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SUBJECT An Interview with Bob Woodward

MIKE WALLACE: There are many questions that still linger about the late Director of the CIA, Bill Casey, the man some say died conveniently, even mysteriously, just before he would testify before the Iran-contra committee. But his name came up often during those hearings. Witnesses just could not agree about what he knew or said or did. Well, it turns out that Bill Casey may have spoken from the grave, because Casey, one of the most secretive and mysterious men in Washington, was sharing at least some of his secrets with the most unlikely confidant. The confidant, journalist Bob Woodward, The Washington Post premiere investigative reporter, the same Bob Woodward who, with colleague Carl Bernstein, helped bring down President Nixon almost 15 years ago. Now Woodward has finished a new book about William Casey and the CIA, and Casey has told him some startling things about Ronald Reagan, about illegal assassination plots, about what Bill Casey really knew of the diversion of monies to the Nicaraguan contras.

But first, at Woodward's home in Washington, we asked Bob Woodward about his own relationship with Bill Casey, about the four dozen conversations and meetings they had over three years' time; one of them on Casey's private plane on a night flight from New York to Washington.

BOB WOODWARD: We got up out of his small, little plane that he used for domestic flights, and he said to me -- he said "Hide."

WALLACE: So his employees, his buddies, his colleagues won't be able to see Bob Woodward from The Washington Post.

WOODWARD: He said they'll think I'm indiscreet.

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WALLACE: And he was.

WOODWARD: And he was.

WALLACE: William Casey had managed Ronald Reagan's successful 1980 campaign for the presidency, and Woodward said he hoped to be rewarded by becoming Secretary of State, but that Nancy Reagan apparently nixed that. She favored General Alexander Haig.

WOODWARD: Nancy Reagan like Haig, because he was a leading man while Casey was no leading man at all. He was disheveled, not the kind of person you would want out front.

WALLACE: So Casey had to settle for the CIA. Publicly, he and the President remained the very picture of collegiality. But Woodward describes a private William Casey filled with doubt about his good friend.

You wrote "The president is uninterested," he said. "There is an emotional wall within the man. There was unexercised authority and unmet responsibility." That sounds like contempt on the part of Bill Casey for Ronald Reagan's willingness to work, understanding, devotion to duty.

WOODWARD: It's more a critique of Reagan's laziness. He went through it with me. He said "Do you know how often that guy works?" On Monday, Tuesday and Thursday, you know, he gets to the office at 9:00, maybe leaves at 5:00. On Wednesday and Friday, I guess he takes the afternoon off, goes riding, or goes to Camp David. See, Casey worked all the time. And he had a President who didn't work.

WALLACE: The legend of William Casey began back in World War II when he joined the pre-CIA intelligence service called the OSS, the Office of Strategic Services. He was unconventional even then as a junior officer, a kind of Ollie North.

WOODWARD: He broke the rules. He used POW's, prisoners of war, Nazi prisoners of war. The Geneva convention says no....

WALLACE: What did he use them for?

WOODWARD: As spies for the United States. He used prostitutes. He had one team of prostitutes that were spies. He knew that you don't get the job done of winning by playing by the rules.

WALLACE: And as CIA Director, he was prepared to use professional criminals, if necessary, to carry out some of his activities, let's say, down in Nicaragua or in Central America,

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or conceivably in the Middle East. No?

WOODWARD: Indeed, once you get outside the border of the United States, as far as Casey was concerned, there's no law. It's get the job done.

At one point, Casey got so frustrated he couldn't get the people out in the stations to do the dirty work, plant the eavesdropping devices, he goes off himself, and he says "Goddammit, I'll do it myself."

WALLACE: And he planted....?

WOODWARD: He planted....

WALLACE: ...a bug?

WOODWARD: ...a bug.

WALLACE: Where?

WOODWARD: I'm not going to say.

WALLACE: Why?

WOODWARD: Because I first asked him about it and he kind of smiled and laughed, and I said "In this country, in this man's office." And he glowered at me like never before. And he said you should never publish that, and you should never repeat it. It's in a dangerous part of the world in a very dangerous office, and maybe that's my concession to Bill Casey. I think he's right; I think that shouldn't be broadcast or published.

WALLACE: For Bill Casey, any tactic was fair play in the face of terrorism. Terrorism and hostages obsessed Ronald Reagan. They obsessed Casey too. According to Bob Woodward, Director Casey brought the President an irresistible proposal: to establish assassination squads that could wipe out terrorists before they could strike. Woodward says Reagan signed a presidential finding authorizing what amounted to pre-emptive self-defense. But no specific target was named.

Later Casey's first assassination target was Sheikh Fadhallah, head of the Hezbollah fanatics in Lebanon who had been responsible for bombing the U. S. Embassy and the U. S. Marines in Lebanon. Because his CIA colleagues were reluctant to get involved, Casey persuaded the Saudi Arabians to help him.

WOODWARD: Get a car bomb into Fadhallah's neighborhood right by his apartment, and it killed 80 innocent people.

WALLACE: They did not get Fadhallah.

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WOODWARD: It did not get Fadlallah.

WALLACE: Reports at the time said the Israelis were responsible. But Woodward says the operation that wound up killing 80 innocent was set up by William Casey and by Saudi Arabia and was paid for, three million dollars' worth, by the Saudis. After that deadly failure, the Saudis came up with another plan, bribery.

WOODWARD: They bribed Fadlallah. This is the way we do business in the Middle East.

WALLACE: Bribed him to do what?

WOODWARD: To stop terrorism.

WALLACE: How many bombings have there been since?

WOODWARD: To this day there has not been one. Casey was astonished. He said for two million dollars, you can solve such a giant problem? Bribery. Simple, effective, cheap. As the Saudi Ambassador said, we didn't have to kill him; we could bribe him.

WALLACE: Incidentally, Bill Casey, he with Soviet defector Arkady Schevchenko, would have liked to deal with terrorists the way the Soviet Union did when some of their diplomats were kidnaped by Fadlallah's Hezbollah.

WOODWARD: The Soviets went and kidnaped a member, somebody related, I believe, to Fadlallah or somebody in Hezbollah, killed him, stuffed his testicles in his mouth and sent the body back. And the next day, Hezbollah released the other three Soviet diplomats unharmed. Casey said the Soviets understand the language of Hezbollah.

WALLACE: To get the American hostages home, William Casey became an enthusiastic supporter of arms to the Ayatollah. It was Casey who insisted on dealing with Iranian middleman, Manichur Ghorbanifar, despite CIA intelligence that had labelled him a liar. Casey was equally as passionate about helping the Nicaraguan contras, the cause that bonded him to Oliver North.

First, recall some of Ollie North's testimony.

NIELDS: Who else in the government was aware of either the plan or the fact of using proceeds of arms sales to Iran for the contras?

LT. COLONEL OLIVER NORTH: Director Casey knew. Director Casey used several words to describe how he felt about it, all of which were effusive. He referred to it as the

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ultimate irony, the ultimate covert action kind of thing, and was very enthusiastic about it.

WALLACE: Did Oliver North tell the truth in the Iran-contra hearings about Bill Casey?

WOODWARD: I believe he did. It came from Casey saying "Let's make the bastards sweat," meaning the Nicaraguans. Let's hit them economically. Let's do something that will make them pay.

WALLACE: What you're saying is that William Casey devised or encouraged or spawned, or certainly it was under his godfatherhood that the whole thing happened.

WOODWARD: He did it.

WALLACE: Did you oversee the diversion of Iran arms profits to the contras. How can Woodward be so sure? Because he says the last conversation he had with Casey took place in the Director's hospital room. He eluded CIA security after failing on his first try and finally came face to face with the Director. And he swears it was then that Casey gave him, in effect, a deathbed confession.

WOODWARD: He was dying. It was not the Casey I knew physically. And so I got one question. And....

WALLACE: And that question was?

WOODWARD: And that question was "You knew about the diversion, didn't you? You knew. You had to know." And he nodded with all the conviction of "But, of course. Who do you think I am? What have you been doing for the last four years?" And I said "Why?" And he said "I believed."

WALLACE: And what was it that you understand that he believed?

WOODWARD: That we can change the world, that we can reshape it, that we can support the contras, that we can do what he used to call "these things." It means covert action.

WALLACE: Bill Casey told you on his deathbed, in effect, that he was responsible, that he knew.

WOODWARD: Yes, he did.

WALLACE: And all we can believe is you.

WOODWARD: That's correct. That happened. I wrote that before Oliver North testified. It's a matter of record at my

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publishers and at The Post. And that's what happened. If you had it on film, if you were there, you would say "No doubt."

WALLACE: As we've said, Woodward writes of these extraordinary events in a new book about Casey and the CIA called VEIL. VEIL is the code word for the CIA's covert operations. Two members of Congress most concerned with questions raised by the Woodward book, Congressman Lee Hamilton and Senator Warren Rudman, Chairman and Vice Chairman of the Iran-contra Committee, were astonished to learn of the assassination plot.

REPRESENTATIVE LEE HAMILTON: We have a flat, outright prohibition against the CIA conducting assassination plots.

SENATOR WARREN RUDMAN: Knowing the President, as I think I know him, I think that if he were to learn that someone presented a finding to him upon which assassinations were based, or attempts were based, I think that he would be shocked.

REP. HAMILTON: There's never been any doubt about policy here. And if Bill Casey said "We're going to assassinate somebody," he knew he was violating the President's direct orders and certainly the feeling of the Congress.

WALLACE: This afternoon from her home in Roslyn, Long Island, Sophia Casey, Bill Casey's widow, told me that Bob Woodward's account of the deathbed confession was an outright lie, her words, an invented story, her words. She said that either she or her daughter, Bernadette, has been at Casey's hospital bedside 24 hours a day during the entire three months of his confinement there before he died. She said, further, that she was told by the CIA security chief that Woodward did try to get into Georgetown Hospital to see Casey on January 22nd of 1987, but that the CIA security people had turned him away.

Is that correct, Bob?

WOODWARD: It's not correct. I did see Casey for about four minutes, and he told me what I report in the book.

WALLACE: How many days after you were turned away?

WOODWARD: Several.

WALLACE: At night?

WOODWARD: I'm not going to say when. Obviously somebody helped me, and I'm protecting that person.

WALLACE: How did you get past security, or do you want to tell us?

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WOODWARD: CIA security is nothing difficult to get around. And earlier this week, somebody, a very senior person at the CIA said, look, after all this is over, we have to talk about security. Obviously yours is better than ours.

WALLACE: And apparently it was.

WOODWARD: Yes.