

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: News Summary Office, White House:
News Summaries, 1981-1989

Series: II: WHITE HOUSE NEWS SUMMARY FINALS,
1981-1989

Folder Title: 02/26/1987

Box: 394

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 26, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Tower Board Will Contradict Reagan On Arms Sales, Source Says -- The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

(USA Today, Washington Times, AP, UPI, Reuter)

INTERNATIONAL NEWS

Options For Expanding Tests Of SDI Kept Alive In Budget -- A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

(Washington Times)

NATIONAL NEWS

Indictment Blocked As Deaver Files Suit -- Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

(Washington Post, Washington Times)

NETWORK NEWS (Wednesday Evening)

TOWER REPORT -- The Tower report will clear President Reagan of any wrongdoing.

IRAN ARMS/EUROPEAN REACTION -- The view in Western Europe is not a flattering one.

IRAN-CONTRA AFFAIR/VICE PRESIDENT -- Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.



"It looks as if the ABM treaty won't allow baseball in Washington."

IRAN — NICARAGUA

TOWER POWER MAY HAVE BEEN UNFORESEEN

President Reagan appointed the three-man Tower Commission Nov. 26 in what was seen at the time as a low-key investigation into what role his NSC staff may have played in the Iran-contra crisis.

But what the commission reveals three months later in its final report today could spark fundamental changes in the way Reagan's Administration and future administrations implement foreign policy. (Dana Walker, UPI)

Tower Report To Conclude Arms Sales, Hostages Linked

The Tower commission will find that President Reagan agreed to sell arms to Iran in the hope of gaining the release of American hostages, sources said yesterday.

Marlin Fitzwater, in advance defense of Reagan, said yesterday the President has acted "entirely appropriately throughout the whole thing."
(Jeremiah O'Leary, Washington Times, A1)

Tower Board Will Contradict Reagan On Arms Sales, Source Says

The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

A source at the Tower commission said the panel concluded that an arms-for-hostages swap was the center of U.S. contacts with Iran.

While the idea of trying to establish ties with a strategically important nation "may have been in the President's thoughts," the source said, "we didn't accept the notion of it being the driving force. That does not appear in fact to be what drove the program."
(Terence Hunt, AP)

Reagan's Role The Focus As Iran Arms Report Is Issued

President Reagan receives a report today from a commission investigating the Iran arms scandal that could determine the course of his presidency for months to come.

White House officials say they expect the document to be hard-hitting and highly critical of the operations of Reagan's NSC.

But the focus of attention will be on its findings about Reagan's role in the scandal, which has plunged him into his worst crisis since he came to the White House and has raised questions about his hands-off style of government.
(William Scally, Reuter)

Iran Report Out Today; Regan Too?

The nation's capital is awash in reports that Donald Regan will resign before next week -- probably Friday.

Marlin Fitzwater had no comment on those reports -- which surfaced as the White House prepared for today's release of the Tower Commission report.

But CBS News and others quoted unnamed sources saying Regan is out.
(Johanna Neuman & Jessica Lee, USA Today, A1)

WHITE HOUSE IRAN MEMO MAY BE FAKE, PROBERS SAY

A key White House memorandum on secret arms sales to Iran, released publicly by the White House last month in an attempt to explain the policy, may have been a fake, congressional investigators said Wednesday.

Congress' two special committees on the arms sales are investigating whether the memorandum was deliberately altered last November by John Poindexter to make it appear that President Reagan was not aware of two Israeli weapons shipments to Iran in 1985, they said.

"The questions of alteration of documents and slanting documents to protect the President are clearly matters that we are interested in," said Rep. Lee Hamilton. He confirmed that the memorandum is one of the documents being studied by his committee but said it is too early to conclude whether the paper was part of a deliberate attempt to cover up the President's involvement.

(Doyle McManus & James Gerstenzang, Los Angeles Times, A1)

CARLUCCI REVIEWING SECRET OPERATIONS

Security Aide Says He Told Tower Panel Of Intended NSC Changes

Frank Carlucci said yesterday he is conducting a "zero-based review" of the dozens of presidential authorizations for secret operations overseas and is nearing completion of studies of other U.S. policies around the world.

As of noon yesterday, Carlucci told Washington Post editors and reporters, he had not seen the (Tower) commission's conclusions. Carlucci said he informed the commission at the start of its inquiry of the general nature of the changes he planned to make at the NSC, and reported to the commission last Friday on what he has done. "They indicated no problems with what I intended to do," Carlucci said.

(Don Oberdorder, Washington Post, A23)

TIMES POLL FINDS PUBLIC WANTS NEW DIRECTION FOR U.S.

Americans by a margin of more than 2 to 1 want their next president to distance himself from President Reagan's policies and by a significant margin think Vice President Bush's association with Reagan will hurt rather than help his chances to become president, the Los Angeles Times Poll has found.

Although attitudes follow predictable party lines, with 81% of Democrats and 37% of Republicans wanting new national directions, the poll results appear to reflect the political damage of the Iran-contra affair and raise the possibility that an association with Reagan may be a liability to Bush and others in the 1988 presidential election.

Two-thirds of the public believe Bush's role in the Iran-contra affair has been minimal or nonexistent, yet nearly half the respondents -- including 61% of the Democrats and 25% of the Republicans -- think his association with Reagan will hurt his chances of becoming president. By a margin of 44% to 37%, they believe his ties to Reagan will hurt his presidential prospects.

(David Lamb, Los Angeles Times, A1)

SEN. BOREN TO SEEK VOTE ON GATES SOON
Action Could Doom CIA Nomination

The nomination of Robert Gates as director of the CIA ran into serious new difficulties yesterday. The Democratic chairman of the Senate Select Committee on Intelligence, Sen. David Boren, announced that he will ask the panel to act soon on the nomination, which Senate sources said could doom Gates' chances of confirmation. A committee Republican, Sen. Arlen Specter, urged President Reagan to consider withdrawing Gates' nomination.

Boren said he will ask the committee to vote up or down on Gates or ask Reagan to withdraw his name, although other senators have suggested that Gates remain as acting director while inquiries by congressional committees and a special counsel continue into the Iran-contra affair. Boren said that leaving Gates as "interim acting director for a prolonged period of time" would not be "good for national-security interests."

(Walter Pincus & Bob Woodward, Washington Post, A1)

WALSH VOWS TO PRESS AHEAD DESPITE JUDGE'S RULING

Lawrence Walsh, the independent counsel in the Iran-contra scandal, maintains a federal judge's order blocking another special prosecutor case will not affect his own and he will proceed "without interruption."

Walsh was unruffled Wednesday in reacting to the abrupt and unexpected ruling by U.S. District Judge Thomas Jackson that temporarily halted the case against ex-White House aide Michael Deaver because of constitutional questions.

(Lori Santos, UPI)

JUSTICE DEPARTMENT LAWYERS SUPPORT
ATTACK ON INDEPENDENT COUNSEL LAW

Justice Department officials who support the attack on the independent counsel law being waged by Lt. Col. Oliver North and former White House aide Michael Deaver say the statute is a slap in the face to federal attorneys.

Last month, Assistant Attorney General Charles Cooper said that if the independent counsel statute was "appropriately" challenged in the courts, the department would join in a lawsuit to overturn it.

Cooper's "view is similar to the position that has been taken by a number of department officials going back some 14 years," Patrick Korten, a Justice Department spokesman, said Wednesday.

(Pete Yost, AP)

POLITICAL DIRECTOR URGES REAGAN
TO PICK FIGHTS WITH CONGRESS

President Reagan's departing political director is urging him to pick some fights with Congress to overcome "discouragement and restlessness" among his supporters because of the Iran-contra affair.

Mitchell Daniels said in an interview Wednesday that he believed the arms sales affair "can be transcended and put in the shadows by remedial action and by the passage of time."

"A good fight is politically useful to the President if the issue is carefully selected," said the aide, who has been assistant to the President for political and governmental affairs. (Dale Nelson, AP)

EDITOR'S NOTES: "Handing Out The Tower Report: After President Reagan, The Deluge -- Government Printing Office Gripped In Tight Security," by Bill McAllister, appears in The Washington Post, A25.

"John Tower & His Arduous Mandate -- The Former Texas Senator's Difficult, Painful Job Heading Up Reagan's Iran Arms Investigation," by Mary Battiata, appears in The Washington Post, B1.

"Remember The Day... -- Aug. 8, 1985: A Power Anthology," by Lois Romano, appears in The Washington Post, B1.

INTERNATIONAL NEWS

REAGAN COMMITTED ON SDI DEVELOPMENT, CARLUCCI SAYS

President Reagan "is committed to moving ahead" with the controversial SDI, Frank Carlucci said yesterday, and will sign no agreement with the Soviet Union that would "kill or cripple" the program.

But the President is at the same time "genuinely interested in seeing what the views of Congress and the allies are" on a proposal to "reconfigure" the program so that more realistic experiments can be conducted under a more permissive interpretation of the 1972 ABM Treaty.

(Jeffrey Smith, Washington Post, A35)

OPTIONS FOR EXPANDING TESTS OF SDI KEPT ALIVE IN BUDGET

A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

But the 1988 budget request will allow a rapid restructuring of SDI if the Administration adopts the more permissive reading urged by some U.S. officials, Lt. Gen. James Abrahamson said.

(Warren Strobel, Washington Times, A3)

BONN URGES U.S. TO WEIGH SDI IMPACT

Arms Talks Damage Feared, Kohl Says

BONN -- The West German government today bluntly urged the U.S. not to formally adopt a controversial reinterpretation of the 1972 ABM Treaty if that action would set back arms control talks with the Soviet Union.

An official statement used unusually strong language to emphasize West Germany's skepticism over proposals in Washington to formally adopt the so-called "broad interpretation" of the ABM Treaty. The broad reading would permit expanded testing of SDI.

(Robert McCartney, Washington Post, A29)

GORBACHEV CANDID ABOUT OPPOSITION

He Assures Critics His Plans Won't Invite Social Unrest

MOSCOW -- Mikhail Gorbachev, in his most candid acknowledgment of opposition to his policies, sought today to assure critics that "democratization" would not produce disarray in Soviet society.

Addressing a labor union convention, he said: "Greater democratization may prompt some people to ask whether we are not disorganizing society, whether we shall not weaken management and lower the standards for discipline, order and responsibility."

(Philip Taubman, New York Times, A1)

SOVIETS DETONATE NUCLEAR TEST

MOSCOW -- The Soviet Union on Thursday conducted its first nuclear test in more than 1½ years, exploding a device on its testing range in Soviet Kazakhstan.

Tass said the explosion was staged "to check the results of research into the physics of a nuclear explosion," but gave no further details.

(AP)

3 GROUPS CHanneled ARMS TO CONTRAS AFTER BAN

Three distinct and competing groups supplied millions of dollars in weapons to the Nicaraguan contras after Congress banned the U.S. government in October 1984 from providing arms directly, according to documents, contra officials and brokers involved in the transactions.

Two of the groups providing arms had direct ties to Lt. Col. Oliver North, the NSC staff aide fired Nov. 25 for his role in the Iran arms sales-contras aid affair. One rebel source described North's intervention as critical in making certain that the weapons reached the contras after they were shipped from Europe.

(Benjamin Weiser & Joe Pichirallo, Washington Post, A1)

CONTRA AID/ABRAMS

Assistant Secretary of State Elliott Abrams met last March with a retired general involved in aiding the contras but refused to discuss a plan to provide weapons to a Nicaraguan rebel faction, a U.S. official said Wednesday.

The State Department official, who requested anonymity, branded as "pure fantasy" an assertion by retired Gen. John Singlaub that Abrams had approved his plan to provide military aid to Nicaraguan rebel leader Eden Pastora.

The Miami Herald reported Thursday that Singlaub said he told Abrams about his plan to aid Pastora and the State Department official approved the project.

(Matthew Quinn, UPI)

SHULTZ LEAVES FOR CHINA

Secretary Shultz, leaving the Iran arms controversy behind for a few days, is traveling to China where the leadership is still grappling with the debate over wider democracy.

A senior U.S. official said the U.S. view is that Chinese leaders will continue loosening up controls. "It is a question of how fast, not whether" there will be such a change, the official said.

He said Shultz will discuss "every aspect" of the U.S.-Chinese relationship, including human rights.

(Jim Anderson, UPI)

YEUTTER LABELS SANCTIONS A 'MACHO' TRADE SOLUTION

Congress is seeking too "macho" a solution to the nation's trade imbalance when it considers imposing mandatory sanctions, U.S. Trade Representative Clayton Yeutter said yesterday.

"The world is too complex to be inflexible, and every time we write things into the law it comes back to haunt us," Yeutter told members of the National Association of Manufacturers.

Yeutter said trade bills such as one offered by Senate Finance Committee Chairman Lloyd Bentsen "have major shortcomings. We can do a lot better than that."

(Craig Webb, Washington Post, E3)

BAKER HIT FOR URGING U.S. TO BACK DEVELOPMENT BANKS

Treasury Secretary Baker's call for the U.S. to pay its share of the budget for international development banks was sharply criticized on Capitol Hill yesterday.

"The United States taxpayer can no longer afford to subsidize frivolous loans to blatantly unfriendly nations," Sen. Jesse Helms said.

(UPI story, Washington Post, E3)

NATIONAL NEWS

WHITE HOUSE STAFF SHAKE-UP SAID NEAR Reagan Calls Meeting On Tower Report; Regan Departure Seen

President Reagan and Vice President Bush yesterday canceled plans to leave Washington this weekend and sources close to the Administration said that a major White House staff shake-up that includes the departure of chief of staff Donald Regan is imminent.

Reagan is summoning top strategists, including longtime political adviser Stuart Spencer, to the White House on Friday night to discuss prospective staff changes and the Administration's response to the Tower special review board's report.

(Lou Cannon & David Hoffman, Washington Post, A1)

REAGAN HEARS BLACK CONCERNS 'Pleased With His Response,' Jackson Says

Jesse Jackson said yesterday he appealed to President Reagan to restore \$5 billion in education budget cuts and to increased pressure on South Africa.

"I am pleased with his response at this stage," said Jackson, who was last at the White House in January 1984 after helping free downed American flier Robert Goodman in Syria.

He said the only result of the meeting, which included Donald Regan, James Miller and a representative of the NSC, was that White House aides would meet again with the civil rights leaders.

(UPI story, Washington Post, A16)

HIGH COURT AFFIRMS PROMOTION QUOTAS

A sharply divided Supreme Court handed supporters of affirmative action a victory yesterday, upholding a plan for promoting equal numbers of blacks and whites on the Alabama State Police force.

By a 5-4 vote, the court said the plan does not violate the Constitution. The plan forces the state police to promote one black trooper for every white promoted until blacks comprise 25 percent of upper-rank officers.

The ruling is a defeat for the Reagan Administration, which argued the quota is "profoundly illegal."

(Washington Times, A1)

DEAVER THWARTS ATTEMPT TO SEEK HIS INDICTMENT
Suit Challenges Prosecutor's Authority

An independent prosecutor moved to obtain an indictment of former White House aide Michael Deaver yesterday on four counts of perjury, but Deaver temporarily avoided any indictment when a federal judge agreed to consider his challenge to the independent counsel's appointment.

"So long as he thought the investigation might clear him, it was a wonderful investigation and a constitutional investigation," Whitney Seymour, the independent counsel, told the judge. He said Deaver "has been using our office...so long as it was dampening any public question about his conduct."

Had the nine-month investigation ended without indictment, Seymour said, Deaver "would have been the first to say, 'Wow, I've been vindicated and this is a great process.' Instead, the grand jury is going to allege that the first time he came before them, he lied to them."

(Howard Kurtz, Washington Post, A1)

Indictment Blocked As Deaver Files Suit

Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

Deaver's attorneys said the investigation has driven off many of Deaver's clients and threatens to destroy his consulting business.

Deaver, who has consistently denied any wrongdoing, would not comment on yesterday's ruling, said Randall Turk, one of his attorneys.

(George Archibald, Washington Times, A1)

CHOOSING SIDES ON DEFICIT TARGET
Democrats Clash With Republicans Over Depth Of Budget Cuts

In an early demonstration of the opportunities and perils surrounding the federal deficit, Republicans and Democrats yesterday engaged in a series of rhetorical skirmishes over meeting the \$108 billion deficit target required by the Gramm-Rudman-Hollings balanced-budget act.

"The role of Gramm-Rudman, in my judgment, is that you cut \$36 billion a year," said House Majority Leader Thomas Foley in a speech to a business group yesterday morning. "I think we need to be getting realistic."

(Tom Kenworthy, Washington Post, A8)

'CATASTROPHIC' HEALTH CARE ATTRACT BACKERS IN HOUSE

"Catastrophic" health insurance proposals for the aged received a powerful boost in the House yesterday as Ways and Means Committee Chairman Dan Rostenkowski and Rep. John Duncan, the panel's senior Republican, agreed to cosponsor a bill being introduced by health subcommittee leaders, according to committee sources.

The proposal, to be introduced today by Reps. Fortney Stark and Willis Gradison is similar to the measure developed by Secretary Bowen and endorsed by President Reagan. (Spencer Rich, Washington Post, A25)

HOUSE PANEL PROBING COMPUTER
SECURITY SUBPOENAS POINDEXTER

John Poindexter has been subpoenaed by a House subcommittee to testify on government computer security, but his lawyer is refusing to say if Poindexter will show up.

The House Government Operations Subcommittee on National Security, on a voice vote with no dissent, decided to issue subpoenas Wednesday after Poindexter and his former aide Kenneth deGraffenreid refused committee invitations to appear. (Bud Newman, UPI)

SPACE STATION IN 'DEEP TROUBLE'
NASA Allies In Congress Question Mission And Escalating Costs

Some of the space program's staunchest supporters on Capitol Hill yesterday warned that the proposed space station is in "deep trouble" if the Administration does not come up with answers, fast, about the station's mission and soaring costs.

Rep. Bill Nelson, chairman of the House Science and Technology subcommittee on space science and applications, pointed out that the committee had "gone to the wall" to ensure that station funding was included in the last budget, based on repeated assurances that it would cost \$8 billion and would be "bending metal" sometime this year.

(Kathy Sawyer, Washington Post, A7)

EDITOR'S NOTE: "Officials Say Air Force Understates B1 Problems -- Up To Half Of Bombers At Texas Base Reportedly Grounded Recently," by Molly Moore, appear in The Washington Post, A6.

NETWORK NEWS SUMMARY

(Wednesday Evening, February 25, 1987)

TOWER REPORT

NBC's Tom Brokaw: NBC News correspondent Tom Pettit can report tonight that when the Tower commission report comes out tomorrow morning, it will likely clear the President of any wrongdoing, but it will say that the President misled Congress and the American people. The report will not reach any conclusions about whether the Iran deal was an arms-for-hostage arrangement. It was, according to the Tower commission report, many things to many people. At the White House the President and his advisers now are preparing for tomorrow's release of the Tower commission report on the Iran-contra affair, and it is expected to be very harsh -- tough on the President and most of if not all the principal figures in the secret arms sale. It turns out the President has given the commission still another version of his role.

NBC's Chris Wallace: The President gave his latest account to the Tower commission last Friday, saying in a letter he honestly had no recollection of whether he authorized Israeli shipments to Iran and "may have allowed myself to be influenced by the recollection of others."

(TV coverage: The President walking out of the O.E.O.B.)

White House sources tell NBC News Mr. Reagan wrote the letter because he felt Chief of Staff Regan and others manipulated him to change his testimony. Meeting with the commission on January 26, the President, while vague, indicated he approved Israeli shipments to Iran in advance. But on February 11th, Mr. Reagan said he now believed he did not approve the shipments. That was also Regan's version in his testimony.

(TV coverage: Still photo of the President on calendar pages.)

Between the two meetings the chief of staff and other aides met with the President, according to one, to stimulate his recollection.

(TV coverage: The President walking with Mr. Regan.)

Officials say the First Lady was furious about Regan's role and after stories of the conflicting testimony came out, the President wrote his letter saying he can't remember.

(TV coverage: The President and First Lady leaving the White House for Marine One.)

Today leading Democrats expressed amazement.

(Sen. Byrd: "Well the President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well he doesn't remember what he said and when he said it."

Sen. Hollings: "When he's had a categorical policy not to deal, on the hostage takers, not to deal with terrorism and terrorists, and he violated his own policy. I don't see how he could forget it.")

Tomorrow the Tower commission will issue what is expected to be a highly critical report stating the President failed to keep a firm hand on his foreign policy failing to control Oliver North and John Poindexter.

Wallace continues: But White House Spokesman Marlin Fitzwater maintained the President has acted entirely appropriately throughout the whole affair. Mr. Reagan will stay at the White House this weekend meeting with top advisers on how to pull his presidency out of the arms scandal. But it appears one key decision has already been made. A top Republican source says the President and chief of staff have agreed Reagan will be leaving within days. (NBC-2)

ABC's Peter Jennings: It will be tomorrow morning when the presidential commission, the Tower commission, will report its findings to the nation and to the President on the National Security Council and the Iran-contra affair. The commission has covered much more ground than it ever imagined it would when it began.

ABC's Bob Zelnick: Tower commission sources say tomorrow's report will hold President Reagan responsible for the way his National Security Council functioned although he was probably not aware of several specific misdeeds.

(TV coverage: The President at an Oval Office address with words beneath.)

In the words of one commission source, "The President hired the top NSC people, set its priorities, and demanded results. If he didn't know what was going on that's part of the problem, not a defense."

(TV coverage: The President reading papers in the Oval Office.)

Commission sources say that while the President can't recall when he first approved the shipment of weapons to Iran, once they did get underway he was briefed frequently on Iranian contacts, but the President's attention span at such sessions was limited. Sources say he'd inject little more than an occasional anecdote into the discussions. The President had what sources describe as even sketchier knowledge of NSC contacts with private efforts to raise funds for Nicaragua's contras or deliver weapons to them. In each case, sources say, a more alert President could have known that something close to the edge of the law was going on....

(TV coverage: The President at a public speech.)

Commission sources say the Tower panel found no evidence Mr. Reagan knew about the subsequent diversion of Iran weapons sale profits to the contras. Commission sources say the trouble with the Reagan NSC was not that it exceeded its authority but that the President placed no real limits on that authority. The problem was less one of structure than presidential leadership.

Jennings: Yesterday on this broadcast you heard the President explain in his own words why he thought it was possible that he forgot whether he approved the first Iran shipments to Iran before it happened or afterwards. Today the White House confirmed that is also what the President told the Tower commission in a letter he sent last week.

ABC's Sam Donaldson: President Reagan and his Chief of Staff Donald Regan kept up appearances today but the strain was noticeable. Mr. Reagan's spokesman confirmed that the President sent a letter to the Tower commission last Friday containing yet another version of what he remembers about his role in the first Israeli arms shipment to Iran.

Donaldson continues: The President originally indicated to the commission that he approved that shipment in the summer of 1985 in advance. Later he told the commission that upon reconsideration he hadn't. In Friday's letter he said he simply can't remember whether he did or not, that his earlier versions may have been influenced by the recollection of others.

(TV coverage: Still photo of the President with still photos of the Tower board members with words between them.)

These multiple adjustments of memory drew ridicule from congressional Democrats.

(Sen. Byrd: "The President can't seem to keep his tail straight."

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Sen. Hollings: "Well, that is the problem because not remembering a particular event on a particular day, but rather forgetting that he violated his own policy against terrorism. You can't forget that."

Rep. Dorgan: "I'd want to forget too if I decided we ought to send guns to the Ayatollah Khomeini.")

Reagan loyalists blame Chief of Staff Regan for this latest memory lapse embarrassment, and each day comes new seemingly authoritative word that Regan is out and has been told as much by the President. "He's a changed man," said one source. "The fight has gone out of him." The President will spend the weekend here at the White House consulting with advisers and outside friends on what and who to do next. But a source who knows Regan's thinking says Regan believes that he and the President have agreed that his departure will not come until at least next week. (ABC-2)

CBS's Dan Rather: Donald Regan is a goner. White House Correspondent Bill Plante has been told tonight that White House Chief of Staff Donald Regan is on his way out perhaps in a matter of days, possibly over the weekend. Plante also has some advance details on the what the Tower Commission will say tomorrow about what President Reagan and his aides did in their secret Iran deal.

CBS's Bill Plante: The Tower Commission will report tomorrow that just about everyone in the Administration, except the President, believed the U.S. was trading arms for hostages.

(TV coverage: Film of the President making a public speech.)

Sources say that, while Mr. Reagan did nothing illegal, the report will show that he was detached from policy making and that his White House decision making process was a disaster waiting to happen.

(TV coverage: Film of the President at his desk in the Oval Office.)

Chief of Staff Donald Regan, according to commission sources, gets bad marks as a manager. The report finds evidence he took part in a cover-up designed to minimize the President's involvement. John Poindexter is pictured as deliberately deceiving his superiors. Both he and Oliver North, say sources, operated far beyond their authority, but, because the commission could not interview them or get access to bank records, it is unable to trace the diversion of funds to the contras. The report will document the President's confusion over when he approved the first transfer of arms by Israel to Iran.

Plante continues:

(TV coverage: Film of the President with the Tower Commission)
He told the commission two different stories. After reports appeared suggesting that he changed his version because he had been coached by his staff, Mr. Reagan wrote the commission a letter in which he said he had no recollection and may indeed have allowed himself to be influenced by others.

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

(Sen. Byrd: "The President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Reporter: "Do you think he really forgot?"

Sen. Hollings: "No, I really don't. I think that the evidence will show that from the Tower Commission.")

A new poll by the Los Angeles Times suggests that skepticism is widely shared. Seventy-five percent of those surveyed believe the the White House tried to cover up the scandal. Two-thirds say it has diminished the President's ability to lead, a conclusion the Administration is working hard to reverse.

(Attorney General Meese: "I think that any idea that the Administration is so-called 'dead in the water' is absolutely false.")

Sources tell CBS News tonight that President Reagan has finally told Chief of Staff Donald Regan that it's time to leave the Administration. The announcement could come this weekend; an active search is still underway for Regan's replacement. (CBS-Lead)

CONTRA AID/SOUTH AFRICA

Jennings: In a great many parts of the country this evening there's an unusual sense of anticipation about the Reagan presidency, for it is tomorrow that a report by the President's own commission on the Iran affair and his National Security Counsel's role in it will be published. We are going to begin this evening with the results of an ABC News investigation into what lengths the Reagan Administration has gone to in order to help the Nicaraguan contras when Congress was against it. This is a story of how the South African government was enlisted to help the contras with aircraft and flight crews.

ABC's Karen Burnes: ABC News has learned that over three years United States government officials and the South African government have been working together to provide military assistance to the contras. The operation has been described as a vest pocket operation run by CIA Director William Casey himself outside of all normal channels.... At the same time (that South Africans were supposedly flying aid to the contras) the debate over economic sanctions against South Africa was heating up. Congress voted for sanctions and Reagan vetoed them. He was later overridden, but press reports indicate that the South African government was pleased at the President's actions. The CIA has denied that former director Casey solicited funds for the contras during the time that Congress considered it illegal, but Casey...is still too ill to comment.

(ABC-Lead)

IRAN ARMS/EUROPEAN REACTION

Rather: The secret deal that supplied the Ayatollah with U.S. arms has produced a whole new picture of President Reagan in Western Europe. It is not a flattering view.

CBS's Mark Phillips: European cartoonists have always had a good time with Ronald Reagan but as the Iran arms scandal drags on, a new image is emerging: a wrinkled image of a more vulnerable President who is taking a beating.... It's not just the American willingness to publicly embarrass its President that has Europeans confused, it's also President Reagan's inability to fight back and contain the damage.... Ronald Reagan, as the Europeans see him, now looks like a very old man.

(Frank Johnson, British columnist: "It shows that the American system is functioning rather impressively and rather effectively if you want to cripple presidents. And you seem to want to do so, constantly.")

Europeans have been following each new revelation of the scandal -- each new blemish on the image of the American presidency. And they can't help but compare with what they're hearing from Washington with what they're hearing from Moscow. The P.R. advantage, as they see it, has shifted.... If President Reagan had an image here before the scandal it was one of commitment to his ideals and of the power to see them through. Now he's seen not only to have lost his grip, he's lost his hands. (CBS-4)

IRAN-CONTRA AFFAIR/VICE PRESIDENT BUSH

Rather: Tomorrow's Tower Commission Report is not expected to reveal who got the cash, where all the money went -- key witnesses apparently refuse to tell. So mystery remains about whether some of the money was skimmed and sent illegally to Nicaraguans favored by President Reagan and his secret operatives. Lesley Stahl has been looking into whether Vice President Bush and/or his aides have been involved in the cover-up.

CBS's Lesley Stahl: From the beginning, Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.

(Vice President Bush: "You've asked the question whether my office was involved or whether I'm involved in running this operation, and the answer is unequivocally 'no.'")

Questions remain about Bush's involvement, based on a chronology provided by his own office and the public misstatements of his National Security Adviser, Donald Gregg.... According to the chronology, the Vice President met with Gomez three times: once in January '85 and twice in May '86. Bush's office says they talked only about El Salvador and never discussed the contras.

(Vice President Bush: "I have never ever had a discussion with him about the contras and contra support of any kind.")

Stahl continues: The Vice President claims no knowledge of Gomez's contra activities -- even though Gomez and Gregg met repeatedly -- even though in January '86 another Bush aide, Colonel Samuel Watson, went to El Salvador to meet with Gomez and visited contra camps in Honduras -- even though when the Vice President himself sat down with Gomez last May the meeting was joined by Oliver North.... Despite all this, Bush's aides insist that they never told their boss what they knew about Gomez's contra activities....

(CBS-3)

HOSTAGES

Brokaw: NBC News has learned that three American hostages seized in Beirut after the scandal broke now are in the hands of the Syrian army which has taken control of many neighborhoods in that city. The three Americans and an Indian citizen were grabbed a month ago. It appears they could be released before too long.

NBC's Art Kent: Middle East and Western intelligence sources say that at least four of the 26 foreign hostages being held in Lebanon are now in the custody of Syrian army intelligence in Beirut. The four are Americans Robert Polhill, Jesse Turner and Allan Steen and Mr. Sing, an Indian citizen.... Sources say that when it became known that Syrian troops were going to move into Beirut en force, the four hostages were turned over to a senior Syrian intelligence officer. The four were turned over to the Syrians to keep them out of Hezbollah hands.... Intelligence sources say the Syrians are trying to figure out a way to release the four hostages without offending Hezbollah or its Iranian backers. For now the Syrians are denying they hold the four professors.

(NBC-3)

SUPREME COURT/AFFIRMATIVE ACTION

Brokaw: At the U.S. Supreme Court today an historic ruling affirming affirmative action. By a ruling of 5-4 the justices ruled that the court-ordered plan requiring Alabama to promote equal members of black and white state troopers is constitutional. This was a defeat for the Reagan Administration.

NBC's Carl Stern: ...The Reagan Administration opposed the plan calling it a quota that discriminated against whites. Law enforcement officials were divided about the plan.... Today the Supreme Court upheld the plan. For the first time it said a court-ordered promotion plan is constitutional....

(NBC-4)

Rather: The United States Supreme Court today again rejected President Reagan's view of Affirmative Action. It upheld a controversial program for ending job discrimination against minorities.

CBS's Fred Graham: The Supreme Court upheld Affirmative Action again today handing the Reagan Administration yet again another defeat in its opposition to racial quotas....

Graham continues: Last year in a series of cases involving sheet metal workers in New York, firefighters in Cleveland, Ohio, and school teachers in Michigan, the Reagan Justice Department took a hard line against any kind of racial preferences and lost.... The Supreme Court's first decision on Affirmative Action for women is expected in the coming weeks and again the Justice Department is in opposition.

(CBS-5)

DEAVER

Brokaw: There are so many special prosecutors at work in Washington, you need a scorecard just to keep track. One of them has been investigating former presidential adviser Michael Deaver, accused of lying about his lobbying activities after he left the White House....

NBC's Bob Kur: Deaver left home this morning aware that the independent counsel would seek an indictment. Deaver had rejected an offer to pleabargain.... A few hours later Deaver's lawyer, Herbert Miller, was in court making a dramatic last-minute attempt to stop the indictment. He argued that the 1978 law creating the position of independent counsel is unconstitutional -- that only presidential appointees may prosecute federal crimes.... Judge Thomas Jackson said Deaver's attorney had raised serious questions about the law, so Jackson temporarily prohibited the indictment....

(TV coverage: Mr. Deaver whispering in the President's ear.)

(NBC-Lead)

ABC's John Martin: ...Deaver's troubles stem from contacts he made with former White House associates after he left the job nearly two years ago.

(TV coverage: The President, Deaver and Mr. Meese walking on White House grounds.)

...On Capitol Hill there was bipartisan support for Deaver's indictment and the law.... The delay is temporary but Reagan Administration officials are quietly applauding tonight because for the first time several former White House officials under investigation have won a modest victory.

(ABC-3)

Rather: Today one of President Reagan's closest friend's and former top aide Michael Deaver used a complicated legal tactic to delay his own indictment on a totally separate criminal corruption case. It's the same legal tactic that is now being used to try and derail a special prosecutor's whole investigation of the Iranian arms scandal.

CBS's Rita Braver: Just hours before Independent Counsel Whitney North Seymour planned to charge Deaver with lying to a federal grand jury and a congressional committee about his lobbying activities, a federal judge blocked the indictment. Aware of Seymour's intention, Deaver's attorneys had rushed into court this morning to claim that the Independent Counsel Law is unconstitutional because it grants prosecutorial powers to an official appointed by the judiciary rather than by the President as required....

Braver continues: U.S. District Judge Thomas Jackson said the courts must decide the issue of whether the independent counsel law is constitutional and to indict Deaver first might cause irreparable injury....

(Rep. Don Edwards: "You can't expect the Executive Department to investigate itself; there's too much of a conflict of interest.")

(Rep. John Dingell: "For the courts to throw out a statute as important as to the order and to the cause of justice in this country as the Special Prosecutor Statute would be a calamity of the greatest order.")

There are several other independent counsel investigations now under way, and if Deaver and North prevail, all of them could be ended. But legal experts say that whatever the courts decide on the issue will have its most serious implication for the Iran-contra scandal.

(CBS-2)

COMMENTARY/CAMPAIGN CONTRIBUTIONS

Chancellor: Topic "A" here in Washington of course is the Iran-contra scandal. There's been so much interest in the White House problems that people have almost stopped talking about topic "B". But topic "B" is going to be with us for awhile and it's worth thinking about. Topic "B" is money, the money politicians need to run their campaigns.... There is hardly a politician in this town who isn't fed up with having to beg, wheedle, and whine for campaign contributions and it's hard to blame them.... It's likely that they're going to change the rules on campaign financing, and where will some of the money come from? Surprise! They'll get it from the taxpayers.... Public financing for congressional campaigns is an idea whose time seems to have come mainly because the politicians are sick to death of spending half their time with their hands out begging for money.

(NBC-10)

FAWN HALL

Brokaw: There was still more interest today in Fawn Hall, Oliver North's beautiful blonde secretary who has been granted immunity for cooperating with investigators about her role in shredding and altering documents at the White House. Her appearance this week gave the scandal about the only thing that it's been missing: sex appeal. As NBC's Robert Hager reports tonight, a star is born....

(NBC-12)

EDITORIALS/COLUMNISTS

IRAN-CONTRA/TOWER REVIEW BOARD

The Tower Inferno -- "Amid this tower of political babble, Mr. Reagan's responsibilities are to the institution of the presidency and to the people who vote an individual into the presidency. If at any point in this affair Mr. Reagan has spoken falsely to the American people, he is obligated to apologize for that serious breach of faith. He is in no sense obligated to apologize to the Beltway. The best way for Mr. Reagan to respond to the Tower report is to get on with his own agenda."

(Wall Street Journal, 2/25)

Take Charge, Mr. President -- "The point isn't to run the President around the country so that he can visit a whole lot of different places and wear a whole lot of new and different hats. That's just public relations razzle-dazzle -- and it's not particularly relevant to the situation at hand. The real need is to show the nation that, right there in Washington, Ronald Reagan is running the show.... The President should study the report, meet with the press to take all questions and then -- perhaps in a major televised speech -- focus the attention of the nation on what he means to accomplish in his remaining 20 months in office."

(New York Post, 2/25)

The President Can't Remember -- "Ten weeks ago, White House aides bridled at the joke about the Iran-contra crisis: What did the President forget and when did he forget it? As things have turned out, it was no joke.... Meanwhile, the White House is consumed with bickering, scapegoating, finger-pointing. It was all Oliver North's doing, or John Poindexter's. Blame William Casey. Question Robert McFarlane. Fire Donald Regan. Fudge the facts. Each inflamed voice urges the same priority: Evade the blame. There's only one sure way to do that: Govern the country."

(New York Times, 2/25)

Unraveling a Debacle -- "The American people elected a chief, and the Indians seem to have been running the show. Mr. Reagan says he is saving the 'best stuff' of his presidency for Act IV, and his supporters, ourselves included, hope that this is the case. But unless Mr. Reagan follows up the Tower report with vigor -- and he may -- the hook will get him before the fat lady sings."

(Washington Times, 2/25)

The Regent Wife -- "So the Reagan Presidency is beginning to take on an eerie resemblance to the closing months of the presidency of Woodrow Wilson when his wife, Edith, became in effect the regent of an ailing president. In her memoirs Mrs. Wilson attested that she 'never made a single decision regarding the disposition of public affairs,' but she conceded she did determine 'what was important and what was not, and...when to present matters to my husband.' Obviously, since inaction can be as critical as action, Mrs. Wilson was making a distinction without a difference."

(Baltimore Evening Sun, 2/24)

EDITORIALS & COLUMNISTS (continued)

Reagan Under Siege: Lessons of History -- "With relatively few exceptions, the President's critics have been extraordinarily restrained. Reagan's personal popularity accounts for much of that. A sense of fairness has suspended judgments until the President's commission is done. But the deepest motivation for restraint is the almost unspeakable horror of contemplating another U.S. President going down and out in disgrace. The most important American constitutional lesson of the 20th Century was the reconfirmation of the rule of law, prevailing over mere men, however powerful. That was Watergate. The most powerful political lesson since then is the vitality that comes from having a President who is widely loved and respected. Neither lesson should be neglected as the controversy becomes more intense."
(New York Daily News, 2/25)

Jogging, Reagan/Regan Style -- "Reagan's memory, it has been noticed before, may indeed be fallible and require freshening. At a minimum, though, Reagan's change of mind, his confusion about an event of such fundamental importance, once again underscores how incredibly offhandedly decisions of great consequence to the nation's interest seem to have been made."
(Los Angeles Times, 2/20)

New Disclosures Deepen Concern on Iran Scandal -- "When the Administration disliked the views of Congress or even of its own State Department, it appears to have solved the problem by setting up its own secret State Department. At bottom, this policy indicates a distrust of Congress and the popular will. It suggests an Administration determined to follow its course through covert means without regard to popular opinion or legal niceties. The various bodies now probing the scandal must press their investigations to uncover all the details of this affair -- wherever they might lead."
(Buffalo News 2/18)

Needed: Total Honesty -- "Ordinary conservatives voted in 1980 and 1984 for sound fiscal policies and more morality in public life than they thought existed. They got some economic reform but they feel cheated of the other. There is growing belief that another conservative administration has been nibbled into impotence by clumsy footpads and amateur Rambos. Official reticence is no help. Only a policy of abject, total honesty can now forestall a public rush to a sour judgment. Anything short of full disclosure will be an affront to the morality that was promised."
(Chicago Sun-Times, 2/24)

Iran-Contras: Project Democracy Made a Sham of U.S. Ideals -- "So far, we have learned that U.S. officials were unbelievably cynical and incompetent in their dealings with Iran. It is even more disturbing and sad that the chief executive seems not to have realized the implications of his own programs -- or what a shambles they would make of this country's foreign policy."
(Detroit Free Press, 2/21)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 26, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Tower Board Will Contradict Reagan On Arms Sales, Source Says -- The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

(USA Today, Washington Times, AP, UPI, Reuter)

INTERNATIONAL NEWS

Options For Expanding Tests Of SDI Kept Alive In Budget -- A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

(Washington Times)

NATIONAL NEWS

Indictment Blocked As Deaver Files Suit -- Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

(Washington Post, Washington Times)

NETWORK NEWS (Wednesday Evening)

TOWER REPORT -- The Tower report will clear President Reagan of any wrongdoing.

IRAN ARMS/EUROPEAN REACTION -- The view in Western Europe is not a flattering one.

IRAN-CONTRA AFFAIR/VICE PRESIDENT -- Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.



"It looks as if the ABM treaty won't allow baseball in Washington."

IRAN — NICARAGUA

TOWER POWER MAY HAVE BEEN UNFORESEEN

President Reagan appointed the three-man Tower Commission Nov. 26 in what was seen at the time as a low-key investigation into what role his NSC staff may have played in the Iran-contra crisis.

But what the commission reveals three months later in its final report today could spark fundamental changes in the way Reagan's Administration and future administrations implement foreign policy. (Dana Walker, UPI)

Tower Report To Conclude Arms Sales, Hostages Linked

The Tower commission will find that President Reagan agreed to sell arms to Iran in the hope of gaining the release of American hostages, sources said yesterday.

Marlin Fitzwater, in advance defense of Reagan, said yesterday the President has acted "entirely appropriately throughout the whole thing."
(Jeremiah O'Leary, Washington Times, A1)

Tower Board Will Contradict Reagan On Arms Sales, Source Says

The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

A source at the Tower commission said the panel concluded that an arms-for-hostages swap was the center of U.S. contacts with Iran.

While the idea of trying to establish ties with a strategically important nation "may have been in the President's thoughts," the source said, "we didn't accept the notion of it being the driving force. That does not appear in fact to be what drove the program."
(Terence Hunt, AP)

Reagan's Role The Focus As Iran Arms Report Is Issued

President Reagan receives a report today from a commission investigating the Iran arms scandal that could determine the course of his presidency for months to come.

White House officials say they expect the document to be hard-hitting and highly critical of the operations of Reagan's NSC.

But the focus of attention will be on its findings about Reagan's role in the scandal, which has plunged him into his worst crisis since he came to the White House and has raised questions about his hands-off style of government.
(William Scally, Reuter)

Iran Report Out Today; Regan Too?

The nation's capital is awash in reports that Donald Regan will resign before next week -- probably Friday.

Marlin Fitzwater had no comment on those reports -- which surfaced as the White House prepared for today's release of the Tower Commission report.

But CBS News and others quoted unnamed sources saying Regan is out.
(Johanna Neuman & Jessica Lee, USA Today, A1)

WHITE HOUSE IRAN MEMO MAY BE FAKE, PROBERS SAY

A key White House memorandum on secret arms sales to Iran, released publicly by the White House last month in an attempt to explain the policy, may have been a fake, congressional investigators said Wednesday.

Congress' two special committees on the arms sales are investigating whether the memorandum was deliberately altered last November by John Poindexter to make it appear that President Reagan was not aware of two Israeli weapons shipments to Iran in 1985, they said.

"The questions of alteration of documents and slanting documents to protect the President are clearly matters that we are interested in," said Rep. Lee Hamilton. He confirmed that the memorandum is one of the documents being studied by his committee but said it is too early to conclude whether the paper was part of a deliberate attempt to cover up the President's involvement.

(Doyle McManus & James Gerstenzang, Los Angeles Times, A1)

CARLUCCI REVIEWING SECRET OPERATIONS

Security Aide Says He Told Tower Panel Of Intended NSC Changes

Frank Carlucci said yesterday he is conducting a "zero-based review" of the dozens of presidential authorizations for secret operations overseas and is nearing completion of studies of other U.S. policies around the world.

As of noon yesterday, Carlucci told Washington Post editors and reporters, he had not seen the (Tower) commission's conclusions. Carlucci said he informed the commission at the start of its inquiry of the general nature of the changes he planned to make at the NSC, and reported to the commission last Friday on what he has done. "They indicated no problems with what I intended to do," Carlucci said.

(Don Oberdorder, Washington Post, A23)

TIMES POLL FINDS PUBLIC WANTS NEW DIRECTION FOR U.S.

Americans by a margin of more than 2 to 1 want their next president to distance himself from President Reagan's policies and by a significant margin think Vice President Bush's association with Reagan will hurt rather than help his chances to become president, the Los Angeles Times Poll has found.

Although attitudes follow predictable party lines, with 81% of Democrats and 37% of Republicans wanting new national directions, the poll results appear to reflect the political damage of the Iran-contra affair and raise the possibility that an association with Reagan may be a liability to Bush and others in the 1988 presidential election.

Two-thirds of the public believe Bush's role in the Iran-contra affair has been minimal or nonexistent, yet nearly half the respondents -- including 61% of the Democrats and 25% of the Republicans -- think his association with Reagan will hurt his chances of becoming president. By a margin of 44% to 37%, they believe his ties to Reagan will hurt his presidential prospects.

(David Lamb, Los Angeles Times, A1)

SEN. BOREN TO SEEK VOTE ON GATES SOON
Action Could Doom CIA Nomination

The nomination of Robert Gates as director of the CIA ran into serious new difficulties yesterday. The Democratic chairman of the Senate Select Committee on Intelligence, Sen. David Boren, announced that he will ask the panel to act soon on the nomination, which Senate sources said could doom Gates' chances of confirmation. A committee Republican, Sen. Arlen Specter, urged President Reagan to consider withdrawing Gates' nomination.

Boren said he will ask the committee to vote up or down on Gates or ask Reagan to withdraw his name, although other senators have suggested that Gates remain as acting director while inquiries by congressional committees and a special counsel continue into the Iran-contra affair. Boren said that leaving Gates as "interim acting director for a prolonged period of time" would not be "good for national-security interests."

(Walter Pincus & Bob Woodward, Washington Post, A1)

WALSH VOWS TO PRESS AHEAD DESPITE JUDGE'S RULING

Lawrence Walsh, the independent counsel in the Iran-contra scandal, maintains a federal judge's order blocking another special prosecutor case will not affect his own and he will proceed "without interruption."

Walsh was unruffled Wednesday in reacting to the abrupt and unexpected ruling by U.S. District Judge Thomas Jackson that temporarily halted the case against ex-White House aide Michael Deaver because of constitutional questions.

(Lori Santos, UPI)

JUSTICE DEPARTMENT LAWYERS SUPPORT
ATTACK ON INDEPENDENT COUNSEL LAW

Justice Department officials who support the attack on the independent counsel law being waged by Lt. Col. Oliver North and former White House aide Michael Deaver say the statute is a slap in the face to federal attorneys.

Last month, Assistant Attorney General Charles Cooper said that if the independent counsel statute was "appropriately" challenged in the courts, the department would join in a lawsuit to overturn it.

Cooper's "view is similar to the position that has been taken by a number of department officials going back some 14 years," Patrick Korten, a Justice Department spokesman, said Wednesday.

(Pete Yost, AP)

POLITICAL DIRECTOR URGES REAGAN
TO PICK FIGHTS WITH CONGRESS

President Reagan's departing political director is urging him to pick some fights with Congress to overcome "discouragement and restlessness" among his supporters because of the Iran-contra affair.

Mitchell Daniels said in an interview Wednesday that he believed the arms sales affair "can be transcended and put in the shadows by remedial action and by the passage of time."

"A good fight is politically useful to the President if the issue is carefully selected," said the aide, who has been assistant to the President for political and governmental affairs. (Dale Nelson, AP)

EDITOR'S NOTES: "Handing Out The Tower Report: After President Reagan, The Deluge -- Government Printing Office Gripped In Tight Security," by Bill McAllister, appears in The Washington Post, A25.

"John Tower & His Arduous Mandate -- The Former Texas Senator's Difficult, Painful Job Heading Up Reagan's Iran Arms Investigation," by Mary Battiata, appears in The Washington Post, B1.

"Remember The Day... -- Aug. 8, 1985: A Power Anthology," by Lois Romano, appears in The Washington Post, B1.

INTERNATIONAL NEWS

REAGAN COMMITTED ON SDI DEVELOPMENT, CARLUCCI SAYS

President Reagan "is committed to moving ahead" with the controversial SDI, Frank Carlucci said yesterday, and will sign no agreement with the Soviet Union that would "kill or cripple" the program.

But the President is at the same time "genuinely interested in seeing what the views of Congress and the allies are" on a proposal to "reconfigure" the program so that more realistic experiments can be conducted under a more permissive interpretation of the 1972 ABM Treaty.

(Jeffrey Smith, Washington Post, A35)

OPTIONS FOR EXPANDING TESTS OF SDI KEPT ALIVE IN BUDGET

A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

But the 1988 budget request will allow a rapid restructuring of SDI if the Administration adopts the more permissive reading urged by some U.S. officials, Lt. Gen. James Abrahamson said.

(Warren Strobel, Washington Times, A3)

BONN URGES U.S. TO WEIGH SDI IMPACT

Arms Talks Damage Feared, Kohl Says

BONN -- The West German government today bluntly urged the U.S. not to formally adopt a controversial reinterpretation of the 1972 ABM Treaty if that action would set back arms control talks with the Soviet Union.

An official statement used unusually strong language to emphasize West Germany's skepticism over proposals in Washington to formally adopt the so-called "broad interpretation" of the ABM Treaty. The broad reading would permit expanded testing of SDI.

(Robert McCartney, Washington Post, A29)

GORBACHEV CANDID ABOUT OPPOSITION

He Assures Critics His Plans Won't Invite Social Unrest

MOSCOW -- Mikhail Gorbachev, in his most candid acknowledgment of opposition to his policies, sought today to assure critics that "democratization" would not produce disarray in Soviet society.

Addressing a labor union convention, he said: "Greater democratization may prompt some people to ask whether we are not disorganizing society, whether we shall not weaken management and lower the standards for discipline, order and responsibility."

(Philip Taubman, New York Times, A1)

SOVIETS DETONATE NUCLEAR TEST

MOSCOW -- The Soviet Union on Thursday conducted its first nuclear test in more than 1½ years, exploding a device on its testing range in Soviet Kazakhstan.

Tass said the explosion was staged "to check the results of research into the physics of a nuclear explosion," but gave no further details.

(AP)

3 GROUPS CHanneled ARMS TO CONTRAS AFTER BAN

Three distinct and competing groups supplied millions of dollars in weapons to the Nicaraguan contras after Congress banned the U.S. government in October 1984 from providing arms directly, according to documents, contra officials and brokers involved in the transactions.

Two of the groups providing arms had direct ties to Lt. Col. Oliver North, the NSC staff aide fired Nov. 25 for his role in the Iran arms sales-contras aid affair. One rebel source described North's intervention as critical in making certain that the weapons reached the contras after they were shipped from Europe.

(Benjamin Weiser & Joe Pichirallo, Washington Post, A1)

CONTRA AID/ABRAMS

Assistant Secretary of State Elliott Abrams met last March with a retired general involved in aiding the contras but refused to discuss a plan to provide weapons to a Nicaraguan rebel faction, a U.S. official said Wednesday.

The State Department official, who requested anonymity, branded as "pure fantasy" an assertion by retired Gen. John Singlaub that Abrams had approved his plan to provide military aid to Nicaraguan rebel leader Eden Pastora.

The Miami Herald reported Thursday that Singlaub said he told Abrams about his plan to aid Pastora and the State Department official approved the project.

(Matthew Quinn, UPI)

SHULTZ LEAVES FOR CHINA

Secretary Shultz, leaving the Iran arms controversy behind for a few days, is traveling to China where the leadership is still grappling with the debate over wider democracy.

A senior U.S. official said the U.S. view is that Chinese leaders will continue loosening up controls. "It is a question of how fast, not whether" there will be such a change, the official said.

He said Shultz will discuss "every aspect" of the U.S.-Chinese relationship, including human rights.

(Jim Anderson, UPI)

YEUTTER LABELS SANCTIONS A 'MACHO' TRADE SOLUTION

Congress is seeking too "macho" a solution to the nation's trade imbalance when it considers imposing mandatory sanctions, U.S. Trade Representative Clayton Yeutter said yesterday.

"The world is too complex to be inflexible, and every time we write things into the law it comes back to haunt us," Yeutter told members of the National Association of Manufacturers.

Yeutter said trade bills such as one offered by Senate Finance Committee Chairman Lloyd Bentsen "have major shortcomings. We can do a lot better than that."

(Craig Webb, Washington Post, E3)

BAKER HIT FOR URGING U.S. TO BACK DEVELOPMENT BANKS

Treasury Secretary Baker's call for the U.S. to pay its share of the budget for international development banks was sharply criticized on Capitol Hill yesterday.

"The United States taxpayer can no longer afford to subsidize frivolous loans to blatantly unfriendly nations," Sen. Jesse Helms said.

(UPI story, Washington Post, E3)

NATIONAL NEWS

WHITE HOUSE STAFF SHAKE-UP SAID NEAR Reagan Calls Meeting On Tower Report; Regan Departure Seen

President Reagan and Vice President Bush yesterday canceled plans to leave Washington this weekend and sources close to the Administration said that a major White House staff shake-up that includes the departure of chief of staff Donald Regan is imminent.

Reagan is summoning top strategists, including longtime political adviser Stuart Spencer, to the White House on Friday night to discuss prospective staff changes and the Administration's response to the Tower special review board's report.

(Lou Cannon & David Hoffman, Washington Post, A1)

REAGAN HEARS BLACK CONCERNS 'Pleased With His Response,' Jackson Says

Jesse Jackson said yesterday he appealed to President Reagan to restore \$5 billion in education budget cuts and to increased pressure on South Africa.

"I am pleased with his response at this stage," said Jackson, who was last at the White House in January 1984 after helping free downed American flier Robert Goodman in Syria.

He said the only result of the meeting, which included Donald Regan, James Miller and a representative of the NSC, was that White House aides would meet again with the civil rights leaders.

(UPI story, Washington Post, A16)

HIGH COURT AFFIRMS PROMOTION QUOTAS

A sharply divided Supreme Court handed supporters of affirmative action a victory yesterday, upholding a plan for promoting equal numbers of blacks and whites on the Alabama State Police force.

By a 5-4 vote, the court said the plan does not violate the Constitution. The plan forces the state police to promote one black trooper for every white promoted until blacks comprise 25 percent of upper-rank officers.

The ruling is a defeat for the Reagan Administration, which argued the quota is "profoundly illegal."

(Washington Times, A1)

DEAVER THWARTS ATTEMPT TO SEEK HIS INDICTMENT
Suit Challenges Prosecutor's Authority

An independent prosecutor moved to obtain an indictment of former White House aide Michael Deaver yesterday on four counts of perjury, but Deaver temporarily avoided any indictment when a federal judge agreed to consider his challenge to the independent counsel's appointment.

"So long as he thought the investigation might clear him, it was a wonderful investigation and a constitutional investigation," Whitney Seymour, the independent counsel, told the judge. He said Deaver "has been using our office...so long as it was dampening any public question about his conduct."

Had the nine-month investigation ended without indictment, Seymour said, Deaver "would have been the first to say, 'Wow, I've been vindicated and this is a great process.' Instead, the grand jury is going to allege that the first time he came before them, he lied to them."

(Howard Kurtz, Washington Post, A1)

Indictment Blocked As Deaver Files Suit

Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

Deaver's attorneys said the investigation has driven off many of Deaver's clients and threatens to destroy his consulting business.

Deaver, who has consistently denied any wrongdoing, would not comment on yesterday's ruling, said Randall Turk, one of his attorneys.

(George Archibald, Washington Times, A1)

CHOOSING SIDES ON DEFICIT TARGET

Democrats Clash With Republicans Over Depth Of Budget Cuts

In an early demonstration of the opportunities and perils surrounding the federal deficit, Republicans and Democrats yesterday engaged in a series of rhetorical skirmishes over meeting the \$108 billion deficit target required by the Gramm-Rudman-Hollings balanced-budget act.

"The role of Gramm-Rudman, in my judgment, is that you cut \$36 billion a year," said House Majority Leader Thomas Foley in a speech to a business group yesterday morning. "I think we need to be getting realistic."

(Tom Kenworthy, Washington Post, A8)

'CATASTROPHIC' HEALTH CARE ATTRACT BACKERS IN HOUSE

"Catastrophic" health insurance proposals for the aged received a powerful boost in the House yesterday as Ways and Means Committee Chairman Dan Rostenkowski and Rep. John Duncan, the panel's senior Republican, agreed to cosponsor a bill being introduced by health subcommittee leaders, according to committee sources.

The proposal, to be introduced today by Reps. Fortney Stark and Willis Gradison is similar to the measure developed by Secretary Bowen and endorsed by President Reagan. (Spencer Rich, Washington Post, A25)

HOUSE PANEL PROBING COMPUTER
SECURITY SUBPOENAS POINDEXTER

John Poindexter has been subpoenaed by a House subcommittee to testify on government computer security, but his lawyer is refusing to say if Poindexter will show up.

The House Government Operations Subcommittee on National Security, on a voice vote with no dissent, decided to issue subpoenas Wednesday after Poindexter and his former aide Kenneth deGraffenreid refused committee invitations to appear. (Bud Newman, UPI)

SPACE STATION IN 'DEEP TROUBLE'
NASA Allies In Congress Question Mission And Escalating Costs

Some of the space program's staunchest supporters on Capitol Hill yesterday warned that the proposed space station is in "deep trouble" if the Administration does not come up with answers, fast, about the station's mission and soaring costs.

Rep. Bill Nelson, chairman of the House Science and Technology subcommittee on space science and applications, pointed out that the committee had "gone to the wall" to ensure that station funding was included in the last budget, based on repeated assurances that it would cost \$8 billion and would be "bending metal" sometime this year.

(Kathy Sawyer, Washington Post, A7)

EDITOR'S NOTE: "Officials Say Air Force Understates B1 Problems -- Up To Half Of Bombers At Texas Base Reportedly Grounded Recently," by Molly Moore, appear in The Washington Post, A6.

NETWORK NEWS SUMMARY

(Wednesday Evening, February 25, 1987)

TOWER REPORT

NBC's Tom Brokaw: NBC News correspondent Tom Pettit can report tonight that when the Tower commission report comes out tomorrow morning, it will likely clear the President of any wrongdoing, but it will say that the President misled Congress and the American people. The report will not reach any conclusions about whether the Iran deal was an arms-for-hostage arrangement. It was, according to the Tower commission report, many things to many people. At the White House the President and his advisers now are preparing for tomorrow's release of the Tower commission report on the Iran-contra affair, and it is expected to be very harsh -- tough on the President and most of if not all the principal figures in the secret arms sale. It turns out the President has given the commission still another version of his role.

NBC's Chris Wallace: The President gave his latest account to the Tower commission last Friday, saying in a letter he honestly had no recollection of whether he authorized Israeli shipments to Iran and "may have allowed myself to be influenced by the recollection of others."

(TV coverage: The President walking out of the O.E.O.B.)

White House sources tell NBC News Mr. Reagan wrote the letter because he felt Chief of Staff Regan and others manipulated him to change his testimony. Meeting with the commission on January 26, the President, while vague, indicated he approved Israeli shipments to Iran in advance. But on February 11th, Mr. Reagan said he now believed he did not approve the shipments. That was also Regan's version in his testimony.

(TV coverage: Still photo of the President on calendar pages.)

Between the two meetings the chief of staff and other aides met with the President, according to one, to stimulate his recollection.

(TV coverage: The President walking with Mr. Regan.)

Officials say the First Lady was furious about Regan's role and after stories of the conflicting testimony came out, the President wrote his letter saying he can't remember.

(TV coverage: The President and First Lady leaving the White House for Marine One.)

Today leading Democrats expressed amazement.

(Sen. Byrd: "Well the President can't seem to keep his tail straight."

Reporter: "Why not?"

Sen. Byrd: "Well he doesn't remember what he said and when he said it."

Sen. Hollings: "When he's had a categorical policy not to deal, on the hostage takers, not to deal with terrorism and terrorists, and he violated his own policy. I don't see how he could forget it.")

Tomorrow the Tower commission will issue what is expected to be a highly critical report stating the President failed to keep a firm hand on his foreign policy failing to control Oliver North and John Poindexter.

Wallace continues: But White House Spokesman Marlin Fitzwater maintained the President has acted entirely appropriately throughout the whole affair. Mr. Reagan will stay at the White House this weekend meeting with top advisers on how to pull his presidency out of the arms scandal. But it appears one key decision has already been made. A top Republican source says the President and chief of staff have agreed Reagan will be leaving within days. (NBC-2)

ABC's Peter Jennings: It will be tomorrow morning when the presidential commission, the Tower commission, will report its findings to the nation and to the President on the National Security Council and the Iran-contra affair. The commission has covered much more ground than it ever imagined it would when it began.

ABC's Bob Zelnick: Tower commission sources say tomorrow's report will hold President Reagan responsible for the way his National Security Council functioned although he was probably not aware of several specific misdeeds.

(TV coverage: The President at an Oval Office address with words beneath.)

In the words of one commission source, "The President hired the top NSC people, set its priorities, and demanded results. If he didn't know what was going on that's part of the problem, not a defense."

(TV coverage: The President reading papers in the Oval Office.)

Commission sources say that while the President can't recall when he first approved the shipment of weapons to Iran, once they did get underway he was briefed frequently on Iranian contacts, but the President's attention span at such sessions was limited. Sources say he'd inject little more than an occasional anecdote into the discussions. The President had what sources describe as even sketchier knowledge of NSC contacts with private efforts to raise funds for Nicaragua's contras or deliver weapons to them. In each case, sources say, a more alert President could have known that something close to the edge of the law was going on....

(TV coverage: The President at a public speech.)

Commission sources say the Tower panel found no evidence Mr. Reagan knew about the subsequent diversion of Iran weapons sale profits to the contras. Commission sources say the trouble with the Reagan NSC was not that it exceeded its authority but that the President placed no real limits on that authority. The problem was less one of structure than presidential leadership.

Jennings: Yesterday on this broadcast you heard the President explain in his own words why he thought it was possible that he forgot whether he approved the first Iran shipments to Iran before it happened or afterwards. Today the White House confirmed that is also what the President told the Tower commission in a letter he sent last week.

ABC's Sam Donaldson: President Reagan and his Chief of Staff Donald Regan kept up appearances today but the strain was noticeable.

Mr. Reagan's spokesman confirmed that the President sent a letter to the Tower commission last Friday containing yet another version of what he remembers about his role in the first Israeli arms shipment to Iran.

Donaldson continues: The President originally indicated to the commission that he approved that shipment in the summer of 1985 in advance. Later he told the commission that upon reconsideration he hadn't. In Friday's letter he said he simply can't remember whether he did or not, that his earlier versions may have been influenced by the recollection of others.

(TV coverage: Still photo of the President with still photos of the Tower board members with words between them.)

These multiple adjustments of memory drew ridicule from congressional Democrats.

(Sen. Byrd: "The President can't seem to keep his tail straight."

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Sen. Hollings: "Well, that is the problem because not remembering a particular event on a particular day, but rather forgetting that he violated his own policy against terrorism. You can't forget that."

Rep. Dorgan: "I'd want to forget too if I decided we ought to send guns to the Ayatollah Khomeini.")

Reagan loyalists blame Chief of Staff Regan for this latest memory lapse embarrassment, and each day comes new seemingly authoritative word that Regan is out and has been told as much by the President. "He's a changed man," said one source. "The fight has gone out of him." The President will spend the weekend here at the White House consulting with advisers and outside friends on what and who to do next. But a source who knows Regan's thinking says Regan believes that he and the President have agreed that his departure will not come until at least next week. (ABC-2)

CBS's Dan Rather: Donald Regan is a goner. White House Correspondent Bill Plante has been told tonight that White House Chief of Staff Donald Regan is on his way out perhaps in a matter of days, possibly over the weekend. Plante also has some advance details on the what the Tower Commission will say tomorrow about what President Reagan and his aides did in their secret Iran deal.

CBS's Bill Plante: The Tower Commission will report tomorrow that just about everyone in the Administration, except the President, believed the U.S. was trading arms for hostages.

(TV coverage: Film of the President making a public speech.)

Sources say that, while Mr. Reagan did nothing illegal, the report will show that he was detached from policy making and that his White House decision making process was a disaster waiting to happen.

(TV coverage: Film of the President at his desk in the Oval Office.)

Chief of Staff Donald Regan, according to commission sources, gets bad marks as a manager. The report finds evidence he took part in a cover-up designed to minimize the President's involvement. John Poindexter is pictured as deliberately deceiving his superiors. Both he and Oliver North, say sources, operated far beyond their authority, but, because the commission could not interview them or get access to bank records, it is unable to trace the diversion of funds to the contras. The report will document the President's confusion over when he approved the first transfer of arms by Israel to Iran.

Plante continues:

(TV coverage: Film of the President with the Tower Commission)
He told the commission two different stories. After reports appeared suggesting that he changed his version because he had been coached by his staff, Mr. Reagan wrote the commission a letter in which he said he had no recollection and may indeed have allowed himself to be influenced by others.

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

(Sen. Byrd: "The President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Reporter: "Do you think he really forgot?"

Sen. Hollings: "No, I really don't. I think that the evidence will show that from the Tower Commission.")

A new poll by the Los Angeles Times suggests that skepticism is widely shared. Seventy-five percent of those surveyed believe the the White House tried to cover up the scandal. Two-thirds say it has diminished the President's ability to lead, a conclusion the Administration is working hard to reverse.

(Attorney General Meese: "I think that any idea that the Administration is so-called 'dead in the water' is absolutely false.")

Sources tell CBS News tonight that President Reagan has finally told Chief of Staff Donald Regan that it's time to leave the Administration. The announcement could come this weekend; an active search is still underway for Regan's replacement. (CBS-Lead)

CONTRA AID/SOUTH AFRICA

Jennings: In a great many parts of the country this evening there's an unusual sense of anticipation about the Reagan presidency, for it is tomorrow that a report by the President's own commission on the Iran affair and his National Security Counsel's role in it will be published. We are going to begin this evening with the results of an ABC News investigation into what lengths the Reagan Administration has gone to in order to help the Nicaraguan contras when Congress was against it. This is a story of how the South African government was enlisted to help the contras with aircraft and flight crews.

ABC's Karen Burnes: ABC News has learned that over three years United States government officials and the South African government have been working together to provide military assistance to the contras. The operation has been described as a vest pocket operation run by CIA Director William Casey himself outside of all normal channels.... At the same time (that South Africans were supposedly flying aid to the contras) the debate over economic sanctions against South Africa was heating up. Congress voted for sanctions and Reagan vetoed them. He was later overridden, but press reports indicate that the South African government was pleased at the President's actions. The CIA has denied that former director Casey solicited funds for the contras during the time that Congress considered it illegal, but Casey...is still too ill to comment.

(ABC-Lead)

IRAN ARMS/EUROPEAN REACTION

Rather: The secret deal that supplied the Ayatollah with U.S. arms has produced a whole new picture of President Reagan in Western Europe. It is not a flattering view.

CBS's Mark Phillips: European cartoonists have always had a good time with Ronald Reagan but as the Iran arms scandal drags on, a new image is emerging: a wrinkled image of a more vulnerable President who is taking a beating.... It's not just the American willingness to publicly embarrass its President that has Europeans confused, it's also President Reagan's inability to fight back and contain the damage.... Ronald Reagan, as the Europeans see him, now looks like a very old man.

(Frank Johnson, British columnist: "It shows that the American system is functioning rather impressively and rather effectively if you want to cripple presidents. And you seem to want to do so, constantly.")

Europeans have been following each new revelation of the scandal -- each new blemish on the image of the American presidency. And they can't help but compare with what they're hearing from Washington with what they're hearing from Moscow. The P.R. advantage, as they see it, has shifted.... If President Reagan had an image here before the scandal it was one of commitment to his ideals and of the power to see them through. Now he's seen not only to have lost his grip, he's lost his hands. (CBS-4)

IRAN-CONTRA AFFAIR/VICE PRESIDENT BUSH

Rather: Tomorrow's Tower Commission Report is not expected to reveal who got the cash, where all the money went -- key witnesses apparently refuse to tell. So mystery remains about whether some of the money was skimmed and sent illegally to Nicaraguans favored by President Reagan and his secret operatives. Lesley Stahl has been looking into whether Vice President Bush and/or his aides have been involved in the cover-up.

CBS's Lesley Stahl: From the beginning, Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.

(Vice President Bush: "You've asked the question whether my office was involved or whether I'm involved in running this operation, and the answer is unequivocally 'no.'")

Questions remain about Bush's involvement, based on a chronology provided by his own office and the public misstatements of his National Security Adviser, Donald Gregg.... According to the chronology, the Vice President met with Gomez three times: once in January '85 and twice in May '86. Bush's office says they talked only about El Salvador and never discussed the contras.

(Vice President Bush: "I have never ever had a discussion with him about the contras and contra support of any kind.")

Stahl continues: The Vice President claims no knowledge of Gomez's contra activities -- even though Gomez and Gregg met repeatedly -- even though in January '86 another Bush aide, Colonel Samuel Watson, went to El Salvador to meet with Gomez and visited contra camps in Honduras -- even though when the Vice President himself sat down with Gomez last May the meeting was joined by Oliver North.... Despite all this, Bush's aides insist that they never told their boss what they knew about Gomez's contra activities....

(CBS-3)

HOSTAGES

Brokaw: NBC News has learned that three American hostages seized in Beirut after the scandal broke now are in the hands of the Syrian army which has taken control of many neighborhoods in that city. The three Americans and an Indian citizen were grabbed a month ago. It appears they could be released before too long.

NBC's Art Kent: Middle East and Western intelligence sources say that at least four of the 26 foreign hostages being held in Lebanon are now in the custody of Syrian army intelligence in Beirut. The four are Americans Robert Polhill, Jesse Turner and Allan Steen and Mr. Sing, an Indian citizen.... Sources say that when it became known that Syrian troops were going to move into Beirut en force, the four hostages were turned over to a senior Syrian intelligence officer. The four were turned over to the Syrians to keep them out of Hezbollah hands.... Intelligence sources say the Syrians are trying to figure out a way to release the four hostages without offending Hezbollah or its Iranian backers. For now the Syrians are denying they hold the four professors.

(NBC-3)

SUPREME COURT/AFFIRMATIVE ACTION

Brokaw: At the U.S. Supreme Court today an historic ruling affirming affirmative action. By a ruling of 5-4 the justices ruled that the court-ordered plan requiring Alabama to promote equal members of black and white state troopers is constitutional. This was a defeat for the Reagan Administration.

NBC's Carl Stern: ...The Reagan Administration opposed the plan calling it a quota that discriminated against whites. Law enforcement officials were divided about the plan.... Today the Supreme Court upheld the plan. For the first time it said a court-ordered promotion plan is constitutional....

(NBC-4)

Rather: The United States Supreme Court today again rejected President Reagan's view of Affirmative Action. It upheld a controversial program for ending job discrimination against minorities.

CBS's Fred Graham: The Supreme Court upheld Affirmative Action again today handing the Reagan Administration yet again another defeat in its opposition to racial quotas....

Graham continues: Last year in a series of cases involving sheet metal workers in New York, firefighters in Cleveland, Ohio, and school teachers in Michigan, the Reagan Justice Department took a hard line against any kind of racial preferences and lost.... The Supreme Court's first decision on Affirmative Action for women is expected in the coming weeks and again the Justice Department is in opposition.
(CBS-5)

DEAVER

Brokaw: There are so many special prosecutors at work in Washington, you need a scorecard just to keep track. One of them has been investigating former presidential adviser Michael Deaver, accused of lying about his lobbying activities after he left the White House....

NBC's Bob Kur: Deaver left home this morning aware that the independent counsel would seek an indictment. Deaver had rejected an offer to pleabargain.... A few hours later Deaver's lawyer, Herbert Miller, was in court making a dramatic last-minute attempt to stop the indictment. He argued that the 1978 law creating the position of independent counsel is unconstitutional -- that only presidential appointees may prosecute federal crimes.... Judge Thomas Jackson said Deaver's attorney had raised serious questions about the law, so Jackson temporarily prohibited the indictment....
(TV coverage: Mr. Deaver whispering in the President's ear.)
(NBC-Lead)

ABC's John Martin: ...Deaver's troubles stem from contacts he made with former White House associates after he left the job nearly two years ago.
(TV coverage: The President, Deaver and Mr. Meese walking on White House grounds.)
...On Capitol Hill there was bipartisan support for Deaver's indictment and the law.... The delay is temporary but Reagan Administration officials are quietly applauding tonight because for the first time several former White House officials under investigation have won a modest victory.
(ABC-3)

Rather: Today one of President Reagan's closest friend's and former top aide Michael Deaver used a complicated legal tactic to delay his own indictment on a totally separate criminal corruption case. It's the same legal tactic that is now being used to try and derail a special prosecutor's whole investigation of the Iranian arms scandal.

CBS's Rita Braver: Just hours before Independent Counsel Whitney North Seymour planned to charge Deaver with lying to a federal grand jury and a congressional committee about his lobbying activities, a federal judge blocked the indictment. Aware of Seymour's intention, Deaver's attorneys had rushed into court this morning to claim that the Independent Counsel Law is unconstitutional because it grants prosecutorial powers to an official appointed by the judiciary rather than by the President as required....

Braver continues: U.S. District Judge Thomas Jackson said the courts must decide the issue of whether the independent counsel law is constitutional and to indict Deaver first might cause irreparable injury....

(Rep. Don Edwards: "You can't expect the Executive Department to investigate itself; there's too much of a conflict of interest.")

(Rep. John Dingell: "For the courts to throw out a statute as important as to the order and to the cause of justice in this country as the Special Prosecutor Statute would be a calamity of the greatest order.")

There are several other independent counsel investigations now under way, and if Deaver and North prevail, all of them could be ended. But legal experts say that whatever the courts decide on the issue will have its most serious implication for the Iran-contra scandal.

(CBS-2)

COMMENTARY/CAMPAIGN CONTRIBUTIONS

Chancellor: Topic "A" here in Washington of course is the Iran-contra scandal. There's been so much interest in the White House problems that people have almost stopped talking about topic "B". But topic "B" is going to be with us for awhile and it's worth thinking about. Topic "B" is money, the money politicians need to run their campaigns.... There is hardly a politician in this town who isn't fed up with having to beg, wheedle, and whine for campaign contributions and it's hard to blame them.... It's likely that they're going to change the rules on campaign financing, and where will some of the money come from? Surprise! They'll get it from the taxpayers.... Public financing for congressional campaigns is an idea whose time seems to have come mainly because the politicians are sick to death of spending half their time with their hands out begging for money.

(NBC-10)

FAWN HALL

Brokaw: There was still more interest today in Fawn Hall, Oliver North's beautiful blonde secretary who has been granted immunity for cooperating with investigators about her role in shredding and altering documents at the White House. Her appearance this week gave the scandal about the only thing that it's been missing: sex appeal. As NBC's Robert Hager reports tonight, a star is born....

(NBC-12)

EDITORIALS/COLUMNISTS

IRAN-CONTRA/TOWER REVIEW BOARD

The Tower Inferno -- "Amid this tower of political babble, Mr. Reagan's responsibilities are to the institution of the presidency and to the people who vote an individual into the presidency. If at any point in this affair Mr. Reagan has spoken falsely to the American people, he is obligated to apologize for that serious breach of faith. He is in no sense obligated to apologize to the Beltway. The best way for Mr. Reagan to respond to the Tower report is to get on with his own agenda."

(Wall Street Journal, 2/25)

Take Charge, Mr. President -- "The point isn't to run the President around the country so that he can visit a whole lot of different places and wear a whole lot of new and different hats. That's just public relations razzle-dazzle -- and it's not particularly relevant to the situation at hand. The real need is to show the nation that, right there in Washington, Ronald Reagan is running the show.... The President should study the report, meet with the press to take all questions and then -- perhaps in a major televised speech -- focus the attention of the nation on what he means to accomplish in his remaining 20 months in office."

(New York Post, 2/25)

The President Can't Remember -- "Ten weeks ago, White House aides bridled at the joke about the Iran-contra crisis: What did the President forget and when did he forget it? As things have turned out, it was no joke.... Meanwhile, the White House is consumed with bickering, scapegoating, finger-pointing. It was all Oliver North's doing, or John Poindexter's. Blame William Casey. Question Robert McFarlane. Fire Donald Regan. Fudge the facts. Each inflamed voice urges the same priority: Evade the blame. There's only one sure way to do that: Govern the country."

(New York Times, 2/25)

Unraveling a Debacle -- "The American people elected a chief, and the Indians seem to have been running the show. Mr. Reagan says he is saving the 'best stuff' of his presidency for Act IV, and his supporters, ourselves included, hope that this is the case. But unless Mr. Reagan follows up the Tower report with vigor -- and he may -- the hook will get him before the fat lady sings."

(Washington Times, 2/25)

The Regent Wife -- "So the Reagan Presidency is beginning to take on an eerie resemblance to the closing months of the presidency of Woodrow Wilson when his wife, Edith, became in effect the regent of an ailing president. In her memoirs Mrs. Wilson attested that she 'never made a single decision regarding the disposition of public affairs,' but she conceded she did determine 'what was important and what was not, and...when to present matters to my husband.' Obviously, since inaction can be as critical as action, Mrs. Wilson was making a distinction without a difference."

(Baltimore Evening Sun, 2/24)

EDITORIALS & COLUMNISTS (continued)

Reagan Under Siege: Lessons of History -- "With relatively few exceptions, the President's critics have been extraordinarily restrained. Reagan's personal popularity accounts for much of that. A sense of fairness has suspended judgments until the President's commission is done. But the deepest motivation for restraint is the almost unspeakable horror of contemplating another U.S. President going down and out in disgrace. The most important American constitutional lesson of the 20th Century was the reconfirmation of the rule of law, prevailing over mere men, however powerful. That was Watergate. The most powerful political lesson since then is the vitality that comes from having a President who is widely loved and respected. Neither lesson should be neglected as the controversy becomes more intense."
(New York Daily News, 2/25)

Jogging, Reagan/Regan Style -- "Reagan's memory, it has been noticed before, may indeed be fallible and require freshening. At a minimum, though, Reagan's change of mind, his confusion about an event of such fundamental importance, once again underscores how incredibly offhandedly decisions of great consequence to the nation's interest seem to have been made."
(Los Angeles Times, 2/20)

New Disclosures Deepen Concern on Iran Scandal -- "When the Administration disliked the views of Congress or even of its own State Department, it appears to have solved the problem by setting up its own secret State Department. At bottom, this policy indicates a distrust of Congress and the popular will. It suggests an Administration determined to follow its course through covert means without regard to popular opinion or legal niceties. The various bodies now probing the scandal must press their investigations to uncover all the details of this affair -- wherever they might lead."
(Buffalo News 2/18)

Needed: Total Honesty -- "Ordinary conservatives voted in 1980 and 1984 for sound fiscal policies and more morality in public life than they thought existed. They got some economic reform but they feel cheated of the other. There is growing belief that another conservative administration has been nibbled into impotence by clumsy footpads and amateur Rambos. Official reticence is no help. Only a policy of abject, total honesty can now forestall a public rush to a sour judgment. Anything short of full disclosure will be an affront to the morality that was promised."
(Chicago Sun-Times, 2/24)

Iran-Contras: Project Democracy Made a Sham of U.S. Ideals -- "So far, we have learned that U.S. officials were unbelievably cynical and incompetent in their dealings with Iran. It is even more disturbing and sad that the chief executive seems not to have realized the implications of his own programs -- or what a shambles they would make of this country's foreign policy."
(Detroit Free Press, 2/21)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 26, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Tower Board Will Contradict Reagan On Arms Sales, Source Says -- The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

(USA Today, Washington Times, AP, UPI, Reuter)

INTERNATIONAL NEWS

Options For Expanding Tests Of SDI Kept Alive In Budget -- A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

(Washington Times)

NATIONAL NEWS

Indictment Blocked As Deaver Files Suit -- Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

(Washington Post, Washington Times)

NETWORK NEWS (Wednesday Evening)

TOWER REPORT -- The Tower report will clear President Reagan of any wrongdoing.

IRAN ARMS/EUROPEAN REACTION -- The view in Western Europe is not a flattering one.

IRAN-CONTRA AFFAIR/VICE PRESIDENT -- Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.



"It looks as if the ABM treaty won't allow baseball in Washington."

IRAN — NICARAGUA

TOWER POWER MAY HAVE BEEN UNFORESEEN

President Reagan appointed the three-man Tower Commission Nov. 26 in what was seen at the time as a low-key investigation into what role his NSC staff may have played in the Iran-contra crisis.

But what the commission reveals three months later in its final report today could spark fundamental changes in the way Reagan's Administration and future administrations implement foreign policy. (Dana Walker, UPI)

Tower Report To Conclude Arms Sales, Hostages Linked

The Tower commission will find that President Reagan agreed to sell arms to Iran in the hope of gaining the release of American hostages, sources said yesterday.

Marlin Fitzwater, in advance defense of Reagan, said yesterday the President has acted "entirely appropriately throughout the whole thing."
(Jeremiah O'Leary, Washington Times, A1)

Tower Board Will Contradict Reagan On Arms Sales, Source Says

The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

A source at the Tower commission said the panel concluded that an arms-for-hostages swap was the center of U.S. contacts with Iran.

While the idea of trying to establish ties with a strategically important nation "may have been in the President's thoughts," the source said, "we didn't accept the notion of it being the driving force. That does not appear in fact to be what drove the program." (Terence Hunt, AP)

Reagan's Role The Focus As Iran Arms Report Is Issued

President Reagan receives a report today from a commission investigating the Iran arms scandal that could determine the course of his presidency for months to come.

White House officials say they expect the document to be hard-hitting and highly critical of the operations of Reagan's NSC.

But the focus of attention will be on its findings about Reagan's role in the scandal, which has plunged him into his worst crisis since he came to the White House and has raised questions about his hands-off style of government.
(William Scally, Reuter)

Iran Report Out Today; Regan Too?

The nation's capital is awash in reports that Donald Regan will resign before next week -- probably Friday.

Marlin Fitzwater had no comment on those reports -- which surfaced as the White House prepared for today's release of the Tower Commission report.

But CBS News and others quoted unnamed sources saying Regan is out.
(Johanna Neuman & Jessica Lee, USA Today, A1)

WHITE HOUSE IRAN MEMO MAY BE FAKE, PROBERS SAY

A key White House memorandum on secret arms sales to Iran, released publicly by the White House last month in an attempt to explain the policy, may have been a fake, congressional investigators said Wednesday.

Congress' two special committees on the arms sales are investigating whether the memorandum was deliberately altered last November by John Poindexter to make it appear that President Reagan was not aware of two Israeli weapons shipments to Iran in 1985, they said.

"The questions of alteration of documents and slanting documents to protect the President are clearly matters that we are interested in," said Rep. Lee Hamilton. He confirmed that the memorandum is one of the documents being studied by his committee but said it is too early to conclude whether the paper was part of a deliberate attempt to cover up the President's involvement.

(Doyle McManus & James Gerstenzang, Los Angeles Times, A1)

CARLUCCI REVIEWING SECRET OPERATIONS

Security Aide Says He Told Tower Panel Of Intended NSC Changes

Frank Carlucci said yesterday he is conducting a "zero-based review" of the dozens of presidential authorizations for secret operations overseas and is nearing completion of studies of other U.S. policies around the world.

As of noon yesterday, Carlucci told Washington Post editors and reporters, he had not seen the (Tower) commission's conclusions. Carlucci said he informed the commission at the start of its inquiry of the general nature of the changes he planned to make at the NSC, and reported to the commission last Friday on what he has done. "They indicated no problems with what I intended to do," Carlucci said.

(Don Oberdorder, Washington Post, A23)

TIMES POLL FINDS PUBLIC WANTS NEW DIRECTION FOR U.S.

Americans by a margin of more than 2 to 1 want their next president to distance himself from President Reagan's policies and by a significant margin think Vice President Bush's association with Reagan will hurt rather than help his chances to become president, the Los Angeles Times Poll has found.

Although attitudes follow predictable party lines, with 81% of Democrats and 37% of Republicans wanting new national directions, the poll results appear to reflect the political damage of the Iran-contra affair and raise the possibility that an association with Reagan may be a liability to Bush and others in the 1988 presidential election.

Two-thirds of the public believe Bush's role in the Iran-contra affair has been minimal or nonexistent, yet nearly half the respondents -- including 61% of the Democrats and 25% of the Republicans -- think his association with Reagan will hurt his chances of becoming president. By a margin of 44% to 37%, they believe his ties to Reagan will hurt his presidential prospects.

(David Lamb, Los Angeles Times, A1)

SEN. BOREN TO SEEK VOTE ON GATES SOON
Action Could Doom CIA Nomination

The nomination of Robert Gates as director of the CIA ran into serious new difficulties yesterday. The Democratic chairman of the Senate Select Committee on Intelligence, Sen. David Boren, announced that he will ask the panel to act soon on the nomination, which Senate sources said could doom Gates' chances of confirmation. A committee Republican, Sen. Arlen Specter, urged President Reagan to consider withdrawing Gates' nomination.

Boren said he will ask the committee to vote up or down on Gates or ask Reagan to withdraw his name, although other senators have suggested that Gates remain as acting director while inquiries by congressional committees and a special counsel continue into the Iran-contra affair. Boren said that leaving Gates as "interim acting director for a prolonged period of time" would not be "good for national-security interests."

(Walter Pincus & Bob Woodward, Washington Post, A1)

WALSH VOWS TO PRESS AHEAD DESPITE JUDGE'S RULING

Lawrence Walsh, the independent counsel in the Iran-contra scandal, maintains a federal judge's order blocking another special prosecutor case will not affect his own and he will proceed "without interruption."

Walsh was unruffled Wednesday in reacting to the abrupt and unexpected ruling by U.S. District Judge Thomas Jackson that temporarily halted the case against ex-White House aide Michael Deaver because of constitutional questions.

(Lori Santos, UPI)

JUSTICE DEPARTMENT LAWYERS SUPPORT
ATTACK ON INDEPENDENT COUNSEL LAW

Justice Department officials who support the attack on the independent counsel law being waged by Lt. Col. Oliver North and former White House aide Michael Deaver say the statute is a slap in the face to federal attorneys.

Last month, Assistant Attorney General Charles Cooper said that if the independent counsel statute was "appropriately" challenged in the courts, the department would join in a lawsuit to overturn it.

Cooper's "view is similar to the position that has been taken by a number of department officials going back some 14 years," Patrick Korten, a Justice Department spokesman, said Wednesday.

(Pete Yost, AP)

POLITICAL DIRECTOR URGES REAGAN
TO PICK FIGHTS WITH CONGRESS

President Reagan's departing political director is urging him to pick some fights with Congress to overcome "discouragement and restlessness" among his supporters because of the Iran-contra affair.

Mitchell Daniels said in an interview Wednesday that he believed the arms sales affair "can be transcended and put in the shadows by remedial action and by the passage of time."

"A good fight is politically useful to the President if the issue is carefully selected," said the aide, who has been assistant to the President for political and governmental affairs. (Dale Nelson, AP)

EDITOR'S NOTES: "Handing Out The Tower Report: After President Reagan, The Deluge -- Government Printing Office Gripped In Tight Security," by Bill McAllister, appears in The Washington Post, A25.

"John Tower & His Arduous Mandate -- The Former Texas Senator's Difficult, Painful Job Heading Up Reagan's Iran Arms Investigation," by Mary Battiata, appears in The Washington Post, B1.

"Remember The Day... -- Aug. 8, 1985: A Power Anthology," by Lois Romano, appears in The Washington Post, B1.

INTERNATIONAL NEWS

REAGAN COMMITTED ON SDI DEVELOPMENT, CARLUCCI SAYS

President Reagan "is committed to moving ahead" with the controversial SDI, Frank Carlucci said yesterday, and will sign no agreement with the Soviet Union that would "kill or cripple" the program.

But the President is at the same time "genuinely interested in seeing what the views of Congress and the allies are" on a proposal to "reconfigure" the program so that more realistic experiments can be conducted under a more permissive interpretation of the 1972 ABM Treaty.

(Jeffrey Smith, Washington Post, A35)

OPTIONS FOR EXPANDING TESTS OF SDI KEPT ALIVE IN BUDGET

A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

But the 1988 budget request will allow a rapid restructuring of SDI if the Administration adopts the more permissive reading urged by some U.S. officials, Lt. Gen. James Abrahamson said.

(Warren Strobel, Washington Times, A3)

BONN URGES U.S. TO WEIGH SDI IMPACT

Arms Talks Damage Feared, Kohl Says

BONN -- The West German government today bluntly urged the U.S. not to formally adopt a controversial reinterpretation of the 1972 ABM Treaty if that action would set back arms control talks with the Soviet Union.

An official statement used unusually strong language to emphasize West Germany's skepticism over proposals in Washington to formally adopt the so-called "broad interpretation" of the ABM Treaty. The broad reading would permit expanded testing of SDI.

(Robert McCartney, Washington Post, A29)

GORBACHEV CANDID ABOUT OPPOSITION

He Assures Critics His Plans Won't Invite Social Unrest

MOSCOW -- Mikhail Gorbachev, in his most candid acknowledgment of opposition to his policies, sought today to assure critics that "democratization" would not produce disarray in Soviet society.

Addressing a labor union convention, he said: "Greater democratization may prompt some people to ask whether we are not disorganizing society, whether we shall not weaken management and lower the standards for discipline, order and responsibility."

(Philip Taubman, New York Times, A1)

SOVIETS DETONATE NUCLEAR TEST

MOSCOW -- The Soviet Union on Thursday conducted its first nuclear test in more than 1½ years, exploding a device on its testing range in Soviet Kazakhstan.

Tass said the explosion was staged "to check the results of research into the physics of a nuclear explosion," but gave no further details.

(AP)

3 GROUPS CHanneled ARMS TO CONTRAS AFTER BAN

Three distinct and competing groups supplied millions of dollars in weapons to the Nicaraguan contras after Congress banned the U.S. government in October 1984 from providing arms directly, according to documents, contra officials and brokers involved in the transactions.

Two of the groups providing arms had direct ties to Lt. Col. Oliver North, the NSC staff aide fired Nov. 25 for his role in the Iran arms sales-contras aid affair. One rebel source described North's intervention as critical in making certain that the weapons reached the contras after they were shipped from Europe.

(Benjamin Weiser & Joe Pichirallo, Washington Post, A1)

CONTRA AID/ABRAMS

Assistant Secretary of State Elliott Abrams met last March with a retired general involved in aiding the contras but refused to discuss a plan to provide weapons to a Nicaraguan rebel faction, a U.S. official said Wednesday.

The State Department official, who requested anonymity, branded as "pure fantasy" an assertion by retired Gen. John Singlaub that Abrams had approved his plan to provide military aid to Nicaraguan rebel leader Eden Pastora.

The Miami Herald reported Thursday that Singlaub said he told Abrams about his plan to aid Pastora and the State Department official approved the project.

(Matthew Quinn, UPI)

SHULTZ LEAVES FOR CHINA

Secretary Shultz, leaving the Iran arms controversy behind for a few days, is traveling to China where the leadership is still grappling with the debate over wider democracy.

A senior U.S. official said the U.S. view is that Chinese leaders will continue loosening up controls. "It is a question of how fast, not whether" there will be such a change, the official said.

He said Shultz will discuss "every aspect" of the U.S.-Chinese relationship, including human rights.

(Jim Anderson, UPI)

YEUTTER LABELS SANCTIONS A 'MACHO' TRADE SOLUTION

Congress is seeking too "macho" a solution to the nation's trade imbalance when it considers imposing mandatory sanctions, U.S. Trade Representative Clayton Yeutter said yesterday.

"The world is too complex to be inflexible, and every time we write things into the law it comes back to haunt us," Yeutter told members of the National Association of Manufacturers.

Yeutter said trade bills such as one offered by Senate Finance Committee Chairman Lloyd Bentsen "have major shortcomings. We can do a lot better than that."

(Craig Webb, Washington Post, E3)

BAKER HIT FOR URGING U.S. TO BACK DEVELOPMENT BANKS

Treasury Secretary Baker's call for the U.S. to pay its share of the budget for international development banks was sharply criticized on Capitol Hill yesterday.

"The United States taxpayer can no longer afford to subsidize frivolous loans to blatantly unfriendly nations," Sen. Jesse Helms said.

(UPI story, Washington Post, E3)

NATIONAL NEWS

WHITE HOUSE STAFF SHAKE-UP SAID NEAR Regan Calls Meeting On Tower Report; Regan Departure Seen

President Reagan and Vice President Bush yesterday canceled plans to leave Washington this weekend and sources close to the Administration said that a major White House staff shake-up that includes the departure of chief of staff Donald Regan is imminent.

Reagan is summoning top strategists, including longtime political adviser Stuart Spencer, to the White House on Friday night to discuss prospective staff changes and the Administration's response to the Tower special review board's report.

(Lou Cannon & David Hoffman, Washington Post, A1)

REAGAN HEARS BLACK CONCERNS 'Pleased With His Response,' Jackson Says

Jesse Jackson said yesterday he appealed to President Reagan to restore \$5 billion in education budget cuts and to increased pressure on South Africa.

"I am pleased with his response at this stage," said Jackson, who was last at the White House in January 1984 after helping free downed American flier Robert Goodman in Syria.

He said the only result of the meeting, which included Donald Regan, James Miller and a representative of the NSC, was that White House aides would meet again with the civil rights leaders.

(UPI story, Washington Post, A16)

HIGH COURT AFFIRMS PROMOTION QUOTAS

A sharply divided Supreme Court handed supporters of affirmative action a victory yesterday, upholding a plan for promoting equal numbers of blacks and whites on the Alabama State Police force.

By a 5-4 vote, the court said the plan does not violate the Constitution. The plan forces the state police to promote one black trooper for every white promoted until blacks comprise 25 percent of upper-rank officers.

The ruling is a defeat for the Reagan Administration, which argued the quota is "profoundly illegal."

(Washington Times, A1)

DEAVER THWARTS ATTEMPT TO SEEK HIS INDICTMENT Suit Challenges Prosecutor's Authority

An independent prosecutor moved to obtain an indictment of former White House aide Michael Deaver yesterday on four counts of perjury, but Deaver temporarily avoided any indictment when a federal judge agreed to consider his challenge to the independent counsel's appointment.

"So long as he thought the investigation might clear him, it was a wonderful investigation and a constitutional investigation," Whitney Seymour, the independent counsel, told the judge. He said Deaver "has been using our office...so long as it was dampening any public question about his conduct."

Had the nine-month investigation ended without indictment, Seymour said, Deaver "would have been the first to say, 'Wow, I've been vindicated and this is a great process.' Instead, the grand jury is going to allege that the first time he came before them, he lied to them."

(Howard Kurtz, Washington Post, A1)

Indictment Blocked As Deaver Files Suit

Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

Deaver's attorneys said the investigation has driven off many of Deaver's clients and threatens to destroy his consulting business.

Deaver, who has consistently denied any wrongdoing, would not comment on yesterday's ruling, said Randall Turk, one of his attorneys.

(George Archibald, Washington Times, A1)

CHOOSING SIDES ON DEFICIT TARGET

Democrats Clash With Republicans Over Depth Of Budget Cuts

In an early demonstration of the opportunities and perils surrounding the federal deficit, Republicans and Democrats yesterday engaged in a series of rhetorical skirmishes over meeting the \$108 billion deficit target required by the Gramm-Rudman-Hollings balanced-budget act.

"The role of Gramm-Rudman, in my judgment, is that you cut \$36 billion a year," said House Majority Leader Thomas Foley in a speech to a business group yesterday morning. "I think we need to be getting realistic."

(Tom Kenworthy, Washington Post, A8)

'CATASTROPHIC' HEALTH CARE ATTRACT BACKERS IN HOUSE

"Catastrophic" health insurance proposals for the aged received a powerful boost in the House yesterday as Ways and Means Committee Chairman Dan Rostenkowski and Rep. John Duncan, the panel's senior Republican, agreed to cosponsor a bill being introduced by health subcommittee leaders, according to committee sources.

The proposal, to be introduced today by Reps. Fortney Stark and Willis Gradison is similar to the measure developed by Secretary Bowen and endorsed by President Reagan. (Spencer Rich, Washington Post, A25)

HOUSE PANEL PROBING COMPUTER
SECURITY SUBPOENAS POINDEXTER

John Poindexter has been subpoenaed by a House subcommittee to testify on government computer security, but his lawyer is refusing to say if Poindexter will show up.

The House Government Operations Subcommittee on National Security, on a voice vote with no dissent, decided to issue subpoenas Wednesday after Poindexter and his former aide Kenneth deGraffenreid refused committee invitations to appear. (Bud Newman, UPI)

SPACE STATION IN 'DEEP TROUBLE'
NASA Allies In Congress Question Mission And Escalating Costs

Some of the space program's staunchest supporters on Capitol Hill yesterday warned that the proposed space station is in "deep trouble" if the Administration does not come up with answers, fast, about the station's mission and soaring costs.

Rep. Bill Nelson, chairman of the House Science and Technology subcommittee on space science and applications, pointed out that the committee had "gone to the wall" to ensure that station funding was included in the last budget, based on repeated assurances that it would cost \$8 billion and would be "bending metal" sometime this year.

(Kathy Sawyer, Washington Post, A7)

EDITOR'S NOTE: "Officials Say Air Force Understates B1 Problems -- Up To Half Of Bombers At Texas Base Reportedly Grounded Recently," by Molly Moore, appear in The Washington Post, A6.

NETWORK NEWS SUMMARY

(Wednesday Evening, February 25, 1987)

TOWER REPORT

NBC's Tom Brokaw: NBC News correspondent Tom Pettit can report tonight that when the Tower commission report comes out tomorrow morning, it will likely clear the President of any wrongdoing, but it will say that the President misled Congress and the American people. The report will not reach any conclusions about whether the Iran deal was an arms-for-hostage arrangement. It was, according to the Tower commission report, many things to many people. At the White House the President and his advisers now are preparing for tomorrow's release of the Tower commission report on the Iran-contra affair, and it is expected to be very harsh -- tough on the President and most of if not all the principal figures in the secret arms sale. It turns out the President has given the commission still another version of his role.

NBC's Chris Wallace: The President gave his latest account to the Tower commission last Friday, saying in a letter he honestly had no recollection of whether he authorized Israeli shipments to Iran and "may have allowed myself to be influenced by the recollection of others."

(TV coverage: The President walking out of the O.E.O.B.)

White House sources tell NBC News Mr. Reagan wrote the letter because he felt Chief of Staff Regan and others manipulated him to change his testimony. Meeting with the commission on January 26, the President, while vague, indicated he approved Israeli shipments to Iran in advance. But on February 11th, Mr. Reagan said he now believed he did not approve the shipments. That was also Regan's version in his testimony.

(TV coverage: Still photo of the President on calendar pages.)

Between the two meetings the chief of staff and other aides met with the President, according to one, to stimulate his recollection.

(TV coverage: The President walking with Mr. Regan.)

Officials say the First Lady was furious about Regan's role and after stories of the conflicting testimony came out, the President wrote his letter saying he can't remember.

(TV coverage: The President and First Lady leaving the White House for Marine One.)

Today leading Democrats expressed amazement.

(Sen. Byrd: "Well the President can't seem to keep his tail straight."

Reporter: "Why not?"

Sen. Byrd: "Well he doesn't remember what he said and when he said it."

Sen. Hollings: "When he's had a categorical policy not to deal, on the hostage takers, not to deal with terrorism and terrorists, and he violated his own policy. I don't see how he could forget it.")

Tomorrow the Tower commission will issue what is expected to be a highly critical report stating the President failed to keep a firm hand on his foreign policy failing to control Oliver North and John Poindexter.

Wallace continues: But White House Spokesman Marlin Fitzwater maintained the President has acted entirely appropriately throughout the whole affair. Mr. Reagan will stay at the White House this weekend meeting with top advisers on how to pull his presidency out of the arms scandal. But it appears one key decision has already been made. A top Republican source says the President and chief of staff have agreed Reagan will be leaving within days. (NBC-2)

ABC's Peter Jennings: It will be tomorrow morning when the presidential commission, the Tower commission, will report its findings to the nation and to the President on the National Security Council and the Iran-contra affair. The commission has covered much more ground than it ever imagined it would when it began.

ABC's Bob Zelnick: Tower commission sources say tomorrow's report will hold President Reagan responsible for the way his National Security Council functioned although he was probably not aware of several specific misdeeds.

(TV coverage: The President at an Oval Office address with words beneath.)

In the words of one commission source, "The President hired the top NSC people, set its priorities, and demanded results. If he didn't know what was going on that's part of the problem, not a defense."

(TV coverage: The President reading papers in the Oval Office.)

Commission sources say that while the President can't recall when he first approved the shipment of weapons to Iran, once they did get underway he was briefed frequently on Iranian contacts, but the President's attention span at such sessions was limited. Sources say he'd inject little more than an occasional anecdote into the discussions. The President had what sources describe as even sketchier knowledge of NSC contacts with private efforts to raise funds for Nicaragua's contras or deliver weapons to them. In each case, sources say, a more alert President could have known that something close to the edge of the law was going on....

(TV coverage: The President at a public speech.)

Commission sources say the Tower panel found no evidence Mr. Reagan knew about the subsequent diversion of Iran weapons sale profits to the contras. Commission sources say the trouble with the Reagan NSC was not that it exceeded its authority but that the President placed no real limits on that authority. The problem was less one of structure than presidential leadership.

Jennings: Yesterday on this broadcast you heard the President explain in his own words why he thought it was possible that he forgot whether he approved the first Iran shipments to Iran before it happened or afterwards. Today the White House confirmed that is also what the President told the Tower commission in a letter he sent last week.

ABC's Sam Donaldson: President Reagan and his Chief of Staff Donald Regan kept up appearances today but the strain was noticeable.

Mr. Reagan's spokesman confirmed that the President sent a letter to the Tower commission last Friday containing yet another version of what he remembers about his role in the first Israeli arms shipment to Iran.

Donaldson continues: The President originally indicated to the commission that he approved that shipment in the summer of 1985 in advance. Later he told the commission that upon reconsideration he hadn't. In Friday's letter he said he simply can't remember whether he did or not, that his earlier versions may have been influenced by the recollection of others.

(TV coverage: Still photo of the President with still photos of the Tower board members with words between them.)

These multiple adjustments of memory drew ridicule from congressional Democrats.

(Sen. Byrd: "The President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Sen. Hollings: "Well, that is the problem because not remembering a particular event on a particular day, but rather forgetting that he violated his own policy against terrorism. You can't forget that."

Rep. Dorgan: "I'd want to forget too if I decided we ought to send guns to the Ayatollah Khomeini.")

Reagan loyalists blame Chief of Staff Regan for this latest memory lapse embarrassment, and each day comes new seemingly authoritative word that Regan is out and has been told as much by the President. "He's a changed man," said one source. "The fight has gone out of him." The President will spend the weekend here at the White House consulting with advisers and outside friends on what and who to do next. But a source who knows Regan's thinking says Regan believes that he and the President have agreed that his departure will not come until at least next week. (ABC-2)

CBS's Dan Rather: Donald Regan is a goner. White House Correspondent Bill Plante has been told tonight that White House Chief of Staff Donald Regan is on his way out perhaps in a matter of days, possibly over the weekend. Plante also has some advance details on the what the Tower Commission will say tomorrow about what President Reagan and his aides did in their secret Iran deal.

CBS's Bill Plante: The Tower Commission will report tomorrow that just about everyone in the Administration, except the President, believed the U.S. was trading arms for hostages.

(TV coverage: Film of the President making a public speech.)

Sources say that, while Mr. Reagan did nothing illegal, the report will show that he was detached from policy making and that his White House decision making process was a disaster waiting to happen.

(TV coverage: Film of the President at his desk in the Oval Office.)

Chief of Staff Donald Regan, according to commission sources, gets bad marks as a manager. The report finds evidence he took part in a cover-up designed to minimize the President's involvement. John Poindexter is pictured as deliberately deceiving his superiors. Both he and Oliver North, say sources, operated far beyond their authority, but, because the commission could not interview them or get access to bank records, it is unable to trace the diversion of funds to the contras. The report will document the President's confusion over when he approved the first transfer of arms by Israel to Iran.

Plante continues:

(TV coverage: Film of the President with the Tower Commission)

He told the commission two different stories. After reports appeared suggesting that he changed his version because he had been coached by his staff, Mr. Reagan wrote the commission a letter in which he said he had no recollection and may indeed have allowed himself to be influenced by others.

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

(Sen. Byrd: "The President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Reporter: "Do you think he really forgot?"

Sen. Hollings: "No, I really don't. I think that the evidence will show that from the Tower Commission.")

A new poll by the Los Angeles Times suggests that skepticism is widely shared. Seventy-five percent of those surveyed believe the White House tried to cover up the scandal. Two-thirds say it has diminished the President's ability to lead, a conclusion the Administration is working hard to reverse.

(Attorney General Meese: "I think that any idea that the Administration is so-called 'dead in the water' is absolutely false.")

Sources tell CBS News tonight that President Reagan has finally told Chief of Staff Donald Regan that it's time to leave the Administration. The announcement could come this weekend; an active search is still underway for Regan's replacement. (CBS-Lead)

CONTRA AID/SOUTH AFRICA

Jennings: In a great many parts of the country this evening there's an unusual sense of anticipation about the Reagan presidency, for it is tomorrow that a report by the President's own commission on the Iran affair and his National Security Counsel's role in it will be published. We are going to begin this evening with the results of an ABC News investigation into what lengths the Reagan Administration has gone to in order to help the Nicaraguan contras when Congress was against it. This is a story of how the South African government was enlisted to help the contras with aircraft and flight crews.

ABC's Karen Burnes: ABC News has learned that over three years United States government officials and the South African government have been working together to provide military assistance to the contras. The operation has been described as a vest pocket operation run by CIA Director William Casey himself outside of all normal channels.... At the same time (that South Africans were supposedly flying aid to the contras) the debate over economic sanctions against South Africa was heating up. Congress voted for sanctions and Reagan vetoed them. He was later overridden, but press reports indicate that the South African government was pleased at the President's actions. The CIA has denied that former director Casey solicited funds for the contras during the time that Congress considered it illegal, but Casey...is still too ill to comment.

(ABC-Lead)

IRAN ARMS/EUROPEAN REACTION

Rather: The secret deal that supplied the Ayatollah with U.S. arms has produced a whole new picture of President Reagan in Western Europe. It is not a flattering view.

CBS's Mark Phillips: European cartoonists have always had a good time with Ronald Reagan but as the Iran arms scandal drags on, a new image is emerging: a wrinkled image of a more vulnerable President who is taking a beating.... It's not just the American willingness to publicly embarrass its President that has Europeans confused, it's also President Reagan's inability to fight back and contain the damage.... Ronald Reagan, as the Europeans see him, now looks like a very old man.

(Frank Johnson, British columnist: "It shows that the American system is functioning rather impressively and rather effectively if you want to cripple presidents. And you seem to want to do so, constantly.")

Europeans have been following each new revelation of the scandal -- each new blemish on the image of the American presidency. And they can't help but compare with what they're hearing from Washington with what they're hearing from Moscow. The P.R. advantage, as they see it, has shifted.... If President Reagan had an image here before the scandal it was one of commitment to his ideals and of the power to see them through. Now he's seen not only to have lost his grip, he's lost his hands. (CBS-4)

IRAN-CONTRA AFFAIR/VICE PRESIDENT BUSH

Rather: Tomorrow's Tower Commission Report is not expected to reveal who got the cash, where all the money went -- key witnesses apparently refuse to tell. So mystery remains about whether some of the money was skimmed and sent illegally to Nicaraguans favored by President Reagan and his secret operatives. Lesley Stahl has been looking into whether Vice President Bush and/or his aides have been involved in the cover-up.

CBS's Lesley Stahl: From the beginning, Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.

(Vice President Bush: "You've asked the question whether my office was involved or whether I'm involved in running this operation, and the answer is unequivocally 'no.'")

Questions remain about Bush's involvement, based on a chronology provided by his own office and the public misstatements of his National Security Adviser, Donald Gregg.... According to the chronology, the Vice President met with Gomez three times: once in January '85 and twice in May '86. Bush's office says they talked only about El Salvador and never discussed the contras.

(Vice President Bush: "I have never ever had a discussion with him about the contras and contra support of any kind.")

Stahl continues: The Vice President claims no knowledge of Gomez's contra activities -- even though Gomez and Gregg met repeatedly -- even though in January '86 another Bush aide, Colonel Samuel Watson, went to El Salvador to meet with Gomez and visited contra camps in Honduras -- even though when the Vice President himself sat down with Gomez last May the meeting was joined by Oliver North.... Despite all this, Bush's aides insist that they never told their boss what they knew about Gomez's contra activities....

(CBS-3)

HOSTAGES

Brokaw: NBC News has learned that three American hostages seized in Beirut after the scandal broke now are in the hands of the Syrian army which has taken control of many neighborhoods in that city. The three Americans and an Indian citizen were grabbed a month ago. It appears they could be released before too long.

NBC's Art Kent: Middle East and Western intelligence sources say that at least four of the 26 foreign hostages being held in Lebanon are now in the custody of Syrian army intelligence in Beirut. The four are Americans Robert Polhill, Jesse Turner and Allan Steen and Mr. Sing, an Indian citizen.... Sources say that when it became known that Syrian troops were going to move into Beirut en force, the four hostages were turned over to a senior Syrian intelligence officer. The four were turned over to the Syrians to keep them out of Hezbollah hands.... Intelligence sources say the Syrians are trying to figure out a way to release the four hostages without offending Hezbollah or its Iranian backers. For now the Syrians are denying they hold the four professors.

(NBC-3)

SUPREME COURT/AFFIRMATIVE ACTION

Brokaw: At the U.S. Supreme Court today an historic ruling affirming affirmative action. By a ruling of 5-4 the justices ruled that the court-ordered plan requiring Alabama to promote equal members of black and white state troopers is constitutional. This was a defeat for the Reagan Administration.

NBC's Carl Stern: ...The Reagan Administration opposed the plan calling it a quota that discriminated against whites. Law enforcement officials were divided about the plan.... Today the Supreme Court upheld the plan. For the first time it said a court-ordered promotion plan is constitutional....

(NBC-4)

Rather: The United States Supreme Court today again rejected President Reagan's view of Affirmative Action. It upheld a controversial program for ending job discrimination against minorities.

CBS's Fred Graham: The Supreme Court upheld Affirmative Action again today handing the Reagan Administration yet again another defeat in its opposition to racial quotas....

Graham continues: Last year in a series of cases involving sheet metal workers in New York, firefighters in Cleveland, Ohio, and school teachers in Michigan, the Reagan Justice Department took a hard line against any kind of racial preferences and lost.... The Supreme Court's first decision on Affirmative Action for women is expected in the coming weeks and again the Justice Department is in opposition.
(CBS-5)

DEAVER

Brokaw: There are so many special prosecutors at work in Washington, you need a scorecard just to keep track. One of them has been investigating former presidential adviser Michael Deaver, accused of lying about his lobbying activities after he left the White House....

NBC's Bob Kur: Deaver left home this morning aware that the independent counsel would seek an indictment. Deaver had rejected an offer to pleabargain.... A few hours later Deaver's lawyer, Herbert Miller, was in court making a dramatic last-minute attempt to stop the indictment. He argued that the 1978 law creating the position of independent counsel is unconstitutional -- that only presidential appointees may prosecute federal crimes.... Judge Thomas Jackson said Deaver's attorney had raised serious questions about the law, so Jackson temporarily prohibited the indictment....
(TV coverage: Mr. Deaver whispering in the President's ear.)
(NBC-Lead)

ABC's John Martin: ...Deaver's troubles stem from contacts he made with former White House associates after he left the job nearly two years ago.
(TV coverage: The President, Deaver and Mr. Meese walking on White House grounds.)
...On Capitol Hill there was bipartisan support for Deaver's indictment and the law.... The delay is temporary but Reagan Administration officials are quietly applauding tonight because for the first time several former White House officials under investigation have won a modest victory.
(ABC-3)

Rather: Today one of President Reagan's closest friend's and former top aide Michael Deaver used a complicated legal tactic to delay his own indictment on a totally separate criminal corruption case. It's the same legal tactic that is now being used to try and derail a special prosecutor's whole investigation of the Iranian arms scandal.

CBS's Rita Braver: Just hours before Independent Counsel Whitney North Seymour planned to charge Deaver with lying to a federal grand jury and a congressional committee about his lobbying activities, a federal judge blocked the indictment. Aware of Seymour's intention, Deaver's attorneys had rushed into court this morning to claim that the Independent Counsel Law is unconstitutional because it grants prosecutorial powers to an official appointed by the judiciary rather than by the President as required....

Braver continues: U.S. District Judge Thomas Jackson said the courts must decide the issue of whether the independent counsel law is constitutional and to indict Deaver first might cause irreparable injury....

(Rep. Don Edwards: "You can't expect the Executive Department to investigate itself; there's too much of a conflict of interest.")

(Rep. John Dingell: "For the courts to throw out a statute as important as to the order and to the cause of justice in this country as the Special Prosecutor Statute would be a calamity of the greatest order.")

There are several other independent counsel investigations now under way, and if Deaver and North prevail, all of them could be ended. But legal experts say that whatever the courts decide on the issue will have its most serious implication for the Iran-contra scandal.

(CBS-2)

COMMENTARY/CAMPAIGN CONTRIBUTIONS

Chancellor: Topic "A" here in Washington of course is the Iran-contra scandal. There's been so much interest in the White House problems that people have almost stopped talking about topic "B". But topic "B" is going to be with us for awhile and it's worth thinking about. Topic "B" is money, the money politicians need to run their campaigns.... There is hardly a politician in this town who isn't fed up with having to beg, wheedle, and whine for campaign contributions and it's hard to blame them.... It's likely that they're going to change the rules on campaign financing, and where will some of the money come from? Surprise! They'll get it from the taxpayers.... Public financing for congressional campaigns is an idea whose time seems to have come mainly because the politicians are sick to death of spending half their time with their hands out begging for money.

(NBC-10)

FAWN HALL

Brokaw: There was still more interest today in Fawn Hall, Oliver North's beautiful blonde secretary who has been granted immunity for cooperating with investigators about her role in shredding and altering documents at the White House. Her appearance this week gave the scandal about the only thing that it's been missing: sex appeal. As NBC's Robert Hager reports tonight, a star is born....

(NBC-12)

EDITORIALS/COLUMNISTS

IRAN-CONTRA/TOWER REVIEW BOARD

The Tower Inferno -- "Amid this tower of political babble, Mr. Reagan's responsibilities are to the institution of the presidency and to the people who vote an individual into the presidency. If at any point in this affair Mr. Reagan has spoken falsely to the American people, he is obligated to apologize for that serious breach of faith. He is in no sense obligated to apologize to the Beltway. The best way for Mr. Reagan to respond to the Tower report is to get on with his own agenda."

(Wall Street Journal, 2/25)

Take Charge, Mr. President -- "The point isn't to run the President around the country so that he can visit a whole lot of different places and wear a whole lot of new and different hats. That's just public relations razzle-dazzle -- and it's not particularly relevant to the situation at hand. The real need is to show the nation that, right there in Washington, Ronald Reagan is running the show.... The President should study the report, meet with the press to take all questions and then -- perhaps in a major televised speech -- focus the attention of the nation on what he means to accomplish in his remaining 20 months in office."

(New York Post, 2/25)

The President Can't Remember -- "Ten weeks ago, White House aides bridled at the joke about the Iran-contra crisis: What did the President forget and when did he forget it? As things have turned out, it was no joke.... Meanwhile, the White House is consumed with bickering, scapegoating, finger-pointing. It was all Oliver North's doing, or John Poindexter's. Blame William Casey. Question Robert McFarlane. Fire Donald Regan. Fudge the facts. Each inflamed voice urges the same priority: Evade the blame. There's only one sure way to do that: Govern the country."

(New York Times, 2/25)

Unraveling a Debacle -- "The American people elected a chief, and the Indians seem to have been running the show. Mr. Reagan says he is saving the 'best stuff' of his presidency for Act IV, and his supporters, ourselves included, hope that this is the case. But unless Mr. Reagan follows up the Tower report with vigor -- and he may -- the hook will get him before the fat lady sings."

(Washington Times, 2/25)

The Regent Wife -- "So the Reagan Presidency is beginning to take on an eerie resemblance to the closing months of the presidency of Woodrow Wilson when his wife, Edith, became in effect the regent of an ailing president. In her memoirs Mrs. Wilson attested that she 'never made a single decision regarding the disposition of public affairs,' but she conceded she did determine 'what was important and what was not, and...when to present matters to my husband.' Obviously, since inaction can be as critical as action, Mrs. Wilson was making a distinction without a difference."

(Baltimore Evening Sun, 2/24)

EDITORIALS & COLUMNISTS (continued)

Reagan Under Siege: Lessons of History -- "With relatively few exceptions, the President's critics have been extraordinarily restrained. Reagan's personal popularity accounts for much of that. A sense of fairness has suspended judgments until the President's commission is done. But the deepest motivation for restraint is the almost unspeakable horror of contemplating another U.S. President going down and out in disgrace. The most important American constitutional lesson of the 20th Century was the reconfirmation of the rule of law, prevailing over mere men, however powerful. That was Watergate. The most powerful political lesson since then is the vitality that comes from having a President who is widely loved and respected. Neither lesson should be neglected as the controversy becomes more intense."
(New York Daily News, 2/25)

Jogging, Reagan/Regan Style -- "Reagan's memory, it has been noticed before, may indeed be fallible and require freshening. At a minimum, though, Reagan's change of mind, his confusion about an event of such fundamental importance, once again underscores how incredibly offhandedly decisions of great consequence to the nation's interest seem to have been made."
(Los Angeles Times, 2/20)

New Disclosures Deepen Concern on Iran Scandal -- "When the Administration disliked the views of Congress or even of its own State Department, it appears to have solved the problem by setting up its own secret State Department. At bottom, this policy indicates a distrust of Congress and the popular will. It suggests an Administration determined to follow its course through covert means without regard to popular opinion or legal niceties. The various bodies now probing the scandal must press their investigations to uncover all the details of this affair -- wherever they might lead."
(Buffalo News 2/18)

Needed: Total Honesty -- "Ordinary conservatives voted in 1980 and 1984 for sound fiscal policies and more morality in public life than they thought existed. They got some economic reform but they feel cheated of the other. There is growing belief that another conservative administration has been nibbled into impotence by clumsy footpads and amateur Rambos. Official reticence is no help. Only a policy of abject, total honesty can now forestall a public rush to a sour judgment. Anything short of full disclosure will be an affront to the morality that was promised."
(Chicago Sun-Times, 2/24)

Iran-Contras: Project Democracy Made a Sham of U.S. Ideals -- "So far, we have learned that U.S. officials were unbelievably cynical and incompetent in their dealings with Iran. It is even more disturbing and sad that the chief executive seems not to have realized the implications of his own programs -- or what a shambles they would make of this country's foreign policy."
(Detroit Free Press, 2/21)



News Summary

OFFICE OF THE PRESS SECRETARY

THURSDAY, FEBRUARY 26, 1987 -- 6 a.m. EST EDITION

TODAY'S HEADLINES

IRAN-NICARAGUA

Tower Board Will Contradict Reagan On Arms Sales, Source Says -- The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

(USA Today, Washington Times, AP, UPI, Reuter)

INTERNATIONAL NEWS

Options For Expanding Tests Of SDI Kept Alive In Budget -- A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

(Washington Times)

NATIONAL NEWS

Indictment Blocked As Deaver Files Suit -- Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

(Washington Post, Washington Times)

NETWORK NEWS (Wednesday Evening)

TOWER REPORT -- The Tower report will clear President Reagan of any wrongdoing.

IRAN ARMS/EUROPEAN REACTION -- The view in Western Europe is not a flattering one.

IRAN-CONTRA AFFAIR/VICE PRESIDENT -- Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.



"It looks as if the ABM treaty won't allow baseball in Washington."

IRAN — NICARAGUA

TOWER POWER MAY HAVE BEEN UNFORESEEN

President Reagan appointed the three-man Tower Commission Nov. 26 in what was seen at the time as a low-key investigation into what role his NSC staff may have played in the Iran-contra crisis.

But what the commission reveals three months later in its final report today could spark fundamental changes in the way Reagan's Administration and future administrations implement foreign policy. (Dana Walker, UPI)

Tower Report To Conclude Arms Sales, Hostages Linked

The Tower commission will find that President Reagan agreed to sell arms to Iran in the hope of gaining the release of American hostages, sources said yesterday.

Marlin Fitzwater, in advance defense of Reagan, said yesterday the President has acted "entirely appropriately throughout the whole thing."
(Jeremiah O'Leary, Washington Times, A1)

Tower Board Will Contradict Reagan On Arms Sales, Source Says

The Tower Commission will report that the U.S. sold arms to Iran to win the release of American hostages, despite contrary statements by President Reagan, but the panel could not determine how profits from the deal were diverted to Nicaraguan rebels, a source said Wednesday.

A source at the Tower commission said the panel concluded that an arms-for-hostages swap was the center of U.S. contacts with Iran.

While the idea of trying to establish ties with a strategically important nation "may have been in the President's thoughts," the source said, "we didn't accept the notion of it being the driving force. That does not appear in fact to be what drove the program."
(Terence Hunt, AP)

Reagan's Role The Focus As Iran Arms Report Is Issued

President Reagan receives a report today from a commission investigating the Iran arms scandal that could determine the course of his presidency for months to come.

White House officials say they expect the document to be hard-hitting and highly critical of the operations of Reagan's NSC.

But the focus of attention will be on its findings about Reagan's role in the scandal, which has plunged him into his worst crisis since he came to the White House and has raised questions about his hands-off style of government.
(William Scally, Reuter)

Iran Report Out Today; Regan Too?

The nation's capital is awash in reports that Donald Regan will resign before next week -- probably Friday.

Marlin Fitzwater had no comment on those reports -- which surfaced as the White House prepared for today's release of the Tower Commission report.

But CBS News and others quoted unnamed sources saying Regan is out.
(Johanna Neuman & Jessica Lee, USA Today, A1)

WHITE HOUSE IRAN MEMO MAY BE FAKE, PROBERS SAY

A key White House memorandum on secret arms sales to Iran, released publicly by the White House last month in an attempt to explain the policy, may have been a fake, congressional investigators said Wednesday.

Congress' two special committees on the arms sales are investigating whether the memorandum was deliberately altered last November by John Poindexter to make it appear that President Reagan was not aware of two Israeli weapons shipments to Iran in 1985, they said.

"The questions of alteration of documents and slanting documents to protect the President are clearly matters that we are interested in," said Rep. Lee Hamilton. He confirmed that the memorandum is one of the documents being studied by his committee but said it is too early to conclude whether the paper was part of a deliberate attempt to cover up the President's involvement.

(Doyle McManus & James Gerstenzang, Los Angeles Times, A1)

CARLUCCI REVIEWING SECRET OPERATIONS

Security Aide Says He Told Tower Panel Of Intended NSC Changes

Frank Carlucci said yesterday he is conducting a "zero-based review" of the dozens of presidential authorizations for secret operations overseas and is nearing completion of studies of other U.S. policies around the world.

As of noon yesterday, Carlucci told Washington Post editors and reporters, he had not seen the (Tower) commission's conclusions. Carlucci said he informed the commission at the start of its inquiry of the general nature of the changes he planned to make at the NSC, and reported to the commission last Friday on what he has done. "They indicated no problems with what I intended to do," Carlucci said.

(Don Oberdorder, Washington Post, A23)

TIMES POLL FINDS PUBLIC WANTS NEW DIRECTION FOR U.S.

Americans by a margin of more than 2 to 1 want their next president to distance himself from President Reagan's policies and by a significant margin think Vice President Bush's association with Reagan will hurt rather than help his chances to become president, the Los Angeles Times Poll has found.

Although attitudes follow predictable party lines, with 81% of Democrats and 37% of Republicans wanting new national directions, the poll results appear to reflect the political damage of the Iran-contra affair and raise the possibility that an association with Reagan may be a liability to Bush and others in the 1988 presidential election.

Two-thirds of the public believe Bush's role in the Iran-contra affair has been minimal or nonexistent, yet nearly half the respondents -- including 61% of the Democrats and 25% of the Republicans -- think his association with Reagan will hurt his chances of becoming president. By a margin of 44% to 37%, they believe his ties to Reagan will hurt his presidential prospects.

(David Lamb, Los Angeles Times, A1)

SEN. BOREN TO SEEK VOTE ON GATES SOON
Action Could Doom CIA Nomination

The nomination of Robert Gates as director of the CIA ran into serious new difficulties yesterday. The Democratic chairman of the Senate Select Committee on Intelligence, Sen. David Boren, announced that he will ask the panel to act soon on the nomination, which Senate sources said could doom Gates' chances of confirmation. A committee Republican, Sen. Arlen Specter, urged President Reagan to consider withdrawing Gates' nomination.

Boren said he will ask the committee to vote up or down on Gates or ask Reagan to withdraw his name, although other senators have suggested that Gates remain as acting director while inquiries by congressional committees and a special counsel continue into the Iran-contra affair. Boren said that leaving Gates as "interim acting director for a prolonged period of time" would not be "good for national-security interests."

(Walter Pincus & Bob Woodward, Washington Post, A1)

WALSH VOWS TO PRESS AHEAD DESPITE JUDGE'S RULING

Lawrence Walsh, the independent counsel in the Iran-contra scandal, maintains a federal judge's order blocking another special prosecutor case will not affect his own and he will proceed "without interruption."

Walsh was unruffled Wednesday in reacting to the abrupt and unexpected ruling by U.S. District Judge Thomas Jackson that temporarily halted the case against ex-White House aide Michael Deaver because of constitutional questions.

(Lori Santos, UPI)

JUSTICE DEPARTMENT LAWYERS SUPPORT
ATTACK ON INDEPENDENT COUNSEL LAW

Justice Department officials who support the attack on the independent counsel law being waged by Lt. Col. Oliver North and former White House aide Michael Deaver say the statute is a slap in the face to federal attorneys.

Last month, Assistant Attorney General Charles Cooper said that if the independent counsel statute was "appropriately" challenged in the courts, the department would join in a lawsuit to overturn it.

Cooper's "view is similar to the position that has been taken by a number of department officials going back some 14 years," Patrick Korten, a Justice Department spokesman, said Wednesday.

(Pete Yost, AP)

POLITICAL DIRECTOR URGES REAGAN
TO PICK FIGHTS WITH CONGRESS

President Reagan's departing political director is urging him to pick some fights with Congress to overcome "discouragement and restlessness" among his supporters because of the Iran-contra affair.

Mitchell Daniels said in an interview Wednesday that he believed the arms sales affair "can be transcended and put in the shadows by remedial action and by the passage of time."

"A good fight is politically useful to the President if the issue is carefully selected," said the aide, who has been assistant to the President for political and governmental affairs. (Dale Nelson, AP)

EDITOR'S NOTES: "Handing Out The Tower Report: After President Reagan, The Deluge -- Government Printing Office Gripped In Tight Security," by Bill McAllister, appears in The Washington Post, A25.

"John Tower & His Arduous Mandate -- The Former Texas Senator's Difficult, Painful Job Heading Up Reagan's Iran Arms Investigation," by Mary Battiata, appears in The Washington Post, B1.

"Remember The Day... -- Aug. 8, 1985: A Power Anthology," by Lois Romano, appears in The Washington Post, B1.

INTERNATIONAL NEWS

REAGAN COMMITTED ON SDI DEVELOPMENT, CARLUCCI SAYS

President Reagan "is committed to moving ahead" with the controversial SDI, Frank Carlucci said yesterday, and will sign no agreement with the Soviet Union that would "kill or cripple" the program.

But the President is at the same time "genuinely interested in seeing what the views of Congress and the allies are" on a proposal to "reconfigure" the program so that more realistic experiments can be conducted under a more permissive interpretation of the 1972 ABM Treaty.

(Jeffrey Smith, Washington Post, A35)

OPTIONS FOR EXPANDING TESTS OF SDI KEPT ALIVE IN BUDGET

A space-based SDI test planned for late 1987 has been limited deliberately to comply with the narrow interpretation of the ABM Treaty, the program's chief told Congress yesterday.

But the 1988 budget request will allow a rapid restructuring of SDI if the Administration adopts the more permissive reading urged by some U.S. officials, Lt. Gen. James Abrahamson said.

(Warren Strobel, Washington Times, A3)

BONN URGES U.S. TO WEIGH SDI IMPACT

Arms Talks Damage Feared, Kohl Says

BONN -- The West German government today bluntly urged the U.S. not to formally adopt a controversial reinterpretation of the 1972 ABM Treaty if that action would set back arms control talks with the Soviet Union.

An official statement used unusually strong language to emphasize West Germany's skepticism over proposals in Washington to formally adopt the so-called "broad interpretation" of the ABM Treaty. The broad reading would permit expanded testing of SDI.

(Robert McCartney, Washington Post, A29)

GORBACHEV CANDID ABOUT OPPOSITION

He Assures Critics His Plans Won't Invite Social Unrest

MOSCOW -- Mikhail Gorbachev, in his most candid acknowledgment of opposition to his policies, sought today to assure critics that "democratization" would not produce disarray in Soviet society.

Addressing a labor union convention, he said: "Greater democratization may prompt some people to ask whether we are not disorganizing society, whether we shall not weaken management and lower the standards for discipline, order and responsibility."

(Philip Taubman, New York Times, A1)

SOVIETS DETONATE NUCLEAR TEST

MOSCOW -- The Soviet Union on Thursday conducted its first nuclear test in more than 1½ years, exploding a device on its testing range in Soviet Kazakhstan.

Tass said the explosion was staged "to check the results of research into the physics of a nuclear explosion," but gave no further details.

(AP)

3 GROUPS CHanneled ARMS TO CONTRAS AFTER BAN

Three distinct and competing groups supplied millions of dollars in weapons to the Nicaraguan contras after Congress banned the U.S. government in October 1984 from providing arms directly, according to documents, contra officials and brokers involved in the transactions.

Two of the groups providing arms had direct ties to Lt. Col. Oliver North, the NSC staff aide fired Nov. 25 for his role in the Iran arms sales-contras aid affair. One rebel source described North's intervention as critical in making certain that the weapons reached the contras after they were shipped from Europe.

(Benjamin Weiser & Joe Pichirallo, Washington Post, A1)

CONTRA AID/ABRAMS

Assistant Secretary of State Elliott Abrams met last March with a retired general involved in aiding the contras but refused to discuss a plan to provide weapons to a Nicaraguan rebel faction, a U.S. official said Wednesday.

The State Department official, who requested anonymity, branded as "pure fantasy" an assertion by retired Gen. John Singlaub that Abrams had approved his plan to provide military aid to Nicaraguan rebel leader Eden Pastora.

The Miami Herald reported Thursday that Singlaub said he told Abrams about his plan to aid Pastora and the State Department official approved the project.

(Matthew Quinn, UPI)

SHULTZ LEAVES FOR CHINA

Secretary Shultz, leaving the Iran arms controversy behind for a few days, is traveling to China where the leadership is still grappling with the debate over wider democracy.

A senior U.S. official said the U.S. view is that Chinese leaders will continue loosening up controls. "It is a question of how fast, not whether" there will be such a change, the official said.

He said Shultz will discuss "every aspect" of the U.S.-Chinese relationship, including human rights.

(Jim Anderson, UPI)

YEUTTER LABELS SANCTIONS A 'MACHO' TRADE SOLUTION

Congress is seeking too "macho" a solution to the nation's trade imbalance when it considers imposing mandatory sanctions, U.S. Trade Representative Clayton Yeutter said yesterday.

"The world is too complex to be inflexible, and every time we write things into the law it comes back to haunt us," Yeutter told members of the National Association of Manufacturers.

Yeutter said trade bills such as one offered by Senate Finance Committee Chairman Lloyd Bentsen "have major shortcomings. We can do a lot better than that."

(Craig Webb, Washington Post, E3)

BAKER HIT FOR URGING U.S. TO BACK DEVELOPMENT BANKS

Treasury Secretary Baker's call for the U.S. to pay its share of the budget for international development banks was sharply criticized on Capitol Hill yesterday.

"The United States taxpayer can no longer afford to subsidize frivolous loans to blatantly unfriendly nations," Sen. Jesse Helms said.

(UPI story, Washington Post, E3)

NATIONAL NEWS

WHITE HOUSE STAFF SHAKE-UP SAID NEAR Reagan Calls Meeting On Tower Report; Regan Departure Seen

President Reagan and Vice President Bush yesterday canceled plans to leave Washington this weekend and sources close to the Administration said that a major White House staff shake-up that includes the departure of chief of staff Donald Regan is imminent.

Reagan is summoning top strategists, including longtime political adviser Stuart Spencer, to the White House on Friday night to discuss prospective staff changes and the Administration's response to the Tower special review board's report.

(Lou Cannon & David Hoffman, Washington Post, A1)

REAGAN HEARS BLACK CONCERNS 'Pleased With His Response,' Jackson Says

Jesse Jackson said yesterday he appealed to President Reagan to restore \$5 billion in education budget cuts and to increased pressure on South Africa.

"I am pleased with his response at this stage," said Jackson, who was last at the White House in January 1984 after helping free downed American flier Robert Goodman in Syria.

He said the only result of the meeting, which included Donald Regan, James Miller and a representative of the NSC, was that White House aides would meet again with the civil rights leaders.

(UPI story, Washington Post, A16)

HIGH COURT AFFIRMS PROMOTION QUOTAS

A sharply divided Supreme Court handed supporters of affirmative action a victory yesterday, upholding a plan for promoting equal numbers of blacks and whites on the Alabama State Police force.

By a 5-4 vote, the court said the plan does not violate the Constitution. The plan forces the state police to promote one black trooper for every white promoted until blacks comprise 25 percent of upper-rank officers.

The ruling is a defeat for the Reagan Administration, which argued the quota is "profoundly illegal."

(Washington Times, A1)

DEAVER THWARTS ATTEMPT TO SEEK HIS INDICTMENT
Suit Challenges Prosecutor's Authority

An independent prosecutor moved to obtain an indictment of former White House aide Michael Deaver yesterday on four counts of perjury, but Deaver temporarily avoided any indictment when a federal judge agreed to consider his challenge to the independent counsel's appointment.

"So long as he thought the investigation might clear him, it was a wonderful investigation and a constitutional investigation," Whitney Seymour, the independent counsel, told the judge. He said Deaver "has been using our office...so long as it was dampening any public question about his conduct."

Had the nine-month investigation ended without indictment, Seymour said, Deaver "would have been the first to say, 'Wow, I've been vindicated and this is a great process.' Instead, the grand jury is going to allege that the first time he came before them, he lied to them."

(Howard Kurtz, Washington Post, A1)

Indictment Blocked As Deaver Files Suit

Former White House aide Michael Deaver won a temporary federal court order yesterday blocking an independent counsel from seeking a grand jury indictment against him.

Deaver's attorneys said the investigation has driven off many of Deaver's clients and threatens to destroy his consulting business.

Deaver, who has consistently denied any wrongdoing, would not comment on yesterday's ruling, said Randall Turk, one of his attorneys.

(George Archibald, Washington Times, A1)

CHOOSING SIDES ON DEFICIT TARGET
Democrats Clash With Republicans Over Depth Of Budget Cuts

In an early demonstration of the opportunities and perils surrounding the federal deficit, Republicans and Democrats yesterday engaged in a series of rhetorical skirmishes over meeting the \$108 billion deficit target required by the Gramm-Rudman-Hollings balanced-budget act.

"The role of Gramm-Rudman, in my judgment, is that you cut \$36 billion a year," said House Majority Leader Thomas Foley in a speech to a business group yesterday morning. "I think we need to be getting realistic."

(Tom Kenworthy, Washington Post, A8)

'CATASTROPHIC' HEALTH CARE ATTRACT BACKERS IN HOUSE

"Catastrophic" health insurance proposals for the aged received a powerful boost in the House yesterday as Ways and Means Committee Chairman Dan Rostenkowski and Rep. John Duncan, the panel's senior Republican, agreed to cosponsor a bill being introduced by health subcommittee leaders, according to committee sources.

The proposal, to be introduced today by Reps. Fortney Stark and Willis Gradison is similar to the measure developed by Secretary Bowen and endorsed by President Reagan.

(Spencer Rich, Washington Post, A25)

HOUSE PANEL PROBING COMPUTER
SECURITY SUBPOENAS POINDEXTER

John Poindexter has been subpoenaed by a House subcommittee to testify on government computer security, but his lawyer is refusing to say if Poindexter will show up.

The House Government Operations Subcommittee on National Security, on a voice vote with no dissent, decided to issue subpoenas Wednesday after Poindexter and his former aide Kenneth deGraffenreid refused committee invitations to appear. (Bud Newman, UPI)

SPACE STATION IN 'DEEP TROUBLE'
NASA Allies In Congress Question Mission And Escalating Costs

Some of the space program's staunchest supporters on Capitol Hill yesterday warned that the proposed space station is in "deep trouble" if the Administration does not come up with answers, fast, about the station's mission and soaring costs.

Rep. Bill Nelson, chairman of the House Science and Technology subcommittee on space science and applications, pointed out that the committee had "gone to the wall" to ensure that station funding was included in the last budget, based on repeated assurances that it would cost \$8 billion and would be "bending metal" sometime this year.

(Kathy Sawyer, Washington Post, A7)

EDITOR'S NOTE: "Officials Say Air Force Understates B1 Problems -- Up To Half Of Bombers At Texas Base Reportedly Grounded Recently," by Molly Moore, appear in The Washington Post, A6.

NETWORK NEWS SUMMARY

(Wednesday Evening, February 25, 1987)

TOWER REPORT

NBC's Tom Brokaw: NBC News correspondent Tom Pettit can report tonight that when the Tower commission report comes out tomorrow morning, it will likely clear the President of any wrongdoing, but it will say that the President misled Congress and the American people. The report will not reach any conclusions about whether the Iran deal was an arms-for-hostage arrangement. It was, according to the Tower commission report, many things to many people. At the White House the President and his advisers now are preparing for tomorrow's release of the Tower commission report on the Iran-contra affair, and it is expected to be very harsh -- tough on the President and most of if not all the principal figures in the secret arms sale. It turns out the President has given the commission still another version of his role.

NBC's Chris Wallace: The President gave his latest account to the Tower commission last Friday, saying in a letter he honestly had no recollection of whether he authorized Israeli shipments to Iran and "may have allowed myself to be influenced by the recollection of others."

(TV coverage: The President walking out of the O.E.O.B.)

White House sources tell NBC News Mr. Reagan wrote the letter because he felt Chief of Staff Regan and others manipulated him to change his testimony. Meeting with the commission on January 26, the President, while vague, indicated he approved Israeli shipments to Iran in advance. But on February 11th, Mr. Reagan said he now believed he did not approve the shipments. That was also Regan's version in his testimony.

(TV coverage: Still photo of the President on calendar pages.)

Between the two meetings the chief of staff and other aides met with the President, according to one, to stimulate his recollection.

(TV coverage: The President walking with Mr. Regan.)

Officials say the First Lady was furious about Regan's role and after stories of the conflicting testimony came out, the President wrote his letter saying he can't remember.

(TV coverage: The President and First Lady leaving the White House for Marine One.)

Today leading Democrats expressed amazement.

(Sen. Byrd: "Well the President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well he doesn't remember what he said and when he said it."

Sen. Hollings: "When he's had a categorical policy not to deal, on the hostage takers, not to deal with terrorism and terrorists, and he violated his own policy. I don't see how he could forget it.")

Tomorrow the Tower commission will issue what is expected to be a highly critical report stating the President failed to keep a firm hand on his foreign policy failing to control Oliver North and John Poindexter.

Wallace continues: But White House Spokesman Marlin Fitzwater maintained the President has acted entirely appropriately throughout the whole affair. Mr. Reagan will stay at the White House this weekend meeting with top advisers on how to pull his presidency out of the arms scandal. But it appears one key decision has already been made. A top Republican source says the President and chief of staff have agreed Regan will be leaving within days. (NBC-2)

ABC's Peter Jennings: It will be tomorrow morning when the presidential commission, the Tower commission, will report its findings to the nation and to the President on the National Security Council and the Iran-contra affair. The commission has covered much more ground than it ever imagined it would when it began.

ABC's Bob Zelnick: Tower commission sources say tomorrow's report will hold President Reagan responsible for the way his National Security Council functioned although he was probably not aware of several specific misdeeds.

(TV coverage: The President at an Oval Office address with words beneath.)

In the words of one commission source, "The President hired the top NSC people, set its priorities, and demanded results. If he didn't know what was going on that's part of the problem, not a defense."

(TV coverage: The President reading papers in the Oval Office.)

Commission sources say that while the President can't recall when he first approved the shipment of weapons to Iran, once they did get underway he was briefed frequently on Iranian contacts, but the President's attention span at such sessions was limited. Sources say he'd inject little more than an occasional anecdote into the discussions. The President had what sources describe as even sketchier knowledge of NSC contacts with private efforts to raise funds for Nicaragua's contras or deliver weapons to them. In each case, sources say, a more alert President could have known that something close to the edge of the law was going on....

(TV coverage: The President at a public speech.)

Commission sources say the Tower panel found no evidence Mr. Reagan knew about the subsequent diversion of Iran weapons sale profits to the contras. Commission sources say the trouble with the Reagan NSC was not that it exceeded its authority but that the President placed no real limits on that authority. The problem was less one of structure than presidential leadership.

Jennings: Yesterday on this broadcast you heard the President explain in his own words why he thought it was possible that he forgot whether he approved the first Iran shipments to Iran before it happened or afterwards. Today the White House confirmed that is also what the President told the Tower commission in a letter he sent last week.

ABC's Sam Donaldson: President Reagan and his Chief of Staff Donald Regan kept up appearances today but the strain was noticeable.

Mr. Reagan's spokesman confirmed that the President sent a letter to the Tower commission last Friday containing yet another version of what he remembers about his role in the first Israeli arms shipment to Iran.

Donaldson continues: The President originally indicated to the commission that he approved that shipment in the summer of 1985 in advance. Later he told the commission that upon reconsideration he hadn't. In Friday's letter he said he simply can't remember whether he did or not, that his earlier versions may have been influenced by the recollection of others.

(TV coverage: Still photo of the President with still photos of the Tower board members with words between them.)

These multiple adjustments of memory drew ridicule from congressional Democrats.

(Sen. Byrd: "The President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Sen. Hollings: "Well, that is the problem because not remembering a particular event on a particular day, but rather forgetting that he violated his own policy against terrorism. You can't forget that."

Rep. Dorgan: "I'd want to forget too if I decided we ought to send guns to the Ayatollah Khomeini.")

Reagan loyalists blame Chief of Staff Regan for this latest memory lapse embarrassment, and each day comes new seemingly authoritative word that Regan is out and has been told as much by the President. "He's a changed man," said one source. "The fight has gone out of him." The President will spend the weekend here at the White House consulting with advisers and outside friends on what and who to do next. But a source who knows Regan's thinking says Regan believes that he and the President have agreed that his departure will not come until at least next week. (ABC-2)

CBS's Dan Rather: Donald Regan is a goner. White House Correspondent Bill Plante has been told tonight that White House Chief of Staff Donald Regan is on his way out perhaps in a matter of days, possibly over the weekend. Plante also has some advance details on the what the Tower Commission will say tomorrow about what President Reagan and his aides did in their secret Iran deal.

CBS's Bill Plante: The Tower Commission will report tomorrow that just about everyone in the Administration, except the President, believed the U.S. was trading arms for hostages.

(TV coverage: Film of the President making a public speech.)

Sources say that, while Mr. Reagan did nothing illegal, the report will show that he was detached from policy making and that his White House decision making process was a disaster waiting to happen.

(TV coverage: Film of the President at his desk in the Oval Office.)

Chief of Staff Donald Regan, according to commission sources, gets bad marks as a manager. The report finds evidence he took part in a cover-up designed to minimize the President's involvement. John Poindexter is pictured as deliberately deceiving his superiors. Both he and Oliver North, say sources, operated far beyond their authority, but, because the commission could not interview them or get access to bank records, it is unable to trace the diversion of funds to the contras. The report will document the President's confusion over when he approved the first transfer of arms by Israel to Iran.

Plante continues:

(TV coverage: Film of the President with the Tower Commission)

He told the commission two different stories. After reports appeared suggesting that he changed his version because he had been coached by his staff, Mr. Reagan wrote the commission a letter in which he said he had no recollection and may indeed have allowed himself to be influenced by others.

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

(Sen. Byrd: "The President can't seem to keep his tail straight.")

Reporter: "Why not?"

Sen. Byrd: "Well, he doesn't remember what he said and when he said it."

Reporter: "Do you think he really forgot?"

Sen. Hollings: "No, I really don't. I think that the evidence will show that from the Tower Commission.")

A new poll by the Los Angeles Times suggests that skepticism is widely shared. Seventy-five percent of those surveyed believe the the White House tried to cover up the scandal. Two-thirds say it has diminished the President's ability to lead, a conclusion the Administration is working hard to reverse.

(Attorney General Meese: "I think that any idea that the Administration is so-called 'dead in the water' is absolutely false.")

Sources tell CBS News tonight that President Reagan has finally told Chief of Staff Donald Regan that it's time to leave the Administration. The announcement could come this weekend; an active search is still underway for Regan's replacement. (CBS-Lead)

CONTRA AID/SOUTH AFRICA

Jennings: In a great many parts of the country this evening there's an unusual sense of anticipation about the Reagan presidency, for it is tomorrow that a report by the President's own commission on the Iran affair and his National Security Counsel's role in it will be published. We are going to begin this evening with the results of an ABC News investigation into what lengths the Reagan Administration has gone to in order to help the Nicaraguan contras when Congress was against it. This is a story of how the South African government was enlisted to help the contras with aircraft and flight crews.

ABC's Karen Burnes: ABC News has learned that over three years United States government officials and the South African government have been working together to provide military assistance to the contras. The operation has been described as a vest pocket operation run by CIA Director William Casey himself outside of all normal channels.... At the same time (that South Africans were supposedly flying aid to the contras) the debate over economic sanctions against South Africa was heating up. Congress voted for sanctions and Reagan vetoed them. He was later overridden, but press reports indicate that the South African government was pleased at the President's actions. The CIA has denied that former director Casey solicited funds for the contras during the time that Congress considered it illegal, but Casey...is still too ill to comment.

(ABC-Lead)

IRAN ARMS/EUROPEAN REACTION

Rather: The secret deal that supplied the Ayatollah with U.S. arms has produced a whole new picture of President Reagan in Western Europe. It is not a flattering view.

CBS's Mark Phillips: European cartoonists have always had a good time with Ronald Reagan but as the Iran arms scandal drags on, a new image is emerging: a wrinkled image of a more vulnerable President who is taking a beating.... It's not just the American willingness to publicly embarrass its President that has Europeans confused, it's also President Reagan's inability to fight back and contain the damage.... Ronald Reagan, as the Europeans see him, now looks like a very old man.

(Frank Johnson, British columnist: "It shows that the American system is functioning rather impressively and rather effectively if you want to cripple presidents. And you seem to want to do so, constantly.")

Europeans have been following each new revelation of the scandal -- each new blemish on the image of the American presidency. And they can't help but compare with what they're hearing from Washington with what they're hearing from Moscow. The P.R. advantage, as they see it, has shifted.... If President Reagan had an image here before the scandal it was one of commitment to his ideals and of the power to see them through. Now he's seen not only to have lost his grip, he's lost his hands. (CBS-4)

IRAN-CONTRA AFFAIR/VICE PRESIDENT BUSH

Rather: Tomorrow's Tower Commission Report is not expected to reveal who got the cash, where all the money went -- key witnesses apparently refuse to tell. So mystery remains about whether some of the money was skimmed and sent illegally to Nicaraguans favored by President Reagan and his secret operatives. Lesley Stahl has been looking into whether Vice President Bush and/or his aides have been involved in the cover-up.

CBS's Lesley Stahl: From the beginning, Vice President Bush has denied any knowledge of the illegal resupply operation of the contras.

(Vice President Bush: "You've asked the question whether my office was involved or whether I'm involved in running this operation, and the answer is unequivocally 'no.'")

Questions remain about Bush's involvement, based on a chronology provided by his own office and the public misstatements of his National Security Adviser, Donald Gregg.... According to the chronology, the Vice President met with Gomez three times: once in January '85 and twice in May '86. Bush's office says they talked only about El Salvador and never discussed the contras.

(Vice President Bush: "I have never ever had a discussion with him about the contras and contra support of any kind.")

Stahl continues: The Vice President claims no knowledge of Gomez's contra activities -- even though Gomez and Gregg met repeatedly -- even though in January '86 another Bush aide, Colonel Samuel Watson, went to El Salvador to meet with Gomez and visited contra camps in Honduras -- even though when the Vice President himself sat down with Gomez last May the meeting was joined by Oliver North.... Despite all this, Bush's aides insist that they never told their boss what they knew about Gomez's contra activities....

(CBS-3)

HOSTAGES

Brokaw: NBC News has learned that three American hostages seized in Beirut after the scandal broke now are in the hands of the Syrian army which has taken control of many neighborhoods in that city. The three Americans and an Indian citizen were grabbed a month ago. It appears they could be released before too long.

NBC's Art Kent: Middle East and Western intelligence sources say that at least four of the 26 foreign hostages being held in Lebanon are now in the custody of Syrian army intelligence in Beirut. The four are Americans Robert Polhill, Jesse Turner and Allan Steen and Mr. Sing, an Indian citizen.... Sources say that when it became known that Syrian troops were going to move into Beirut en force, the four hostages were turned over to a senior Syrian intelligence officer. The four were turned over to the Syrians to keep them out of Hezbollah hands.... Intelligence sources say the Syrians are trying to figure out a way to release the four hostages without offending Hezbollah or its Iranian backers. For now the Syrians are denying they hold the four professors.

(NBC-3)

SUPREME COURT/AFFIRMATIVE ACTION

Brokaw: At the U.S. Supreme Court today an historic ruling affirming affirmative action. By a ruling of 5-4 the justices ruled that the court-ordered plan requiring Alabama to promote equal members of black and white state troopers is constitutional. This was a defeat for the Reagan Administration.

NBC's Carl Stern: ...The Reagan Administration opposed the plan calling it a quota that discriminated against whites. Law enforcement officials were divided about the plan.... Today the Supreme Court upheld the plan. For the first time it said a court-ordered promotion plan is constitutional....

(NBC-4)

Rather: The United States Supreme Court today again rejected President Reagan's view of Affirmative Action. It upheld a controversial program for ending job discrimination against minorities.

CBS's Fred Graham: The Supreme Court upheld Affirmative Action again today handing the Reagan Administration yet again another defeat in its opposition to racial quotas....

Graham continues: Last year in a series of cases involving sheet metal workers in New York, firefighters in Cleveland, Ohio, and school teachers in Michigan, the Reagan Justice Department took a hard line against any kind of racial preferences and lost.... The Supreme Court's first decision on Affirmative Action for women is expected in the coming weeks and again the Justice Department is in opposition.
(CBS-5)

DEAVER

Brokaw: There are so many special prosecutors at work in Washington, you need a scorecard just to keep track. One of them has been investigating former presidential adviser Michael Deaver, accused of lying about his lobbying activities after he left the White House....

NBC's Bob Kur: Deaver left home this morning aware that the independent counsel would seek an indictment. Deaver had rejected an offer to pleabargain.... A few hours later Deaver's lawyer, Herbert Miller, was in court making a dramatic last-minute attempt to stop the indictment. He argued that the 1978 law creating the position of independent counsel is unconstitutional -- that only presidential appointees may prosecute federal crimes.... Judge Thomas Jackson said Deaver's attorney had raised serious questions about the law, so Jackson temporarily prohibited the indictment....
(TV coverage: Mr. Deaver whispering in the President's ear.)
(NBC-Lead)

ABC's John Martin: ...Deaver's troubles stem from contacts he made with former White House associates after he left the job nearly two years ago.
(TV coverage: The President, Deaver and Mr. Meese walking on White House grounds.)
...On Capitol Hill there was bipartisan support for Deaver's indictment and the law.... The delay is temporary but Reagan Administration officials are quietly applauding tonight because for the first time several former White House officials under investigation have won a modest victory.
(ABC-3)

Rather: Today one of President Reagan's closest friend's and former top aide Michael Deaver used a complicated legal tactic to delay his own indictment on a totally separate criminal corruption case. It's the same legal tactic that is now being used to try and derail a special prosecutor's whole investigation of the Iranian arms scandal.

CBS's Rita Braver: Just hours before Independent Counsel Whitney North Seymour planned to charge Deaver with lying to a federal grand jury and a congressional committee about his lobbying activities, a federal judge blocked the indictment. Aware of Seymour's intention, Deaver's attorneys had rushed into court this morning to claim that the Independent Counsel Law is unconstitutional because it grants prosecutorial powers to an official appointed by the judiciary rather than by the President as required....

Braver continues: U.S. District Judge Thomas Jackson said the courts must decide the issue of whether the independent counsel law is constitutional and to indict Deaver first might cause irreparable injury....

(Rep. Don Edwards: "You can't expect the Executive Department to investigate itself; there's too much of a conflict of interest.")

(Rep. John Dingell: "For the courts to throw out a statute as important as to the order and to the cause of justice in this country as the Special Prosecutor Statute would be a calamity of the greatest order.")

There are several other independent counsel investigations now under way, and if Deaver and North prevail, all of them could be ended. But legal experts say that whatever the courts decide on the issue will have its most serious implication for the Iran-contra scandal.

(CBS-2)

COMMENTARY/CAMPAIGN CONTRIBUTIONS

Chancellor: Topic "A" here in Washington of course is the Iran-contra scandal. There's been so much interest in the White House problems that people have almost stopped talking about topic "B". But topic "B" is going to be with us for awhile and it's worth thinking about. Topic "B" is money, the money politicians need to run their campaigns.... There is hardly a politician in this town who isn't fed up with having to beg, wheedle, and whine for campaign contributions and it's hard to blame them.... It's likely that they're going to change the rules on campaign financing, and where will some of the money come from? Surprise! They'll get it from the taxpayers.... Public financing for congressional campaigns is an idea whose time seems to have come mainly because the politicians are sick to death of spending half their time with their hands out begging for money.

(NBC-10)

FAWN HALL

Brokaw: There was still more interest today in Fawn Hall, Oliver North's beautiful blonde secretary who has been granted immunity for cooperating with investigators about her role in shredding and altering documents at the White House. Her appearance this week gave the scandal about the only thing that it's been missing: sex appeal. As NBC's Robert Hager reports tonight, a star is born....

(NBC-12)

EDITORIALS/COLUMNISTS

IRAN-CONTRA/TOWER REVIEW BOARD

The Tower Inferno -- "Amid this tower of political babble, Mr. Reagan's responsibilities are to the institution of the presidency and to the people who vote an individual into the presidency. If at any point in this affair Mr. Reagan has spoken falsely to the American people, he is obligated to apologize for that serious breach of faith. He is in no sense obligated to apologize to the Beltway. The best way for Mr. Reagan to respond to the Tower report is to get on with his own agenda."

(Wall Street Journal, 2/25)

Take Charge, Mr. President -- "The point isn't to run the President around the country so that he can visit a whole lot of different places and wear a whole lot of new and different hats. That's just public relations razzle-dazzle -- and it's not particularly relevant to the situation at hand. The real need is to show the nation that, right there in Washington, Ronald Reagan is running the show.... The President should study the report, meet with the press to take all questions and then -- perhaps in a major televised speech -- focus the attention of the nation on what he means to accomplish in his remaining 20 months in office."

(New York Post, 2/25)

The President Can't Remember -- "Ten weeks ago, White House aides bridled at the joke about the Iran-contra crisis: What did the President forget and when did he forget it? As things have turned out, it was no joke.... Meanwhile, the White House is consumed with bickering, scapegoating, finger-pointing. It was all Oliver North's doing, or John Poindexter's. Blame William Casey. Question Robert McFarlane. Fire Donald Regan. Fudge the facts. Each inflamed voice urges the same priority: Evade the blame. There's only one sure way to do that: Govern the country."

(New York Times, 2/25)

Unraveling a Debacle -- "The American people elected a chief, and the Indians seem to have been running the show. Mr. Reagan says he is saving the 'best stuff' of his presidency for Act IV, and his supporters, ourselves included, hope that this is the case. But unless Mr. Reagan follows up the Tower report with vigor -- and he may -- the hook will get him before the fat lady sings."

(Washington Times, 2/25)

The Regent Wife -- "So the Reagan Presidency is beginning to take on an eerie resemblance to the closing months of the presidency of Woodrow Wilson when his wife, Edith, became in effect the regent of an ailing president. In her memoirs Mrs. Wilson attested that she 'never made a single decision regarding the disposition of public affairs,' but she conceded she did determine 'what was important and what was not, and...when to present matters to my husband.' Obviously, since inaction can be as critical as action, Mrs. Wilson was making a distinction without a difference."

(Baltimore Evening Sun, 2/24)

EDITORIALS & COLUMNISTS (continued)

Reagan Under Siege: Lessons of History -- "With relatively few exceptions, the President's critics have been extraordinarily restrained. Reagan's personal popularity accounts for much of that. A sense of fairness has suspended judgments until the President's commission is done. But the deepest motivation for restraint is the almost unspeakable horror of contemplating another U.S. President going down and out in disgrace. The most important American constitutional lesson of the 20th Century was the reconfirmation of the rule of law, prevailing over mere men, however powerful. That was Watergate. The most powerful political lesson since then is the vitality that comes from having a President who is widely loved and respected. Neither lesson should be neglected as the controversy becomes more intense."
(New York Daily News, 2/25)

Jogging, Reagan/Regan Style -- "Reagan's memory, it has been noticed before, may indeed be fallible and require freshening. At a minimum, though, Reagan's change of mind, his confusion about an event of such fundamental importance, once again underscores how incredibly offhandedly decisions of great consequence to the nation's interest seem to have been made."
(Los Angeles Times, 2/20)

New Disclosures Deepen Concern on Iran Scandal -- "When the Administration disliked the views of Congress or even of its own State Department, it appears to have solved the problem by setting up its own secret State Department. At bottom, this policy indicates a distrust of Congress and the popular will. It suggests an Administration determined to follow its course through covert means without regard to popular opinion or legal niceties. The various bodies now probing the scandal must press their investigations to uncover all the details of this affair -- wherever they might lead."
(Buffalo News 2/18)

Needed: Total Honesty -- "Ordinary conservatives voted in 1980 and 1984 for sound fiscal policies and more morality in public life than they thought existed. They got some economic reform but they feel cheated of the other. There is growing belief that another conservative administration has been nibbled into impotence by clumsy footpads and amateur Rambos. Official reticence is no help. Only a policy of abject, total honesty can now forestall a public rush to a sour judgment. Anything short of full disclosure will be an affront to the morality that was promised."
(Chicago Sun-Times, 2/24)

Iran-Contras: Project Democracy Made a Sham of U.S. Ideals -- "So far, we have learned that U.S. officials were unbelievably cynical and incompetent in their dealings with Iran. It is even more disturbing and sad that the chief executive seems not to have realized the implications of his own programs -- or what a shambles they would make of this country's foreign policy."
(Detroit Free Press, 2/21)