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Bill Casey at the CIA Helm: Quietly in Control

By David Wise
Photo by Ken Spencer

Some weeks ago, an interesting piece of information began circulating in the intelligence community — the closed, spooky world of the Central Intelligence Agency, Defense Intelligence Agency, National Security Agency, Federal Bureau of Investigation and the other spy agencies in and around Washington.

The word went out that William J. Casey, the director of central intelligence, had bought an expensive house in the exclusive Foxhall Road section of Washington.

To men and women accustomed to working with fragments, piecing together minute bits of intelligence to form a larger mosaic, the report was immediately seen for its true significance. Better than any official announcement, it meant that Bill Casey, a Long Islander who has a home in Roslyn Harbor, was planning to stick around as CIA director.

There have been times in the past stormy year and a half when it was not at all clear that Casey would survive as the DCI, as the spies refer to their chief. There was a series of disasters. First, Casey named his former political aide, Max C. Hugel, as head of the CIA's cloak-and-dagger directorate. Hugel was soon forced to resign as the result of disclosures in the Washington Post about his questionable business dealings. Then the Senate Intelligence Committee, responding to a barrage of publicity, began probing Casey's own financial past. And Sen. Barry Goldwater (R-Ariz.), chairman of the intelligence committee, once a Republican presidential nominee and still an influential conservative leader, called point-blank for Casey to resign.

All of that took place last year, Casey's first year on the job. The storm subsided. The Senate panel, in a backhanded way, found Casey not "unfit" to serve. And through it all, the CIA director — Ronald Reagan's campaign manager in 1980 — managed to preserve his close personal relationship with the President. ("I still call him Ronnie," Casey has said.)

Among those who must surely have heard the report about the house off Foxhall Road was Casey's deputy, Adm. Bobby Ray Inman, who Sen. Goldwater and a lot of other members of Congress had openly hoped would be Reagan's original choice for CIA director. Blocked from the top job, wooed by private industry with job offers in six figures, Inman in April announced that he was quitting.

In Moscow, the KGB has no doubt already heard about Casey's new house. Very likely, Vitali V. Fedorchuk, the recently appointed chairman of the Committee for State Security, better known as the KGB, has already informed President Leonid Brezhnev in the Kremlin.

And the report is true. J. William Doswell, director of the CIA's Office of External Affairs, a smooth, Richmond, Va., lobbyist and former newsman whom Casey brought in as his top public relations man, confirms it. Doswell said that Casey and his wife, Sophia, moved last month from their apartment somewhere in Washington to their new home off Foxhall Road.

It is a neighborhood for millionaires — the late Nelson A. Rockefeller maintained a home there — and Casey qualifies. At 69, he is a millionaire several times over from his various investment and business enterprises. He is also the first CIA director to hold Cabinet rank.

There is nothing ordinary about his job. Last fall, playing golf on Long Island at the Creek Club in Locust Valley, Casey slipped on the wet grass on the third hole and broke his leg. So insulated is the CIA director, so protected are his movements, that not a word appeared in the press at the time. (Much later, reporters in Washington noticed Casey on crutches when he testified at a congressional hearing, and a line or two about his accident was published.)

The cloak of secrecy that comes with the CIA job fits the man, for Casey is an elusive figure about whom opinion tends to be sharply divided. His detractors seek to portray him as a controversial, slippery character with a checkered business career who has managed to stay one jump ahead of trouble, barely avoiding entanglement with the likes of Robert Vesco during Watergate. For example, Sen. Joe Biden of Delaware, a Democrat on the Senate Intelligence Committee and Casey's most vocal critic, refused to endorse the panel's findings on the CIA director, declaring: "Mr. Casey has displayed a consistent pattern of omissions, misstatements, and contradictions." And Casey's critics also charge he is not really qualified to run the CIA, since his intelligence experience dates from World War II, when he worked for the Office of Strategic Services (the OSS was the forerunner of the CIA). They argue

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that he has "politicized" the CIA's intelligence product and failed to keep Congress informed about the agency's activities. As Biden put it recently: "We sometimes wonder whether we're getting the whole truth" from Casey "or whether it's politicized."

Casey's admirers point out that he has been repeatedly cleared and confirmed by congressional committees for a series of high-level government posts, including chairman of the Securities and Exchange Commission and undersecretary of state for economic affairs, before Reagan named him to the CIA job. The Senate Intelligence Committee exhaustively investigated the lawsuit against Casey and other directors of a deep-South agribusiness company called Multiponics and found that he had "no active role" in the preparation of a circular that the plaintiffs charged was false and misleading. And Casey's defenders point out that an outsider, and a trusted lieutenant of the president, may bring certain advantages to the task of controlling and leading a powerful secret agency that has, in the past at least, violated the law and the rights of Americans.

At a Washington cocktail party not long ago, someone cracked: "Bill Casey is the first director of the CIA who doesn't need a scrambler." The joke was a reference to Casey's reputation for mumbling and rambling at times — in congressional testimony, for example.

But Casey's mumbling is like a squid releasing ink to confound his foes. In a recent, 45-minute interview in his seventh-floor office at CIA headquarters, Casey did not mumble at all. His sentences were clear and his syntax better than average for a Washington political figure.

Casey does not grant many interviews, and I had hoped to tape his answers to my questions. A tape recorder is a "prohibited item" that is not supposed to be brought into the CIA building, so I put a small microrecorder in my pocket to get it past the guards. When I started to take it out to tape Casey, he balked. "I'm an informal guy," he said, "and I don't want to have to be so careful when we're talking together." So no tape, but he talked freely and at length, in an offhand, affable style.

The CIA chief wore a dark, three-piece suit and a silver tie. He has a fringe of white hair, and wears thick glasses in flesh-colored frames. He looks more like a banker than a James Bond. He was born in Elmhurst, was graduated from law school in Brooklyn, and still retains the distinct accents of New York City. There is a seal of the CIA hanging on the wall and an American flag at the far end of the office. The walls are paneled in blond wood, and the office — except for his old-fashioned desk — is decorated in executive modern.

ASEY begins his day early. "I get up at 6 o'clock to start my reading. They bring the overnight traffic out to the house. I usually arrive here at around 7:45. My first appointment is at 8. I leave at 7 PM with a bagful of papers to look at during the evening."

Casey does have a scrambler, of course. There is one on the telephone in the black Oldsmobile in which he is driven to work each morning. The car enters the CIA's underground garage and he is whisked by private elevator to his office. According to his aides, he usually works Saturdays. Casey laments that he has rarely been back to his Roslyn Harbor home since Christmas. (He was there briefly in February, when he returned to Long Island to attend the funeral of his younger brother, George, and again last month when he was the featured speaker at a fund-raising dinner in Manhattan for the lawyers' division of the Anti-Defamation League of the B'nai B'rith.)

Asked what he does for relaxation, besides golf, the CIA director replied: "I read a lot." He reads some spy novels, he added, but "not much. I read a lot of history, biography."

Although the Senate committee found Casey not "unfit" to serve, the CIA director clearly thinks he has done better than that. "I brought the agency alive," he said. "I got it moving. I made it vastly more relevant to the policy process. I've gotten the analytical process reorganized. I made national estimates the centerpiece of intelligence analysis. I got the whole [intelligence] community participating in the development of national estimates."

It was pointed out that the CIA missed the boat in Iran, failing utterly to predict the Shah's downfall in 1979, albeit well before Casey was named director. How well had the agency done in predicting world events since Reagan took office — Poland, for example, the outcome of the election in El Salvador, or the Argentine invasion of the Falklands?

"Good," Casey insisted. "We projected what happened in Poland quite a while before it happened. We were good on El Salvador, and we brought attention to the Falklands before it happened." Asked whether he had given the President as much as three or four days' advance warning about Argentina's preparation to seize the Falklands, Casey replied quickly: "We did better than that."

According to a New York Times story published in April, Adm. Inman indicated the CIA lacked advance knowledge of Argentina's invasion of the Falklands. But Inman, through a CIA spokesman, recently denied the report and said he did not make the statement attributed to him in the Times story.

On Capitol Hill, among the staff and members of the Senate and House intelligence committees, one hears talk of "politicization" of intelligence. The basic fear is that Casey, a political appointee who served as the President's political manager, might be inclined to tailor CIA estimates to administration policy.

Three episodes are cited. Last year, at a time when the administration was pushing claims that the Soviets were training and funding international terrorism, Casey ordered three successive drafts of a secret CIA report assessing that issue. About the same time, the intelligence agency issued a public report that doubled the number of terrorist incidents counted around the globe over a 12-year period. The total was more than twice as high as what the CIA had reported a year earlier. Suddenly there were 6,714 incidents instead of 3,336.

More recently, three Democratic senators, led by Paul Tsongas of Massachusetts, charged that the CIA's chief intelligence analyst for Latin America, Constantine Menges, was slanting intelligence to

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fit policy. Menges, a political conservative, was brought in by the Reagan administration. Tsongas stalked out of a closed briefing at which Menges testified, and he and two other Democrats later wrote to Casey to complain.

"My interest in intelligence goes well back before the 1980 campaign," Casey said in replying to the charge that he is playing politics at the CIA. "As for reaction to my having run the campaign, I don't think that's a disqualification." The Menges flap, he said, "was a misunderstanding between a newly recruited intelligence officer and some members of the committee." Casey dismissed it with a wave of his hand; he tends to wave away things that he does not like.

News accounts about the report on Soviet involvement in terrorism were "a total distortion," he said. "I looked at the estimate and felt it did not fully reflect Soviet activity in support of terrorist training. In the report there was a dissenting opinion of DIA [the Defense Intelligence Agency]. I simply said, 'You fellows [DIA] take a stab at it.' That came back, and I thought it too heavy the other way. I called in a senior review panel under Lincoln Gordon, who served in high positions in Democratic administrations, and asked him to work it through and that was the estimate we published within the community."

Casey also brushed aside the doubling of the totals of terrorist incidents around the world. "That report was here when I got here," he said. "I don't know why that happened." One of Casey's aides, Lavon B. Strong, explained the change in the totals by saying: "That was a computer problem." The criteria for listing an event as a terrorist incident were broadened, he said, and the report "took in a lot more." The higher total, however, is compatible with the Reagan administration's emphasis on terrorism. "There's so much pressure to show the Soviets are bad guys," one congressional observer of the agency said, "that other issues get submerged."

THE CIA director also glides over reports of friction between him and Inman, his former deputy. "Inman and I had a fine relationship," Casey declared, adding that his deputy had originally planned to stay only "for a year or two." Inman is an intelligence professional who formerly headed the National Security Agency, the nation's code-making and code-breaking arm. He enjoyed enormous support and respect in Congress but, having run his own show at NSA, was reportedly unhappy as CIA's No. 2. His departure dismayed Republicans and Democrats alike on the Senate Intelligence Committee, and prompted one committee member, conservative Republican Richard Lugar of Indiana — an old personal friend of Inman's — to hold a press conference in which he bluntly warned the administration to appoint another professional to the job. "The question now for each one of us is who are we gonna call [at CIA]?" Lugar said, implying, it seemed, minimal confidence in Casey.

A reporter asked, "You're saying Mr. Casey doesn't know enough for you to call on the telephone and say, 'Advise me on this question'?"

"That's right," Lugar replied.

Faced with these rumblings on the Hill, Casey moved swiftly to appoint another professional, John N. McMahon, to replace Inman as the CIA's deputy director. McMahon, 53, is a 30-year veteran of the intelligence agency who formerly headed its covert side but is better known as an administrator.

Casey has testified before the Senate Intelligence Committee that during his OSS service in World War II he helped to coordinate the work of French resistance forces before the Normandy invasion. Later, as chief of intelligence operations for the OSS in the European theater, he supervised air drops of Allied agents into Nazi Germany to report on troop movements and air targets. Casey retains a personal interest in covert operations. The CIA is divided into two parts: the intelligence side, which performs analysis and provides estimates and forecasts, and the covert side, which spies and tries secretly to manipulate and influence events abroad. One arm of the CIA attempts to reflect the world as it is; the other, more controversial arm attempts to reshape the world to the liking of the United States. It does so through covert operations, which are euphemistically called "special activities."

There has been a general belief in Washington that the Reagan administration would attempt to step up the pace and number of covert operations as part of an effort to "unleash" the CIA. Casey won't talk much about covert operations:

"I will say that covert action and special activities substantially increased during the last year or two of the Carter administration. Since then, covert action has been more narrowly focused on providing training and on developing expertise to help friendly countries protect and defend themselves against terrorism and destabilization efforts from external sources."

Covert action closer to home was authorized in the executive order on intelligence signed by Reagan on Dec. 4. When published accounts last fall said that the draft of the new order would permit spying on Americans, Bobby Inman said he did not favor such changes. "The job of the CIA is abroad," he said. He might resign, he added, if "repugnant changes" were adopted.

The order was toned down a bit from the original draft, but it broadens the CIA's power beyond President Carter's order in two ways. For the first time, it permits CIA covert operations in the United States. And it allows the CIA to collect foreign intelligence from unsuspecting Americans. Casey's predecessor, Adm. Stansfield Turner, who served as CIA director during the Carter administration, has attacked the Reagan order and warned that it would permit unwarranted "intrusion into the lives of Americans."

Casey said of the Reagan order: "We have no interest, and no desire, and no capability to spy on Americans. There are certain things where Americans, because of their experience, can help you with foreign intelligence. The order doesn't authorize any intelligence gathering or special activities on domestic matters."

Stanley Sporkin, who served with Casey at the Securities and Exchange Commission and is now the CIA's general counsel, said that the

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mean "that little, if anything, could be done in the U. S. even to start a covert operation. We felt we should be able to start operations in the U. S. so long as they had an overseas aspect." The order, according to Sporkin, "permits an activity in the U. S. so long as it is conducted in support of a national foreign policy objective abroad."

Sporkin also commented on the other change in the Reagan order, dealing with intelligence collection methods. "In certain exceptional cases, you would not want to identify yourself as a CIA agent," he said. "For example, during the hostage crisis it was important to talk to the Americans leaving Iran to find out what was going on and where the hostages were located. A number of these people were so anti-agency they wouldn't have talked to CIA. Whether that could be done under the Carter order, I don't know. But we wanted to make it clear that under certain circumstances, so long as no intrusive techniques were being used, and all we were doing was openly asking questions, and the answers were voluntary, that it was not necesssary for a person to identify himself as being with the CIA."

In the intelligence world there are mixed views of both Casey and his leadership at the CIA. One source with good access to that secret world declared: "There's so much pressure to show that the Soviets are the bad guys that every other issue gets submerged. Historical, economic, and social issues are ignored." He added: "Right after Reagan took office, all of a sudden they issued a White Paper on El Salvador with incredibly alarming tones and sweeping judgments on the basis of little information and a lot of guesswork."

A few days after Casey took over at the CIA, he spoke to the agency's employees in the domed headquarters auditorium at Langley, Va. He urged the agency's analysts "to call them as you see them." In return, he promised to make sure that their work got to the President. While thus urging the analysts to perform their work impartially and honestly, Casey at the same time warned that the Soviet Union was "providing weapons, training, organization and leadership . . . to terrorists throughout Africa, Southeast Asia, and on our very doorstep in Central America." And he argued that past CIA estimates have tended to underestimate danger to the U. S.; Casey said he wanted to see "a greater degree of skepticism." The message could not have been lost on his audience.

One veteran intelligence specialist expressed strong doubts that the CIA had provided much warning of the Falklands invasion by Argentina. "Technically, our overhead reconnaissance is excellent," he said, "but we simply don't have enough airborne assets — satellites and aircraft — to cover the world. We didn't have enough up there to spot the Argentine move beforehand. I suspect that 85 to 90 per cent of our coverage is over Cuba and the Soviet Union and Eastern Europe. An intelligence agency's job is to give warning, not to provide a play-by-play afterward."

The CIA's biggest problem, some experts believe, is that the agency over the years, partly as a result of budget restraints, permitted its network of agents on the ground to wither away. "They just weren't in place, especially in Latin America," one intelligence man said. "But that's been going on for a long time, and its not Reagan's fault or Casey's. For years the paramilitary types, the overt operators, were riding high. The collectors were passed over, downgraded. Once you do that, it takes a long time to rebuild."

Clearly, Inman's departure was a blow to the CIA. "Inman was fed up with Casey — there was constant trouble," one knowledgeable source said. "McMahon may be good but he doesn't have the outside political support or stature to handle the rest of the intelligence community that Inman had."

In addition to McMahon, the CIA's deputy director, Casey has five other deputies who head the agency's main directorates. John Henry Stein, a veteran spook who served as the agency's station chief in Cambodia and Libya, heads the Directorate of Operations, the covert branch of the CIA. Robert M. Gates, formerly the agency's leading Soviet expert, heads the Directorate of Intelligence, the agency's analytical side. Leslie C. Dirks, a physicist and a veteran CIA scientist, heads the Directorate of Science and Technology. Harry E. Fitzwater, formerly the CIA's personnel chief, heads the Directorate of Administration, and John E. Koehler, a former national security specialist for the Congressional Budget Office staff. Casey, like all CIA directors, wears two hats by law; he is simultaneously head of the CIA and coordinator of the work of all the other government intelligence agencies.

One of Casey's predecessors at the CIA, William E. Colby, who is now a Washington lawyer, said the agency seemed to be doing fairly well. "A director with direct access to the President and a professional to manage things is an ideal situation," Colby said. But he added, cautiously: "The proof of the pudding is what they produce, and I don't read it."

John M. Maury, president of the Association of Former Intelligence Officers, declined to comment officially on Casey, saying his organization takes no position on the CIA director. Maury, a former high CIA official, did say that Casey "has addressed the problem of trying to improve the analysis function."

According to Casey aide Levon Strong, Casey has done so by encouraging the competitive analysis among CIA estimators that was begun under Turner. Differences among analysts are now "clearly delineated" in the national intelligence estimates that go to the President, Strong said.

In addition, he said, Casey had streamlined and reorganized the estimating process, putting the analysts in geographic offices rather than dividing them by function as in the past. The result, Strong said, is "integrated analysis" combining the input of military, political and economic specialists.

But it is covert operations, not analysis, that has gotten the CIA into trouble in the past. In recent years, the activities of former clandestine operators for the CIA have posed a new problem for the agency, one that has haunted it during Casey's reign. First, during the Nixon era, several former CIA men were caught breaking into the Democratic National Committee's headquarters in Watergate. Then, in April, 1980, two ex-agents, Edwin P. Wilson and

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Frank E. Terpil, were indicted by the federal government for training Libyan terrorists and shipping explosives to Libya's dictator, Moammar Khadafy. Wilson was arrested last month by U. S. marshals at Kennedy International Airport after being lured from Libya by U. S. undercover agents. Terpil is still a fugitive and believed to be living abroad. What makes the case even more embarrassing for the CIA is that several high officials of the agency apparently remained in close contact with Wilson and Terpil after the pair left the CIA in 1971.

Casey testified before the House Intelligence Committee in February that the CIA had no "official" involvement with the two men, but he seemed to be talking about contacts *after* their indictment. Although Casey ordered an internal investigation of the case, he is known to have expressed concern privately that restrictions on the activities of CIA agents after they leave the agency might discourage people from joining the CIA in the first place.

Casey did order a number of steps taken to deal with the problem of ex-agents, but the problem is still largely unresolved. Stanley Sporkin said Casey had directed him to study the CIA's employment contracts to see whether they could be revised to prevent ex-CIA officers from selling their expertise abroad. The contract-revision approach was abandoned. If the contracts were drawn too tightly, Sporkin said, "it would be tremendously draconian to say, in effect, these people could never earn a living." While the employment contracts have not been changed, Casey did issue a new employee code of conduct and ordered CIA contractors to check with the agency before accepting anyone's word that they represented the CIA. At the request of the House committee, the agency has also drawn up, but not endorsed, legislation which would require former agents to register if they were engaged in Wilson-Terpil-type activities. But if anything is done, Sporkin said, "we feel it should apply to all government agencies, not just to CIA."

Whether hostility on Capitol Hill will continue to cause problems for Casey is not certain. The Senate Intelligence Committee, in its final report in December, chided the CIA director for failing to disclose more than $250,000 worth of investments and $500,000 in debts and liabilities when he was appointed. "Mr. Casey was, at minimum, inattentive to detail," the senators said. And unlike his two most recent predecessors, Casey has kept control of his personal stock holdings. But for now, at least, Casey has weathered the storm.

As director, Casey has battened the hatches at the CIA, sharply curtailing the number of briefings for newsmen and ending the practice of publishing the CIA's unclassified studies. And Congress has moved to approve legislation backed by Casey to prohibit the disclosure of agents' identities in the press.

Casey denies that the controversies that have surrounded him have affected the CIA. "This is not a fragile group of people," he said. "Morale here is very good."

Many months ago, when Casey gave his first speech to CIA employees, he reminded them that in wartime London he had served with a committee that studied British and other Allied intelligence in order to develop plans for a central intelligence agency in the United States after the war. Casey returned to Washington and helped Gen. William J. Donovan, director of the Office of Strategic Services, draft a memorandum to President Roosevelt urging the creation of what became the CIA.

"So, in a sense, I was there at the beginning," Casey told the assembled CIA agents. "Nobody saw me, but I was there." ●

David Wise is a Washington-based author who writes frequently about intelligence affairs. His most recent book is "Spectrum," a novel about the CIA.

William J. Casey, director of the Central Intelligence Agency, in his seventh-floor office in CIA headquarters at Langley, Va. On the wall behind him is an aerial view of the CIA building. The 69-year-old millionaire, a native of Long Island who still maintains a home in Roslyn Harbor, is the first CIA director to hold Cabinet rank.

UPI PHOTO

PHOTO BY NAOMI LASDON

Casey with then-presidential candidate Ronald Reagan in Los Angeles in June, 1980, when Casey was serving as Reagan's campaign manager. A month later, at right, Casey chats with Nassau County GOP leader Joseph Margiotta during a political reception in Dearborn, Mich.

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AP PHOTO

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Clockwise from top left, Casey, Sen. Alfonse D'Amato (R-N.Y.), Sen. Barry Goldwater (R-Ariz.) and Sen. Daniel P. Moynihan (D-N.Y.). meet before Casey's confirmation hearing last year. Above, Casey with Sen. Henry M. Jackson (D-Wash.) during a probe of Casey's business dealings.

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