

TOP SECRET

8 September 1980

MEMORANDUM FOR THE RECORD

Staff Meeting Minutes of 8 September 1980

The Director chaired the meeting.

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The Director highlighted several items on his calendar for this week, including the following:

--Meeting today with General Tighe to discuss (1) aspects of the current situation in the Middle East and (2) CIA-DIA differences reflected in NIE 11-12-80, Prospects for Soviet Military R&D and Technology.

--Testimony before the Senate Judiciary Special Subcommittee tomorrow re intelligence information on Billy Carter's relationship with the Government of Libya. Hitz advised that he is looking into all the particulars relevant to the sudden request by Subcommittee Counsel Bob Kelly for the Director to appear. The Director said his appearance before the Committee takes precedence at the moment over previously scheduled items for 9 September including a scheduled briefing by Defense Department officials and a visit by Antonia Chayes, Under Secretary of the Air Force who purportedly is seeking the Director's advice re a training course involving the MX system. Re tomorrow's hearing Mr. Carlucci advised that the Director be prepared for recent press articles (see attached) on the APEX (ROYAL) system. A brief discussion followed wherein the Director asked that prepare a short memo to the President noting, specifically, that the ROYAL system has not yet been implemented, did not include information involving Billy Carter, etc. On Hitz's advice the Director agreed that copies be provided to the Oversight Committees and that in all instances we make it clear that the APEX system is relatively expensive and well down the road toward implementation. The Director said he would like to review in detail with Silver the Billy Carter situation before the hearing and emphasized that he wants to close the loop before the hearing to ensure against any misstatements or misunderstandings.

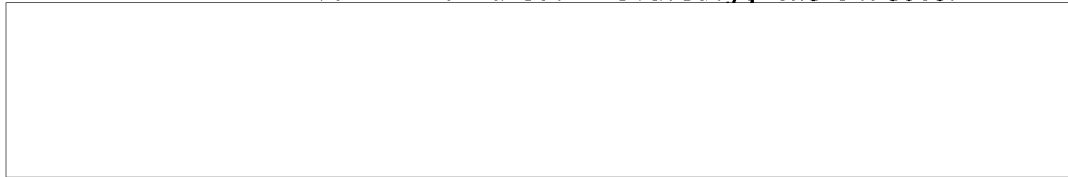
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--Appearance before the Joint Economic Committee on Thursday, 11 September. The Director said he is not well prepared for this session and wants to meet with Clarke and Ernst today to get ready. Clarke recommended that the Director introduce the topic at the hearing and rely on Ernst, Huffstutler, and others to provide the briefing. The Director advised Clarke that he does not fully concur with inputs thus far from Ernst, et al., and wants to discuss same before Thursday.

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--NSC meeting on Friday, 12 September for review of the Middle East situation; the Director noted he would brief particularly on Soviet activities in that area. Relatedly, the Director



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--In response to a query from the Director, Hitz explained House and Senate staff activities this week re progress on Identities Legislation. Hitz said he would keep the Director alerted to instances where a personal effort by the Director might be useful. A brief discussion followed on today's Washington Post editorial: "Protect the CIA--and the Constitution" (attached). The Director asked that we weigh the advisability of seeking a rebuttal; for example, requesting assistance from Senator Chafee or from the Justice Department.

--Dinner tomorrow with the Nuclear Intelligence Panel. The Director asked Clarke to assist him in preparing for dinner discussions. [redacted]

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The Director noted his interest and concern re the current situation of the Soviet brigade in Cuba. He asked [redacted] to ensure that we stay abreast of brigade activities via collection and Clarke re analysis. [redacted] described current collection systems being deployed against this target. [redacted]

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Fitzwater reported the number of retirees through 31 August totaled [redacted] with one additional retiree for September. He said this figure compares to [redacted] in 1979, and [redacted] in 1978. [redacted]

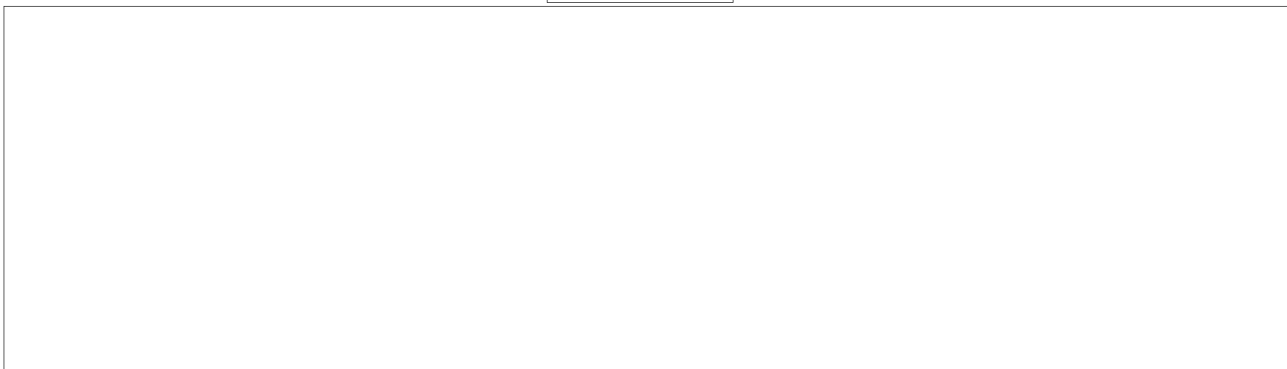
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Wortman reported a one-year moratorium on new and increased parking fees. He noted also a problem that apparently is being resolved regarding our recent acquisition of 85,000 square feet of additional space. He said an additional 18-20,000 square feet is required and that this is being worked out by DDA with the real estate contractor and with assistance from the O/Comptroller. [redacted]

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New security system being instituted to combat espionage and press leaks

Washington—The Carter administration is instituting a new security classification system designed to limit the distribution of the country's most sensitive intelligence information to a small number of senior officials and members of Congress, government aides said yesterday.

The step represents a significant reversal in the government's recent policy in handling intelligence information and is said to reflect growing official concern over foreign espionage and leaks to the press.

The officials said that under a reform of the administration's classification system initiated by President Carter early this year, a new security designation, higher than top secret, has been created. The designation, known as "royal," would be applied to information gathered by the most sensitive intelligence sources and methods, they said.

An article in the *Daily Oklahoman* yesterday said the new security designation was designed to protect information that could politically embarrass the White House. It also reported that the "royal" designation had been applied to at least one cable in which Libyan officials described Billy Carter, the president's brother, as an "agent of influence."

While confirming the existence of a new security system, a White House spokesman said that suggestions that it was politically inspired were an "outrageous fabrication." Commenting on the "royal" designation, the official also said that "the system of which that designation is to be part has not yet been implemented."

A spokesman said the White House had not seen all the intelligence data pertaining to the Billy Carter case but that none of the documents seen by President Carter or his aides had been designated "royal."

Meanwhile, intelligence officials said that the new classification was due to go into effect soon and that no intelligence information had yet been given the new top designation.

One intelligence aide said the new system was the product of a couple of years of thought about how to handle the growing number of security breaches of sensitive information, including a case in 1978 when an employee of the Central Intelligence Agency gave Soviet agents details of an American surveillance satellite. The employee, Peter Kampiles, was caught and later found guilty of passing secrets to Moscow.

Under the new system, the aide said, intelligence infor-

mation that is less sensitive would be more widely circulated within the government and on Capitol Hill. At the same time, he said, the most sensitive data would be limited to a narrow circle of officials and members of Congress.

According to officials, only about two dozen senior aides in the executive branch and less than 10 members of Congress would be privy to information designated "royal."

The question of how widely sensitive information should be circulated in Washington has long been a controversial issue. In recent years, the administration, under congressional pressure, has agreed to give Congress wide access to intelligence information.

However, some members of Congress, informed of the new "royal" designation, are said to have expressed concern that the administration's new system will restrict the flow of information to Capitol Hill.

Adm. Stansfield Turner, the director of central intelligence, and Zbigniew Brzezinski, the president's national security adviser, are said to have initiated the new security system. Both officials, aides said, believed that the government was becoming so overwhelmed with intelligence information that intelligence aides could not distinguish between normal and really sensitive information.

As a result, some vital data, such as the country's capabilities for monitoring Soviet missile tests, was routinely circulated to large numbers of people. This was said to have fostered espionage and press disclosures.

Officials said that under the new system, the most sensitive data would be guarded more closely. "For example, if we had a spy in the Soviet Politburo, all of his reports would be classified 'royal,'" an intelligence aide said.

Officials said that at the suggestion of Admiral Turner and Mr. Brzezinski, President Carter asked the intelligence community last January to come up with a new system for designating and handling intelligence.

According to congressional aides, "royal" information would only be provided to the majority and minority leaders of the House and the Senate and the ranking Republican and Democratic members of the two congressional intelligence committees.

Noting that under the new system, Republican leaders would have access to "royal" intelligence, a White House aide said "this should prove that it is not political."

New System Tightly Curbs Access to Intelligence

By Jack Taylor

Special to The Washington Post

Sensitive U.S. intelligence information is being handled under a new system that effectively cuts off most congressional, military and other government officials, sources familiar with the system said yesterday.

The new system, ordered by President Carter Jan. 7, installs a classification called "royal" above the previous highest classification of "top secret," the sources said.

The "royals" system is considered highly unusual by the intelligence community, the sources said, because it is vague and general in scope and is not associated with protecting sources or intelligence collection methods.

The sources, all of whom deal daily with extremely sensitive intelligence, contended the "royal" classification is intended primarily to protect politically sensitive information.

The real effect, they said, is to protect President Carter from potential embarrassment.

An administration spokesman said, however, "Those allegations are totally false."

A White House press office spokesman said that "royal" is part of a classification system that is not yet in use.

"It's part of a new and still unimplemented system for handling extremely sensitive classified information," the spokesman said. "Within that system, 'royal' is only one of many designations."

The administration spokesman apparently was including "royal" in the category of "code name" intelligence classifications.

Normal intelligence information is classified confidential, secret or top secret. But there are special code name classifications for communications intelligence, satellite photography, intelligence collection methods and cryptographic technology. All code names, however, deal with sources of information. According to one of the sources knowledgeable about "royal," the system is not intended to protect intelligence sources or methods of collection.

The source said that Carter's national security affairs adviser, Zbigniew Brzezinski, who chose the term

"royal," told Central Intelligence Agency Director Stansfield Turner in a letter early in February that the new system is designed to protect the information, regardless of the source.

"That translates," said one source, "to protecting politically sensitive, potentially embarrassing information."

The sources said Carter's directive implementing the system states that it is intended to provide key policymakers with advanced intelligence so they can formulate positions that will appear, publicly at least, more timely and responsive.

The sources said the type of intelligence classified "royal" is sometimes more significant from a political than from an intelligence viewpoint.

For example, some intelligence information involving Libya was given the "royal" treatment—including a report in which Libyans were quoted as describing the president's brother, Billy, as "our agent of influence."

The new system is so restrictive that even the National Intelligence Daily, a summary sent to only 100 key individuals in government, has become devoid of meaningful informa-

tion—or, as one senator put it privately, "lifeless," the sources said.

The "royal" system is so secret that many members of Congress, military officers and other government officials who have "top secret" clearances don't know it exists.

Only eight members of Congress—four senators and four representatives—have been given access to "royal" information. In the Senate, they are Birch Bayh (D-Ind.), Barry Goldwater (R-Ariz.); Howard H. Baker Jr. (R-Tenn) and Robert C Byrd (D-W.Va)

The only congressional staff members give access are the staff directors of the Senate and House Intelligence committees.

But because "royal" information is closely held, even the eight members of Congress who have access to it are unlikely to be aware of the contents of its daily digest unless they take the time to go to Intelligence Committee offices each day to read it, the sources said.

Politically sensitive information never gets to some Republican members of Congress. The sources said, be-

cause the "royal" system and the Intelligence committees' staffs are effectively controlled by the administration or by Democrats.

"When you establish something this restrictive, you in effect deny access to the minority party, which could have an effect on policy," one source said.

Carter Weighs Security System Overhaul

By Jeremiah O'Leary

Washington Star Staff Writer

The Carter administration for more than a year has been trying to devise a more manageable system of security classifications to protect information that is sensitive because of its source, a White House official acknowledged yesterday.

The system, which would include a higher classification than "Top Secret" if it is approved and put into effect, is being devised by what the source called "the usual intelligence agencies."

Presumably the architects of the new security system include the CIA and the National Security Agency.

The new system includes a super-secret category called "Royal" but the official emphasized that the president so far has approved only parts of the plan. The system of which "Royal" is a part has not been implemented, he said, adding that "Royal" is only part of a much broader system for safeguarding information from especially sensitive sources.

The administration ordered the intelligence agencies to work on the new system because there is

considerable awkwardness and some misuse of the only existing categories for labeling security information. These categories are "Top Secret," "Secret" and "Confidential." The Atomic Energy Commission, NSA and other agencies have separate systems of classifications.

The official noted that there is a great deal of difference between a security classification and a security clearance, since the latter designates only individual access to intelligence material.

"If and when the new system is signed on by the president, its purpose will be the handling of classified materials," the source said. "Obviously, a vast amount of intelligence comes to us by technical means and must be protected."

The official heatedly denied a report by the Oklahoma City Daily Oklahoman that the "Royal" system was devised to protect the president from possible embarrassment and to safeguard politically sensitive information. He flatly denied that the designation was used on one cable in which Billy Carter allegedly was called "our agent of influence" by Libyan officials.

"The system has not been put into effect, so it could not have been used on material relating to Billy Carter or other matters regarding the Soviet Union as the newspaper report says," the official declared.

The story said only four senators, four members of the House and staff directors of the Senate and House Intelligence Committees have access to "Royal" information. The senators named in the article were Birch Bayh, D-Ind; Barry Goldwater, R-Ariz; Howard Baker, R-Tenn., and Robert C. Byrd, D-W.Va.

"Its purpose is not to conceal politically embarrassing information," said the White House aide. "If information classified that way went to Goldwater, obviously it isn't designed to protect us from political inquiry."

The official said the story is erroneous and was planted by the same people who gave Jack Anderson the controversial material that President Carter plans to invade Iran in October for political reasons and to help him gain national support for re-election.

Asked who these sources were, the official blamed unnamed minority members of Senate and House committees.

Administration Tightening System Of Keeping National Secrets Secret

By RICHARD BURT

Special to The New York Times

WASHINGTON, Sept. 6 — The Carter Administration is instituting a new security designation, higher than "top secret," in an effort to stop the disclosure of national secrets, Government aides said today.

The officials said that under a wholesale revision of the Administration's classification system initiated by President Carter early this year, the new designation, known as "Royal," would be applied to information stemming from the most sensitive intelligence sources and methods, restricting distribution of that information to a small number of senior officials and members of Congress.

The step could represent a significant departure in the Government's handling of intelligence information, particularly with regard to its sharing of that data with Congress. It is also said to reflect growing official concern over foreign espionage and disclosures to the press.

An 'Outrageous Fabrication'

While confirming the existence of a new security system, a White House spokesman characterized as an "outrageous fabrication" published suggestions that it had been designed to protect information that could politically embarrass the White House.

Intelligence officials said that the new classification was to go into effect soon and that no intelligence information had yet been designated "Royal."

One intelligence aide said the new system was the product "of a couple of years of thought about how to handle the growing number of security breaches of sensitive information," including a case in 1978 when an employee of the Central Intelligence Agency gave Soviet agents details of an American surveillance satellite. The employee, Peter Kampiles, was caught and later found guilty of passing secrets to Moscow.

Adm. Stansfield Turner, the Director of Central Intelligence, and Zbigniew Brzezinski, Mr. Carter's national security adviser, are said to have initiated the new security system. Aides said that both officials believed that the Government was becoming so overwhelmed with intelligence information that intelligence aides could not distinguish between normal and really sensitive information.

As a result, some vital data, such as that concerning the country's capabilities for monitoring Soviet missile tests, were routinely circulated to large numbers of people, which is said to have fostered espionage and press disclosures. Officials said that under the new system, the most sensitive data would be held more closely. "For example, if we had a spy in the Soviet Politburo, all of his reports would be classified 'Royal,'" an intelligence aide said.

Officials said that at the suggestion of Mr. Turner and Mr. Brzezinski, President Carter asked the intelligence community last January to produce a new system for designating and handling intelligence.

The Government already classifies some information above "top secret." Because of the complexity of the current system and its secrecy, it is difficult to know exactly how many people now have access to the most sensitive information.

But the new system would replace current designations and limit the most sensitive data, an intelligence aide said, to a narrow circle of officials and members of Congress. Less sensitive intelligence information would be more widely circulated within the Government and on Capitol Hill.

According to officials, only about two dozen senior aides in the Executive Branch and fewer than 10 members of Congress would be privy to information designated "Royal." Congressional aides said the recipients would include the majority and minority leaders of the House and the Senate and the ranking Republican and Democrat on the two congressional intelligence committees.

Noting that under the new system Republican leaders would have access to "Royal" intelligence, a White House aide said "this should prove that it is not political."

Some Republican congressional aides expressed deep suspicion that the new designation could be used for political purposes, and an article published today in The Daily Oklahoman in Oklahoma City, Okla., implied that the revisions were politically motivated. The newsna-

per also reported that the "Royal" designation had been applied to at least one cable in which Libyan officials described Billy Carter, the President's brother, as an "agent of influence."

The White House spokesman said that the White House had not seen all of the intelligence data pertaining to the Billy Carter case, but that none of the documents seen by the President or his aides has been designated "Royal." In fact, commenting on the "Royal" designation, the spokesman said that "the system of which that designation is to be part has not yet been implemented."

Concern in Congress

The question of how widely sensitive information should be circulated in Washington has long been at issue. In recent years, the Administration, under congressional pressure, has agreed to give Congress wide access to intelligence information.

Some members of Congress, informed of the new "Royal" designation, expressed concern that the Administration's new system would restrict the flow of information to Capitol Hill.

"Nothing I have seen suggests that it will be used for political purposes," Senator John Glenn, Democrat of Ohio, said in a telephone interview. "But I am concerned about our ability to get access to information we need."

Representative Les Aspin, Democrat of Wisconsin, a member of the House Intelligence Committee, expressed concern that the new designation could be used "to prevent Congress from asking questions about intelligence collection activities." He noted that the intelligence committees, under law, had to be informed about covert operations, but that the Administration could withhold information on Central Intelligence Agency activities to collect information.

At the White House, a spokesman expressed annoyance over the disclosure of the new designation, saying that it represented the "systematic pumping out of distorted information that is depicted as relying on intelligence."

THE WASHINGTON POST - 8 September 1980

Protect the CIA—and the Constitution

THE HOUSE Judiciary Committee has just approved a bill designed to protect the identities of the CIA's secret agents. Its counterpart committee in the Senate is about to do the same thing. But there is a problem. The method of accomplishing this selected by the House committee, and apparently favored by a majority of the senators, seems to be unconstitutional.

To be fair about it, the two committees are tackling an unusually difficult situation. There is loose in the country a handful of individuals who see nothing wrong in fingering the CIA's agents, even if that disrupts intelligence operations or marks the agents as assassination targets. Some of these individuals are former government officials; others are private citizens. Therein lies the problem.

Congress has the power—and it should have exercised it some time ago—to put the clamps on those who, while employed by the government, learn the names of secret agents and later disclose them. That is a breach of security properly punished by the criminal law.

But Congress is in an entirely different position when it comes to putting the same clamps on other citizens who have never had access to classified information. Its ability to pass laws punishing such citizens for what they publish or talk about is strictly limited

by the First Amendment. It is that point the members of the two committees are ignoring.

The proposal approved by the House committee makes it a crime for any person to publish information disclosing the identity of a secret agent, regardless of where that information originated. The fact that it had been obtained from public documents, for example, would be irrelevant. The only defense would be that the person identifying such an agent did not intend to impede intelligence activities—a defense depending on subjective, political judgments.

This is precisely the kind of law the First Amendment was designed to prohibit. If it is constitutional—and we do not believe for a minute that it is—the way would be clear for Congress to determine what information on almost any subject the public may have. If Congress can make it a crime for anyone to publish the names of secret agents, it can make it a crime to publish other kinds of information such as, say, the size of the defense budget or the existence of a COINTELPRO operation.

The cruel and shameless conduct of a few Americans has put the CIA's secret agents in new danger. The House committee's solution to it would leave constitutional freedoms in shreds.

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OFFICE OF CURRENT OPERATIONS

NEWS SERVICE

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DISTRIBUTION II WALL STREET JOURNAL, 8 September 1980, page 1.

As CIA Reaches Out To Touch Someone, Ma Bell Keeps Tabs

Agency's Contacts Are Irked
That Their Cover Is Lifted
By Listings on Phone Bills

By JERRY LANDAUER

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Central Intelligence Agency tirelessly guards against penetration of the agency by foreign spies. But gaining access to certain CIA information isn't all that difficult if you have a friend at the telephone company.

CIA officials place numerous long-distance phone calls within the U.S. on commercial telephone lines—lines that aren't regularly checked to determine if they are being tapped. What's more, telephone companies generally keep records of calls charged to CIA offices in order to bill the government for the cost.

These records usually aren't accorded any special security precautions. Of course, not everyone has a friend at the telephone company, and not every telephone employee has access to billing information. But someone with the right contacts can learn CIA telephone numbers and get hold of the records. Simply by dialing the numbers listed on the bills, he can reach someone the CIA has phoned.

New York Telephone Co. for one, efficiently tracks the dates, area codes and telephone numbers of all long-distance calls originating from the CIA field office in mid-Manhattan—just as it does for any other customer. Collect calls and calls made from other locations and charged to the field office also appear on the office's monthly phone bill, but local calls aren't recorded on the bill.

Gathering the Goods

The CIA's New York field office is one of several in big cities that are primarily responsible for gathering intelligence information from scholars, business people, scientists and tourists who have just returned from foreign assignment or foreign travel, especially to countries in the Communist bloc.

In one busy period, the CIA placed long-distance calls to scientists or executives at facilities of a half-dozen corporations that are active in the foreign marketplace, in-

cluding International Business Machines Corp., Singer Co. and Allied Chemical Corp.

The phone traffic from the CIA number to Allied Chemical in Morristown, N.J., was especially heavy. The Allied executives involved are incredulous about the leak.

"You must be kidding!" exclaims one executive whose number appears on the monthly bill. "You mean this stuff is getting out?"

"Holy Moses!" says Bryan Grace, a marketing manager. "I just can't believe it!"

A third executive is particularly angry. "Those Gumbells!" he explodes. "I've had it with them."

A spokesman for New York Telephone says he is unaware of any leaks. He emphasizes that an employee giving out information about any customer's calls "is putting his job on the line and is liable to criminal prosecution."

"Non-Clandestine Activity"

At CIA headquarters in Langley, Va., spokesman Lavon Strong is as incredulous as the executives about the leak. "It sort of boggles my mind," he says. But then Mr. Strong says that the apparent accessibility of field-office phone records "bears out that this is a non-clandestine activity." The agency plans to find out how such a leak could occur, he adds.

In the hands of a Soviet agent, the telephone records could be revealing. Anyone phoning the numbers listed on the bills could glean valuable information about CIA activities. Because many of the CIA calls are made to the unlisted home phone numbers of agency employees who live outside the city, for example, an outsider could identify these employees and determine where they live. He could also learn whom the CIA consults on agency business, he could identify CIA contacts in foreign consulates or embassies, and he could locate confidential informants.

Not all of the long-distance calls would be revealing of official CIA work, however. Like many other employees in government and in private industry, CIA employees sometimes make personal long-distance calls from their office phones. They call spouses and girlfriends, the billings indicate. They also call travel agencies, auto-repair shops, restaurants, banks, friends, the YMCA, shops, tailors and contractors.

The CIA even called a supervisor at the Morris County, N.J., Board of Social Services. Margaret Myers, the supervisor, says she hasn't any idea why the CIA called. "I haven't a friend at the CIA," she insists to a reporter. A bit later, her husband calls back, identifying himself as a CIA man who recently retired. "The telephone," he says, "is our worst enemy."