

PATRICK J. LEAHY, VERMONT, VICE CHAIRMAN

WILLIAM V. ROTH, JR., DELAWARE
WILLIAM S. COHEN, MAINE
ORRIN HATCH, UTAH
FRANK MURKOWSKI, ALASKA
ARLEN SPECTER, PENNSYLVANIA
CHIC HECHT, NEVADA
MITCH McCONNELL, KENTUCKY

LLOYD BENTSEN, TEXAS
SAM NUNN, GEORGIA
THOMAS F. EAGLETON, MISSOURI
ERNEST F. HOLLINGS, SOUTH CAROLINA
DAVID L. BOREN, OKLAHOMA
BILL BRADLEY, NEW JERSEY

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510

ROBERT DOLE, KANSAS, EX OFFICIO
ROBERT C. BYRD, WEST VIRGINIA, EX OFFICIO

BERNARD F. McMAHON, STAFF DIRECTOR
ERIC D. NEWSON, MINORITY STAFF DIRECTOR

#85-3119

September 13, 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We are pleased to learn of your decisions to place new limits on the activities of foreign governments whose espionage operations threaten our national security. Your actions implementing Senate initiatives, including the Leahy-Cohen proposal and the Roth amendment, show the value of close cooperation between the Executive branch and the Congress.

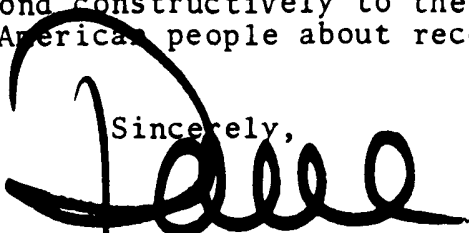
These steps are a good beginning to the process of improving counterintelligence and security programs. We look forward to continuing to work closely with you to develop a common agenda for immediate actions and long-term decisions. In the months ahead, the Committee will hold a series of closed hearings on all aspects of counterintelligence and security. Our objective is to prepare a report to the Senate by the end of the year.

We appreciate the efforts by the NSC staff and other officials to consult us and keep our Committee informed. To ensure full cooperation between the Committee and the Executive branch, we would like you to select a senior official to represent the Administration throughout this series of hearings, either in person or through a designee. That official could assist us by ensuring that Administration views are conveyed authoritatively and that we have a common understanding of the policy options.


The President
September 13, 1985
Page Two

This enterprise may be unprecedented in its scope and collaborative character. It offers an extraordinary opportunity to respond constructively to the concerns of the Senate and the American people about recent espionage cases.

Sincerely,

A large, bold, handwritten signature in black ink, appearing to read "Dave". The signature is written in a cursive style with a large initial "D" and several loops.

Dave Durenberger
Chairman

A smaller, handwritten signature in black ink, appearing to read "Pat". The signature is written in a cursive style with a large initial "P" and a few loops.

Patrick Leahy
Vice Chairman

THE WHITE HOUSE

WASHINGTON

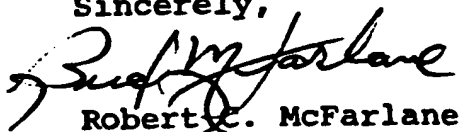
October 28, 1985

Dear Mr. Chairman:

Thank you for your letter to the President of September 13, 1985, concerning the closed hearings on counterintelligence and security to be held by your Committee. The Administration's representative throughout these hearings will be Mr. William J. Casey, the Director of Central Intelligence. Mr. Casey's designee will be Eloise Page, the Deputy Director of the Intelligence Community Staff. David G. Major, Director of Intelligence and Counterintelligence Programs, of the NSC Staff will also attend these hearings as an observer.

We appreciate the opportunity to be involved in this most important project and work together in dealing with this most serious issue.

Sincerely,


Robert C. McFarlane

The Honorable David Durenberger
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

WILLIAM S. COOPER, MAINE
FRY, WALTER, IOWA
FRANK M. LARSON, ALASKA
ARLEN SPECTER, PENNSYLVANIA
JIM HATCH, UTAH
BOB DODD, MISSISSIPPI
BOB BYRD, WEST VIRGINIA

SEN. R. M. GORDON, GEORGIA
THOMAS T. EASTON, MISSOURI
ERNEST F. HOLLINGS, SOUTH CAROLINA
DAVID L. BORAH, OREGON
DICK BRADLEY, NEW JERSEY

United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510

ROBERT DOLE, KANSAS, EX OFFICIO
ROBERT C. BYRD, WEST VIRGINIA, EX OFFICIO

BERNARD F. BORMANN, STAFF DIRECTOR
ERIC S. NEWSON, MINORITY STAFF DIRECTOR

#85-3119

September 13, 1985

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We are pleased to learn of your decisions to place new limits on the activities of foreign governments whose espionage operations threaten our national security. Your actions implementing Senate initiatives, including the Leahy-Cohen proposal and the Roth amendment, show the value of close cooperation between the Executive branch and the Congress.

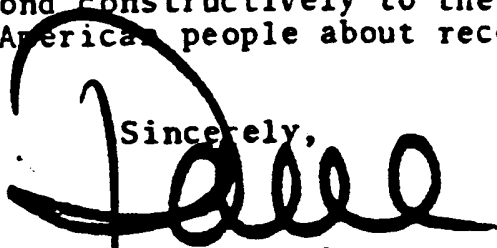
These steps are a good beginning to the process of improving counterintelligence and security programs. We look forward to continuing to work closely with you to develop a common agenda for immediate actions and long-term decisions. In the months ahead, the Committee will hold a series of closed hearings on all aspects of counterintelligence and security. Our objective is to prepare a report to the Senate by the end of the year.

We appreciate the efforts by the NSC staff and other officials to consult us and keep our Committee informed. To ensure full cooperation between the Committee and the Executive branch, we would like you to select a senior official to represent the Administration throughout this series of hearings, either in person or through a designee. That official could assist us by ensuring that Administration views are conveyed authoritatively and that we have a common understanding of the policy options.

The President
September 13, 1985
Page Two

This enterprise may be unprecedented in its scope and collaborative character. It offers an extraordinary opportunity to respond constructively to the concerns of the Senate and the American people about recent espionage cases.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Durenberger'.

Dave Durenberger
Chairman

A smaller handwritten signature in black ink, appearing to read 'Leahy'.

Patrick Leahy
Vice Chairman



10/10/85

15-2430
copy 5**CLASSIFIED ANNEX: AGENDA FOR CI AND SECURITY REFORM****Components of a National Strategic Security Program**

- ° **Increased Interagency Information Exchange**
Implement Inman Panel recommendation for more sharing of offensive technical expertise with the defensive side.
- ° **Criteria for New Foreign Buildings**
Direct prompt agreement on more stringent technical security standards for new embassy buildings, so new construction plans can be implemented and Moscow work can be completed.
- ° **Safeguards for Cryptographic Data**
Develop and implement special safeguards to protect cryptographic materials.
- ° **National Disclosure Policy**
Re-assess National Disclosure Policy and co-production agreements, in light of successful Soviet bloc penetration of NATO governments and Western firms, and clarify procedures for approval of disclosures of classified information to uncleared recipients, including authorized (but nonattributable) disclosures to the media.

Components of a National Counterintelligence Strategy ;

- ° **Demarche to PRC**
Determine whether evidence presently available is sufficient to make a demarche to the PRC on its espionage-related activities.
- ° **INS Computer System Enhancement**
Provide sufficient funds for new INS computer system to keep track of entrants. If necessary, add funds to FY 1986 Justice Department budget request.

SECRET

SECRET

-2-

° FBI Personnel Management and Training

Expedite response to SSCI budget report requirement for an FBI study of CI personnel management and training. Ensure in-depth study of actions needed to develop greater CI specialization and expertise in the FBI.

° FBI Surveillance Resources

Direct a large-scale enhancement of FBI surveillance resources, emphasizing use of a much larger number of non-Agent personnel as part of a "watcher service" with specialized training and expertise.

° CIA Overseas Operations

Provide resources and support to implement the CI Staff plan for "shadow stations" in Vienna and Mexico City, with FBI and DoD personnel integrated into the operation, and for similar improvements in overseas CI operations.

° CIA Internal Security/CI Procedures

Review current internal CIA arrangements for detecting espionage by CIA staff employees, in light of the Scranage, Koecher, and Howard cases, and current practices for analysis and review of operations and defectors. Determine if over-reliance on the polygraph may lead to neglect of other checks.

° Improve Double Agent Operations

Support Community CI Staff assessment of the adequacy of resources, planning, targeting, and execution of double agent operations, and implement improvements needed to enhance their effectiveness.

° Improve DoD Espionage Investigations

Ensure adequate service and DIA capabilities for investigation of all leads involving service and DIA personnel, and increased specialized field investigative personnel.

- 3 -

- Enhance NSA Support

Establish a separate NSA budget line for CI support, as recommended in SSCI budget report, and increase NSA CI support capabilities.

- Enhance State Department CI

Increase manpower and resources for the State Department Special Advisory Staff, which handles CI matters involving State Department employees.

- Active Measures and Disinformation

Support efforts of NIO for Foreign Deception and Intelligence Activities to provide intelligence for State Department program to expose and counter Soviet active measures and disinformation, and ensure strong capabilities for analysis of potential Soviet deception of US intelligence.

SECRET

Page Denied

Next 5 Page(s) In Document Denied

THE WHITE HOUSE

WASHINGTON

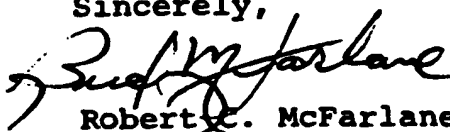
October 28, 1985

Dear Mr. Chairman:

Thank you for your letter to the President of September 13, 1985, concerning the closed hearings on counterintelligence and security to be held by your Committee. The Administration's representative throughout these hearings will be Mr. William J. Casey, the Director of Central Intelligence. Mr. Casey's designee will be Eloise Page, the Deputy Director of the Intelligence Community Staff. David G. Major, Director of Intelligence and Counterintelligence Programs, of the NSC Staff will also attend these hearings as an observer.

We appreciate the opportunity to be involved in this most important project and work together in dealing with this most serious issue.

Sincerely,


Robert C. McFarlane

**The Honorable David Durenberger
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510**

Senate Select Committee on Intelligence

WILLIAM V. ROTH JR., DELAWARE
WILLIAM S. COHEN, MAINE
ORRIN HATCH, UTAH
FRANK MURKOWSKI, ALASKA
ARLEN SPECTER, PENNSYLVANIA
CHIC HECHT, NEVADA
MITCH MCCONNELL, KENTUCKY

LLOYD BENTSEN, TEXAS
SAM NUNN, GEORGIA
THOMAS F. EAGLETON, MISSOURI
ERNEST F. HOLLINGS, SOUTH CAROLINA
DAVID L. BOREN, OKLAHOMA
BILL BRADLEY, NEW JERSEY

ROBERT DOLE, KANSAS, EX OFFICIO
ROBERT C. BYRD, WEST VIRGINIA, EX OFFICIO

BERNARD F. MCMAHON, STAFF DIRECTOR
ERIC D. NEWSOM, MINORITY STAFF DIRECTOR

FOR IMMEDIATE RELEASE
October 22, 1985

CONTACT: DAVE HOLLIDAY
(202)224-1718

A PLAN FOR COUNTERINTELLIGENCE STRATEGY HEARINGS

The Chairman and Vice Chairman of the Senate Select Committee on Intelligence announced today that the Committee will soon hold hearings on the formulation of a national counterintelligence strategy. In addition, they made four specific recommendations to limit the hostile intelligence presence in the United States.

Senator Dave Durenberger (R-MN) and Senator Patrick Leahy (D-VT), testifying before the Permanent Subcommittee on Investigations of the Governmental Affairs Committee, said the Intelligence Committee has been reviewing counterintelligence capabilities of the United States since before the Walker case came to public attention earlier this year.

Stressing that the Committee work is being done in close cooperation with the White House and appropriate government agencies, the two senators said that a public report to the Senate would be made at the end of the Committee review.

"Although the Intelligence Committee does most of its work in closed hearings, we believe it is vital for the entire Senate and the public to be aware of the full dimension of the espionage problem," they said.

The senators cited a number of actions already taken in the counterintelligence field but added, "more needs to be done."

"Creating a less favorable environment for espionage operations inside the United States should be the foundation of a national strategy," they said.

-2-

Durenberger and Leahy then made four recommendations they said deserve immediate attention. The recommendations included equalizing U.S. and Soviet embassy and consular personnel by both reducing the size of the Soviet delegation in this country and increasing the number of Americans working at U.S. facilities in the Soviet Union. They noted the idea of achieving such a balance solely by an increase in the number of Americans in the Soviet Union, "totally misreads the intent of Congress and conflicts with the President's policy."

Other recommendations included reducing the size of the Soviet U.N. Mission, requiring certain foreign mission travel controls for Warsaw Pact country representatives, and regulating foreign-controlled commercial entities.

The senators said with the exception of regulating foreign-controlled commercial entities, all the recommendations could be put in place now without the need for enabling legislation.

Senator Leahy noted that he, together with Senator William Cohen, also a Member of the Intelligence Committee, has introduced a bill to reduce the size of the Soviet Mission in New York. In a floor statement on the bill, S.1773, on October 18, Senator Leahy expressed the hope that it would provide a focus for consideration of this important and difficult issue, and offered to work closely with the Administration in devising a reduction arrangement. "It may be that this bill will stimulate the Executive Branch to prepare their own plan to deal with the intelligence threat posed by the Soviet Mission to the United Nations," Senator Leahy said in his October 18 statement.

Senator Durenberger said that another bill will be introduced soon to provide the necessary legislative authorization for regulating foreign-controlled commercial entities.

The senators also submitted a preliminary report on the Intelligence Committee's review of U.S. counterintelligence and security programs. The report describes both human and electronic aspects of the espionage threat, as well as countermeasures to enhance U.S. security.