

News Digest By The Associated Press

Arms debate continues Vance: Iranian arms sale strategy expensive mistake

WASHINGTON — Former Secretary of State Cyrus Vance said Wednesday the Reagan administration's decision to secretly sell arms to Iran was an expensive blunder that cost the United States the trust of its allies.

While sources in and out of government said the State Department's chief official on Central America had worked closely with then-White House aide Oliver L. North in controlling what the administration says was private military aid for Nicaraguan rebels, Vance questioned the rationale for the arms sales.

"To be blunt, this great nation — if it is to remain worthy of global leader-

ship — cannot again manage its foreign relations as an amateur," said Vance, leadoff witness for a series of Senate Foreign Relations Committee hearings on the policies behind the clandestine Iran arms deal and the diversion of some proceeds to the rebels, known as Contras.

Vance questioned the stated rationale behind the arms initiative — a concern about possible Soviet encroachment into the strategically vital Persian Gulf area. Such a possibility has always existed, he said. Vance also said that such a move is unlikely at a time when

the Soviet Union's chief priorities are modernizing its economy and solving domestic social problems.

In another development, a private American source in the Contra aid network, declining to be named publicly, told The Associated Press that Elliott Abrams, assistant secretary of state for inter-American affairs, along with North and the CIA officer in charge of the Nicaraguan rebels, comprised a "triad" who made all key decision on the Contras, including American distribution of weapons from an allegedly private aid network during a congressional ban on direct and indirect U.S.

government military assistance.

Besides North, who was fired Nov. 25 for his role in allegedly diverting Iranian arms sales profits to aid the Contras, the officials are Abrams and the CIA officer now directing the Contra operation, according to the sources who insisted on anonymity. The CIA officer belongs to the spy agency's clandestine services, and The Associated Press decided to withhold his name.

Sources said this trio oversaw the air-resupply operation that included the arms-laden cargo plane that was flown by Eugene Hasenfus and shot down over Nicaragua Oct. 5.

Study: Taxes favor rich, hurt poor

WASHINGTON — Most state and local taxes have become so unfair that families making over \$500,000 a year pay a smaller share of their income to the tax collector than those living below the poverty line, a study concluded Wednesday.

In two states — Wyoming and South Dakota — the poor pay a percentage of their income that is four times as large as paid by the rich, the study found. Fifteen states tax the poor at a rate more than double that applied to the rich. In 10 states, the burden on middle-income families is at least twice what the rich pay.

"With very few exceptions, state tax systems are shocking in their inequity," Citizens for Tax Justice said in releasing the study.

Citizens for Tax Justice used the study to kick off a campaign to rewrite state and local taxes in the wake of federal overhaul.

The study listed three causes for inequity: loopholes permitted under the old federal law; states' inaction to periodically raise personal exemptions, which are of major benefit to lower-income groups; and increasing reliance on sales taxes, whose impact falls most heavily on the poor.

Pentagon budget boasts secret projects

WASHINGTON — The Pentagon is asking Congress for an estimated \$25 billion for classified programs, much of it going for radar-evading Stealth weapons and other high-tech projects, an analysis of the proposed fiscal 1988 defense budget shows.

The estimate is based on information provided by Pentagon and congressional officials who spoke on condition of anonymity, along with analyses by the private Center for Defense Information.

Those totals include some but not all the money appropriated by Congress for intelligence activities by the Central Intelligence Agency and other agencies. The total CIA budget is not revealed.

Of the \$312 billion President Reagan is seeking in defense spending, the Air Force has at least \$12.5 billion

worth of classified programs, according to the sources and analyses. Many of them are identified in public budget documents only by code names such as "Project Leo," "Bernie" or "Tacit Rainbow."

The disproportionate amount given the Air Force reflects the reliance on that service upon high technology such as Stealth and its involvement in surveillance systems. The Stealth program uses exotic materials and unusual designs to make planes and missiles difficult to detect by radar.

The Air Force is developing a Stealth bomber with deployment tentatively scheduled in the early 1990s, but the service is also developing a Stealth fighter and the Navy is working on carrier-based planes with similar capabilities, the sources said.

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Police arrest second employee for New Year's hotel fire

SAN JUAN, Puerto Rico — A Dupont Plaza Hotel busboy was charged Wednesday with helping a maintenance worker start the New Year's Eve fire that killed 96 people at the luxury hotel.

Both longtime hotel employees were in custody on arson charges as investigators of the fire indicated more arrests could follow.

Armando Jimenez Rivera, a 28-year-old bar busboy, was arrested Tuesday and arraigned Wednesday on a charge

of arson in U.S. District Court. He was accused of helping Hector Escudero Aponte, 35, set fire to the hotel.

Jimenez Rivera provided Sterno-type fuel that Escudero Aponte placed on a pile of new furniture stacked along a wall of the hotel's south ballroom, a federal complaint alleged.

Escudero Aponte was charged in federal court Tuesday with arson and in Puerto Rico District Court with arson, destruction of property and 96 counts of murder.

In Brief

Train crewmen test positive for drugs

WASHINGTON — Both crewmen of the Conrail locomotive that ran a stop signal and slid into the path of a speeding Amtrak passenger train were found to have marijuana in their system at the time of the accident, federal investigators said Wednesday.

One source close to the investigation said the amounts of marijuana on blood and urine samples taken from the two men within hours of the Jan. 4 accident near Baltimore were "substantial" and indicated possible chronic or recent use of the drug.

Test on Conrail engineer Richard Gates and the brakeman, Edward Cromwell, showed no evidence of alcohol in either of the men. In addition to the 16 fatalities, 175 people were injured in the collision.

Red M&Ms make 11-year comeback

NEWARK, N.J. — Red M&Ms, banished 11 years ago because of misplaced concern over food dyes, are once again taking their rightful place among the tan, brown, yellow, orange and green.

The return of the red candies was prompted by a national outcry that included thousands of letters to the manufacturer and the formation of college campus societies, a spokesman for the Hackettstown-based M&M-Mars said Wednesday.

A few stores already have the red ones in stock now, but most won't carry them until February. About 20 percent of the 100 million M&Ms made each day will be red, the company said.

"It's great fun and it's part of America," said M&Ms spokesman Hans Fuczynski. "That's our best explanation" for the popularity of red M&Ms, he said.

The company has received letters from World War II veterans who remembered red M&Ms in GI rations and from people who learned how to count in grammar school with the candies, he said.

The candy, a hard round coating over a chocolate center, first was made in 1941.

Correspondence surged during the past two Christmas seasons when M&M-Mars sold a limited number of packages of green and red candies for the holidays.

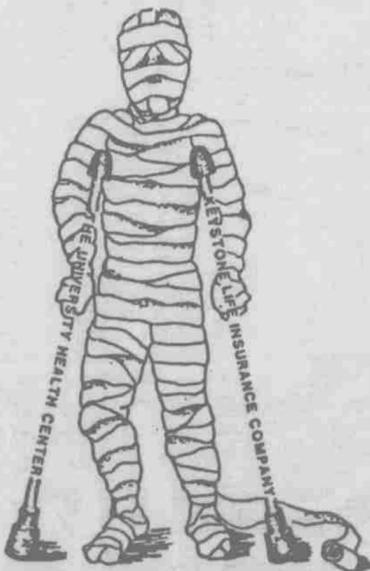
"I have loved them and I always missed them," said



Marvin Roffman of Janney Montgomery Scott Inc. in Philadelphia. "As a loyal M&Ms eater, I welcome the red color. It cheers me up to eat a red M&M. I'm going out to buy a package right now."

Red M&Ms were discontinued in 1976 because of "confusion and concern" over Red Dye No. 2, which was banned by federal regulators as a health risk, said Fuczynski. Red M&Ms contained Red Dye Nos. 3 and 40, which are considered safe.

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