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British Spy Agency Criticized

Former Official Describes Abuses In Unpublished Book

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LONDON, May 2— A retired senior intelligence official has depicted Britain's domestic counterintelligence agency, MI5, as frequently incompetent and characterized by systematic abuses of power and illegal acts, including efforts to spy on and overthrow former prime minister Harold Wilson.

The allegations are contained in an unpublished book called "Spycatcher" by Peter Wright, a 21-year veteran of MI5 who left the service in 1976. The British government is engaged in a continuing legal battle to ban publication of the book. But new demands arose this week in Parliament for an independent inquiry into the charges after a London newspaper published an account of some of the allegations.

In the manuscript, a copy of which has been obtained by The Washington Post, Wright describes an organization that often operated outside the control or knowledge of the British government of the day. According to Wright, MI5 routinely used other British institutions, from the post office to the media, to further its aims, and covered up its more questionable activities.

Wright's account is taken from his detailed diary of events between 1955 and 1976, when he held a series of senior MI5 positions. Its primary focus is on proving Wright's long-held and widely aired belief that former MI5 head Roger Hollis was the undiscovered Soviet agent long suspected to be at the top of British intelligence.

According to Prime Minister Margaret Thatcher, a secret government investigation in the late 1970s cleared Hollis of suspicion.

But the manuscript also details two decades of day-to-day intelligence activities, from the bugging of embassies of both friends and foes by London and Washington to plots to assassinate heads of foreign governments.

Thatcher's government has sought repeatedly to suppress publication of the book on grounds of national security, and it is unlikely ever to be published here because of Britain's severe secrecy laws. The government is involved in a court battle to prevent its publication in Australia, where Wright, 71, now lives.

Last week, The Independent newspaper published a lengthy account of some of its allegations, including a politically motivated plot by up to 30 senior MI5 officers in 1974 and 1975 to remove Labor Party prime minister Harold Wilson from office by smearing him as a Soviet spy.

According to Wright, the plan centered on selective leaking of information gathered during Wilson's earlier term in office between 1964 and 1970, when MI5 conducted a secret investigation of him, and in additional bugging of his home and office following his reelection at the head of a minority government in 1974.

The government has brought contempt of court charges against The Independent on grounds that it violated previous injunctions against newspaper publication of Wright's manuscript in this country.

But the Wilson revelations already have led to charges in Parliament of an MI5 cover-up of potentially treasonable behavior and demands for an independent inquiry. Opposition party leaders have renewed longstanding calls for oversight of the intelligence services, currently accountable only to the prime minister and selected Cabinet members.

On Thursday, Thatcher firmly ruled out any inquiry into the Wright allegations about the Wilson plot, saying the matter had been investigated by the Labor government of James Callaghan. Callaghan became prime minister in 1976, when Wilson resigned for still undisclosed reasons.

But officials from the Callaghan government have said the 1977 investigation concerned only the bugging reports, which they said were disproven, and not the more comprehensive plot that Wright has alleged.

While major Labor and other political opposition figures have demanded an independent inquiry, Wilson, 71, said last week that he respected Thatcher's decision.

"It sounds as though she does not intend to have one," he told BBC television. "I accept that. She is a little closer to it now than I am."

In a related controversy, Thatcher last month confirmed to Parliament that the late Maurice Oldfield, who during the 1970s headed MI6, Britain's overseas intelligence service, was a homosexual as had long been rumored. The fact that Oldfield had repeatedly passed security checks during his MI6 tenure, combined with the Wright charges, has led to a reported desire on the part of many current senior intelligence officers for some sort of independent inquiry to clear the name of the service.

The issue so far does not seem to have captured public imagination, which at the moment is more concerned with whether Thatcher will call national elections in mid-June.

Wright's book contains numerous references to the often stormy Anglo-American intelligence relationship. He describes both MI5 and MI6 as poor and understaffed, and looking across the Atlantic for the resources they needed.

Both agencies, according to Wright, feared American wrath over suspicions of Soviet infiltration of British intelligence. The suspicions began with the 1951 defections to Moscow of British foreign service officers Guy Burgess and Donald Maclean, and continued to poison the trans-Atlantic relationship through the 1970s.

Among Wright's disclosures:

- As chief scientist for MI5 during the 1950s, Wright successfully reproduced a new form of resonance microphone developed by the Soviets and discovered hidden in the

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office of the U.S. ambassador in Moscow. The Americans subsequently ordered 12 of the devices, and made another 20 themselves, for their own use in Soviet Bloc embassies.

During the late 1950s and 1960s, until more sophisticated listening methods were developed, Britain used the device to bug the Soviet Embassy and Consulate in London, as well as the Hungarian, Polish, Egyptian, Cypriot and Indonesian missions here. Lancaster House, where numerous conferences were held leading to the independence of British colonies in Africa and Asia, was bugged, as were buildings around London where various international trade conferences were held.

Efforts to install a listening device in the West German Embassy failed, according to Wright. The French Embassy was bugged to listen to discussions about Britain's application to enter the European Economic Community, and to pass information along to the Americans about the French independent nuclear force. Wright says the Americans also installed their own bug in the French Embassy in Washington.

■ British assassination plots were launched in the late 1950s against Egyptian leader Gamal Abdel Nasser and Cypriot guerrilla leader Col. George Grivas. Both plots failed, but the techniques developed, including the planned use of poison nerve gas against Nasser, interested the CIA.

According to Wright, the CIA asked in 1961 for British technical assistance in its plans to assassinate Cuban leader Fidel Castro.

"We're developing a new capability in the company to handle these kinds of problems, and we're in the market for the requisite expertise," Wright quotes senior CIA officer Bill Harvey as telling him in Washington.

■ In 1965, president Lyndon Johnson became so concerned about possible Soviet infiltration in Britain that he ordered the Foreign Intelligence Advisory Board to conduct a secret review of MI5 and MI6 in London. The result of the study, which Wright describes as espionage against a friendly government, was a "devastating critique" that led CIA counterintelligence chief James J. Angleton to propose a plan to station CIA agents inside MI5.

Playing on Britain's need for U.S. intelligence resources, Wright says, "they wanted MI5 as a supplicant client, rather than as a well-disposed but independent ally." Learning of the investigation, MI5 protested that it was a "blatant abuse" of the alliance, and the incident nearly led to the expulsion of a leading CIA official here.

■ The first allegations against Wilson were made by Angleton, who in 1965 made a special trip here to tell MI5 that U.S. intelligence had information that the British prime minister "was a Soviet agent." Angleton, according to Wright, refused to divulge details unless MI5 could assure him the information would not fall into "political hands," presumably those of the Wilson government. The British could not make that guarantee, and the information was filed away here under the code name "Oatsheaf."

In 1967, Wright flew to Washington to query Angleton again. Angleton said that "an agent of his . . . had heard that Wilson had clandestine meetings very occasionally with the Russians," but that the source was "no longer available."

A CIA connection to the Wilson story also has been recounted in the recently published book "The Second Oldest Profession," a history of modern spying by British author Phillip Knightley. Knightley writes that shortly before Wilson's resignation in 1976, when he believed both MI5 and MI6 were plotting against him, the prime minister secretly sent an emissary to Washington to ask the CIA what it knew.

In response, then-CIA director George Bush flew to London to assure Wilson there had been no U.S. involvement. The day before his meeting with Bush, however, Wilson resigned.

In his book, Wright does not explain his decision to break the contract of silence that virtually every British intelligence officer has adhered to, and that the Thatcher government has accused him of breaching in the Australia case. But the manuscript, and what is known of MI5 during the period he served there, provide some answers.

Wright makes repeated reference to MI5's failure to provide for its former employes, allegedly cheating them, including himself, out of deserved pensions and rewards. Another recurring theme is the inability of top intelligence chiefs, described by Wright as a clubbish upper-class crowd more interested in the Times crossword puzzle than in systematic intelligence work, to listen to the advice of scientists and activists like him.

Knightley, who said he read Wright's manuscript during a visit to Australia, described Wright in an interview as the classic "boffin."

In British slang, "boffins" are "the backroom boys, the unrecognized scientists" who resent "the flashy ones at the top," Knightley said. They see themselves as the true workers and achievers, deprived of credit, and tend to hold grudges when they are not listened to.

In Wright's case, he has long resented the failure of British governments to believe his charges, and those of some of his MI5 colleagues, against Hollis, who headed the agency until 1966.

But aside from Wright's circumstantial and hypothetical case against Hollis, Knightley and other seasoned observers of British intelligence point out that much of his book is based on detailed accounts of events in which Wright himself participated, first as MI5's chief scientist and later as its head of research and informal liaison officer to U.S. intelligence.

Wright describes his early years with MI5 as a "fun" period during which he and his colleagues "bugged and burgled our way across London at State's behest, whilst pompous bowler-hatted civil servants in Whitehall pretended to look the other way."

These endeavors were aided, he says, by the British post office, which shared part of its headquarters with a permanent MI5 mail interception team. The post office also ran the telephone exchange system, and shared information and assisted in bugging. According to Wright, additional help frequently was obtained from newspapers and broadcasters who were in MI5's pocket.

Wright is critical of the lack of a comprehensive clearance process for MI5 agents. His own introduction into the service, he says, consisted of a light-hearted interview in which he was asked if he'd ever been a communist or a "queer." During training, he says, he was told of the service's "Eleventh Commandment . . . Thou shalt not get caught."

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It was this lack of a clearance procedure, Wright says, that allowed so many British communists and fellow travelers from the 1930s to enter British intelligence.

Wright spent much of the 1960s in a massive MI5 effort, instigated partly in response to American suspicions, to reinvestigate the "Oxbridge" crowd from where proven spies like Burgess, Maclean and MI6 double agent Kim Philby had emerged.

As a result of his "vetting of an entire generation," Wright says, he discovered as many as 40 "probable" Soviet spies, many of whom he names in the book. Few prosecutions or even interrogations resulted, however, because of what Wright maintains was the reluctance of senior officials to cause a political stir or increase American worries still further.

It was also during this period that MI5, spurred in part by the Angleton report, began to investigate Wilson. Wright says his own suspicions had begun with the mysterious death in 1963 of Labor Party leader Hugh Gaitskill. Gaitskill, on the party's right, was replaced as leader by the left-wing Wilson, who 18 months later was elected prime minster.

According to Wright, MI5, with assistance from Angleton, investigated the possibility that Gaitskill had been poisoned by the Soviets, who were believed to prefer Wilson.

Wilson had at one time worked as the representative of an East-West trading company, and MI5 began secretly to track his association with Eastern European acquaintances of that period. But the inquiries eventually petered out, and in 1970, Labor lost the election to the Conservative Party led by Edward Heath.

In 1974, when Heath and the Conservatives appeared likely to be replaced again by the Labor Party with Wilson still at its head, the Wilson investigations were revived.

According to Wright, a group of senior MI5 officers met with him to propose a plan to discredit Wilson.

"The plan was simple," Wright says. "In the run-up to the election . . . MI5 would arrange for details of the intelligence about leading Labor Party figures, but especially Wilson, to be leaked to sympathetic press men . . . . word of the material contained in MI5 files, and the fact that Wilson was considered a security risk, would be passed around."

Wright says he balked at participation in the plot, and refused to allow the conspirators, who he said eventually numbered about 30, or "half the senior staff," to gain access to the Gaitskill file.

Despite the smear campaign, Wilson was able to form a minority government after the 1974 election. But the MI5 campaign against him continued, according to Wright, who says that in the summer of 1975 he reported it to then MI6 head Oldfield.

Wright says that Oldfield warned that news of the plot could "blow up" on the intelligence services.

At Oldfield's urging, Wright says he reported the conspiracy to then MI5 director general Michael Hanley, who asked him for the names of those involved.

"I need to protect them," Wright says Hanlev told him.