oberdorfer, appears in The Washington Post, A21.

NETWORK NEWS SUMMARY

(Tuesday Evening, February 24, 1987)

THE PRESIDENT/IRAN-CONTRA AFFAIR

NBC's Tom Brokaw: The President's memory, a beautiful secretary, a surprise lawsuit, and growing anticipation about the Tower commission's report -- those were the key elements today in the Iran-contra affair, a real-life drama that is being played out on so many stages here in the nation's Capital. The President's memory involves a New York Times story today that the President can't remember whether he authorized the initial Israeli arms sales to Iran. That subject came up when the President posed for pictures at an economic meeting today.

NBC's Chris Wallace: The President responded to reporters' questions today with one of his own, appearing to confirm he does not remember whether he approved the original arms shipments to Iran.

(The President: "If I could ask one question to everybody. Everybody that can remember what they were doing on August 8th of 1985 raised your hand. I think it's possible to forget. Nobody's raised any hands.")

What the President was doing that day was meeting with top advisers at the White House. Subject: whether to permit Israel to sell arms to Iran. White House sources say in two sessions with the Tower commission, Mr. Reagan gave conflicting accounts of what he decided, first indicating he approved the shipment then 16 days later that he did not. But top White House officials now say the real story is the President can't remember. House Speaker James Wright said it's appalling for Mr. Reagan to forget something so important.

(Reporter: "With your experience of working with him though, sir, do you find that credible that he wouldn't remember that big of a decision?"

Rep. Wright: "Yes, I find that credible.")

Another leading Democrat said it's one more case of the White House not coming clean.

(Rep. Fascell: "When testimony is changed, when documents are changed, when positions are changed, you have to say it's more than just a failure of memory.")

Charges of cover-up are focused now on Oliver North's secretary Fawn Hall who has told prosecutors she destroyed and doctored key evidence at North's request. Media interest in Hall is so great her lawyer had her pose for cameras today. She seemed to enjoy the attention.

(Fawn Hall: "It's a little overwhelming. One of my friends said Andy Warhol once said that everyone's famous for 15 minutes. I kind of feel like that right now.")

Avoiding cameras but still on the job: White House Chief of Staff Donald Regan. Top officials say the President won't discuss Regan's future with him until sometime next week, and some say Regan may still be able to hang on. The next big event though is the release of the Tower commission report on Thursday. Officials say the President will attend the panel's news conference to emphasize he wants all the facts out no matter how damaging -- facts that in some cases the President can't remember. (NBC-Lead)

-more-

ABC's Peter Jennings: It's been a nagging question ever since the Iran affair was revealed: Just when did the President approve the first arms sales to Iran, before they took place, or afterwards? The President has given conflicting answers to the commission which is investigating his National Security Council, and today the President said he doesn't remember.

ABC's Sam Donaldson: At the outset of a meeting with black leaders, President Reagan indicated to reporters that he has simply forgotten whether he approved in advance the Israeli arms shipment to Iran in the summer of 1985.

(The President: "If I could ask one question of everybody. Everybody that can remember what they were doing on August 8th of 1985 raise your hand. I think it's possible to forget. Nobody's raised any hands.")

In his first interview with the Tower commission, Mr. Reagan reportedly agreed with the testimony of his former national security adviser Robert McFarlane, that he had approved the Israeli arms shipment in advance. But at his second interview the President reportedly changed his story to that given by his Chief of Staff Donald Regan, which is that he had not given advance approval. This assertion of a faulty memory struck two top House Democrats as a less than perfect explanation for the switch.

(Rep. Wright: "That's appalling thing. Maybe he did forget. I'm not prepared to get into the inner sanctums of the President's mental processes.")

Rep. Fascell: "When testimony is changed, when documents are changed, when positions are changed, you have to say that it's more than just a failure of memory.")

When the Tower commission report is released Thursday morning, the President will appear to thank the commissioners and promise to study their work carefully. Then next week, probably Tuesday, he will deliver a prime time television speech with his response and perhaps hold a news conference, but that has not been settled.

(TV coverage: Still photo of the President with words above.)

And he will sit down with Chief of Staff Regan to discuss Regan's future which appears to be out.

(Rep. Cheney: "There's only one reason to serve as chief of staff and that's to serve the President of the United States. And when you can no longer do that then you should move on.")

Sources here say Regan's departure will not occur this week -- may not occur even next week, and when he goes he may go to another job in the Reagan Administration.

Jennings: Sam tells us Thursday is the day the President's own commission will present him with a report on the Iran affair and it is going to be very embarrassing. Today we know some of what that report is going to say.

ABC's Bob Zelnick: Tower commission sources have told ABC News that President Reagan gave vague and sometimes contradictory answers regarding the key issue of whether the Iran deals involved the trading of arms for hostages.

Zelnick continues: But despite some private skepticism, sources say the Tower report, lacking firm proof to the contrary, will accept the President's claim that he was most interested in using arms as part of a strategic initiative to open doors in Iran.

(TV coverage: Film of the President in the Cabinet Room and the Oval Office with words beneath.)

Commission sources say a different conclusion will be reached about John Poindexter, Oliver North, and others on the NSC. Based on internal memoranda and other material from the White House computer, the commission will find that these men were fully aware of the arms for hostages nature of the Iran business. For Chief of Staff Donald Regan some good news. The final commission report will make no finding of wrongdoing on his part, while commission sources say there has been testimony to a doctored Iran chronology prepared last November to minimize the President's role in the affair. Regan himself denies that.

(TV coverage: Still photos of the President and Mr. Regan with words beneath.)

Individual panel members find that denial unpersuasive, but lacking documentation, sources say the panel will not attempt to resolve the conflicting accounts. While the report will leave to independent counsel Lawrence Walsh the job of saying whether any individuals should face criminal prosecution, commission sources say it will accuse the NSC of ignoring legal restrictions on military aid to the contras and the sale of weapons to Iran. Finally, commission sources say the inability to question North and Poindexter who asserted the Fifth Amendment, or to get at Swiss bank account records, prevented the panel from learning much about the amount of Iran weapons profits diverted from the contras or the mechanics of the diversion. Commission sources say the lesson to be learned is that policies like helping the contras or getting the hostages home can not become obsessions, obsessions which are at war with common sense, prudent statecraft and the rule of law. (ABC-Lead)

CBS's Dan Rather: President Reagan reportedly first testified to the Tower commission that he did give advance approval for a secret shipment of weapons to Iran. Then he testified he didn't do that. Some of his top aides also have testified both ways. Today Mr. Reagan virtually confirmed that he now has told investigators he just doesn't remember.

CBS's Bill Plante: President Reagan, asked about reports that he couldn't remember whether he approved Israeli arms shipments to Iran before or after the fact, seemed to suggest that indeed he had forgotten.

(The President: "I'm not supposed to answer, but I'd like to ask one question of everybody. Everybody that remember what they were doing on August 8th of 1985 raise your hand. I think it's possible to forget. Nobody's raised any hands.")

Mr. Reagan changed his story on the arms sale in two different meetings with the Tower commission. A senior Administration official says the President just couldn't remember.

(TV coverage: Still photo of the President with words beneath.)

But a House Democratic leader calls it part of the White House damage control effort.

Plante continues:

(Rep. Fascell: "When testimony is changed, when documents are changed, when positions are changed, you have to say that it's more than just a failure of memory.")

Mr. Reagan's spokesman, asked if the President's memory is failing retorted, "That's outrageous. I won't deal with it." And, says the Speaker of the House, detachment is not an excuse.

(Rep. Wright: "The buck stops here. It doesn't make any difference whom the President appoints to help him do his job. That isn't the big question. The big question is the President himself and the assumption of responsibility by the President of the United States.")

A top Republican added his voice to those saying Donald Regan has a responsibility.

(Rep. Cheney: "There's only one reason to serve as Chief of Staff, and that's to serve the President of the United States. And when you can no longer do that then you should move on.")

Regan was asked at an office party this afternoon if he wanted to join the pool on when he was leaving. The chief of staff joked that if the stakes were high enough he'd rig the pool. But for the First Lady and some of the President's friends, it's no laughing matter. They continue to press for Regan's departure -- the sooner the better.

(CBS-Lead)

NORTH'S LAWSUIT

Brokaw: Lawyers for Oliver North surprised everyone today by claiming that the investigation by the independent counsel...is unconstitutional. In a suit filed in federal court North's lawyers argued that since the special prosecutor can not be fired by the President, he is not truly a member of the Executive Branch, and under the constitution, only the Executive Branch can prosecute crimes. Well the special prosecutor in this case, Lawrence Walsh, said he'll oppose North's suit, that the statute creating his position has been carefully studied, and it is constitutional, however, this matter never has been tested in court. (NBC-2)

Jennings: Col. Oliver North's legal team weighed in today with a legal challenge to the independent counsel which is investigating. The lawsuit tries to make a case for not having a special prosecutor.

ABC's Dennis Troute: Oliver North's attorney's filing asks that independent counsel Lawrence Walsh be thrown out and his office abolished because it is, "plainly unconstitutional." The basic argument: that a counsel appointed by a court gives the Judicial Branch the Executive's job of enforcing the law. Conservatives long have liked that argument, but in a rare public comment, Lawrence Walsh's office says that after careful and extensive study it is satisfied with the constitutionality of the law and it promises to oppose North's legal action. Meanwhile Fawn Hall, the woman who was Oliver North's personal secretary for four years, and whose testimony is buttressing the case against him, appeared for a photo session with newsmen today. She refused to answer substantive questions and said all this notoriety is unsettling....

Troute continues: Government sources say that during a month of sessions with Lawrence Walsh's staff investigators Hall has provided damning evidence against her former boss. They're attempting to build a case of obstruction of justice against Oliver North.... Congressional investigators now say they too would like to hear from Miss Hall. Her lawyer says if Congress guarantees her immunity from prosecution as the independent counsel has, she'll tell her story again on Capitol Hill. (ABC-2)

Rather: Fired White House aide Oliver North, key man in the secret arms and money dealings who so far has taken the Fifth and stonewalled, today tried to block efforts to get to the bottom of the deal and possible wrongdoing.

CBS's Rita Braver: ...North claims his (Walsh's) appointment violates the constitution and the separation of powers.... A former Watergate prosecutor says North's claim has merit.

(Philip Lacovara, former Watergate prosecutor: "The constitution assigns certain functions to the President as head of the Executive Branch, and even Congress can not take those functions away from him.")

...The suit could undermine Walsh's investigation delaying prosecutions for years. And it will increase pressure on Congress to give North the immunity he so badly wants.

Rather: While Oliver North refuses to talk, his own secretary is now apparently telling the independent special prosecutor plenty -- reportedly about destroying and doctoring national security documents before investigators could get to them. (CBS-2)

IRAN-IRAQ WAR/ARMS SALES

Rather: President Reagan has insisted that the many sophisticated arms sent to Iran could not have tipped the balance in the Persian Gulf war. But sensitive intelligence that was sent along with the arms may indeed have done just that.

(TV coverage: Still photo of the President below the words, "Arms Scandal.")

Pentagon witnesses have told the Tower commission that as part of the deal, Iran got what was supposed to be secret data on Iraqi troop locations which may have helped the Iranians score battlefield victories. (CBS-3)

CONTRA DIVERSION/IBC

Jennings: We have reported before that a number of the investigations underway have been concentrating their attention on private organizations with which Col. North was connected and which might have been used to channel money and arms to the contras in Nicaragua. One of the organizations being scrutinized is International Business Communications, or IBC.

ABC's John Martin: ...According to documents and minutes of its meetings obtained by ABC News, last year IBC helped carry out a vast national media campaign on behalf of the Nicaraguan rebels. It sent seven speakers to 72 congressional districts spread over 12 states.... IBC got a lot of money from another source and investigators want to know whether any of it went to buy arms illegally for the contras. The Tower commission is studying IBC's relationship to conservative "Spitz" Channell and the money Channell raised with former NSC staff member Oliver North. Some of that money may have been used to pay David Fisher after he left his job as special assistant to President Reagan and became an IBC consultant.

(TV coverage: The President and First Lady deplaning with Fisher behind them.)

Photocopies of bills and three checks show Fisher was paid \$20,000 a month by Channell.... (ABC-3)

MCFARLANE

Brokaw: Former national security adviser Robert McFarlane is out of the hospital and back in his office today. McFarlane, hospitalized two weeks for an overdose of Valium spent the weekend at a family cabin and checked out of Bethesda Naval Hospital yesterday. His lawyers said he'll be meeting with the special prosecutor and investigators for the House and Senate committees. (ABC-4, NBC-3)

IRAN-CONTRA AFFAIR/COMMENTARY

NBC's John Chancellor: It was three months ago this week when we learned of the Iran-contra scandals here at the White House. It's amazing when you think about that the Reagan Administration, so skilled in public relations, has let this drag on for three months. This White House used to solve P.R. problems in three days not three months. But in this case the White House has broken a basic law of public relations which says that if an organization has a problem, the way to deal with it is to get it all out in public right away. The Johnson & Johnson company did that when the Tylenol scare hit the headlines.... But the White House has followed the bad examples of companies like Firestone which got in deep trouble when it denied that some of its tires were defective.... The irony of the Iran-contra scandals is that an Administration which prides itself on its public relations abilities wouldn't or couldn't get its side of the story to the public. If the facts had come out last November, things would be much different here today. (NBC-10)

WELFARE REFORM/NATION'S GOVERNORS

Rather: President Reagan today tried to follow the lead of the nation's governors in proposing a major overhaul of the nation's welfare system. Mr. Reagan proposed his own plan to Congress today.

CBS's Lesley Stahl: Welfare reform is suddenly a hot political issue and the politicians have put it on a fast track. The nation's governors endorsed a welfare reform plan today. Congress is aiming for legislation by May. But most significantly, President Reagan has shifted his rhetoric from the tax on welfare queens who cheat the system, to calls for genuine welfare reform.

(TV coverage: The President at meeting today.)

He sent his proposal to Congress today.

(The President: "Our welfare reform package is our way of opening paths of opportunity.")

After years of outright hostility the political right and the left have found common ground.

(Gov. Cuomo: "The old welfare system is very, very unsatisfactory because it never broke the cycle of dependency. It just recreated it.")

According to Administration officials a CBS News documentary by Bill Moyers convinced the White House that the political climate was ready for welfare reform. The documentary argued that the current welfare system is destroying the American family.

(Charles Hobbs, assistant to the President: "We were fascinated by the fact that here he was dramatizing something that we were finding, and it really wasn't politically right or left at all.")

Congress and the governors emphasized mandatory work and education for most welfare recipients and they want as much as two billion federal dollars for job training and child care. The President proposes to set up demonstration projects around the country.

(Gov. Dukakis: "I think we're beyond that. We now know how you help people to lift themselves out of welfare dependency. It's good child care, it's real training for real jobs.") But the White House doesn't want to spend any additional money. It's focusing on eliminating bureaucracy and waste in the welfare system. Nevertheless Republicans think it's a good political issue. So much so that presidential aspirant, Senator Bob Dole, assigned himself a highly visible seat on the Senate Welfare subcommittee. He believes the White House will compromise because it needs this issue.

(Sen. Dole: "Well I think to a certain extent the White House needed an agenda. They were casting about with all the Iranian controversy and a lot of everybody dumping on the White House. It demonstrates that Ronald Reagan, who's quite conservative, is also very pragmatic.")

Sen. Moynihan: "I think there's a sense of 'Hey, we're about to be in real trouble if we don't get hold of this. That society itself is at risk and you better straighten out.'")

The welfare reform movement would not have gotten this far without President Reagan, but key members of Congress say that if he doesn't join in their consensus to spend more money they can and will go forward without him. (CBS-4)

Brokaw: The nation's governors today approved a sweeping new plan to put people on welfare to work. They took it to Congress where House Majority Leader Jim Wright said, "We will give it a high priority." And President Reagan has endorsed major parts of this plan.... The governors called for a binding contract requiring welfare recipients to strive for self-sufficiency. (NBC-4)

PENTAGON/ROGERS/GALVIN

Jennings: The Pentagon said today that General Bernard Rogers, the supreme allied commander in Europe, will leave his post at the end of June and that his successor is likely to be General John Galvin, currently commander in chief of southern command which includes Central and Latin America. (ABC-5)

FOREIGN DEBT/BRAZIL

Jennings: Two of the Administration's top economic advisers went to Capitol Hill today to reassure nervous lawmakers worried about Brazil. Both Federal Reserve Chairman Paul Volcker and Treasury Secretary James Baker say they think Brazil's decision to suspend payment on its international debt is just a temporary measure. Temporary or not, it has been a shock to stockholders of American banks and to the financial markets. (ABC-9)

CHALLENGER/MORTON THIOKOL

Jennings: The Morton Thiokol company which built the booster rocket blamed for the Challenger disaster has reached what amounts to an out of court settlement with NASA. Thiokol has agreed to give up \$10 million in profits from its work with the space agency. Thiokol has also agreed to perform an additional \$409 million worth of repair work on the booster rocket design at cost without profit. Thiokol accepted no liability for the Challenger explosion. (ABC-12, CBS-13, NBC-7)

AIDS

Jennings: Public health officials and civil rights advocates gathered in Atlanta today for two days on hearings on a number of proposals to fight the spread of AIDS. The Center for Disease Control is considering a plan which would require testing millions of Americans for exposure to the AIDS virus.

ABC's George Strait: ...While the consensus at this conference is that expanding AIDS testing is a bad idea, there's a sense that it might have to be. As the Secretary of Health and Human Services said, "A few individual rights might have to be sacrificed if AIDS is to be conquered." (ABC-6, CBS-9, NBC-8)

SUPREME COURT/POLICE SEARCHES

Rather: A U.S. Supreme Court ruling today tried to balance the rights of defendants accused of rape and the rights of victims to privacy.... On another case the high Court gave police a victory today on a controversial search of a citizen's home. The justices said police could use as evidence a packet of drugs seized when police searched the wrong apartment. Also on stage today the Supreme Court ruled that a full-time gambler may deduct losses at tax time.

(CBS-13, NBC-9)

EDITORIALS/COLUMNISTS

STRATEGIC DEFENSE INITIATIVE/ABM TREATY

U.S. Shouldn't Be Hooked With Early SDI Deployment -- "The question comes down to a military one. A SDI system would make it harder for Soviet military planners. It would give the United States at least some options to use in case of an attack or threat. It could help defend a missile site, though President Reagan has been touting SDI as a population defense. So the follow-up question is: Are there other options to improve security by limiting the arms race rather than splitting it wide open? The answer is yes, and those options ought to be exhausted first."

(Dayton Daily News, 2/11)

Broaden ABM Treaty, And Get On With SDI Testing In Space -- "It is in continued development of that program (SDI), which I have strongly supported since President Reagan launched it in 1983, that lies the best hope of getting a realistic nuclear arms agreement with the Soviets. Whether or not President Reagan is able to get such an agreement before his term ends, it is in the best interests of our future security and the security of our children and grandchildren that we proceed with development of a space defense system that will defend us from nuclear attack."

(William Randolph Hearst, Jr., Los Angeles Examiner, 2/15)

Wrecking Another Treaty -- "The real concern among State Department officials may be that a U.S. decision to abrogate the ABM Treaty would further undermine public support both here and abroad for the already beleaguered Reagan White House. Public broadcasts of Administration in-fighting don't help. What Reagan could use right now is the image, if not the reality, that his Administration still has a few happy campers."

(Des Moines Register, 2/11)

Rash Reading Of ABM Pact -- "It is becoming apparent that the Reagan Administration -- on its own -- is trying rashly to commit this nation to a course of acquisition and deployment of a "star wars" system and a break with an ABM Treaty that will prove difficult if not impossible to repair."

(Denver Post, 2/10)

Will SDI Outlast Reagan? -- "Events of recent weeks show clearly that without more assertive leadership from Mr. Reagan, the Administration's Strategic Defense Initiative risks being promptly abandoned by the next president and a skeptical Congress. With only 23 months still to govern, the President has scant opportunity left to recast the superpower balance of terror.... Consequently, SDI has reached a critical juncture Mr. Reagan must either win acceptance of the program by Congress and America's allies soon, or watch it atrophy in the face of budgetary pressures, a determined clique of domestic critics, and an unrelenting diplomatic onslaught by Mikhail Gorbachev."

(San Diego Union, 2/12)

Arms Control, Not Decontrol -- "Mr. Reagan and his defense secretary are reported to believe that they could broadly define the ABM Treaty without consulting with the Soviets or with Congress. The President thinks he can order deployment and still honor the ABM Treaty. The Soviets would object, but they wouldn't do more than that, the Administration predicts. It's wonderland thinking."

(Hartford Courant, 2/15)

EDITORIALS & COLUMNISTS (columnists)

CATASTROPHIC HEALTH INSURANCE

Reagan Health-Care Plan Would Benefit Elderly -- "Reagan's approval of this program, recommended by Dr. Otis Bowen, Secretary of HHS, did not come easily. The Bowen plan had divided the Administration. In sending his recommendation to a receptive Congress, Reagan overruled the objections of three powerful aides -- his attorney general, budget director and top economic adviser. The President made a wise choice."

(Buffalo News, 2/14)

Reagan's Medical Plan Healthy -- "There is much to recommend the plan. Although it may not go the full distance in guaranteeing that senior citizens will not have to face the financial devastation caused by catastrophic illness, it is a substantial step toward that goal."

(Atlanta Constitution, 2/19)

Catastrophic Politics -- "It's clear that Mr. Reagan has made a large political mistake here. The President reportedly decided to support the Bowen plan out of genuine distress for the financial burden serious illness can impose on the near-poor. It's not at all evident, however, that the President or anyone around him gave much thought to what would happen to this admirable concern if it were rolled onto the policy table of a town that thinks only of public, federally paid-for answers to all the world's painful, human problems."

(Wall Street Journal, 2/15)

Many Need More Help -- "The President's proposal for catastrophic health insurance is a start, but that's about all. It does not really address the problem of even minimal health care for large segments of our population. That is a tragedy for the richest nation in the world.... We recognize that money is a problem for the federal government in a time of huge deficits. The real problem, however, is misplaced priorities of how federal tax dollars are spent."

(Statesman-Journal, Salem, Ore., 2/14)

Congress Should Try To Find Better Answers Than Reagan's -- "Congress and the country should take a long, careful look at President Reagan's proposal to broaden Medicare to cover catastrophic illnesses.... If Congress moves full speed ahead with the Reagan plan -- or with any of the even more drastic proposals -- there will never be an opportunity to unscramble the egg. America must take a careful look first."

(Cincinnati Enquirer, 2/18)

Dealing With Cost Of Catastrophic Care -- "Although Reagan is often described as a conservative ideologue, he has a pragmatic side that seems to have prevailed in this case. At age 76, it isn't surprising that he has an interest in the cost of health care for the elderly.... The final legislative product may not be identical with his proposals, but chances are good that a viable program of protection against catastrophic medical costs for the elderly will emerge from this session of Congress."

(Honolulu Star-Bulletin, 2/20)

FOREIGN MEDIA REACTION

IRAN-CONTRA

"On Thursday the Tower Commission, the most prestigious of the Irangate investigating teams, delivers its report. No one expects it to be other than scathing about the shambles at the heart of the Reagan Administration...." (Guardian, Britain)

"Public confidence has been sapped by the Iran-contra scandal even more than might have been expected, thanks to the inadequate way in which the President's advisers have prepared and protected him throughout the crisis...." (Daily Telegraph, Britain)

"There is reason to believe that the executive power is close to paralysis....Weeks are going by and we do not see how the 'great communicator' could make a comeback. Because of differences between the two main figures in the Administration--Shultz and Weinberger--the cabinet will not be able to run the country without the President..." (Le Monde, France)

"A crucial week is beginning for President Reagan with the publication of the report made by the Tower committee.... The President might take advantage of this difficult moment to address the country in a press conference. For the time being, it's the imminent departure -- resignation or firing -- of Donald Regan which is the main issue...." (Figaro, France)

"The affair of arms sales to Iran continues to provoke spectacular developments and revelations. A new head is about to fall, that of Donald Regan blamed for trying to hide the activities of the Presidency." (France-Soir, France)

"It is not completely clear yet what the President knew about Irangate. If, however, he knew about all the intrigues originated in the White House basement, he must share responsibility for them. If, on the other hand, he was kept in the dark, he appears an incapable person maneuvered by his subordinates.... At this point Donald Regan's resignation is taken for certain...and perhaps the President will give a press conference to apologize publicly before the nation...." (La Repubblica, Italy)

"Mr. Donald Regan, will resign on Friday, one day after the publication of the Tower Report on the Iran scandal. He will be replaced by Mr. Drew Lewis, a former Transport Secretary and once President Reagan's envoy to acid rain talks with Canada. Administration sources, predicting these changes to the Times said Mr. Regan's departure had already been arranged, although both he and the President have insisted publicly it is up to the other to decide..." (Times, Britain)