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'Contra' financing shift hinted

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WASHINGTON — The Reagan administration, seeking to sidestep congressional opposition to its covert war in Nicaragua, is considering a compromise that would allow the CIA to finance the anti-Sandinista rebels out of the agency's secret contingency fund, administration and congressional officials say.

Under this plan, officials said, the administration would abandon its efforts to obtain \$28 million next year for the Nicaraguan rebels, or *contras*, in exchange for the elimination or softening of current law that requires congressional approval of money sent to the rebels.

That law expires Sept. 30, the end of fiscal 1984. Attempts by the Democratic-controlled House to re-enact the provision in the 1985 Intelligence Authorization Bill are now stalled in the Republican-controlled Senate.

If the administration can kill re-enactment in the Senate, the CIA could then take over funding of the rebels through its secret contingency fund — the size of its appropriation is considered classified information — without the need for specific congressional authorization.

The hope, administration officials said, was to prevent a pre-election confrontation with Congress over the covert program that would provide the Democrats, who have voted four times in the last two years to kill all aid to the rebels, with a forum to attack President Reagan's record in Central America.

Confrontation looms

However, opponents of the program say a confrontation with Reagan appears inevitable. Democratic leaders, especially House Speaker Thomas P. O'Neill Jr. (D., Mass.), are adamant about shutting down the operation and are unlikely to view favorably a compromise that would keep the covert war alive, especially after presidential nominee Walter F. Mondale's pledge to end it if elected.

Though the administration already has said it is willing to forgo a requested \$21 million in additional aid this year, the new proposal is the first signal that it is also ready to forget the \$28 million sought for the Nicaraguan insurgents in fiscal 1985.

"It is quite possible that we will set aside efforts to secure a fixed amount for the *contras* in 1984 and 1985 and simply concentrate on lifting the restrictions on funding the operation without an explicit amount," a senior administration official said.

But he added that Reagan's chief advisers still had not made a firm decision on how to proceed.

"Administration signals on the covert program are consistent with what we have heard," said an aide to Rep. Wyche Fowler Jr. (D., Ga.), chairman of the House intelligence committee's oversight subcommittee and a key opponent of the program.

Indications seen

"So far," the aide said, "we have seen no big push on the part of the administration to revive its requests for the *contras* in 1984 and 1985 in either house of Congress. This is a major indication that the administration has decided to abandon efforts on the specific covert funds and instead will be pushing for the lifting of funding restrictions."

A Senate aide with access to classified information gave four reasons why the administration might be willing to switch gears on covert aid:

- A desire not to highlight the conflicts in Central America during the presidential campaign because Republican pollsters believe Reagan is vulnerable on the issue, especially on aiding the *contras*.

- A feeling within the administration that despite congressional opposition, the CIA successfully has resolved the issue of funding the Nicaraguan insurgents by finding alternate sources of supply and cash for them.

- A belief that Senate support for covert aid is no longer as solid as it once was.

- A possible decision within the CIA to rethink its overall strategy of conducting the covert program in Nicaragua amid pressure within the intelligence community to reduce the visibility of the program and return it to a truly covert realm.