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NEWS AND

ANALYSIS

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**U.S. FOREIGN POLICY BEING RUN BY CONSERVATORS OF
 THE ESTATE AS INCAPACITATED PRESIDENT CLEARLY NOT IN CONTROL**

- Rich pay dirt expected if Abrams and Singlaub called before congressional committees
- New revelations of compromised NSC activities marks the beginning of the end of the Reagan administration's contra aid program
- Throwing high level officials into the discard pile cannot spare Reagan from ultimate responsibility for illegal operations
- President's lack of knowledge of what is going on is the most frightening element of the whole affair
- What little faith remained in president's credibility and competence irrevocably dashed, Reagan's ability to undertake foreign policy initiatives may be fatally undermined
- Out-of-control intelligence agencies, coverup of administration activities reminiscent of executive branch of Johnson and Nixon during the Vietnam years

The president, in the area of foreign policy, has become incapacitated, and international diplomacy is now being run by conservators of the estate. Reagan's apparent lack of knowledge about a covert money laundering operation for the contras being directed from the basement of the White House, and his performance at last Wednesday's press conference on arms sales to Iran in which he denied an Israeli role in the transactions, are clear indications that he is no longer capable of comprehending policy issues or of controlling either the policy-making process or those who carry it out.

CONTRA AID SHELL GAME

Adolfo Calero's insistence that his group received none of the Iranian funds that were placed in Swiss bank accounts to be drawn upon by the contras, but did obtain some funding from private groups during the period that the Iranian money was purportedly reaching the contras, may be technically correct. COHA has learned that in fact the bulk of the Swiss funds were distributed through Gen. John K. Singlaub's organization, with the full knowledge of Assistant Secretary of State Elliott Abrams.

In light of this information, the Congress now should subpoena the tax records of Singlaub's tax-exempt funding channel in order to verify precisely where these funds came from, and call both Singlaub and Abrams before the relevant congressional committees to testify about their roles in the Iranian contra funding operation.

Before the June 1985 contra aid measure was passed, contra sources frequently stated that they were receiving several million dollars a month from private donations. This pattern of funding continued into the period

after the FY 1986 humanitarian aid measure had gone into effect. Singlaub's U.S. affiliate of the World Anti-Communist League was the principal beneficiary of the secret funding and the operation was carried out with the full knowledge of Abrams, who heads the State Department's Inter-American Affairs Bureau.

WASHINGTON'S NOT-SO-INVISIBLE HAND

Lt. Col. Oliver North's long role as chief U.S. operational field marshall of the contra campaign and his deep involvement in contra plotting -- including masterminding the laying of mines in Puerto Corinto -- was so marked that in May, 1986 he was notified by White House counselor Fred Fielding that he should retain the services of a private lawyer in order to defend himself against the anticipated charge that he violated the law and participated in supplying weapons to the contras in contravention of the 1983 Boland amendment.

North's pivotal role in the administration's strategy against Nicaragua was widely publicized as a result of his constant trips to the region and the repeated linkage of his name to both Reagan administration policy and "private" actors aiding the contras.

As for Singlaub, the administration was so used to identifying him in its mind as the conduit for the laundering of illicit funds, that its first reaction after the downing of Hasenfus' C-123 cargo plane in October was to say that this was a Singlaub operation, which, in fact, it technically was. It is not merely a coincidence that the same airline company that chartered Hasenfus' doomed aircraft also was called upon by North to fly the TOW missiles to Iran.

DOES THE BUCK STOPS HERE?

While the White House is attempting to claim ignorance of the covert aid pipeline to the contras, only the most indulgent Reagan sympathizer could possibly accept the president's denials of responsibility for the activities of the National Security Council, an agency solely accountable to the White House. It strains credulity that in the course of a weekend the Justice Department could unearth a central element of a secret operation run out of the White House and the Executive Office Building, while the president's own efforts to learn the details of the operation supposedly turned up no information at all about the money laundering scheme.

The president's claim that he was not "fully informed" reveals how disfunctional he has become in dealing with key foreign policy issues and the fact that today he is little more than an amiable front man for a sea of minnows who in effect are making U.S. foreign policy in his name. This conclusion was given added strength by his denial of Israeli involvement in the Iranian weapons shipments in his press conference last Wednesday, an error that was quickly remedied by a hasty administration clarification issued shortly after the press conference ended.

A perhaps even more alarming implication, if Reagan actually was unaware of the activities of the NSC, is that the president is more out of touch with his own foreign policy than even his critics had suspected. Though the Congress is clearly reluctant to hold Reagan legally responsible for violations of law committed by his administration, he can not dodge political accountability for this latest and most blatant violation of congressional restrictions that had been placed on contra aid prior to the October passage of a new \$100 million contra assistance bill.

The president's strategy of hiding covert activities in the NSC -- by mandate a policy advisory organization -- which is shielded from congressional oversight by executive privilege, has clearly blown up in his face. Not only is the NSC the one agency indivisibly bound and solely answerable to the White House, making it all but impossible for the president to disassociate himself from its activities, but the use of the NSC as an operational agency on the declared order of Reagan himself clearly violated its mandate.

PRESIDENT OUT OF CONTROL

While Reagan may ultimately beg off responsibility for the Singlaub money laundering operation, he will do so only at the cost of the complete loss of his already weakened credibility. Rarely has the nation witnessed

The administration's crafty use of language is exemplified in an NSC finding that the opprobrious term "Marxist-Leninist" should be used for every reference to the Sandinista government in order to turn U.S. public opinion against Nicaragua. The politicization of both the intelligence agencies and the State Department, featuring the rise of

Not only will the contra aid program be on the ropes, but the Reagan administration's conduct of foreign policy, and indeed the entire policy process itself will come under critical review. The Congress, and the American people, may finally have had enough of the White House's persistent misleading policy statements, its hiding behind subtleties, and its rabid politicization and contortion of the policy process.

POSSIBLE WATERSHED FOR FOREIGN POLICY PROCESS

Furthermore, with the president trapped in a defensive posture, fears that he would attempt an aggressive grandstanding move in Nicaragua to divert attention from the Iranian crisis -- similar to the invasion of Grenada two days after more than 200 marines were killed by a terrorist attack in Beirut -- have been dispelled.

The new revelations also lend credence to other charges of illegal administration involvement in the private contra supply effort, particularly an alleged deal struck with the Saudis to sell them AWACS surveillance planes if they would in turn secretly channel money to the contras. To get to the bottom of these and other allegations, Congress is also certain to press ahead with hearings on the matter called for by Senator Kerry (D-Mass.).

In addition, when the new congress convenes in January, Democrats will control not only the House, but the Senate. Key congressional aids have informed COHA that new majority leader Robert Byrd (D-W.Va.) already plans to oppose proposed jet sales to Honduras, and may now lead an attempt to win a congressional resolution of disapproval for the February disbursement of the remaining \$40 million of the \$100 million October contra aid package. While the president would certainly veto any move against disbursement of the \$40 million dollars, such a congressional action would draw the lines of battle for future debates on contra aid.

The uncovering of Reagan's parallel operational foreign policy apparatus, completely and illegally bypassing the Congress, may seal the fate of the president's recently reinvigorated war against Nicaragua via the contras. Legislators who had repeatedly resisted administration onslaughts over the contra issue before finally folding under to one of the most popular presidents in history on the verge of crucial midterm elections, will now have ample cause to challenge future calls for aid, and regain their fortitude now that the administration's "soft on communism" electoral harangues have lost their potency.

CONTRA AID PROGRAM ENDANGERED

Such grievous lapses in authority and competence are no longer viewed as the folksy misstatements and factual errors regularly doled out by the president in his speeches and press conferences since taking office, but seriously compromise the country's policy apparatus as well as both public and official confidence in Reagan as a leader. One must recall that the president's gifts have become predictable and that confusing Bogota with Brasilia, and the Mediterranean with the Caribbean, are only part of the story.

Now it is claimed that Reagan was uninformed of a premeditated and intentional violation of the law by key members of the country's most secret intelligence agency, which is directly under presidential control.

After the Reykjavik summit Reagan's understanding of many key points of the negotiations being discussed, as well as his grasp of the negotiation process itself, became the main subject of background conversation for many journalists who were present at the meeting. In his second disastrous attempt to explain his failed Iran policy the president only succeeded in digging the hole deeper, repeated and adamantly denying information already widely distributed in the press and publicly acknowledged by the highest officials of his administration.

a president whose competence to conduct foreign policy has been so deeply questioned.

It is all but certain now that the House and the new Democratic controlled Senate will conduct official hearings on the administration's activities, including the roles played not only by North, but by Singlaub and Abrams as well, before voting cut off \$40 million in contra aid scheduled for disbursement in February, and initiate a thorough reassessment of the entire foreign policy process.

Most importantly, accountability can not be limited to the officials carrying out the president's policy, but must rest squarely with the president himself. To the extent that Reagan allegedly was not informed of the NSC's illegal activities, he was undoubtedly kept in the dark by his own choosing with full knowledge that such operations would take place while he himself would be shielded by an illusory veil of "credible deniability."

These revelations reflect not only the increasing unravelling of the administration's illegal secret contra aid program, but the White House's entire surrogate intelligence operation being run through the National Security Council intentionally out of reach of congressional review. The administration, accustomed to taking the offensive when its foreign policy was under attack, is desperately engaged in damage control and its ability to rally support for any major new policy initiative must be viewed as being critically compromised.

Attorney General Edwin Meese's Nov. 25 admission that a part of the administration's secret arms shipments to Iran included a laundering operation to illegally channel money into contra bank accounts in Switzerland, constitute a smoking gun that even those most determined to overlook the administration's violations of law can not deny.

ADMINISTRATION ON THE RUN

After seeing the administration ignore an explicit, written agreement on intelligence oversight meant to insure compliance with what legislators considered an already tight law, Congressmen may move even further to hobble the president's ability to undertake foreign policy initiatives without any consultation or even notification of Congress or other agencies.

Indignation over the president's hijacking of the foreign policy process is even sharper due to his explicit order to CIA Director William Casey, supported by Meese, to not inform Congress of the secret Iran arms deliveries. Casey had signed an agreement with the Congress -- after the exposure of the CIA's mining of Nicaragua's harbors in 1984 -- in which he promised to inform oversight committees within a specified period upon initiation of such activities.

The use of the NSC as both a shadow State Department and CIA -- intentionally skirting congressional oversight and violating the mandate of the NSC which was established as an advisory agency without an operational role -- is particularly alarming.

TIGHTENING THE REINS

Just as that era witnessed campus sit-ins against CIA recruiters and massive decreases in applications to both the CIA and the State Department's career foreign service, sit-ins against CIA recruiters have broken out across the country in opposition to the current administration's foreign policy. One such action recently occurred at the University of Massachusetts, where Amy Carter participated in the protest.

The overall picture is reminiscent of foreign policy conduct during the Vietnam era under Johnson and Nixon, the catalyst for perhaps the most important modifications ever made of law pertaining to foreign policy. The parallel is striking. So overheated is U.S. Nicaragua policy that the efforts against the Sandinistas have transformed the dispute into being Mr. Reagan's war, just as Vietnam was Mr. Johnson's. The plummet in U.S. public rectitude involved in the campaign against Nicaragua again invokes memory of Vietnam.

Abrams -- the man who killed the Habib peace mission in Central America -- as the key right-wing ideologue in the Reagan administration, have even led to unprecedented public expressions of dissent from within State.