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DD/S 67-2655

18 MAY 1967

MEMORANDUM FOR: Director of Security

SUBJECT : Washington Observer Newsletter

1. There is attached a copy of the Washington Observer Newsletter dated May 15, 1967 containing an article entitled "Murder in the CIA". Please take this up with the FBI [redacted] noting the allegation contained in the article and advise the Bureau that there is no truth whatsoever to the allegation. Also, please ask the FBI what action it is willing to take on this matter. The FBI could well ask the Observer, in light of these allegations on which they claim to have documentary evidence, to produce such information under the FBI's responsibility under Executive Order 10450.

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2. Please advise promptly of the results of your request of the Bureau.

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Deputy Director
for Support

Att

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WASHINGTON OBSERVER NEWSLETTER

"They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety"
BENJAMIN FRANKLIN

NUMBER 39

MAY 15, 1967

MURDER IN THE CIA?

A fantastic story which should be checked out by a federal grand jury has been revealed to a few favored reporters in Washington. It involves possible treason and murder inside the sacrosanct Central Intelligence Agency!

Three loyal employees of the CIA are alleged to have discovered the existence of a Soviet spy ring inside the CIA. They reported this to their superiors and subsequently each one met a violent or mysterious death.

One had his throat cut in Madrid. Another was found dead in his Washington apartment but no coroner's inquest was held and his body was cremated. The third—a woman—jumped or was pushed from the roof of her Washington apartment.

What happened to the head of the Soviet spy ring? As soon as he was accused of treason, he was transferred to the Bureau of Intelligence and Research of the State Department where, on the famed seventh floor of the State Department building, he now contributes to the policy-making process in the crucial decisions affecting the security of the Nation. Naturally such a dedicated worker is privy to the highest classified secrets.

If a grand jury wants to look into this tale, WO can supply documentary evidence.

MINORITY BULLDOZER

On May 4, when the Senate Employment, Manpower and Poverty subcommittee, chaired by Sen. Joseph S. Clark (D,Pa) convened, a parade of witnesses testified in behalf of S. 1308, co-sponsored by Sen. Clark and Jacob Javits (R,NY), ranking subcommittee Republican, but there was only token opposition.

S. 1308 gives the Equal Employment Opportunity Commission sharp teeth to enforce its mandate against job bias. This bill will give the EEOC power to issue enforceable cease-and-desist orders against racial discrimination in private employment and can be applied both against employers and labor unions.

Failure to comply with the EEOC can result in imprisonment of one year and \$5000 fine on each count. Furthermore, wilful failure to keep required employment records or falsifying records or failure to submit required employment reports to the Commission carry penalties of \$5000 fines and one year in prison.

Last year an identical bill was reported out of the House Labor Committee and slipped through the House in record time but got held up in the Senate, where chairman James O. Eastland (D, Miss) of the Judiciary Committee tried unsuccessfully to get it referred to his committee; finally the bill was referred to the Senate Labor and Public Welfare Committee where chairman Lister Hill (D, Ala) got cold feet about pushing it through in an election year. But he has now promised LBJ that he will report it out this session of Congress.

An EEOC legislative aide has revealed to WASHINGTON OBSERVER that it was decided to put the new enforcement measure through the Senate first, where the Administration expects some opposition from southern senators on the floor, but not in committee. The aide says that only negligible opposition is anticipated on the House side after the Adam Clayton Powell controversy has subsided. Smiling, he says, "Everything is in the timing—and the President is going to do a bit of arm-twisting this time."

CHAMBER OF HORRORS

The once respected U.S. Chamber of Commerce, which valiantly stood up against FDR, the New and Fair Deals, has now completely capitulated to LBJ.

The Chamber's minions are playing footsie with the Rockefeller-Cyrus Eaton clique and the Soviet garrison in the State Department to promote East-West trade, despite the Chamber's sad experience in 1946 when it sent Eric Johnston to Moscow to make a trade deal with Stalin.

The Chamber's house organs will soon begin running a series of articles boosting the East-West trade theme. The Chamber's representatives are already sitting in on secret talks with Amtorg, the U.S.S.R.'s official trading organization, in New York.

The national Chamber of Commerce exerts powerful influence on state and local chambers and frequently persuades merchants of Main Street to put pressure on Congress in behalf of the fat cats who run the Chamber. If Chamber President Allan Shivers and his lads apply this "grass roots" pressure for East-West trade there is nothing to stop LJB from selling strategic war materials and armaments to the Soviets on long-term, low-interest prices. A few big manufacturers will make a killing (financial) while their goods will be used to kill American GI's in Vietnam.

JUGGLING**FOREIGN AID**

LBJ has made much over the fact that this year's AID request represents the lowest figure ever submitted to Congress in the history of the program. It should be noted, however, that the contemplated reduction in this case results from the transfer of an estimated \$232 million in military aid—including programs for Laos, Thailand, NATO and International Military Headquarters and Agencies—to the Defense Department's budget. The total outlay requested, which amounts to \$3,126,420,000 for both economic and military assistance, still exceeds by \$190,930,000 the amount actually appropriated by Congress last year. LBJ has scaled his request for a five-year-authorization down to two years.

WHERE YOUR TAXES GO

Now that the last ounce of blood has been squeezed from the good old tax payer again this year and more people have had to borrow money to pay their taxes and fewer are receiving returns every year, where does your tax money go? The Tax Foundation says the average income tax of \$1,114 on a \$10,000 annual salary is split this way: \$623 for defense; \$117 for interest on the national debt; \$93 for health, labor and welfare; \$51 for veterans; \$44 for the space program; \$40 for international affairs and finance; \$34 for commerce and housing; \$29 for natural resources; \$26 for agriculture; \$23 for education; \$23 for general government costs and \$12 for miscellaneous Federal expenses.

The interest on the national debt is more than five times the amount we spend on education. Welfare has crept up to third place in the wealthiest nation on earth. As more taxpayers are forced to borrow money to pay their taxes each year and as the refund gets smaller and goes to fewer people, perhaps some day the taxpayer will care enough to vote the big spenders out of office.

LBJ's PR

LBJ vows he is against electronic evesdropping except in matters relating to national security. Here's how it works: phone calls of Government officials are monitored regularly by Federal security officers and recordings taped if determined "pertinent."

President Johnson gets investigative reports about the contacts between newsmen and top Administration officials when they are "deemed pertinent or informative," according to Presidential Press Secretary George Christian. This, of course, has nothing to do with national security, but LBJ is jealous about underlings taking the bows in the public spotlight. He wants to make all important newsworthy announcements except on unpopular topics—these he delegates to Vice President Humphrey.

BUY BONDS OR ELSE

American GI's are not only compelled to fight and die for their country, but also dig down in their pockets to help pay for the Vietnam war by buying Government bonds out of their meager pay, according to incontrovertible evidence amassed by Senator Sam Ervin (D., N.C.) chairman of the Constitutional Rights subcommittee.

A committee report says: "A private at Ft. Hood, Texas, was called a communist and threatened with denial of promotion because he refused to participate in the bond drive. Another private wrote that he and his comrades were threatened with K.P. on week-ends if they didn't buy bonds. Eventually, the battalion commander was presented with his own Minuteman flag for obtaining 100 per cent participation."

Another soldier wrote from Germany: "It is the policy of this Battery that in order to get promoted, one must have a Savings Bond." A private wrote that his sergeant had trumped up a minor disciplinary charge and then offered a choice—take the punishment or take a bond. He took a bond.

A captain in Massachusetts stated that junior officers are expected to display their military leadership ability by getting 100 per cent participation from their units.

This officer said that after seven years of such pressure, he had finally adopted the practice of contributing his own money to cover those of his men who did not wish to participate. "In that way I can meet the goals set for men and still live with my conscience," the officer said.

Senator Ervin is trying to call a halt on the pressure tactics in what he calls "unseemly coercion" in military units. Some PFC's and privates, supporting families, don't have funds to buy bonds, others feel that they are doing their bit in fighting a war, so why not let the war profiteers buy bonds and make an extra profit.

Recently Ervin received a letter from Vietnam signed by more than 30 enlisted men expressing support of his subcommittee's efforts to end coercion of these same fighting men.

KEEP THE FAITH, ADAM

The cause of civil rights in America would be further ahead today if it were not for Adam Clayton Powell.

Because of the explosive situation created by the Powell case in the House of Representatives, Democratic and Republican leaders have decided to delay further consideration of civil rights legislation until the fate of the Harlem Democrat is decided.

That's the report which the House leaders gave President Johnson during a recent White House legislative meeting. They told the President that if civil rights legislation were taken up in the House that the backlash from the Powell fight would kill all civil rights legislation.

The leaders urged the President not to push the legis-

lation at this time in order to keep it from being defeated.

Congressman Emanuel Celler (D., N.Y.) Chairman of the House Judiciary Committee, agrees with this strategy.

What disturbs many of his committee is the recent organization of a "Conference of Negro Elected Officials." No comparable organization of white people is in existence, nor is there any such assembly of elected officials who happen to belong to any other racial or religious group.

Former Congressman Powell plans to address this group on May 26, when he is expected to announce the formation of a "Third Force" political movement. The meeting will be in Los Angeles.

There have been in recent months, moreover, cries for a "Crusade in the ranks of Black Power." By addressing the new all-Negro group, Powell hopes to take over as one of the leaders of this movement.

Senate leaders plan to push civil rights legislation first. The President's program is being split up so the proposal for "open housing" will go to the Senate Banking and Currency Committee, where it stands a chance of being sent to the Senate floor.

In the past, this controversial legislation has been bogged down in the Senate Judiciary Committee headed by Senator Jim Eastland (D., Miss.) a bitter civil rights foe.

There are indications that the Powell fight will continue in the House for the session since polls indicate that members are in no mood to let him take his seat. Powell's backers say they will carry his fight for a seat to the Democratic National Convention next year if the House refuses to seat the defrocked Harlem Democrat.

If this happens, the Powell issue could become the major issue at the coming convention. It also might give Senator Robert F. Kennedy (D., N.Y.) the issue he needs to challenge President Johnson for the nomination. Kennedy favors Powell's seating in the House. Although a Senator usually keeps out of House affairs, he has been urging members to seat Powell.

Significantly, Kennedy is the choice of Powell's "Third Force" backers to be their Presidential candidate in 1968.

While Bobby would rather wait until 1972, several of his advisers are slowly moving into a position where he may have to be a candidate in 1968.

PRIMARYLY NUNN

Kentucky's May 23 Republican primary may have a definite impact on the type of Presidential candidate who will be nominated next year.

Louie B. Nunn, a moderate conservative who came within a hair's breadth of winning the Governorship in 1963, is running against Jefferson County Judge Mar-

eral Catholic from New York."

Vast quantities of "Romney" money, thought to emanate from Rockefeller Center, is flowing into Kentucky.

Cook has a record of being a party spoiler and once tried to read popular "Gene" Snyder, Louisville's Congressman, out of the party. Nunn has charged that Cook, by knifing him in 1963, lost the election to the incumbent Governor "Ned" Breathitt by a scant 12,000 votes.

If Nunn wins, he will probably go on to win the Governorship this Fall and will throw his support to either Richard Nixon or Ronald Reagan in the Republican Convention. If Cook wins, it will be Romney or Percy for Kentucky's delegation.

That's what makes the primary so important.

DOGS' LIFE

Even the dogs are affluent in South Africa. At the Ford auto plant at Port Elizabeth, an \$8,400 luxury ranch house has been built by the company for eight Alsatian wolf-hounds who work as security police.

Each dog has its own living quarters which is finished in mahogany, a fenced yard, a lawn with a neatly trimmed hedge and imitation fire hydrant, running water, electricity and a luxury wall-to-wall carpet.

Dogs work a shift every other day with a night off between turns. In addition they get a month's leave a year.

ROCKEFELLER'S REPUBLICANS

Senator Charles Percy (R., Ill.) has solicited the cooperation of auto labor boss Walter Reuther, Negro leader Martin Luther King, and other left-wingers to support his \$2 billion housing bill to spread home ownership to the "disadvantaged" by having the Federal government subsidize interest payments and guarantee loans to poor credit risks. In return for their support, Presidential candidate Percy has privately promised to aggressively support new civil rights legislation and to support Reuther's "cradle-to-grave" subsidy schemes.

Amazing as it may seem, Percy has secured the co-sponsorship of twenty-seven Republican Members of Congress for his expensive housing bill; even more astonishing, "Peerless" Percy has secured the support of conservative senators Wallace Bennett and John Tower.

The aggressive freshman Senator is optimistic about Senate passage of his housing measure, but fears that LBJ may sidetrack his bill in the House despite the blessings of GOP House leader Gerald Ford and the sponsorship of Congressman Bill Widnall (R., N.J.) who is on the House Banking Committee which will handle the Percy bill. The magic of Rockefeller backing of Percy has had a singular effect on GOP'ers sensitive to the ring of the cash register.

Observations

U.S. Education Commissioner Harold Howe, militant advocate of school integration, pays \$2,750 a year tuition to send his own son to exclusive Taft School in Watertown, Connecticut, instead of sending his boy to the Washington, D.C. public school, where the enrollment is 95% Negro. Howe has cut off Federal funds for dozens of public schools for failing to meet his rigid requirements on integration . . . Contacts between newsmen and top Administration officials are monitored by security agents but are only reported to LBJ when deemed "pertinent or informative" according to White House press secretary George Christian. Phones of White House staff are also monitored for security leaks. LBJ does not trust his own aides . . . Even though the 5-cent letter rate is now returning a profit of at least \$100 million a year, President Johnson calls for a 6-cent letter rate, and an increase in the present 8-cent air mail rate to 9 cents even though air mail is now returning a profit of \$50 million a year . . . Highly sensitive to his present low ratings in the popularity polls, LBJ has held up publication of his upcoming book entitled "To Earn Our Heritage," which was ghosted by former White House aide Richard N. Goodwin . . . The law office of Clark M. Clifford, chairman of the Presidential Advisory Committee on national security, is one of the secret conduits for CIA funds; Clifford makes frequent unannounced trips abroad on secret missions . . . Democratic National Chairman John M. Bailey, who has been openly critical of the "conflicts of interests" of Senator Tom Dodd, has a highly lucrative law firm in Hartford with a Federal and state practice; Bailey wants Dodd's seat in the Senate . . . Personal friends of Vice President Humphrey are worried about his personal safety; they claim his life is in greater danger than LBJ because many left-wingers who have identified him as a "great liberal" feel that he has turned traitor because of his support of the Vietnam War, NOTE: Hubert is worried, too . . . It can now be revealed that the \$500 million worth of Canadian wheat purchased last year by the Soviets on long-term credit was for Cuba's Castro, who is selling and bartering the free wheat in the world markets . . . The Soviet Union had an all-time record grain harvest of 181 million metric tons last year and is also selling wheat in the world market as well as supplying North Vietnam with wheat and livestock feed.

Crystal Ball



In spite of the prevailing idea that President Johnson will have to end the war in Vietnam if he wants to win in '68—and in spite of some rumors to the effect that he will not run in '68, WO peers into the future and sees both the War and the President running next year.

President Johnson is very much aware that his self-admitted hero, Franklin D. Roosevelt, deliberately

involved the United States in a bloody war to serve his own political ambition. A war President is very hard to unseat—"Don't change horses in the middle of the stream," etc. Continuation of the war will help, not hurt, LBJ's overweening ambition.

* * *

Senator Strom Thurmond has cracked down hard on the 1976 Committee, which was set up by Birchers to promote him and former Agricultural Secretary Ezra Taft Benson for President and Vice President. Thurmond has forbidden further use of his name. WO sees the 1976 Committee disbanding and merging with a well-known Conservative political action group.

* * *

Bobby Baker had Florida Senator George Smathers scared so badly that he said that he did not plan to run for re-election next year. But since Bobby mercifully relented and took his shady dealings with the handsome Senator to jail with himself, Senator Smathers is trying to get a "draft Smathers" movement started in Florida. This, however, runs athwart the plans of former Governor Leroy Collins, who also wants to run. WO predicts that Smathers will run again for the Senate.

* * *

The glittering orb has now warmed to the task of election-predicting, so let's continue. Now we can clearly see the 1968 California Republican primary. Hark! A surprise! Senator Tom Kuchel, the very liberal incumbent who has been counted out already by just about everyone, is very much in the race and—with the help of Gov. Ronald Reagan and his public relations firm of Spencer-Roberts—he is coming on strong!

Said Stu Spencer the other day to a Californian: "We are going to re-elect Kuchel and if any opposition gets in the way we will smash it by financing a third candidate in the primary."

Reagan has come to terms with the rich liberal Republicans who backed San Francisco Mayor George Christopher last year and opposed himself. One of them, Leonard Firestone, is now one of Reagan's closest advisors. Firestone is a long-time supporter of Kuchel. Reagan is "going along" with the plans to re-elect Kuchel.

If Reagan continues this risky course, he will bring on a real battle inside the GOP which will probably mean the re-nomination of Kuchel but the election of a Democratic senator in '68!

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22 MAY 1967

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Washington Observer Newsletter

REFERENCE : DDS Memorandum 67-2655 to Director of Security, dated 18 May 1967

1. This memorandum is for your information and contains a recommendation in paragraph 4.

2. In your memorandum of 18 May 1967, you asked that I explore with the Federal Bureau of Investigation the possibility of its taking action to investigate what is patently an allegation of espionage contained in the 15 May issue of the Washington Observer Newsletter. I explored with Mr. Cregar and [redacted] jointly this possibility on an off the record basis citing that to the knowledge of this Office, there was no truth whatsoever to the allegations contained in the article. Both of them were most emphatic in expressing the opinion that it would be a serious mistake for the Bureau to contact the Washington Observer for this purpose since such action could well constitute an immediate interpretation on the part of its editors that the Bureau placed some credence in the allegations. Nonetheless, they were both quite willing to accept this as an official request but expressed the personal opinion that the Bureau would decline on the grounds that there is no basis to the allegation and that such contact might stimulate another article implicating both the Bureau and the Agency.

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3. I am attaching to this memorandum, for your information, two memoranda addressed to the Director, dated the 4th and the 20th of January 1967 respectively. These memoranda were prepared at his direction and contain a rather thorough analysis of the Newsletter

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and its former and current affiliations. In addition, the Security Research Staff of this Office is investigating all possible suicides which have occurred in this Agency in an effort to pinpoint if any of them bear any resemblance to those contained in the article. I will provide you with the results of this analysis as soon as it is completed.

4. In the meantime, in view of the "far right" character of the Newsletter and in view of the opinions expressed by Mr. Cregar and [redacted] with which I agree, I recommend that we take no official action to request the Bureau to investigate this article.

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Attachments

- Memo dtd 4 Jan 67
- Memo dtd 20 Jan 67

The recommendation in paragraph 4 is approved.

FOIAb3b



R. L. Bannerman
Deputy Director
for Support

*See plus note
& DC'd comment.
B*

25 May 67

Date

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