

## Reagan aides and the 'secret' government

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WASHINGTON — Some of President Reagan's top advisers have operated a virtual parallel government outside the traditional Cabinet departments and agencies almost from the day Reagan took office, congressional investigators and administration officials have concluded.

Investigators believe that the advisers' activities extended well beyond the secret arms sales to Iran and aid to the contras now under investigation.

Lt. Col. Oliver North, for example, helped draw up a controversial plan to suspend the Constitution in the event of a national crisis, such as nuclear war, violent and widespread internal dissent or national opposition to a U.S. military invasion abroad.

When the attorney general at the time, William French Smith, learned of the proposal, he protested in writing to North's boss, then-national security adviser Robert McFarlane.

The advisers conducted their activities through secret contacts throughout the government with persons who acted at their direction but did not officially report to them.

The activities of those contacts were coordinated by the National Security Council, the officials and investigators said.

There appears to have been no formal directive for the advisers' activities, which knowledgeable sources described as a parallel government.

In a secret assessment of the activities, the lead counsel for the Senate Iran-contra committee called it a "secret government-within-a-government."

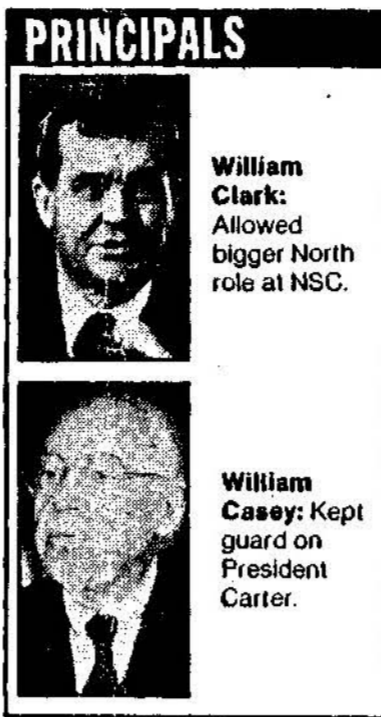
The arrangement permitted Reagan administration officials to claim that they were not involved in controversial or illegal activities, the officials said.

"It was the ultimate plausible deniability," said a well-briefed official who has served the Reagan administration since 1982 and who often collaborated on covert assistance to the Nicaraguan contras.

The roles of top-level officials and of Reagan himself are still not clear. But that is expected to be a primary topic when North appears before the Iran-contra committees beginning Tuesday. Special prosecutor Lawrence Walsh also is believed to be trying to prove in his investigation of the Iran-contra affair that government officials engaged in a criminal conspiracy.

Much of the time, Cabinet secretaries

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### SOME SECRET ACTIVITIES

- Sources say the parallel government behind the Reagan administration engaged in secret actions including:
  - A CONTINGENCY** plan to suspend Constitution and impose martial law in United States in case of nuclear war or national rebellion.
  - 1985 VISIT** to Libya by William Wilson, then U.S. ambassador to Vatican and close Reagan friend, to meet with Libyan leader Col. Moammar Gadhafi.
  - HAVING ROUTES** of sophisticated surveillance satellites altered to follow Soviet ships around world.
  - LAUNCHING** of spy aircraft on secret missions over Cuba and Nicaragua.
  - PROPOSAL** in 1981 to provide covert support of anti-Sandinista groups that fled Nicaragua after Sandinista revolution in 1979.
  - DISSEMINATION** of information that cast Nicaragua as threat to neighbors and United States.
- Before Reagan was elected, campaign aides who became the president's top advisers carried out these secret activities:
  - CREATION** in 1980 of October Surprise Group to monitor President Carter's negotiations with Iran for release of 52 American hostages. Group met with man who claimed to represent Iran and who offered to release hostages to Reagan. Offer declined, officials say.
  - ACQUISITION** of stolen confidential briefing materials from Carter's campaign before Oct. 28, 1980, Carter-Reagan debate.

## Advisers formed shadow government, probers say

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and their aides were unaware of the advisers' activities. When they periodically detected operations, they complained or tried to derail them, interviews show.

But no one ever questioned the activities in a broad way, possibly out of a belief that the advisers were operating with presidential sanction, officials said.

Reagan did know of or approve at least some of the actions of the secret group, according to previous accounts by aides, friends and high-ranking foreign officials.

One such case is the 1985 visit to Libya by William Wilson, then-U.S. ambassador to the Vatican and a close Reagan friend, to meet with Libyan leader Col. Moammar Gadhafi, officials said last week. Secretary of State George Shultz rebuked Wilson, but the officials said Reagan knew of the trip in advance.

The heart of the secret structure from 1983 to 1986 was North's office in the Old Executive Office Building adjacent to the White House, investigators believe.

North's influence within the secret structure was so great, the sources said, that he was able to have the orbits of sophisticated surveillance satellites altered to follow Soviet ships around the world, call for the launching of high-flying spy aircraft on secret

missions over Cuba and Nicaragua and become involved in sensitive domestic activities.

### Many initiatives

Others in the structure included some of Reagan's closest friends and advisers, including former national security adviser William Clark, the late CIA Director William Casey and Attorney General Edwin Meese, officials and investigators said.

Congressional investigators said the Iran deal was just one of the group's initiatives. They say exposure of the unusual arrangement may be the legacy of their inquiry.

"After we establish that a policy decision was made at the highest levels to transfer responsibility for contra support to the NSC... we favor examining how that decision was implemented," wrote Arthur Liman, chief counsel of the Senate committee, in a secret memorandum to panel leaders Sens. Daniel Inouye, D-Hawaii, and Warren Rudman, R-N.H., before hearings began May 5.

"This is the part of the story that reveals the whole secret government-within-a-government, operated from the [Executive Office Building] by a Lt. Col., with his own army, air force, diplomatic agents, intelligence operatives and appropriations capacity," Liman wrote in the memo, parts of which were shared with The Herald.

A spokesman for Liman declined comment but did not dispute the memo's existence.

A White House official rejected the notion that any of Reagan's advisers were operating secretly.

"The president has constantly expressed his foreign policy positions to the public and has consulted with the Congress," the official said.

### Began in 1980

Congressional investigators and current and former officials interviewed — members of the CIA, State Department and Pentagon — said they still do not have a full record of the impact of the advisers' activities.

But based on investigations and personal experience, they believe the secret governing arrangement traces its roots to the last weeks of Reagan's 1980 campaign.

Officials say the genesis may have been an October 1980 decision by Casey, Reagan's campaign manager and a former officer in the World War II precursor of the CIA, to create an October Surprise Group to monitor Jimmy Carter's feverish negotiations with Iran for the release of 52 American hostages.

The group, led by campaign foreign policy adviser Richard Allen, was founded out of concern Carter might pull off an "October surprise" such as a last-minute

deal for release of the hostages before the Nov. 4 election. One of the group's first acts was a meeting with a man claiming to represent Iran who offered to release the hostages to Reagan.

Allen — Reagan's first national security adviser — and another campaign aide, Laurence Silberman, told The Herald in April of the meeting. They said McFarlane, then a Senate Armed Services Committee aide, arranged and attended it. McFarlane later became Reagan's national security adviser and played a key role in the Iran-contra affair. Allen and Silberman said they rejected the offer to release the hostages to Reagan.

### Briefing book theft

Congressional aides now link another well-known campaign incident — the theft of confidential briefing materials from Carter's campaign before the Oct. 28, 1980, Carter-Reagan debate — to the same group of advisers.

They believe that Casey obtained the briefing materials and passed them to James Baker, another top Reagan campaign aide, who was White House chief of staff in Reagan's first term.

Once Reagan was sworn in, the group moved quickly to set itself up, officials said. Within months, the advisers were clashing with officials in the traditional agen-

cies.

Six weeks after Reagan was sworn in, apparently over State Department objections, then-CIA Director Casey submitted a proposal to Reagan calling for covert support of anti-Sandinista groups that had fled Nicaragua after the 1979 revolution.

It is still unclear whether Casey cleared the plan with Reagan. But in November 1981 the CIA secretary flew an Argentine military leader, Gen. Leopoldo Galtieri, to Washington to devise a secret agreement under which Argentine military officers trained Nicaraguan rebels, according to an administration official familiar with the agreement.

About the same time, North completed his transfer to the NSC from the Marine Corps. Those who worked with North in 1981 remember his first assignments as routine, although not unimportant.

North, they recalled, was briefly assigned to carry the "football," the briefcase containing the secret contingency plans for fighting a nuclear war which is taken everywhere the president goes. North later widened his assignment to cover national crisis contingency planning. In that capacity, he became involved with the controversial national crisis plan drafted by the Federal Emergency Management Agency.

### National crisis plan

From 1982 to 1984, North assisted FEMA, the U.S. government's chief national crisis-management unit, in revising contingency plans for dealing with nuclear war, insurrection or massive military mobilization.

North's involvement with FEMA set off the first major clash between the official government and the advisers and led to the formal letter of protest in 1984 from then-Attorney General Smith.

Smith was in Europe last week and could not be reached for comment.

But a government official familiar with North's collaboration with FEMA said then-Director Louis O. Guiffrida, a close friend of Meese's, mentioned North in meetings during that time as FEMA's NSC contact.

Guiffrida could not be reached for comment, but FEMA spokesman Bill McAda confirmed the relationship.

"Officials of FEMA met with Col. North during 1982 to 1984," McAda said. "These meetings were appropriate to Col. North's duties with the National Security Council and FEMA's responsibilities in certain areas of national security."

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## North had big role in inner circle, investigators say

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FEMA's clash with Smith occurred over a secret contingency plan that called for suspension of the Constitution, turning control of the United States over to FEMA, appointment of military commanders to run state and local governments and declaration of martial law during a national crisis.

The plan did not define national crisis, but it was understood to be nuclear war, violent and widespread internal dissent or national opposition against a military invasion abroad.

### Plan was protested

The official said the contingency plan was written as part of an executive order or legislative package that Reagan would sign and hold within the NSC until a severe crisis arose.

The martial law portions of the plan were outlined in a June 30, 1982, memo by Guiffrida's deputy for national preparedness programs, John Brinkerhoff. A copy of the memo was obtained by The Herald.

The scenario outlined in the Brinkerhoff memo resembled somewhat a paper Guiffrida had written in 1970 at the Army War College in Carlisle, Pa., in which he advocated martial law in case of a national uprising by black militants. The paper also advocated the roundup and transfer to "assembly centers or relocation camps" of at least 21 million "American Negroes."

When he saw the FEMA plans, Attorney General Smith became alarmed. He dispatched a letter to McFarlane Aug. 2, 1984, lodging his objections and urging a delay in signing the directive.

"I believe that the role assigned to the Federal Emergency Management Agency in the revised Executive Order exceeds its proper function as a coordinating agency for emergency preparedness," Smith said in the letter to McFarlane, which The Herald obtained.

"This department and others have repeatedly raised serious policy and legal objections to the creation of an 'emergency czar' role for FEMA."

It is unclear whether the executive order was signed or whether it contained the martial law plans. Congressional sources familiar with national disaster procedures said they believe Reagan did sign an executive order in 1984 that revised national military mobilization measures to deal with civilians in case of nuclear war or other crisis.

### Orchestrated news leaks

Around the time that issue was producing fireworks within the administration, McFarlane and Casey reassigned North from national crisis planning to international covert management of the contras. The transfer came after North took a personal interest, realizing that neither the State Department nor any other government agency wanted to handle the issue after it became clear early in 1984 that Congress was moving to bar official aid to the rebels.

The new assignment, plus North's natural organizational ability, creativity and the sheer energy he dedicated to the issue, gradually led to an expansion of his power and stature within the covert structure, officials and investigators believe.

Meese also was said to have

played a role in the secret government, investigators now believe, but his role is less clear.

Meese sometimes referred private American citizens to the NSC so they could be screened and contacted for soliciting support for the Nicaraguan contras.

One of those supporters, Philip Mabry of Fort Worth, told The Herald earlier this year that in 1983 he was told by fellow conservatives in Texas to contact Meese, then White House counselor, if he wanted to help the contras. After he contacted Meese's office, Mabry received a letter from Meese obtained by The Herald advising him that his name had been given to the "appropriate people."

Shortly thereafter, Mabry said, a woman who identified herself as Meese's secretary gave him the name and phone number of another NSC secretary who, in turn, gave him North and his secretary, Fawn Hall, as contacts.

Meese's Justice Department spokesman, Patrick Korten, denies that Meese was part of North's secret contra supply network and notes that Meese does not recall having referred anyone to North on contra-related matters.

In addition to North's role as contra commander and fund-raiser, North became secret overseer of the State Department's Office of Public Diplomacy, through which the Reagan administration disseminated information that cast Nicaragua as a threat to its neighbors and the United States.

An intelligence source familiar with North's relationship with that office said North was directly involved in many of the best publicized news leaks, including the Nov. 4, 1984, Election Day

announcement that Soviet-made MiG jet fighters were on their way to Nicaragua.

McFarlane is now believed to have been the senior administration official who told reporters that the Soviet cargo ship Bakuriani, en route to Nicaragua from a Soviet Black Sea port, was probably carrying MiGs.

The intelligence official said North apparently recommended that the information be leaked to the press on Election Day so it would reach millions of people watching election results. CBS and NBC broadcast the report that night.

### Clark had key role

The leak led to a new clash between the regular bureaucracy and the president's advisers. The official State Department spokesman, John Hughes, tried hard to play down the report, pointing out that it was unproven that the Bakuriani was carrying MiGs. At the same time, employees of the Office of Public Diplomacy, acting under North's direction, insisted that the crates were inside the ship and that MiGs were still a possibility.

To take a closer look, the source said, North requested a high-flying SR-71 Blackbird spy aircraft be sent from Beale Air Force Base near Sacramento, Calif., to fly over the Nicaraguan port of Corinto while the Bakuriani unloaded its cargo. The pictures showed that the Bakuriani unloaded helicopters, not MiGs.

North was not the only adviser who operated outside traditional government channels, investigators have concluded.

Others were known as the

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