

19 October 1979

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 19 October 1979

The Director chaired the meeting.

25X1

Lehman briefly noted that Brezhnev is alive. Later in the meeting, Hetu said we had received several calls seeking to confirm rumors that he had died. The Director said he had visited the HPSCI office yesterday where there was some conversation about the rumors. He did not participate, but some correspondent had a story that the Director confirmed Brezhnev's death by nodding during the course of the visit.

25X1

McMahon highlighted reports on the following topics:

--continued rioting in South Korea;

--a source advising that the only way China can bring pressure on Vietnam to withdraw from Kampuchea is by another punitive attack on Vietnam which is planned;

25X1

--friction between the Egyptian Army and Police continues;

--the Afghan Government sending 1500 students for study to the Soviet Union and an additional 500 to Bulgaria; and

--OPEC nations feel the U.S. and others are building large reserves of oil and the only way to control this situation is to cut production.

25X1

25X1

McMahon expressed concern that Dr. Brzezinski's memorandum of 17 October on Jamaica reflected a misunderstanding on the part of the President concerning Manley's flexibility. A brief discussion followed, and the Director asked that the DDO and NFAC prepare a brief paragraph on this topic for his use.

25X1

25X1

SECRET

Hetu precipitated a brief discussion concerning our public position on the HPSCI's Identities Protection Act. In response to the Director's question, Silver acknowledged that it would only deal with those who have declared an intent to harm intelligence assets. The Director suggested that our position should be to welcome the HPSCI's initiative as dealing with some of our problems and continue drafting a more comprehensive bill.

[redacted]

25X1

Clarke announced that [redacted] (OSR) will be ADDO John Stein's Deputy Manager [redacted]

25X1

25X1

Clarke said reports are circulating that Ambassador Ron Spiers will replace Ambassador Bowdler as D/INR, and the latter is to become Assistant Secretary of State for Latin America. [redacted]

25X1

Hitz reported that Mr. Carlucci had called six Senators to foment support for travel funds. [redacted]

25X1

Hitz advised that John Hicks, supported by Hetu, will testify before the HPSCI Monday concerning our unclassified publications policy. He will be followed by former DCIs Colby and Helms. [redacted]

25X1

Hitz commented that D/OWI Hineman had satisfied Senator Baker's questions concerning the SS-19 extra burn capability. [redacted]

25X1

Hitz advised that Congressman Ichord and Senator Jackson will be briefed this afternoon on a potential COCOM Export Control violation. [redacted]

25X1

Silver noted that Bruce Clarke had undertaken a damage assessment of the appearance of our classified report on Perspectives for Intelligence 1976-81 in the Covert Action Bulletin. He found that while its appearance was certainly regrettable, no severe damage was done. Consequently, Silver does not plan to report the matter to the Attorney General for investigation and prosecution. [redacted]

25X1

Silver related that IOB Counsel Kujovich is pushing for a briefing on covert action and sensitive collection. The Director noted that the IOB had been briefed. A brief discussion followed, and Silver will offer to have Kujovich briefed on covert action programs. [redacted]

25X1

Silver noted that the Director and Deputy Director's meeting with the Attorney General went well with the exception that little progress was made in engendering enthusiasm for prosecution on leaks. Silver said that he will pursue the Community General Counsels' consensus and develop a paper for the SCC. He also noted that he would brief White House Counsel Cutler on these topics. [redacted]

25X1

SECRET

TOP SECRET

Waller questioned whether or not we have methodically analyzed the amount of time expended providing intelligence support to Congress. He noted that some in NFAC claim that 30 percent of OPA's work is generated by the Hill. The Director noted how supportive Senator Stennis was at yesterday's hearing and questioned if Congress was not consuming too much of his time. The Director suggested that we scope resources devoted to substantive support to Congress differentiating between that provided to oversight committees. Mr. Carlucci asked the Comptroller to undertake this task with inputs from NFAC. The Director asked Hitz to provide data on how many times the Director had appeared on the Hill. (Action: Comptroller & Legislative Counsel) [redacted]

25X1

May briefed on measures being undertaken to tighten up the badging of visitors. In response to Waller's query, McMahon noted that not all [redacted] are required to be escorted. A brief discussion followed, and the Director asked that we come to grips with this question and establish a uniform policy for badging [redacted] (Action: DDA) [redacted]

25X1

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May said the paycheck to be received 1 November will reflect the 5.5 percent pay increase. [redacted]

25X1

25X1

Zellmer said there is a favorable weather forecast over Cuba tomorrow and noted plans to fly an SR-71 mission. In response to the Director's query, he noted KH-11 coverage is programmed but the SR-71 flight is recommended. [redacted]

25X1

The Director mentioned a handwritten note received from the President to Secretaries Vance and Brown, Dr. Brzezinski, and himself expressing concern over the article appearing in yesterday's Washington Post by Branigin (attached) reporting on the PRC meeting. [redacted]

25X1

In response to the Director's query, several commented favorably on yesterday's briefing of supergrades on the Senior Intelligence Service (SIS). The Director expressed his support for same and noted that it contained a number of significant and constructive changes. [redacted]

25X1

Hetu called attention to the article in today's Wall Street Journal "A Former Master Spy Spins Intriguing Yarns of His Past Intrigues" (attached). [redacted]

25X1

TOP SECRET

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Carter Advisers Split on Morocco Arms Debate

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By William Branigin
Washington Post Foreign Service

Key members of a top U.S. policy-making body are urging President Carter to approve the sale of new American weaponry to Morocco to help King Hassan II fight insurgents who are waging a desert war for control of the disputed Western Sahara.

According to administration sources, a Cabinet-level Policy Review Committee wound up a session Tuesday sharply split over proposals to meet Hassan's request for armed OV-10 Bronco reconnaissance planes and Cobra helicopter gunships to combat guerrillas of the Algerian-backed Polisario Front. The guerrillas have carried out several attacks in recent months against targets in Morocco.

The sources said, however, that there was a consensus not to recommend sending U.S. experts to train Moroccan troops in counterinsurgency techniques, a proposal made in Washington as part of a list of options. The policy debate basically revolves around the question of how far the United States should go in trying to prop up Hassan, a pro-American monarch whose damaging war with the Polisario guerrillas risks undermining him domestically and putting him on the path of the deposed shah of Iran.

Government sources said members of the policy committee—representatives from the Central Intelligence Agency, the National Security Council, the Joint Chiefs of Staff and the Defense and State departments—were unable to agree on a single recommendation and are to present options to the president, who will decide the administration's policy on the issue. A decision to sell King Hassan the arms he wants could face objections in Congress, sources said.

If adopted, a policy to meet the king's requests would mark a departure by the United States from its carefully maintained neutrality in the dispute over the sparsely populated but mineral-rich Western Sahara.

In any case, recommendations at the meeting by representatives of the National Security Council, the Pentagon and the joint chiefs to sell Morocco weapons provides a key indication of administration leanings on an issue that poses a foreign policy dilemma

and has created divisions within the government.

The State Department and its subsidiary body, the Arms Control and Disarmament Agency, are reticent about the sales, the sources said. The sources said CIA's position tends to buttress arguments against the sales. The proposed arms sales are intended to show support for a longtime ally and to demonstrate to other countries, notably Saudi Arabia, that the United States will stand by its friends, sources said.

On the other hand, the sales would risk damaging U.S. relations with Algeria, an important OPEC member which supplies 9 percent of U.S. oil imports, the sources said. The sales also could alienate countries in the Organization of African Unity, which voted at a recent meeting in favor of self-determination for the Western Sahara despite Moroccan objections.

The policy dilemma is similar in some respects to that faced by the administration when another longtime U.S. friend, the shah of Iran, was fighting to stay in power last winter. Repeated statements of strong U.S. support for the shah contributed to anti-American feeling in Iran and left Washington with little influence there when he was overthrown.

The administration faced a similar quandary when Sandinista guerrillas began to make gains against the Nicaraguan government of Anastasio Somoza. Some analysts believe Washington may run up against such dilemmas in other countries where the durability of pro-American leaders is in question, notably in Zaire and the Philippines and perhaps eventually in Saudi Arabia.

In the present policy debate, the CIA is understood to take the position that the new U.S. weaponry would do King Hassan little good, because his main military problems cannot be solved by equipment. Fearing a coup attempt amid signs of increasing disaffection in the Moroccan military, the king has mired himself in a losing battle by limiting communications among his commanders and thus reducing flexibility in moving his forces, the sources said.

This also is understood to be the

view of the State Department's Africa section.

National security adviser Zbigniew Brzezinski and the State Department's Near East bureau are said to favor the sales to Morocco, emphasizing their alarm over Polisario guerrilla raids into Moroccan territory.

Currently the U.S. policy is to sell Morocco some weapons, such as air defense systems and transport helicopters, but not equipment particularly suited for use in the Western Sahara. Washington previously sold Morocco F4 fighter aircraft, which have been employed recently in the desert war despite an agreement limiting their use to internal defense.

The disputed 105,000-square-mile territory, previously called the Spanish Sahara, was ceded by Spain to Morocco and Mauritania in 1975. But the Polisario Front, which claims to represent the territory's 80,000 inhabitants, soon launched a guerrilla war aimed

at acquiring independence for the region.

Mauritania, its economy badly hurt by the war, signed a peace agreement with the guerrillas in August, relinquishing its claim to the southern third of the Western Sahara. Morocco, which had held the northern two-thirds, then extended its claim to the entire territory in a move that made its already overextended forces and supply lines more stretched and vulnerable than ever.

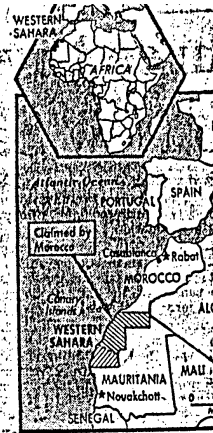
In addition to its phosphate riches, the Western Sahara is believed by some experts to contain oil shale and the world's largest reserves of uranium. Morocco, which already ranks as the world's largest exporter of phosphates, is eager to become a producer of the potentially more valuable energy source.

Alarmed by the intensifying Polisario attacks on Morocco and King Hassan's increasingly precarious domestic position as the war drained his

economy, the Carter administration told Congress in July that it wanted to change its policy on arms sales to Morocco. The Senate Foreign Relations Committee approved easing the restrictions by a narrow majority, but did not make clear what specific weapons it would agree could be sold.

In the House, significant opposition to a change in arms sales policy was expressed. Some congressional opponents cited improving relations with Algeria, noting that American firms have won more than \$8 billion in contracts there since the early 1970s and that the Algerian government has taken positions opposed to the Soviets on several issues.

Opponents of the proposal to sell Hassan the equipment he wants have said there are other ways to show support for him than to identify the United States with an issue that appears likely to rebound against Washington in the future and alienate other U.S. friends in Africa.



By Dave Cook—The Washin

OFFICE OF CURRENT OPERATIONS

NEWS SERVICE

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DISTRIBUTION II Article from The Wall Street Journal, 19 October 1979, appearing on page 1.

In From the Cold

A Former Master Spy Spins Intriguing Yarns Of His Past Intrigues

In CIA's Prime, Rocky Stone Orchestrated Iran Coup, Walked Into Syrian Trap

Now, Organizing for SHHH

By DAVID IGNATIUS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—His big operation, these days, is organizing a self-help group for the hard of hearing. But in 1953, when he was 28 years old, Howard "Rocky" Stone was helping to foment a pro-American coup in Iran. It was his first foreign assignment as an officer of the Central Intelligence Agency.

The Iranian coup was hailed at the time as a triumph of American foreign policy, and some CIA old-timers like to contrast its success with recent U.S. bumbling in Iran and elsewhere. But Mr. Stone remembers some of the unsettling details after the coup.

He recalls buttoning the uniform of Gen. Fazlollah Zahedi on the day the general was to announce over Radio Tehran that the shah had designated him the new prime minister. Gen. Zahedi, the CIA's key ally in Iran, was too nervous to dress himself.

He remembers his young wife sitting in a rocking chair at the Stones' home in Tehran, hiding a pistol under her knitting as she guarded the life of Ardeshir Zahedi, the general's 25-year-old son, who was also a friend of the CIA. The young Mr. Zahedi would later strike a more dashing pose, as the shah's ambassador to the U.S. until the shah's regime was toppled this year.

And he remembers a victory party at the CIA station that night in 1953, after the coup had succeeded. Gen. Zahedi, the new prime minister, and his son approached Mr. Stone and said: "We're in. . . . We're in. . . . What do we do now?"

A Shattered Spirit

Mr. Stone, now 54 and retired from the CIA, typifies the almost-missionary idealism that gave birth to the spy agency in the late 1940s and sustained it for many years. For better or worse, that spirit has been shattered—

by exposes of questionable actions, by congressional investigations, and by the agency's own burgeoning bureaucracy. The CIA is demoralized, and many of its alumni have taken to bickering among themselves and accusing one another of betraying the agency. For them, the covert war continues at Washington cocktail parties.

For people raised on James Bond novels, Rocky Stone doesn't look like a spy: He has a large, round face, and he combs his hair neatly across the top of his head to cover a bald spot. He doesn't wear stylish clothes. He drinks beer rather than martinis, and then there's the hearing aid, which he wore for all of his 25 years with the CIA.

But to the Soviet intelligence service, which repeatedly denounced his exploits, Mr. Stone was a "master spy." And in the view of former CIA Director Richard Helms, he was one of the best intelligence operatives the U.S. has ever produced. When he left the CIA, he received the Distinguished Intelligence Medal, the agency's highest career award.

Mr. Stone remains something of a missionary. He is a devout Catholic; when he retired from the agency in 1975, his first major project was to help organize clinics for alcoholic priests and nuns.

No Apologies

His current passion is organizing an activist group for the hard of hearing. He proposes to call the organization "SHHH" (an acronym for "Self-Help for the Hard of Hearing"), and he hopes to establish chapters around the country. Meanwhile, he is tinkering with ideas for new devices to aid those with impaired hearing. One source of advice: former CIA colleagues who produce eavesdropping equipment for the agency.

Mr. Stone has no apologies for his years with the CIA. Sitting at the poker table in the basement of his Washington home, smoking cigars and drinking beer, he shared over many months his experiences as an American intelligence officer. A sampling of these real-life spy stories—drawn from a career that took Mr. Stone to Iran, Sudan, Syria, Nepal, Vietnam and Italy—shows the CIA, at its best and worst, struggling to assert American power around the world.

The former CIA official refused, however, to discuss aspects of his career that might compromise current CIA operations or reveal the identity of CIA agents overseas. His recollections have been checked, to the extent possible, with other sources of information.

Betrayal in Syria

Four years after the triumph in Iran, Rocky Stone walked into a disastrous trap in Syria. His cover job there was second secretary at the U.S. Mission in Damascus. His real task was to arrange a coup against the Syrian government, which was then beginning its drift toward Moscow.

Those were the days when the techniques of "covert political action" captivated the CIA. Success in overthrowing governments in Iran in 1953 and Guatemala in 1954 had led U.S. policy makers to believe that the agency was invincible. They needed only to push a button in Washington and—presto—a hostile government would collapse in some distant corner of the world.

"Operation 'Wakeful'" was the name given to the effort to install a pro-American military regime in Syria. Two years of cheery reports about the project had preceded Mr. Stone's arrival in Damascus in early 1957 to direct the final stages of the operation. The view at CIA headquarters was that "all Rocky needs to do is light a match," he remembers.

Mr. Stone soon discovered that "Wakeful" was mostly wishful thinking. The operation had mainly involved delivery of huge bribes to a few Syrian leaders. The success of a coup would depend on a clandestine movement in Syria that didn't exist. Mr. Stone cabled the bad news to CIA Director Allen Dulles: "It is my duty to inform you that there is no Wakeful to trigger." Meanwhile, he began searching for Syrian conspirators who could do the job.

Had Wakeful succeeded, the subsequent history of the Mideast might have been far different. Instead, the operation was betrayed.

Mr. Stone—still worried in the days before the planned coup that the operation had been entrusted to incompetent Syrian military officials—brought a charismatic young tank commander into the final planning. The young officer later informed the Syrian regime about its imminent overthrow—and named Mr. Stone as the organizer of the plot.

Mr. Stone, who was protected by diplomatic immunity, was given 24 hours to get out of Syria with his wife and three children. Syrian troops lined both sides of the street between his house and the embassy. Later, after he had departed, scores of Syrians were tortured by the regime for details of the plot.

In From the Cold: Former Top Spy Spins Intriguing Yarns of Intrigues

The only thing about Operation Wakeful that makes Mr. Stone smile today is the coverage of the events at the time by the U.S. press. Most stories, he remembers, presented him as a bewildered man with a hearing aid who couldn't comprehend why he was being expelled from Syria.

That, of course, was the cover story. And it was completely accepted by major publications. Time magazine, for example, reported in its Aug. 26, 1957, issue that the Syrian charges about the planned coup were a "big lie" and a "yarn" hatched in Moscow. Time noted happily that "Washington, denouncing the whole fantastic plot as a 'fabrication,' promptly retaliated."

The Perfect Recruitment

A CIA officer's normal chore overseas is to recruit and handle agents who can provide useful information. These agents, who can be a rather scurvy lot, are often recruited by bribery or blackmail.

Mr. Stone disliked such methods. He believed they often produced unreliable agents who only pretended to have access to important information. Convinced that he could "recruit a lamppost" if need be, Mr. Stone felt the agency should try to win over prominent foreign officials of sound moral character. In the mid-1950s, he set out to prove his point, with a recruitment that was cited for years after at the CIA as a classic espionage success.

The target was a high-level official at a key government ministry of a Third World country. Mr. Stone spent months getting to know him, struggling to discover "what this man really wanted out of life." His problems, it became clear, were mundane: He was an unattractive man who was abused by a domineering wife. His greatest pride in life was his young child, but he was having trouble paying for the child's tuition at boarding school.

The secret to recruiting the official was understanding how deeply he wanted a happy marriage. That was what he envied about Mr. Stone. "Every time the man would come to our home, our daughter would give him a hug," Mr. Stone remembers. "If there was anything he would have wanted, it was that amblance."

Taking the role of a marriage counselor, Mr. Stone set out to improve the man's home life. When the official's wife was abusive in Mr. Stone's presence, the CIA officer would "put her in her place" by telling her that she hadn't any right to treat her husband that way. "He loved that," Mr. Stone recalls. "I was doing something that he couldn't do." As for the wife, "she was amazed that someone in my position would care about a schnook like that." Meanwhile, Mr. Stone tapped the CIA's resources to help finance the education of the man's child.

Gradually, the official began to volunteer bits of information, but Mr. Stone resisted

these tidbits. "When the gate finally opened, it was a flood," Mr. Stone remembers. The operation provided the U.S. over many years with thousands of useful documents. The agent, now dead, was never discovered.

"What I did was take this man apart psychologically and put him back together," Mr. Stone says. "My rationalization for meddling in his life was that the man was better off the way we put him back together."

The Hidden Microphone

An old politician's vanity provided the key to a spy operation in Nepal in the early 1960s.

Mr. Stone, who was then station chief in Katmandu, was worried about the stability of the Nepalese monarchy. One Nepalese faction, headed by a former government minister, seemed to be contemplating a coup against the king. The CIA wanted information, but breaking into the former minister's office to plant a microphone seemed too risky. Trusting in the old official's self-regard, Mr. Stone devised a plan.

At the time, Pakistan International Airlines was about to open air service between Dacca and Katmandu. Mr. Stone arranged for CIA operatives in Pakistan to obtain some of the airline's stationery. He then composed a flattering note to the former minister telling him that the airline hoped to establish good relations with the important citizens of Nepal. As a token of the airline's good wishes, the letter concluded, it was hoped that the former minister would accept a small gift that would be arriving shortly.

The gift was a miniature replica of a cannon. A microphone and a battery-powered transmitter had been installed in the base of the cannon.

"I just knew that he would put it right on his desk," Mr. Stone remembers. And sure enough, he did. For the next few months, the CIA monitored by microphone all the meetings of the dissident group. This intelligence made clear that the group's hopes for overthrowing the king were as vain as the personality of its leader, and the CIA left the would-be conspirators alone.

Vietnam

For Rocky Stone, and for the CIA as a whole, the Vietnam war was a time of frustration. The warnings that CIA analysts had offered about the futility of a military solution there had been ignored. The calibrated skills of an intelligence officer were of little use in a war that featured saturation bombing.

But the action was in Vietnam, and in early 1966 Mr. Stone volunteered for duty. He made the decision without telling his wife, Ahme. It was the low point of their marriage. Mrs. Stone had followed her hus-

band around the world, with few complaints. In Sudan, she had even ridden a donkey to the CIA station in the evenings to send her husband's coded messages. But when Mr. Stone went to Vietnam as CIA operations chief, his wife stayed behind in Washington.

For a time Mr. Stone thought he could help produce a negotiated settlement in Vietnam. With top-level approval in Washington, the CIA sent an agent, by bicycle, to the headquarters of the Vietcong. The agent delivered a special code that would allow the Vietcong to communicate with the CIA without being detected by the Russians or the Chinese. But Washington's interest suddenly cooled in this spy venture, and the bewildered Vietcong leaders, so far as Mr. Stone could tell, "felt they had been betrayed."

At the end of 1967, Mr. Stone returned home to Washington to become chief of operations for the CIA's Soviet-bloc division. The new job brought him back to the heart of the agency's mission: gathering intelligence about a hostile superpower. His covert-action adventures—organizing coups and propping up unreliable generals in distant lands—were over.