Contra aid was Casey's pet covert operation Series: VEIL: The Secret Wars of the CIA 1981-87: [FINAL Edition]

By BOB WOODWARD Special to The Gazette. **The Gazette** [Montreal, Que] 28 Sep 1987: A1/ FRONT.

Abstract (summary)

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Full Text

First of six excerpts

About 1 p.m. on Dec. 3, 1986, I phoned the director of the Central Intelligence Agency, William Casey. It was a week after Attorney General Edwin Meese had, at his now-famous nationally televised news conference, disclosed the diversion of funds from the Iran arms sales to aid the Nicaraguan Contras. Casey was eating his lunch as we chatted.

It would be our next to last conversation, one of more than four dozen interviews or substantive discussions we had

had in the last four years. The Iran-Contra affair was unravelling, and a number of administration and congressional leaders were saying that Casey was finished at the CIA, his days of freewheeling covert operations about to come to a crashing halt.

"We'll come out smelling like a rose," he said between bites, categorically disputing what I had heard, claiming that the chairman and the vice-chairman of the Senate select committee on intelligence believed the CIA was clean.

"We were barred by law from supporting the Contras, and we didn't," he said as he munched on his sandwich, a note of seeming casualness in his voice as if he had spoken the final word on the subject.

The CIA had made two trivial mistakes on the Iran arms sales, he said. "It's not a Supreme Court case," he added. It was one of his favorite lines.

Was the whole thing a big sting operation by the Iranians to get U.S. weapons?

"Bullshit - the president said woo them and we did."

I asked another question.

"Goddammit, don't needle me. I don't know why I take your calls." But in four years, he had never once denied my request to speak with him.

I said I thought he had to know that the Contras were receiving diverted funds. The Contra cause was his pet covert operation. He had conceived, managed and nurtured it for five years. It was, by his own account, the key to the counterstrategy to thwart the Soviets worldwide. But he denied any knowledge, a position he maintained until a final conversation before his death. Finally, he grew impatient with my questions and took a more personal tack. "I expect you to exercise the normal restraint of an adult," he said.

Well, others, many others, are saying that you knew more, had to be involved. The logic was overwhelming.

"That's why I wouldn't have your job for all the money in the world," the director said crisply. "You're destined to be right only a part of the time."

* * *

The CIA job was not Casey's first choice.

After managing Ronald Reagan's election victory in 1980, he had secretly wanted to be secretary of state or defence. State and Defence counted. They would be the instruments of Reagan's foreign and military policy. But Casey understood that he might have to settle for less.

At age 67, he was, if anything, a realist. Though a dedicated, lifelong Republican, he had not been a longtime, committed Reaganaut or one of Reagan's California intimates. Nonetheless he felt strong bonds to his candidate. Reagan was only two years older, and the two men shared a generational view. Both had been poor as children. Casey was attracted to the variety in Reagan's life - sportscaster, actor, labor-union officer, governor and conservative spokesman with stamina. It mirrored somewhat the variety in Casey's life - lawyer, author, Office of Strategic Services spymaster in the Second World War (he was writing a book on the OSS) and former government official. They had both seen the Depression and four wars.

Casey practised a rich man's law from his office at 200 Park Ave. in New York City. Since grammar school in lower-middle-class Queens, N.Y., his life had been a steady march to the other, better side of the tracks. He had learned the art of advancement on two levels: first, through business and personal wealth (his net worth was estimated at $9,647,089); second, through political involvement. All this had been earned, he realized, at the partial expense of his reputation.

Many saw him as an unsavory businessman, a corner-cutter who had made quick money through a string of opportunistic investments, and as a man who astutely played the stock market he had regulated as chairman of the Securities and Exchange Commission in 1973-74.

Haig takes charge

After Reagan was elected, Alexander Haig emerged as the frontrunner for State. Nancy Reagan thought of him as a dashing figure, a kind of leading man. Casey wasn't. The few strands of wiry white hair on the edges of his bald head each embarked on its own stubborn course, contributing to the appearance of the absent-minded professor.

His ears were too large, even floppy. Deep facial wrinkles shot down from each end of his flat nose, passing his mouth on either side to fall beyond his chin and lose themselves in prominent jowls. His face and head seemed not just old, but haggard, and he walked with a rickety swagger as if he might tip over. He told a friend: "I won't get State. We all supported Haig. We need the prestige."

But when he didn't land Defence, he was miffed and went home to New York to catch up on the rest of his life. When Reagan called with the offer to head the Central Intelligence Agency with overall responsibility for U.S. intelligence agencies as director of central intelligence, or DCI as it was called, Casey's first response was cool. He said he wanted to think it over and consult his wife, Sophia.

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Donovan had been twice the age of the 30-year-old Lieut. Casey when they met in Washington in 1943, but Donovan had closed the multiple gaps of generation, military rank, education and social background. Donovan wanted to know what someone could do. Results counted.

"The perfect is the enemy of the good," Donovan said often. Casey would have walked through fire for him. Donovan always visited the scene of the action, showing up at nearly every Allied invasion as if it were opening night on Broadway.

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Prostitutes used as spies

In February 1945 there were only two agents inside Berlin. By the next month, Casey had 30 teams. "A chess game against the clock," he had written in his manuscript. By the following month, he had 58 teams inside Germany. One team, code-named Chauffeur, used prostitutes as spies. It was war.

* * *

Now, as he contemplated the post of DCI, Casey summarized his conclusions about intelligence. He called it "the complex process of mosaic-making." Bits and pieces comprised the intelligence puzzle. Things didn't turn out as you expected. It was possible to infer if you had many pieces, but to infer with a few was a mistake. After the liberation of Germany, Casey had been thunderstruck on a drive from Munich through southern Germany to Pilsen when all he could see were white flags. A sheet here, a towel, a shirt. No one had asked the Germans for this abject display. It mocked the idea that this had been a master race. The Germany that he had imagined when he sat in London headquarters creating a spy network didn't exist.

"Intelligence," he wrote in his book, "is still a very uncertain, fragile and complex commodity." Besides gathering the information, evaluating its accuracy, seeing how it fit into the rest of the information "mosaic" and determining meaning, he wrote that intelligence included attracting the attention of powerful people and then forcing a decision. The intelligence person should not be passive. It would be a huge miscalculation, Casey felt, to limit the role of intelligence or of the intelligence-gatherer. Getting, sifting, distributing intelligence was only the start.

"Then you have to get him to act," he wrote.

There was also, Casey figured, a moral dimension to life that could not be escaped. He had gone to Dachau a few days after it was liberated in April 1945. And he would never forget the piles of shoes, the bones and the decaying human skin. People had done this to people? It was unthinkable. There was verifiable evil in the world. There were sides, and a person had to choose.

As he reflected on Reagan's offer, Casey came to realize that he yearned to go back to intelligence work where evil - particularly the Soviet threat - could be confronted. His talk with Sophia lasted only 10 minutes. She called it a "love-story" job for him. He told Reagan yes.

* * *

Casey's first weeks were a delight. He was the old OSS hand come back as the leader, a brother. It had not leaked that he had wanted State, and the widely held view in the agency was that, as Reagan's campaign manager, he could have chosen any job, and he had picked them. People noticed him in the corridors, moved out of his way, very nearly saluted. Nearly everyone used the appellations "the director" or "Director Casey" or "the DCI" or "sir." That was the culture.

Each day there was a pile of new material. The morning messages from the Langley operations centre highlighting overnight occurrences came in a separate folder. Another folder contained the embassy and station reports routed for his attention. He received a nice crisp copy of the beautifully printed President's Daily Brief, 10 pages of the best intelligence that went each morning to Reagan, Haig and Secretary of Defence Caspar Weinberger, and the National Intelligence Daily, a less sensitive but nonetheless top-secret codeword document that was circulated to hundreds in the government.

Big red folders

Blue-border human-source reports were hand-carried to him throughout the day. Big red folders marked TOP SECRET TALENT KEYHOLE - the code for overhead surveillance - arrived, containing reports of satellite and other reconaissance photography. Most of the intelligence reports were all-source, meaning that someone had taken satellite, human, and electronically intercepted information and had digested it into a summary. At times, Casey called for, or was automatically routed, the full intercept. Whenever he wanted more, all he had to do was indicate so and the file, or a summary or a briefing, would be provided. At certain times, he had to restrain his instincts as a reader and an amateur historian.

Despite all this paper he felt dissatisfied. No one seemed to be going for the big play. During his first year, Casey

decided he would have to set an example. For some time, one of his Middle East stations had been talking about placing an eavesdropping device in the office of one of the senior officials in that country, a main figure whose conversations would provide vital hard intelligence. At the station it was back and forth about the risk assessment - hesitancy and floundering - as the operations officers debated how to make an entry into the office. They had raised irresolution to an art form.

"I'll do it myself, goddammit," Casey said. Though it was totally against tradecraft practice to risk using even an operations officer for such a mission, the DCI insisted and placed the bug during a courtesy visit to the official - another violation of tradecraft. By one account, he inserted a thin, miniaturized, long-stemmed microphone and transmitting device shaped like a large needle in a sofa cushion. By another account the listening device was built, Trojan-horse style, into the binding of a book that Casey brought as a gift for the official. One senior agency officer insisted that the story was apocryphal, but others said it was true. Among several Directorate of Operations officers, it was accepted gospel.

Casey only smiled when I asked about this incident several years later. But he glowered dramatically when I mentioned the name of the country and the official. He said that should never, never be repeated or published.

* * *

This kind of intelligence gathering, even in its most daring form, was still passive. From the moment he took office, Casey wanted active anti-communism. He probed the minds of key CIA people, frequently jotting on small index cards. World history in the last six years had been dominated by one conspicuous trend - the Soviets had won new influence, sometimes predominant influence, in nine countries:

South Vietnam, Cambodia and Laos in Southeast Asia.

Angola, Mozambique and Ethiopia in Africa.

South Yemen and Afghanistan in the Middle East and South Asia.

Nicaragua.

'I want to win one'

How had this been done? It was clear to Casey that the Soviets, exploiting the aftermath of the U.S. withdrawal from Vietnam, had used surrogates and proxies to stage revolutions and takeovers. Was there a way to do it to the Communists?

"Where can we get a rollback?" Haig had asked.

"I want to win one," the president had said.

* * *

By late 1981, Casey succeeded in establishing an offence. The president signed a formal intelligence order or "finding" authorizing a covert support operation of $19 million to the Nicaraguan rebels, or Contras, who were attempting to overthrow the leftist Sandinista government.

The CIA operation was ostensibly designed to support the Contra effort to interdict the arms flow from Nicaragua to other leftist rebellions in Central America, particularly in El Salvador.

Casey and Duane (Dewey) Clarridge, the Latin American division chief in the Directorate of Operations, were running the project without input from other key people normally involved. Casey's deputy, Admiral Bobby Inman, was deeply skeptical of the entire operation. Though the general operation was not kept from Inman, he had to

crowbar in to find out details, and he did not like what he found. Covert assistance was about to be given to the Contra leader Eden Pastora, the notorious Commander Zero whose forces operated out of Costa Rica, to the south of Nicaragua.

El Salvador is to the northwest of Nicaragua. All someone had to do was look at a map and see that Pastora was operating more than 300 miles from any possible supply routes for arms into El Salvador. That simple fact put the lie to assertions that the Nicaragua operation was for the purpose of interdicting arms. Inman left for what was supposed to be a two-week getaway in Hawaii in early 1982. After 10 days, he returned to Langley and intentionally barged in on Casey and Clarridge. Won't the Pastora connection make it clear that this is not an arms-interdiction program? Do we know who these people are? They are not fighting to save El Salvador. They want power, don't they? This is an operation to overthrow a government, isn't it? That raises problems with the finding that authorized the program. The agency is on the verge, in the midst, of exceeding that authority, of breaking the rules, isn't it?

Casey and Clarridge didn't have answers, and they didn't like the questions. This was administration policy, approved all the way up the line to the president - perhaps not in the finding, but it was what Reagan wanted. Casey was sure he was on solid ground.

After half an hour, Inman stiffened. Bonfires were burning inside. He marvelled momentarily at his absolute consternation. Casey and Clarridge, intoxicated with their certitudes, were not listening. Inman was an outsider. An obstacle.

Finally Inman rose and stormed out.

Inman had never done that before. His advancement through the ranks of naval intelligence had been based on an ability to convey soothing impressions, avoid confrontations. He had crossed a threshold with Casey, and with himself.

On March 22, 1982, he quit, the first domestic casualty of the Contra war. But he believed in loyalty to the commander in chief and did not go public with his real reasons for leaving.

* * *

Throughout his tenure as DCI, Casey regularly gave speeches around the U.S. In late April 1985, he gave a luncheon speech to the Metropolitan Club in New York, and I flew there to attend. After the speech, the DCI offered me a ride back to Washington on the CIA plane, as he had done once before after a speech.

He was aware that I planned to write a book on the CIA. During the ride, we covered a range of subjects, including the Contras, Reagan, Lebanon and terrorism. The administration had just lost a key congressional vote on Contra aid.

"Abysmal handling," he said. "The White House can't do two things at once . . . The president is uninterested. He still has his instincts, but he will not even focus on the objectives, let alone the way to get there." He shook his head in dismay. "The president is not paying attention to Soviet creeping expansionism."

Casey found Reagan strange. Reagan had said he would have stayed in the movies if he had been more successful at it. Always jovial, he probably had no real friend other than Nancy. Lazy and distracted, Reagan nonetheless had a semi-photographic memory and was able to study a page of script or a speech for several minutes and then do it perfectly. Casey was a serious student of Reagan, but he said he had not yet figured him out.

Casey continued to be struck by the overall passivity of the president - passivity about his job and about his approach to life. He never called the meetings or set the daily agenda. He never once had told Casey: "Let's do this" or "Get me that," unless in response to the actions of others or to events. There was an emotional wall within the man. Perhaps it was a response to his father, who had been an alcoholic and unemployed during the

Depression. Casey noted in amazement that this president of the United States worked from 9 to 5 on Mondays, Tuesdays and Thursdays, and from 9 to 1 on Wednesdays, when he'd take the afternoon off for horseback riding or exercise; on Fridays he left sometime between 1 and 3 for Camp David.

During the working hours in the Oval Office, the president often had blocks of free time - two, even three hours. He would call for his fan mail and sit and answer it. Many evenings he spent alone with Nancy in the residence, where they had dinner on TV trays. On Saturday nights at Camp David, where they could have any guests in the world, the two had a double feature of old or new movies, and the staff joined them to watch. Casey seemed to be saying there was unexercised authority and unmet responsibility.

Yes . . . well . . . no

The passive Reagan approach to decision-making compounded the problem. Casey knew, clear as a bell, where Reagan stood, what he believed, but there was no telling what Reagan would do. "Yes," the president would say. Then "Well . . ." Then "No."

"Yes . . . well . . . no" became a metaphor. There were many other variations - starting with a "no" and skidding through a "yes" to eventual irresolution.

White House chief of staff James Baker had buttoned up Reagan's decision-making completely in the first term. Casey could get his say, he could even get a private meeting with Reagan in the White House residence. Casey played this card about twice a year. The president was always so friendly, all ears and nods. But at the end of the meeting or later, through Baker or National Security Adviser Robert McFarlane, came the inevitable questions. What does George or Cap think? That brought Shultz and Weinberger into the issue. Properly so, but then the wobbly seesawing would begin. "Yes . . . well . . . no."

The plane was landing at Andrews Air Force Base, from which Casey was immediately departing for a 10-day swing through the Far East and the Philippines, where there was trouble and where he planned to meet with President Marcos.

"Don't say a word to anybody," he directed. He then asked that I stay behind in the plane to hide until he had embarked on the large jet waiting for him.

I could see a group of CIA people waiting for him at the foot of the ramp. A van would take me to a taxi, he said. "They might think I'm indiscreet, bringing you here."

The director then bounded down the ramp, leaving me alone in the plane.

TOMORROW: How Casey used Saudi millions to fund covert operations.

Illustration
Black & White Photo; Caption: AP, Gazette files; CIA boss William Casey on Iran-Contra affair: "We'll come out smelling like a rose."

Credit: FREELANCE