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McFarlane Says Casey Often Instructed North

Hearing Is Tense, Occasionally Tempestuous

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Former national security adviser Robert C. McFarlane said yesterday that Lt. Col. Oliver L. North, his White House aide who was most deeply involved in the secret Iran-contra operations, regularly received instructions from the late William J. Casey, then CIA director.

Asked by Sen. William S. Cohen (R-Maine) whether he "suspected that North was taking instructions, not from you, but from the DCI [director of central intelligence, Casey]," McFarlane concurred and added: "I became aware in the fall of 1985 that Ollie [North] had more contact than I had realized with the director. He mentioned—and I think it was entirely offhand and intended comically—at one point to say that the director had volunteered \$1 million. I think it probably was comic. But it was expressive of a relationship that surprised me."

For the second day yesterday, members of the Senate and House committees investigating the Iran-contra scandal dwelt on the role of Casey, who died last week. Some investigators believe that Casey, a Cabinet member and close friend of President Reagan, was the mastermind of both the sale of U.S. arms to Iran and the clandestine administration support for the contras fighting the government of Nicaragua.

McFarlane's remarks came during an afternoon of congressional testimony that turned suddenly tense and occasionally tempestuous after 2½ days in which an often remote McFarlane had exhibited steady composure and a tone that he once referred to as "supplicatory."

What triggered the biggest outburst in the committees' joint hearing was a direct attack by Sen. George J. Mitchell (D-Maine) on McFarlane's forthrightness as a witness.

Mitchell, a former federal judge, began by saying that McFarlane had often assumed an "eagerness, an anxiousness to accept responsibility But in each instance it has been a general responsibility. When the questioning has been on specific events, you have been far less willing to acknowledge responsibility there."

Mitchell charged that McFarlane and others last November "deliberately falsified" a White House chronology of the U.S.-Iran arms sales. McFarlane denied it.

Mitchell then said McFarlane had "participated in the deliberate misleading of Congress," when congressional committees had questioned him in 1985 and 1986 about the activities of North, who was his deputy on the National Security Council staff from 1982 to 1985.

McFarlane first said he had not given as "full an answer as I should have."

But when pressed by Mitchell for a direct response, he said, "I just don't see it in exactly the same terms."

Mitchell charged that McFarlane had solicited money for the contras from "Country Two," the committees' designation for Saudi Arabia.

"None of what you said is accurate," McFarlane snapped. An informed Saudi source yesterday said McFarlane was the U.S. official who initially asked the Saudis to contribute to the contra cause in 1984.

Then Mitchell asserted that McFarlane had "misled the attorney general" concerning his knowledge of the shipment of Israeli-based Hawk anti-aircraft missiles in November 1985.

"Sen. Mitchell, that is categorically false," McFarlane angrily replied. "May I please give a correct answer?"

The former presidential adviser then launched into a vehement complaint that he had come before Congress with the intention of consult-

ing and cooperating, but on Tuesday had been put through an interrogation by House committee counsel John W. Nields Jr. that he said left a "fundamentally false impression" because Nields had "deliberately withheld information."

McFarlane appeared to be still simmering a few minutes later at the conclusion of a string of solicitous questions from Rep. William S. Broomfield (R-Mich.).

After apologizing for his earlier outburst, McFarlane said, "People don't volunteer to come in here and work for the government for these wonderful wages and occasionally get shot at and spend 30 years doing that so they can be ridiculed by someone who hasn't got the patience to study the facts."

Later, when Rep. Peter W. Rodino Jr. (D-N.J.) reopened questions raised by Mitchell about McFarlane's knowledge of North's possible obstruction of justice in the shredding of key Iran-contra documents, McFarlane blurted out, "That's right, and I deserve responsibility and I ought to be prosecuted to the full extent of the law and sent away!"

The first emotional exchange of the afternoon came after Sen. Warren B. Rudman (R-N.H.) questioned him about a 1985 covert operation run by North, in which Drug Enforcement Administration operatives were to pay bribes and a ransom totaling \$2 million from Texas industrialist H. Ross Perot to free U.S. hostages held by extremists in Lebanon.

The operation was first disclosed last week, but what touched off McFarlane was Rudman's line of questions about the legality of the operation and whether Congress should have been informed.

"Should they [the congressional committees] have been?"

"No, sir," McFarlane shot back, his face flushing.

When Rudman persisted, McFar-

lane delivered an impassioned statement regarding his frustration over terrorism and his respect for the Israeli approach: "They are good because terrorists know that whenever they commit terrorism against Israel, something, somehow, somewhere is going to happen. It may not be arms. It may not be preemptive attack. It may be negotiation. It may be bribing. But you can be goddamn sure if any Israeli's caught, he's going to have his government going after the people who did it!"

In response to later questions, McFarlane said the reason the DEA operation did not require a presidential authorization, known as a "finding," was that it was not done by the Central Intelligence Agency. "Current law does not bar it," he said. Moreover, he added that "the kind of activities the DEA people undertook" would also cover operations undertaken by the "the FBI, or the Army on occasion, the special trained units. None of those others operate to report to the Congress, either."

After the hearing, Sen. David L. Boren (D-Okla.), chairman of the Senate Select Committee on Intelligence, disputed that contention. "If they conduct covert operations, it doesn't matter if it's the Agriculture Department—there has to be a finding. Otherwise, they [the intelligence agencies] could just transfer all their operations to Agriculture!"

He said his committee plans to investigate this episode and any more like it. Presidential spokesman Marlin Fitzwater said yesterday, in response to a query, that Reagan "did not know there was ever a plan for ransoming hostages" by Perot, and that Reagan said he never had any conversation about such a plan.

On Monday McFarlane testified that the operation had been approved by the president.

Yesterday's hearings brought out sharply for the first time in nearly two weeks the differences in approach to the inquiry among Republicans on the panels.

Sen. James A. McClure (R-Idaho) focused on Israeli influence on the United States in the initiation of the secret arms sales to Iran and made no secret of his displeasure with the arms-for-hostages deal.

Rudman has been outspokenly critical of the operations of the National Security Council and the network of private operators.

But four Republicans, Sen. Orrin G. Hatch (Utah), Rep. Dick Cheney (Wyo.), Rep. James A. Courter (R-N.J.) and Broomfield, adopted a line

of questioning that suggested Congress was as responsible as the White House for some aspects of Iran-contra affair. They cited shifting laws governing aid to the contras, and leaks of intelligence information by members of Congress.

In passing yesterday, McFarlane referred to an "outrageous example of irresponsibility" after a senior member of the Senate intelligence committee was briefed on the 1985 hijacking of Italian cruise ship Achille Lauro. McFarlane said the member during the television interview revealed how the United States had gathered sensitive information.

Sen. Patrick J. Leahy (D-Vt.), who at the time was vice chairman of the committee, said in a statement issued by his office yesterday that McFarlane was "blackening my reputation and libeling Congress" with the charge.

Leahy noted that a Reader's Digest article had made the same charge on the eve of his reelection last fall. He said he only told a CBS interviewer what was in that morning's newspapers.

Rudman made clear his frustration in trying to pin McFarlane down on specific points.

McFarlane indicated to the New Hampshire Republican that he sometimes had difficulty getting in to see the president. But when, after phrasing the question several ways, Rudman asked the witness directly whether former White House chief of staff Donald T. Regan had made difficulties, McFarlane replied, "I wouldn't say that that is a general practice, no."

Among other disclosures this week about Casey's role, one member disclosed that Casey was the first CIA director to have had an office in the White House. McFarlane said he became aware in 1985 that North appeared to be "under the aegis" of the director.

Cohen noted evidence previously disclosed that North communicated directly with the CIA station chief in Costa Rica. One of Casey's two top aides resigned in 1985 and told friends he would raise money for North's private network, it has been reported.

In another matter, McFarlane responded to a question by Courter by saying that he had taken precautions on his May 1986 trip to Tehran in case he was seized as a hostage and faced with torture.

"I had the means to foreclose my being exploited for intelligence by the Iranians," he said, without further explanation.

McFarlane returns today to the hearings, where Boren said he plans to question him about the DEA ransom operation and Attorney General Edwin Meese III's role in giving legal approval to what Boren called a questionable operation.

Staff writers Charles R. Babcock, Joe Pichirallo and David Hoffman and staff researcher Michelle Hall contributed to this report.
