

ARTICLE APPEARED  
ON PAGE A-1

NEW YORK TIMES  
11 MARCH 1982

## U.S. Reportedly Sending Millions To Foster Moderates in Nicaragua

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, March 10—The Reagan Administration is providing millions of dollars in covert financial aid to individuals and private organizations in Nicaragua in hopes of bolstering moderate elements there, according to senior Administration officials.

The effort, which is being managed by the Central Intelligence Agency, began late last year after it was approved by President Reagan, the officials said.

They said Mr. Reagan and his top national security advisers rejected a proposal to finance and support the creation of a paramilitary force in Central America. Several South American nations, however, including Argentina and Venezuela, are working together to assemble paramilitary units that they plan to infiltrate into Nicaragua for hit-

and-run attacks against Government troops and installations, the officials said.

The Reagan Administration is aware of the formation of the units, according to the officials, but has declined to provide financial or military support.

"The President and the National Security Council looked over proposals to create our own paramilitary force, but, once the idea of using former Nicaraguan National Guard commanders was rejected, there didn't seem to be a feasible way to do it," recalled a senior Administration official familiar with the deliberations, which took place last November.

### Less Risky Choice Approved

Mr. Reagan decided, officials said, to approve the less risky course of secretly financing individuals and private organizations in Nicaragua that the United States believes could help preserve moderate economic and political institutions.

In a briefing for reporters on Tuesday, Adm. Bobby R. Inman, Deputy Director of the Central Intelligence Agency, was asked about reports that the United States had approved a budget of \$19 million to support covert action projects in Nicaragua. One such report was published Feb. 14 in The Washington Post. A report in The Post today quoted Administration officials as saying that the President had approved a \$19 million plan to create a Latin American paramilitary force to operate against Nicaragua.

Admiral Inman replied to the question at the briefing, "I would suggest to you

that \$19 million to buy you and certainly military force

Nicaragua 1979 by a national Directors of the re Government DeBayle. A three-man junta administers the country.

The Reagan Administration has accused Nicaragua of promoting Soviet and Cuban interests in Central America, including providing military and financial help to guerrillas in El Salvador. Sandinist leaders, who describe themselves as Marxist reformers, have denied the charges.

On Tuesday, the Reagan Administration made public aerial photographs that intelligence officials said proved Nicaragua, with Soviet and Cuban assistance, was creating the largest military force in Central America.

Nicaragua protested today against the reconnaissance flights, calling them "a flagrant violation of international law" and said its military organization was strictly for defense.

The Administration's review last fall of alternatives for covert action was prompted partly by the reconnaissance photos and by a growing belief within the Administration that Nicaragua was becoming a surrogate for Cuba and the Soviet Union, senior American officials said.

The choices presented to the National Security Council on Nov. 19 were wide ranging, according to the officials, and included the creation of an American-sponsored paramilitary force.

That and several other alternatives were sent back to intelligence agencies for further study, they said. When the ideas were submitted again for discussion at a National Security Council meeting later that month, the paramilitary option was rejected because formation of such a group appeared to require the use of former Nicaraguan National Guard officers who had supported General Somoza.

"We realized that the surest way to have this kind of project backfire would be if Somoza's military men were involved," one official recalled.