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7 May 1982

MEMORANDUM FOR: DCI

FROM



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SUBJECT : Material for Meeting with PFIAB, 12 May 1982

1. Attached is the information and material which I have collected from the CIA and various NFIB agencies for your meeting with the PFIAB on Wednesday.

2. Based on a draft prepared by DDI, I pulled together your presentation which includes references to your recent trips, the maps showing Soviet influence and presence, and some of the issues and developments in the Intelligence Community. I am under no illusion that I have included everything that you might want to say, but I believe you have a good basis for structuring your presentation.

3. I envision that at the meeting you will want to pass out to each member copies of the maps showing Soviet influence and presence as well as copies of the recently published unclassified report on Soviet Acquisition of Western Technology. If you concur, we will have 20 copies of this material available to pass out.

*This pub  
give to  
PFIAB  
by DDCI*

4. You may find useful the summary of Community interaction with the PFIAB since January 1982 (Tab C). This will give you a feel for the variety of issues individual PFIAB members have been investigating.

5. Included for your review also is a copy of the presentation you gave to the PFIAB on 13 January.

6. The rest of the material consists of the inputs from various Intelligence Community components. You may wish to glance at them to see if anything strikes you which I have failed to pick up.

7. Please let me know on Monday if there is anything else you wish to have in hand for this meeting. John McMahon will have a copy of the same materials.



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cc: DDCI  
Executive Director

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7 May 1982

DCI Presentation to the PFIAB  
12 May 1982

I am told that since we last met in mid-January, you have been busy corporately and individually examining various aspects of our intelligence activities. I trust that you have found community components responsive and cooperative, and I look forward to hearing your comments.

Since we last met, much has happened on the world scene. I will come back to that in a moment. There also have been some important developments affecting the Intelligence Community. Most notable was the announced retirement of my Deputy, Bobby Inman, which unfortunately has received much play in the press. Let me assure you that Bobby's departure about this time was anticipated from the outset. As you probably have read, he has for some time been eager to launch a new career in the private sector. His tenure as my Deputy was a successful one, and we were able to achieve many of the goals we outlined for ourselves for the first year.

Bobby will be missed, but it is my pleasure to introduce to you his very able and experienced successor, John McMahon. John, as you know, has held a variety of senior positions in the CIA and Intelligence Community. As the current Executive Director of the CIA, he is well positioned to move into the Deputy slot. I do not anticipate that we will skip a beat during the transition. Assuming a speedy confirmation by the Congress, John is set to relieve Bobby on or about the 4th of June.

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- Eighteen countries are under a significant degree of Soviet presence and/or influence.
- Twelve countries are facing insurgency supported by the Soviets and/or one or more of their proxies in one degree or another.
- Three countries (Iran, Madagascar, and Ghana) are rated as highly unstable and vulnerable to Soviet influence.
- Ten countries, in addition to being in one of the above categories, have a treaty of friendship and cooperation with the Soviets.

You have attached to the map some thumbnail evaluations showing how CIA analysts evaluate the state of play in these various countries.

The second map compares today's situation with 1972. It is quite obvious that the Soviets, despite some setbacks, have succeeded in expanding significantly their presence and influence during the past decade. The number of countries, in which they have significant influence, has doubled. The resulting Soviet influence in countries like Syria, Ethiopia, Angola, South Yemen, India and Nicaragua, among others, will continue to cause difficulties for us and for friendly governments throughout the Third World. Indeed, a number of Soviet friends act both as surrogates for the USSR and, in the cases of Cuba, Libya, and PLO and Syria, as conduits for Soviet-bloc arms and training to groups that undertake terrorism.

Returning to the Middle East, Israeli forces remain in strength in the north and on the Golan; almost any act of terrorism could bring them into Lebanon again. The West Bank remains volatile as the deep-seated feelings, on all sides, continue to fester. Syria scraps with Iraq which hangs on against Iran. The moderates--Jordan, Saudi Arabia, Egypt--are

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torn between their desire for US support and a need to protect their domestic backsides against troublemaking by the Palestinians or the radical states. Libya continues its troublemaking throughout the region reaching from the Western Sahara to Pakistan. Sudan feels particularly threatened by Libyan and Ethiopian backed insurgents.

Despite insurgent and Indo-Soviet pressure on Pakistan, support for the Afghan resistance continues uninterrupted. My visit [REDACTED]

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[REDACTED] convinced me that continued Western support will prevent the USSR from successfully sucking Afghanistan into the Soviet orbit, despite the fact that the size of the Soviet force has grown since last year.

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In sub-Saharan Africa, conditions remain volatile. For most of these countries, the global recession, slowed exports, and tightening aid disbursements have sharply raised the already high risk of economic disaster. For many, sporadic military action, aging national leaders, and/or growing factionalism invite heightened Libyan, Soviet, or Cuban adventurism. In southern Africa, frustration is mounting over the Namibia stalemate. Areas of concern for the US over the next half year are likely to include the fall of a pro-Western government in Mauritius next month, the scheduled OAU pullout from Chad (also in June), recurring South African military incursions into Angola, seriously deepening economic problems in Zaire and Zambia, and growing financial and pre-election tensions in Nigeria.

We are also concerned about the economic and internal political problems of our friends in the Horn of Africa. Any weakening of the regimes in Sudan, Somalia, or Kenya would undermine our efforts to offset the strong Soviet and Cuban presence in Ethiopia.

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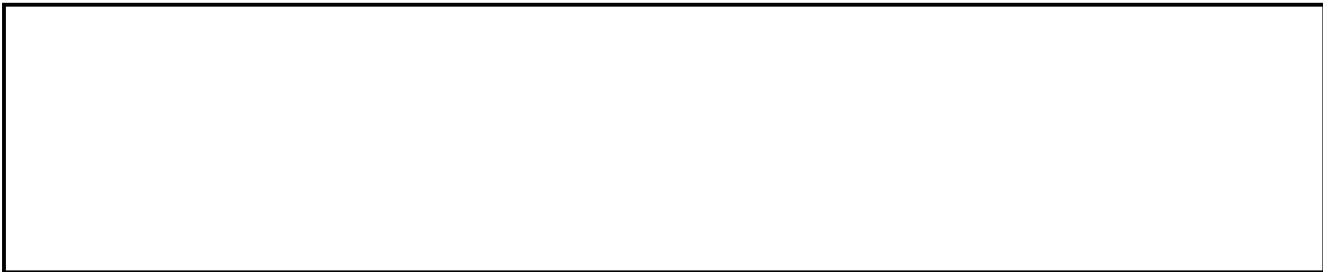
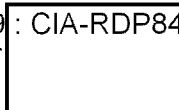
Meanwhile, prospects for the pro-Western Central American governments have improved somewhat over the past months due to the guerrillas' political and military failure evidenced by the March 1982 election in El Salvador, and the actions of the Rios-Montt government in Guatemala. While a combination of effective intelligence and better military tactics served to reduce the damage caused by guerrilla operations in El Salvador this year, they remain a strong threat, as do the 4,000-5,000 guerrillas in Guatemala. We expect Cuba and Nicaragua to use the next months to build up the military and political power of the guerrilla forces in both countries while continuing to use terrorism and propaganda to intimidate Honduras and Costa Rica into a position of neutralism or even tacit acceptance of guerrilla support networks on their territory. Despite the boost to the anti-Sandinista forces by the recent statements by Pastora, Nicaragua has intensified its repression of the genuinely democratic groups while continuing its export of subversion and the military buildup. Meanwhile, Soviet arms shipments to Cuba are running at a higher level than any time since the missile crisis. Many of these weapons are new and sophisticated. Some are intended for transshipment to Central America; others will free older Cuban weapons for transshipment.

I must, of course, say a few words about the Soviet Union--our number one priority. The Soviet leadership is in the midst of a succession; that is the meaning of all the unkind press stories about Brezhnev's relatives, the proliferation of Moscow rumors, and the shifting protocol standings of Politburo leaders, most dramatically brought out by varied appearances on the Kremlin reviewing stand.

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in early April that Brezhnev would make a public appearance in 3-4 weeks. This was borne out at the Lenin Day ceremonies on 22 April and at May Day. It appears that of the earlier leading candidates, Kirilenko may be too old and in poor health, while Chernenko may have peaked too soon. There seem to be two principal candidates left in the field, Andropov and Gorbachev, the dark-horse young agriculture chief. If I had to pick a bet, it would be the former on the nose and the latter across the board.

Soviet economic performance remains dismal. Hard currency shortages are affecting not only purchases in the West, but traditional support for troubled East European economies. Even if Soviet agricultural output recovers from several terrible years, slower growth in the labor force, declining productivity, and poor prospects in the energy field are systematic problems that are likely to worsen.

We see the results in a variety of ways--cutbacks for the consumer, tougher terms for the East Europeans and third world aid recipients, and the high priority given to the export gas pipeline to Western Europe.

We cannot say that we have seen effect of economic stringency on the defense budget which we believe will continue to grow at a rate of 4 percent a year, taking an even larger share of GNP than it does now. The Soviets are still in Afghanistan, seeking to improve their capability vis-a-vis China and NATO and are deeply concerned about the resources the US is committing to defense.



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Our recently published strategic forces estimate gives the USSR the capability to destroy close to 80 percent of our Minuteman silos today and over 90 percent by 1990. Strategic defenses are moving forward as well, with vastly improved air defenses being deployed, and the potential for deployment of a large-scale ABM system beyond the Moscow area. The potential capability of the latter is uncertain.

Meanwhile, some 300 operational SS-20s plus other improved intermediate systems pose a particular threat to Europe, and, of course, account for the Soviet reluctance to accept the President's zero option proposal.

Moscow is continuing to build up the capabilities of its already formidable conventional ground and air forces, both those opposite NATO and those positioned for contingencies in the Middle East. Our most recent estimate on military issues in the Middle East credits the Soviets with the capability to mount a full-scale invasion of Iran to the Persian Gulf (involving some 20 divisions after a month's preparation) with no significant reinforcement from either their NATO or Sino-Soviet border fronts. In short, the Soviets can simultaneously threaten Western Europe and the Persian Gulf.

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The Soviet military buildup, combined with weak resistance, has also encouraged Soviet activities in the Third World. Using proxies and a diversified arsenal of arms sales, military training, support for internal security forces, logistical assistance, propaganda and economic aid, the USSR, as we have seen, continues to foster and exploit indigenous unrest in many regions.

Finally, Poland remains a problem and an enigma. The Soviets have continued to be uneasy about the internal situation and the ability of the regime to cope. Violence had been promised, but all observers seemed to have been somewhat uncertain as to what form it would take. The military regime seems to have been especially surprised by the willingness of the Polish people to risk life and limb on behalf of the freedom they lost with martial law. The regime showed, however, that it is willing to use whatever force is required to maintain its control. This problem will not go away, and the authorities in Warsaw must now reevaluate their policy on the pace of easing martial law restrictions.

Let me turn now to some of our recent activities in the Intelligence Community.

- We recently launched a new counterintelligence study through the SIG (I) in response to the White House's desire to have a comprehensive review of the foreign intelligence threat to the US.

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- Meanwhile, the CIA is working on its program to beef up our counterterrorism capabilities. During my recent trip, I stopped in Paris and Rome to discuss terrorism and improve our coordination with the local services.
- Efforts in the technology transfer area continue, but there is more to be done. I understand that you have received copies of our recently published unclassified and "non-attributed" study on Soviet Acquisition of Western Technology. The French, by the way, have become increasingly sensitized to this issue.
- We are maintaining the momentum in implementing the Intelligence Community's long-range intelligence plans. Future needs, collection assets and support capabilities are being molded into a strategic plan. Meanwhile, CIA recruitment is going well--recently we reached our FY 82 authorized ceiling of 15,568. We are seeking OMB concurrence to begin slipping up to our higher FY 83 proposed ceiling.
- The new Executive Order on the classification of information was approved by the President and becomes effective on 1 August. It includes a presumption that there will be damage to the national security if sources and methods are disclosed. It also permits classification until any doubt is resolved. Both of these measures are a big improvement.

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- Our Identities Legislation is now in conference. Both the House and Senate versions contain provisions which penalize disclosures of activities by a person "with reason to believe that such disclosures would impair or impede" US foreign intelligence activities.
- Legislation dealing with former spouses has been introduced in both Houses of Congress. The House version is preferable in that both CIARDS and CSRS benefits are subject to equal burdens in favor of former spouses assuring equivalent treatment of all similarly situated CIA personnel.
- Congressional investigations into Wilson-Terpil continue. Several bills have been introduced, and CIA is discussing legislative remedies with the oversight committees.
- It is doubtful that we will get FOIA relief this year, given the lengthy budget debates on the Hill.
- Speaking of budgets, the NFIP may lose some [REDACTED] out of the FY 83 budget because of expected cuts in the Defense budget. This will affect NRO for the most part.
- SAFE is still a problem for us. We have several outside experts assessing the situation. We may end up scrapping SAFE and moving to an entirely new approach. I will keep you posted.
- CIA/State telecommunications are still being discussed. No resolution of this issue is yet in sight.

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I have covered a lot of territory and now would like to open up for questions. Because John works more closely on a day-to-day basis with some of the issues I have raised, I invite him to jump into the discussion as appropriate.

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7 May 1982

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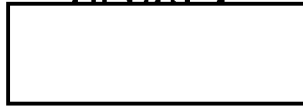
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- Various NSA personnel briefed Chairman Armstrong and Dr. Baker on: Regional Highlights, Cryptoanalysis, Technology Transfer, Soviet C<sup>2</sup> in Afghanistan and Poland, and the National SIGINT Operations Center. (Mar)
- Deputy Director for Administration briefed Admiral Moorer's Task Force on personnel recruitment, unique requirements, problems, and request for legislative initiatives. (Mar)
- STATE -- INR representatives met with Economic and Natural Resources Task Force to discuss role of economic intelligence and policymaking. Seymour Weiss of the Task Force visited several offices in the Department. (Apr)
- Unclassified documents prepared during past year were provided at Mr. Perot's request to help in studying the situations in Cuba, El Salvador, the Caribbean Basin, Central and South America.
- State offered a get-together between Mr. Montgomery, INR, and Mr. Perot to assist in Mr. Perot's reviews of the Libyan Hit Team incident and the kidnapping of General Dozier. (Apr)
- NAVY -- At PFIAB plenary session in January 1982, Admiral Shapiro, DNI, briefed (overview--no details) on Navy's Special program and the necessary security requirements.
- FBI -- Bureau representatives provided two briefings (Feb and Mar) to Board members, mainly overviews of the FBI Foreign Counterintelligence Program, the nature and extent of hostile service activities in the US, and the Bureau's program to combat the hostile threat.
- A summary (memo) on Bureau involvement and support regarding the Libyan Hit Team incident and the General Dozier kidnapping was provided to Mr. Perot. (Apr)
- DIA -- Various representatives of DIA have briefed Board members and Task Forces since January 1982:
- DIA's Role in the Intelligence Community--covered OSD and JCS roles, budgetary issues, and other items of interest/concern. (Jan)

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- DIA's Role in the National Intelligence Process--covered procedures, organization, production, etc. (Feb)
  - DIA's Role in Economic Intelligence--covered highlights, areas of responsibilities/expertise, products, and consumers. (Feb)
  - Soviet Energy Outlook--estimate of capabilities to satisfy domestic needs, prospects for export to East Europe/Free World, and areas of disagreement within the Intelligence Community and efforts to resolve. (Feb)
  - DIA's Organization, Management, and Personnel--covered authorizations, manning levels, personnel types, current resource allocations, and future requirements. (Mar)
  - Technology Transfer--addressed scope, magnitude, and complexity of the problem, including acquisition efforts and impacts. (Mar)
  - DIA Assessment of Situation in Central America--overview with detailed discussions on external influence and control of factions, planning and execution of insurgency operations, and arms flow into the region. (Apr)
- SAFSS
- Will present a full exhibit (12 May) of hardware and space systems (models and mockups) in the PFIAB quarters. SAFSS officers will give a brief overview and respond to members' questions.
- OTHER
- Through the ICS, the Board, Task Forces, and individual members have been provided, from time to time, with varieties of intelligence products from Community organizations.

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