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6 July 1988

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MEMORANDUM FOR: The Director

FROM: John L. Helgerson
Director of Congressional Affairs

SUBJECT: Additional Item for your breakfast with the
House Foreign Affairs Committee

1. At the insistence of the House Foreign Affairs Committee staff, this afternoon we picked up a draft copy of the Committee's report on H.R. 3822, the Stokes Bill on Oversight Legislation. We have attached a copy of the draft report which might be worth a few minutes of your time to review before your breakfast tomorrow with the Foreign Affairs Committee.

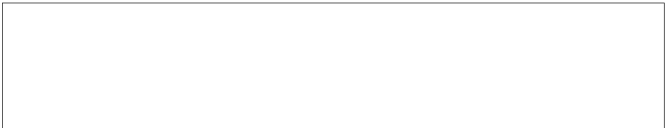

2. Predictably the report takes the opportunity to address the often heard complaint that even though the Foreign Affairs Committee has jurisdiction over the consideration of foreign policy matters, the Committee is not adequately informed on covert action activities in support of U.S. foreign policy. The report contends that both House rules, and Hughes-Ryan specifically include the Foreign Affairs Committee as one of the committees which should be informed in a timely fashion as to a description and scope of the covert activity.

3. On the page of the report identified as 19A (see clip) the Committee says that it expects and understands that the HPSCI will consult with Members of the Foreign Affairs Committee about the policy objectives and national security of the United States in accordance with the rules of the House. In order to enhance communication and information sharing between the two Committees, "the Committee will, in cooperation with the Select Committee, propose the establishment of a formal intercommittee group which would be tasked to ensure that all appropriate information relevant to the conduct of U.S. foreign policy in the possession of the Select Committee be made available to the Committee on Foreign Affairs."

4. In your testimony before the Foreign Affairs Committee on the Stokes Bill, you said that the Foreign Affairs Committee has a legitimate need for intelligence

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information. You can agree that the Committee should have access to information to ensure that no covert action is undertaken which would be inconsistent with foreign policy objectives, but the mechanism established to ensure that this exchange between two committees of Congress takes place is the responsibility of the House leadership, not the Director of the Central Intelligence Agency.


John L. Helgerson 

Attachment:
As stated

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5 July 1988

JUDGE:

RE: Your proposed remarks at breakfast with the
House Committee on Foreign Affairs
7 July 1988 8:30 a.m.
2200 Rayburn House Office Building

You are scheduled to have breakfast with the members and staff of the House Foreign Affairs Committee (HFAC). At the request of the Office of Congressional Affairs, we have prepared unclassified talking points and background information for you. The talking points are unclassified because staffers holding no clearances may be present at the breakfast. Dick Kerr's staff has provided unclassified updates on key world hotspots that are also attached.

The breakfast will be held in the Committee's hearing room, 2200 Rayburn House Office Building. Because the breakfast follows the Fourth of July holiday, attendance is hard to estimate. It is possible that as many as 50 congressmen and staff may attend. John Helgerson and [redacted] of OCA will accompany you. The House Foreign Affairs Committee regularly has breakfast meetings with Cabinet members, visiting heads of state, and other high-level officials to informally discuss matters of mutual interest.

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This will be your second dealing with HFAC. On 14 June you testified before the full committee on H.R. 3822, the Intelligence Oversight Act of 1988. Your testimony covered the general merits of such legislation and specifically addressed the bill's proposal that the President notify Congress within 48 hours of authorizing a covert action. Because this was your first appearance before HFAC, you also addressed the committee's access to intelligence information and the role of covert action in U.S. foreign policy. Following your testimony, you entertained questions on the congressional oversight process, including the constitutionality and practicality of 48-hour notification, the risk of unauthorized disclosures due to congressional notification, and the bill's definition of covert action.

You may be asked to make some brief remarks at the upcoming breakfast. Two items are of key interest to the committee: their access to intelligence information on world events and covert actions, and the authority and activities of the Security Evaluation Office (SEO). Your proposed talking points on the first issue focus on the support the Agency provides. Your proposed talking points on SEO are based on the OGC opinion rendered on 20 June, as well as pertinent correspondence between you, the Secretary of State, the White House, and the Hill. A chronology of these communications is attached.



Bill Baker

Attachments:

TALKING POINTS

HFAC-INTELLIGENCE COMMUNITY RELATIONS

IN MID-JUNE I TESTIFIED BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE ON THE INTELLIGENCE OVERSIGHT ACT, AND I BRIEFLY DISCUSSED THE WAYS IN WHICH CIA AND THE INTELLIGENCE COMMUNITY CAN SUPPORT THE COMMITTEE'S ACTIVITIES. THIS BREAKFAST GIVES ME ANOTHER WELCOME OPPORTUNITY TO DRAW ATTENTION TO THE WAYS IN WHICH WE WORK TOGETHER.

INTELLIGENCE ANALYSES ON SIGNIFICANT WORLD DEVELOPMENTS ARE ESSENTIAL TO U.S. FOREIGN POLICY DELIBERATIONS. I CAN UNDERSTAND THAT SUCH ANALYSES WOULD BE IMPORTANT TO THIS COMMITTEE, AND I BELIEVE THAT CIA HAS BEEN RESPONSIVE.

-- FROM 1986 TO THE PRESENT, CIA HAS PROVIDED 68 BRIEFINGS TO COMMITTEE MEMBERS AND 48 BRIEFINGS TO COMMITTEE STAFF. DURING THIS PERIOD, CIA OFFICIALS HAVE MADE 14 APPEARANCES BEFORE THE FOREIGN AFFAIRS COMMITTEE TO GIVE FORMAL TESTIMONY.

-- THE INFORMATION PROVIDED BY CIA HAS VARIED FROM PRE-TRIP BRIEFINGS ON PARTICULAR COUNTRIES AND REGIONS, TO FORMAL TESTIMONY ON PROPOSED LEGISLATION, TO BRIEFINGS FOR INDIVIDUAL MEMBERS ON SPECIFIC TOPICS.

-- WE ALSO MAKE A VARIETY OF INTELLIGENCE PUBLICATIONS AVAILABLE TO THE COMMITTEE, INCLUDING THE NATIONAL INTELLIGENCE DAILY AND OUR NATIONAL INTELLIGENCE ESTIMATES. DURING THE FIRST SIX MONTHS OF 1988, CIA PROVIDED A TOTAL OF 324 INTELLIGENCE PUBLICATIONS TO COMMITTEE MEMBERS AND STAFF.

FRANKLY, WE SEE A LOT OF SOME OF YOU, AND TOO LITTLE OF OTHERS. WE IN THE INTELLIGENCE COMMUNITY HAVE A WEALTH OF INFORMATION THAT WE ARE EAGER AND PROUD TO SHARE. GIVE ME A CALL IF WE CAN BE HELPFUL.

SECURITY EVALUATION OFFICE (SEO)

I ALSO UNDERSTAND THAT SOME COMMITTEE MEMBERS ARE CONCERNED ABOUT THE ESTABLISHMENT OF THE SECURITY EVALUATION OFFICE. THEY BELIEVE IT MAY INFRINGE UPON THE SECRETARY OF STATE'S AUTHORITY TO MANAGE U.S. EMBASSIES AND MISSIONS ABROAD, AS PROVIDED FOR IN THE OMNIBUS DIPLOMATIC SECURITY AND ANTITERRORISM ACT OF 1982.

-- THE PROGRAMS AND ORGANIZATIONS THAT HAVE BEEN ESTABLISHED TO DO THIS
CAN ASSIST THE SECRETARY OF STATE IN HIS EFFORTS TO PROMOTE EMBASSY
SECURITY.

MY GENERAL COUNSEL AND I BELIEVE THE ESTABLISHMENT OF THE SECURITY EVALUATION
OFFICE FITS WITHIN EXISTING LEGISLATION, AND THERE IS NO NEED FOR LEGISLATIVE
CHANGES.

CURRENT EVENTS

YOUR COMMITTEE IS WELL INFORMED ABOUT DEVELOPMENTS IN THE VARIOUS TROUBLE
SPOTS AROUND THE WORLD, SO I WILL NOT GET INTO ANY OF THOSE IN DETAIL IN THE
BRIEF TIME AVAILABLE FOR THESE REMARKS THIS MORNING. I WANT TO ASSURE YOU,
HOWEVER, THAT WE ARE PROVIDING OUR BEST INFORMATION AND ANALYSIS TO U.S.
POLICYMAKERS -- INCLUDING THE CONGRESS -- AS WE GRAPPLE WITH THESE ISSUES.

OUR PRIORITIES IN THE RECENT PAST, AND AT THE PRESENT, HAVE INCLUDED SUCH

SUBJECTS AS:

- ARMS CONTROL MONITORING
- GENERAL NORIEGA IN PANAMA
- THE WAR AND ASSOCIATED TENSIONS IN THE PERSIAN GULF
- THE SOVIET WITHDRAWAL FROM AFGHANISTAN
- THE PROBLEM OF NICARAGUA, AND
- LAST WEEK'S SOVIET PARTY CONFERENCE

WITH CHALLENGES SUCH AS THESE, WE BOTH HAVE OUR PLATES FULL. I KNOW THE

AGENCY WILL CONTINUE TO BE HELPFUL TO THE COMMITTEE, AND I APPRECIATE YOUR

INVITING ME TO JOIN YOU THIS MORNING.

Security Evaluation Office (SEO): A Chronology

3 Aug 87 Letter from the Secretary of State and DCI to the President.

Recommended actions to increase security at Embassy Moscow and at all U.S. missions abroad. One recommendation was to establish a unit responsible to the DCI to set standards for protecting embassies from penetration by foreign intelligence activities and to monitor conformity with those standards.

22 Oct 87 Letter from the President's Deputy Assistant for National Security Affairs to the Secretary of State and DCI.

Stated that the President agreed with their recommendation to establish a unit to set security standards for U.S. embassies and to monitor conformity with those standards. The President directed that the unit be responsible to the DCI, who would report problems and recommendations to the Secretary of State for his action.

10 Jun 88 Letter from the Chairman and Ranking Minority Member of the House Foreign Affairs Subcommittee on Intelligence Operations to the Secretary of State.

Stated that the formation of SEO may be in conflict with the Omnibus Diplomatic Security and Antiterrorism Act of 1986.

13 Jun 88 Briefing by the Director of SEO and the Assistant Secretary for Diplomatic Security to HFAC staff.

Discussed the aims and activities of SEO.

16 Jun 88 Question by Congressman Chester G. Atkins to DCI during HFAC hearing on H.R. 3822, the Intelligence Oversight Act of 1988.

Question concerned the statutory and budget authority for SEO.

20 Jun 88 Office of General Counsel opinion on SEO.

Stated that SEO's mission was "entirely consistent" with the 1986 Omnibus Security Act.

27 Jun 88 Letter from the Secretary of State to the DCI.

Maintained that SEO should advise State on setting security standards.

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TALKING POINTS FOR THE DCI

Trends in the Iran-Iraq War

5 July 1988

The Ground War

In the first half of this year, Iraq has regained the initiative in its war with Iran. Baghdad has achieved a series of battlefield victories and has recaptured a significant amount of Iraqi territory once held by Iran.

- The war of the cities that began in February marked a turning point in Baghdad's fortunes. Using an extended range missile, Iraq was able to hit targets deep in Iran for the first time in the war, firing some 200 missiles at several major cities. Iran could not respond in kind and Iranian morale began to suffer.
- Apparently severe problems with supplies and manpower forced Iran to postpone a major offensive along the southern front this past year. Instead, Tehran launched an attack in northeastern Iraq and captured a large amount of relatively unimportant territory. The Iraqi leadership believed it had achieved a victory by deterring a major Iranian onslaught in the south.
- In mid-April, the Iraqi Army launched its first major offensive since 1981 and retook the Al Faw Peninsula. The ease of that victory encouraged Baghdad to launch an offensive in May to recapture land east of the city of Al Basrah, and success at Al Basrah emboldened the Iraqis to regain the Majnoon Islands late last month.
- The ease with which Iraq has been able to recapture occupied territory can be attributed to its more aggressive strategy, dictating when and where combat will occur; declining Iranian morale on the battlefield; and Iraq's use of chemical weapons against troops that have little chemical defense capabilities.

Baghdad will undoubtedly attempt to regain even more occupied territory in the weeks ahead. Further success will likely encourage Baghdad to step up its air attacks against Iranian economic targets and possibly even to try to provoke Iran to resume the war of the cities as a way to increase the pressure on Tehran to end the war.

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TALKING POINTS FOR THE DCI

The Iran Air Shootdown

5 July 1988

Iran is exploiting the US downing of the Iranian civilian airliner to raise questions about the US presence in the Gulf and rally support for the war with Iraq. Tehran probably will not try to retaliate right away because doing so now would undermine the propaganda windfall Iran hopes to realize, but the risk of clashes with US forces remains high under the expanded US protection program.

- Iranian officials in Tehran and elsewhere are holding interviews and press conferences to focus publicity on the "savage crime" committed by the US and are portraying the presence of US forces in the Gulf as the source of instability there. Iran's Foreign Minister has asked the UN Security Council to condemn the US shootdown.
- Iranian naval forces are likely to maintain normal activity levels over the next few weeks, and more unplanned confrontations between Iranian naval forces and US warships and aircraft could occur. The risks will be particularly high when Iranian small boats, in retaliation for Iraqi ship attacks, strike at unescorted shipping and that shipping requests US assistance. Iranian small boat crews probably will view any US unit operating nearby as a threat and might try and get the first shot.
- The shootdown of the airliner probably will strengthen hardliners in the Iranian leadership who favor a more aggressive stance toward the US as a way of undermining US resolve. If a more aggressive approach is decided upon, Iran more than likely would favor a "hidden hand" approach over direct military confrontation to minimize the chances of massive US retaliation.

5 July 1988

HAITI

Lieutenant General Namphy, having consolidated the military's hold on power in Haiti, appears set to govern with little in the way of a political agenda beyond self-preservation and rewarding his supporters. He has ruled out elections and has reinstated a number of allegedly corrupt cronies and Duvalierists to government jobs they had lost after President Manigat assumed office in February. Nevertheless, the political opposition and public at large have reacted ambivalently or silently to the coup, indicating widespread resignation to the political predominance of the military.

The coup that toppled Manigat on 19 June appears to have been a largely spontaneous response to his decision to shake up the military. The Army closed ranks against the President apparently because it perceived he was trying to divide and weaken the institution the same way Francois Duvalier had done after being elected president in 1957. Press reports suggest that Manigat's attempt to reassign Colonel Prosper Avril from the Presidential Guard to an innocuous desk job helped trigger the coup. Avril, a powerful behind-the-scenes adviser to former President Jean-Claude Duvalier and to Namphy during the ruling council's tenure, is thought to have engineered the coup and is widely regarded as the guiding force in the new regime.

Regardless of whether Namphy emerges as an active leader or figurehead President, or even is quickly toppled as a result of divisive jockeying in the high command, the military is firmly entrenched politically. The Army's deep distrust of civilian political leaders, moreover, is likely to persist for some time. The military's experience with Manigat--who appears to have lacked any real support independent of the Army--has made the military wary of bestowing the presidency on any civilian, no matter how malleable.

5 July 1988

PANAMA

Despite the sustained economic and political pressures on the Panamanian regime over the last year, Defense Chief Manuel Noriega has been able to further consolidate his support base, and he remains firmly entrenched in power. Noriega has kept the ruling coalition intact and, crucial to his survival, has maintained the continued support of the Panamanian Defense Forces. Following the March coup attempt, Noriega purged opponents and placed his loyal cronies in key command positions. The recent creation of the Strategic Military Council, tasked to advise Noriega and the General Staff on national security issues and dominated by Noriega's loyalists, has further tightened the Defense Chief's hold on the military. (U)

Noriega's position has been further bolstered by the failure of either the domestic opposition or Latin American leaders to mount sustained pressure on the regime. Government repression, internal disunity, and a continued refusal to confront regime shows of force have rendered anti-Noriega forces impotent to challenge the Defense Chief. Various efforts by Latin American leaders to mediate a resolution to the crisis have stalled because they fear that Noriega is in too strong a position to commit himself to serious negotiations. An increasing number of countries have opted to return to "business as usual", recognizing the Solis Palma regime and thus bolstering its international credibility. (U)

Noriega's future plans remain unclear but he is keeping all his political options open. In order to divert attention from the issue of his tenure, he is trying to focus domestic debate on the presidential elections now scheduled for spring 1989. Although he has publicly appealed to the political parties to begin planning for the elections, he also is considering holding a national plebiscite to seek a delay in the voting. Noriega probably calculates that such a delay would give him more time to develop a sufficient power base either to launch a run for the presidency or ensure his preselected candidate wins. (U)

Nevertheless, Noriega is facing growing economic problems. Although private banks' liquidity has improved and the public is accepting government checks as a de facto currency, the regime appears to be operating on a day-to-day basis financially and is unsure how future payrolls will be met. The government is considering harsh austerity measures--including massive layoffs of public employees--to address its deepening budget crisis. Additionally, the regime is increasing its efforts to circumvent US economic sanctions and collect taxes from US-owned firms. US pressure has dissuaded most prospective donors from providing much beyond humanitarian aid, although Taiwan is considering investing in an all-Taiwanese export zone. (U)

In summary, Noriega's hold on power appears firm and he faces no near-term threats, but Panama's deteriorating economy and the government's severe financial problems will confront the regime with an increasingly serious challenge to longer term stability. (U)

5 July 1988

Nicaragua: The Current Situation

War Winding Down

Over the past six months, the focus of the conflict in Nicaragua has shifted from the battlefield to the negotiating table. If hostilities resume, however, the regime will have significant military advantages.

- The rebel military position has weakened steadily since the US lethal aid cutoff, and over 11,000 insurgent fighters--nearly two-thirds of the rebel force--have sought sanctuary in Honduras.
- Infighting among rebel leaders has undercut leadership unity and caused confusion and morale problems in the field.
- Recent efforts by some rebels to return to Nicaragua have been hampered by ammunition shortages, logistical difficulties, and uncertainty over future US and Honduran support.
- Meanwhile, the Sandinistas have used the cease-fire to rest and refit their troops, track rebel movements, and lure a few insurgents to lay down their arms through a persistent amnesty campaign.

Stringing Out the "Peace Process"

The Sandinistas, who consider the Sapoa Peace accord only a timetable for rebel disarmament, have sought to prolong the cease-fire talks. They appear confident that time is on their side.

- The Sandinistas have consistently resisted making fundamental political reforms, offering only to discuss political issues in an ongoing dialogue with internal opposition parties.
- The failure of the rebels to forge an alliance with the internal opposition--weakened by infighting, ideological differences, and selective Sandinista repression--has enhanced the regime's ability to deflect demands for change.
- Eager to deny Washington any pretext for renewing lethal aid to the rebels, the Sandinistas again have extended the fragile truce and called for a new round of talks later this month.

Economic Troubles Intensifying

Despite the regime's strong position in cease-fire talks and on the battlefield, the Sandinistas face serious economic challenges.

- Inflation--running at a 16,500 percent annual rate during the quarter ending in May--and consumer shortages have fostered widespread popular discontent.



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- Sandinista moves to trim the huge budget deficit, including the layoff of at least 8,000 government workers, have had little impact so far.
- Soviet Bloc and Cuban economic aid, currently running at more than \$500 million annually, has not been sufficient to meet Sandinista needs.

5 July 1988

TALKING POINTS FOR THE DCI RESULTS OF THE SOVIET PARTY CONFERENCE

General Secretary Gorbachev scored an apparent victory as the party conference approved all of the six draft resolutions--and a seventh, which he proposed at the last minute, to accelerate political reform. This success, however, was offset by his failure to secure changes in the Central Committee or agreement that the conference resolutions were authoritative party decisions. The conference also provided party conservatives with a nationwide forum to air their views--views that were generally well-received and that were reflected in the resolutions. Moreover, the conference marks a watershed because of the extraordinarily open debate, which will set new parameters for future party deliberations.

The conference resolutions--although vaguely-worded and ambiguous in places--generally approved the major initiatives contained in Gorbachev's report.

- o The conference approved Gorbachev's most controversial proposals--to combine party and state leadership posts and to limit all officials to two five-year terms in office. It also called for future midterm conferences that would be empowered to change up to 20% of the Central Committee.
- o Despite rancorous debate over the limits of criticism, the resolution on glasnost was a strong endorsement for the policy of openness, calling for its "consistent expansion" and "legal guarantees" to ensure its continuation.
- o The resolution on ethnic relations endorsed balancing maximum autonomy for local nationalities with the interests of "the country as a whole," stopping far short of proposing a specific solution to the country's ethnic difficulties.

Gorbachev recognizes that he faces a difficult test in getting the conference's proposals implemented.

- o He will probably use a Central Committee plenum, scheduled for the end of the month, to press for implementation; he could also make some personnel changes that would strengthen his position in the leadership.
- o Despite the intention of the seventh resolution to speed up political reform, it calls for local elections to begin in two months--probably longer than Gorbachev would like to wait.
- o Gorbachev should assume the presidency during elections to the Supreme Soviet next April, giving him constitutional authority to quicken the pace of reform. In the meantime, however, opponents of reform could drag out discussion of certain issues indefinitely.

Gorbachev is using the proposed institutional changes to his own political advantage. In the process, however, he is also making changes that could genuinely limit the party's power over the system and lead to the structural transformation of the Soviet Union.

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Talking Points for the DCI on Afghanistan

5 July 1988

AFGHANISTAN

The Soviet withdrawal from Afghanistan appears to be proceeding in accordance with the schedule envisaged by the Geneva agreements. These call for half of the Soviet troops in country to be withdrawn by August 15 and remaining troops to be gone by February 15.

--The Soviets have now withdrawn more than 20,000 troops from Afghanistan and have vacated most of the eastern provinces that border Pakistan (U)

The Kabul regime continues to be pressed militarily on several fronts.

--Kabul has pulled back some its forces around the major cities in the eastern and southern provinces to better utilize its already weak armed forces and defend against insurgent attacks. (U)

Insurgents are conducting attacks against the regime in many provinces countrywide. At least six district centers and twenty regime military posts--under heavy pressure from guerrillas--have recently fallen.

--According to press reports the resistance has set up governments in eleven of the northern provinces. (U)

The regime is making a considerable effort to blame Pakistan for violating the Geneva Accords, filing over 38 official protests with the UNGOMAP*observer force in Afghanistan.

--Kabul has accused Islamabad of over 200 violations of the Accords since they were implemented on 15 May. Pakistan denies the charges.

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--Regime officials have also been dispatched to several Arab countries to make the case that Kabul is upholding the agreements despite Pakistan's alleged violations. (U)

* United Nations Good Offices Mission to Afghanistan and Pakistan

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