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News Summary

OFFICE OF THE PRESS SECRETARY

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TODAY'S HEADLINES

TOWER REPORT/PRESIDENT

Inquiry Finds Reagan And Chief Advisers Responsible For 'Chaos' In Iran Arms Deal -- A special review board portrayed President Reagan today as a confused and remote figure who failed to understand or control the secret arms deal with Iran, and who thus had to "take responsibility" for a policy that in the end caused "chaos" at home and embarrassment abroad. (New York Times, Washington Post, Washington Times, Copley, Newhouse, Reuter, Scripps Howard)

OLIVER NORTH

How The Iran Arms Scandal Occurred -- Determined to convince the Iranian contact of President Reagan's good will, Oliver North began spinning tales of fictional discussions he had with President Reagan at Camp David in an effort to mislead the Iranians into believing Reagan was on Iran's side in the Iran-Iraq war. (Washington Post, Copley)

DOMESTIC REACTION

Lawmakers Say Reagan Needs To Take Charge -- Both Republican and Democratic members of Congress said Thursday that the Tower commission report shows President Reagan was not in command, and he now must act decisively to regain control of his Administration. (Copley, UPI)

NETWORK NEWS (Thursday Evening)

TOWER REPORT/PRESIDENT -- The Tower report strongly criticized the President for his management style.

CONGRESSIONAL REACTION -- Many in Congress were sharply critical of the President.

NORTH & POINDEXTER -- The sharpest criticism in the Tower report is directed at the two NSC aides.

THE GREAT ESCAPE

The press started lining up at the door of the White House press office more than an hour before the Tower commission report was distributed. By the time the zero hour approached, the line stretched all the way through the press briefing room, into the anteroom where reporters have their desks. It was so crowded in the room that a television technician, needing to get outside, opened a window and stepped through because he had difficulty getting through the door. (AP, 2/26)

TOWER REVIEW BOARD

PRESIDENT/ADVISERS

TOWER PANEL DETAILS ADMINISTRATION BREAKDOWN, BLAMES REAGAN, TOP AIDES FOR FAILED POLICIES

The Tower review board on the Iran-contra scandal yesterday issued an extraordinary, blunt report detailing how President Reagan traded arms to Iran for hostages, the White House ran a secret war against Nicaragua and the President's senior advisers lied to each other and the public while possibly breaking the law.

Summing up the panel's conclusions about the NSC after the 90-day inquiry, former national security adviser Brent Scowcroft said at a news conference, "...the problem at the heart was one of people, not of process. It was not that the structure was faulty; it is that the structure was not used." (David Hoffman & Dan Morgan, Washington Post, A1)

Inquiry Finds Reagan And Chief Advisers Responsible For 'Chaos' In Iran Arms Deal Regan Is Faulted

A special review board portrayed President Reagan today as a confused and remote figure who failed to understand or control the secret arms deal with Iran, and who thus had to "take responsibility" for a policy that in the end caused "chaos" at home and embarrassment abroad.

In unusually blunt language, the board placed direct blame on Donald Regan and other advisers for providing the President with poor advice and neglecting to grasp "the serious legal and political risks" involved in the arms deal and the subsequent diversion of profits to the Nicaraguan rebels. (Steven Roberts, New York Times, A1)

Tower Commission Indicts Reagan

The Tower commission blamed President Reagan Thursday for failing to supervise and understand the activities of his own aides in allowing them to undercut his Administration's anti-terrorist policy by embarking on an attempt to ransom hostages with military arms for Iran.

The report, which holds Reagan accountable for a policy and a process gone awry, is likely to present the President with a formidable political burden, as he seeks to re-establish his authority for the remaining two years of his term. While still personally popular, Reagan's credibility and general political standing have suffered in the public opinion polls since revelations about the arms sales first surfaced Nov. 4 in Al Shiraa, a Beirut weekly magazine.

The document constitutes the most comprehensive analysis and accounting of the deepest political and policy crisis to preoccupy the country since the Watergate scandal forced President Nixon's resignation over a dozen years ago. (Finlay Lewis, Copley)

Tower Panel Gives RX For White House

The White House system didn't fail, the people did, the Tower commission concluded after studying to improve the President's NSC. To prevent a similar "embarrassment," the need is for a president who pays attention, senior advisers who give sound advice, and a staff that stays out of covert operations, the Tower commission said.

President Reagan's relaxed management style and emotional commitment to securing release of U.S. hostages in Lebanon led him to ignore the implications of the Iranian deal. (Walter Friedenberg, Scripps Howard)

Panel Faults Reagan's Management

The Tower commission investigating the Iran-contra affair yesterday faulted President Reagan for his loose management style and delivered blistering criticism of his top aides for their roles in the episode.

But the commission concluded that Reagan did not intentionally mislead the American public about the ill-fated initiative, which it labeled an arms-for-hostages exchange despite Reagan's continuing insistence that it was not. (Jeremiah O'Leary, Washington Times, A1)

Report Casts Doubt On Reagan's Ability To Govern

An official report on the Iran arms scandal chides President Reagan for his lax style of leadership and harshly rebukes his top aides, casting doubts on his ability to govern in the last two years of his presidency.

Political analysts and congressional leaders said Reagan's responses would be crucial to whether he can recapture any real measure of the political vigor he once had.

"One immediate step necessary is for the President to make it clear to everyone that his hand is firmly on the rudder -- that he's in charge, that he's making the decisions," said Sen. Bob Dole.

Some analysts said the report, which was particularly damaging because it was prepared by a board of the President's own choosing and lent credence to a widespread opinion that he is not in full command, just about ended his prospects for retaining political dominance in Washington.

Former secretary of state Henry Kissinger, in an interview with CBS, said Reagan could regain his leadership role if the improved operations of the NSC and stopped in-fighting within his Administration.

"If he does those things and if he focuses on some clear objectives, I believe he's still in a very strong position," Kissinger said.

(Gene Gibbons, Reuter)

President/Advisers

Gathering his closest advisers around him, President Reagan is pondering a major reorganization of his demoralized White House and planning a public response to the Tower commission report that squarely accuses him of a "failure of responsibility" in the Iran-contra scandal.

But as Reagan prepared for a long weekend of soul searching, questions are being raised concerning whether he can find a strategy to successfully restore his Administration's confidence and momentum for the final two years of his presidency.

The commission's findings depicted a President who surrounded himself with overprotective, overzealous and unprofessional subordinates, failed to adequately supervise them, remained ignorant of what was happening in his name under his own roof and consequently presented false information unwittingly to the public about his motives and about the consequences of policies he did not understand.

(Miles Benson, News Analysis, Newhouse)

Tower Report Is Low Point Of Reagan Presidency

No bells ran and no lights flashed in the White House during the almost two years in which various staffers bungled and bumbled their way along to implement a policy that, it is now clear, never was understood by the President or by those who thought they were the architects of the Administration's foreign policy.

No one thought to raise the alarm because, the Tower report discloses, no one on the White House staff had either the expertise, the political acuity or the standing to do the jobs they were supposed to be doing.

With page after page of the most biting of criticisms, the Tower report is easily the most damning document to be issued on the internal workings of an administration since the Senate Select Committee investigating Watergate finished its work in 1973. And there is no apparent precedent in this country for a White House-appointed commission to so thoroughly challenge White House operations and White House personnel.

(George Condon, News Analysis, Copley)

OLIVER NORTH

NORTH RAN CONTRA WAR FROM WHITE HOUSE OFFICE Benefactors Donated Millions To Pay For Operation

Acting under supervision of national security adviser Robert McFarlane and John Poindexter, Lt. Col. Oliver North secretly ran the contra war against Nicaragua from his White House office throughout 1985 and 1986, during Congress' ban on direct U.S. assistance, according to the Tower commission report issued yesterday.

North had his own set of private benefactors, including an unidentified foreign official who contributed a total of \$25 million, starting with \$1 million a month for much of 1984 and then increased the amount to \$2 million a month at some point in 1985; a reliable source identified the official as Saudi King Fahd. Some of the donors solicited by North had been personally thanked by Reagan at the White House.

(Bob Woodward, Washington Post, A1)

Political Groups, Arms Providers May Be Linked

Documents released yesterday by the Tower commission suggest links between political organizations and corporations that were secretly providing arms to the contras.

Using dotted lines and arrows like a flow chart, the documents, found in the office Lt. Col. Oliver North, trace complex and unexplained trails.

The Tower board drew no conclusions in describing these documents. It said it had "examined the information available to it showing Lt. Col. North's connection to political action committees," and said the information, indicating contacts of an uncertain nature, will be turned over to congressional committees. (Thomas Edsall, Washington Post, A19)

How The Iran Arms Scandal Occurred

Determined to convince the Iranian contact of President Reagan's good will, Oliver North began spinning tales of fictional discussions he had with President Reagan at Camp David in an effort to mislead the Iranians into believing Reagan was on Iran's side in the Iran-Iraq war.

At one point, North told the Iranian contact that Reagan wanted the war to end with terms favorable toward Iran. North presented the Iranians with a Bible inscribed by Reagan and told them that the President "went off for one whole weekend and prayed about" whether the U.S. should accept the Islamic Republic of Iran as fact.

North's tale of the President's praying and his comments, later described by the President to the Tower commission as "absolute fiction," is in the commission's chronology of the Iran arms deal -- a history of failed attempts by North, members of the NSC staff and others to free American hostages in Lebanon. (Mark Ragan, Copley)

NSC ROLE

PROCESS FOR FOREIGN POLICY 'LARGELY IGNORED,' PANEL SAYS

The NSC process established 40 years ago to provide coordination and coherence to U.S. foreign policy "was largely ignored" in favor of casual, chaotic and unprofessional activity by high-ranking officials, producing "a U.S. policy that worked against itself," according to the Tower commission.

"NSC structures and processes must be flexible, not rigid," the commission said in recommending against new laws to change the system.

The commission recommended that henceforth the security adviser should not engage in operations or implementation of policy. Orders eliminating a NSC staff role in implementation of secret operations overseas have recently been issued by Frank Carlucci.

(Don Oberdorfer, Washington Post, A17)

CIA Weaknesses Appear To Have Motivated NSC To Act

The Tower commission report portrays the CIA as a servant of an activist White House in the Iran-contra affair, bereft of intelligence assets in Iran, handcuffed by law in Central America and an object of ridicule by a NSC staff.

This frustration with the capability of the CIA appears to have been one of the factors that motivated NSC officials to take matters into their own hands.
(Charles Babcock, Washington Post, A19)

ISRAELI ROLE

ISRAELIS PLAYED ROLE IN KEEPING PROJECT ALIVE

The Tower commission report could not determine conclusively whether Israel was responsible for initiating the U.S. overture toward Iran in 1985, but said there is ample evidence that the Israelis played a crucial role "at critical points" along the way in keeping the initiative alive.

"There is no doubt," the report said, that Israel "pressed" the Iranian arms dealer, Manucher Ghorbanifar, on the U.S. government and vouched for his bona fides as a go-between with high-ranking Iranian officials.
(David Ottaway, Washington Post, A10)

HOSTAGES

U.S. CONSIDERED MILITARY RESCUE OF HOSTAGES IN LEBANON Plan Coincided With McFarlane's Failed Iran Trip

The Reagan Administration's obsessive desire to win release of American hostages in Lebanon prompted not only an elaborate series of arms sales to Iran, but also at one stage "military planning to rescue the hostages" specifically approved by President Reagan, the Tower commission disclosed yesterday.

A military option was discussed at meetings attended by the President around the time of the secret mission to Iran of May 1986 by former national security adviser Robert McFarlane, which failed to produce the promised release of the American hostages. When Reagan approved the idea of planning a rescue, then-CIA Director William Casey was asked "to intensify efforts to locate the hostages," the Tower report said.

(Walter Pincus, Washington Post, A10)

VICE PRESIDENT BUSH

BUSH APPEARED TO SUPPORT ARMS-FOR-HOSTAGE TRADE

Vice President Bush appeared to support a trade of arms for hostages during a meeting with President Reagan last year, Secretary Shultz told the Tower commission, according to the panel's report Thursday.

Stephen Hart, the Vice President's acting press secretary, said Bush was still studying the commission's report and would have no immediate comment.
(Dale Nelson, AP)

CHIEF OF STAFF

REGAN CAUSED WHITE HOUSE 'CHAOS'

White House Chief of Staff Donald Regan, who appears to be on the way out, was responsible for the "chaos that descended upon the White House" after the Iran-contra affair broke, the Tower commission said. The harsh criticism came as some White House aides were saying the President already has asked for his resignation.

Senate Republican leader Robert Dole said Regan should go.

(Helen Thomas, UPI)

Wallison, Regan To Be First To Fall In Shake-Up

A shake-up of top White House staff in the aftermath of the Tower commission's report will claim as victims Chief of Staff Donald Regan and Counsel Peter Wallison, sources said yesterday.

"It's a done deal. They have agreed he (Regan) would go within a week after the Tower report, and part of the problem is that they need some warm bodies to replace him and his staff," said one knowledgeable source. Wallison also will leave, he said.

(Jeremiah O'Leary, Washington Times, A1)

COVER-UP

TOWER REPORT/COVER-UP

President Reagan didn't intend to conceal details of the Iran-contra affair from the public, but former aides McFarlane, Poindexter and North did, the Tower commission report says. Reagan was an unwitting participant in the concealment of certain facts, the panel concludes, because his public statements last November on the arms sales controversy were based on explanations given to him by these aides.

It could have been just confusion about the facts and what to say about them that led to the conflicting chronologies, the report said, but it also could have been a concerted effort to limit information to the President, the Cabinet and the public. (Robert Gettlin, Newhouse)

Grist For Criminal Probes And Hill Hearings

Evidence Of Lies, Cover-Ups And Disregard For Laws Turned Up On Part Of NSC

The Tower commission said yesterday that it deliberately steered clear of the question of "criminal culpability" in its investigation of the Iran-contra affair, but its report contains evidence of lies, cover-ups and disregard for various laws that stood in the way of the NSC's secret agenda.

The findings are sure to serve as grist for independent counsel Lawrence Walsh's criminal investigation and for the congressional inquiries in the House and Senate. (George Lardner, Washington Post, A12)

Gaps In Report

The Tower commission clearly fixed blame on President Reagan and his aides, but left unanswered a number of intriguing questions.

What ever happened to the estimated \$23 million in cash profits from the sales of weapons to Iran?

Why did the White House turn to inept and unreliable outsiders to negotiate and operate the Iran arms transactions?

Who suggested and authorized the diversion of funds to the U.S.-backed contra guerrillas in Nicaragua?

Did Secretary Shultz and Secretary Weinberger distance themselves from the operations for fear of being tainted by an impending disaster, or because they were genuinely unaware of what was going on?

And were any of these activities criminally illegal?

(David Wood & Robert Gettlin, Newhouse)

DOMESTIC REACTION

LAWMAKERS SAY REAGAN NEEDS TO TAKE CHARGE

Both Republican and Democratic members of Congress said Thursday that the Tower commission report shows President Reagan was not in command, and he now must act decisively to regain control of his Administration.

Sen. Robert Dole said "it is not going to be easy" for Reagan to demonstrate to the nation that he is in charge. But he said he should begin by moving on his legislative agenda and providing "additional answers" about the Iran-contra affair in his address to the nation next week.

Dole implied Donald Regan should resign but said it is up to the President "to get the moving van in there."

"He must come on strong and take charge of his White House," Sen. Alan Cranston said. "He must remove those who have deceived the Congress, the American people and America's allies. And he must restore confidence and direction to his Administration."

But Cranston expressed doubt about Reagan's ability to take charge more personally.

"I don't know whether the President is capable of governing in a way where he knows what is happening and is directly responsible for key decisions and remembers those decisions," Cranston said.

"The knee-jerk militaristic reaction that clearly has characterized this Administration is the central feature of this Administration's approach to the world..." Sen. Robert Byrd said. "If that lesson is lost, then I fear we will not see a change for the better at the White House."

Sen. Paul Simon said the report "paints a picture of a free-lancing, free-wheeling White House that undermined its own policies and ignored the advice of cooler heads in the Cabinet."

Sen. Pete Wilson said the report indicated the President's "compassion outran his competence" and his "personal managerial style of delegation in this instance yielded very unhappy results."

Wilson said Reagan "was not served properly" by Regan and was "misled" by the NSC staff, but that the President is the "ultimate source of responsibility."

(Robert Estill & Dori Meinert, Copley)

Mondale Says Reagan Failed To Uphold Oath Of Office

Several Democrats running to replace President Reagan accused him of being a detached and disinterested leader, and Walter Mondale, trounced by Reagan in 1984, said he had failed to fulfill his oath of office.

Mondale said "a fair reading of the report discloses that the President did not uphold his oath of office to faithfully execute the laws of the land ... by failing to assure that the law was complied with. In the '84 campaign, I tried to make quite an issue that the President wasn't in touch or in charge," added Mondale. "There just wasn't enough on the platter to prove it at the time, but it was clear even then. Now they are paying the price."
(Joseph Mianowany, UPI)

EDITOR'S NOTES: "Principal Conclusions Of The Tower Commission Report," appears in The Washington Post, A10.

"Excerpts From The Tower Commission Report," appears in The Washington Post, A20-23.

"The President's Remarks" -- Introducing members of the Tower commission after its report on the Iran arms sales-contra aid affair was made public, AP story, appears in The Washington Post, A13.

"Gift Bible Came With A Story," appears in The Washington Post, A22.

INTERNATIONAL NEWS

U.S. JOINS IN \$500 MILLION EMERGENCY LOAN TO ARGENTINA Goal Is To Avert New Latin Debt Crisis

The U.S. agreed last night to join other industrialized nations in an emergency \$500 million loan to Argentina in an effort to avert a new Latin American debt crisis.

Argentine officials are talking to commercial banks in New York about a \$2.15 billion loan and easier terms on tens of billions of outstanding loans.
(James Rowe, Washington Post, A1)

GALVIN NAMED TO COMMAND NATO FORCES Shift Set For June, As Rogers Departs

BRUSSELS -- NATO today appointed Gen. John Galvin, chief of the U.S. Southern Command in Panama, as supreme commander of allied forces in Europe.

NATO diplomatic sources said Galvin appeared to be more in tune with the Reagan Administration's thinking than Gen. Bernard Rogers, who had grown estranged from U.S. policy in several areas, particularly arms control.
(Reuter story, Washington Post, A30)

FRANCE BUYS 3 AWACS JETS FOR \$800 MILLION Purchase Of Boeing Radar Reconnaissance Craft Made In Coordination With British

PARIS -- Following British precedent, France announced an \$800 million purchase of three U.S. E3A AWACS reconnaissance planes today, along with an option to buy two more later this year.

"Franco-British cooperation has come out of this considerably stronger," a ministry statement added, "and it is possible to imagine that fruitful exchanges will take place between the two users when it comes time to maintain and improve the systems."

(Edward Cody, Washington Post, A30)

NATIONAL NEWS

LAXALT, LEWIS REBUFF PRESIDENT ON REGAN'S JOB Rejections Demonstrate Difficulty Reagan Faces In Revitalizing Presidency

President Reagan, faced with the most severe challenge of his presidency, has been rejected by two prominent and longtime associates in his quest to find a replacement for departing White House chief of staff Donald Regan.

After meeting with the President yesterday, former senator Paul Laxalt said he had told Reagan that he couldn't come into the White House on a full-time basis because it would preclude him from exploring a 1988 presidential candidacy. Laxalt said he would continue to serve as a "personal adviser" outside the Administration.

Former transportation secretary Drew Lewis, now the president of Union Pacific Corp., also rejected an offer to become Reagan's chief of staff in a telephone conversation with the President Wednesday, according to Republican sources. Two of these sources said that Lewis wanted sweeping authority to make changes that Reagan was not prepared to offer.

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

SUNUNU ENDORSEMENT NO SURPRISE FOR BUSH

New Hampshire Gov. John Sununu yesterday endorsed Vice President Bush for the 1988 Republican presidential nomination.

"The most crucial issues we face today are in the area of foreign affairs, and clearly George Bush has the requisite combination of experience, talent and personal involvement," Sununi said at a Washington press conference.

Although the endorsement was expected, the Vice President's political strategists were clearly pleased by the vote of confidence from the top official in the state holding the nation's first presidential primary next year.

(Ralph Hallow, Washington Times, A2)

AIR FORCE SEES HYPERBOLE IN B1 PRAISE, CRITICISM

Air Force officials have exaggerated the success of the controversial B1 bomber program, they told House subcommittees yesterday but charged that critics are overstating the severity of the plane's problems.

"There was some hyperbole about how great things were," Lt. Gen. Bernard Randolph, the Air Force deputy chief of staff for research, development and acquisition, testified. "There is equal hyperbole about how bad things are. The facts are, we're not perfect."

(Molly Moore, Washington Post, A4)

EDITOR'S NOTE: "Nancy Reagan's Private Obsession -- A Tenacious, Weeks-Long Struggle To Oust Donald Regan From The President's Team," by Donnie Radcliffe, appears in The Washington Post, C1.

NETWORK NEWS SUMMARY

(Thursday Evening, February 26, 1987)

TOWER REVIEW BOARD REPORT

NBC's Tom Brokaw: President Reagan hoped to free American hostages by selling arms to Iran, but it was a bad idea made worse by the clumsy free-wheeling ways of some of his closest advisers. And the President failed to keep track of what they were doing. That is the general judgment of the Tower commission which issued its report today. The commission concluded the Iran initiative ran directly counter to the Administration's own policies and the commission criticized the President for not driving the National Security Council saying, "The President must take responsibility for the NSC and deal with the consequences." It is clear the President's hands-off style led to some astonishing operations. Lt. Col. North was involved in many all over the world. Admiral Poindexter ran many of those operations in secret from the basement of the White House. White House Chief of Staff Donald Regan is responsible for much of the chaos that followed. Secretary Shultz and Weinberger should have intervened but they did not. There is no "smoking gun" in this report -- no accusations of high crimes and misdemeanors on the part of the President, although the commission does conclude that the legal basis for the Iran initiative during 1985 was at best highly questionable. The President's management style is directly criticized.

NBC's Chris Wallace: The President tried to embrace the Board today emphasizing he asked for its report. But he seemed shaken his own panel was so critical.

(The President: "Whatever this report may say, I am proud to have appointed this distinguished Board because...")

And Mr. Reagan was not yet ready to answer all the questions coming from the report -- questions that go to the heart of his presidency.

(TV coverage: Mr. Tower shaking hands with the President and walking him out of the conference.)

The panel's central conclusion is that Mr. Reagan was out of touch, that he approved broad goals but couldn't remember key events, and did not know much about the arms deal.

(Sen. Tower: "I think he was not aware of a lot of the things that were going on and the way the operation was structured and who was involved in it. He very clearly didn't understand all that.")

The Tower commission says, while hospitalized after cancer surgery, the President held one of his first meetings on the arms deal. The President can't remember it. Mr. Reagan also testified to the Board he was not told how the arms sale would be implemented, not told that Oliver North was giving the Iranians intelligence, not told the NSC raised private funds for the contras. The Board concludes the President must insist upon accountability. But if the Tower panel seemed a bit hesitant in going after the President, it was much harsher about the NSC saying Mr. Reagan was deserted by his staff. Panel members said given the President's lack of attention to the consequences of his policy his top advisers should have protected him.

Wallace continues:

(Gen. Scowcroft: "There should have been bells ringing, lights flashing, and so on so that there was no question.")

Sen. Tower: "Members of the system who were privy to what was going on failed the President.")

The Board said Secretary of State Shultz and Defense Secretary Weinberger distanced themselves from an operation they opposed to protect their own reputations. The panel was even more critical of Chief of Staff Regan and former national security adviser Poindexter saying they failed to provide the President with the information he needed. It said the key problem was that the architects of the arms deal cut out anyone who might oppose it.

(Sen. Muskie: "Well I think the single most important factor here is the over-obsession with secrecy.")

Then there's the question of whether this was an arms-for-hostages deal. The President has maintained all along he was reaching out to Iranian moderates.

(The President: "We did not, repeat, did not trade weapons or anything else for hostages, nor will we.")

But the panel tells a different story. It says the President began discussing the Iran initiative just after visiting the grave of a sailor killed in the TWA hijacking, and was enthused about freeing the hostages.

(TV coverage: The President and First Lady at the grave site with the First Lady laying flowers on the grave.)

And it says Mr. Reagan asked officials almost daily whether there was anything new on the hostages.

(Sen. Muskie: "The Board found a strong consensus among NSC participants that the President's priority in the Iran initiative was the release of U.S. hostages.")

The report describes a disengaged President who let his foreign policy run out of control. But White House officials were almost relieved because there was no "smoking gun" tying Mr. Reagan or Regan to a new horror story. A speech to the nation is planned for Wednesday in which Mr. Reagan will announce staff and policy changes, trying to drag his presidency out of the arms scandal.

(NBC-1)

CBS's Dan Rather:

(Sen. Muskie: "The policy was a wrong policy, and it was the President's policy.")

(Sen. Tower: "But one thing is very, very clear: that members of the system who were privy to what was going on failed the President.")

The Tower commission reports to the President and public. Today's report came from President Reagan's own hand-picked commission. It looked at his arms-for-Iranians policy and secret, possibly illegal, aid to Nicaraguan rebels. The commission says it found a President out of touch and a national security operation out of control. These are among the Tower commission's main findings. Item: Despite what President Reagan insists in public, the secret weapons-for-Iran policy was an attempt to pay ransom and swap weapons for U.S. hostages almost from the beginning. Item: The President did not seem aware of how his own policy was carried out or the full consequences.

Rather continue: Item: It's plausible to conclude President Reagan did give advance approval to shipping arms to Iran even if the President says he doesn't remember. Item: Some of the President's men may have tried to hide the full story, cover up at least initially. Item: On the President's overall weapons-for-Iran deal, a serious question of law remains and must be addressed by other investigations. Item: No hard proof on where all the money went. And Item: White House Chief of Staff Donald Regan must bear primary responsibility for the chaos that descended upon the White House. That finding is expected to ensure, if not hasten, Regan's exit from the White House.

CBS's Bill Plante: The Tower commission report sharply criticizes the President for his lack of attention to a policy -- the Iran arms deal -- on which the White House staff was operating out of control. The report is a starkly-drawn picture of a plan to trade arms for hostages in direct opposition to U.S. policy, a deliberate attempt by the staff to cover it up when it became public, and a President who did not know what was going on in the White House.

(TV Coverage: The President at OEOB briefing on the commission's report; President with former hostage David Jacobsen; President walking with Donald Regan along White House collonade.)

(Sen. Tower: "I think he was not aware of a lot of the things that were going on and the way the operation was structured and who was involved in it. Yes, the President made mistakes. I think that's very plain English. The President did make mistakes.")

The report says the President had no knowledge of the coverup and that he didn't know about the diversion of funds to the contras. But as far as the Iran deal is concerned, said the report, the President did not seem to be aware of the way in which the operation was implemented, nor did he try to find out. At no time did he insist upon accountability and performance review.

(Sen. Muskie: "It is the President who must take responsibility for the NSC system and deal with the consequences.")

But there is also scathing criticism of top Administration aides. Of Chief of Staff Donald Regan the commission charges: "He must bear primary responsibility for the chaos that descended upon the White House."

(TV Coverage: Still photo of the President seated with Regan.)

As the scandal deepened, Regan tried to distance himself.

(Donald Regan, Nov. 26: "Does the bank president know whether a teller in the bank is fiddling around with the books? No.")

But the Board rejected his position.

(Sen. Muskie: "More than almost any chief of staff of recent memory, he asserted personal control over the White House staff and sought to extend his control to the national security adviser.")

Oliver North, portrayed as the key player in a rogue operation, with enormous responsibility for both Iran arms and private contra aid but a man given to fantasies about his role who actively sought to conceal important information. John Poindexter also failed grievously. His clear obligation was either to investigate the matter or take it to the President or both. He did neither. Former CIA Director Casey was informed in detail about the Iran operation. The Board said he should have pressed for operational responsibility to be transferred to the CIA. The Secretaries of State and Defense, according to the commission, were covering their own representations.

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Plante continues: They were not energetic in attempting to protect the President. Former National Security Adviser McFarlane admits he helped prepare a chronology of events for the President's use which was misleading at least and wrong at worst. The report does not address Vice President Bush's role. Mr. Reagan says he'll read the report, then act.

(President: "I pledge to the American people today that I will do whatever is necessary to enact the proper reforms and to meet the challenges ahead.")

Mr. Reagan plans to begin those reforms with a White House staff shakeup before he speaks to the nation next Wednesday or Thursday. Some of his closest friends and advisers will meet tomorrow to pick a successor to Donald Regan. Regan's resisting an early departure; the others will try to force the issue. (CBS-1)

ABC's Peter Jennings: When the President's own commission on the Iran affair published its report, there were not many people in the White House that were left unscathed -- including the President himself. The Tower commission paints a picture of a leader who failed to guide and monitor what his own National Security Council was doing, and who really doesn't remember what some of his own actions were. And it makes imminently clear that men who were supposed to be serving the President, undermined his presidency with their secret and perhaps illegal behavior.

We have learned some things by reading the document that are new, and there are still some questions unanswered because two of the key players still will not talk. One of the other things we will be trying to do in the course of this broadcast is trying to answer the essential question: where does the Reagan presidency go from here.

ABC's Sam Donaldson: It was a conciliatory sounding Ronald Reagan who today introduced the Tower commission and its politely worded, but highly critical, findings.

(The President: "I pledge to the American people today that I will do whatever is necessary to enact the proper reforms and to meet the challenges ahead. I want to thank the members of the Board again.") Having said that, Mr. Reagan departed to leave the commission to outline its answers to key questions. The President had said he was trading arms-for-hostages.

(The President on Nov.13: "We did not -- repeat -- did not trade weapons or anything else for hostages.")

But the commission found that the President's priority in the Iran initiative was the release of U.S. hostages. The initial purpose may have been to open contacts for geopolitical reasons.

(Sen. Tower: "However, I think it very quickly became an arms-for-hostage deal and the whole chronology of the affair I think very clearly demonstrates that's what it became.")

The commission noted that formal NSC adviser Robert McFarlane said the President authorized in advance the first Israeli shipment of arms to Iran in the summer of 1985. It noted that after giving conflicting recollections on this point, the President, in a letter last Friday, said the bottom line is: "I can't recall anything whatsoever about whether I approved it. I don't remember -- period." The commission thinks McFarlane is right.

Donaldson continues:

(Tower: "We have to conclude that the President's recollection of when the first shipment was approved is faulty. The shipment was approved prior to the first August 30th transfer of arms.")

So the policy was primarily one of trading arms-for-hostages, which the President approved from the outset. An approval the commission says should never have been made.

(Sen. Muskie: "The policy was a wrong policy and it was the President's policy.")

The commission said the problem was not in the structure of the NSC but rather that the President -- by his inattention and neglect -- did not make the system work the way it is designed to work. And the top people around him, knowing of his style, did not save him from himself as they should have.

(Sen. Tower: "What happened here was a failure to use the process that was available to the President." Sen. Muskie: "I think the single, most important factor here is the over obsession with secrecy." Gen. Scowcroft: "It was incumbent upon the other participants in the system to insure that the President was absolutely clear about what was going on. There should have been bells ringing, lights flashing, and so on. So that there was no question.")

The commission said Chief of Staff Donald Regan, as much as anyone, should have insisted that an orderly process be observed. And that Regan must bear primary responsibility for the chaos that descended upon the White House when the secret operation became public. As to the efforts at cover-up, some see in the President's initial statements, the commission placed the blame on others -- not Regan and not the President.

(Tower: "There was a deliberate effort to mislead by those who prepared these materials. I don't believe that the President wittingly mislead the American people.")

The President has said mistakes were made, but has not said whether he thinks he made any of them. The commission's bottom line on that is this.

(Tower: "Yes, the President made mistakes. I think that's very plain English. The President did make mistakes.")

The President will spend the next few days contemplating the mistakes and how he will explain them to the American people in a prime-time television address next week. (ABC-1)

TOWER BOARD REPORT/CONGRESSIONAL REACTION

Brokaw: The 300-page report by the Tower commission does leave many parts of the Iran-contra story still unresolved and there is the remaining key question of whether this Administration violated Congressional restrictions on aid to the contras. The White House must now await the judgment of the independent counsel and House and Senate investigator. Many in Congress were sharply critical of the President today.

NBC's John Dancy: The next chapter in the Iran investigation will be played out before the Select House and Senate committees. Those committees today voted to grant limited immunity to three lower-level officials involved in the arms dealing including Oliver North's secretary, Fawn Hall. The Administration expected a storm of criticism over the report and it came immediately. Criticism of the President's detached leadership style:

(Sen. Levin: "The chickens came home to roost on this leadership style.")

Sen. Riegle: "Poor management, poor records and poor memories.")

Criticism of what those policies created:

(Rep. Schumer: "Ideological cowboys, who thought their views were more important than this great body of law and this great system, took things to their own hands and messed things up.")

Senators were harsh on the President for saying the arms deal objective was to reopen relations with Iran.

(Sen. Leahy: "He knew full well that we were dealing for hostages, that we were paying ransom for hostages.")

As for Donald Regan, who the report says bears primary responsibility for the chaos that descended upon the White House:

(Rep. Cheney: "If I were in Mr. Regan's shoes I would tender my resignation.")

Sen. Tribble: "Obviously the President has to clean house and bring in a new team of advisers.")

A key member of the Senate Select Committee says its investigation will now center on:

(Sen. Cohen: "What happened to the money? Who set the accounts up? Who had access to the accounts? How much money was in the accounts? And where did the money go?") (NBC-6)

CBS's Phil Jones reports the Tower commission report caused an explosion on Capitol Hill. Members of the special House and Senate Iran/contra investigating committees noted the gaps in the report.

(Sen. Inouye: "There is very little on the money trail and very little information on contra diversion.")

The committees moved ahead today to fill some of those gaps, granting the first immunity to three minor witnesses. But the committee leaders were not ready yet to grant immunity to the star witnesses -- Poindexter and North -- calling it premature. Fallout from this report may even affect the nomination of Robert Gates to head the CIA since he was Deputy Director of the agency at the time of the scandal.

(Sen. Specter: "I frankly think that the Gates nomination ought to be withdrawn, really ought never have been sent to the Senate.")

Gates was spotted rushing into the White House this afternoon. One senator has told CBS News that Gates has not been truthful with the Senate Intelligence Committee and that his nomination is in major trouble. (CBS-3)

ABC's Brit Hume: The announcement of the Tower report was watched with intense interest in Congress, especially by those on the special Iran investigating committees who found the report left them with plenty still to do.

Hume continues:

(Sen. Rudman: "This is an incredibly complex matter with this commission has managed to boil down to its essentials. There is a lot of work left to be done." Rep. Hamilton: "What emerges from the Tower commission report to me is there inability to answer completely the question of what happened to the money.")

And later, Hamilton's committee took a step toward trying to trace the money and other things by granting limited immunity to three perspective witnesses.... Still to be decided by both the House and Senate committees is whether and when to grant immunity to Gen. Secord, to Oliver North and to John Poindexter. The reaction of other members of Congress to the Tower report was almost without exception to echo the commission's findings in their own words.

(Sen. Dole: "It does not implicate the President in any way, except it does indicate blunders were made of colossal proportions.")

The report will also add momentum to calls for a delay in a vote on Robert Gates, the President's choice to head the CIA. Gates is not blamed in the report, but there is dissatisfaction with his testimony here and Senators say they need to know more. (ABC-7)

TOWER INTERVIEWS

Brokaw: Sen. John Tower, the chairman of the commission, is with us now. Senator, the President and his admirers have always taken great pride in his hands-off management style, but it seems to me that your commission report is a finely-worded but general indictment of that. The consequences could have been much worse. Is this a fundamental flaw in the President?

Sen. Tower: It's not necessarily an indictment of the style, but an indictment of the system that failed to adjust to that style. As a matter of fact, the President's used that style ever since he's been in office and with some degree of success. The fact is that a National Security Council operation should adjust to the style of the President.

Brokaw: But at the same time you say the President must be responsible for the apparatus.

Sen. Tower: The President is ultimately responsible, and I think that we are critical of the President for not managing more of the -- managing the operation more carefully. That is to say, asking for periodic review and asking to be informed on it.

Brokaw: What's the future then for him? At age 76 he's not likely to change his ways.

Sen. Tower: No I don't think the style is likely to change. But I think that as a result of our report, that the President is going to be inspired to perhaps alter his style somewhat, but at the same time insist that the established procedures be followed. In fact if the procedural guidelines that the President himself set down had been followed, he probably wouldn't have gotten into this difficulty in the first place.

Brokaw: Some people say that there's no better choice for the new White House chief of staff than John Tower who wrote this critical commission report and knows full well what went on in the past and how it should be corrected.

Brokaw continues:

Sen. Tower: I have not been nominated for that job by anyone that I know, and I don't expect to be.

Brokaw: But if the President called, could you turn it down?

Sen. Tower: Well the President hasn't called.

Brokaw: Well that's a very politic answer. (NBC-3)

Rather: ...You and other members of the commission talked to the

President, saw him. What was his demeanor? How did you find him?

Tower: The President was very cooperative in responding to our questions. He was trying to recall a lot of events for which his recollection was somewhat hazy, and so he did have difficulty with some of those things. But he was as forthcoming, I think, as he could have been under the circumstances.

Rather: True that he told at least two different stories about whether he did or did not approve the shipments?

Tower: Yes, that's true. He indicated to us that he had used the McFarlane testimony to trigger his own recollection and then later on said that after talking to his staff that he felt perhaps he had been in error the first time. Then he wrote us a letter and said the fact of the matter was that he didn't recall whether the approval had come before or after the arms shipment.

Rather: You made an effort, several efforts, to have the President order North and Poindexter to cooperate with the commission and the President refused. Can you tell us anything else about that?

Tower: We only made one effort in that respect and we did make an effort to get these men before the committee but they responded through their lawyers and declined to testify. We did ask the President to order Poindexter and North as military officers to testify before the board. And this the White House declined to do on legal grounds. I'm sure that the President didn't make that decision independently but he resorted to legal counsel.... It was our view that actually the President did have the power to do that, and our lawyers have done some case study on it. It would have been tantamount to granting use immunity to both Poindexter and North had the President commanded them to appear before the committee.

Rather: What's the most important question that you were not able to answer?

Tower: Where the money went that was supposedly diverted. We have evidence, of course, that there was a diversion.... Whether the money ever got to the contras or not we don't know. It will be up to future investigators to find out where the money disappeared.

(CBS-2)

Jennings: You have clearly painted a picture of a President who was paying the price for being out-of-touch. Do you think he has paid the full price?

Tower: I think he's probably paid as high a price as he's going to pay...for this has been a wrenching thing for the Reagan Administration. I believe the President, originally, genuinely wanted to make a strategic opening to Iran. I think that most people who understand international affairs would agree that that would be in the national interest. However, of course, it quickly turned into an arms-for-hostage deal.

-more-

Tower continues: And this was directly contrary to the public policy of the Administration. So there is no question that it has been an embarrassing situation for the Administration. (ABC-3)

TOWER BOARD REPORT/NORTH AND POINDEXTER

Brokaw: The sharpest criticism in the Tower commission report is directed at Oliver North and Adm. Poindexter who were conducting many secret operations from the NSC offices in the White House basement. One of the remarkable passages involves North's formula for trading arms for hostages. As he put it, "One 707 airliner with 300 TOW missiles equals one American citizen, AMCIT." Neither North or Poindexter agreed to be interviewed by the Tower commission, but other witnesses and the paper trail the two men left at the White House provide a fairly complete picture of many of their escapades.

NBC's Andrea Mitchell: The Tower commission describes a National Security Council staff running wild. The report says Lt. Col. Oliver North and his operation functioned largely outside the orbit of the U.S. government. Established procedures were ignored.

(Sen. Muskie: "The Iran initiative was handled almost casually and through informal channels.")

The report says that significant legal questions were never considered, that implementation was very unprofessional, and that CIA Director Casey encouraged Oliver North to take direct control of the operation but never told that to the President.

(Sen. Muskie: "Insufficient attention was given to the implications of the NSC staff having operational control of the initiative rather than the CIA.")

...The report says the NSC ignored restrictions and that intelligence was passed to the Iranians of potentially major significance to the Iran-Iraq war.... The report portrays an operation obsessed with secrecy.... And finally, after the operation became public, attempts to cover it up. The report says, to prepare the President for his November 19th, news conference, former national security adviser Robert McFarlane helped the White House create a false chronology to, in McFarlane's words, "guild the President's motives." McFarlane told the Board he knew that the chronology was misleading at least and wrong at worst. The report says inaccuracies in the account support the idea that North was concealing important information.

(Sen. Tower: "There was a deliberate effort to mislead by those who prepared these materials.")

And the Board said it is concerned that notes taken by John Poindexter at key meetings appear to be missing. Commission member Brent Scowcroft, a former national security adviser, said the problem was people not process. "It's not that the NSC structure was faulty. It's that the structure wasn't used." (NBC-2)

Brokaw: The Tower commission report presents some extraordinary details about the role of Lt. Col. Oliver North and the secret operations that he ran out of the White House to supply the Nicaraguan contras.... North's operation apparently involved tens of millions of dollars, however, much of that money is missing.

NBC's Fred Francis: Where did all the money go? The Tower Board says it can't trace more than \$20 million.... Without the Swiss bank records there is not hard evidence the contras ever received any of that money. But memos, charts, and computer messages leave little doubt that Oliver North ran a covert empire he called Project Democracy with the Iranian arms sales profits and other funds.... In one of the most startling revelations, the report says that in 1984 and '85, prior to the Iran operation, the contras received \$33 million from a foreign official. NBC News has been told by three sources that official is a member of the Saudi royal family whose identity is being protected by the Administration. (NBC-4)

CBS's David Martin: The commission found the NSC staff so obsessed with secrecy that it neglected its primary mission to advise the President and ran amok in the name of democracy.

(Sen. Muskie: "Well, I think the single most important factor here is the over-obsession with secrecy. Every time you are over-concerned about secrecy you intend to abandon process and the result is that in this case control of the operation slipped into the hands of Lt. Col. North and the people that he assembled to pursue it.")

To keep everything secret, National Security Adviser Poindexter set up a private computer link to North called, appropriately enough, "Blank Check." Much of the Tower commission report is based on the messages the two men passed back and forth. Judging from the messages, both men were intensely loyal to their country but almost contemptuous of their own government. "The CIA are really bunglers," Poindexter complained to North in the midst of trying to arrange Robert McFarlane's now-famous then-secret trip to Iran. "My part in this was easy compared to Poindexter's," North told McFarlane. "I only had to deal with our enemies. He has to deal with the Cabinet." The Tower report draws a picture of a small band of zealous patriots, focused on action, oblivious to the risk they were running.

(Gen. Scowcroft: "There should have been bells ringing, lights flashing and so on so that there was no question, no question what the consequences of his pursuing this policy was.")

North turned to outsiders like retired Gen. Secord to do what the CIA couldn't or wouldn't do. The authority North assumed was breathtaking at times. When he first proposed secretly aiding the contras, McFarlane's reaction was, "I don't think this is legal." North persisted and by 1986 was running his own network, which had assets estimated at nearly \$5 million. He directly coordinated weapons deliveries to the contras and apparently lied about it to the Congress. North told House investigators he gave the contras no military advice and knew of no specific military operations. When he told Poindexter how he had testified, his boss said, "Well done." When the President of Costa Rica closed down a secret airfield which North's operatives had built, North called him and threatened to cut off aid. "I recognize that I was well beyond my charter in dealing with a head of state this way," North told Poindexter. Poindexter replied, "You did the right thing."

(Sen. Muskie: "The National Security Adviser failed in his responsibility to see that an orderly process was observed.")

Martin continues:

(Gen. Scowcroft: "But the problem at the heart was one of people, not of process. It was not that the structure was faulty; it is that the structure was not used.")

The commission did not recommend an overhaul of the NSC because it was people who went wrong; people, the Tower report said, who became a government unto themselves. (CBS-2)

THE INDIVIDUALS

Jennings: And so the commission reaffirms there was nothing wrong with the NSC as an instrument for the President to use. The failure was with the individuals.

ABC's Bob Zelnick reports the commission report finds that Oliver North and his NSC colleagues ran a covert arms-for-hostages operation which ran counter to the Administration's proclaimed total war against terrorism and a contra operation totally outside NSC procedures. The report says selling weapons to Iran may have violated the Arms Export Control Act, not telling Congress about the secret deal ignored requirements of the National Security Act. The panel says the operation was handled in a way reflecting the obvious inexperience of the players. For 10 months, TOW anti-tank and Hawk ground-to-air missiles went to Iran without the release of a single American hostage. The report says intelligence was passed to the Iranians of potential major significance to the Iran-Iraq war.

The report's culprits: Oliver North, the portrait throughout is of a free-wheeling, shallow-thinking junior officer who enjoyed extraordinary latitude. Once the story broke, North wrote inaccurate histories. The commission finding some evidence that North either on his own or at the behest of others, actively sought to conceal important information.

Robert McFarlane was responsible for the naivete of the Iran initiative but his lawyer today expressed satisfaction that the commission believed McFarlane's claim that the President had authorized the first Israeli arms shipment to Iran....

John Poindexter sought to exclude NSC principals from the Iran initiative and may have actively mislead Secretary Shultz. On the diversion of weapons' profits to the contras, the commission said Poindexter failed grievously....

CIA Director Casey, as regards to Iran, the report says he knew the operation was risky yet he never explained this risk to the President or made it clear to the President that North, rather than the CIA, was running the operation.

Secretaries Shultz and Weinberger, once their objections to the Iran operation were rebuffed, they should have continued trying to protect the President, but the report says instead they simply distanced themselves from the program....

To prevent a recurrence of Iran-contra type abuses, the commission recommends limits on covert activities, plus a stronger watch-dog role for the NSC legal adviser. But this is far less important than a single sentence in the commission report: "The NSC system will not work unless the President makes it work." (ABC-2)

CONTRA FUNDING

ABC's Karen Burnes reports the clues to the Iran-contra connection can be seen in diagram found in North's safe. The document provides a glimpse of the mechanism set up to move supplies to the contras. There are also indications of how funds from the Iranian arms sales were diverted and finally the chart reflects what many suspected: that North used a private network to funnel money for weapons to Central America.... At this point, the chart provides a hint of how money from the Iranian arms sales may have gone to the contras.... And finally, the chart provides evidence that the domestic private network outlined is mirrored by one overseas, leaving the impression that the operation North ran extended from U.S. to the Middle East and to Africa. (ABC-5)

ABC's Barry Serafin: The Board report found conflicting opinions on whether the congressional ban on such shipments applied to the NSC. Robert McFarlane repeatedly denied any NSC involvement in private fundraising, but both McFarlane and John Poindexter apparently knew about the operation. President Reagan told the Tower commission last month that he did not know about North's activities. But North clearly believed Mr. Reagan did know, particularly since some of the big contributors were brought into the White House to meet with the President. In a memo to Poindexter last May, North said "I have no idea what Don Regan does or does not know regarding my private U.S. operation. But the President obviously knows why he's been meeting with several selected supporters to thank them for their support for democracy in Central America. So questions remain about what the President and about the legality of the elaborate fund-raising operation. But there appears to be no question that the prime mover behind that operation was North. (ABC-6)

THE PRESIDENT

CBS's Lesley Stahl: Can Ronald Reagan recover? Can the man who dominated American politics for over six years repair the damage? A consensus is building that it may be too late.

(James Schlesinger: "There is no way that he can fully recover. There's a tendency now on the part of many in the society to nudge one another when he goes on and say he's loveable, he's a grandfather, we like him, but we do not necessarily think that what he's saying makes a lot of sense.")

(President Reagan: "Show me an executive that works long and long and overtime hours and I'll show you a bad executive.")

Ronald Reagan's laid-back management style, once portrayed as a strength, is shown in the Tower commission report to be a serious weakness.

(TV Coverage shows the President on cover of Fortune Magazine.)

(James Barber of Duke University: "The problem has been that Ronald Reagan came on with this image as in-charge, independent and factual and he is and has been all along none of the above.")

Despite everything, polls show Mr. Reagan is still popular.

Stahl continues: So while he may not be able to control the national agenda, he can remain a player, particularly in preventing the undoing of the Reagan Revolution.

(Norman Ornstein, political analyst: "This is a President who basically for his final two years wants to keep things from happening. To keep things from happening he has one weapon which is his greatest formal weapon: the veto.")

And Ronald Reagan can still break through with a blockbuster surprise on a major issue: arms control.

(David Aaron, former NSC official: "If the President negotiates seriously, is prepared to be flexible on his star wars dream, he can get an agreement, he can get it through the Congress and he can be a hero.")

But for now there are signs of weakness. Politicians are no longer afraid to criticize Mr. Reagan, even Republicans.

(Rep. Leach: "It's my sense that a lot of the King's horses and a lot of the King's men and some of the King's policies are going to have to be changed if we're going to save this King from a rather devastating historical assessment.")

All of the scenarios for recovery talk of a need for the President to become more involved, more active, more of a participant, but there's growing doubt that at 76 Ronald Reagan can do that. (CBS-5)

COMMENTARY/THE PRESIDENT

Brokaw: Now, where does the President go from here? In what direction does he steer his presidency?

NBC's John Chancellor: A lot of Americans got up today wondering if the Tower commission would accuse the President of the United States of a criminal offense. What they got instead was the picture of a President who was out to lunch where his Iran and contra policies were concerned. For most presidents that would be a devastating judgment: "He napped while his staff went crazy." But there's still a lot of affection for Ronald Reagan around the country. Politically today's report could have been much worse for the President. It is necessary to remember that the staff that went crazy, the gang that couldn't shoot straight, was working toward policy goals set by the President. He wanted to trade arms for hostages. He was the one who called the contras in Nicaragua the equivalent of the Founding Fathers. But the Tower commission accuses him of no actual crime. Only the sin of inattention. And Ronald Reagan, with all his skills, ought to be able to handle that accusation. He has one very big thing going for him: Nobody wants him to fail. Nobody wants another Nixon. He should be able to build on that as he reshapes his image and his Administration. The public will demand a price for its forgiveness. Mr. Reagan is going to have to prove that he's really in charge, and that will be hard work for a 76-year-old man who hasn't been well and who is basically a laid back manager. But that's what he has to do with new people around him. He has been wounded but not crippled by the Tower commission. Its report gives him a chance to get his presidency back on the track if he works at it. (NBC-7)

Jennings: Do you think (the Reagan family can) put this behind them?

ABC's George Will: I have not spoken with them, but I would be very surprised if they didn't say it's bad but it could have been worse. And I say it should have been worse. The Tower commission characterized its findings by saying the Iran deal was an "aberration" produced by a bad management style. In fact, it is at least arguable, far from being an "aberration," it's part of a pattern of slipshod foreign policy going back to at least include the Daniloff affair and the slovenly preparation for the Iceland summit. And as for the management style, the commission says the President did not know many very important things, was content not to know many important things and so important things that he did know he did not understand. That is a very polite way of raising a question about the President's character. That is: is he working hard enough? Is he perhaps being lazy?

Jennings: ... how the President responds to this will be crucial to the remaining two years of his Presidency. Do you agree?

Will: The President needs the equivalent to what in football is called the two minute-drill. Time is running out on his presidency, the clock is running and time is very short. He needs to come out and say: first of all, I'm determined to be surrounded by much better people. Second, he needs to demonstrate energy and interest in his job: the kind of energy he showed in the campaigns of '76 and 1980, the kind of energy he showed in the 1980-81 tax fights and budget fights, Grenada, Libya. He has a good record, but it's a record always when he is paying attention. (ABC-8)

PUBLIC REACTION

Brokaw: For all the intricacies of the Iran affair, it remains a story about a president and how he governed. After the Tower commission released its report we set out to learn what Americans were thinking about their President. And tonight NBC's John Hart has a sample of what they were feeling today.

NBC's John Hart: Fishing a river in Oregon, auto painter Sky Burkett:

(Burkett: "That's the reason I voted him there, because I thought he was a responsible person. But I'm not too sure anymore what's going on back there.")

...Skiing Loveland Basin, Colorado, ski patroller Ron Kidder:

(Kidder: "It's a Washington thing. I don't think anybody around here's that concerned about it.")

At the Denver airport, charter pilot Chuck Wright:

(Wright: "I don't see why we're trading arms for hostages. It seems that the people used guns to capture these people in the first place.")

In Buffalo, New York, a different judgment from hostage Terry Anderson's sister, Peggy Seay:

(Seay: "He had to sit across from the families and see our pain. He reacted to that as a human being.")

...It is only an impression, but the temperature of today's opinions seems lower than in earlier samples, as if initial outrage is giving way to sadness. (NBC-9)

TOWER BOARD REPORT/ISRAEL

Brokaw: The report also says that pressure on the United States to get involved in the Iran arms deal clearly came from Israel. But it says it remains unclear whether the initial proposal was an Israeli initiative brought on by the avarice of arms dealers, or whether it came as a result of an American request for assistance. The Tower commission concludes that whatever Israel's role may have been, American decision makers made their own decisions and they must be made responsible for the consequences. (NBC-5)

ABC's John Martin reports in the middle of the Iran-Iraq war, the U.S. shipped arms to Iran six times. The Tower report said that after early U.S. approaches to Iran were turned down within the U.S. Cabinet in 1984, the Israelis reopened the question in 1985. Foreign Minister official David Kimche raised the issue.... The idea of trading arms for hostages originated, said the commission, in a series of meetings between Israeli arms dealers, Saudi businessman Khashoggi and Iranian merchant Ghorbanifar. But the first two arms shipments ran into trouble so North brought in the CIA and retired Gen. Secord. This network helped deliver four final shipments, creating what the commission said today was \$23 million in profits.... (ABC-4)

LEBANON/HOSTAGES

Brokaw reports that in Tunisia a top PLO official confirmed that the four professors kidnapped last month now are in Syrian hands. He said that they would be released within a few days. But at the same time, Syria's military commander in West Beirut denied that report, yet he issued a last warning to those holding the hostages. He said that Syria would take, "drastic action" if the four hostages are not released. (NBC-8)

Rather reports a Syrian military commander said it's safe for foreigners to return to West Beirut now. However, he said his men will not try to free Western hostages by force because that would endanger their lives. (CBS-5)

SOVIET NUCLEAR TESTING

Rather reports the Soviet Union announced resumption of its nuclear testing for the first time in 18 months. The Soviets said the underground blast at their Central Asian test site was necessary because of continued nuclear testing by the U.S. (CBS-6)

AFGHANISTAN WAR

Rather reports the Afghanistan war crossed the border into Pakistan. Soviet-made warplanes of the Afghan government bombed markets of two border villages, killing at least 35 and wounding 200. Some of the victims were Pakistanis. (CBS-8)

NATO/GALVIN

Rather reports Gen. John Galvin was named the new military commander of NATO. (CBS-9)

NASA LAUNCH

Rather reports NASA finally launched its storm-tracking weather satellite. The rocket is seen as crucial to improving forecasters' ability to chart hurricanes and other dangerous storms. (CBS-10)

BROKAW SUMMARY

Brokaw: ...And while what we have already discovered is unsettling -- shocking that it could occur so few years after Watergate -- there is this enduring fact about the American system: It has remarkable resiliency. The most powerful office in the land can be examined in such a candid, open fashion and still function if the President responds swiftly and persuasively. This city, this republic, has been through these convulsions before and it will be again. We don't always learn from our mistakes, but sooner or later we do begin to deal with them. (NBC-10)



News Summary

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TODAY'S HEADLINES

TOWER REPORT/PRESIDENT

Inquiry Finds Reagan And Chief Advisers Responsible For 'Chaos' In Iran Arms Deal -- A special review board portrayed President Reagan today as a confused and remote figure who failed to understand or control the secret arms deal with Iran, and who thus had to "take responsibility" for a policy that in the end caused "chaos" at home and embarrassment abroad. (New York Times, Washington Post, Washington Times, Copley, Newhouse, Reuter, Scripps Howard)

OLIVER NORTH

How The Iran Arms Scandal Occurred -- Determined to convince the Iranian contact of President Reagan's good will, Oliver North began spinning tales of fictional discussions he had with President Reagan at Camp David in an effort to mislead the Iranians into believing Reagan was on Iran's side in the Iran-Iraq war. (Washington Post, Copley)

DOMESTIC REACTION

Lawmakers Say Reagan Needs To Take Charge -- Both Republican and Democratic members of Congress said Thursday that the Tower commission report shows President Reagan was not in command, and he now must act decisively to regain control of his Administration. (Copley, UPI)

NETWORK NEWS (Thursday Evening)

TOWER REPORT/PRESIDENT -- The Tower report strongly criticized the President for his management style.

CONGRESSIONAL REACTION -- Many in Congress were sharply critical of the President.

NORTH & POINDEXTER -- The sharpest criticism in the Tower report is directed at the two NSC aides.

THE GREAT ESCAPE

The press started lining up at the door of the White House press office more than an hour before the Tower commission report was distributed. By the time the zero hour approached, the line stretched all the way through the press briefing room, into the anteroom where reporters have their desks. It was so crowded in the room that a television technician, needing to get outside, opened a window and stepped through because he had difficulty getting through the door. (AP, 2/26)

TOWER REVIEW BOARD

PRESIDENT/ADVISERS

TOWER PANEL DETAILS ADMINISTRATION BREAKDOWN, BLAMES REAGAN, TOP AIDES FOR FAILED POLICIES

The Tower review board on the Iran-contra scandal yesterday issued an extraordinary, blunt report detailing how President Reagan traded arms to Iran for hostages, the White House ran a secret war against Nicaragua and the President's senior advisers lied to each other and the public while possibly breaking the law.

Summing up the panel's conclusions about the NSC after the 90-day inquiry, former national security adviser Brent Scowcroft said at a news conference, "...the problem at the heart was one of people, not of process. It was not that the structure was faulty; it is that the structure was not used." (David Hoffman & Dan Morgan, Washington Post, A1)

Inquiry Finds Reagan And Chief Advisers Responsible For 'Chaos' In Iran Arms Deal Regan Is Faulted

A special review board portrayed President Reagan today as a confused and remote figure who failed to understand or control the secret arms deal with Iran, and who thus had to "take responsibility" for a policy that in the end caused "chaos" at home and embarrassment abroad.

In unusually blunt language, the board placed direct blame on Donald Regan and other advisers for providing the President with poor advice and neglecting to grasp "the serious legal and political risks" involved in the arms deal and the subsequent diversion of profits to the Nicaraguan rebels. (Steven Roberts, New York Times, A1)

Tower Commission Indicts Reagan

The Tower commission blamed President Reagan Thursday for failing to supervise and understand the activities of his own aides in allowing them to undercut his Administration's anti-terrorist policy by embarking on an attempt to ransom hostages with military arms for Iran.

The report, which holds Reagan accountable for a policy and a process gone awry, is likely to present the President with a formidable political burden, as he seeks to re-establish his authority for the remaining two years of his term. While still personally popular, Reagan's credibility and general political standing have suffered in the public opinion polls since revelations about the arms sales first surfaced Nov. 4 in Al Shiraa, a Beirut weekly magazine.

The document constitutes the most comprehensive analysis and accounting of the deepest political and policy crisis to preoccupy the country since the Watergate scandal forced President Nixon's resignation over a dozen years ago. (Finlay Lewis, Copley)

Tower Panel Gives RX For White House

The White House system didn't fail, the people did, the Tower commission concluded after studying to improve the President's NSC. To prevent a similar "embarrassment," the need is for a president who pays attention, senior advisers who give sound advice, and a staff that stays out of covert operations, the Tower commission said.

President Reagan's relaxed management style and emotional commitment to securing release of U.S. hostages in Lebanon led him to ignore the implications of the Iranian deal. (Walter Friedenberg, Scripps Howard)

Panel Faults Reagan's Management

The Tower commission investigating the Iran-contra affair yesterday faulted President Reagan for his loose management style and delivered blistering criticism of his top aides for their roles in the episode.

But the commission concluded that Reagan did not intentionally mislead the American public about the ill-fated initiative, which it labeled an arms-for-hostages exchange despite Reagan's continuing insistence that it was not. (Jeremiah O'Leary, Washington Times, A1)

Report Casts Doubt On Reagan's Ability To Govern

An official report on the Iran arms scandal chides President Reagan for his lax style of leadership and harshly rebukes his top aides, casting doubts on his ability to govern in the last two years of his presidency.

Political analysts and congressional leaders said Reagan's responses would be crucial to whether he can recapture any real measure of the political vigor he once had.

"One immediate step necessary is for the President to make it clear to everyone that his hand is firmly on the rudder -- that he's in charge, that he's making the decisions," said Sen. Bob Dole.

Some analysts said the report, which was particularly damaging because it was prepared by a board of the President's own choosing and lent credence to a widespread opinion that he is not in full command, just about ended his prospects for retaining political dominance in Washington.

Former secretary of state Henry Kissinger, in an interview with CBS, said Reagan could regain his leadership role if the improved operations of the NSC and stopped in-fighting within his Administration.

"If he does those things and if he focuses on some clear objectives, I believe he's still in a very strong position," Kissinger said.

(Gene Gibbons, Reuter)

President/Advisers

Gathering his closest advisers around him, President Reagan is pondering a major reorganization of his demoralized White House and planning a public response to the Tower commission report that squarely accuses him of a "failure of responsibility" in the Iran-contra scandal.

But as Reagan prepared for a long weekend of soul searching, questions are being raised concerning whether he can find a strategy to successfully restore his Administration's confidence and momentum for the final two years of his presidency.

The commission's findings depicted a President who surrounded himself with overprotective, overzealous and unprofessional subordinates, failed to adequately supervise them, remained ignorant of what was happening in his name under his own roof and consequently presented false information unwittingly to the public about his motives and about the consequences of policies he did not understand.

(Miles Benson, News Analysis, Newhouse)

Tower Report Is Low Point Of Reagan Presidency

No bells ran and no lights flashed in the White House during the almost two years in which various staffers bungled and bumbled their way along to implement a policy that, it is now clear, never was understood by the President or by those who thought they were the architects of the Administration's foreign policy.

No one thought to raise the alarm because, the Tower report discloses, no one on the White House staff had either the expertise, the political acuity or the standing to do the jobs they were supposed to be doing.

With page after page of the most biting of criticisms, the Tower report is easily the most damning document to be issued on the internal workings of an administration since the Senate Select Committee investigating Watergate finished its work in 1973. And there is no apparent precedent in this country for a White House-appointed commission to so thoroughly challenge White House operations and White House personnel.

(George Condon, News Analysis, Copley)

OLIVER NORTH

NORTH RAN CONTRA WAR FROM WHITE HOUSE OFFICE Benefactors Donated Millions To Pay For Operation

Acting under supervision of national security adviser Robert McFarlane and John Poindexter, Lt. Col. Oliver North secretly ran the contra war against Nicaragua from his White House office throughout 1985 and 1986, during Congress' ban on direct U.S. assistance, according to the Tower commission report issued yesterday.

North had his own set of private benefactors, including an unidentified foreign official who contributed a total of \$25 million, starting with \$1 million a month for much of 1984 and then increased the amount to \$2 million a month at some point in 1985; a reliable source identified the official as Saudi King Fahd. Some of the donors solicited by North had been personally thanked by Reagan at the White House.

(Bob Woodward, Washington Post, A1)

Political Groups, Arms Providers May Be Linked

Documents released yesterday by the Tower commission suggest links between political organizations and corporations that were secretly providing arms to the contras.

Using dotted lines and arrows like a flow chart, the documents, found in the office Lt. Col. Oliver North, trace complex and unexplained trails.

The Tower board drew no conclusions in describing these documents. It said it had "examined the information available to it showing Lt. Col. North's connection to political action committees," and said the information, indicating contacts of an uncertain nature, will be turned over to congressional committees. (Thomas Edsall, Washington Post, A19)

How The Iran Arms Scandal Occurred

Determined to convince the Iranian contact of President Reagan's good will, Oliver North began spinning tales of fictional discussions he had with President Reagan at Camp David in an effort to mislead the Iranians into believing Reagan was on Iran's side in the Iran-Iraq war.

At one point, North told the Iranian contact that Reagan wanted the war to end with terms favorable toward Iran. North presented the Iranians with a Bible inscribed by Reagan and told them that the President "went off for one whole weekend and prayed about" whether the U.S. should accept the Islamic Republic of Iran as fact.

North's tale of the President's praying and his comments, later described by the President to the Tower commission as "absolute fiction," is in the commission's chronology of the Iran arms deal -- a history of failed attempts by North, members of the NSC staff and others to free American hostages in Lebanon. (Mark Ragan, Copley)

NSC ROLE

PROCESS FOR FOREIGN POLICY 'LARGELY IGNORED,' PANEL SAYS

The NSC process established 40 years ago to provide coordination and coherence to U.S. foreign policy "was largely ignored" in favor of casual, chaotic and unprofessional activity by high-ranking officials, producing "a U.S. policy that worked against itself," according to the Tower commission.

"NSC structures and processes must be flexible, not rigid," the commission said in recommending against new laws to change the system.

The commission recommended that henceforth the security adviser should not engage in operations or implementation of policy. Orders eliminating a NSC staff role in implementation of secret operations overseas have recently been issued by Frank Carlucci.

(Don Oberdorfer, Washington Post, A17)

CIA Weaknesses Appear To Have Motivated NSC To Act

The Tower commission report portrays the CIA as a servant of an activist White House in the Iran-contra affair, bereft of intelligence assets in Iran, handcuffed by law in Central America and an object of ridicule by a NSC staff.

This frustration with the capability of the CIA appears to have been one of the factors that motivated NSC officials to take matters into their own hands.
(Charles Babcock, Washington Post, A19)

ISRAELI ROLE

ISRAELIS PLAYED ROLE IN KEEPING PROJECT ALIVE

The Tower commission report could not determine conclusively whether Israel was responsible for initiating the U.S. overture toward Iran in 1985, but said there is ample evidence that the Israelis played a crucial role "at critical points" along the way in keeping the initiative alive.

"There is no doubt," the report said, that Israel "pressed" the Iranian arms dealer, Manucher Ghorbanifar, on the U.S. government and vouched for his bona fides as a go-between with high-ranking Iranian officials.
(David Ottaway, Washington Post, A10)

HOSTAGES

U.S. CONSIDERED MILITARY RESCUE OF HOSTAGES IN LEBANON Plan Coincided With McFarlane's Failed Iran Trip

The Reagan Administration's obsessive desire to win release of American hostages in Lebanon prompted not only an elaborate series of arms sales to Iran, but also at one stage "military planning to rescue the hostages" specifically approved by President Reagan, the Tower commission disclosed yesterday.

A military option was discussed at meetings attended by the President around the time of the secret mission to Iran of May 1986 by former national security adviser Robert McFarlane, which failed to produce the promised release of the American hostages. When Reagan approved the idea of planning a rescue, then-CIA Director William Casey was asked "to intensify efforts to locate the hostages," the Tower report said.

(Walter Pincus, Washington Post, A10)

VICE PRESIDENT BUSH

BUSH APPEARED TO SUPPORT ARMS-FOR-HOSTAGE TRADE

Vice President Bush appeared to support a trade of arms for hostages during a meeting with President Reagan last year, Secretary Shultz told the Tower commission, according to the panel's report Thursday.

Stephen Hart, the Vice President's acting press secretary, said Bush was still studying the commission's report and would have no immediate comment.
(Dale Nelson, AP)

CHIEF OF STAFF

REGAN CAUSED WHITE HOUSE 'CHAOS'

White House Chief of Staff Donald Regan, who appears to be on the way out, was responsible for the "chaos that descended upon the White House" after the Iran-contra affair broke, the Tower commission said. The harsh criticism came as some White House aides were saying the President already has asked for his resignation.

Senate Republican leader Robert Dole said Regan should go.

(Helen Thomas, UPI)

Wallison, Regan To Be First To Fall In Shake-Up

A shake-up of top White House staff in the aftermath of the Tower commission's report will claim as victims Chief of Staff Donald Regan and Counsel Peter Wallison, sources said yesterday.

"It's a done deal. They have agreed he (Regan) would go within a week after the Tower report, and part of the problem is that they need some warm bodies to replace him and his staff," said one knowledgeable source. Wallison also will leave, he said.

(Jeremiah O'Leary, Washington Times, A1)

COVER-UP

TOWER REPORT/COVER-UP

President Reagan didn't intend to conceal details of the Iran-contra affair from the public, but former aides McFarlane, Poindexter and North did, the Tower commission report says. Reagan was an unwitting participant in the concealment of certain facts, the panel concludes, because his public statements last November on the arms sales controversy were based on explanations given to him by these aides.

It could have been just confusion about the facts and what to say about them that led to the conflicting chronologies, the report said, but it also could have been a concerted effort to limit information to the President, the Cabinet and the public.

(Robert Gettlin, Newhouse)

Grist For Criminal Probes And Hill Hearings

Evidence Of Lies, Cover-Ups And Disregard For Laws Turned Up On Part Of NSC

The Tower commission said yesterday that it deliberately steered clear of the question of "criminal culpability" in its investigation of the Iran-contra affair, but its report contains evidence of lies, cover-ups and disregard for various laws that stood in the way of the NSC's secret agenda.

The findings are sure to serve as grist for independent counsel Lawrence Walsh's criminal investigation and for the congressional inquiries in the House and Senate.

(George Lardner, Washington Post, A12)

Gaps In Report

The Tower commission clearly fixed blame on President Reagan and his aides, but left unanswered a number of intriguing questions.

What ever happened to the estimated \$23 million in cash profits from the sales of weapons to Iran?

Why did the White House turn to inept and unreliable outsiders to negotiate and operate the Iran arms transactions?

Who suggested and authorized the diversion of funds to the U.S.-backed contra guerrillas in Nicaragua?

Did Secretary Shultz and Secretary Weinberger distance themselves from the operations for fear of being tainted by an impending disaster, or because they were genuinely unaware of what was going on?

And were any of these activities criminally illegal?

(David Wood & Robert Gettlin, Newhouse)

DOMESTIC REACTION

LAWMAKERS SAY REAGAN NEEDS TO TAKE CHARGE

Both Republican and Democratic members of Congress said Thursday that the Tower commission report shows President Reagan was not in command, and he now must act decisively to regain control of his Administration.

Sen. Robert Dole said "it is not going to be easy" for Reagan to demonstrate to the nation that he is in charge. But he said he should begin by moving on his legislative agenda and providing "additional answers" about the Iran-contra affair in his address to the nation next week.

Dole implied Donald Regan should resign but said it is up to the President "to get the moving van in there."

"He must come on strong and take charge of his White House," Sen. Alan Cranston said. "He must remove those who have deceived the Congress, the American people and America's allies. And he must restore confidence and direction to his Administration."

But Cranston expressed doubt about Reagan's ability to take charge more personally.

"I don't know whether the President is capable of governing in a way where he knows what is happening and is directly responsible for key decisions and remembers those decisions," Cranston said.

"The knee-jerk militaristic reaction that clearly has characterized this Administration is the central feature of this Administration's approach to the world..." Sen. Robert Byrd said. "If that lesson is lost, then I fear we will not see a change for the better at the White House."

Sen. Paul Simon said the report "paints a picture of a free-lancing, free-wheeling White House that undermined its own policies and ignored the advice of cooler heads in the Cabinet."

Sen. Pete Wilson said the report indicated the President's "compassion outran his competence" and his "personal managerial style of delegation in this instance yielded very unhappy results."

Wilson said Reagan "was not served properly" by Regan and was "misled" by the NSC staff, but that the President is the "ultimate source of responsibility."

(Robert Estill & Dori Meinert, Copley)

Mondale Says Reagan Failed To Uphold Oath Of Office

Several Democrats running to replace President Reagan accused him of being a detached and disinterested leader, and Walter Mondale, trounced by Reagan in 1984, said he had failed to fulfill his oath of office.

Mondale said "a fair reading of the report discloses that the President did not uphold his oath of office to faithfully execute the laws of the land ... by failing to assure that the law was complied with. In the '84 campaign, I tried to make quite an issue that the President wasn't in touch or in charge," added Mondale. "There just wasn't enough on the platter to prove it at the time, but it was clear even then. Now they are paying the price."

(Joseph Mianowany, UPI)

EDITOR'S NOTES: "Principal Conclusions Of The Tower Commission Report," appears in The Washington Post, A10.

"Excerpts From The Tower Commission Report," appears in The Washington Post, A20-23.

"The President's Remarks" -- Introducing members of the Tower commission after its report on the Iran arms sales-contra aid affair was made public, AP story, appears in The Washington Post, A13.

"Gift Bible Came With A Story," appears in The Washington Post, A22.

INTERNATIONAL NEWS

U.S. JOINS IN \$500 MILLION EMERGENCY LOAN TO ARGENTINA Goal Is To Avert New Latin Debt Crisis

The U.S. agreed last night to join other industrialized nations in an emergency \$500 million loan to Argentina in an effort to avert a new Latin American debt crisis.

Argentine officials are talking to commercial banks in New York about a \$2.15 billion loan and easier terms on tens of billions of outstanding loans.
(James Rowe, Washington Post, A1)

GALVIN NAMED TO COMMAND NATO FORCES Shift Set For June, As Rogers Departs

BRUSSELS -- NATO today appointed Gen. John Galvin, chief of the U.S. Southern Command in Panama, as supreme commander of allied forces in Europe.

NATO diplomatic sources said Galvin appeared to be more in tune with the Reagan Administration's thinking than Gen. Bernard Rogers, who had grown estranged from U.S. policy in several areas, particularly arms control.
(Reuter story, Washington Post, A30)

FRANCE BUYS 3 AWACS JETS FOR \$800 MILLION Purchase Of Boeing Radar Reconnaissance Craft Made In Coordination With British

PARIS -- Following British precedent, France announced an \$800 million purchase of three U.S. E3A AWACS reconnaissance planes today, along with an option to buy two more later this year.

"Franco-British cooperation has come out of this considerably stronger," a ministry statement added, "and it is possible to imagine that fruitful exchanges will take place between the two users when it comes time to maintain and improve the systems."

(Edward Cody, Washington Post, A30)

NATIONAL NEWS

LAXALT, LEWIS REBUFF PRESIDENT ON REGAN'S JOB Rejections Demonstrate Difficulty Reagan Faces In Revitalizing Presidency

President Reagan, faced with the most severe challenge of his presidency, has been rejected by two prominent and longtime associates in his quest to find a replacement for departing White House chief of staff Donald Regan.

After meeting with the President yesterday, former senator Paul Laxalt said he had told Reagan that he couldn't come into the White House on a full-time basis because it would preclude him from exploring a 1988 presidential candidacy. Laxalt said he would continue to serve as a "personal adviser" outside the Administration.

Former transportation secretary Drew Lewis, now the president of Union Pacific Corp., also rejected an offer to become Reagan's chief of staff in a telephone conversation with the President Wednesday, according to Republican sources. Two of these sources said that Lewis wanted sweeping authority to make changes that Reagan was not prepared to offer.

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

SUNUNU ENDORSEMENT NO SURPRISE FOR BUSH

New Hampshire Gov. John Sununu yesterday endorsed Vice President Bush for the 1988 Republican presidential nomination.

"The most crucial issues we face today are in the area of foreign affairs, and clearly George Bush has the requisite combination of experience, talent and personal involvement," Sununi said at a Washington press conference.

Although the endorsement was expected, the Vice President's political strategists were clearly pleased by the vote of confidence from the top official in the state holding the nation's first presidential primary next year.

(Ralph Hallow, Washington Times, A2)

AIR FORCE SEES HYPERBOLE IN B1 PRAISE, CRITICISM

Air Force officials have exaggerated the success of the controversial B1 bomber program, they told House subcommittees yesterday but charged that critics are overstating the severity of the plane's problems.

"There was some hyperbole about how great things were," Lt. Gen. Bernard Randolph, the Air Force deputy chief of staff for research, development and acquisition, testified. "There is equal hyperbole about how bad things are. The facts are, we're not perfect."

(Molly Moore, Washington Post, A4)

EDITOR'S NOTE: "Nancy Reagan's Private Obsession -- A Tenacious, Weeks-Long Struggle To Oust Donald Regan From The President's Team," by Donnie Radcliffe, appears in The Washington Post, C1.

-End of A-Section-

NETWORK NEWS SUMMARY

(Thursday Evening, February 26, 1987)

TOWER REVIEW BOARD REPORT

NBC's Tom Brokaw: President Reagan hoped to free American hostages by selling arms to Iran, but it was a bad idea made worse by the clumsy free-wheeling ways of some of his closest advisers. And the President failed to keep track of what they were doing. That is the general judgment of the Tower commission which issued its report today. The commission concluded the Iran initiative ran directly counter to the Administration's own policies and the commission criticized the President for not driving the National Security Council saying, "The President must take responsibility for the NSC and deal with the consequences." It is clear the President's hands-off style led to some astonishing operations. Lt. Col. North was involved in many all over the world. Admiral Poindexter ran many of those operations in secret from the basement of the White House. White House Chief of Staff Donald Regan is responsible for much of the chaos that followed. Secretary Shultz and Weinberger should have intervened but they did not. There is no "smoking gun" in this report -- no accusations of high crimes and misdemeanors on the part of the President, although the commission does conclude that the legal basis for the Iran initiative during 1985 was at best highly questionable. The President's management style is directly criticized.

NBC's Chris Wallace: The President tried to embrace the Board today emphasizing he asked for its report. But he seemed shaken his own panel was so critical.

(The President: "Whatever this report may say, I am proud to have appointed this distinguished Board because...")

And Mr. Reagan was not yet ready to answer all the questions coming from the report -- questions that go to the heart of his presidency.

(TV coverage: Mr. Tower shaking hands with the President and walking him out of the conference.)

The panel's central conclusion is that Mr. Reagan was out of touch, that he approved broad goals but couldn't remember key events, and did not know much about the arms deal.

(Sen. Tower: "I think he was not aware of a lot of the things that were going on and the way the operation was structured and who was involved in it. He very clearly didn't understand all that.")

The Tower commission says, while hospitalized after cancer surgery, the President held one of his first meetings on the arms deal. The President can't remember it. Mr. Reagan also testified to the Board he was not told how the arms sale would be implemented, not told that Oliver North was giving the Iranians intelligence, not told the NSC raised private funds for the contras. The Board concludes the President must insist upon accountability. But if the Tower panel seemed a bit hesitant in going after the President, it was much harsher about the NSC saying Mr. Reagan was deserted by his staff. Panel members said given the President's lack of attention to the consequences of his policy his top advisers should have protected him.

Wallace continues:

(Gen. Scowcroft: "There should have been bells ringing, lights flashing, and so on so that there was no question.")

Sen. Tower: "Members of the system who were privy to what was going on failed the President.")

The Board said Secretary of State Shultz and Defense Secretary Weinberger distanced themselves from an operation they opposed to protect their own reputations. The panel was even more critical of Chief of Staff Regan and former national security adviser Poindexter saying they failed to provide the President with the information he needed. It said the key problem was that the architects of the arms deal cut out anyone who might oppose it.

(Sen. Muskie: "Well I think the single most important factor here is the over-obsession with secrecy.")

Then there's the question of whether this was an arms-for-hostages deal. The President has maintained all along he was reaching out to Iranian moderates.

(The President: "We did not, repeat, did not trade weapons or anything else for hostages, nor will we.")

But the panel tells a different story. It says the President began discussing the Iran initiative just after visiting the grave of a sailor killed in the TWA hijacking, and was enthused about freeing the hostages.

(TV coverage: The President and First Lady at the grave site with the First Lady laying flowers on the grave.)

And it says Mr. Reagan asked officials almost daily whether there was anything new on the hostages.

(Sen. Muskie: "The Board found a strong consensus among NSC participants that the President's priority in the Iran initiative was the release of U.S. hostages.")

The report describes a disengaged President who let his foreign policy run out of control. But White House officials were almost relieved because there was no "smoking gun" tying Mr. Reagan or Regan to a new horror story. A speech to the nation is planned for Wednesday in which Mr. Reagan will announce staff and policy changes, trying to drag his presidency out of the arms scandal.

(NBC-1)

CBS's Dan Rather:

(Sen. Muskie: "The policy was a wrong policy, and it was the President's policy.")

(Sen. Tower: "But one thing is very, very clear: that members of the system who were privy to what was going on failed the President.")

The Tower commission reports to the President and public. Today's report came from President Reagan's own hand-picked commission. It looked at his arms-for-Iranians policy and secret, possibly illegal, aid to Nicaraguan rebels. The commission says it found a President out of touch and a national security operation out of control. These are among the Tower commission's main findings. Item: Despite what President Reagan insists in public, the secret weapons-for-Iran policy was an attempt to pay ransom and swap weapons for U.S. hostages almost from the beginning. Item: The President did not seem aware of how his own policy was carried out or the full consequences.

Rather continue: Item: It's plausible to conclude President Reagan did give advance approval to shipping arms to Iran even if the President says he doesn't remember. Item: Some of the President's men may have tried to hide the full story, cover up at least initially. Item: On the President's overall weapons-for-Iran deal, a serious question of law remains and must be addressed by other investigations. Item: No hard proof on where all the money went. And Item: White House Chief of Staff Donald Regan must bear primary responsibility for the chaos that descended upon the White House. That finding is expected to ensure, if not hasten, Regan's exit from the White House.

CBS's Bill Plante: The Tower commission report sharply criticizes the President for his lack of attention to a policy -- the Iran arms deal -- on which the White House staff was operating out of control. The report is a starkly-drawn picture of a plan to trade arms for hostages in direct opposition to U.S. policy, a deliberate attempt by the staff to cover it up when it became public, and a President who did not know what was going on in the White House.

(TV Coverage: The President at OEOB briefing on the commission's report; President with former hostage David Jacobsen; President walking with Donald Regan along White House collonade.)

(Sen. Tower: "I think he was not aware of a lot of the things that were going on and the way the operation was structured and who was involved in it. Yes, the President made mistakes. I think that's very plain English. The President did make mistakes.")

The report says the President had no knowledge of the coverup and that he didn't know about the diversion of funds to the contras. But as far as the Iran deal is concerned, said the report, the President did not seem to be aware of the way in which the operation was implemented, nor did he try to find out. At no time did he insist upon accountability and performance review.

(Sen. Muskie: "It is the President who must take responsibility for the NSC system and deal with the consequences.")

But there is also scathing criticism of top Administration aides. Of Chief of Staff Donald Regan the commission charges: "He must bear primary responsibility for the chaos that descended upon the White House."

(TV Coverage: Still photo of the President seated with Regan.)

As the scandal deepened, Regan tried to distance himself.

(Donald Regan, Nov. 26: "Does the bank president know whether a teller in the bank is fiddling around with the books? No.")

But the Board rejected his position.

(Sen. Muskie: "More than almost any chief of staff of recent memory, he asserted personal control over the White House staff and sought to extend his control to the national security adviser.")

Oliver North, portrayed as the key player in a rogue operation, with enormous responsibility for both Iran arms and private contra aid but a man given to fantasies about his role who actively sought to conceal important information. John Poindexter also failed grievously. His clear obligation was either to investigate the matter or take it to the President or both. He did neither. Former CIA Director Casey was informed in detail about the Iran operation. The Board said he should have pressed for operational responsibility to be transferred to the CIA. The Secretaries of State and Defense, according to the commission, were covering their own representations.

Plante continues: They were not energetic in attempting to protect the President. Former National Security Adviser McFarlane admits he helped prepare a chronology of events for the President's use which was misleading at least and wrong at worst. The report does not address Vice President Bush's role. Mr. Reagan says he'll read the report, then act.

(President: "I pledge to the American people today that I will do whatever is necessary to enact the proper reforms and to meet the challenges ahead.")

Mr. Reagan plans to begin those reforms with a White House staff shakeup before he speaks to the nation next Wednesday or Thursday. Some of his closest friends and advisers will meet tomorrow to pick a successor to Donald Regan. Regan's resisting an early departure; the others will try to force the issue. (CBS-1)

ABC's Peter Jennings: When the President's own commission on the Iran affair published its report, there were not many people in the White House that were left unscathed -- including the President himself. The Tower commission paints a picture of a leader who failed to guide and monitor what his own National Security Council was doing, and who really doesn't remember what some of his own actions were. And it makes imminently clear that men who were supposed to be serving the President, undermined his presidency with their secret and perhaps illegal behavior.

We have learned some things by reading the document that are new, and there are still some questions unanswered because two of the key players still will not talk. One of the other things we will be trying to do in the course of this broadcast is trying to answer the essential question: where does the Reagan presidency go from here.

ABC's Sam Donaldson: It was a conciliatory sounding Ronald Reagan who today introduced the Tower commission and its politely worded, but highly critical, findings.

(The President: "I pledge to the American people today that I will do whatever is necessary to enact the proper reforms and to meet the challenges ahead. I want to thank the members of the Board again.") Having said that, Mr. Reagan departed to leave the commission to outline its answers to key questions. The President had said he was trading arms-for-hostages.

(The President on Nov.13: "We did not -- repeat -- did not trade weapons or anything else for hostages.")

But the commission found that the President's priority in the Iran initiative was the release of U.S. hostages. The initial purpose may have been to open contacts for geopolitical reasons.

(Sen. Tower: "However, I think it very quickly became an arms-for-hostage deal and the whole chronology of the affair I think very clearly demonstrates that's what it became.")

The commission noted that formal NSC adviser Robert McFarlane said the President authorized in advance the first Israeli shipment of arms to Iran in the summer of 1985. It noted that after giving conflicting recollections on this point, the President, in a letter last Friday, said the bottom line is: "I can't recall anything whatsoever about whether I approved it. I don't remember -- period." The commission thinks McFarlane is right.

Donaldson continues:

(Tower: "We have to conclude that the President's recollection of when the first shipment was approved is faulty. The shipment was approved prior to the first August 30th transfer of arms.")

So the policy was primarily one of trading arms-for-hostages, which the President approved from the outset. An approval the commission says should never have been made.

(Sen. Muskie: "The policy was a wrong policy and it was the President's policy.")

The commission said the problem was not in the structure of the NSC but rather that the President -- by his inattention and neglect -- did not make the system work the way it is designed to work. And the top people around him, knowing of his style, did not save him from himself as they should have.

(Sen. Tower: "What happened here was a failure to use the process that was available to the President." Sen. Muskie: "I think the single, most important factor here is the over obsession with secrecy." Gen. Scowcroft: "It was incumbent upon the other participants in the system to insure that the President was absolutely clear about what was going on. There should have been bells ringing, lights flashing, and so on. So that there was no question.")

The commission said Chief of Staff Donald Regan, as much as anyone, should have insisted that an orderly process be observed. And that Regan must bear primary responsibility for the chaos that descended upon the White House when the secret operation became public. As to the efforts at cover-up, some see in the President's initial statements, the commission placed the blame on others -- not Regan and not the President.

(Tower: "There was a deliberate effort to mislead by those who prepared these materials. I don't believe that the President wittingly mislead the American people.")

The President has said mistakes were made, but has not said whether he thinks he made any of them. The commission's bottom line on that is this.

(Tower: "Yes, the President made mistakes. I think that's very plain English. The President did make mistakes.")

The President will spend the next few days contemplating the mistakes and how he will explain them to the American people in a prime-time television address next week. (ABC-1)

TOWER BOARD REPORT/CONGRESSIONAL REACTION

Brokaw: The 300-page report by the Tower commission does leave many parts of the Iran-contra story still unresolved and there is the remaining key question of whether this Administration violated Congressional restrictions on aid to the contras. The White House must now await the judgment of the independent counsel and House and Senate investigator. Many in Congress were sharply critical of the President today.

NBC's John Dancy: The next chapter in the Iran investigation will be played out before the Select House and Senate committees. Those committees today voted to grant limited immunity to three lower-level officials involved in the arms dealing including Oliver North's secretary, Fawn Hall. The Administration expected a storm of criticism over the report and it came immediately. Criticism of the President's detached leadership style:

(Sen. Levin: "The chickens came home to roost on this leadership style.")

Sen. Riegle: "Poor management, poor records and poor memories.")

Criticism of what those policies created:

(Rep. Schumer: "Ideological cowboys, who thought their views were more important than this great body of law and this great system, took things to their own hands and messed things up.")

Senators were harsh on the President for saying the arms deal objective was to reopen relations with Iran.

(Sen. Leahy: "He knew full well that we were dealing for hostages, that we were paying ransom for hostages.")

As for Donald Regan, who the report says bears primary responsibility for the chaos that descended upon the White House:

(Rep. Cheney: "If I were in Mr. Regan's shoes I would tender my resignation.")

Sen. Tribble: "Obviously the President has to clean house and bring in a new team of advisers.")

A key member of the Senate Select Committee says its investigation will now center on:

(Sen. Cohen: "What happened to the money? Who set the accounts up? Who had access to the accounts? How much money was in the accounts? And where did the money go?") (NBC-6)

CBS's Phil Jones reports the Tower commission report caused an explosion on Capitol Hill. Members of the special House and Senate Iran/contra investigating committees noted the gaps in the report.

(Sen. Inouye: "There is very little on the money trail and very little information on contra diversion.")

The committees moved ahead today to fill some of those gaps, granting the first immunity to three minor witnesses. But the committee leaders were not ready yet to grant immunity to the star witnesses -- Poindexter and North -- calling it premature. Fallout from this report may even affect the nomination of Robert Gates to head the CIA since he was Deputy Director of the agency at the time of the scandal.

(Sen. Specter: "I frankly think that the Gates nomination ought to be withdrawn, really ought never have been sent to the Senate.")

Gates was spotted rushing into the White House this afternoon. One senator has told CBS News that Gates has not been truthful with the Senate Intelligence Committee and that his nomination is in major trouble. (CBS-3)

ABC's Brit Hume: The announcement of the Tower report was watched with intense interest in Congress, especially by those on the special Iran investigating committees who found the report left them with plenty still to do.

Hume continues:

(Sen. Rudman: "This is an incredibly complex matter with this commission has managed to boil down to its essentials. There is a lot of work left to be done." Rep. Hamilton: "What emerges from the Tower commission report to me is there inability to answer completely the question of what happened to the money.")

And later, Hamilton's committee took a step toward trying to trace the money and other things by granting limited immunity to three perspective witnesses.... Still to be decided by both the House and Senate committees is whether and when to grant immunity to Gen. Secord, to Oliver North and to John Poindexter. The reaction of other members of Congress to the Tower report was almost without exception to echo the commission's findings in their own words.

(Sen. Dole: "It does not implicate the President in any way, except it does indicate blunders were made of colossal proportions.")

The report will also add momentum to calls for a delay in a vote on Robert Gates, the President's choice to head the CIA. Gates is not blamed in the report, but there is dissatisfaction with his testimony here and Senators say they need to know more. (ABC-7)

TOWER INTERVIEWS

Brokaw: Sen. John Tower, the chairman of the commission, is with us now. Senator, the President and his admirers have always taken great pride in his hands-off management style, but it seems to me that your commission report is a finely-worded but general indictment of that. The consequences could have been much worse. Is this a fundamental flaw in the President?

Sen. Tower: It's not necessarily an indictment of the style, but an indictment of the system that failed to adjust to that style. As a matter of fact, the President's used that style ever since he's been in office and with some degree of success. The fact is that a National Security Council operation should adjust to the style of the President.

Brokaw: But at the same time you say the President must be responsible for the apparatus.

Sen. Tower: The President is ultimately responsible, and I think that we are critical of the President for not managing more of the -- managing the operation more carefully. That is to say, asking for periodic review and asking to be informed on it.

Brokaw: What's the future then for him? At age 76 he's not likely to change his ways.

Sen. Tower: No I don't think the style is likely to change. But I think that as a result of our report, that the President is going to be inspired to perhaps alter his style somewhat, but at the same time insist that the established procedures be followed. In fact if the procedural guidelines that the President himself set down had been followed, he probably wouldn't have gotten into this difficulty in the first place.

Brokaw: Some people say that there's no better choice for the new White House chief of staff than John Tower who wrote this critical commission report and knows full well what went on in the past and how it should be corrected.

Brokaw continues:

Sen. Tower: I have not been nominated for that job by anyone that I know, and I don't expect to be.

Brokaw: But if the President called, could you turn it down?

Sen. Tower: Well the President hasn't called.

Brokaw: Well that's a very politic answer. (NBC-3)

Rather: ...You and other members of the commission talked to the President, saw him. What was his demeanor? How did you find him?

Tower: The President was very cooperative in responding to our questions. He was trying to recall a lot of events for which his recollection was somewhat hazy, and so he did have difficulty with some of those things. But he was as forthcoming, I think, as he could have been under the circumstances.

Rather: True that he told at least two different stories about whether he did or did not approve the shipments?

Tower: Yes, that's true. He indicated to us that he had used the McFarlane testimony to trigger his own recollection and then later on said that after talking to his staff that he felt perhaps he had been in error the first time. Then he wrote us a letter and said the fact of the matter was that he didn't recall whether the approval had come before or after the arms shipment.

Rather: You made an effort, several efforts, to have the President order North and Poindexter to cooperate with the commission and the President refused. Can you tell us anything else about that?

Tower: We only made one effort in that respect and we did make an effort to get these men before the committee but they responded through their lawyers and declined to testify. We did ask the President to order Poindexter and North as military officers to testify before the board. And this the White House declined to do on legal grounds. I'm sure that the President didn't make that decision independently but he resorted to legal counsel.... It was our view that actually the President did have the power to do that, and our lawyers have done some case study on it. It would have been tantamount to granting use immunity to both Poindexter and North had the President commanded them to appear before the committee.

Rather: What's the most important question that you were not able to answer?

Tower: Where the money went that was supposedly diverted. We have evidence, of course, that there was a diversion.... Whether the money ever got to the contras or not we don't know. It will be up to future investigators to find out where the money disappeared.

(CBS-2)

Jennings: You have clearly painted a picture of a President who was paying the price for being out-of-touch. Do you think he has paid the full price?

Tower: I think he's probably paid as high a price as he's going to pay...for this has been a wrenching thing for the Reagan Administration. I believe the President, originally, genuinely wanted to make a strategic opening to Iran. I think that most people who understand international affairs would agree that that would be in the national interest. However, of course, it quickly turned into an arms-for-hostage deal.

-more-

Tower continues: And this was directly contrary to the public policy of the Administration. So there is no question that it has been an embarrassing situation for the Administration. (ABC-3)

TOWER BOARD REPORT/NORTH AND POINDEXTER

Brokaw: The sharpest criticism in the Tower commission report is directed at Oliver North and Adm. Poindexter who were conducting many secret operations from the NSC offices in the White House basement. One of the remarkable passages involves North's formula for trading arms for hostages. As he put it, "One 707 airliner with 300 TOW missiles equals one American citizen, AMCIT." Neither North or Poindexter agreed to be interviewed by the Tower commission, but other witnesses and the paper trail the two men left at the White House provide a fairly complete picture of many of their escapades.

NBC's Andrea Mitchell: The Tower commission describes a National Security Council staff running wild. The report says Lt. Col. Oliver North and his operation functioned largely outside the orbit of the U.S. government. Established procedures were ignored.

(Sen. Muskie: "The Iran initiative was handled almost casually and through informal channels.")

The report says that significant legal questions were never considered, that implementation was very unprofessional, and that CIA Director Casey encouraged Oliver North to take direct control of the operation but never told that to the President.

(Sen. Muskie: "Insufficient attention was given to the implications of the NSC staff having operational control of the initiative rather than the CIA.")

...The report says the NSC ignored restrictions and that intelligence was passed to the Iranians of potentially major significance to the Iran-Iraq war.... The report portrays an operation obsessed with secrecy.... And finally, after the operation became public, attempts to cover it up. The report says, to prepare the President for his November 19th, news conference, former national security adviser Robert McFarlane helped the White House create a false chronology to, in McFarlane's words, "guild the President's motives." McFarlane told the Board he knew that the chronology was misleading at least and wrong at worst. The report says inaccuracies in the account support the idea that North was concealing important information.

(Sen. Tower: "There was a deliberate effort to mislead by those who prepared these materials.")

And the Board said it is concerned that notes taken by John Poindexter at key meetings appear to be missing. Commission member Brent Scowcroft, a former national security adviser, said the problem was people not process. "It's not that the NSC structure was faulty. It's that the structure wasn't used." (NBC-2)

Brokaw: The Tower commission report presents some extraordinary details about the role of Lt. Col. Oliver North and the secret operations that he ran out of the White House to supply the Nicaraguan contras.... North's operation apparently involved tens of millions of dollars, however, much of that money is missing.

NBC's Fred Francis: Where did all the money go? The Tower Board says it can't trace more than \$20 million.... Without the Swiss bank records there is not hard evidence the contras ever received any of that money. But memos, charts, and computer messages leave little doubt that Oliver North ran a covert empire he called Project Democracy with the Iranian arms sales profits and other funds.... In one of the most startling revelations, the report says that in 1984 and '85, prior to the Iran operation, the contras received \$33 million from a foreign official. NBC News has been told by three sources that official is a member of the Saudi royal family whose identity is being protected by the Administration. (NBC-4)

CBS's David Martin: The commission found the NSC staff so obsessed with secrecy that it neglected its primary mission to advise the President and ran amok in the name of democracy.

(Sen. Muskie: "Well, I think the single most important factor here is the over-obsession with secrecy. Every time you are over-concerned about secrecy you intend to abandon process and the result is that in this case control of the operation slipped into the hands of Lt. Col. North and the people that he assembled to pursue it.")

To keep everything secret, National Security Adviser Poindexter set up a private computer link to North called, appropriately enough, "Blank Check." Much of the Tower commission report is based on the messages the two men passed back and forth. Judging from the messages, both men were intensely loyal to their country but almost contemptuous of their own government. "The CIA are really bunglers," Poindexter complained to North in the midst of trying to arrange Robert McFarlane's now-famous then-secret trip to Iran. "My part in this was easy compared to Poindexter's," North told McFarlane. "I only had to deal with our enemies. He has to deal with the Cabinet." The Tower report draws a picture of a small band of zealous patriots, focused on action, oblivious to the risk they were running.

(Gen. Scowcroft: "There should have been bells ringing, lights flashing and so on so that there was no question, no question what the consequences of his pursuing this policy was.")

North turned to outsiders like retired Gen. Secord to do what the CIA couldn't or wouldn't do. The authority North assumed was breathtaking at times. When he first proposed secretly aiding the contras, McFarlane's reaction was, "I don't think this is legal." North persisted and by 1986 was running his own network, which had assets estimated at nearly \$5 million. He directly coordinated weapons deliveries to the contras and apparently lied about it to the Congress. North told House investigators he gave the contras no military advice and knew of no specific military operations. When he told Poindexter how he had testified, his boss said, "Well done." When the President of Costa Rica closed down a secret airfield which North's operatives had built, North called him and threatened to cut off aid. "I recognize that I was well beyond my charter in dealing with a head of state this way," North told Poindexter. Poindexter replied, "You did the right thing."

(Sen. Muskie: "The National Security Adviser failed in his responsibility to see that an orderly process was observed.")

Martin continues:

(Gen. Scowcroft: "But the problem at the heart was one of people, not of process. It was not that the structure was faulty; it is that the structure was not used.")

The commission did not recommend an overhaul of the NSC because it was people who went wrong; people, the Tower report said, who became a government unto themselves. (CBS-2)

THE INDIVIDUALS

Jennings: And so the commission reaffirms there was nothing wrong with the NSC as an instrument for the President to use. The failure was with the individuals.

ABC's Bob Zelnick reports the commission report finds that Oliver North and his NSC colleagues ran a covert arms-for-hostages operation which ran counter to the Administration's proclaimed total war against terrorism and a contra operation totally outside NSC procedures. The report says selling weapons to Iran may have violated the Arms Export Control Act, not telling Congress about the secret deal ignored requirements of the National Security Act. The panel says the operation was handled in a way reflecting the obvious inexperience of the players. For 10 months, TOW anti-tank and Hawk ground-to-air missiles went to Iran without the release of a single American hostage. The report says intelligence was passed to the Iranians of potential major significance to the Iran-Iraq war.

The report's culprits: Oliver North, the portrait throughout is of a free-wheeling, shallow-thinking junior officer who enjoyed extraordinary latitude. Once the story broke, North wrote inaccurate histories. The commission finding some evidence that North either on his own or at the behest of others, actively sought to conceal important information.

Robert McFarlane was responsible for the naivete of the Iran initiative but his lawyer today expressed satisfaction that the commission believed McFarlane's claim that the President had authorized the first Israeli arms shipment to Iran....

John Poindexter sought to exclude NSC principals from the Iran initiative and may have actively mislead Secretary Shultz. On the diversion of weapons' profits to the contras, the commission said Poindexter failed grievously....

CIA Director Casey, as regards to Iran, the report says he knew the operation was risky yet he never explained this risk to the President or made it clear to the President that North, rather than the CIA, was running the operation.

Secretaries Shultz and Weinberger, once their objections to the Iran operation were rebuffed, they should have continued trying to protect the President, but the report says instead they simply distanced themselves from the program....

To prevent a recurrence of Iran-contra type abuses, the commission recommends limits on covert activities, plus a stronger watch-dog role for the NSC legal adviser. But this is far less important than a single sentence in the commission report: "The NSC system will not work unless the President makes it work." (ABC-2)

CONTRA FUNDING

ABC's Karen Burnes reports the clues to the Iran-contra connection can be seen in diagram found in North's safe. The document provides a glimpse of the mechanism set up to move supplies to the contras. There are also indications of how funds from the Iranian arms sales were diverted and finally the chart reflects what many suspected: that North used a private network to funnel money for weapons to Central America.... At this point, the chart provides a hint of how money from the Iranian arms sales may have gone to the contras.... And finally, the chart provides evidence that the domestic private network outlined is mirrored by one overseas, leaving the impression that the operation North ran extended from U.S. to the Middle East and to Africa. (ABC-5)

ABC's Barry Serafin: The Board report found conflicting opinions on whether the congressional ban on such shipments applied to the NSC. Robert McFarlane repeatedly denied any NSC involvement in private fundraising, but both McFarlane and John Poindexter apparently knew about the operation. President Reagan told the Tower commission last month that he did not know about North's activities. But North clearly believed Mr. Reagan did know, particularly since some of the big contributors were brought into the White House to meet with the President. In a memo to Poindexter last May, North said "I have no idea what Don Regan does or does not know regarding my private U.S. operation. But the President obviously knows why he's been meeting with several selected supporters to thank them for their support for democracy in Central America. So questions remain about what the President and about the legality of the elaborate fund-raising operation. But there appears to be no question that the prime mover behind that operation was North. (ABC-6)

THE PRESIDENT

CBS's Lesley Stahl: Can Ronald Reagan recover? Can the man who dominated American politics for over six years repair the damage? A consensus is building that it may be too late.

(James Schlesinger: "There is no way that he can fully recover. There's a tendency now on the part of many in the society to nudge one another when he goes on and say he's loveable, he's a grandfather, we like him, but we do not necessarily think that what he's saying makes a lot of sense.")

(President Reagan: "Show me an executive that works long and long and overtime hours and I'll show you a bad executive.")

Ronald Reagan's laid-back management style, once portrayed as a strength, is shown in the Tower commission report to be a serious weakness.

(TV Coverage shows the President on cover of Fortune Magazine.)

(James Barber of Duke University: "The problem has been that Ronald Reagan came on with this image as in-charge, independent and factual and he is and has been all along none of the above.")

Despite everything, polls show Mr. Reagan is still popular.

Stahl continues: So while he may not be able to control the national agenda, he can remain a player, particularly in preventing the undoing of the Reagan Revolution.

(Norman Ornstein, political analyst: "This is a President who basically for his final two years wants to keep things from happening. To keep things from happening he has one weapon which is his greatest formal weapon: the veto.")

And Ronald Reagan can still break through with a blockbuster surprise on a major issue: arms control.

(David Aaron, former NSC official: "If the President negotiates seriously, is prepared to be flexible on his star wars dream, he can get an agreement, he can get it through the Congress and he can be a hero.")

But for now there are signs of weakness. Politicians are no longer afraid to criticize Mr. Reagan, even Republicans.

(Rep. Leach: "It's my sense that a lot of the King's horses and a lot of the King's men and some of the King's policies are going to have to be changed if we're going to save this King from a rather devastating historical assessment.")

All of the scenarios for recovery talk of a need for the President to become more involved, more active, more of a participant, but there's growing doubt that at 76 Ronald Reagan can do that. (CBS-5)

COMMENTARY/THE PRESIDENT

Brokaw: Now, where does the President go from here? In what direction does he steer his presidency?

NBC's John Chancellor: A lot of Americans got up today wondering if the Tower commission would accuse the President of the United States of a criminal offense. What they got instead was the picture of a President who was out to lunch where his Iran and contra policies were concerned. For most presidents that would be a devastating judgment: "He napped while his staff went crazy." But there's still a lot of affection for Ronald Reagan around the country. Politically today's report could have been much worse for the President. It is necessary to remember that the staff that went crazy, the gang that couldn't shoot straight, was working toward policy goals set by the President. He wanted to trade arms for hostages. He was the one who called the contras in Nicaragua the equivalent of the Founding Fathers. But the Tower commission accuses him of no actual crime. Only the sin of inattention. And Ronald Reagan, with all his skills, ought to be able to handle that accusation. He has one very big thing going for him: Nobody wants him to fail. Nobody wants another Nixon. He should be able to build on that as he reshapes his image and his Administration. The public will demand a price for its forgiveness. Mr. Reagan is going to have to prove that he's really in charge, and that will be hard work for a 76-year-old man who hasn't been well and who is basically a laid back manager. But that's what he has to do with new people around him. He has been wounded but not crippled by the Tower commission. Its report gives him a chance to get his presidency back on the track if he works at it. (NBC-7)

Jennings: Do you think (the Reagan family can) put this behind them?

ABC's George Will: I have not spoken with them, but I would be very surprised if they didn't say it's bad but it could have been worse. And I say it should have been worse. The Tower commission characterized its findings by saying the Iran deal was an "aberration" produced by a bad management style. In fact, it is at least arguable, far from being an "aberration," it's part of a pattern of slipshod foreign policy going back to at least include the Daniloff affair and the slovenly preparation for the Iceland summit. And as for the management style, the commission says the President did not know many very important things, was content not to know many important things and so important things that he did know he did not understand. That is a very polite way of raising a question about the President's character. That is: is he working hard enough? Is he perhaps being lazy?

Jennings: ... how the President responds to this will be crucial to the remaining two years of his Presidency. Do you agree?

Will: The President needs the equivalent to what in football is called the two minute-drill. Time is running out on his presidency, the clock is running and time is very short. He needs to come out and say: first of all, I'm determined to be surrounded by much better people. Second, he needs to demonstrate energy and interest in his job: the kind of energy he showed in the campaigns of '76 and 1980, the kind of energy he showed in the 1980-81 tax fights and budget fights, Grenada, Libya. He has a good record, but it's a record always when he is paying attention. (ABC-8)

PUBLIC REACTION

Brokaw: For all the intricacies of the Iran affair, it remains a story about a president and how he governed. After the Tower commission released its report we set out to learn what Americans were thinking about their President. And tonight NBC's John Hart has a sample of what they were feeling today.

NBC's John Hart: Fishing a river in Oregon, auto painter Sky Burkett:

(Burkett: "That's the reason I voted him there, because I thought he was a responsible person. But I'm not too sure anymore what's going on back there.")

...Skiing Loveland Basin, Colorado, ski patroller Ron Kidder:

(Kidder: "It's a Washington thing. I don't think anybody around here's that concerned about it.")

At the Denver airport, charter pilot Chuck Wright:

(Wright: "I don't see why we're trading arms for hostages. It seems that the people used guns to capture these people in the first place.")

In Buffalo, New York, a different judgment from hostage Terry Anderson's sister, Peggy Seay:

(Seay: "He had to sit across from the families and see our pain. He reacted to that as a human being.")

...It is only an impression, but the temperature of today's opinions seems lower than in earlier samples, as if initial outrage is giving way to sadness. (NBC-9)

TOWER BOARD REPORT/ISRAEL

Brokaw: The report also says that pressure on the United States to get involved in the Iran arms deal clearly came from Israel. But it says it remains unclear whether the initial proposal was an Israeli initiative brought on by the avarice of arms dealers, or whether it came as a result of an American request for assistance. The Tower commission concludes that whatever Israel's role may have been, American decision makers made their own decisions and they must be made responsible for the consequences. (NBC-5)

ABC's John Martin reports in the middle of the Iran-Iraq war, the U.S. shipped arms to Iran six times. The Tower report said that after early U.S. approaches to Iran were turned down within the U.S. Cabinet in 1984, the Israelis reopened the question in 1985. Foreign Minister official David Kimche raised the issue.... The idea of trading arms for hostages originated, said the commission, in a series of meetings between Israeli arms dealers, Saudi businessman Khashoggi and Iranian merchant Ghorbanifar. But the first two arms shipments ran into trouble so North brought in the CIA and retired Gen. Secord. This network helped deliver four final shipments, creating what the commission said today was \$23 million in profits.... (ABC-4)

LEBANON/HOSTAGES

Brokaw reports that in Tunisia a top PLO official confirmed that the four professors kidnapped last month now are in Syrian hands. He said that they would be released within a few days. But at the same time, Syria's military commander in West Beirut denied that report, yet he issued a last warning to those holding the hostages. He said that Syria would take, "drastic action" if the four hostages are not released. (NBC-8)

Rather reports a Syrian military commander said it's safe for foreigners to return to West Beirut now. However, he said his men will not try to free Western hostages by force because that would endanger their lives. (CBS-5)

SOVIET NUCLEAR TESTING

Rather reports the Soviet Union announced resumption of its nuclear testing for the first time in 18 months. The Soviets said the underground blast at their Central Asian test site was necessary because of continued nuclear testing by the U.S. (CBS-6)

AFGHANISTAN WAR

Rather reports the Afghanistan war crossed the border into Pakistan. Soviet-made warplanes of the Afghan government bombed markets of two border villages, killing at least 35 and wounding 200. Some of the victims were Pakistanis. (CBS-8)

NATO/GALVIN

Rather reports Gen. John Galvin was named the new military commander of NATO. (CBS-9)

NASA LAUNCH

Rather reports NASA finally launched its storm-tracking weather satellite. The rocket is seen as crucial to improving forecasters' ability to chart hurricanes and other dangerous storms. (CBS-10)

BROKAW SUMMARY

Brokaw: ...And while what we have already discovered is unsettling -- shocking that it could occur so few years after Watergate -- there is this enduring fact about the American system: It has remarkable resiliency. The most powerful office in the land can be examined in such a candid, open fashion and still function if the President responds swiftly and persuasively. This city, this republic, has been through these convulsions before and it will be again. We don't always learn from our mistakes, but sooner or later we do begin to deal with them. (NBC-10)