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America's Secret War

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Under the most unlikely director of central intelligence in the agency's history—a mumbling, often maddening tax lawyer and businessman named William J. Casey (page 40)—the CIA has found its ranks expanded, redirected and re-energized for covert confrontation with hostile forces around the world. Casey also has streamlined basic analysis and reporting functions, helped swaddle the agency in a cocoon of controversial new secrecy orders and moved it forcefully into two areas of stepped-up national concern: the fight to keep tons of deadly drugs from coming into the United States each year and the battle to keep scores of critical high-tech advances from being pirated out. Casey's ability to get things done stems in large part from his close and frequent contact with the president (at least two meetings each week, plus frequent phone conversations) and with fellow members of the cabinet (Casey is the first DCI with cabinet rank).

“Mushrooms”: Still, the increase in covert action has raised old questions about the wisdom, propriety and effectiveness of American intelligence activities. Critics on and off Capitol Hill say Casey shows an old cold warrior's insensitivity to the potential embarrassment and diplomatic danger that secret missions always pose—and a high-handed disregard for the role of congressional oversight in this most sensitive area. “We are like mushrooms,” says California's Democratic Rep. Norman Mineta of the

Permanent Select Committee on Intelligence. “They keep us in the dark and feed us a lot of manure.”

The most dramatic showdown so far came this past summer when the House Intelligence Committee voted to cut off all funds for further covert support of the anti-Sandinista contra rebels in Nicaragua—a largely symbolic act, since the Senate never



Wally McNamee—NEWSWEEK

THE DCI AT LANGLEY: A covert clientele

concluded. The national debate will flare again in the next few weeks as Congress begins to consider the nation's 1984 intelligence budget, which is reported to have grown at a rate of 17 percent annually for the past three years, faster even than Pentagon spending, to regain the level it held before big cutbacks began back in 1973. The prospects for making any substantial cuts in the face of new Soviet aggressiveness—both the shootdown of a Korean Air Lines jetliner and Moscow's hostile rejection of the latest U.S. arms-control proposals (page 26)—“are not promising,” concedes committee chairman Edward Boland of Massachusetts. Dubious, too, are prospects for a

NICARAGUA: Anti-Sandinista contras

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TOP OF THE WEEK

Newsweek



America's Secret Warriors: The CIA Reborn

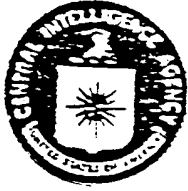
The cloaks and daggers have been brought out of cold storage at Ronald Reagan's Central Intelligence Agency. After a sharp decline in clandestine work during the 1970s, there are now more than 1,000 CIA undercover specialists—and more CIA-backed covert operations under way than at any time since the 1960s. With gruff, controversial William J. Casey (left) at the helm, the agency has sponsored large-scale "special activities" in Iran, Afghanistan, Ethiopia, Thailand and Nicaragua (right). But Congress is disturbed. As Casey goes about the task of strengthening the CIA and plugging its leaks, serious doubts remain about the propriety and effectiveness of clandestine operations. *Page 38*



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America's Secret Warriors

Under William Casey, the CIA is back in business with a new set of missions.



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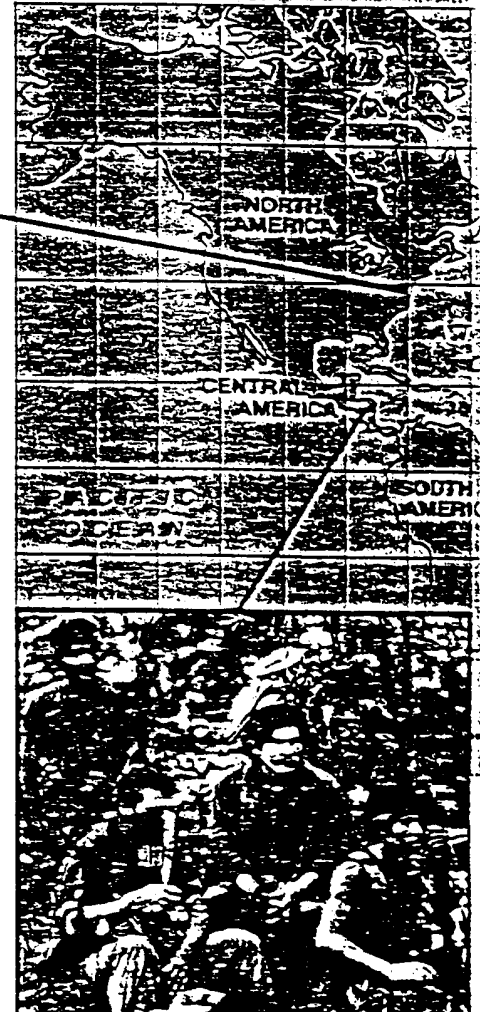
THE DCI AT LANGLEY: A covert clientele

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proposal by Georgia's Democratic Rep. Wyche Fowler Jr. to require advance congressional approval of all major covert operations. "Many in Congress don't want to have that authority," says Arizona Rep. Bob Stump, a Republican member of Boland's committee, which might have to share the blame for a mission gone awry.

A return to covert action was forecast in the 1980 platform of the Republican Party. "We will provide our government with the capability to help influence international

Nancy Eisner, Mark Norman—Newsweek



John Hoagland—Gamma-Liaison

NICARAGUA: Anti-Sandinista contras

events vital to our national security interests, a capability which only the United States among major powers has denied itself," it proclaimed, in pointed reference to the decimation of CIA undercover ranks under President Jimmy Carter and CIA Director Stansfield Turner (operatives were pared down to perhaps 300 from a high point of thousands in the early 1960s).



The contrast with the Carter years could not be more clear. In that period, the House Intelligence Committee was informed of two or three major covert operations, or "findings," each year (congressional watchdogs classify as "major" any covert operation costing between \$5 million and \$7 million—or one that is designed to undermine a foreign government). The total under Casey is already 12 to 14, seven or eight of them considered major, although administration policy now encourages use of the term "special activities" instead of "covert action." The number of covert operatives has risen to more than 1,000, many of them retired or cashiered agency veterans who have been hired back on a contract basis because so few experienced operators remain at the agency.

So eager was Casey to get the covert build-

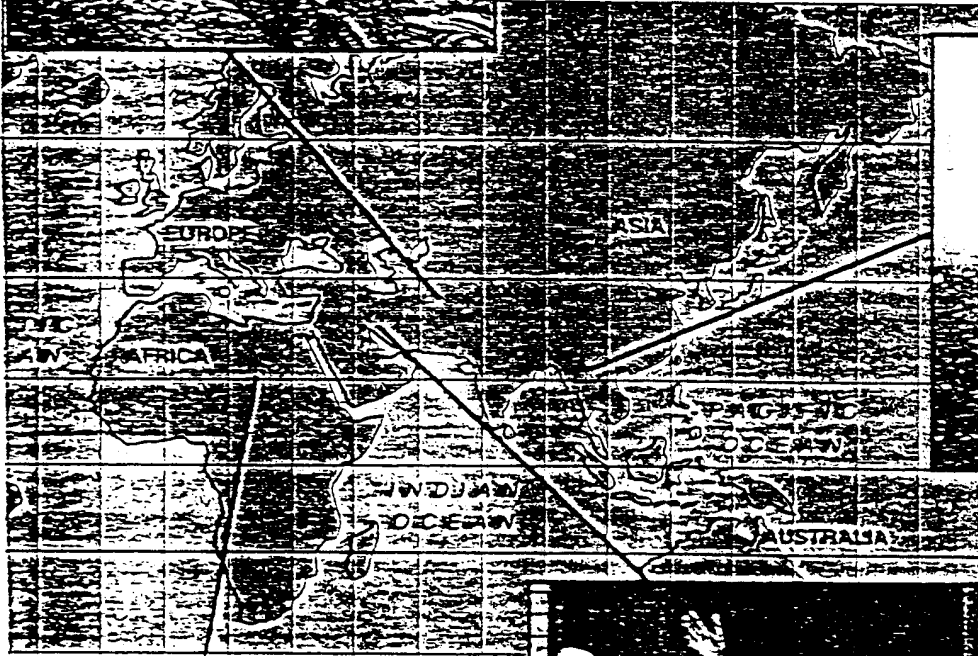
AFGHANISTAN: Arms for rebel tribesmen

Pascal Pugin—Owl

sistant Secretary Thomas O. Enders).

Some necessarily sketchy details on CIA operations under Casey:

■ **Central America.** In one of the agency's most exposed undercover missions, covert operatives are spending an estimated \$80 million to direct a widespread war against the regime in Nicaragua—helping to supply some 10,000 troops in the field, conducting air strikes and espionage raids against installations within Nicaragua and masterminding a variety of propaganda activities to destabilize the Sandinistas. All this is coordinated from U.S. operational centers in Honduras, Costa Rica and El Salvador. Airlifts of ammunition, medicine and other supplies are now being flown to the rebels from San Salvador in Salvadoran C-47 transport planes, NEWSWEEK's Robert Rivaud has learned; American pilots have now been replaced by Salvadorans. The goal, U.S. officials say, is "to get those



Nik Wheeler—Black Star

THAILAND: Trying to stop the opium crop

guys to hustle." The CIA, State Department and Pentagon all agree the guerrillas have no more than six months—perhaps only three—to prove their "rebellion" can spread successfully throughout Nicaragua. "The Sandinistas can wait forever, but Congress won't," says one U.S. official.

"Our position is that we don't even acknowledge that the CIA is in El Salvador," says the U.S. Embassy's deputy chief of mission there, Kenneth Bleakley. But several lower-ranking State Department officers with experience in the country say that CIA operations go beyond the Nicaraguan effort to operations involving El Salvador itself—covert support for the country's weak political parties and electoral process and a "propaganda and disinformation campaign" in the Salvadoran press aimed at "convincing the civilian population that the guerrillas, not the Army, are the real bad guys," according to one source.

■ **Afghanistan.** Supplying about \$100 million in arms and ammunition to the Afghan rebel groups, agency undercover operatives work through contacts in Pakistan and conduits in the Middle East. Intelligence watchers say the CIA has also stepped up operations within Pakistan to keep tabs



AP—Sipa-Black Star

CHAD: A fight against Libyan incursion



David Burnett—Contract

IRAN: Support for anti-Khomeini exiles

up under way, well-placed sources report, that within weeks of taking office the administration had approved plans developed under Carter for assisting anti-Khomeini forces. Less than a month later there was an OK for early planning of operations in Libya and Nicaragua (although insiders say the secret war was instigated largely by the then Secretary of State Alexander Haig and As-

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on—and props under—the pro-American military regime of President Mohammad Zia ul-Haq (page 45).

■ **Iran.** The CIA is providing support for Iranian exiles in Turkey who continue to work for the ayatollah's overthrow. Presumably they bring intelligence from Iran back across the largely unguarded border, and they may be useful as agents or sources should they ultimately succeed and return to their homeland. Iranian exiles in France are receiving similar CIA support.

■ **Africa.** The agency provides intelligence as well as overt aid and training to the forces fighting Libyan incursions into Chad. Training, arms and financial assistance are also given to military forces in Ethiopia, Angola and the Sudan. Two covert operations were aborted because of strong congressional opposition. NEWSWEEK has learned: a plan to provide arms for anti-Libyan forces in Mauritius and for opponents of strongman Muammar Kaddafi inside Libya itself.

■ **Asia.** The CIA, NEWSWEEK has confirmed, helped with communications training and intelligence gathering for raids by Thailand's military forces against heroin production and processing centers in their own country and across the border in Burma. The agency also is working with the Chinese to supply arms to the forces of former Cambodian ruler Pol Pot, now waging hit-and-run attacks on the current Saigon-supported regime.

Despite all the administration rhetoric about the damage done by leaks of secret information, the operations aimed at Nicaragua, Libya and Afghanistan have been relatively thinly disguised. And in the cases of Libya and Nicaragua, some intelligence veterans have been surprised by the coordination of covert activities with highly visible naval maneuvers. All of which leads some to suspect supposedly secret missions are valued in part for their contribution to the hard-nosed image President Reagan wants for U.S. foreign policy.

Whatever the motives behind Casey's covert operations, mounting them has seriously strained the CIA's depleted resources. "The single biggest constraint to Casey's plans was the lack of competent, trained manpower," says one knowledgeable source. Since the preparation and positioning of undercover operators is a process that takes years, the director of clandestine services—a 51-year-old professional named John Stein—was virtually detached to reorganize a recruitment and training operation. Casey, meanwhile, was forced to seek short-term contracts with some of the 800 veterans of covert operations who had been let go between 1977 and 1980—few of them,

unfortunately, expert in the supply and training of clandestine military operations. The CIA also applied strong pressure for an increase of the Army's Special Forces—often, in the past, a prime source of paramilitary expertise for the Company (page 46).

Also difficult to obtain were the wide range of secret support services and "proprietary" companies that the Company once could call on in an instant: two full-fledged commercial airlines, several banks in the United States and abroad, at least one major international arms company and a variety of cover operations in such useful fields as import-export. This shortfall explains the embarrassing details about U.S. equipment that turned up in so many early stories about the contra forces in Nicaragua. Well-placed sources told NEWSWEEK that the CIA simply could not obtain and ship to Central America the kind of untraceable matériel—Belgian, Czech, West German or captured Soviet stocks—that normally provide cover in such situations. According to these sources, the United States has now arranged for Israel to feed the CIA-supported guerrillas with equipment captured in Lebanon. Foreign intelligence services have a generally positive view of Casey's rebuilding efforts, but they are still wary of the weakened and jury-rigged state of CIA intelligence networks where they still exist.

Independent. In part to compensate for the Company's reduced resources in covert operations, the Reagan administration also has encouraged the development of a top-secret and totally independent Army Intelligence Support Activity (AISA), about which even many intelligence watchdogs in Congress were unaware until an accidental mention of it during hearings earlier this year. AISA was reportedly formed for commando-style missions and support in the wake of the disastrous joint military attempt to rescue the U.S. hostages in Iran—an effort made more difficult because the CIA did not have a single agent left on the ground in that country. Although Casey himself has refused to answer questions on the subject, some administration officials say the CIA director has assigned the group a number of covert missions.

If the rebuilding of the CIA's own cloak-and-dagger capabilities is a long-term process, however, Casey has pressed quickly to improve the Company's ability to analyze and interpret the overwhelming flood of intelligence that pours into it from spy satellites, radio intercepts and an impressive array of other electronic and human intelligence collectors (ELINT and HUMINT in CIA parlance). "Casey has good instincts on the process of producing National Intel-

ligence Estimates," says one administration "consumer" of these vital agency reports. "He has tried to make them shorter, blunter and more timely."

Up to Date: CIA analysts now pound out 50 NIE's a year instead of the dozen that were done before. And there is less bickering among the various agencies of the intelligence community, insiders say, because Casey has found ways to give more prominence to dissenting views. Aware of competing sources of intelligence, including the news media, Casey has also created a Weekly Watch Report and an even more up-to-the-minute "typescript memorandum" that reports unexpected developments immediately to the president and other top officials.

In general, the agency's predictions have been early and accurate on important matters: the elevation of Soviet leader Yuri Andropov and his subsequent health problems, the Libyan invasion of Chad, the resignation of Israeli Prime Minister Menachem Begin and the imposition of martial law in Poland. But one Washington official complains that the CIA predicted far greater resistance by the Polish people than actually occurred, and there was even more embarrassment when Israeli forces pressed far deeper into Lebanon than they had promised. "The analysts did write that they [the Israelis] would go further than anyone expected," one intelligence expert recalls, but they were fairly low key.

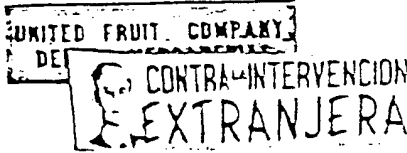
Similarly, says one administration intelligence official, the CIA produced a fair amount of warning about the building threat to Egyptian leader Anwar Sadat, "but it never penetrated—it wasn't done forcefully enough to overcome the bosses' love affair with Sadat." Some critics fear that U.S. ties to regimes in Saudi Arabia, Jordan and the Philippines could also blind the CIA or its masters to major upheavals in those countries in the near future.

To further upgrade its analysis and reporting, the CIA has stepped up recruiting for specialists in high technology and area studies, especially the Third World—and the nation's college campuses are responding with more enthusiasm, or at least tolerance, than they have for decades. "I still don't agree with what they do, but for those people who are inclined to work for them, they should be allowed to interview," says University of Wisconsin senior Jay Todd Pinkert. Today's tight job market helps the CIA, but it often must compete for bright students with well-paying international banking firms, multinational corporations and high-tech industries.

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WIN SOME, LOSE SOME: A SCRAPBOOK

The new CIA, set up after World War II, drew on the men and experience of William Donovan's Office of Strategic Services.



Warnings against intervention did not stop the CIA from engineering the ouster of Guatemalan President Jacobo Arbenz in 1954. Covert action also helped depose Iran's Mohammad Mossadegh (below) in 1953.



Status Assignment: Robert Gates, 39, the agency's fast-rising deputy director for intelligence, is trying to make up with status what he cannot provide in pay envelopes. Increasingly he has let the experts who write the analyses brief the administration's top policymakers personally. "I know analysts who can walk out of here and double their salaries," says Gates. "But when one of our people goes alone to brief the secretary of state or an assistant secretary, that can last a long time."

The demand for people with technical backgrounds is prompted both by the agency's own increasingly sophisticated collection capabilities and by Casey's decision to make the prevention of high-tech espionage a top priority. The CIA has developed a massive data base on the methods by which Iron Curtain operatives obtain critical plans and equipment from U.S. firms and has used this information to raise consciousness on the issue among domestic research-and-development firms and allied intelligence services. "They responded, naturally, to their own security interests," says Casey, chortling over the expulsion from Europe and Japan of more than 100 enemy intelligence agents, most of whom were caught stealing high technology. "The biggest setback the KGB ever had," the CIA boss claims. Intelligence officials say that their increasing involvement with high-tech America—the better to entrap Soviet spies and safeguard U.S. scientific secrets—will not result in improper domestic surveillance or infiltration of American business. But some outside critics of the agency fear that excesses in this area are inevitable.



Conflicts: Casey also has volunteered the CIA and other U.S. intelligence agencies for more active duty than ever in the nation's war on narcotics, and this too may lead to conflicts. The Drug Enforcement Administration, for example, refuses to provide cover for CIA agents. Beyond that, the people best able to get sensitive military and political information out of closed countries like Iran or Afghanistan are sometimes those adept at taking narcotics out as well. On several occasions in recent years, the Justice Department and Drug Enforcement Administration have pursued major drug-traffic suspects—only to learn, late in the game, that as valuable paid assets of the CIA they were virtually untouchable.

Still, Casey has concluded that the nation's drug problem is fully as serious as its national-security concerns. He even suspects that international communism vies with Mafia capitalism in mobilizing much of the world's drug trade. "We think we've identified that," says the DCI. "We can't prove it in court." The danger in focusing the intelligence agencies on these activities is that they may be carried willy-nilly into the province of domestic operations and law enforcement.

The same danger shadows the CIA's stepped-up counterintelligence campaign. Under Casey, the agency is free of the non-productive, self-destructive mole hunting of years past—when entire careers were made or broken in the choice between which of several Soviet defectors to believe about the existence or nonexistence of a high-level Soviet agent within the CIA. Any such sleeper agent high in the Company 20 years

The agency was flying high with spying missions over the Soviet Union by U-2 jets (below) until one of them—flown by Francis Gary Powers—was shot down in 1960. It was embarrassed again by the abortive 1961 Bay of Pigs assault on Fidel Castro and several futile murder plots against him.

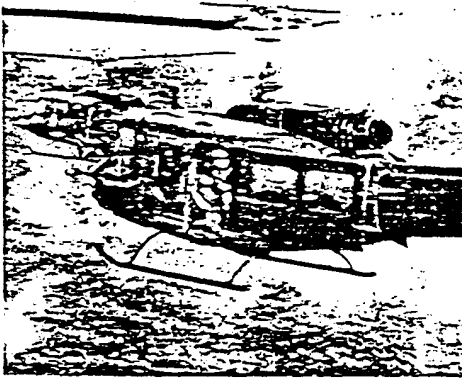


ago would presumably be long gone today. Instead, insiders say, the CIA is now plagued by a security consciousness that some think is counterproductive and potentially unconstitutional.

Flak: NIE reports are so highly classified that almost no officials can retain them in office safes for leisurely reading; they must be perused immediately and returned to a waiting messenger. The result: quick skimming of the basic document and increasing reliance on shorter, less sophisticated digests. And after months of agonizing work—and considerable flak from Congress—Casey's CIA finally got an executive order to tighten security. It makes the use of lie-detectors more widespread among intelligence employees and requires government clearance for almost any publication by employees who work with national-security information, even years after they leave their posts.

On Capitol Hill, Casey got a far more limited statute than he had wanted to bar disclosure of CIA agents' names, and nothing approaching his notion of exempting the CIA from requirements of the Freedom of Information Act. Casey also ran into opposition on his requests for more vigorous investigation of leaks by the FBI and Justice Department. "Some CIA people think that if you say something nasty about the director, that's a leak and it has to be investigated and people have to be punished," says one lawyer who has handled many national-security cases. In the end, the number of leak investigations conducted by Justice and the FBI under Reagan has not risen markedly from the number pursued at any time during the Carter years: 15 to 20 open cases, 10 of them active.

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During the war in Vietnam, CIA analysts provided a fairly accurate—if not always appreciated—assessment of enemy strength. The agency's counterinsurgency experts, meanwhile, organized the bloody Phoenix program—notorious for its murders of suspected members of the Viet Cong—and ran a secret war in neighboring Laos.

Bay of Pigs veteran Howard Hunt (below) helped to drag the agency into the Watergate scandal. Another former CIA officer, James McCord, exposed the cover-up of the White House burglary.



In 1975, a Senate panel investigated a futile CIA plot to block Salvador Allende (above) from becoming Chile's president. No CIA tie to Allende's overthrow has ever been confirmed.

Despite a long history in Iran, the CIA was largely blind-sided by Khomeini's rebellion, the takeover of the U.S. Embassy and the seizing of the hostages.



In addition, FBI Director William Webster has fended off Casey's appeal for a special squad of FBI agents to be assigned to the CIA for in-house investigations—a questionable domestic arm for an agency otherwise barred from such activity. Still, FBI officials insist that relations between Langley and their Hoover Building headquarters have rarely been smoother. Webster, indeed, went out of his way to deny a published report that he had called Casey a "buffoon."

Relations between Casey and Congress, by contrast, are hostile enough to warrant the War Powers Act. Many Democrats were furious from the first at Reagan's nomination of a political aide to the sensitive post of DCI and at Casey's early (and short-lived) appointment of businessman Max Hugel—another campaign crony with no major intelligence background—as director of clandestine operations. The CIA chief did little to win them over with his consistent mangling of facts during congressional appearances. "You are treating this committee like it is something you would like to see go away," he was told at one point by a GOP member of the House intelligence panel, Rep. Bill Young of Florida. Most inflammatory was Casey's original description of the contra campaign as an effort to interdict arms shipments from Nicaragua to El Salvador. "He's just loose with the facts," says one disgruntled Democrat. "Truth isn't part of his vocabulary."

The CIA's more recent rationale for covert action in Nicaragua—to force an end to alleged Sandinista subversion throughout

Central America—seemed only slightly less misleading and more vague to many congressmen. Moreover, it pointed up basic questions about covert action itself. Such clandestine operations can be useful if employed with restraint on a political level or—in the case of paramilitary operations—as a last resort, but only if brought off with extreme finesse. And even then the risk of subsequent disclosure remains.

As the investigation headed by Sen. Frank Church in 1975 disclosed, covert capabilities may lure presidents into a false sense of omnipotence—the misguided belief that they can change hostile governments and eliminate their leaders with impunity. That investigation paved the way for congressional restraints on a president's use of covert action, and subsequent developments in Iran may well have done more than any theoretical debate to prove their wisdom: although the CIA could and did reinstate a friendly shah on the throne in 1953, it could not blot out that connection or prevent the fierce anti-American bitterness that developed over time and ultimately undermined both the shah and the entire U.S. presence in Iran. It is not a scenario that many Americans would care to see play out again in El Salvador, Nicaragua or anywhere else.

DAVID M. ALPERN with NICHOLAS M. HORROCK, ELADNE SHANNON, JOHN WALCOTT, GLORIA BORGER and JOHN J. LINDSAY in Washington, ROBERT RYVARD in San Salvador and bureau reports

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PHOTOS BY WALLY MCNAMER—NEWSWEEK

With wife, Sophia, at Long Island home: A long love affair with intelligence

A Most Unlikely Superspook

Except for the pistols tucked beneath their jackets, the two fresh-faced young men sitting in the front seat of the black Chrysler might have been mistaken for trainees at a good brokerage house. Behind them, his jaws quivering with the car's vibration, his head cocked in a characteristic expression of quizzical attention, sat William J. Casey, 70, multimillionaire, lawyer, investor, politician, tax expert, amateur historian—and director of central intelligence (DCI). "Mr. Casey," one of the agents said, "they've got a call on the secure phone. Do you want to go back?" Casey grunted yes and the car turned toward the antebellum mansion on Long Island that he has owned for 35 years. Lunch would have to wait. This call from his deputy wasn't about Thailand or Chad or any of the thousands of men at his command around the world. It was about how to handle congressional testimony—an overt operation of extreme sensitivity.

While Casey and Ronald Reagan are close—perhaps closer than any DCI and president since the agency's founding—the CIA director's relations with Congress need constant patching. Many members of the intelligence committees remain disturbed by what they view as his cavalier approach to keeping Congress informed. In August 1981, after his poorly qualified chief of clandestine operations, Max Hugel, was forced to resign, Casey found his own job threatened. After a brief investiga-

tion, the most enthusiastic endorsement Senate Intelligence Committee chairman Barry Goldwater could muster was that Casey was not "unfit to serve." Last June came "Debategate." Casey denied White House chief of staff James A. Baker III's assertion that he had received purloined debate-briefing papers from Jimmy Carter's 1980 campaign (NEWSWEEK, July 18).

Bullfrog: Part of Casey's problem is his chronic inarticulateness, particularly unnerving given his sharp mind. In his bullfrog, often inaudible mumbling, "Nicaragua" comes out "Nicowawa," prompting a group of Democrats to say they won't approve plans to "overthrow the government of any country Casey couldn't pronounce." Even the president jokes about it, telling one GOP senator that Casey "will be the first DCI who didn't need a scrambler phone." But deeper unease about Casey grows out of his heedless nature. His affinity for action and risk, healthy for money-making, can be worrisome in other realms. As DCI he is always in motion, traveling at least 50 percent of the time, occasionally on commercial flights under an assumed name, a practice one agency source calls "extremely risky." With Casey, the question is what happens when the to-hell-with-the-niceties approach that has served him so well in business is applied to the CIA.

Casey won the CIA job after managing Reagan's 1980 presidential campaign, but

his interest in the post had its origin in a longtime love affair with the Office of Strategic Services (OSS), the World War II precursor to the CIA. While Casey's bad eyesight kept him out of direct espionage, a contact in OSS chief William Donovan's New York law firm landed him a job in the OSS Washington office. In the last months of the war, as London station chief, he organized a large-scale operation that dropped some 150 agents behind German lines to disrupt Nazi forces and assist the Allied advance. Some recent scholarship suggests that the mission produced few concrete results. But over the years there has been a tendency on the part of the fraternity of OSS veterans, including Casey, to transfer their glowing wartime memories to current operations.

Preparation: When Casey first took over the CIA he was widely criticized for his lack of relevant experience in the 35 years since the end of the war. But for the bulk of the agency's activity—the collection and analysis of intelligence—Casey's business career was solid preparation. In 1937, after waiting on tables to help pay his way through Fordham and St. John's Law School, Casey went to work for a newsletter that advised companies on the tangled new legislation coming out of Washington. The exercise—presenting complex information in a clear way—was not so different from intelligence work, except that there was money in it. From 1954 to 1971, Casey's own firm, the Institute for Business Planning, helped produce dozens of how-to books on subjects like estate planning and mutual funds. They still circulate widely. "I have one on my desk right now," chuckles former CIA Director William Colby from his Washington law office.

Casey's appetite for digesting information—and now intelligence—is prodigious. Many public figures feel obliged to affect a taste for books; Casey's is real. Except for golf with friends like William

Simon and George Shultz, he does little in his spare time but read. Author of one nontechnical book, a guide to the American Revolution, he has completed a second on the OSS, which he won't publish until he leaves his present job.

This scholarly inclination stands in sharp contrast to Casey's freewheeling financial style. Instead of coasting with a cushy corporate life, Casey relished risks. He helped found many high-technology firms—often receiving stock in exchange for his legal work. The gambles paid off, helping Casey amass a fortune of \$8 million to \$12 million. Several shareholder

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Practicing his free-swinging style

suits charging him with misrepresentation have hardly nicked him.

From the start, Casey favored the bare-knuckled approach. Court transcripts show that during a plagiarism suit against his publishing firm in the early 1960s, later settled out of court, he told the opposing attorney, "If you're not a gentleman I'm going to kick your ass." When he moved to Washington in 1971 to head the Securities and Exchange Commission, he outbid the Japanese government for a house on Embassy Row—then responded to the seller's worries over how to break the news with a simple, "Tell them to remember Pearl Harbor." Like Joseph P. Kennedy, another hard-boiled millionaire investor turned securities regulator, Casey won solid marks at the SEC—and later as head of the Export-Import Bank and under secretary of state for economic affairs.

Bedeveled: It was during his SEC tenure that Casey became enmeshed in the Robert Vesco case, a Watergate sidelight featuring charges that financier Vesco offered \$200,000 to the Nixon re-election campaign in an effort to stop a major SEC investigation of him. Casey has long been involved in GOP politics—in 1966 he even ran unsuccessfully for Congress. After

Nixon campaign manager John Mitchell asked him to chat with Vesco's emissary, Harry Sears, in the midst of the SEC investigation, Casey and Sears met three times. The case has bedeviled him ever since.

One reason Casey's past tends to linger is his habit of neglecting to reveal it fully. The problem arose in 1971 during his SEC confirmation hearings, when Sen. William Proxmire rebuked him for misleading Congress on the details of the plagiarism suit. Ten years later he made the same mistake. Six months after being unanimously confirmed as CIA chief, Casey, under pressure from the Senate Intelligence Committee, amended his financial statements to add 70 former clients he said he simply forgot to list, among them the governments of South Korea and Indone-

established an elaborate screening committee to advise him of any special action he should take to avoid conflicts of interest with his investments. This simply opened Casey to charges that he was bowing out of important parts of his job because they might complicate his personal finances. Casey insists that "I haven't called a broker in 20 years," but in July he finally relented and agreed to set up a blind trust.

This behavior bore all the marks of Casey, the risk-taking businessman. He took his chances—and lost. What gives his critics pause is that they will likely never know what other risks this restless, defiant man is taking now that he holds the most sensitive job in the United States government.

JONATHAN ALTER with NICHOLAS HORROCK in Washington and SHAWN DOHERTY in New York

sia. The overall context suggests skillful sophistry: asked on the personnel form, "Have you ever been an attorney for a foreign government?", Casey answered, "Neither I nor my firm currently represent any foreign government."

Trust: Casey's failure to establish a blind trust for his financial holdings also stirred resentment in Congress—and jokes at the White House that CIA really stood for "Casey Investing Again." Nonetheless, the CIA director was determined to resist what he viewed as media pressure—and to avoid a repeat of the hundreds of thousands of dollars in losses incurred by the blundering blind trust he set up while at the SEC. So he

*A rare defeat, 1966: Politics in the blood*

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Green Grow the Green Berets



In a packed training room just a grenade's toss from Fort Bragg's Smoke Bomb Hill, 100 young men watch intently as their instructor explains the workings of the West German MP-5 submachine gun. Nearby, 43 others sit in silence, straining to decipher an endless stream of coded radio messages. And 70 miles away in the wilds of the Uwharrie Forest, hundreds practice hand-to-hand combat, land navigation and other survival skills. In all, some 1,500 soldiers are now training to be able to do "anything, anytime, anyplace, anyhow"—the credo of the United States Army Special Forces.

The Special Forces are not direct employees of the CIA. But historically, as CIA clandestine operations expand so do the Green Berets—and today, after a decade in disarray and disrepute, they are back in strength. The ranks of Green Berets, depleted to just 5,600 from a peak of 12,000 in the late 1960s, are being boosted to 5,000. Their command has been reorganized under a new special operations unit at Fort Bragg in Fayetteville, N.C. Most important, their leaders insist that the unholy alliance with the CIA—in Vietnam the Berets often worked under the agency's control—is gone forever: they are protected by a redefined and inviolable chain of command. "The days of doing it on a handshake are over," says Col. Joseph Cincotti, director of the Special Forces School at Fort Bragg. "Things are now controlled at the highest levels . . . and nothing is done without approval with a memo attached."

Dirty Work: It has been a long road back. The exalted status bestowed on the Special Forces by John F. Kennedy was squandered during a decade of misadventure in Southeast Asia, where they frequently served as point men for assassinations and other CIA-assigned dirty work. "We were committed to work with people who were not as professional as we were," says one Green Beret veteran with typical bitterness. That officer recalls being sent to destroy a North Vietnamese radio station the CIA allegedly had pinpointed in Laos. The Green Beret team found nothing—and was ambushed on the way back. When the survivors reached Saigon, the CIA man interrupted the debriefing session, pointing at the map: "Oh, if you can't do it, you can't do it."

But the CIA was only one of the Green Berets' problems. Although formed to train and fight alongside indigenous troops, in Vietnam the Green Berets were plunged increasingly into direct action. "There was less patience," says a retired Special Forces colonel. "'If the Vietnamese can't shoot his rifle, I'll do it,' was the attitude." The Green Berets also alienated regular Army brass with their freewheeling arrogance. "Lieutenant colonels would butt heads with Special Forces captains and lose," says a Green Beret major. "Those colonels are now generals making Army policy."

After the Special Forces returned from Vietnam in 1971, the Green Beret units were fragmented among five different Army commands. Now Ronald Reagan's official policy on unconventional warfare has restored them to a central role assisting U.S. allies in brush fires from Nicaragua to the Persian Gulf.

Modern recruitment efforts—while retaining a touch of the old macho appeal—stress a quieter brand of professionalism. "The days of the size 32 boot and the size 2 head are gone," says Cincotti. "Our soldiers know they don't have to go clean out a bar to prove themselves." In fact, Special Forces recruits now come from the top 5 percent of Army aptitude tests than required to qualify for Officers Candidate School. Some veterans fear the demands on this new generation of recruits are near impossible. "This job demands a guy with political sensitivity, an awareness of what's going on in the world, a guy who is responsible for his actions," says a

retired Green Beret colonel. "And he has to be a brave son of a bitch as well."

The training is aimed at making that parlay possible. Those who survive the initial phase are funneled into an intensive program in one of five skill areas—demolition, weapons, communications, medicine or intelligence. The course, the leaders say, reflects all the lessons of the last two decades. "We understand the importance of civil affairs and political activity," says Maj. Robert Kinzer Jr., who heads the intensive phase. "The business about winning hearts and minds is, in fact, true." The advanced intelligence and operations course is so demanding that local colleges give nine credits for it, and expertise in foreign languages is a requisite as well. "We can't go in there as the ugly American and say, 'We are here to save you'," says Warrant Officer Ben Peets, who has a master's degree in international relations and teaches the course.

Patience: But Green Beret leaders are not so sure that the nation at large understands the folly of being stampeded into the type of quick fix that helped to undermine the Special Forces in Vietnam—or that Americans have the patience for long-term solutions. "The communists don't have any time frame for their goals; their patience is astounding," says Special Forces Capt. Patrick Snyder. "Americans want everything right now." Ultimately, of course, it is politicians influenced by those impatient Americans who will dictate how the Special Forces are used. Meanwhile, Green Beret leaders recognize the urgent need to restore a once proud image. "We're a hell of a lot better than the record shows," says Cincotti, "but we'll never be able to come from under that till we have a victory. We desperately need a victory somewhere."

MARK STARR with VINCENT COPPOLA
at Fort Bragg

Special Forces training at Fort Bragg: 'The days of doing it on a handshake are over'



Ken Cook—Picture Group