

5 March 1986

U.S. - NICARAGUA
BY ROBERT PARRY
WASHINGTON

FILE ONLY

President Reagan, urging congressional support for his proposed aid to Nicaraguan rebels, said today the money and material should be sent "so we will never have to send our own American boys."

Reagan, speaking shortly before the first congressional votes scheduled on his plan to give the Contra rebels \$100 million in aid, said Congress faced "a historic decision."

"If we give them the aid they need, the Nicaraguan people can win this battle for freedom on their own," Reagan told the Conference of Presidents of Major Jewish Organizations at the White House.

"American troops have not been asked for and are not needed. We must make sure they never are needed. We send money and material now so we will never have to send our own American boys," he said.

"But if the members of Congress hide their heads in the sand and pretend the Nicaraguan threat will go away, they are courting disaster and history will hold them accountable," he said. "Nothing less than the security of the United States is at stake."

Two Democratic-controlled panels, the House Intelligence Committee and the House Foreign Affairs subcommittee on the Western Hemisphere, were scheduled to vote late today on the plan.

In another development, congressional investigators have concluded that the administration cannot account for how most of the non-lethal aid to the Contras was spent despite a legal requirement that it ensure proper use of the money.

The General Accounting Office, Congress' investigative arm, says that despite initial plans for detailed bookkeeping, the administration had almost no control over \$7.1 million - or about 58 percent of the \$12.2 million - in non-lethal aid spent for the Contras through Feb. 24.

"The (State) Department does not have procedures and controls which would allow it to provide these assurances" that the aid is going only for non-lethal items, the GAO said in a statement prepared for presentation to Congress today. A draft copy was obtained Tuesday by The Associated Press.

The GAO said the accounting problem occurred "in large measure because those charged with administering the program are unable to verify expenditures made in the (Central American) region, and are unable to observe the end use of procured items to ensure that they were not diverted, bartered or exchanged."

But the GAO said it found no evidence the U.S. money was used to buy weapons or ammunition.

White House spokesman Larry Speakes said the report "does not seem to be criticism of any wrongdoing, but criticism of procedures. As you will recall, when this legislation was passed, we were marching up and down Pennsylvania Avenue saying, 'We don't like the procedures either.'

Continued

2.

"It was Congress not the White House, not the Reagan administration that required these procedures, that it be administered along the present lines, the State Department humanitarian assistance office, and not through an intelligence office," Speakes said.

Speakes said that if Congress approves the administration's proposal for both military and humanitarian assistance, "then we can institute necessary changes in our procedures to assure that they are effective and coordinated."

Speakes also said the report had been leaked by the staff of the House Foreign Affairs Committee, adding, "They got up a report and they leaked it to try to influence the debate."

Responding to the GAO's findings, Defense Secretary Caspar Weinberger told the House Armed Services Committee today that accounting problems are understandable for a guerrilla war.

"It's a little difficult for GAO auditors to wander into Nicaragua and be able to give us a line-by-line, nice high school accounting of where every shoe went and where each package of food went," Weinberger said.

He urged approval of President Reagan's request for \$100 million in military and logistical aid for the Contras, arguing that the leftist Nicaraguan government was becoming a "second Cuba on the American mainland (meaning) the Warsaw Pact will have effectively outflanked us."

Rep. William L. Dickinson of Alabama, the panel's ranking Republican, asked why no U.S. allies in Latin America supported aid to the Contras.

"Is this just another incidence of us being Big Brother or a genuinely popular thing?" Dickinson asked.

Weinberger responded that Nicaragua's neighbors had been "quelled and cowed" by the Sandinista's growing military strength, but noted that Honduras has helped by providing the Contras bases and supply routes.

A House Democratic task force on Central America issued a report today contending "U.S. policy toward Central America must be centered on diplomacy ... rather than on the use of force or the quest for military victory."

An administration official, who insisted on anonymity, confirmed that the State Department has had trouble accounting for expenditures made by the Contras in Central America, but insisted the department has been "able to abide by the letter of the law" providing \$27 million in non-lethal aid.

That law required the president to "establish appropriate procedures to ensure that any humanitarian assistance ... to the Nicaraguan democratic resistance is used only for the intended purpose and is not diverted - through barter, exchange or any other means - for acquisition of weapons."

After three years of covert CIA support for the rebels, Congress barred lethal aid in 1984 but last summer permitted "humanitarian" assistance, such as uniforms, boots, medicines and food.

2

Honduras, however, objected to use of its territory for funneling supplies to the Contras along the Nicaraguan border and forced the State Department to scrap plans for detailed monitoring of the aid in Central America.

The GAO said the Honduras decision to block U.S. shipments also meant most of the aid had to be purchased in Central America outside of the aid office's supervision.

Although it received invoices and receipts on the \$7.1 million spent for the Contras in Central America, the aid office in suburban Virginia "cannot assess the validity of the regional receipts, is unable to check out many suppliers, has difficulty establishing reasonableness of prices and cannot verify actual delivery or receipt of items," GAO said.

Payments for those supplies are "usually made to a Miami bank account of one of several brokers authorized by the regional suppliers to act as their agents," GAO said. "There is no audit trail showing payments from the brokers' accounts to suppliers, and only partial documentation of shipments from the suppliers to the resistance forces."

In contrast to the spending in Central America, the GAO said the \$5.2 million in Contra aid spent in the United States was subjected to tight supervision. The rebels' umbrella group, the United Nicaraguan Opposition, submits invoices which the aid office examines. The office checks to make sure the supplier is legitimate and the price is fair. Only then are the supplies purchased and payment sent.

However, because of the Honduran objections, many of those items, including boots, uniforms and medicine, have remained in warehouses in New Orleans.

In other developments Tuesday:

Secretary of State George P. Shultz portrayed the struggle between the Contras and the Nicaraguan government in stark terms, arguing that the United States has a moral duty to supply aid to rebels _ which he termed "the good guys" _ in their fight against the Sandinistas _ "the bad guys."

Hundreds of religious protesters, including nearly two dozen bishops of major denominations, formed a human cross on the Capitol steps, memorializing Nicaraguan war dead and accusing the Reagan administration of lies in support of terrorism and killing.