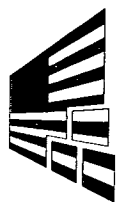


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Trying a Comeback

Reagan concedes error in Iranscam, but can he still lead?



"I take full responsibility for my own actions and for those of my Administration. As angry as I may be about activities undertaken without my knowledge, I am still accountable for those activities. As disappointed as I may be in some who served me, I am still the one who must answer to the American people for this behavior. And as personally distasteful as I find secret bank accounts and diverted funds, well, as the Navy would say, this happened on my watch . . .

"There are reasons why it happened, but no excuses. It was a mistake."

For the old trouper it was a masterly performance. Speaking to the nation on Ash Wednesday in perhaps the most important address of his long political career, Ronald Reagan was simultaneously repentant yet still proud, regretful yet determined. He unflinchingly accepted responsibility for the Iran-*contra* scandal that has threatened his presidency. But while admitting that his overture to Iran quickly turned into an arms-for-hostages swap because he was so deeply concerned about the hostages' well-being, the President refused to disavow the initiative as wrong-headed from the start.

Instead, Reagan looked to the future, assuming the tone of a grandfatherly sage: "By the time you reach my age, you've made plenty of mistakes. And if you've lived your life properly, so you learn. You put things in perspective. You pull your energies together. You change. You go forward."

Forward momentum was something Reagan desperately needed after months adrift in the Iran-*contra* scandal and the devastating report from the Tower commission depicting an inattentive President surrounded by reckless advisers. The President's response to the report, and his widely applauded appointments of a new White House chief of staff and CIA director to go along with his new National Security Adviser, gave a boost to an Admin-

istration that had been foundering. Though it failed to address several of the more troubling aspects of Iranscam, the meticulously crafted twelve-minute speech showed that Reagan recognized the severity of the crisis and had determined to take steps to remedy the situation.

By summoning his tremendous skills as an orator, Reagan once again managed to swing events his way, however temporarily. The address won bipartisan plaudits on Capitol Hill and favorable cover-

the scandal and his passive work habits.

Reagan's address was not enough to convince his critics that he has learned the lessons of the past few months. "The President gave an excellent speech," said New Jersey Senator Bill Bradley, "but no mere speech can dispel the doubts raised by the Iran-*contra* affair. Only time will tell whether the President has asserted control over the foreign policy of our nation." Massachusetts Democratic Congressman Barney Frank was even blunter. "The Tower commission," said Frank,

"did not find Reagan a lousy orator; they found him a lousy President."

Reagan and his supporters, however, insist that last week marked a turnaround. "He's doing it," said Republican Senator Alan Simpson of Wyoming. "He's appointing good people. There will be more changes; I'm not going to speculate who, but others will go. The President went about as far last night as his persona would take him. He didn't apologize, but he admitted his mistakes. He said he had learned. He said he would change. That's quite a bit for a President."

A presidential comeback of any sort was long overdue.

For three months Reagan had refused to speak out on the crisis that swirled about him. Since the diversion of Iran arms profits to the Nicaraguan *contras* was disclosed last Thanksgiving week, the President had made only one major public appearance: his recycled State of the Union address in January. But the Tower commission's report, with its damning disclosures of ineptitude and malfeasance, seemed to serve as a catharsis for the White House. Finally, now that the Administration's sins had been exposed, the President was forced to act decisively, beginning with the ouster the following day of Chief of Staff Donald Regan and his replacement with Howard Baker, the capable and popular onetime Senate majority leader from Tennessee.

The President's speech was the launching pad for an energetic public relations offensive that Robert Dole, the Republican Senator from Kansas,



Facing the nation: repentant but proud, regretful yet determined

"You pull your energies together. You change. You go forward."

age in the press. Overnight polls showed the President's approval rating, which had sagged to a four-year low, rising by as much as 9 points. At the White House, the mood changed from tragic to triumphant. "There's a big difference over there," said Nancy Reynolds, a close friend of the Reagans. "You can hear it in people's voices. You can smell it in the air."

But like the false spring temperatures that warmed the nation's capital last week, the uptick in the President's fortunes could be merely transitory. Artful as it was, Reagan's speech did not resolve the most serious question raised by Iranscam: Is the President at 76 sufficiently alert and involved to lead the country? To regain political advantage for the final two years of his Administration, Reagan must still overcome formidable obstacles, particularly the ongoing investigations of

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dubbed Comeback Week. Reagan's first important move was to accept the withdrawal of Robert Gates' nomination to become director of Central Intelligence. As the CIA's deputy director and a close ally of his disabled former boss, William Casey, Gates had come under fire for his involvement in Iranscam, and his chances for Senate confirmation were looking dim. In Gates' place Reagan nominated FBI Director William Webster, a former judge who is widely respected for his integrity. By selecting Webster, the President won the same bipartisan kudos he had received for the appointments of Baker and recently installed NSC Director Frank Carlucci. Significantly, none of the three is a red-white-and-blue Reaganite. All are notably cool, non-ideological pragmatists.

No one symbolized the Administration's renewed vitality as much as Baker. The personable Tennessean with the easygoing manner was received almost as a savior in the siege-ridden White House. Baker quickly installed his own team and tried to thaw the frosty relations between the Administration and his old colleagues on Capitol Hill. "We were lucky the change in personnel came almost simultaneously with the Tower report and the speech," said a Reagan aide. "It enabled us to appear to get a completely fresh start."

Appearances were foremost in the minds of Reagan's handlers last week. Baker set out to limit the damage of the Tower report's criticism of the President's detached "management style." In his first day on the job, the new chief of staff popped into the White House briefing room to announce that he had "never seen Ronald Reagan more energetic, more fully engaged and more in command of difficult circumstances and questions." The following day the President appeared in the briefing room for the first time since late November, although he

retreated quickly after reading a brief statement welcoming Soviet Leader Mikhail Gorbachev's latest proposals for reducing intermediate-range nuclear missiles in Europe.

After virtually banning questions by reporters at photo opportunities for more than two months, Reagan suddenly welcomed the White House press corps for two sessions a day. He held conferences with congressional leaders, with American arms-control negotiators. For the first time in his presidency, Reagan met with staffers of the National Security



William Webster: Mr. Integrity goes to Langley

Council on their turf in the Old Executive Office Building and lectured them on his directive prohibiting all covert NSC operations. On his way to the meeting, Reagan practically bounded up two flights of stairs, leaving Baker and another aide, Presidential Spokesman Marlin Fitzwater, panting behind him.

The President tried to shift attention to his political agenda. Speaking before the National Newspaper Association last week, Reagan said that the nation had spent enough time concerning itself with "who's up and who's down, who's in and out" (an inadvertent echo from *King Lear*) as a result of the scandal. "So far as I'm concerned," said the President, "the American people sent me here to do a job,

and there are just two years left to get it done." Among the President's top priorities for the remainder of his term: an arms treaty with the Soviets.

But the President and his advisers are well aware that the burst of public appearances can do only so much. "We can't manage by photograph," noted one aide. If the Tower commission report galvanized the President, aides say, it also made him conscious finally of how serious his difficulties are. Reagan slogged through the report over the weekend following its release, and those who saw him before and afterward sensed his dawning realization of the depth of his problem—as well as genuine surprise at much of what he read. When Reagan returned to the Oval Office Monday morning, he at last seemed to recognize what he was up against. That day he went to work on his response.

The basic draft was written by Landon Parvin, a White House speechwriter who has done more work for the First Lady than for the President. According to Fitzwater, Parvin received advice from "everybody and his brother": Howard Baker, Frank Carlucci, Treasury Secretary James Baker, Pollster Richard Wirthlin, Political Consultant Stuart Spencer, Nancy Reagan's former and current press secretaries Sheila Tate and Elaine Crispin, Fitzwater and his staff.

Parvin first met with the President the day after the Tower report was released. Reagan had read only about a third of the document, but he was able to give Parvin a sense of what he wanted to say. While he did not substantially alter the work the following week, the President added a few important flourishes. "It was a personal speech," said a White House source, "so it had to come from him."

Reagan had insisted on waiting for the release of the Tower report before facing the public on Iranscam, and he used the document as a guide for his com-



Take-charge image: Reagan meeting with the staff of the National Security Council in the Old Executive Office Building

A sudden burst of photo opportunities for reporters, but as one aide said, "We can't manage by photograph."

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ments. The President once again depicted himself as an innocent bystander in the Iran-*contra* affair, accepting responsibility for actions that took place "without my knowledge." Reagan said he "had to hurt pretty hard to find any good news in the board's report," but patted himself on the back by citing a sentence he was "relieved" to find in the 288-page document: "The President does indeed want the full story to be told."

Reagan accepted the commission's finding that his Iran initiative "deteriorated" into an arms-for-hostages trade. But he stubbornly clung to the notion that his dealings with the Iranians were intended as a diplomatic overture: "My heart and my best intentions still tell me that is true, but the facts and the evidence tell me it is not." Reagan attributed the deterioration of the initiative to his deep compassion. "I let my personal concern for the hostages spill over into the geopolitical strategy of reaching out to Iran," he explained. "I asked so many questions about the hostages' welfare that I didn't ask enough about the specifics of the Iran plan."

The President repeated the assertion he made to the Tower commission that "no one kept proper records of meetings or decisions," and without such records he could not remember whether he had approved the initial Israeli arms shipment to Iran before or after it occurred. Said Reagan: "I did approve it; I just can't say specifically when."

Since the Tower commission could not answer the question of what happened to the funds diverted to the *contras*, Reagan hardly discussed the matter, simply expressing confidence that the "truth will come out." He did not address a central finding of the report, that NSC officials secretly managed the *contra* war effort at a time when U.S. law prohibited U.S. military assistance to the rebels. As he has done previously, Reagan assured his audience that "I didn't know about any diversion of funds to the *contras*," adding, however, that "as President, I cannot escape responsibility."

Reagan defended the "management style" that the Tower board cited as a key reason for the White House crisis, saying it was a mode of leadership that served him well as California Governor and for most of his presidency. While he conceded that his style "didn't match its previous track record" in the Iran-*contra* affair, he made no serious promise to reform his ways.

The President did announce that he was going "beyond the board's recommendations" for restoring order to the NSC. The moves he enumerated, however, were window dressing. He said he had issued a directive prohibiting the NSC staff from undertaking operations, but Carlucci instituted such an order two weeks after he took over the NSC in January. Reagan told his audience he would put a legal adviser on the NSC staff "to assure a greater sensitivity to matters of law." The council already had such an adviser, most



That Was Then . . . This Is Now

PREVIOUS REMARKS

“We’ll do everything necessary to get at the truth, and then we’ll make the truth known.”

Point Mugu Naval Air Station, Calif., Nov. 30

“We did not trade weapons or anything else for hostages.”

Television speech, Nov. 13

“I do not believe it was wrong to establish contacts with a country of strategic importance or to try to save lives.”

State of the Union address, Jan. 27

“I think we took the only action we could have in Iran. I am not going to disavow it. I do not think it was a mistake.”

TIME interview, Nov. 26

“Surround yourself with the best people you can find, delegate authority, and don’t interfere as long as the policy you’ve decided upon is being carried out.”

FORTUNE interview, Sept. 15

“Lieut. Colonel North . . . is a national hero. My only criticism is that I wasn’t told everything.”

TIME interview, Nov. 26

“I had no knowledge whatsoever of [the *contra* diversion] until Ed Meese briefed me on it.”

White House statement, Dec. 1

FROM HIS SPEECH

“I’ve paid a price for my silence in terms of your trust and confidence. But I have had to wait, as you have, for the complete story.”

“A few months ago, I told the American people I did not trade arms for hostages. My heart and my best intentions still tell me that is true, but the facts and evidence tell me it is not. What began as a strategic opening to Iran deteriorated . . . into trading arms for hostages.”

“I let my personal concern for the hostages spill over into the geopolitical strategy of reaching out to Iran.”

“[Trading arms for hostages] runs counter to my own beliefs, to Administration policy and to the original strategy we had in mind . . . It was a mistake.”

“Much has been said about my management style . . . When it came to managing the NSC staff, let’s face it, my style didn’t match its previous track record.”

“As disappointed as I may be in some who served me, I am still the only one who must answer to the American people for this behavior.”

“As I told the Tower board, I didn’t know about any diversion of funds to the *contras*. But as President, I cannot escape responsibility.”

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Dole views the address: shifts in the power dynamic between Congress and President

recently Paul Thompson, who served under former National Security Advisers Robert McFarlane and John Poindexter and is still with the NSC.

The President ordered an NSC review of all U.S. covert activities, directing that future covert operations must be "in support of clear policy objectives and in compliance with American values." Such a review would hardly be more effective than the congressional oversight required by law, which Reagan ignored when he approved the arms sales to Iran.

Although the President was more forthright than ever before in accepting blame for the Iran fiasco, he made no attempt to assign responsibility for specific actions. In his State of the Union address he assumed the passive voice, saying "serious mistakes were made." Reagan was nearly as vague last week when he said, "It was a mistake."

More significantly, the President did not question the wisdom or morality of using weapons sales to try to buy influence in a hostile nation like Iran. It was a question that prominent figures of both parties wanted him to raise. Said former Nevada Republican Senator Paul Laxalt, one of Reagan's closest advisers: "I'd particularly like to have him, in retrospect, look back and say, 'This was a flawed policy.'" Democratic House Speaker Jim Wright declared it was a "wrong policy to send arms to the terrorist government of Iran, whether or not they were offered in exchange for hostages." But the President would not concede error on that score.

If the President minced some of his words, he nevertheless went further in coming to terms with the scandal than he had on any previous occasion. But his mea culpa was not nearly as straightforward or as timely as the one delivered by Jimmy Carter immediately following the disastrous failure of the 1980 Desert One mission to rescue U.S. hostages in Iran.

Carter faced the issue squarely: "It was my decision to attempt the rescue operation. It was my decision to cancel it when problems developed. The responsibility is fully my own." Reagan put a more positive spin on his confession by offering a bit of homespun wisdom worthy of Will Rogers. "Now what should happen when you make a mistake is this," he said. "You take your knocks, you learn your lessons, and then you move on. That's the healthiest way to deal with a problem."

While the President showed that he can still do wonders with a carefully wrought address, the aftershocks from the Tower report are likely to continue. He might be forced to confront two remaining aides who have been criticized for their behavior in the Iran initiative. Secretary of State George Shultz and Defense Secretary Caspar Weinberger objected last week to the Tower report's critique of their performance in Iranscam. According to the document, the two offi-

cial "simply distanced themselves from the program. They protected the record as to their own positions on this issue. They were not energetic in attempting to protect the President from the consequences of his personal commitment to freeing the hostages."

Traveling in the Orient, Shultz told reporters, "I do not agree that my actions were designed somehow or other to make a record to protect myself. I do not operate that way." In Boston, Weinberger complained that the "commission statements just don't have any evidence or any support behind them at all." He added pointedly, "It's a little odd to be criticized for being opposed to a program that the Tower commission also opposed."

The White House had a cool reaction to the Secretaries' carping. "The President accepts the report," said Fitzwater curtly. "Mr. Shultz and Mr. Weinberger can speak for themselves." Speculation around Washington last week that Shultz's days are numbered was undercut by the President when the White House announced that the Secretary of State would visit Moscow next month for renewed discussions with the Soviets. A highly regarded diplomat whose departure would be unsettling to U.S. allies, Shultz has enraged Reagan loyalists by his criticisms of the Iran initiative. Nevertheless, he flatly stated last week, "I have no plans to leave. So wipe that off your slate."

If the President is to get beyond the Iran scandal, he will have to concentrate on the second half of the remedy suggested to him last fall by Richard Nixon: fire two or three more people involved, and then change the subject. As televised congressional hearings on Iranscam get under way next month and Special Prosecutor Lawrence Walsh prepares possible indictments against former White House officials, the Administration could be hard pressed to find a subject that will compete for the



Senate Majority Leader Byrd tunes in: "One speech is not enough to rebuild trust"

Democrats tentatively hailed Reagan's message but criticized the messenger.

public's attention. An arms treaty with the Soviet Union, signed at a summit conference in the U.S. with Gorbachev, undoubtedly represents Reagan's best opportunity to surmount his difficulties and crown his tenure in the White House.

On Capitol Hill, there is a sense of anticipation as lawmakers from both parties wait to see how the power dynamic will change in the coming legislative battles. Since the start of the 100th Congress in January, the Democrats have snatched the political agenda from the Republicans. In addition to forming two special committees to investigate Iranscam, the resurgent Democrats have been challenging Reagan on Central American policy, arms control, taxes, trade issues, the clean-water bill, aid for the homeless. As the White House hunkered down, G.O.P. congressional unity started crumbling. "The effect was devastating," said Representative Lynn Martin of Illinois, vice chairman of the House Republican conference. "We were sort of helpless. A Carter malaise had struck Republicans."

But there was a palpable excitement among congressional Republicans the morning after the address. South Dakota Senator Larry Pressler used a hockey metaphor to express his glee. "The Gipper has had some time in the penalty box," said he. "But now he's back on the ice. The speech revived, rekindled, renewed, renovated and recharged the Reagan presidency."

Some prominent Republicans were more cautious in their praise. Conservative Georgia Congressman Newt Gingrich, who declared after the release of the Tower report that the President "will never again be the Reagan he was before he blew it," was generally pleased with the address, but he warned, "It's going to take five or six months of steady, systematic work to restore his presidency." Democrats, wanting to keep pressure on Reagan, tentatively hailed his message but criticized the messenger. Said Senate Majority Leader Robert Byrd: "The President has to become involved. He is going to have to change his work style. One speech is not enough to rebuild trust."

The Democrats say they plan to hold the President "to higher standards." Explains one party strategist: "The measure we're going to set is, Will he work with Congress on the budget, on arms control and on trade? If he does, then the problems get solved." Looking ahead to the '88 elections, this Democrat adds, "If he doesn't, then we win next time around."

The situation may not be quite so cut and dried. On issues ranging from deficit reduction to foreign policy, the Democrats need Reagan's support if they are to attain their legislative goals. On most key matters, the party simply does not have the votes to override a presidential veto. The Democrats will have to be particularly careful on tax issues. Last week Speaker Wright called for a tax hike of as much as \$20 billion a year to help reduce

the Administration's somewhat optimistic \$108 billion projection for next year's deficit. Wright's proposals were met with a slight shudder by Illinois Congressman Dan Rostenkowski, chairman of the Ways and Means Committee. "I don't think there's any member of my committee who wouldn't support revenues geared to deficit reduction," said Rostenkowski. "But they don't want to give the President the chance to kick them around and then not accomplish the goal."

From the Administration's viewpoint, some solid legislative victories could help immensely in getting Reagan back on track. The need to stroke Congress was a principal reason why Baker, a beloved figure on Capitol Hill, was chosen to replace Donald Regan, who never bothered to foster friendly ties with the lawmakers. "It's dramatic because Reagan's weakest suit is Baker's strongest," said a presidential aide. "Congress holds

bition of abortion. While that may be an agenda that does not smack of compromise, it is also one that does not hold much promise of achievement.

The President's first confrontation with the new Congress could come immediately. Last week Reagan made a formal request to the lawmakers to release the last installment of \$100 million in aid that was granted to the Nicaraguan *contras* in 1986. To win the release of the \$40 million, the Administration had to certify that peaceful efforts to reform Nicaragua's Marxist Sandinista regime have been futile. Congressional Democrats hope to counter Reagan's move by imposing a moratorium on any further *contra* aid until the Administration accounts for money that has already been sent to the rebels, including the funds diverted from the Iranian arms sales and contributions solicited from private sources. Reagan is in for an even more ferocious struggle



the key to all the flash points. They're such important critics, sources for so many stories. If they can be defused, half the battle is over."

Yet Reagan and Baker could be vulnerable to an attack from G.O.P. conservatives if they get too cozy with the Democrats. New York Republican Jack Kemp, who hopes to carry the conservative banner to the G.O.P. presidential nomination next year, is already sounding warnings about the conciliatory tone at the White House. "We can call summits with the Soviets and the Democrats, or we can move out with the Reagan agenda," says Kemp. "If the White House sits down to write a trade bill or a budget in a summit with Bob Byrd or Jim Wright, it's over." When the President met last week with a delegation of conservative Senators, he listed as his legislative priorities the deployment of Star Wars, a balanced-budget amendment and prohi-

over *contra* aid next fall, when he makes his official request for an additional \$105 million in assistance for the rebels.

Ronald Reagan is not necessarily doomed to repeat the dispiriting pattern of failure that has hounded too many recent Presidents. If the Iran-*contra* scandal has left many Americans uneasy about Reagan's grip on his job, last week's performance demonstrated that the still popular President retains at least some of his powers. But if he is to recoup, he will have to resist his tendency to rely on theatrics rather than hard work. As the President and the First Lady departed for Camp David last week, Reagan cheerfully bantered with a group of young supporters. Talking about his agenda for the next two years, he recalled an old show business adage: "Save something for the third act."

—By Jacob V. Lamar Jr.
Reported by David Beckwith, Michael Duffy and Barrett Seaman/Washington