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THE NEW REPUBLIC

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Casey's smart (and rich), but does he run a firm?

TINKER, TINKER, TINKER

BY MORTON KONDRACKER

UNITED STATES intelligence apparently had an idea that the so-called Party of God, an Iranian-connected, Syrian-protected Shiite Moslem group that car-bombed the U.S. Embassy in Beirut last April, was planning an attack on U.S. Marines. But U.S. intelligence did not have agents inside the group and therefore could not warn with precision that it was planning the truck-bombing that killed more than 230 Marines on October 23. U.S. intelligence knew, too, that Cuba and the Soviet Union were militarizing Grenada, but again the United States had no intelligence agents on the island and underestimated Cuban troop strength. The U.S. had not penetrated Maurice Bishop's New Jewel Movement, and did not know that Bishop's colleagues were planning to oust and kill him. And when Prime Minister Eugenia Charles of Dominica reported to the White House press on October 25 that "we noted with great interest the movements between Soviet Embassies and known activists" prior to Bishop's assassination, it also was news to White House policymakers.

On the other hand, the Central Intelligence Agency did predict correctly that the Soviet Union would not invade Poland in 1981, but would crack down through Polish authorities instead. Using its superb technical capabilities, U.S. intelligence was able to develop a precise analysis of how Korean Air Lines' Flight 007 was tracked by the Soviet Union, lost, found again, and shot down. And, several months before Leonid Brezhnev's death, the director of Central Intelligence, William Casey, reported to President Reagan that Brezhnev likely would not be succeeded by a collective leadership, as agency analysts had concluded. "Chernenko peaked too soon," Casey wrote Reagan in a memo. "Kirilenko

faded in the stretch bet money, I'd say across the board."

Casey's prescience, is likely to be ing to well-informed more disturbing re tell the President I dropov had pushe.



DRAWING BY VINT LAWRENCE FOR THE NEW REPUBLIC

The C.I.A. can't know everything, but the Republican Party correctly declared in its 1980 election platform that "the United States requires a realistic assessment of the threats it faces" and "must have the best intelligence capability in the world." The platform said, "Republicans pledge this for the United States." Three years into this Republican Administration, the United States certainly has a better intelligence capability than it did in 1980—it could hardly fail in that—but overall it is still far from the best in the world. Can William J. Casey make it so? Well, he gets credit for trying—even from his adversaries—but there's reason to doubt that he can.

zier was kidnapped by the Red Brigades in Italy, the C.I.A. dug hard to discover who had him and where; but U.S. officials say that in general, journalists like Claire Sterling have put together a better picture of international terrorist networks than the C.I.A. When Turkish gunman Mohammed Ali Agca shot the Pope, they say, the President found out more about Soviet and Bulgarian involvement from *Reader's Digest* than from U.S. intelligence.

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28 November 1983

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Last-Minute Bust in Hamburg

A computer bound for the Soviet Union is seized

The timing was worthy of a first-rate Hollywood spy thriller. One day before the Swedish container ship *Elgaren* was due to make a seven-hour stop in the port of Hamburg, U.S. officials informed their colleagues in West Germany that the ship was carrying Soviet-bound contraband. Once the ship had docked, however, a Hamburg judge turned down the formal request for a search warrant on grounds of insufficient evidence. As the deadline ticked closer, a three-member panel of the appeals court reviewed and finally reversed the earlier decision. Just seven minutes before the *Elgaren* was scheduled to lift anchor, anxious officials sped out to it in a launch and clambered aboard. They promptly ordered three 20-

ft.-long containers to be hoisted by crane onto dry land. As the container ship headed toward Sweden several hours behind schedule, authorities opened the boxes. All their suspicions were confirmed: inside was a roomful of U.S.-made computer equipment, including a giant VAX 11/782, a powerful computer that can be used, among other things, for guiding missiles and keeping track of troops. The Soviets lack the resources to build such equipment themselves.

Manufactured by Digital Equipment Corp. of Maynard, Mass., and valued at more than \$2.5 million, the VAX is the most precious cargo to be seized during the Reagan Administration's 25-month drive to block the illegal shipment of sophisticated machinery to the Soviet world. But it is not the first such catch. "Operation Exodus," a special task force involving 300 full-time customs agents, has confiscated more than 2,300 illegal shipments worth nearly \$150 million since its launching in 1981. Still, the leaks seem to appear as fast as authorities can plug them. In West Germany alone, according to CIA Director William Casey, 150 firms and individuals are involved in illegal shipment of sensitive equipment to the East bloc.

Technology smuggling has, moreover, become both efficient and elaborate. The VAX was bought by an unidentified firm in New York State and apparently shipped by air to South Africa. Then, authorities suspect, a West German named Richard Mueller arranged to have the computer transported via Sweden to the Soviet Union. Mueller, who owns a fleet of shadowy companies with ever shifting names, has already been implicated in two major violations of U.S. export law.

The proliferation of high-technology microelectronic equipment and of gambits for shipping it to the Communist bloc has dramatized the problems facing the industrial democracies. Responsible for

addressing these issues is COCOM, a kind of clearinghouse for strategic equipment. Every now and then, COCOM members, including the U.S., most of its European allies and Japan, agree upon a list of sensitive technology that cannot legally be shipped to Communist nations.

The effort is, however, riddled with inconsistencies. Washington observes a much more extensive set of rules than its allies, and within the U.S. the rules are the focus of heated dispute. The Defense Department, supported by the U.S. intelligence community, has long complained that COCOM's regulations are dangerously lax. The hard-liners, as they are called, note that even the most mundane computer equipment can often be turned to military purposes, and they are reluctant to do the Soviet military machine any favors. In response, the State and Commerce departments, backed by U.S. businessmen, have contended that national security must not preclude U.S. participation in lucrative global markets. Besides, the soft-liners argue, economic prosperity is a means to enhanced security. Both sides, however, applauded last week's bust, which clearly fell within the COCOM guidelines. ■

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NEW YORK TIMES
28 November 1983

White House

Among the Staff, the Mood Is Testy

By STEVEN R. WEISMAN

Special to The New York Times

WASHINGTON, Nov. 27 — President Reagan may be riding high in the opinion polls, but his staff at the White House continues to be plagued by bickering, second-guessing and a general restlessness among some of the key players.

This is the view of several senior members of Mr. Reagan's entourage in assessing a series of recent convulsions within the Administration.

Some top officials argued in interviews that, with the departure last month of William P. Clark as the national security adviser, the atmosphere had actually improved. Others disagreed. "There are too many unresolved issues for things to get better," said a senior Reagan adviser.

Mr. Clark engaged in almost constant battles with James A. Baker 3d, the chief of staff, and Michael K. Deaver, the deputy chief of staff, and many others, before leaving to become Interior Secretary.

One of his last actions at the White House, however, has led to one of the most bitter bouts of recriminations. This was the criminal investigation he persuaded Mr. Reagan to authorize to find the source of unauthorized disclosures to the news media about American military plans in Lebanon.

In response, the Federal Bureau of Investigation has been conducting an extraordinary inquiry that has entailed interviews with Mr. Baker, Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger, William J. Casey, the Director of Central Intelligence, and others.

A View to the Contrary

Despite the statements of Edwin Meese 3d, the White House counselor, that the investigation was justified, there is a widespread view to the contrary among Mr. Clark's critics.

Several officials, speaking anonymously, said they simply could not accept the contention of Mr. Clark and Mr. Meese that news reports of American military retaliation in Lebanon were jeopardizing the safety and the mission of Robert C. McFarlane, the special Middle East envoy.

To these officials, moreover, tensions at the White House continue to flow from disparate recent events and from a general atmosphere of "white knuckles, if not sweaty hands," as a top adviser put it.

Officials attribute that atmosphere to a weariness that many feel after nearly three years on the job, exacerbated by the fact that the President's re-election campaign has not yet got-

ten under way, as well as the underlying division in the Administration between conservatives and moderates.

Given all this, it was inevitable that fierce behind-the-scenes criticism would be leveled at David R. Gergen, the director of communications, for his urging that a representative of the Administration appear on ABC television following "The Day After," the recent dramatization of a nuclear holocaust.

After Vice President Bush turned down the honor, Secretary Shultz agreed to go on. Many in the Administration said they felt he did poorly, and that Mr. Gergen had "panicked."

But several more major events have contributed to the testy atmosphere. These were said to be the invasion of Grenada in October, the closing days of the 1983 Congressional session and, most of all, a bizarre episode in October in which Mr. Baker tried unsuccessfully to take over Mr. Clark's post as national security adviser.

Gergen Departure Seen

Whereas Larry Speakes, the White House spokesman, was said by many to be bitter because he had been left in the dark about the invasion, Mr. Gergen's frustration was said to have sprung from his failure to get more information out after the invasion had started.

Three senior staff members said they admired Mr. Gergen's efforts, adding that they would not be surprised if he decided to leave the White House soon.

His departure would follow that of another key player, Kenneth M. Duberstein, the White House Congressional liaison aide, who is leaving to become a vice president of a major lobbying firm. Several aides said that Mr. Duberstein's resignation was another discouraging sign, a symptom of the general feeling that little is likely to be accomplished with Congress next year.

The last days of this year's Congressional session led to fighting between Mr. Baker and Mr. Meese. Mr. Meese was a leader of the drive for tax credits for parents with children in private schools, and for the right of Mr. Reagan to make his own appointments to the United States Civil Rights Commission. Both efforts failed.

At one meeting, according to a White House aide, Mr. Meese called some of the Senate Republicans

"wimps" for not backing Mr. Reagan. Mr. Baker was said to have responded with a flash of anger. A White House official said that personal insults had become common among supporters of both men.

Mrs. Reagan's View

According to several aides, the major aggravating factor within the staff arose in October, before the Grenada invasion, when Mr. Baker tried to replace Mr. Clark as national security adviser, and to install Mr. Deaver as White House chief of staff.

Richard G. Darman, a Presidential assistant, was described by several aides as a key backer of this move. Mr. Reagan's wife, Nancy, was also said to have favored it.

Several key aides said Mr. Reagan went along until a counterattack was mounted by Mr. Meese, Mr. Clark, Secretary Weinberger, Mr. Casey and Jeane J. Kirkpatrick, the United States representative at the United Nations.

These officials are known to resent Mr. Baker for what they feel has been a lack of commitment to the President's conservative goals. Mr. Casey's antagonism has been fueled, in addition, by his and Mr. Baker's conflicting recollections over the briefing materials from President Carter's 1980 election campaign that found their way into the Reagan camp.

Mr. Baker and Mr. Deaver have told colleagues that they are delighted with Mr. Reagan's choice of Mr. McFarlane as national security adviser.

"Bud's a terrific team player," said a top official, referring to Mr. McFarlane. "There's just a big sigh of relief around here that Clark is gone."

But several other officials asserted that the aborted bid showed that Mr. Baker, Mr. Deaver and Mr. Darman were restless and bored with their jobs.

"Nobody is discussing it," a White House official said of the episode. "It's like a dead body in the living room, and everybody is tip-toeing around it, pretending it's not there."

Many White House officials say they think life will improve once Mr. Reagan's re-election campaign gets under way. "But we're in an unstable environment," said one adviser. "Things could get better, or they could get a lot worse."

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WALL STREET JOURNAL
28 November 1983

REVIEW & OUTLOOK

Je\$\$e for Pre\$ident

Jesse Jackson's presidential campaign has had the press positively drooling. The Washington Post wrote of Mr. Jackson's "dramatic entry" into the race, a speech that "fired the imagination." Newsweek put him on its cover and called his speech "a rousing, revivalist war cry." Mr. Jackson had already made the cover of Time during his water-testing. When he announced his intentions during a segment of "60 Minutes," Mike Wallace & Co. traded in their boxing mitts for kid gloves.

There is, of course, one obvious reason for this attention. It truly is dramatic that in America today, the descendant of a black slave can run for president—and be taken with due seriousness. In this sense, Mr. Jackson's candidacy is another sign of the black community moving into the political mainstream. And this, as we noted recently in discussing the rise of black mayors, bodes well not only for blacks but for the society generally.

Enthusiasm for Mr. Jackson, though, has been more pronounced in the media than among spokesmen for putative members of his "rainbow coalition"—blacks, women, Indians, Hispanics and homosexuals. Among black leaders, Coretta King publicly recommended against his candidacy. Julian Bond, Tom Bradley and Coleman Young have endorsed Walter Mondale. No Jackson endorsement has come from Mayor Harold Washington of Chicago, Mr. Jackson's hometown. Indeed, a poll for the Chicago Sun-Times finds that in Illinois, Mr. Jackson would get 72% of the black vote against Ronald Reagan. This compares with 86% for John Glenn and 94% for Fritz Mondale.

It seems that a sizable voice in the black community is not eager to be represented by Mr. Jackson. No doubt some of this hesitation involves not wanting to waste a vote or influence

on a hopeless candidacy. But it is also true that the hesitation shows up most among those most familiar with Mr. Jackson's record.

Since 1971, Mr. Jackson has headed Operation PUSH (People United to Save Humanity). Even as we write, auditors are trying to decide what in the world PUSH has done with the money it received from the federal government. Mr. Jackson calls the audits a mere "accounting dispute." But Department of Education spokesmen say PUSH will have to return \$880,000 to \$2.1 million spent on things the government never meant its grants to finance. This is a whopper of an "accounting dispute."

Over the years a number of parties have expressed unrequited curiosity about Mr. Jackson's finances. One, for example, was the St. Louis Sentinel, a black newspaper sued for libel by Mr. Jackson. PUSH is known for getting Coca-Cola, Schlitz, Seven-Up and other companies to agree to do more trading and hiring in the black community. Shortly after a pact with Anheuser-Busch, the Sentinel quoted Mr. Jackson as telling a group of black businessmen that to get on his list for contracts, they would have to fork over \$500: "If you want to play, you have to pay." When the Sentinel called this a "kickback approach," Mr. Jackson and PUSH sued. The litigation dragged on until a key ruling last month, when a federal district judge upheld the paper's request that he force PUSH to hand over its financial records. The suit was quickly settled out of court.

This was a replay of a 1977 lawsuit in Chicago. Burson-Marsteller, a public relations firm, sued PUSH for more than \$16,000 it said it was owed for services rendered. The suit languished in court for more than two years. But in 1979, PUSH settled the debt within 48 hours after Judge Rob-

ert Cherry ordered PUSH to hand over its financial records, specifically including "all documents relating to the funding of Jesse Jackson's 1979 Middle East tour."

That trip, including Mr. Jackson's public embrace with Yasser Arafat, was perhaps Mr. Jackson's most controversial moment, along with other statements leaving a current of suspicion in the Jewish community. Rather than mend these fences after his presidential announcement, Mr. Jackson headed for Los Angeles to appear before the American Arab Antidiscrimination Committee.

The public record lends reason to suppose that Mr. Jackson has played off his Arab connections to raise money. Not long after his return in 1979, the Chicago papers carried the story that he requested contributions from a group of Arab businessmen who came to see him at PUSH. The stories said at least \$10,000 was forthcoming. And in the Billvgate investigation of 1980, a released CIA message identified Mr. Jackson as a special Libvan oil broker. Mr. Jackson denies being an agent of Libva, but admits he wrote to the Libvan embassy on behalf of "a black-owned oil company."

Mr. Jackson's financial background, then, justifies more than a little curiosity. And on the day he announced his candidacy, he promised to open up the books, an event scheduled for Nov. 15. The event has now been put off indefinitely "until our lawyers can look at the records and see the government audit," Mr. Jackson's campaign says. The expected curiosity, it seems, has not developed.

Now, we do not know how Mr. Jackson will fare once the voting starts. He certainly can give a stirring speech. And ethnic history shows that many times a voting bloc wants to make itself felt, regardless of the qualities of the particular candidate.

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CHICAGO TRIBUNE
27 November 1983

Stock holdings of William Casey, CIA director

WASHINGTON—You really go off the deep end in the editorial "The compulsive Mr. Casey" [Nov. 17].

In the normal course of managing my portfolio over many years, my investment adviser seems to have acquired shares in 13 companies doing business with the Central Intelligence Agency. Four of them had sales to the CIA of less than \$1,000; to be precise, \$12, \$151, \$479 and \$968, respectively. Four others had CIA sales ranging from \$2,517 to \$12,477.

The remaining five companies had sales ranging from \$152,458 to \$3,995,774, and their CIA business was an infinitesimal portion of their multi-billion-dollar total sales. The largest

of these holdings represented five one-thousandths of 1 percent of the company's outstanding shares. Thus, your editorial is based on a *de minimis* of a *de minimis*.

Moreover, I was not in any way involved in nor did I have any knowledge of any of the business these companies did with the CIA or the decisions of my investment adviser to acquire shares in these companies.

During my tenure as Director of Central Intelligence my holdings have all been publicly disclosed and fully reported pursuant to the Ethics in Government Act. They have been examined in great detail by the CIA

designated agency ethics official and the Office of Government Ethics, and have been found to reflect no conflict of interest of any kind or any other illegality or impropriety.

When I established a blind trust some six weeks ago, the Office of Government Ethics scrutinized every one of my holdings placed in the trust and determined that not a single one of them was a holding of an issuer "having substantial activities related to [my] primary area of responsibility," which is the standard applied by the Office of Government Ethics.

William J. Casey

Director,
U.S. Central Intelligence Agency

Casey's arrogance should be checked

William J. Casey, director of the Central Intelligence Agency, is a very wealthy man and, like Midas, he wants more. Trouble is, greed is tolerated in a private citizen but not in a public official.

Casey made public this week the fact that he had stock in 13 companies with CIA contracts ranging in value from \$12 to \$3,995,774. It's nice of Casey to finally come clean on his stock dealings but it would have been better if he had made the disclosures before most of the information was uncovered by investigative newspaper reporters.

Casey, of course, denies that he had any knowledge of the business these companies did with the CIA or the decisions of an investment adviser to acquire shares in the firms. Whether you believe him or not, all of this grubby issue of self-interest could have been avoided—and should have been.

Casey caused problems when he was named to the CIA post. He refused to put his investments in a blind trust, the accepted practice for top government officials. Under extreme pressure and reports of his owning stock in companies that could benefit from inside knowledge, he agreed to set up a screening procedure for handling investments.

The screening process consisted of 13 top intelligence officials who were supposed to make sure Casey didn't make decisions that would have a substantial effect on the firms in which he owned stock. Not that the public should be paying 13 executives to screen Casey and his stock, but that's the way it was set up.

The screening method's obvious flaws brought more outcry and Casey finally placed his assets in a blind trust last month.

In the meantime, documents uncovered by reporters showed Casey owned stock in companies doing business with the CIA when he took office. Not surprisingly, he bought more of those stocks after he took office.

What's most puzzling in all this is that the White House has kept hands off. Casey finally has gotten around to doing what the Reagan Administration should have required in the first place, a blind trust program.

Casey's arrogance won't be forgotten. If any more revelations of self-interest surface, President Reagan would do well to get rid of the problem by firing Casey.

CIA chief still doesn't get the point

Casey defense of stock dealings ignores potential conflict of interest

A letter by Central Intelligence Agency chief William Casey in *The Washington Post* the other day sought to defend the indefensible: his continued investing in companies that do business with his agency.

Ever since he became the nation's top spook, Mr. Casey's zest for playing what has become Wall Street's raging bull market has collided with the sensitive nature of his job. After all, he has been in an ideal position to benefit from all sorts of information that virtually all other investors will learn only later, if at all.

True, after congressional threats to force him into it, Mr. Casey belatedly agreed this summer to put his investments in a blind trust. Until then, he had claimed that an internal screening procedure — a couple of subordinates alerting him to possible conflicts of interest in specific actions — was all

that was necessary.

This procedure gave the director what responsible citizens should have considered an irresponsible choice: sell off the offending stock or refrain from making a decision in a particular case. Stock once was sold, but the thought of a CIA director putting his portfolio before the security interests of the United States is truly a disturbing and angering one.

Now, in his letter responding to recent disclosures made under the U.S. Freedom of Information Act, Mr. Casey says that the last time he knew what his stock holdings were — in late 1982 — he owned shares in 13 companies with CIA contracts worth from a mere \$12 to nearly \$4 million. And, he adds, the Office of Government Ethics determined that none was in a company "having substantial activities related to (my) primary area of responsibility."

Furthermore, he contends that even the nearly \$4-million contract that one unnamed company has is such a sliver of its overall business as to pose no problem at all.

But Mr. Casey simply refuses to get the point. If he were really concerned about conflicts of interest — and the damaging effect they can have on public trust in government — the wealthy, sometime bureaucrat would restrict his activities to companies that have absolutely nothing to do with the CIA. That may rule out some blue-chippers, but then chances are there are some well-qualified people out there who would be happy to take over for the director under just such restrictions.

When it comes to investing, Mr. Casey would do better to put a little more stock in his country.

Times Editorial

George Washington Called 'Master of Psychological Warfare'

Spy Experts Launch Drive for Museum to Unveil History of Espionage

By TIM GOLDEN, *Times Staff Writer*

WASHINGTON—George Washington, a man renowned for his honesty but trained in the British military tradition of deception, used an elaborate network of spies to keep the Red Coats off guard during the Revolutionary War.

On several occasions, the revered commander concocted false rumors and had them planted "from Charleston to New York so that the British . . . would swallow it hook, line and sinker," Walter Pforzheimer, a retired legislative counsel for the Central Intelligence Agency, said.

"He was a master of psychological warfare," Pforzheimer, a fervent collector of intelligence documents and memorabilia, added.

The point, made with scores of such stories, is that intelligence has always been an integral part of American history—handed down, with many other legitimate pursuits of government, from the Founding Fathers.

Took Case to Congress

"To me," Pforzheimer said, "the American Revolution was a dandy intelligence war."

Pforzheimer, other veterans of intelligence and military service and a handful of intelligence historians want to create a National Historical Intelligence Museum in Washington. Earlier this month, they took their case to Congress.

The country's spy master, William J. Casey, director of central intelligence, endorsed the project as "highly important." But, he said at a Senate Intelligence Committee hearing, "I would not want to mislead anyone into expecting us to be a major source of exhibits."

"What the CIA can contribute," Casey said, "will almost certainly be quite limited. We do not have many objects or artifacts that could be exhibited in a museum. We mainly produce paper." Much of the paper,

he might have added, contains highly classified information deemed unsuitable for public viewing.

Unheralded Deeds

Despite such restrictions, Casey and other supporters of a museum say it would fill a void in the capital's vast but incomplete historical treasures. It would, they say, commemorate largely unheralded deeds of valor by espionage agents throughout American history. In addition, it would help improve the public's perception of intelligence services, tarnished by the abuses disclosed in the wake of the Watergate scandal of the Richard M. Nixon Administration, the supporters add.

Such a museum, its backers say, would inspire bright young men and women to join the CIA, the National Security Agency and the Defense Intelligence Agency.

"Think of the impact on kids, who are so fond of gadgetry and the kinds of exhibits that might be mounted," said Pforzheimer, who has willed his 5,000-document collection to Yale University, his alma mater. He said he and others might lend personal holdings to rotating exhibits at a national museum.

A Senate resolution, sponsored by Intelligence Committee Chairman Barry Goldwater (R-Ariz.), calls for the "collection, preservation and exhibition" of intelligence artifacts in a museum. Although some supporters, Pforzheimer included, envision a great public attraction based chiefly on remnants of historic espionage, others emphasize complementary exhibits highlighting tales of spying.

Behind the concept of the museum seems to lie a feeling that the shadow hanging over intelligence activities in the minds of many Americans stretches back only as

far as the Cold War. Beyond those secrecy-cloaked, 30 or so years, the men promoting the project see a fascinating, often noble history.

Some of the great personalities of intelligence past:

—Thomas Jefferson, better known for other achievements. Sometime before he became President in 1801, Jefferson diagrammed a "wheel cypher," a simple but ingenious coding device. Jefferson filed and apparently forgot the invention, but in 1922 the Army "reinvented" it independently as the M94, a version of which was used by the Navy until the 1950s.

—Rose O'Neal Greenhow, an intimate of President James Buchanan, Cabinet members and senators, an inveterate spy for the Confederate Army during the Civil War. Put under house arrest with other pro-secession women accused of espionage, she continued to send Southern Gen. Pierre Gustave Beauregard information on troop movements until she was finally thrown into Washington's central prison.

—One-time Boston Red Sox catcher Mo Berg, who mastered half a dozen languages and became a trusted aide to the William J. (Wild Bill) Donovan at the Office of

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WASHINGTON POST
25 November 1983

U.S.-Backed Rebels Can't Defeat Nicaraguan Regime, CIA Finds

By Patrick E. Tyler
Washington Post Staff Writer

The CIA has concluded that there are no circumstances under which a force of U.S.-backed rebels can achieve a military or political victory over the leftist Sandinista government of Nicaragua, according to congressional sources.

In addition, there are indications that the administration, despite its tough public posture, is beginning to give some thought to how the war could be wound down and how an amnesty for the American-supported forces could be arranged.

In a National Intelligence Estimate provided to the congressional oversight committees this fall coinciding with crucial votes to continue funding to the rebel forces, the CIA said the U.S.-backed "contra" forces made up of 10,000 to 12,000 guerrillas lack the military capability, financing, training and political support to overthrow the powerful and well-entrenched Sandinista government with its relatively large and well-equipped standing army of 25,000 soldiers and even larger militia forces.

The CIA analysis, according to these sources, concludes that the Sandinista leadership is controlled by hard-line Marxists who will not give up in any kind of military confrontation with the contras. In addition, the CIA has concluded that the U.S.-backed counterrevolutionary forces have not been able to win enough support in the Nicaraguan population to overthrow the Sandinistas, who seized power four years ago after ousting Gen. Anastasio Somoza.

Administration officials said on previous occasions that they did not think the U.S.-backed force was strong enough to overthrow the Nicaraguan government, but the rapid growth of the rebel army from its original 500-man level authorized by Congress and the loosely defined administration goals left many members of Congress uncertain as to President Reagan's true intentions in Nicaragua.

With the new CIA analysis, Reagan has also stated for the first time that he wants a general amnesty for U.S.-backed rebels who have been fighting the Sandinista government as part of the CIA-directed force. Reagan included the amnesty provision in a secret document justifying the covert action to Congress. The amnesty provision would be a precondition to a cessation of hostilities, sources said.

The document, a presidential "finding" under the National Security Act, was presented to the congressional committees in September by Secretary of State George P. Shultz and CIA Director William J. Casey.

The amnesty provision is not spelled out in any detail in the finding, and a number of questions have been raised in the congressional committees as to how it would be applied and enforced. It is not clear whether exiles who are fighting the Sandinistas would be allowed to return to their homes in Nicaragua or win back property seized by the government.

But the most recent discussions between the administration and Congress have created the impression that the administration is giving careful thought to how to end the 2-year-old secret war against Nicaragua. The amnesty provision addresses an issue that has been unresolved in two years of private consultations between the administration and congressmen fearful that Reagan and the CIA were slowly committing the United States to thousands of Nicaraguan exiles whose fate would be uncertain if a negotiated settlement of regional tensions were reached in Central America.

Last spring, Casey warned in private of a potential "bloodbath" if Congress withdrew support from the U.S.-backed rebel forces.

The House cut off funding for the covert operation twice this year, but in a compromise with the Senate, legislators ended the session by approving \$24 million to fund the covert paramilitary operations at least until June under a mandate to keep military pres-

sure on the Sandinistas until they stop supporting leftist guerrillas fighting the government of neighboring El Salvador.

The CIA has concluded that paramilitary harassment from the U.S.-backed contras, who have been operating from bases in Honduras since early 1982, has caused the Sandinista government to reconsider its support for the Salvadoran guerrillas and may eventually persuade the Sandinistas to abandon

the Salvadoran leftists altogether. According to one congressional source, who spoke on the condition he not be identified, there is a bipartisan consensus, especially in the Senate, that the covert policy of the Reagan administration for the first time is consistent with publicly stated policy goals of the U.S. government and the governments of the Central American region.

Under this view, many members of the congressional oversight committees reportedly have become convinced that the administration is willing to end its secret war against Nicaragua as soon as the Sandinistas give concrete and verifiable assurances that they will no longer give aid, command and control and logistical support to the Salvadoran guerrilla movement.

Doubt remains, however, among members who were surprised by an administration effort during the summer to redraft a presidential justification for the covert operation in terms that some members believed would have committed the U.S.-backed forces to an all-out victory over the Sandinista govern-

ment if it was not willing to make substantial political and diplomatic concessions.

In this draft presidential "finding," the administration said the secret war was necessary to stop the spread of revolution from Nicaragua to other countries. It also stated a necessity to keep up covert paramilitary operations until Nicaragua returned to a democratic form of government, reduced its level of armament and guaranteed press and religious freedoms. Many members considered the latter demands as diplomatic goals, not suitable for inclusion in the secret justification as preconditions to cease hostilities.

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ESSAY

His Own Petard

By William Safire

WASHINGTON, Nov. 23 — The Frankenstein's monster of the Reagan Administration — an obsession with secrecy that has unleashed the so-called lie detector on 112,000 formerly trusted officials — is now rising to maul its creators.

In his infamous National Security Decision Directive 84, Mr. Reagan directed the F.B.I. to drop its requirement that leak-hunts be related to criminal prosecution, thereby placing F.B.I. agents at the beck and call of bureaucrats wanting to terrorize subordinates, without court restraints. He has forced Government workers to give up their rights to refuse to be hooked up to a fearsome and often inaccurate machine; "adverse consequences will follow an employee's refusal to cooperate with a polygraph examination. . . ."

To the President's men, such catering to the boss's predilection for polygraphs must have seemed like a great idea. Now some of them rue the unforeseen consequences:

In the Briefinggate investigation, the F.B.I. has expended over 4,000 man-days to find out who obtained Jimmy Carter's debate briefing book for Mr. Reagan. Friends of White House chief of staff James Baker said that their man was willing to take a lie-detector test but charged that C.I.A. Director William Casey, whom Mr. Baker accused of obtaining the book, was ducking. Under pressure of this challenge (lie detectors at 100 paces) Director Casey allowed as how a polygraph about a three-year-old event would be "demeaning" but he would take it.

In a second episode, the tables were turned. On Aug. 30, President Reagan issued another jeremiad against leaks; not two weeks later, after he decided in the National Security Council to shell Moslem militiamen in Lebanon, that "secret" decision was not leaked but disseminated by a wide variety of Administration sources to all three television networks as well as major newspapers. Oddly furious, the President ordered an all-faucets plumbing operation.

This time it was Mr. Casey who came forward with his arm out, volunteering for the flutter-box test. And this time, according to the Casey camp, it was Mr. Baker who showed great reluctance to be subjected to the procedure he did not find repugnant when it was directed at 111,999 untrustworthy colleagues.

In severity, a three-network leak is equivalent to an Australian three-dog night. The dissemination was top-level, and not from an N.S.C. secretary cleared for Sensitive Compart-

ment information who would prob-

ber a confession at the heart-stopping sight of a lie detector. "The Ship of State," Walt Rostow is supposed to have said, "is the only vessel that leaks from the top."

Here is an Administration that has enshrined the lie detector, which is a device to measure nervousness, not truth, and is regarded with such suspicion by scientists that its results are not admissible as evidence in the Federal courts. Here are two of the nation's highest officials, each convinced that the other is a liar. Here is the President, who has removed the F.B.I.'s previous requirement that criminal prosecution be the goal of any leak investigation, saying "Find the leaker!"

What would you do if you were William Webster, Director of the F.B.I.? If you were a weak lawman, eager to please the President, you would "flutter" every suspect in both investigations and publicly pillory the first person to break into a sweat. On the other hand, if you remembered the demoralized state of the F.B.I. when you took it over, you would refuse to be stamped into abusing investigative techniques that could ruin reputations without establishing guilt.

The so-called lie detector is a civil-liberties abomination; NSDD 84 is a disgrace to conservative principle; its author, Deputy Assistant Attorney General Richard Willard, is one of those earnest, clean-cut young fellows in the grand tradition of Tom Charles Huston, who in revering security subverts the Constitution.

Poetic justice abounds in the notion of the President's men being the first to suffer from the President's obsession. That same petard is hoisting former C.I.A. chief Stansfield Turner, perpetrator of its Publication Review Board, who is now having fits clearing his own book, "Revolution in Spying," with C.I.A. censors emboldened by NSDD 84: they will not even let him confirm revelations already made by Presidents Carter and Reagan.

Mr. Reagan should stop this lie-detector mania before he requires himself to attach a box with its jumping needle to his own arm during press conferences. If he does not trust his closest associates, he should confront them or fire them, and not let his suspicion send a chill through tens of thousands of public servants with security clearances.

He cannot set a double standard for security, exempting high-level suspects and fluttering civil-service secretaries; rather than forcing Mr. Baker to take a test that too often brands truth-tellers as liars, he should scrap

WASHINGTON TIMES

24 November 1983

ARTICLE REPRODUCED
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Self-styled jurist judged able for trial

BY A WASHINGTON TIMES STAFF WRITER

A District man who tried to make a citizen's arrest of a local judge and has issued subpoenas for several high-ranking government officials, yesterday was found mentally competent to stand trial on charges of simple assault and disruption of Congress.

Mr. Harry Zain, 30, is charged with disruption of Congress for an incident in April. Prosecutors claim he walked in on a Congressional meeting and attempted to arrest Adm. Stansfield Turner. A trial on the charge is scheduled for Jan. 31.

In the past, Mr. Zain has attempted to issue arrest warrants for presidential advisers Edwin Meese and Michael Deaver.

Earlier this year Mr. Zain was convicted of unlawful entry when he entered a closed Armed Services Committee hearing and refused to leave when ordered to do so.

Mr. Zain previously had argued that he attended what he believed was an open hearing in an attempt to deliver letters to eight senators informing them of allegations of illegal conduct involving the CIA.

In an attempt to prove his case, Mr. Zain, who serves as his own lawyer, issued subpoenas for CIA Director William Casey, presidential Deputy Press Secretary Larry Speakes and Navy Secretary John Lehman. After an appeal from a congressional staff attorney, D.C. Superior Court Judge Byron Sorrell quashed the subpoenas.

Two months ago, Mr. Zain, who currently is being held in the D.C. jail, attempted to arrest Judge Sorrell while he was sitting on the bench.

Mr. Zain, who claimed Judge Sorrell was part of a CIA plot, was restrained and eventually tackled by marshals attempting to prevent him from reaching the judge.

Since the September incident, Mr. Zain's case has been transferred to Judge Henry Kennedy.

"I believe there is a very thin line between a person who is set in his ways . . . and one who has a severe impairment of judgment," Judge Kennedy, said yesterday. "I don't think that thin line has been crossed here."

Judge Kennedy also said Mr. Zain, who despite his expressed reluctance, has been under medication, has behaved well at recent hearings.

— David Sellers

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ON PAGE A-1

WASHINGTON POST
24 November 1983

McFarlane's Safety Cited in Leaks Inquiry

By David Hoffman
Washington Post Staff Writer

SANTA BARBARA, Calif., Nov. 23—White House counselor Edwin Meese III said today that President Reagan had ordered a Justice Department investigation into news leaks from top administration officials out of concern that they had jeopardized the personal safety and diplomatic efforts of Robert C. McFarlane, the former Middle East special envoy.

Meese, confirming an account of the investigation published by The Washington Post today, told reporters that Reagan was "sufficiently concerned" about McFarlane to order the Justice Department to find out who leaked information about Reagan's decision over the weekend of Sept. 10-11 to authorize air strikes to protect U.S. Marines in Lebanon.

The FBI has questioned senior White House staff members, Cabinet officers and top foreign policy advisers in the continuing, 9-week-old investigation. Some of these officials also volunteered to take polygraph tests to prove that they were not the source of the leaks, according to administration sources.

One of them, CIA Director William J. Casey, took a polygraph test, the sources said. He submitted to questions about the leaks and about other national security matters, according to the sources.

They added that Casey had strongly backed William P. Clark, then Reagan's national security affairs adviser, in urging the president to order the investigation. One official said Casey, who has declined to comment on the investigation, may have been motivated in part by his rivalry with White House chief of staff James A. Baker III.

Baker was the only senior Reagan aide to oppose language in the president's letter authorizing the investigation that would have urged use of lie detector tests. Reagan accepted Baker's proposal to delete the reference from a letter Clark prepared for the president to send to Attorney General William French Smith.

White House officials who stayed behind in Washington while Reagan came to California for the Thanksgiving holiday said there appeared to be an effort to calm concern among staff members that the inquiry would lead to more investigations and widespread use of polygraph tests.

"We're trying to concentrate on a very specific and very sensitive situation rather than trying to create a climate of fear at the White House," one official said.

Meese, the only top Reagan aide not interviewed by the FBI in the in-

quiry, spoke about the investigation to reporters accompanying Reagan on the flight to California. "The president was concerned that it appeared that a criminal law had been violated and so he made the request for an investigation," Meese said.

"I think the concerns at the time were that the articles and the information that appeared in the articles did add to the jeopardy that Bud McFarlane, the Middle East ambassador, might be in," he said. "The information in the articles led the public to believe that Bud himself had made recommendations relating to particular military actions and this would make him a more prominent target while he was going from country to country.

"It was a combination concern," Meese added. "One, that there might be personal retaliation against him, and second that it would jeopardize his mission."

Asked whether the investigation has produced results, Meese smiled and said, "Nothing that's been made public."

Reagan, who was briefly questioned about it as he left the White House early this morning, told reporters, "I don't comment on any security violations or any investigation of the same."

White House officials interviewed by the FBI were told that the investigation itself is classified information and were cautioned not to talk about it.

Staff writer Lou Cannon contributed to this report.

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ON PAGE B-13

NEW YORK TIMES
24 November 1983

2-Month Inquiry by F.B.I. Fails to Find Source of Disclosures

By STEVEN R. WEISMAN
Special to The New York Times

WASHINGTON, Nov. 23 — A two-month-old investigation ordered by President Reagan has failed to determine who disclosed information about United States military options in Lebanon, Administration officials said today.

Several officials said further that they doubted the Federal Bureau of Investigation would succeed in uncovering the sources of the information given to news organizations in September. But they said the inquiry would at least have the effect of warning people in the Administration against giving out classified material.

According to the officials, the investigation was the most widespread attempt by President Reagan to clamp down on unauthorized "leaks" to the news media.

They said it had entailed interviews by F.B.I. agents with Secretary of State George P. Shultz; Defense Secretary Caspar W. Weinberger; William J. Casey, Director of Central Intelligence; James A. Baker 3d, the White House chief of staff, and others.

An Administration official, remarking that it was extraordinary for the F.B.I. to interview such senior officials, emphasized that the investigation was criminal, not civil, in nature and therefore all the more explosive. He would not discuss what criminal violations might have taken place.

By several accounts, the investigation has raised tensions and suspicions at the White House and created enormous controversy over its advisability. Several Administration officials, asking not to be identified, deplored it.

One official said it was "entirely possible" that wiretaps had been authorized for both Administration aides and news reporters.

Administration officials said Mr. Reagan had authorized the investigation in a letter to Attorney General William French Smith. The letter was described by officials as ambiguous with regard to the means the F.B.I. could use in its inquiry.

It could not be determined today whether the bureau had tried to use polygraph, or lie-detector tests, or

whether there was any truth to the suggestion that telephone taps had been authorized.

Danger to McFarlane

Edwin Meese 3d, the White House counselor, told reporters today that the investigation began because of Mr. Reagan's concern that disclosures about American military actions endangered the safety and mission of Robert C. McFarlane, who in September was the special Middle East envoy. Mr. McFarlane has since become Mr. Reagan's national security adviser.

Administration officials said that William P. Clark, then the national security adviser, instigated the investigation after news reports that Mr. McFarlane had urged American military retaliation against antigovernment forces in Lebanon.

Mr. Meese, the only official who agreed to be quoted by name in discussing the investigation, said the fear was that the articles would "add to the jeopardy" that Mr. McFarlane felt in his diplomacy involving constant travel to Syria, Lebanon, Israel and other places in the Middle East.

"The President was concerned that there appeared that a criminal law had been violated, and so he made the request for an investigation," Mr. Meese told reporters in Santa Barbara, Calif., where he was staying with Mr. Reagan for the Thanksgiving holiday.

An unusual aspect of the investigation appeared to be that it centered, not on accounts of the military plans themselves in Lebanon, but on the report that Mr. McFarlane had recommended military action.

Security Council Accounts

The articles in question were said today to have followed a National Security Council meeting Sept. 12, several days after United States warships began shelling the hills southeast of Beirut. From those hills, Druse militiamen had been firing on the area where American Marines were based.

Throughout this period, American officials warned that the United States would take actions to defend the Marines. At the time, Administration officials seemed to be wanting to get the word out that the naval shelling might

continue and that it might be supplemented by air strikes.

According to Administration officials today, these particular reports did not alarm Mr. Clark or others. Rather, they were said to be alarmed by some reports at the time, including one in The Washington Post and on some television broadcasts, that Mr. McFarlane had urged this course of action.

An Administration official said there was widespread skepticism in the Administration of Mr. Clark's argument that Mr. McFarlane's life might have been in danger because of these news reports. Another official said Mr. Clark suspected that Mr. Baker, "or someone associated with him," had given out the information.

Clark 'Overreacted'

Still another official said that Mr. Clark had "overreacted" and created needless internal suspicions. Mr. Clark, who was sworn in this week as Interior Secretary, was at his ranch in San Luis Obispo and not available for comment, according to his Interior Department office.

A White House official described the investigation as "a typical shot across the bow" by Mr. Clark, who had a long history of disputes with colleagues at the White House over unauthorized disclosures of information and other matters. Another official said Mr. Clark had found an ally in Mr. Meese in getting Mr. Reagan to approve the probe.

The official said Mr. Clark himself had submitted to an F.B.I. interview.

Unauthorized disclosures would be prosecuted as violations of the Espionage Act or as theft of Government property, according to an Administration report last year.

Drop in Casey's stock



CIA Director William Casey, who finally established a blind trust last month to handle his stock, can't easily dismiss revelations from a Freedom of Information Act lawsuit about his market activities. They confirmed long-held suspicions that Casey held stock in companies having both classified and unclassified contracts with his

agency.

Unlike his predecessors, Casey, who was President Reagan's 1980 national campaign director, didn't put his stock in a blind trust when he took over the CIA in January 1981. This hardly was a tenable position for someone privy to sensitive and secret CIA reports which could give him an advantage in the market.

Despite pressures to separate Casey from private investments while he performed public service, he balked for a time and then consented to some ridiculous arrangement by which his subordinates were supposed to monitor his stock dealings. Since few could see them waving Casey off a lucrative stock killing, pressures resumed and, after much procrastination, a blind trust finally came about.

But Casey can't easily repair the damage to himself and the administration for delaying the blind trust so long. Now it is known that indeed he held stock with companies doing business with his agency — 13 of them with contracts ranging from \$12 to \$3,995,774.

In defense, Casey said he "was not in any way involved in, nor did I have any knowledge of, any of the business these companies did with the CIA or the decisions of my investment adviser to acquire shares in these companies." Of the five companies with the highest contracts with the CIA, Casey said their business was "an infinitesimal portion of their multibillion-dollar total sales."

Casey can't expect his assurances to be well received. Not after ignoring this ethical conflict for so long, trying to placate pressures with a toothless watchdog, undergoing inquiries by Senate and House intelligence committees, tardily implementing a blind trust and finally being tied to stock transactions that involve contracts with his government agency.

Casey owed more than he delivered to the people he is serving. Appearances clearly should have counted here, whatever Casey's stock gambling compulsions. He has left a lasting impression of a public servant serving himself first.

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NEW YORK TIMES
23 November 1983

*File Only - Dec
Kato*

Letters

Churchill's Debt to Nazi Sloganeers

To the Editor:

An Oct. 30 Associated Press article about an address at Westminster College in Fulton, Mo., by William J. Casey, Director of Central Intelligence, stated: "It was at Westminster College in Fulton that Winston Churchill delivered his now famous speech in which he coined the phrase 'Iron Curtain' in reference to the Communist bloc countries of Eastern Europe, and Mr. Casey referred to that speech today."

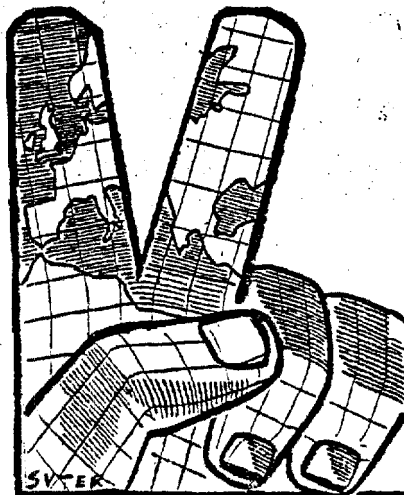
Churchill did not coin the phrase; he exploited it.

Just before the close of World War II in Europe, the German Foreign Minister, Count Lutz Schwerin von Krosigk, made a speech (reported in The Times of London on May 3, 1945) in which he used the Nazi propaganda phrase "Iron Curtain" in the context used later by Churchill. On May 12, just three days after the German surrender came into force, Churchill wrote to Truman (who had become President one month earlier) to express his concern about the future of Europe and to say that an "Iron Curtain" had come down to conceal everything that was going on within the Russian sphere of eastern Europe.

Nearly a year later, March 4 and 5, 1946, Truman and Churchill traveled on the President's special train to Missouri, where Churchill delivered those historic lines: "From Stettin in the Baltic to Trieste in the Adriatic,

an iron curtain has descended across the Continent."

Former O.S.S. member Casey might well recall that by working closely with Nazis and Nazi sympa-



thizers before the surrender of Germany, the O.S.S., and particularly its agents Frank Wisner and Allen Dulles, nurtured the idea that the time had come to split the Western alliance with the Soviet Union. It was this covert policy that encouraged the Nazis to put forth the "Iron Curtain" theme to save their own necks and to stir up resentment against the Russians.

L. FLETCHER PROUTY
Alexandria, Va., Nov. 2, 1983

23 November 1983

WASHINGTON
LEAKS

President Reagan ordered a Justice Department investigation in September to determine who leaked information to reporters that might have sparked "personal retaliation" against his Middle East envoy, an aide said Wednesday.

Presidential counselor Edwin Meese, speaking aboard Air Force One as the president flew to his California ranch, said there were fears that the leaks might jeopardize the mission -- or the life -- of Robert McFarlane, who was serving Reagan's peace envoy at the time.

Meese said the investigation was ordered after network television and newspaper stories reported McFarlane, now Reagan's national security adviser, had recommended U.S. air strikes against Syrian positions in Lebanon to protect U.S. Marines stationed in Beirut.

Those stories were based on National Security Council meetings Sept. 10-11 in which Reagan and senior officials discussed the progress of negotiations in Lebanon and steps that could be taken to protect U.S. Marines there.

"The president felt sufficiently concerned about it (the leaks) to request the investigation," Meese said.

"The president was concerned that it appeared a criminal law had been violated, so he ordered an investigation," he told reporters after the presidential jet arrived in California.

William Clark, who was Reagan's national security adviser at the time and was described in one report as "damn angry" about the leaks, also accompanied the president to California, but refused to discuss the investigation with reporters.

Meese said the White House was concerned "there might be personal retaliation" against McFarlane for suggesting such an option. Additionally, administration officials were worried that the disclosure "might jeopardize his mission," Meese said.

He indicated Reagan has not yet learned the source of the leaks.

The Post, quoting administration officials, reported Wednesday that as part of the probe the FBI questioned senior officials in the White House, the NSC, the Defense Department and the CIA -- including everyone who attended the Sept. 11 NSC meeting.

The Post said those interviewed by the FBI include Clark, White House chief of staff James Baker, Defense Secretary Caspar Weinberger, Secretary of State George Shultz and CIA Director William Casey.

Others questioned by the FBI included presidential assistant Richard Darman, White House communications director David Gergen and Speakes, but they were not considered prime targets of the investigation because they did not attend the NSC meeting, the Post said.

Meese would not comment on who has been questioned during the course of the investigation.

ASSOCIATED PRESS
23 November 1983

ABOARD AIR FORCE ONE
LEAK PROBE
BY MAUREEN SANTINI

President Reagan ordered an investigation two months ago into the disclosure of secret recommendations about U.S. military and diplomatic strategy in Lebanon, a top White House official confirmed today.

Presidential counselor Edwin Meese said Reagan called for a probe in September after television networks broadcast stories saying that Robert C. McFarlane had recommended U.S. air strikes against Syrian positions in Lebanon to protect the U.S. Marines stationed in Beirut.

"The president felt sufficiently concerned about it to request the investigation," Meese told reporters aboard Air Force One as the president flew to California for the Thanksgiving holiday.

McFarlane, now the president's national security adviser, was Reagan's Mideast adviser at the time.

Meese said the White House was concerned that "there might be personal retaliation" against McFarlane for suggesting such options. Additionally, administration officials were worried that the disclosure "might jeopardize his mission," Meese said.

Meanwhile, a government source said in Washington that the FBI had questioned White House foreign policy officials about the disclosure.

Meese said there is a standing policy to use lie detector tests in such investigations, if required. And he indicated that Reagan had not yet learned the source of the leaks.

According to another source in Washington, McFarlane had made the military recommendations and complained that their subsequent public disclosure endangered his life. He was in the Middle East at the time.

Details of the secret investigation were tightly held and even the fact that it was taking place was considered classified.

Several senior White House officials refused to discuss the investigation at all Tuesday, and sources who said anything about it spoke on the condition that they not be further identified. At the Justice Department, spokesman Tom DeCair said, "We don't comment on investigations."

Asked to comment on the report as he was leaving the White House to spend the Thanksgiving holiday in California, Reagan said, "I don't comment on any security violations or any investigation of the same."

The Washington Post, in today's editions, said senior administration officials interviewed by the FBI included former national security adviser and now Interior Secretary William P. Clark, White House Chief of Staff James A. Baker III, Defense Secretary Caspar W. Weinberger, Secretary of State George P. Shultz and CIA Director William J. Casey.

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WASHINGTON POST
23 November 1983

Applying Pressure in Central America

By Don Oberdorfer
Washington Post Staff Writer

President Reagan, who made Central America and the Caribbean a high-priority area for his foreign policy, turned aside plans to blockade Cuba three times in his first 13 months in office, according to officials involved in the decision-making.

Instead, according to these sources, Reagan chose to place indirect but steadily increasing pressure on leftist forces in the area by authorizing secret CIA support for guerrilla groups, now totaling 12,000

troops, who have become an increasingly serious threat to the leftist Sandinista government of Nicaragua.

The unexpected overthrow and execution last month of Grenada's leftist Prime Minister Maurice Bishop gave Reagan his first attractive opportunity since taking office to use

U.S. power at modest risk to roll back Cuban influence in the area. On Oct. 25, he seized the chance, launching a U.S.-Caribbean invasion of Grenada that has had powerful symbolic and practical repercussions.

Until Reagan became president, the troubled region south of the border had gained high-level attention here only episodically in recent years and had hardly ever been the focal point of domestic controversy.

But, during the first three years of the Reagan administration, Central America and the Caribbean leaped

time after time to the top of the foreign-policy agenda inside the White House. More than any other area, it dominated foreign-policy debates in Congress and the media, among church groups and the general public.

Reagan, long outspoken about the area, charged in the 1980 presidential campaign that "the Caribbean is being made—by way of Cuba, the Soviets' proxy—into a Red lake." In a surprising precursor of things to come, Reagan told the Chicago Council of Foreign Relations in March, 1980, in his most important campaign speech on foreign pol-

icy, that "totalitarian Marxists are in control of the Caribbean island of Grenada, where Cuban advisers are now training guerrillas for subversive action against other countries such as Trinidad-Tobago, Grenada's democratic neighbor."

As a candidate, Reagan stirred controversy by advocating a naval blockade of Cuba in reaction to the Soviet invasion of Afghanistan in December, 1979. Moreover, the 1980 GOP platform attacked the Carter administration for inaction "while Castro's totalitarian Cuba, financed, directed and supplied by the Soviet Union, aggressively trains, arms and supports forces of warfare and revolution throughout the hemisphere."

After Reagan's Inauguration Day, Secretary of State Alexander M. Haig Jr. sought to translate these positions into action. But when Haig's threatening statements about Cuba and a State Department white paper on "Communist Interference in El Salvador" stirred an early controversy, White House aides passed the word that high-visibility enterprises in Central America should be postponed for at least a year so as not to damage higher-priority drives for domestic budget and tax cuts and military increases.

Typical of ragged White House-State Department relations in—even those early days, the messages to back off were not given to Haig directly. "I always read it in the newspaper," he recalled.

"It was Haig who galvanized the government, above all," said a senior policy-maker who did not always agree with the secretary of state. "He spent much of his first six months on this area, with no encouragement from the rest of the government. He was very ambitious on what could be done about Cuba."

In Haig's view, the crisis in Central America was rooted in the Cold War contest with the Soviet Union and Cuba, although he recognized that there were also important social, economic and political aspects.

To Haig, the central error of Vietnam was concentration on local problems on the ground without stopping outside support from Moscow and Peking. He insisted that this was why it was essential to "go to the source," by which he meant Cuba, in order to deal with Central American insurgency.

On the basis of secret staff work headed by Robert C. McFarlane, then Haig's State Department counselor and now White House national security affairs adviser, Haig proposed forcing Cuban President Fidel Castro to come to terms through U.S. military deployments, including movements of the fleet into positions from which it could blockade Cuba to stop import of essential petroleum, import and export of military supplies and anything else the U.S. chose to bar.

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WASHINGTON POST
23 November 1983

Reagan Ordered Sweeping FBI Probe of Staff for Source of Leak

By Lou Cannon and David Hoffman
Washington Post Staff Writers

President Reagan secretly has ordered a Justice Department investigation of his senior White House staff, Cabinet officers and foreign policy advisers about news stories that he was told had disclosed vital U.S. military and diplomatic strategy in Lebanon, administration officials said yesterday.

The officials said Reagan launched the investigation nine weeks ago in a letter to Attorney General William French Smith

requesting that he use "all legal means" to find the sources of the stories in The Washington Post and on the three major television networks.

The stories reported details from meetings of the National Security Council on Sept. 10 and 11, in which the president and senior officials discussed the progress of negotiations in Lebanon and steps that could be taken to protect U.S. Marines there.

As part of the sweeping Justice Department investigation, which one official said

is "still red hot," the FBI has questioned senior officials in the White House, the National Security Council, the Defense Department and the CIA, including everyone who attended the Sept. 11 NSC meeting.

Those interviewed by the FBI include former national security affairs adviser William P. Clark, White House chief of staff James A. Baker III, Defense Secretary Caspar W. Weinberger, Secretary of State George P. Shultz and CIA Director William J. Casey.

In the first news reports that triggered the investigation, the television networks reported on the evening of Sept. 12 that Robert C. McFarlane, then Reagan's special envoy to the Middle East, had recommended U.S. air strikes against Syrian positions in Lebanon to protect the Marine peace-keeping force stationed in Beirut. The Washington Post then reported the next morning that Reagan had authorized air strikes against forces shelling the Marines.

Clark was described as "damned angry" about the leaks and told Reagan on the

morning of Sept. 13 that the news stories had jeopardized McFarlane's efforts to obtain a cease-fire in Lebanon and possibly endangered McFarlane's life. McFarlane since has become White House national security affairs adviser, replacing Clark, who is now the secretary of the interior.

Administration officials had regarded the Sept. 11 National Security Council meeting, conducted under tight security on a Sunday afternoon at the White House, as

extraordinarily sensitive and were surprised and irritated to see the reports about it.

Reagan, who has complained often about news leaks whenever an unfavorable story has appeared, was described as sharing the anger and concern of Clark and others. After watching the Sept. 12 television reports and hearing a report from Clark about The Post's article the next morning, Reagan readily agreed to conduct an investigation.

He assembled his senior advisers on Sept. 13 to draft the letter that would subject them to a federal investigation. These advisers, several of whom had often accused each other of being responsible for leaks, all said at the time that they were not the sources of the stories about Lebanon. Then they argued about the language of the letter.

As originally drafted by Clark and presented to the president, the letter authorized an investigation of the source of the leaks by the "use of all lawful means—including the polygraph."

White House chief of staff Baker, a frequent adversary of Clark on many issues, objected to the reference to lie detector tests, according to sources familiar with the meeting. A discussion ensued in which others

was unimportant because the FBI would be able to use polygraph tests anyway if the president determined that national security had been violated.

According to the sources, the final version of the letter declared that an unauthorized disclosure of highly sensitive information had been made, that national security issues were at stake, and that the investigation should be pursued by "all legal means."

Attorney General Smith, FBI Director William H. Webster and the principal subjects of the investigation all declined to comment when asked about the investigation. But it was learned that the FBI had questioned most members of the White House senior staff and a number of middle-level and junior officials.

In addition to Baker, Clark, Shultz, Weinberger and Casey, those questioned include presidential assistant Richard G. Darman, White House communications director David R. Gergen and White House spokesman Larry Speakes. Gergen and Speakes were not considered prime targets of the investigation, according to the sources, because they were not allowed to attend the National Security Council meetings.

Those questioned by the FBI were warned that the investigation itself was classified and that any disclosure could carry serious consequences.

Weinberger, like others, also declined to comment on the investigation or even to confirm its existence. But he did confirm that there was concern in the administration early in September that news stories could put McFarlane "at greater risk" and that media disclosure of U.S. strategy in Lebanon could make diplomacy less likely to succeed.

Some officials took the investigation side and one said, "It's just one more inquiry that won't find an

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WALL STREET JOURNAL
22 November 1983

Letters to the Editor

The CIA Chief's Investments

I would like to address possible false impressions arising from the story headlined "CIA's Casey Boosts His Stake in Firms Having Agency Ties" appearing in your Nov. 14 issue. There were thirteen such companies as of year end 1982. Four of them had sales to the CIA of less than \$1,000, to be precise, \$12, \$151, \$479, and \$968, respectively. Four others had CIA sales ranging from \$2,517 to \$12,477. The remaining five companies had sales ranging from \$152,458 to \$3,995,774, and their CIA business was an infinitesimal portion of their multi-billion dollar total sales. The largest of these holdings represented five one-thousandths of one percent of the company's outstanding shares. Thus, you have reported a de minimis of a de minimis.

Moreover, I was not in any way involved in, nor did I have any knowledge of, any of the business these companies did with the CIA or the decisions of my investment advisor to acquire shares in these companies.

During my tenure as Director of Central Intelligence, my holdings have all been publicly disclosed and fully reported pursuant to the Ethics in Government Act. They have been examined in great detail by the CIA Designated Agency Ethics Official, and the Office of Government Ethics, and have been found to reflect no conflict of interest of any kind or any other illegality or impropriety.

When I established a blind trust some six weeks ago, the Office of Government Ethics scrutinized every one of my holdings placed in the trust and determined that not a single one of them was a holding of an issuer "having substantial activities related to (my) primary area of responsibility," which is the standard applied by the Office of Government Ethics.

WILLIAM J. CASEY

Director of Central Intelligence
Washington

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ON PAGE A-24

NEW YORK TIMES
22 November 1983

Concerns' Contracts Unknown to Casey, He Asserts in Letters

By DOUGLAS C. MCGILL

William J. Casey, Director of Central Intelligence, says he had stock in 13 companies with Central Intelligence Agency contracts that ranged in value from \$12 to \$3,995,774.

In similar letters published yesterday in *The New York Times* and Sunday in *The Washington Post*, Mr. Casey said that he "was not in any way involved in nor did I have any knowledge of any of the business these companies did with the C.I.A. or the decisions of my investment adviser to acquire shares in these companies." His remarks concerned his stock holdings as of the end of 1982.

The letters were Mr. Casey's first response to agency documents released Nov. 13 as a result of a suit filed under the Freedom of Information Act.

The documents disclosed that since Mr. Casey became head of the agency in January 1981, he has maintained control over stock in companies with both classified and unclassified contracts with the agency. The companies were not identified.

The documents released a week ago showed that C.I.A. officials and government ethics officers found no conflict of interest because of Mr. Casey's holdings.

According to material filed with the Office of Government Ethics, Mr. Casey established two blind trusts on Oct. 7 with a value ranging from \$3,435,000 to \$7,065,000. The holdings that his wife, Sophia, put into the trusts had a value ranging from \$770,000 and \$1,865,000. Establishment of the trusts ended Mr. Casey's control over those holdings.

In another matter, Mr. Casey was asked in telephone interviews Sunday about reports that he was willing to take a polygraph, or lie detector, test as part of the investigation of how Ronald Reagan's aides got briefing papers for President Carter's debate with Mr. Reagan at the close of the 1980 Presidential campaign. He refused to respond to the reports, saying it was his policy to speak only to "constituted authorities."

"I am still holding to the policy of speaking only to people charged with looking into it," he said. Mr. Casey was manager of President Reagan's 1980 campaign.

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ON PAGE A-1

WASHINGTON POST
22 November 1983

U.S. Pursues Israeli Connection Anew as Key to Mideast Peace

By John M. Goshko
Washington Post Staff Writer

No region has confronted President Reagan with more frustrations than the Middle East, where U.S. policy over the past three years has lurched from initial wheel-spinning through a major peace initiative that went awry to deepening involvement in a Lebanese civil war where the toll of U.S. Marine deaths has raised fears about a "new Vietnam."

Now the administration is preparing to try again with a new policy approach centered on the U.S.-Israeli relationship, hoping that it will lead to breakthroughs in three inter-related, top-priority areas: ending bloodshed in Lebanon, resolving the Arab-Israeli conflict and safeguarding the vital oil supplies of the Persian Gulf.

Its broad outlines, as described by a number of senior administration officials, envision recasting the relationship in ways that could make Israel an unofficial partner of the United States by greatly increasing American aid and strategic cooperation with the Jewish state. This cooperation would not be codified by formal treaties, but it would make clear to adversaries like Syria, and its Soviet backers, that the two countries have a confluence of interests and are prepared to collaborate in safeguarding them.

The objective, according to the officials, is to give Israel a long-term sense of security about the permanence of U.S. support and to immunize the relationship from stresses that have characterized it in the recent past.

The new policy is largely the work of Secretary of State George P. Shultz, and it represents what seems outwardly like an about-face for

Shultz, whose earlier service as president of Bechtel, an international construction firm with close ties to Saudi Arabia, originally led some to expect him to turn U.S. policy onto a pro-Arab course.

When Reagan was campaigning for president in 1980, he made a speech to the B'nai B'rith whose strongly pro-Israeli overtones so upset Shultz that he is known to have told close friends that he did not see how he could serve in an ad-

ministration whose Mideast policy he disagreed with so strongly.

More ironic, according to senior administration sources, in June, 1982, at the height of Israel's invasion of Lebanon, Shultz, who was leaving on a trip abroad, telephoned William P. Clark, then Reagan's White House foreign policy adviser, to complain that the administration was not doing enough to restrain Israel. Because of this telephone call, Clark was aware of Shultz's views and his whereabouts when Reagan's first secretary of state, Alexander M. Haig Jr., suddenly resigned, partly due to disagreement over U.S. posture toward the Israeli invasion.

Since taking office, Shultz, in the view even of the Israelis, has followed a scrupulously evenhanded approach in dealing with both sides in the Arab-Israeli dispute. Administration sources say his present advocacy of closer ties with Israel results from frustration over U.S. failure to win Syria's cooperation in Lebanon and from his growing conviction that a restructured relationship with Israel eventually might make that nation more amenable to resolving the Palestinian problem, which Shultz regards as the root cause of Mideast tensions.

This latest approach is in an early stage, and its final shape will depend heavily on the outcome of continuing disagreements between Reagan's most senior advisers and of visits here by Israeli Prime Minister Yitzhak Shamir next week and Lebanese President Amin Gemayel a few days later.

But the United States hopes that Israel will reciprocate by showing greater flexibility toward American dealings with the Arab world, first in achieving a Lebanon solution that will permit withdrawal of the Ma-

21 November 1983

WASHINGTON

Two congressmen, including a powerful House committee chairman, took the Synthetic Fuel Corp. to task Monday for its handling of a North Carolina peat-to-methanol project slated for \$465 million in federal loan and price guarantees.

Rep. John Dingell, D-Mich., chairman of the House Energy and Commerce Committee, and Rep. James Broyhill, R-N.C., the committee's ranking Republican, criticized SFC chairman Edward Noble for backing the First Colony synfuels project.

'We must express our concern and disappointment with the SFC's handling of this first synthetic fuels application,' said the two congressmen in a letter to Noble.

The corporation has given preliminary approval to the project, in which CIA Director William Casey and four former Ford administration officials have a financial interest. They are part of Peat Methanol Associates, a large partnership.

'Whether the project was a good first choice is questionable,' said the two congressmen.

FILE ONLY

Ethics And Mr. Casey

BY IGNORING the ethical examples of his colleagues, including President Reagan, William J. Casey continues to unnecessarily embarrass the President.

U.S. House and Senate committees some time ago probed the CIA chief's financial dealings because he didn't see fit to follow the ethical standards of those similarly situated. Mr. Casey's predecessors and such Administration officials as Vice President George Bush, Mr. Reagan, the attorney general, and the secretaries of State and Treasury, all put their holdings into a blind trust.

Mr. Casey kept control over his investments and didn't sell stock in firms that deal with the CIA. He claimed his long-time investment attorney made the day-to-day decisions to buy or sell except in two unusual cases. The CIA set up a screening procedure to be certain Mr. Casey didn't make decisions that substantially affect his holdings.

These arrangements were recently studied by the Center for National Security Studies. After obtaining records on Casey's investments, the center protested they "show an enormous investment of resources" at the CIA to advise Mr. Casey on how to prevent potential conflicts of interest. This effort, the center said, diverts officials from other duties.

The documents also show that Mr. Casey has acquired stock in companies that deal with the CIA since he took over as head of the agency.

It's true that CIA attorneys and government ethics officials found no conflicts, but Mr. Casey, considering his sensitive position in government, should realize how easily a shadow can fall over his financial dealings and reflect on his credibility and the Administration's.

The standards for Mr. Casey should be as strict as those for the others, if not more so.

ARTICLE APPEARED
ON PAGE 93NEW YORK POST
21 November 1983*File Only det*

CIA chief ready for Debategate lie test

By DEBORAH ORIN

CIA Director William Casey says he is willing to take a lie-detector test to prove he had nothing to do with getting Jimmy Carter's debate book for the 1980 Reagan campaign, it was reported yesterday.

That would put the nation's top spy in a high-stakes game of "Truth or Consequences" with White House chief of staff James Baker, who insists that Casey had the secret debate book and gave it to him.

The conflict between Casey's and Baker's stories last summer rocked the Reagan Administration and sparked talk that one of them might have to resign.

Casey at first refused to take a lie detector test, saying it was "demeaning," but recently he said he was willing to tell his story to a polygraph and added, "My conscience is clear," according to the Washington Post.

The paper said its information came from "informed sources."

Baker said he was willing to take a lie-detector test when the possibility first was raised last summer.

But FBI spokesmen Thomas Deakin last night told The New York Post that no decision has been made on whether to use lie-detector tests in the FBI investigation of the Debategate controversy.

He added that the sensitive decision actu-



WILLIAM CASEY
"Nothing to hide."

ally is up to the Justice Dept. and presumably to Attorney General William French Smith. "Considering the sensitive nature of the case, I'm sure it would go up to him," Casey said.

Democrats can be expected to howl "foul" if Smith decides against lie-detector tests, especially since he is an old friend of the President's.

The FBI and a House

ethics subcommittee have been investigating Debategate for the past five months.

The matter generally has dropped from attention but will soon resurface when public Debategate hearings commence on Jan. 26 before the subcommittee.

That could be a delicate time for the President. Some insiders say he plans to announce his re-election plans just about then — shortly after he gives his State of the Union address on Jan. 20.

Casey chaired Reagan's 1980 campaign and Baker is expected to play a key role in his 1984 campaign if he seeks re-election.

Casey has insisted that he wouldn't have touched the Carter briefing book "with a 10-foot pole" because he knew it could destroy the Reagan campaign.

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ON PAGE B-10

NEW YORK TIMES
21 November 1983

file only

Casey Stock Linked to C.I.A.

WASHINGTON, Nov. 20 (AP) — William J. Casey, Director of Central Intelligence, says he had stock in 13 companies with Central Intelligence Agency contracts that ranged in value from \$12 to \$3,995,774.

In a letter published today about his holdings as of the end of 1982, Mr. Casey also said he "was not in any way involved in nor did I have any knowledge of any of the business these companies did with the C.I.A. or the decisions of my investment adviser to acquire shares in these companies."

The letter, published in The Washing-

ton Post and verified today by Dale Peterson, a spokesman for the agency, was Mr. Casey's first response to agency documents released Nov. 13 as a result of a suit filed under the Freedom of Information Act.

The documents disclosed that since Mr. Casey became head of the agency in January 1981 he has maintained control over stock in companies with both classified and unclassified contracts with the agency. The companies were not identified.

The documents released a week ago showed that C.I.A. officials and government ethics officers found no conflict of interest because of Mr. Casey's holdings.

According to material filed with the Office of Government Ethics, Mr. Casey established two blind trusts on Oct. 7 with a value ranging from \$3,435,000 to \$7,065,000. The holdings that his wife, Sophia, put into the trusts had a value ranging from \$770,000 and \$1,865,000. Establishment of the trusts ended Mr. Casey's control over those holdings.

No Comment on Briefing Papers

Special to The New York Times

WASHINGTON, Nov. 20 — Mr. Casey, asked about reports that he was willing to take a polygraph, or lie detector, test as part of the investigation of how Ronald Reagan's aides got briefing papers for President Carter's debate with Mr. Reagan at the close of the 1980 Presidential campaign, refused to respond to the reports in telephone interviews today.

He said it was his policy to speak only to "constituted authorities." He added, "I am still holding to the policy of speaking only to people charged with looking into it." He was manager of President Reagan's 1980 campaign,

WASHINGTON TIMES
21 November 1983

Marcos charges prejudice on reports by media, U.S.

By Edward Neilan
WASHINGTON TIMES STAFF

MANILA — President Ferdinand E. Marcos strongly criticized Western press and U.S. government intelligence reporting on the Philippines yesterday, claiming their "biases and prejudices" have added to his nation's image problems abroad.

In an exclusive interview with The Washington Times at Malacanang Palace — his second this year — Mr. Marcos pinpointed the Western press, the U.S. Central Intelligence Agency and the U.S. Embassy in Manila for inaccurate reporting.

"I am afraid for the United States," Mr. Marcos said, "because the information you are getting is rotten. Most of it is false and exaggerated. The assessments are all completely wrong. They let their biases and prejudices dominate."

"That's not the proper attitude," Mr. Marcos said. "I am intelligence-trained. I grew

up in intelligence. And I tremble everytime I see the reports of the CIA."

He said, "If this is the type of intelligence that the free world has, that the United States has, I am worried."

Mr. Marcos appeared to have plenty of energy after dealing with a morning round of calls and consultations. After a reporter's 40-minute visit he had a scheduled telephone hook-up with Japanese Prime Minister Yasuhiro Nakasone.

On the question of his health, Mr. Marcos was succinct: "Those who predict my death, I will attend their funerals."

Mr. Marcos was asked if a possible rescheduled visit to the Philippines next April by President Reagan would help his own political fortunes.

"For what? I am not running for reelection," Mr. Marcos said. "But yes, of course, because the visit of a leader of his

stature is always something that will improve your image. But as I wrote him, what is important is his convenience.

"To be frank with you, for a while I thought of cancelling the visit. I wanted to show to everybody that we didn't need the visit to keep stability in the country.

"We are, of course, a little disappointed that he did not continue the visit. But if it involves his safety, as they claimed it did, I can't wonder how efficient the CIA is.

"If that is the efficiency of the CIA, I fear for the safety of the free world, because they don't know anything at all. They keep reporting so many wrong things. Even the State Department, even the embassy."

On the excellent security experience during the Reagan visit to Japan and Korea, Mr. Marcos said: "Well, if you have 90,000 policemen, you had better be good. But what I am worried about is that the CIA seems to be getting its information from press correspondents. They swallowed — hook, line and sinker — everything the correspondents put out and reported it as intelligence. Even the American Embassy did this. This is what happened in Iran; this is terrible."

Mr. Marcos moved up and down in his chair, and gestured as he continued on a subject he obviously feels strongly about. "Everybody demonstrates in the United States but you don't hear anything about it. You don't give it an assessment that the United States is about to fall."

Mr. Marcos said, "I am almost inclined to write my friend (CIA Director William) Casey. He was here before. But I am afraid even he is being misled by his own agents."

The president was asked if he believes the local political climate will change with the recent announcement of approval of \$652 million International Monetary Fund loans for the Philippines and the progress of the commission looking into the death of Benigno Aquino.

"I believe it has changed," Mr. Marcos said. "The problem is that the climate is really in the mind of Western correspondents. Your ambassador to the United Nations, Jeane Kirkpatrick, had an apt thing to say. She said private media is one of the most powerful forces in that it is accountable to no one, no matter how vicious it is."

Mr. Marcos has said he would leave the question of presidential succession, including the proposal to restore the vice presidency, to the Batasang Pambansa (assembly). But he clearly still opposes a re-institution of the vice-presidency.

"You don't have a vice-president in a parliamentary system, which is what we have here," Mr. Marcos said. "You see, the problem here is that when you have a vice-president, he automatically becomes the president, even if he may not have been chosen as vice-president for the purpose of the problems the country could be facing at the time.

"What Americans and other Western people do not understand is that Asia and Africa are societies of consensus. Unless there is a strong father figure, and if the

father figure is eliminated, then the consensus applies. Which means that everybody has to help."

Mr. Marcos said he was aware that some people wanted to have a single person designated as his successor rather than leaving the choice to the Executive Committee.

"All right," Mr. Marcos said, "the next question is, suppose Marcos disappears? Whom do you think can take his place to get everybody to cooperate? (Prime Minister Cesar) Virata? They will laugh in your face. He may not even win an election. He is no politician and yet you are going to make him vice-president and automatically a candidate for president. He will lose the elections. He is not a politician, period. And if you insist on pushing him down the throat of the other leaders, you will have a rebellion.

"This is what most people don't understand. This is why Americans commit so many errors. They don't know the personalities involved. They don't know the background."

Assemblyman Arturo Tolentino, a member of Mr. Marcos' ruling party, is the chief proponent of restoration of the vice-presidency as a means of establishing a clear-cut line of succession. A decision on this question may be forthcoming this week.

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BALTIMORE SUN
21 November 1983

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Casey lists firms' CIA contracts

Washington (AP) — CIA director William J. Casey says he had stock in 13 companies with CIA contracts whose value ranged from \$12 to nearly \$4 million.

In a letter published yesterday, Mr. Casey also said he "was not in any way involved in nor did I have any knowledge of any of the business these companies did with the CIA or [of] the decisions of my investment adviser to acquire shares in these companies."

Commenting on his stock holdings as of the end of 1982, when he still retained full control over them, Mr. Casey said five of the companies had sales to the Central Intelligence Agency ranging from \$152,458 to \$3,995,774. He said four companies had sales ranging from \$2,517 to \$12,477, and the other four had sales of \$12, \$151, \$479 and \$968.

Of the five companies with the largest CIA sales, Mr. Casey said, "Their CIA business was an infinitesimal portion of their multibillion-dollar total sales."

The letter, published in *The Washington Post* and confirmed as genuine yesterday by a CIA spokesman, Dale Peterson, was Mr. Casey's first response to CIA documents released last Sunday as a result of a Freedom of Information Act lawsuit.

INTELLIGENCER

U.S. and China: The Intelligence Bond Grows

TWO SECRET MEETINGS BETWEEN Chinese leaders and top U.S. intelligence officials suggest the two nations may have been brought closer in the aftermath of the Soviet downing of a Korean jetliner two months ago.

When Chinese Foreign Minister Wu Xueqian visited President Reagan in Washington last month, he also held a secret meeting with C.I.A. Director William Casey. Just days later, General James Williams, director of the Defense Intelligence Agency, arrived in Peking for talks with leaders of China's National Defense Ministry.

One topic of the meetings, observers believe, was the sharing of intelligence gathered by the two C.I.A.



Casey, Wu Xueqian: Listening posts and covert actions.

monitoring stations in China that played a key role when the Soviet Union shot down the K.A.L. jet.

Robert Downen, an Asian-affairs expert at Georgetown University, said that he believed the meetings had touched upon "the C.I.A. listening posts and covert actions against Soviet interventions in Afghanistan

and Cambodia." Downen said that "K.A.L. has got to have had an impact on the talks—Peking clearly leans further toward the U.S. on strategic interests now but still doesn't want to jeopardize its overtures toward Moscow."

The C.I.A. would not comment on the Casey-Wu meeting.

Letters

Of the Companies in Which Casey Owns Stock

To the Editor:

I would like to address possible false impressions arising from the Nov. 14 news article "Additional Casey Stock Dealings Made Public in C.I.A. Documents."

The transactions concerned stock in 13 companies as of year-end 1982. Four of them had sales to the C.I.A. of less than \$1,000; to be precise, \$12, \$151, \$479 and \$968, respectively. Four others had C.I.A. sales ranging from \$2,517 to \$12,477. The remaining five companies had sales ranging from \$152,458 to \$3,995,774, and their C.I.A. business was an infinitesimal portion of their multibillion-dollar total sales. The largest of these holdings represented five one-thousandths of one percent of the company's outstanding shares. Thus, you have reported a *de minimis* of a *de minimis*.

Moreover, I was not in any way involved in, nor did I have any knowledge of, any of the business these companies did with the C.I.A. or the decisions of my investment adviser to acquire shares in these companies.

During my tenure as Director of Central Intelligence, my holdings have all been publicly disclosed and fully reported pursuant to the Ethics in Government Act. They have been examined in great detail by the C.I.A.

Designated Agency Ethics Official and the Office of Government Ethics, and they have been found to reflect no conflict of interest of any kind or any other illegality or impropriety.

When I established a blind trust some six weeks ago, the Office of Government Ethics scrutinized every one of my holdings placed in the trust and determined that not a single one of them was a holding of an issuer "having substantial activities related to [my] primary area of responsibility," which is the standard applied by the Office of Government Ethics.

WILLIAM J. CASEY
Director of Central Intelligence
Washington, Nov. 17, 1983

Additional Casey Stock Dealings Made Public in C.I.A. Documents

WASHINGTON, Nov. 13 (AP)—William J. Casey has acquired stock in companies that do business with the Central Intelligence Agency since he took over as Director, according to documents recently made public.

The documents also disclose that Mr. Casey had stock in concerns with classified C.I.A. contracts when he took office in January 1981, and that since then, he has retained stock in companies with both classified and unclassified contracts with the agency.

Most of the documents, obtained in a lawsuit based on the Freedom of Information Act, relate to the agency's efforts to assure that Mr. Casey's multi-million-dollar stock holdings did not pose any conflict of interest with his official duties.

The documents show that agency attorneys and Government ethics officials have found no conflicts.

Company Names Deleted

Deleted from the documents are the names of concerns with agency contracts or the size of the Casey holdings.

The Senate and House intelligence committees have inquired into Mr. Casey's finances, in part because he did not follow the procedures chosen by two predecessors as directors of central intelligence, Adm. Stansfield Turner and George Bush, and by other senior Reagan Administration officials with equivalent access to secret Government economic intelligence, including President Reagan, Vice President Bush, Attorney General William French Smith, and the secretaries of State, Treasury, and Defense.

All of those officials, except Defense Secretary Caspar W. Weinberger, put their holdings into a blind trust. Mr. Weinberger sold off stock in companies doing major Pentagon business.

Mr. Casey retained control over his holdings; he did not sell stock in companies dealing with the C.I.A. He as-

serted, however, that his investment adviser, Richard Cheswick, made day-to-day trading decisions, except in two cases in which Mr. Casey ordered sales.

Last month, however, Mr. Casey put his holdings into a blind trust. The agency documents were turned over in the last two weeks to attorneys for the Center for National Security Studies, which sued for them under the Freedom of Information Act. The center asked for any documents which showed how much time agency officials were devoting to screening Mr. Casey from potential conflicts of interest.

The center made the documents public today. David Vladeck, an attorney for the center, said he believed they "show an enormous investment of resources at C.I.A. in advising Casey, diverting those officials away from their primary activity." He said center officials were deciding whether to ask Federal District Judge Louis F. Oberdorfer to make public some of the material deleted from the documents when the agency turned them over.

A C.I.A. spokesman, Dale Peterson, said today that neither he nor Mr. Casey had any comment.

In an affidavit, Gary M. Chase, an agency attorney, said that 168 documents relating to the screening arrangement had been found and that 19 were made public.

He noted that the Freedom of Information Act allows the agency to withhold data which could be used by foreign intelligence agents to learn about secret intelligence methods and sources. Between May 1982, when the screening was begun, and May 1983, the latest date in the released papers, officials charged with screening Mr. Casey's dealings received 18 reports on Mr. Casey's stock transactions.

And Casey continues to get away with it

Congress has been lax in not putting the heat on President Reagan to dump CIA Director William Casey. Casey has the ethics of a Russian spy when it comes to avoiding conflicts of interest.

He is the only administration official who hasn't either sold stock that presents conflict-of-interest problems or placed it in a blind trust. Indeed, Casey has actually acquired more stock in companies that do business with the CIA since he became director of the agency.

Casey, alone among high officers of the Reagan administration, has retained the ability to enhance his private wealth through public acts.

That is dishonest and it puts the CIA director in the odd position of placing his own

well-being above that of his country.

There is a school of the thought within the intelligence community and among its defenders that the Soviets fight so mean and dirty that the CIA must do the same. You must fight fire with fire. You must, as in war, take actions that would be plainly unethical in a different context.

One almost gets the impression, therefore, that Reagan clings to Casey as a man who is obviously sleazy enough to compete at those lower levels with the Russians. And if that was the basis of Casey's selection, then the president has chosen exceedingly well — B.H.

Mr. Casey's Stock Holdings

THE finances of Mr. William J. Casey, the director of the Central Intelligence Agency, have raised more than a little curiosity from the time he took office. They still do.

The Senate and House intelligence committees have inquired about those finances, in large part because he didn't place his stock holdings in a blind trust at first, as did his two predecessors. It was only recently that he did so, after some pressure by Sen. Carl Levin, D-Mich.

But in documents obtained by the Freedom of Information Act, it seems that Mr. Casey has acquired stock in companies that do business with the CIA. The CIA documents made public show that Mr. Casey held stock in companies with classified contracts when he took office in January 1981. They also show that he since has retained stock in companies with both classified and unclassified agency contracts.

Most of the disclosures relate to CIA efforts to ensure that the director's multimillion stock portfolio didn't pose a conflict of interest with his official duties. CIA lawyers and government ethics officials found no conflict, according to the documents.

Perhaps there are no conflicts as related directly to his duties. But it seems reasonably odd that Mr. Casey would retain and add to stocks of companies doing business with the intelligence agency. Since contracts are classified, the public has no way of knowing the size, duration or how they might improve a company's financial position or affect stock dividends.

Mr. Casey does sit in a sensitive post and has access to a great deal of information that few others do, including advance projections of trends in finance and other things. He has put his stock in a blind trust, but he hasn't put down a lot of questions about his stock holdings. Insofar as possible, he should.

ARTICLE APPEARED
ON PAGE F-6WASHINGTON POST
20 November 1983

LETTERS TO THE EDITOR

William Casey Replies

I would like to address possible false impressions arising from the story headlined "Casey Portfolio Included Firms Doing CIA Work" and its first-page position in the Nov. 14 issue. There were 13 such companies as of year end 1982. Four of them had sales to the CIA of less than \$1,000 to be precise, \$12, \$151, \$479 and \$968, respectively. Four others had CIA sales ranging from \$2,517 to \$12,477. The remaining five companies had sales ranging from \$152,458 to \$3,995,774, and their CIA business was an infinitesimal portion of their multi-billion dollar total sales. The largest of these holdings represented five one-thousandths of 1 percent of the company's outstanding shares. Thus, The Post has reported a *de minimis* of a *de minimis*.

Moreover, I was not in any way involved in nor did I have any knowledge of any of the business these companies did with the CIA or the decisions of my investment

adviser to acquire shares in these companies.

During my tenure as director of Central Intelligence, my holdings have all been publicly disclosed and fully reported pursuant to the Ethics in Government Act. They have been examined in great detail by the CIA Designated Agency Ethics Official, and the Office of Government Ethics, and have been found to reflect no conflict of interest of any kind or any other illegality or impropriety.

When I established a blind trust some six weeks ago, the Office of Government Ethics scrutinized every one of my holdings placed in the trust and determined that not a single one of them was a holding of an issuer "having substantial activities related to [my] primary area of responsibility," which is the standard applied by the Office of Government Ethics.

WILLIAM J. CASEY
Director, Central Intelligence Agency
Washington

ARTICLE APPEARED
ON PAGE A-1WASHINGTON POST
14 November 1983

Casey Portfolio Included Firms Doing CIA Work

By George Lardner Jr.
Washington Post Staff Writer

CIA Director William J. Casey had a financial interest in several companies doing business with the CIA when he decided to put his holdings in a blind trust last July.

Some of the investments were made by Casey's investment adviser after Casey became CIA director, according to CIA records produced by a lawsuit under the Freedom of Information Act.

The CIA, however, has refused to release details about how many of the companies in Casey's portfolio hold contracts with the agency or how many contracts they hold.

A millionaire whose financial dealings have been a sporadic source of controversy since he became CIA director in 1981, Casey had an interest in 72 companies as of last Jan. 3, according to CIA general counsel Stanley Sporkin.

The total, records indicate, was still about the same when the lawsuit was filed June 28 by the privately funded Center for National Security Studies.

According to the CIA, the heavily censored CIA records turned up by the litigation show only "a small number of companies" in the Casey portfolio holding classified CIA contracts and another "small number" with unclassified contracts.

At the same time, one computer printout of contracts held by some, but apparently not all, of the CIA-connected companies totals four pages, according to a court-required index of the 168 documents relevant to the lawsuit, including those withheld by the CIA. Only 19 entire documents were released.

Casey and his CIA advisers have consistently taken the position that his investments posed no conflict of interest, especially in light of a "screening arrangement" established in May 1982 to deal with potential problems.

CIA spokesman George Lauder told a reporter that, in addition, "all of Casey's transactions from the time he became director of central intelligence have been reviewed thoroughly by the Office of Government Ethics. They've had access to all information... [and] the classified contracts." Each year, he said, the ethics office has found no conflict.

Casey declined, through Lauder, to comment. But Sporkin, formerly chief of enforcement at the Securities and Exchange Commission, said he is confident that no impropriety was involved.

"I've been in the business of insider trading for a long time, and there's no problem here," Sporkin said. The screening mechanism, which he helped devise, was stringent, ensuring that "the director could not act on anything in which he had a holding," he said.

Sporkin said some of the contracts were so "minimal" that they could not affect the company's stock value. In cases involving larger contracts, he said, Casey's holdings were small.

"I don't think there was any instance in which he had a major holding in a company which had a major [CIA] contract," Sporkin said.

At the CIA, the screening system took effect after Casey submitted his first annual report under the Ethics in Government Act. It showed sale of more than \$600,000 in oil stocks in 1981, a year in which oil-stock prices dropped sharply during a worldwide petroleum glut.

Casey, the CIA documents show, reacted unhappily to publicity which, in his words, suggested "that I disposed of these holdings on the basis of unpublished agency estimates of worldwide oil production."

Denouncing such reports as "grossly unfair and inaccurate," Casey wrote the Senate Select Committee on Intelligence in July 1982

that the decision to sell "a portion of my oil and gas holdings in 1981" was made solely by his longtime investment adviser, Richard Cheswick.

Casey said Cheswick "did not consult with me" and, in fact, sold almost all of his clients' oil holdings at the same time. Casey added that Cheswick had made "all of the decisions to buy and sell my marketable holdings" after Casey became CIA director, except for "two unusual situations" not spelled out.

Casey, however, resisted suggestions that he establish a blind trust. He told the Senate committee that he felt that the screening arrangement "fully ensures against my inadvertent involvement in agency matters which could affect or involve any of my personal financial holdings."

By contrast, Casey said, a blind trust would eliminate the requirement that he make a detailed annual report of financial transactions and, he emphasized, would be no guarantee against mischief.

"While it may be argued that a blind trust would remove any possibility of... misuse of insider information," Casey said, "any individual intent on violating the law and abusing his position of trust in this manner will certainly not be deterred by the existence of a blind trust since his ability to buy and sell stocks outside the trust arrangement continues to exist."

Under the screening system, the deputy CIA director and other senior officials are to be furnished a current list of Casey's holdings and are required to watch for any agency matter that might affect financial interests of any company on the list.

Potential conflicts were to be cited to deputy CIA Director John McMahon and Sporkin, who could decide whether to exclude Casey from any decision in the matter. They could also let Casey decide whether to divest himself of the holding or disqualify himself from the CIA decision at hand.

CONTINUED

Only once, it appears, was the system "triggered" to the point that Casey had to sell stock so he could participate in a CIA decision concerning the company involved, reportedly IBM.

According to an informed source, Casey made the sale reluctantly, albeit at a profit. "We didn't ask him, we told him," this source said. "He wasn't terribly thrilled about it."

On Feb. 3, 1981, shortly after Casey took over at the agency, deputy general counsel Ernest Mayerfeld sent him a memo entitled "Your Personal Assets" and attached a list of companies in Casey's portfolio with CIA contracts.

"Upon examination of the nature of the agency's relationship with these entities and, in consideration of the fact that your responsibilities as director of Central Intelligence are unlikely to require your personal, substantial or regular participation in any matters that would have a direct or predictable effect upon these entities, I concluded that no conflict, or appearance of conflict, arises from your financial interest," Mayerfeld wrote.

Speaking as the CIA's "designated agency ethics official," Mayerfeld said that he saw no need for Casey "to make any adjustments" in his

holdings and that "the Office of Government Ethics concurs . . ."

Casey was told that he needed only to make sure "to disqualify yourself in the improbable eventuality that your participation in any matter as director might have a 'direct or predictable' effect on those corporations."

"There's an elaborate mechanism at the agency," Sporkin said, for issuing contracts. "Very seldom does the director or even the deputy director get involved."

The screening arrangement that took effect in 1982 was apparently undercut this year by reaction to Casey's annual report. It showed that millions of dollars in stocks and other securities were bought and sold for Casey during the summer of 1982 as the stock market was beginning a major advance.

Sen. Carl Levin (D-Mich.) immediately urged Casey to set up a blind trust and asked the CIA to report on the number of times the screening committee had identified a potential

subject. The House Select Committee on Intelligence made a similar request.

The CIA's answers, if any, are not among documents compiled in response to the freedom of information suit.

Casey announced last July 19 that he had decided to put his holdings in a blind trust "to avoid future questions and misunderstandings." Put into effect Oct. 7 after clearance from the Justice Department and the Office of Government Ethics, the trust eliminates the need for Casey to make detailed public disclosures of financial transactions.

Sporkin said an annual report still will be required to show income from the trust and holdings left outside of it, such as partnerships that cannot be sold in the marketplace and "predominant" chunks of Casey's portfolio, such as Capital Cities Communications.

"Eventually it's going to be much easier with the blind trust," Sporkin said. " . . . There was no problem at all with the way it [the screening system] was being run. But again, it's a question of perception. I think he decided this was just a silly issue to be arguing. He had too many other things to do."



WILLIAM J. CASEY
... finances sporadically controversial

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Dispute persists over

Why did U.S. shun Israel aid in blast?

**By Vernon A. Guidry, Jr.,
and Charles Corddry**

Washington Bureau of The Sun

Washington — On the morning of October 23, while rescuers worked in the chaos and carnage of the bomb-shattered Marine headquarters in Beirut, Israel's defense minister placed a call to U.S. Defense Secretary Caspar W. Weinberger.

The dimensions of the disaster were beginning to emerge when Moshe Arens called with condolences and an offer of assistance, medical and otherwise. The offer was received with thanks, but not accepted.

The Israeli government has noted that it offered assistance, and Prime Minister Yitzak Shamir has expressed "regret" that the offer was not taken.

Now, weeks after the event, the call to Mr. Weinberger and events related to it are at the center of a persistent and ugly controversy in this country. The dispute turns on allegations that U.S. worries about political appearances in the region took precedence over the needs of the American wounded in the terrible first hours after the truck-bomb attack on the Marine headquarters that claimed the lives of 239 U.S. servicemen.

Critics, including vocal members of Congress and much of the organized American Jewish community, make essentially this charge:

The United States bypassed prompt, expert medical care available in Israel out of a concern that Arab nations would be offended if U.S. members of the multinational peacekeeping force in Beirut were treated in Israeli hospitals.

The harsher critics say that Mr. Weinberger personally "refused" Israeli aid for this reason. Harshest of all have been suggestions that deaths among the injured marines and sailors may have resulted from that action.

Two wounded servicemen died after leaving Beirut, according to the Pentagon. A U.S. senator with a background in military medicine was aboard the hospital plane on which one death occurred. Senator Gordon Humphrey (R, N.H.) says the wounded man may well have been beyond any help.

The second death occurred at a British Royal

Beirut wounded

Air Force Hospital on Cyprus. A Marine Corps spokesman quotes RAF physicians there as saying the wounded marine was beyond help.

Thus, the public record so far does not demonstrate that quicker provision of full hospital facilities would have saved these lives. The U.S. military says that failure to use Israeli facilities did not cost lives and that critics who claim otherwise have as yet offered no evidence to support their view.

Mr. Weinberger and other officials have vehemently rejected the notion that politics played a role in actions after the explosion. Military commanders in the area, they say, followed established procedures and contingency plans, which were adequate to care for the wounded.

But the weight of evidence appears to support at least the official assertion that once the bombing occurred, military men in the area acted according to their operational plans, whatever the inadequacies, rather than at the direction of Washington officials with geopolitics on their minds.

In particular, the record shows that by the time the U.S. defense secretary talked to Mr. Arens on the phone, U.S. military commanders in the Middle East and Europe had, hours before, considered other Israeli offers of help and had decided they would not avail themselves of them.

One high-ranking State Department official involved in the issue maintains that decisions on where to send the wounded were made at the scene in consultation with U.S. military headquarters in Europe before any senior officials at the Pentagon or the State Department were informed of the Israeli offer.

As the events unfolded, it was almost inevitable that Mr. Weinberger would emerge as a focus of criticism. Already controversial among Israel's supporters, he came to personify the policy of arm's-length dealings with Jerusalem that the administration adopted after Israel's invasion of Lebanon last year.

Backed by the Joint Chiefs of Staff and CIA Director William Casey, Mr. Weinberger reportedly argued in internal councils against jeopardizing ties with Arabs by closer relations with Israel.

"He's associated with that [policy] line of being particularly concerned about offending the Arabs," according to Hyman Bookbinder, a leading figure in the American Jewish community. "He is not the favorite official in our ranks."

By most accounts, however, the Weinberger viewpoint had lost out within the administration to an opposite view, backed by Secretary of State George P. Shultz. In fact, Lawrence S. Eagleburger, the undersecretary of state for political affairs, was preparing to leave for Israel to work out stronger, more visible ties virtually on the eve of the blast.

A question of integrity

It took only two and a half years until William Casey, director of the Central Intelligence Agency, felt enough pressure from Congress to put his extensive stock holdings in a blind trust.

Richard Cheswick, his financial adviser, managed the account, but Casey retained — and exercised — the right to buy or sell stock. Twice he issued orders to sell.

But within the last month, Casey finally acceded to demands by Sen. Carl Levin and put the investments in a trust.

Comes now the news that since becoming director of the CIA, Casey has acquired stock in companies that have contracts with the agency. Some of the contracts are classified. Some aren't. In a few cases, the firm's business with the

CIA was too small to affect the value of the company's stock. In others, Casey owned only a small part of the business.

Agency spokesman George Lauder says that all Casey's transactions during his tenure at the agency have been reviewed by the Office of Government Ethics and it has found no conflict of interest.

Nevertheless, Casey, by his actions, has raised these questions about the propriety of his business. As director of the CIA, he is privy to classified information that could affect the value of many of the companies he deals with. Every business decision he has made naturally will be open to questioning.

Public doubts about his integrity will haunt Casey as long as he is in office. But he has no one to blame but himself.

18 November 1983

Casey's financial affairs don't inspire confidence

The inside joke in Washington these days is that the "CIA" really stands for "Casey Investing Service," a reference to Director William Casey's remarkable timeliness and acumen in his stock-market investments.

It was revealed last year, for instance, that Casey bought and sold several million dollars' worth of stock. He turned a rather tidy profit, raising questions about his use of CIA intelligence to play the market.

Unlike his predecessors, George Bush and Stansfield Turner, who placed their holdings in blind trusts, Casey kept control of his stocks. He said he did not use the world's largest data bank in the CIA to obtain financial information not available to other investors. But the questions have not been adequately answered.

Now it has been revealed that Casey has acquired stock in companies that do business with the CIA.

The documents recently made public disclose that Casey had stock in firms with

classified CIA contracts when he took office in 1981, and that since then, he has retained stock in companies with both classified and unclassified CIA contracts.

CIA attorneys have said no conflict of interest exists in Casey running the agency and, at the same time, holding stock in companies doing business with the agency. This would be more readily believable if the amount of Casey's stock in those companies were not great and, two, if Casey had no influence or power to determine which companies are awarded contracts with the CIA.

Just as the country had to take Casey's word that he did not use sensitive CIA financial intelligence for making his stock investments, it is now being told by the CIA that its director has "no conflict of interests" in holding stock in companies doing business with the CIA. A healthy skepticism on Casey's financial doings would seem to be in order until his affairs have been thoroughly scrutinized by some part of the government not under his control.

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Washington Wire

A Special Weekly Report From
The Wall Street Journal's
Capital Bureau

MINOR MEMOS: . . . A newly available two-page memo to CIA chief Casey from his general counsel about financial disclosure has every sentence blacked out except this conclusion: "If you have a few minutes, I think we ought to go over this matter one final time." . . .

Mr. Casey's Dubious Ethics

Newly disclosed documents dealing with CIA Director William Casey's financial transactions fall far short of providing unequivocal support for the repeated claims of agency spokesmen over the past year that all of Mr. Casey's dealings have been proper. The previously confidential documents — obtained in a Freedom of Information Act suit by the privately funded Center for National Security Studies — show that when Mr. Casey took office in 1981 he held stock in companies with classified CIA contracts, that he retained stock in such companies and that even after he became director he acquired stock in companies doing business with the CIA.

Despite statements by CIA lawyers and government ethics officials that they found no conflicts of interest in any of these holdings, such investments are on their face questionable. And the assurances of ethics officials, whose judgments are based on still secret information, do not erase the

appearance of impropriety — especially since in two instances Mr. Casey is known to have overridden the investment adviser, who was supposed to be keeping him free of conflicts of interest, and ordered stock sold.

Mr. Casey's ethical record since becoming CIA director has been disgraceful. Unlike his two immediate predecessors and unlike other senior Reagan officials, he refused until last month to put his investments in a blind trust. He sold more than \$600,000 in oil stocks in 1981 under circumstances that led to the suspicion that, through inside information, he was able to avoid losses when oil stocks were falling in value. His less than candid financial reports were questioned in the Senate even before he assumed office.

Now, with many documents censored or being withheld despite the suit, the public is in effect being asked to trust Mr. Casey. Why should it?

CIA chief kept too many secrets

For a guy who's supposed to be the chief snoop among a pack of snoopers, CIA Director William J. Casey sure is getting nabbed a lot lately doing business he shouldn't be doing.

Recent press accounts have revealed that since he took over as director of the Central Intelligence Agency, Mr. Casey, a multi-millionaire, has acquired stock in companies that do business with the CIA.

Although CIA lawyers and government ethics officials have found no evidence of conflict of interest, it still raises doubts, long festering, whether Mr. Casey has used his position — and his agency's resources — to better himself financially.

Mr. Casey has a reputation for operating



Casey

on the shady side of the law, one he enhanced when he refused for two years to place his stock holdings in a blind trust as previous CIA directors have done. Mr. Casey retained his holdings, including stock in companies doing business with the CIA. Only last month did he finally relinquish control of his private investments.

Government service is no piece of cake. It's more like cornbread, especially for the super-rich used to lots of icing, and requires that its servants walk the straight and narrow at much lower compensation than they're accustomed.

But when people operate at the top levels of government, they have access to information — especially in the CIA — and can wield power to a far greater advantage than do ordinary citizens. That's why the most honorable among them — this includes most of Mr. Casey's Reagan administration peers — remove themselves from the day-to-day handling of their investments.

That's what Mr. Casey should have done from the beginning.

Carter papers found in Reagan campaign files

'Your eyes only' foreign policy data cited by Albosta

Washington (AP) — A House subcommittee chairman said yesterday that documents from the Carter administration, which he called highly classified, have been found by congressional investigators in files from President Reagan's 1980 election campaign.

"We've found some 'your eyes only' type of stuff. That means classified — the highest classification," said Representative Donald J. Albosta (D, Mich.), whose panel is probing how Carter White House materials reached the president's campaign staff.

Mr. Albosta, who announced that he has set January 26 as the tentative start for public hearings, said the classified materials dealt with foreign policy, but he declined to assess their sensitivity.

He also refused to say whether the documents were found in the Reagan campaign archives at the Hoover Institution, which is at Stanford University, or in personal files maintained by former Reagan campaign staffers.

"Obviously, we looked in Reagan files, not his personal files but things pertaining to his election," Mr. Albosta said in an interview after he released a prepared statement earlier in the day.

The statement said House investigators had turned over "certain information" to the FBI, which is conducting, at the White House's request, a criminal investigation of the transfer of Carter documents.

Asked whether the information involved the classified material, Mr. Albosta said: "I don't think I can answer that question." He then added: "It's up to the FBI and those people to make the judgment on those pieces of material."

Lane Bonner, an FBI spokesman, said he had no comment on the congressman's statements.

Mr. Albosta said it was not the purpose of his investigation to determine whether any laws had been violated, only whether the Ethics in Government Act needs revision.

"Obviously, if material is classified, regardless of the classification, there is a federal law pertaining to it," he said. "Somebody violated the law if they distributed classified material."

Asked whether he thought the information given to the FBI was relevant to its criminal investigation, Mr. Albosta replied, "Obviously."

He said he did not know how the classified documents reached the Reagan campaign.

Until yesterday, Mr. Albosta's public statements about his five-month-old investigation had not mentioned classified materials.

The probe's public focus had been on briefing papers used to prepare then-President Jimmy Carter for a pivotal campaign debate with Mr. Reagan October 28, 1980, and on daily activity reports from Mr. Carter's National Security Council.

Several Reagan campaign people, including budget director David A. Stockman and White House chief of staff James A. Baker III, have acknowledged that Carter briefing papers reached the Reagan campaign. Richard V. Allen, Mr. Reagan's former national security adviser, has said he received the activity reports when he was foreign policy adviser for the Republican campaign.

PORTLAND EXPRESS (ME) 17 November 1983

MUSEUM

No solace for spooks

The Senate Select Intelligence Committee this month heard a proposal to establish a National Historical Intelligence Museum. What a dumb idea.

The hearing, of course, was public. So, too, would be the museum. And if that doesn't create any problems, U.S. secret intelligence must be worse than we thought.

As it is, the Central Intelligence Agency recently overcounted the Cubans in Grenada. Critics suggest that human spies cruising seedy bars count better than satellites cruising high in the air.

Maybe so. But human spies also know enough not to get caught dead in a museum.

What's left? Paraphernalia. The leading candidate is a wooden American eagle the Russians once bugged in the U.S. embassy in Moscow. The eagle made good television 20 years ago, co-starring with U.N. Ambassador Adlai Stevenson. But can it still draw the crowds? Nobody knows.

The same goes for satellite

photographs. Paraphrasing Groucho Marx, does anyone want to see a spy picture the CIA is willing to show them?

Don't worry. Real spies won't stand still for the museum. For a time, former spy Edwin Wilson even refused to stand still long enough for the courts.

We can guess where he learned the technique. CIA Director William J. Casey genially boosted the museum when he testified at this month's hearing. The way he did it would warm a double-agent's heart. First Casey "heartily endorsed" the museum, then he said someone else would have to stock it: "I would not want to mislead anyone into expecting us (the CIA) to be a major source of exhibits..."

So much for that. The Department of Agriculture doesn't spy much, and the Navy's so tight with its secrets it still won't say what the Monitor found out about the Merrimack.

No, the CIA is the storehouse. If the spies won't come in from the cold, the museum's out in it, too.

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The compulsive Mr. Casey

Documents released on the financial holdings of William J. Casey, director of the Central Intelligence Agency, make one worrisome fact quite clear: The man controlling this country's foreign intelligence network is himself controlled. Mr. Casey is in the grip of a compulsive drive to make money on the stock market. Apparently he will let nothing get in its way—not a sense of duty, not agreements publicly made, certainly not any restraining tugs of conscience or worries about public opinion. The Casey bank balance comes first.

The new documents were obtained through a lawsuit based on the Freedom of Information Act. They disclose that Mr. Casey, after taking over as head of the CIA, acquired stock in companies that do business with the agency. They also show that he had stock in firms with classified CIA contacts when he took office in January, 1981, and has since retained stock in companies with CIA contracts both classified and unclassified.

Mr. Casey's obsessive feelings about money were plain long before the new documents were released. Of all senior administration officials with access to secret economic information, he alone refused to give up control of his own holdings. President Reagan, Vice President Bush, and the heads of the State, Justice and

Treasury Departments all put their stock portfolios into a blind trust; so did Mr. Casey's last two predecessors at the CIA. Secretary of Defense Caspar Weinberger sold off his stock in companies doing major business with the Pentagon.

Until quite recently, however, Mr. Casey wouldn't let his multi-million dollar holdings out of his sight. Instead, the CIA set up an elaborate screening system intended to make sure he didn't make decisions that would substantially affect his investments. Within the last few weeks, under severe congressional pressure, he did put his holdings in a blind trust.

Presumably Mr. Casey and administration officials think that solves the problem. It doesn't. The problem is Mr. Casey, and the only solution is the one applied to former Interior Secretary James Watt. It is to get rid of him as a drag and an embarrassment to this administration.

A man who finds it so hard to put national responsibility ahead of private profit should not have the choice. And if that fact admits of any degrees, it is especially true of the CIA director. Intelligence is a commodity vital to this nation; it shouldn't have to be filtered through all those dollar signs.

Casey, the shameless

SAY WHAT YOU WANT about William Casey, director of the Central Intelligence Agency, but he does keep a number of department employees off the street.

Casey, whose business dealings have been scrutinized frequently since his appointment by President Reagan, is back in the papers. Once again it is his brazen disregard for government ethics in his stock-buying habits that make him newsworthy. Not content to hold onto stock in companies that deal with the CIA when he accepted the job, he has acquired more since taking office.

For more than two years Casey refused, unlike other high-ranking administration members, to put his extensive holdings in a blind trust. Under heavy pressure from members of Congress, he agreed a few weeks ago to give up personal control of his investment portfolio.

During earlier investigations, Casey denied wrong-doing on grounds that CIA employees screen his transactions to prevent conflict of interest problems.

That refrain raised two questions: How much agency time has been wasted on Casey's business adventures by department officials who would be better utilized doing real CIA work? And how much effect can the director's relationship with firms holding agency contracts have on those agreements and on his buy-and-sell decisions?

In an effort to answer those questions, the Center for National Security Studies acquired documents, through the Freedom of Information Act, detailing the busy director's stock market activities. Included in the information, according to a CIA spokesman, were 168 documents dealing with the screening process.

The blind trust will not remove all temptation to profit from inside information but it should reduce the amount of CIA brainpower needed to protect Casey from himself.

The most effective solution to the problem, a forced resignation, is unlikely. Casey, and the administration that gave him the job, have proven themselves beyond embarrassment in conflict-of-interest matters.

16 November 1983

Come clean, Casey

Controversy embarrassing to President Reagan has dogged multimillionaire William J. Casey ever since he was appointed CIA director in January, 1981.

Much of it has centered on Casey's substantial private investments. He could have averted questions by putting his holdings in a blind trust before he got access to secret government economic intelligence. That's what his predecessors, the president and other administration leaders in less sensitive positions did. But Casey arrogantly resisted congressional pressure to do so until last month.

Now a suit filed under the Freedom of Information Act has smoked out censored documents revealing there was reason to press Casey: When he took office, he held stock in several firms doing business with the CIA, and he continued to acquire stock in such companies afterward.

That's an intolerable impropriety, and it's not enough for CIA lawyers and government ethics officials to assure us there have been no conflicts of interest. The opportunity for such conflicts exists, and that smells—especially in a government agency that more than others demands a high degree of public trust. The CIA had enough scandal to live down before Casey came along.

It's Casey again

What is it about CIA Director William Casey that leads reporters to write all those stories about his investments? Every couple of months, it seems, there is something about Casey and his stockholdings. This time it's the release of documents showing that, since he became top man at the CIA he has invested in firms that do business with the organization, thereby creating at least the potential for conflicts of interests.

Unlike his two immediate predecessors at the CIA, and unlike most high officials in the Reagan administration, Casey long declined either to put his extensive stockholdings in a blind trust or to dispose of them.

Instead, he set up a kind of jerry-built arrangement whereby some of his underlings at the CIA would "screen" him from putting money into any businesses that might benefit or be harmed by something the CIA was about to do.

The Center for National Security Studies, which requested the documents about Casey's invest-

ments under the Freedom of Information Act, said they "show an enormous investment of resources at the CIA in advising Casey . . . diverting those officials away from their primary activity." This investment of resources may have kept Casey away from situations of actual conflict; at least the office of the CIA general counsel found no conflicts when it went over Casey's investment list last year.

The good news is that several weeks ago Casey finally did what he should have done at the beginning — put his holdings in a blind trust. Now maybe there won't be any further stories about this or that potential conflict. But why did it have to go on for more than two years?

Bill Casey is — by title, at least — the nation's No. 1 sleuth. But he has been incredibly blind in not realizing the potential for making money unethically by investing — or disinvesting — in companies whose stock he could predict, from information available to the CIA, would be likely to rise (or fall).

Casey's CIA Stock Takes A Plunge

You would think the Central Intelligence Agency had enough work on its hands in such places as Latin America and the Middle East without taking on the added burden of sorting out the investment portfolio of CIA Director William J. Casey.

But documents released over the weekend show, among other things, that the CIA is spending a great deal of time with its director's personal finances. And who assures the public that all is well? None other than the attorneys of the agency, who report — you guessed it — to Bill Casey.

Casey's tangled financial affairs make Bert Lance — remember him? — look like a paragon of fiscal probity.

One of those gadfly groups, something called the Center for National Security Studies, using the Freedom of Information Act, forced the CIA to release the financial information on Casey. The results surprise no one with a passing interest in Casey's recent financial past. For instance, Casey has large holdings in companies doing business with the CIA. But that's not all. Casey also has bought stock in companies doing business with the CIA since he became director.

How does this guy get away it? Indeed, how has he gotten away with a laundry list of questionable financial practices since he joined the administration? He has been lax in following established procedures regarding wealth. While other rich Reagan appointees were busy placing their holdings into blind trusts and the like back in late 1980 and early 1981, good old Bill was

laughing all the way to the bank. While other Reagan appointees were selling their stocks in the companies of the military-industrial complex, our Bill was busy buying up equities in firms doing classified and unclassified business with Uncle Sam. Not until the past month was a blind trust created for Casey.

The CIA made a feeble effort in behalf of appearances. It established a so-called screening procedure in the spring of 1982 to make sure that Casey did not make decisions affecting his investments. But that arrangement was no more than a charade. And get this, at least 13 top CIA officials are involved in screening the boss' investments. It is no wonder that our once-touted intelligence service is fast gaining a reputation around the world as a company of bumblerers?

Only a few of the pertinent documents were released under a judge's order. The whole story has yet to surface — and this fact only adds to the appearance of vast conflicts of interest by Casey.

Beyond the conflicts of interest or their appearance, this situation represents poor management, both by Casey and the man who appointed him. Dramatic changes are in order, but the only one that seems satisfactory would be for Casey to return to Wall Street, where he can spend all his time involved in the business to which he is well-suited and not be bothered by the interruptions imposed by maintaining the nation's security.

William J. Casey**CIA head still criticized**

It took him two and a half years to come around but CIA Director William J. Casey finally agreed last July to place his extensive financial holdings in a blind trust.

But has that satisfied his critics? Not entirely.

Casey, one-time director of the Securities and Exchange Commission, is worth millions. In his investments, he has tended to dabble in areas where sensitive intelligence about what is going on in other quarters of the world — the kind of information routinely gathered by the Central Intelligence Agency, to be precise — could be invaluable to a cagey investor.

In 1981, for example, a worldwide oil glut forced oil-stock prices dramatically downward. But Casey, whose agency compiles exhaustive data about foreign oil-supply expectations, sold somewhere between \$665,000 and \$1.5 million worth of oil stocks in time to avoid large losses.

Was he privy to inside information, thanks to CIA operatives in the Middle East? He says not, just sound investment advice from his financial counselor.

Nevertheless, not long after that Casey set up a special screening system at the CIA. Two top aides were to review regular listings of their boss' stock transactions and, in the event of a conflict of CIA interests with Casey interests, they were to intercede and advise him either to sell his holdings or withdraw from a crucial decision.

That was in July 1982 and it was a full year later before Casey could be persuaded to do as predecessors Stansfield Turner and George Bush had done

and, in fact, as Reagan and most members of his Cabinet have done — establish a blind trust.

Now the Center for National Security Studies has used the Freedom of Information Act to acquire documents telling them how much of the aides' time was devoted to the screening activities during that year. An "enormous" amount, according to an attorney for the center.

Yes, the Center for National Security Studies is a liberal think tank and its motives for probing the affairs of a conservative Republican CIA director are transparently political. Even after the motives have been stripped away, however, what is left is a substantive concern, one with a great deal of potential for embarrassing the Reagan administration.

Casey's background in government, politics and business is replete with questionable episodes. He has been sued by stockholders. He has concealed information from congressional committees. And he has used all his strength to avoid giving up control of his vast investments.

Even such conservatives as Sen. Barry Goldwater have been harsh critics of Casey over this matter.

Casey isn't so great a CIA director that it justifies diverting top officials' attention from other duties, just to steer him clear of awkward situations.

Casey headed Reagan's election campaign in 1980. When and if Reagan announces he will run for re-election, the CIA director would do himself and the public a favor by resigning his administration job and returning to campaign responsibilities.

Why Keep Casey?

A Senate investigating committee, responding to some demands in 1981 for the resignation of William J. Casey as director of the Central Intelligence Agency, conducted an investigation. The best conclusion it could reach was that he was "not unfit" to serve.

The committee was unhappy with Casey's answers to questions about his securities holdings. His predecessors, upon appointment, had put their holdings into blind trusts. Casey not only did not do this, but he was less than candid with the committee and with other inquiries about his wealth.

Casey and the president treated the committee's noncommittal report as a full exoneration, and Casey continued to control his investments while receiving the economic information his agency gathers.

Now, after a freedom-of-information suit filed by the Center for National Security Studies, the CIA has released

documents showing that Casey's holdings include stock in companies that deal with the CIA. Furthermore, he has acquired such stock since taking office.

CIA attorneys and other officials concerned with ethics have found no conflict of interest in Casey's situation, but this finding was far from satisfactory. After Casey admitted making 120 stock transactions involving several million dollars since taking office, Sen. Carl Levin, D-Mich., pressured him again last summer and Casey finally did put his securities in a blind trust.

The CIA, which has troubles enough of its own, is put in a very bad light when suspicion of any kind falls upon its director. Casey has been on the defensive, over one issue or another, since soon after taking office.

After the Senate committee's cautious report in 1981, *The Vindicator* said, "Casey should go." In nearly two years nothing has developed to change that conclusion.

FILE ONLY

Casey has no business owning CIA-related stock

WILLIAM J. CASEY'S greed and bad judgment are again plaguing him and the nation.

The enormously wealthy Casey has been controversial since taking over directorship of the Central Intelligence Agency. Though others have traditionally put personal assets in a blind trust on taking high office, Casey insisted on keeping his investments under his own control. Pressed by a variety of dismayed onlookers, he finally set up a screening procedure in which CIA employees were responsible for steering away from any conflict between his private investments and his public duties. Controversy continued, and he placed his assets in a blind trust a month ago.



Documents obtained under the Freedom of Information Act have added a new wrinkle. They disclose that when Casey took office he owned stock in companies doing business with the CIA. And they show that after taking office he bought more.

Though the appearance is not good, these involvements have posed no actual conflict of interest, the documents say. This may be because of the screening procedure established in May of 1982. Under it, 13 top intelligence officials — count 'em, 13 — received regular reports on Casey's portfolio. These officials were to make sure Casey the public man made no decisions substantially affecting the fortunes of Casey the private investor.

Enough is enough. Casey has no business owning CIA-related stock. And he had no business paying public employees to watchdog his private affairs. The endlessly returning moral of this story is that he is simply indifferent to ordinary ethical standards. Why the White House tolerates it is a mystery.

Casey Should Put Himself Above Suspicion, or Quit

CIA DIRECTOR William J. Casey should clean up his stock portfolio or resign.

A release of documents to a privately-funded national securities study group, which brought a Freedom of Information Act suit against the CIA, indicates that Casey's financial activities are far from being above suspicion.

The CIA, arguing national security was at stake, declined to release many of the documents sought and made extensive deletions in those it did. But even the incomplete information at hand shows not only that Casey had wide holdings in firms doing business with the CIA when he became its director but also has bought stock in firms having unclassified contracts with the CIA since that time.

The specific firms weren't revealed. The CIA argued that, since Casey's holdings had been disclosed previously, to enumerate those that had unclassified contracts with the CIA would by the process of elimination give clues as to which firms had classified contracts with the agency.

Included among the documents released to the Center for National Security Studies were letters from CIA attorneys and the Office of Government Ethics declaring there was no conflict of interest in Casey's activities.

That is not the point. The needs of the CIA, as the nation's chief tool for espionage and covert activities, are such that it is permitted to engage in practices that transcend normal ethics and, indeed, civil morality. Congress only reluctantly grants the

CIA in its charter the right to conduct such practices. Congressional committees monitor the agency as closely as they can, often with the suspicion, if not the fear, that those "dirty" powers are abused. That is why those who work for the CIA must not only adhere to the mandated codes of conduct, but avoid even the taint of suspicion.

Casey's holdings were an issue at his confirmation hearings in early 1981, again in July 1982, and again last summer. For most of that period he put basic decisions in the hands of an investment adviser but retained the right to screen what was done. In the documents released to the Center, Casey said the adviser had made "all of the decisions to buy and sell my marketable holdings" except in "two unusual situations" not spelled out.

When he was nominated, and repeatedly since, Casey was urged to put his holdings in a blind trust. He finally did so last month, mainly because of the persistence of Sen. Carl Levin, D-Mich.

Casey himself, however, is the authority for suspecting a blind trust may not be the answer. Resisting earlier urgings that he establish such a trust, he had said: "While it may be argued that a blind trust would remove any possibility of ... misuse of insider information, any individual intent on violating the law and abusing his position ... will certainly not be deterred by the existence of a blind trust since his ability to buy and sell stocks outside the trust arrangement continues" As he also had noted earlier, a blind trust eliminates the requirement for a detailed annual report on financial holdings.

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ARTICLE APPEARED
ON PAGE 10, Section 1

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CHICAGO TRIBUNE
15 November 1983

A hall of fame for CIA spooks

WASHINGTON—Like the man in the "my broker is E. F. Hutton, and E. F. Hutton says," commercials, CIA Director William Casey is someone who can make everyone around him stop and stare every time he opens his mouth.

This is in part due to the tidy stock portfolio Casey's acquired since becoming the nation's chief spy, including stock in companies doing business with the CIA. The presumption is that he's got a better grasp of market trends than the person who sends out the millionaires' checks from Paine Webber.

Also, there's Casey's tendency to speak in incomprehensible mutters and mumbles. It's been said that were the KGB to kidnap Casey and torture him into revealing all the U.S. secrets, they'd still learn nothing.

But Casey has made me stop and stare for another reason. He has come before the Senate Select Committee on Intelligence to plead for the creation of a National Intelligence Museum, or, if you will, a National Gallery of Spooks.

My first reaction was that there would be little point to such a museum as they would probably keep its location secret. But no, retired CIA official Walter Pforzheimer (which sounds like a cover name to me) said they want it right down on the Capital Mall with all the other Washington museums.

Then I thought they'd try to disguise it by giving it a business front, just like the CIA does all its covert operations based in Miami. Between the National Museum of Natural History and the National Gallery of Art, you'd find an "AAA Acme

Michael Kilian

Thumbscrew and Garbanzo Bean Import Co.—No Admittance."

And, if the museum included a Spies Hall of Fame—as it surely must in a country that has Country Music and Hairdressers Halls of Fame—all the honorees would probably be anonymous.

But no, Casey and Pforzheimer said they had in mind a museum just like all the others, with exhibits open for all to see. "Think of the impact," Pforzheimer said, "not only on the grown-ups who are drawn to tales of intelligence and spies, but also on the kids who are so fond of gadgetry and the kind of exhibits that could be mounted." On thumbscrews.

That kids angle sort of takes care of the only item I could contribute to the collection. Pforzheimer is proud of a photograph of Mata Hari used in her last application to enter France, where she was terminated with extreme prejudice in 1917. I have a photograph of Mata wearing nothing but a bit of Brunnhilde breastplate, which I think reveals more of how most espionage really works than Pforzheimer's gadgetry would—unless hers was secret decoder breastplate.

I'd certainly display the red wig the CIA loaned E. Howard Hunt as a disguise during Watergate—though it didn't make him look anything at all like Mata Hari, or even Rita Hayworth.

I'd also include the poison ring with which the CIA hoped to kill Patrice Lumumba of the Congo if they could ever make him feel palsy enough to shake hands; the poisoned

[or was it exploding?] cigar, with which they hoped to kill Castro; and the depilatory that was to make his beard fall out and ruin his macho image.

These would be displayed with the Castro scuba diving wet suit filled with itching powder, which was supposed to make him go into a fit of convulsive scratching and drown, and the matching LSD-covered scuba face mask, which I think the CIA weapons designers tried on first.

Another must exhibit would be the "covert operation" combat boot designed by the secret Pentagon lab at Natick, Mass. Its specially molded sole is designed to leave the footprint of a barefooted person, fooling enemy patrols into thinking that a covert agent's track is that of just another native—or possibly the Abominable Snowman.

If there's no room for the boot in the National Spook Museum, it could always be lent to the circus museum in Baraboo, Wis.

I'd suggest rogue agent Frank Terpil's gun collection, except that that would take up most of downtown Washington, but I'd certainly insist the exhibit include a sewing machine. Why a sewing machine? Well, why did Casey appoint New Hampshire sewing machine salesman Max Hugel his chief spy?

The museum's promoters say no taxpayer money will be required and that they can raise the \$2 million needed for it from "private sources."

"Private" indeed. This leads me to believe that the museum would just be a front for some secret operation going on inside.

Like a stock brokerage.

Dangers Striking Closer to Home

Government Officials Edgy Over Increase in Violence

By SARA FRITZ, Times Staff Writer

WASHINGTON—David Fischer, a young White House aide who travels at the side of President Reagan, has faced death twice in his job.

On March 30, 1981, he was just a few feet away when six shots were fired at the President outside the Washington Hilton. Reagan and three other persons were wounded. Fischer was spared but the experience prompted him to double his life insurance.

Then, last month, Fischer was taken hostage briefly by a gunman who took over the pro shop at the Augusta National Golf Course in Georgia while the President was playing on the last nine holes. When the man threatened him with a .38-caliber pistol, Fischer was convinced that his time had come. He thought of his wife and three daughters and silently bade them farewell.

Like Fischer, many government officials in Washington are becoming increasingly concerned that violence, long a danger in foreign assignments, is striking closer to home. Their fears have been raised by a string of recent incidents: the

arrest on Oct. 18 of a man with a bomb in the House visitors' gallery; the Augusta siege on Oct. 22, and a bomb explosion last week just 30 feet from the doors of the Senate chamber.

Sen. Jeremiah Denton (R-Ala.), chairman of a Senate subcommittee on security and terrorism, said the blast in the Capitol should give officials in all parts of the government "a heightened awareness that no one is immune from terrorist attack."

For example, FBI Director William H. Webster said there is "a possibility that cannot be discounted" that the terrorist group responsible for the bombing of the U.S. Marine headquarters in Beirut on Oct. 23 might move into the United States. As a result, he predicted

federal protective services would be improved in the future.

Funds Freely Given

A White House source said the President seldom denies any request for increased funds from the Secret Service. Since Reagan was shot in 1981, the Secret Service budget has increased 45%, from \$172 million to \$249 million.

Bulletproof vests also are being used more by those who travel in the President's entourage. Reagan, Fischer and many of the Secret Service agents assigned to the presidential detail now wear them routinely, according to White House officials.

The number of Cabinet officials employing armed bodyguards also has increased in the last few years in response to threatening letters and telephone calls, according to department officials. Bodyguards now travel regularly with the secretaries of State, Defense, Justice, the Treasury, the Interior, Housing and Urban Development, Health and Human Services, Agriculture, Energy and Labor, as well as with the CIA director. Under President Jimmy Carter, at least five of these 11 officials did not normally have bodyguards.

An Aura of Silence

Most agency officials refuse to discuss their security precautions, but Charles Z. Wick, who heads the United States Information Agency, is an exception. Wick recently admitted to spending \$549.30 for a lead-lined, bulletproof trenchcoat, which his aides said he wears on foreign trips in nations where U.S. policies are unpopular.

Like other officials who take home classified materials to read in the evening, including the secretaries of State and Defense and the CIA director, Wick ordered a security system for his home earlier this year at government expense. When White House counsel Fred Fielding advised him that the \$32,000 system could be viewed as excessive, according to his aides, he agreed to reimburse the government for \$22,000 of the cost.

With the exception of the President's national security adviser, Robert C. McFarlane, most top White House lieutenants, including Chief of Staff James A. Baker III, Deputy Chief of Staff Michael K. Deaver and counselor Edwin Meese, do not travel with bodyguards.

Congress at Work

U.S. Spying: Partisanship Re-Emerges

By ROBERT C. TOTH,
Times Staff Writer

WASHINGTON—Seven years ago, in the wake of charges that U.S. intelligence agencies had engaged in assassination attempts and domestic spying, the United States became the world's first democracy to try to control secret spy activities through legislative committees.

The Senate and House intelligence committees created then are the only significant reform to have come from sensational congressional investigations that produced 200 formal findings and more than 40 proposals for change. All other major reform attempts have failed.

Across the political spectrum, from conservative Sen. Barry Goldwater (R-Ariz.) to liberal former Vice President Walter F. Mondale, the committees are given high grades for their performance in monitoring U.S. intelligence activities. But within the last year, partisanship has erupted and thrown a deep shadow over the future of the committees.

Consensus Breaks Down

The consensus on which the panels operated for six years—that intelligence oversight, much like intelligence activities themselves and the military services, should be above politics—broke down when the Democratic-controlled House Intelligence Committee voted along party lines to release a staff report critical of U.S. intelligence efforts in Nicaragua.

This "politicization of intelligence" has since been decried by conservatives, who see the House committee as having become "a weapon against this Administration" and fear that the same thing would occur in the Senate committee if it were not Republican-controlled. Some liberals, on the other hand, applaud it as a fair extension of party fights over foreign policy.

The immediate danger, according to Adm. Bobby R. Inman, the highly respected former deputy director of central intelligence who served in high posts in both Democratic and Republican administrations, "is that when (the committees) make decisions along party lines, they run a high risk of drawing a partisan reaction from the Administration in power."

Possible Retaliation Seen

Some Democrats believe that such a retaliation may have occurred this year with release of an FBI report suggesting that the Soviet secret police manipulate nuclear freeze advocates, among whom were most of the Democrats in the House.

Some Republicans, for their part, suggest that the Democrats resorted to partisanship after news leaks became ineffective as a congressional weapon for vetoing intelligence operations. In Nicaragua, for instance, U.S. funding and arming of anti-Sandinista guerrillas—"the most overt covert operation in history," as one intelligence official put it—has continued and even increased, despite news leaks about the operation. Leaks about similar aid to anti-Soviet Afghan rebels and anti-Libyan forces in Chad have not forced a curtailment in the operations.

The partisanship, which each

party accuses the other of starting, seems certain to continue on the issue of Central America. It also could spill over into two other controversial areas in which the Administration has recently acted:

—Paramilitary operations. The total number of covert, or secret, activities by the CIA has risen only marginally, to perhaps 15 compared to 10 or 12 in the last years of the Jimmy Carter Administration. "Covert activities per se are not controversial, but covert paramilitary operations are," one congressman said.

To the dismay of many Democrats, most of the new Reagan Administration covert activities have been paramilitary, involving the costly purchase of foreign arms and equipment to disguise the source. The Carter Administration put greater emphasis on secret programs to spread disinformation and to fund pro-American politicians in foreign countries, sources said.



Associated Press

Barry Goldwater

more difficult.

But the need for tactical, on-the-ground intelligence for the military services was starkly demonstrated last month in the Grenada invasion. That "intelligence failure" showed that the CIA, with its larger focus on foreign political, economic and strategic issues, often does not satisfy military needs. (The CIA also has tended to ignore Central America generally, closing its station in El Salvador two years before the rebellion began there in 1980.) Pentagon requests for its own clandestine collection service could be revived as a result.

Political conditions and public attitudes toward intelligence agencies have changed significantly since 1976 when Congress conducted investigations into intelligence abuses and the committees, headed by former Sen. Frank Church (D-Ida.) and former Rep. Otis Pike (D-N.Y.), called for drastic reforms.

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ARTICLE APPEARED
ON PAGE A-3WASHINGTON TIME
14 November 1983*File Only - DC1*

BRIEFLY / Capital

Casey has stock in CIA suppliers

William J. Casey has acquired stock in companies that do business with the CIA since he took over as head of the agency, according to CIA documents recently made public.

The documents also disclose that Casey had stock in firms with classified CIA contracts when he took office in January 1981, and that since then he has retained stock in firms with both classified and unclassified CIA contracts.

CIA spokesman Dale Peterson said yesterday that neither he nor Casey had any comment to add to the documents.

Additional Casey Stock Dealings Made Public in C.I.A. Documents

WASHINGTON, Nov. 13 (AP) — William J. Casey has acquired stock in companies that do business with the Central Intelligence Agency since he took over as Director, according to documents recently made public.

The documents also disclose that Mr. Casey had stock in concerns with classified C.I.A. contracts when he took office in January 1981, and that since then, he has retained stock in companies with both classified and unclassified contracts with the agency.

Most of the documents, obtained in a lawsuit based on the Freedom of Information Act, relate to the agency's efforts to assure that Mr. Casey's multi-million-dollar stock holdings did not pose any conflict of interest with his official duties.

The documents show that agency attorneys and Government ethics officials have found no conflicts.

Company Names Deleted

Deleted from the documents are the names of concerns with agency contracts or the size of the Casey holdings.

The Senate and House intelligence committees have inquired into Mr. Casey's finances, in part because he did not follow the procedures chosen by two predecessors as directors of central intelligence, Adm. Stansfield Turner and George Bush, and by other senior Reagan Administration officials with equivalent access to secret Government economic intelligence, including President Reagan, Vice President Bush, Attorney General William French Smith, and the secretaries of State, Treasury, and Defense.

All of those officials, except Defense Secretary Caspar W. Weinberger, put their holdings into a blind trust. Mr. Weinberger sold off stock in companies doing major Pentagon business.

Mr. Casey retained control over his holdings; he did not sell stock in companies dealing with the C.I.A. He as-

serted, however, that his investment adviser, Richard Cheswick, made day-to-day trading decisions, except in two cases in which Mr. Casey ordered sales.

Last month, however, Mr. Casey put his holdings into a blind trust. The agency documents were turned over in the last two weeks to attorneys for the Center for National Security Studies, which sued for them under the Freedom of Information Act. The center asked for any documents which showed how much time agency officials were devoting to screening Mr. Casey from potential conflicts of interest.

The center made the documents public today. David Vladeck, an attorney for the center, said he believed they "show an enormous investment of resources at C.I.A. in advising Casey, diverting those officials away from their primary activity." He said center officials were deciding whether to ask Federal District Judge Louis F. Oberdorfer to make public some of the material deleted from the documents when the agency turned them over.

A C.I.A. spokesman, Dale Peterson, said today that neither he nor Mr. Casey had any comment.

In an affidavit, Gary M. Chase, an agency attorney, said that 168 documents relating to the screening arrangement had been found and that 19 were made public.

He noted that the Freedom of Information Act allows the agency to withhold data which could be used by foreign intelligence agents to learn about secret intelligence methods and sources. Between May 1982, when the screening was begun, and May 1983, the latest date in the released papers, officials charged with screening Mr. Casey's dealings received 18 reports on Mr. Casey's stock transactions.

ARTICLE APPEARED
ON PAGE 7AUSA TODAY
14 November 1983*Silberly - DCI*

WASHINGTON

USA TODAY'S SPECIAL REPORTS FROM THE CAPITAL

CIA chief owns stocks of agency's clients

William J. Casey has acquired stock in companies that do business with the CIA since he took over as head of the agency, according to CIA documents. The documents also indicate Casey had stock in firms with classified CIA contracts when he took office in January 1981, and that since then, he has retained stock in firms with both classified and unclassified CIA contracts. Most of the documents were obtained in a Freedom of Information Act lawsuit filed by the Center for National Security Studies, a liberal think tank that released them Sunday. They relate to



AP

CASEY: Documents show he owns clients' stocks.

Casey's stock holdings do not pose any conflict of interest. The documents show government authorities have found no conflicts.

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ON PAGE 2

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14 November 1983

CIA's Casey Boosts His Stake in Firms Having Agency Ties

A WALL STREET JOURNAL News Roundup

William J. Casey has acquired stock in companies that do business with the Central Intelligence Agency since he took over as director of the agency, the Associated Press reported.

Previously confidential CIA documents made public yesterday also show that Mr. Casey held stock in companies with classified CIA contracts when he took office in January 1981. They also show that he since has retained stock in companies with both classified and unclassified agency contracts.

The names of companies with agency contracts and the size of Mr. Casey's holdings weren't disclosed by the agency. The documents were obtained through a Freedom of Information Act suit brought by the Washington, D.C.-based Center for National Security Studies.

Most of the disclosures relate to CIA efforts to ensure that the director's multimillion stock portfolio didn't pose a conflict of interest with his official duties. CIA lawyers and government ethics officials found no conflict, the documents show.

The Senate and House intelligence committees have inquired about Mr. Casey's finances, in part because he didn't place his stock holdings into a blind trust, as did his two predecessors and as have many of his senior Reagan administration peers.

Mr. Casey retained his holdings, including stock in concerns with CIA business, while maintaining that his long-time investment adviser Richard Cheswick made day-to-day decisions about buying or selling. In two exceptional cases, Mr. Casey issued orders to sell stock.

Within the past month, Mr. Casey has placed his investments in a blind trust, after Sen. Carl Levin (D., Mich.), further pressured him.

The Center for National Security Studies, a research institution, specifically asked in its suit for any documents that showed how much time CIA officials spent screening Mr. Casey's investments for possible conflicts of interest.

A CIA spokesman said yesterday that neither the agency nor Mr. Casey had any comment on the documents.

In an affidavit, agency attorney Gary M. Chase said 168 documents relating to the screening procedures were found, and that 19 were released in full. He said all or part of seven documents were withheld to avoid identifying companies that held secret classified CIA contracts. Mr. Chase also said that all or part of 13 documents were withheld because they identify the director's investments in companies with unclassified contracts, whose identities could be used to narrow any search for concerns with classified contracts. This process of elimination would be possible because Mr. Casey publicly listed his holdings prior to placing them in a blind trust.

ARTICLE APPEARED
ON PAGE 3APHILADELPHIA INQUIRER
14 November 1983*Fido Chly - Do,*

Casey had stock in companies doing CIA business, group finds

By Michael J. Sniffen
Associated Press

WASHINGTON — William J. Casey has acquired stock in companies that do business with the CIA since he took over as head of the agency, according to CIA documents.

The documents, made public recently, also disclose that Casey had stock in companies with classified CIA contracts when he took office in January 1981, and that since then, he has retained stock in companies with both classified and unclassified CIA contracts.

But deleted from the documents were the names of companies with CIA contracts and the size of Casey's holdings.

The CIA turned over the documents in the last two weeks to attorneys for the Center for National Security Studies, which sued for them under the Freedom of Information Act. The center, a liberal think-tank here, asked for any documents that showed the amount of time CIA officials were devoting to screening Casey from potential conflicts.

The center released the documents yesterday. David Vladeck, an attorney for the center, said they "show an enormous investment of resources at CIA in advising Casey (about potential conflicts of interest), diverting those officials away from their primary activity." He said center officials were deciding whether to ask U.S. District Judge Louis F. Oberdorfer to order some of the deleted material released.

Most of the documents relate to CIA efforts to ensure that Casey's



William J. Casey

Did not follow previous procedures

multimillion-dollar stock holdings do not pose any conflict of interest with his official duties.

The documents show that CIA attorneys and government ethics officials have found no conflicts.

The Senate and House intelligence committees have inquired into Casey's finances, in part because he did not follow the procedures chosen by his two predecessors at CIA, Adm. Stansfield Turner and George Bush, and by other senior Reagan administration officials with equal access to secret government economic intelligence, including President Reagan, Vice President Bush, the attorney general and the secretaries of State, Treasury and Defense.

All of those officials put their hold-

ings into a blind trust except Defense Secretary Caspar W. Weinberger, who sold stock in companies doing major Pentagon business.

Casey retained control over his holdings and did not sell stock in firms dealing with CIA. He has maintained, however, that his long-time investment adviser, Richard Cheswick, made the day-to-day decisions to buy or sell, except in two cases in which Casey ordered sales.

The Office of Government Ethics has said Casey ordered one sale to avoid a potential conflict. He sold IBM stock worth between \$50,000 and \$100,000 on July 22, 1982.

In May 1982, the CIA established a screening procedure to be certain Casey did not make decisions substantially affecting his investments.

But under pressure from Sen. Carl Levin (D., Mich.), Casey put his holdings into a blind trust within the last month.

CIA spokesman Dale Peterson said yesterday that neither he nor Casey had any comment to add to the documents.

In an affidavit, CIA attorney Gary M. Chase said that 168 documents relating to the screening arrangement had been found and 19 were released in full.

Chase said all or part of seven documents were withheld because they identify companies Casey has stock in which also hold classified CIA contracts. Chase also said all or part of 13 documents were withheld because they identify Casey's investments in companies with unclassified CIA contracts.

WASHINGTON POST
14 November 1983

STAT

Casey Portfolio Included Firms Doing CIA Work

By George Lardner Jr.
Washington Post Staff Writer

CIA Director William J. Casey had a financial interest in several companies doing business with the CIA when he decided to put his holdings in a blind trust last July.

Some of the investments were made by Casey's investment adviser after Casey became CIA director, according to CIA records produced by a lawsuit under the Freedom of Information Act.

The CIA, however, has refused to release details about how many of the companies in Casey's portfolio hold contracts with the agency or how many contracts they hold.

A millionaire whose financial dealings have been a sporadic source of controversy since he became CIA director in 1981, Casey had an interest in 72 companies as of last Jan. 3, according to CIA general counsel Stanley Sporkin.

The total records indicate, was still about the same when the lawsuit was filed June 28 by the privately funded Center for National Security Studies.

According to the CIA, the heavily censored CIA records turned up by the litigation show only "a small number of companies" in the Casey portfolio holding classified CIA contracts and another "small number" with unclassified contracts.

At the same time, one computer printout of contracts held by some, but apparently not all, of the CIA-connected companies totals four pages, according to a court-required index of the 168 documents relevant to the lawsuit, including those withheld by the CIA. Only 19 entire documents were released.

Casey and his CIA advisers have consistently taken the position that his investments posed no conflict of interest, especially in light of a "screening arrangement" established in May 1982 to deal with potential problems.

CIA spokesman George Lauder told a reporter that, in addition, "all of Casey's transactions from the time he became director of central intelligence have been reviewed thoroughly by the Office of Government Ethics. They've had access to all information, including classified information... [and] the classified contracts." Each year, he said, the ethics office has found no conflict.

Casey declined, through Lauder, to comment. But Sporkin, formerly chief of enforcement at the Securities and Exchange Commission, said he is confident that no impropriety was involved.

"I've been in the business of insider trading for a long time, and there's no problem here," Sporkin said. The screening mechanism, which he helped devise, was stringent, ensuring that "the director could not act on anything in which he had a holding," he said.

Sporkin said some of the contracts were so "minimal" that they could not affect the company's stock value. In cases involving larger contracts, he said, Casey's holdings were small.

"I don't think there was any instance in which he had a major holding in a company which had a major [CIA] contract," Sporkin said.

At the CIA, the screening system took effect after Casey submitted his first annual report under the Ethics in Government Act. It showed sale of more than \$600,000 in oil stocks in 1981, a year in which oil-stock prices dropped sharply during a worldwide petroleum glut.

Casey, the CIA documents show, reacted unhappily to publicity which, in his words, suggested "that I disposed of these holdings on the basis of unpublished agency estimates of worldwide oil production."

Denouncing such reports as "grossly unfair and inaccurate," Casey wrote the Senate Select Committee on Intelligence in July 1982

that the decision to sell "a portion of my oil and gas holdings in 1981" was made solely by his longtime investment adviser, Richard Cheswick.

Casey said Cheswick "did not consult with me" and, in fact, sold almost all of his clients' oil holdings at the same time. Casey added that Cheswick had made "all of the decisions to buy and sell my marketable holdings" after Casey became CIA director, except for "two unusual situations" not spelled out.

Casey, however, resisted suggestions that he establish a blind trust. He told the Senate committee that he felt that the screening arrangement "fully ensures against my inadvertent involvement in agency matters which could affect or involve any of my personal financial holdings."

By contrast, Casey said, a blind trust would eliminate the requirement that he make a detailed annual report of financial transactions and, he emphasized, would be no guarantee against mischief.

"While it may be argued that a blind trust would remove any possibility of... misuse of insider information," Casey said, "any individual intent on violating the law and abusing his position of trust in this manner will certainly not be deterred by the existence of a blind trust since his ability to buy and sell stocks outside the trust arrangement continues to exist."

Under the screening system, the deputy CIA director and other senior officials are to be furnished a current list of Casey's holdings and are required to watch for any agency matter that might affect financial interests of any company on the list.

Potential conflicts were to be cited to deputy CIA Director John McMahon and Sporkin, who could decide whether to exclude Casey from any decision in the matter. They could also let Casey decide whether to divest himself of the holding or disqualify himself from the CIA decision at hand.

STAT

ARTICLE APPEARED
ON PAGE A-4WASHINGTON POST
10 November 1983*File Only - 001*

Hill Probers Grill Casey

United Press International

Congressional investigators questioned CIA chief William J. Casey for three hours Tuesday about allegations that he received copies of Carter White House materials while managing Ronald Reagan's 1980 campaign, sources said yesterday.

Casey, agreeing to his first face-to-face meeting with investigators for a House subcommittee, was interviewed secretly in the Cannon House Office Building while Capitol police cordoned off an area outside to investigate a bomb threat.

Sources familiar with the investigation gave few details, but said Casey stuck by his flat denial that he knew the Reagan campaign had obtained a copy of President Carter's briefing book.

Dale Peterson, a CIA spokesman, said only, "The director is cooperating with the investigation."

WASHINGTON
IMPORTS
BY ROBERT SHEPARD

The State Department, warning against economic warfare with the Soviet Union, urged a cautious approach Wednesday in efforts to bar the import of goods made by forced labor.

Deputy Assistant Secretary of State Mark Palmer, while acknowledging that forced labor is used in the production of some Soviet export goods, said specific information is lacking.

"The absence of specific evidence that a particular good or article was produced using forced labor would certainly raise questions" regarding efforts to bar Soviet imports under terms of a 1930 law, Palmer told a House Foreign Affairs subcommittee.

But a Customs Service official said his agency is taking preliminary steps to implement that law.

William Von Raab said he recently notified the Treasury Department that available information "reasonably, but not conclusively, indicates that certain merchandise being imported, or likely to be imported, from the Soviet Union, falls within the purview" of the 1930 law.

Raab said his information was based largely on reports from the CIA.

The Treasury Department responded by asking the Customs Service to prepare a set of standards to use if a decision is made to keep out certain Soviet goods.

Several members of Congress are urging the administration to bar goods made by forced or "slave" labor in the Soviet Union. They note that political dissidents, rather than common criminals, make up a large proportion of the populations in Soviet prison camps.

The last time such a ban was imposed was the early 1950's, when Soviet crabmeat was barred because Japanese prisoners of war were forced to work at the canning factories.

Assistant Treasury Secretary John Walker said his agency is working with the Customs Service to develop standards that will ensure the import ban is enforced "in an even-handed manner, on the basis of well-reasoned standards and adequate factual support."

Palmer noted that CIA Director William Casey, in the report cited by the Customs Service, said the agency "cannot determine the exact magnitude of the contribution forced labor makes to the total output in each industry, nor can we give you a list of brand names or products."

Palmer stressed the need to follow "uniform, objective criteria" in applying an import ban since such an action "involves not only human rights issues, but sensitive trade and foreign policy considerations as well."

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ON PAGE B-1

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WASHINGTON TIMES
9 November 1983

DIANA HEARS

... Discreet bustle at the CIA. While nobody was watching, Big Bill Casey slipped in and crowned a spanking new liaison with Congress — Clair George; now, even more quietly, he's annointed a sly new pressie, long-time spook George Lauder. "It's challenging," whispers Lauder — they have to whisper — "Because we're not exactly in the PR business." Tomorrow: A little Lauder, please.

Lebanon: Reagan's Divided Councils

By Richard Straus and Ken Wollack

WASHINGTON

To borrow a phrase from Winston Churchill, Ronald Reagan's last nationally televised speech "mobilized the English language and threw it into battle." As a result, the opinion polls taken during the last week show a dramatic increase in public support for the Administration's policy in Grenada and Lebanon.

But while the President may have made dramatic strides in gaining public support, particularly for his embattled Lebanon policy, he failed to make a dent in what is arguably his most important constituency, the Administration's senior and middle-level foreign policy-makers.

There remains a gap between Reagan and his foreign-policy advisers that no amount of presidential rhetoric can bridge. This gap is less pronounced on Grenada—in part because policy-makers are optimistic about closing this chapter in relatively short order. Unfortunately, they are not nearly as sanguine about U.S. prospects in Lebanon.

It is an open secret that Defense Secretary Caspar W. Weinberger has opposed the deployment of U.S. Marines in Beirut since the idea was first raised more than a year ago. National Security Adviser Robert C. McFarlane has changed his approach so often in recent weeks that colleagues aren't sure where he stands today. In meetings with Reagan and other senior advisers in September, while he was still serving as Middle East negotiator, McFarlane outlined what a colleague called a "master plan" for a massive U.S. involvement in the fighting. However, once back in the region, McFarlane, clearly frustrated by fast-moving events, vacillated between recommending a strong military response to the Syrians and a quiet accommodation with them. In the most recent high-level meetings McFarlane has kept his own counsel. This has led some observers to conclude that he is either unwilling or unable to recommend a new approach.

While State Department officials, including Secretary George P. Shultz, are among the most critical of the status quo in Lebanon, they are also the ones most responsible for it. After all, it was Shultz and his State Department Middle East

experts who originally promoted the Marine presence and then left Lebanon on the back burner for more than six months as they fruitlessly pursued their overriding regional objective—a solution to the Palestinian problem. When Jordan's King Hussein shut the door on the Reagan plan last spring, and Administration policy-makers reluctantly turned their attention back to Lebanon, they found the situation there had dramatically deteriorated.

To be fair, some in the State Department have recently advocated a new approach. They argue that if the United States cannot indefinitely stabilize the situation in Lebanon, why not bring Israel back into the picture? Israel is, after all, still the most powerful force in the region. And despite its unilateral withdrawal, the Israeli army is still within hailing distance.

In the week before the Beirut bombing, Shultz was presented with a paper outlining this option by his aide, Peter Rodman, who used to work for Henry Kissinger when he was secretary of state. Kissinger himself raised the concept of U.S.-Israeli cooperation publicly a few days later.

However, Kissinger these days, despite his undoubted abilities as a strategist, is still an outsider. And his man Rodman is only one of many talented middle-level Administration officials. Moreover, while Kissinger's good friend Shultz may have been receptive to this new approach, his national-security colleagues, particularly Weinberger and Central Intelligence Agency Director William J. Casey, were not.

Weinberger has long resisted efforts at closer U.S.-Israeli military cooperation and despite the serious situation in Lebanon, he saw no reason to change his mind now. Casey, reflecting the views of the intelligence community, argued that public U.S. ties to Israel only inflame Arab opinion and, therefore, make the U.S. role more difficult in the Middle East. Even McFarlane, who is looked to as a natural supporter of this approach remained studiously indifferent. McFarlane's neutrality may have been in deference to Weinberger and Casey, who were reportedly the most vigorous opponents of his appointment as national-security adviser.

In the absence of any coherent strategy at the top, it is not surprising to find other Administration officials expressing their private misgivings. However, in so doing, they, in effect, reject the entire thrust of the Administration's approach. For exam-

ple, when the President, in his nationwide address asked, "If America were to walk away from Lebanon, what chance would there be for a negotiated settlement producing a united, democratic Lebanon?" the near-unanimous reply from the State Department was that there was little or no chance to begin with.

When he declares, as he did in his recent speech, his "firm support" for Lebanese President Amin Gemayel, his aides warn of the danger of the Marines becoming a "Praetorian Guard" for a minority Christian regime.

Senior State Department officials believe the Administration made a serious mistake when it did not press the Gemayel government to accept the Druze demands for a more equitable Lebanese political arrangement last August. It is a mistake they hope will not be repeated during the Geneva reconciliation talks. Indeed, they see Geneva as the last best chance to fashion the solution that will allow the United States to withdraw from Lebanon on honorable terms.

Unfortunately, President Reagan's response to these views is unknown since, apparently, his advisers haven't exactly been candid about expressing their views to him. The problem, according to one Administration insider, is that "you can't convince the President to change his views when you don't have anything solid to offer of your own."

However, as the 1984 campaign season gets underway, the political dimension of America's Lebanon involvement will loom much larger. The President's political advisers are aware that Lebanon, unlike Grenada, offers no conceivable political bonus. On the contrary, in Lebanon, there can be no lightning demonstration of American military prowess. Instead, there is only the prospect of an endless series of political disputes punctuated by a seemingly pointless loss of American lives. The expectation, therefore, is for increasing pressure by the President's advisers to "cut our losses" and find a face-saving way out.

The key question then will be, "Will Reagan buy it?" The American people seem to think so. The same polls that show a dramatic increase in public support for Reagan's policies after his speech also indicate that a majority of Americans believe that Reagan's advisers, not the President, make the key decisions about serious international problems.

Richard Straus and Ken Wollack are co-editors of "The Middle East Policy Survey," a biweekly newsletter published in Washington.

WASHINGTON
JANE DOE SUES TO GET SPY JOB BACK
BY GUY DARST

A mysterious federal lawsuit, Jane Doe vs. "A Certain Unidentified Agency," has turned out to be a case of spy vs. spies.

The anonymous Jane Doe filed suit in U.S. District Court in Washington against the CIA and several of its top officials to get her spy job back.

The suit also seeks the removal of allegedly inaccurate information from her personnel file, and unspecified damages for what she claims is harassment and sidetracking of her spy career after she blew the whistle on a former supervisor's handling of money.

The plaintiff's suit was first filed in May, naming only "A Certain Unidentified Agency." It sought a court order permitting her to tell her lawyers who she worked for, what she had been doing, and the nature of her grievance.

The CIA later permitted her to disclose information necessary to her case to her lawyers.

The original suit was withdrawn in August, and Jane Doe told the court she had "made sufficient progress" in resolving her grievance within the agency. But a new suit was filed Friday, apparently indicating that those negotiations broke down.

The government's response to the May suit said some of the information involved was "extremely sensitive and has far-reaching implications for the national security."

According to her suit, Jane Doe is a 1970 graduate in Russian studies of the University of Oregon who started at the CIA as a clerk-typist. She said she was promoted to professional status in 1975 and trained as a spy - a "covert professional officer."

In assignments from 1976 to January 1981, including two overseas, she received "excellent evaluations and increases in compensation" and handled sensitive assignments, she said in the suit.

The suit says that at her last assignment, in July 1981, she was told by "various sources" that "her former supervisor at that overseas location may have been misappropriating official funds and may have been involved in other improprieties." The suit did not further identify the sources.

"One of these sources indicated that she (the source) was prepared to terminate a 10-year relationship with the agency because she suspected that funds owed to her had been misappropriated," the complaint said.

CONTINUED

Look Homeward, Mr. Casey

In a speech at Westminster College in Fulton, Mo., William Casey, the director of the Central Intelligence Agency, offered some counsel for developing nations that must have seemed strange indeed to anyone from the developing world who may have been paying attention. Mr. Casey said, among other things, that the United States should advise developing nations "firmly but tactfully" about the need for standards of human rights and government honesty.

"Standards of human rights?" This, from a member of an administration that has given warm support to such violators of human rights as Philippines President Ferdinand Marcos and South Korean President Chun Doo Huan, an administration that is militarily supporting a dictatorial regime in El Salvador that over the past four years has been involved in the murder of some 37,000 of its citizens, an administration that has ignored the

human rights of Salvadoran and Haitian refugees who fled to the United States in fear of their lives and were then deported.

"Government honesty?" This advice to developing nations from the head of an agency that is the primary practitioner of dishonesty in the U.S. government — an agency that uses deceit, bribes and covert killing in order to achieve its objectives in other countries; an agency that is even now involved in subsidizing killing and destruction in Nicaragua in violation of international law.

Mr. Casey also accused Russian foreign policy of having "only a military dimension" — at the same time that his own administration is seeking mainly military solutions to problems it sees in Grenada, El Salvador and Nicaragua. The CIA director's advice would seem like a comic parody if it weren't so relevant to Washington. Look homeward, Mr. Casey.

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WASHINGTON POST
4 November 1983

National Intelligence Museum Pushed

By George Lardner Jr.
Washington Post Staff Writer

Walter Pforzheimer kept a wary eye on his priceless collection as the audience of retired spies, intelligence buffs and other unidentified characters milled about.

At one spot on the crowded tabletop was a photograph of Mata Hari and her last application to enter France, where she was executed in 1917. At another was a shorthand transcript of the trial of "John the Painter" (James Aitkin), the only American convicted of sabotage in England during the Revolutionary War.

Aitkin set fire to the Rope House at the Royal Dock Yard in Portsmouth in December, 1776, destroying a hefty supply of the British Navy's hemp and rope. "Regrettably," Pforzheimer concluded, "he was caught, tried and hanged in March, 1777."

The occasion for the impressive display—ranging from a 1777 letter from George Washington on "the necessity of procuring good intelligence" to an 1864 Confederate bill to create a "special and secret service"—was a Senate Select Intelligence Committee hearing on plans to establish a National Historical Intelligence Museum.

Pforzheimer, whose own world-class collection of almost 5,000 rare books, manuscripts and other items has already been bequeathed to Yale University, his alma mater, said he hoped a place in the nation's capital could be found for rotating exhibits, possibly including loans from his own holdings. He warned that much of the material that might be displayed—such as the photographic blow-ups used in the Cuban missile crisis—"is now scattered through the country and most of it, I fear, is permanently lost."

Pforzheimer, who served as the CIA's first legislative counsel, and other museum backers think a wing of the Smithsonian's National Museum of American History would be just the spot.

"Think of the impact of such rotating exhibitions," Pforzheimer said, "not only on the grown-ups who are drawn to tales of intelligence and spies, but also on the kids who are so fond of gadgetry and the kind of exhibits that could be mounted."

CIA Director William J. Casey, the leadoff witness, heartily endorsed the idea so long as everyone realizes "that what the CIA can contribute will almost certainly be quite limited . . . I would not want to mislead anyone into expecting us to be a major source of exhibits for this projected historical intelligence museum."

The committee is co-sponsoring a resolution of moral support for the museum, but has not called for any federal financial support.

Committee Chairman Barry Goldwater (R-Ariz.) said, "We want to encourage private donors to assist in its construction and displays."

Goldwater, before leaving for Senate floor debate on the CIA-funded "secret war" in Nicaragua, added, "In other words, passage of this resolution will not cost the U.S. government money."

Martin Cramer, a veteran of the CIA, State Department and U.S. Information Agency who now heads an organization promoting the museum, said its backers are planning on a fund-raising drive next year to raise \$2 million from private sources.

"Although collection of artifacts from existing museums, private collectors and elsewhere will not be easy," Cramer said, "the location of many has been identified." He suggested that museum visitors would not only be able to look at the "bugged eagle from our embassy in Moscow" but also inspect enlarged microdots and learn how radio direction-finding equipment works.

For museum display, Joseph Persico, author of "Piercing the Reich," nominated a special radio-transmitter that Office of Strategic Services agents outside Berlin used in 1945 to guide allied bombers to their targets. Lt. Gen. William W. Quinn (U.S. Army-Ret.) urged that "tactical intelligence" exhibits be included, such as hedge-row maps and tide tables. Former CIA director William Colby added that a museum would go a long way toward showing that intelligence work is "an honorable profession."

Pforzheimer emphasized, however, that it would be very difficult to raise all the millions that would be needed to put up a new building as well as to fund a curator and staff. "An existing facility here appears to me to be the answer," he said.

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ON PAGE 4AUSA TODAY
4 November 1983

Spies seek museum for U.S. intelligence

Distinguished alumni of the USA's intelligence community and CIA Director William Casey lobbied the Senate



UPI

CASEY: Supports museum
about spies.

certainly be quite limited." But he approved the use of various U-2 spy plane pictures and World War II aerial photos pinpointing Nazi death camps.

Thursday for a museum to display the wares of the spy business. No site has been selected. Walter L. Pforzheimer, one-time curator of the CIA historical intelligence collection, displayed possible items for exhibit including books and letters, photos and a statue of spy Nathan Hale. He also showed the last passport application of Mata Hari asking permission to enter France where she was arrested as a spy and executed. Casey supported the idea and said "what the CIA can contribute will almost

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ON PAGE A-3

WASHINGTON TIMES
4 November 1983

Senate agrees to continue

By Dave Doubrava
WASHINGTON TIMES STAFF

The Republican-controlled Senate yesterday agreed to continue to fund covert CIA activities supporting an estimated 15,000 anti-Sandinista Nicaraguans.

The amount of the aid package is a government secret, but reports from sources in the intelligence community say it is about \$19 million.

The Senate action, approved in a voice vote, came after assurances by Secretary of State George Shultz and CIA Director William Casey that the United States is not trying to overthrow the leftist government in Managua, only trying to discourage the Sandinistas from exporting arms and revolution to other Central American nations such as El Salvador and Honduras.

In a related event, a California federal court judge has ordered Attorney General William French Smith to investigate whether federal officials — all the way up to the president — violated the Neutrality Act in supporting paramilitary rebel forces fighting against the Nicaraguan government.

The court action was brought by Rep. Ronald Dellums, D-Calif., against President Reagan, Shultz and Defense Secretary Caspar Weinberger.

The suit is based on the Ethics in Government Act, which requires the attorney general to investigate whether federal officials have violated a criminal statute. The Neutrality Act prohibits organizing or launching paramilitary operations against countries not at war with the United States.

Dellums says he asked the Justice Department to investigate before he filed suit but that Smith refused.

The Senate aid package approved yesterday now faces a tough round of negotiations when it reaches a House-Senate conference committee.

The House twice this year has voted down covert aid to the rebels, although it has approved \$50 million in overt aid to allies in Central America to try to stem the flow of arms from Nicaragua and Cuba to rebels in other countries.

covert aid

An aide with the Senate Select Intelligence Committee said yesterday he believes the House may "give in" to the Senate in committee.

He said briefings by Casey and Shultz satisfied most senators on the intelligence committee to continue support for the rebels for at least the three to six months envisioned in the funding measure.

Similar briefings on the House side may placate opponents there, the aide said.

Sen. Patrick Leahy, D-Vt., who opposed American military involvement in Nicaragua, said that despite the assurances from Casey and Shultz, "We should not be attempting to overthrow the government of Nicaragua.

"The covert aid is strengthening the hand of the Sandinista radicals," he said. "It unites the Nicaraguan people."

Sen. Walter Huddleston, D-Ky., warned that when the \$19 million runs out, "many of us will no longer give the administration the benefit of the doubt" if it continues to use military force rather than diplomacy.

In San Francisco, U.S. District Judge Stanley A. Wiegel gave Smith 90 days to determine the legality of "paramilitary expeditions" in Nicaragua, or to appoint a special prosecutor for the investigation.

In his 35-page ruling, Wiegel said the law required the attorney general to conduct a preliminary investigation of Reagan and Cabinet members involved in decisions concerning the training of Nicaraguan guerrillas.

"The information (Dellums) provided the attorney general was much more than mere 'generalized allega-

tions of wrongdoing' without factual support," Wiegel wrote.

"(Dellums) gave the attorney general pages of names, dates times and places in support of the claim that federal officials sponsored expeditions against Nicaragua in violation of the Neutrality Act."

The judge said that in support of their request, the plaintiffs submitted information describing how "in November 1981, at the request of President Reagan . . . the CIA presented a plan to covertly aid, fund and participate in a military expedition and enterprise utilizing Nicaraguan exiles for the purpose of attacking and overthrowing the government of Nicaragua."

The Justice Department said it would have no comment on the matter until officials in Washington read the text of Wiegel's ruling.

Eleanor Ginsburg and Myrna Cunningham joined Dellums as plaintiffs in the suit.

Ms. Ginsburg claimed training of Nicaraguan exiles near her Dade County, Fla., home was a nuisance. Ms. Cunningham, who lives in Nicaragua, claimed that while serving as a doctor in Nicaragua she was kidnapped and raped by paramilitary soldiers supported by the United States.

4 November 1983

STAT

Judge Orders U.S. Inquiry on Nicaragua Plans

By **KATHERINE BISHOP**

Special to The New York Times

SAN FRANCISCO, Nov. 3 — A Federal district judge here has ordered Attorney General William French Smith to conduct a preliminary investigation of charges that President Reagan and other Government officials violated the Neutrality Act by supporting the activities of paramilitary groups seeking to overthrow the Nicaraguan Government.

The ruling today came in a lawsuit filed July 8 by Representative Ronald V. Dellums, a Democrat who represents Berkeley, and two private citizens, under the Federal Ethics in Government Act. The 1978 ethics law, passed in the aftermath of the Watergate scandals, requires the Attorney General to conduct a preliminary investigation upon receiving specific and credible information that a Federal official has violated the law.

In their suit, the plaintiffs argued that they sent a letter to Attorney General Smith Jan. 27 detailing violations of the 1794 Neutrality Act. The rarely used act makes it a criminal offense to furnish money or prepare for a military enterprise against a country at peace with the United States. It provides for a maximum penalty of a \$3,000 fine and three years in jail.

In their letter, the plaintiffs charged President Reagan and members of his Administration, including William J. Casey, Director of Central Intelligence; Assistant Secretary of State Thomas O. Enders, Secretary of Defense Caspar W. Weinberger and others, with approving a covert Central Intelligence Agency plan to finance and participate with Nicaraguan exiles in attacking and attempting to overthrow the Nicaraguan Government.

It Charges Camps in 6 States

The letter charges that the plan involved paramilitary training of invasion forces on United States soil at

camp in six states, including California and Florida and using Honduras as a base for those forces. Previous rulings by lower Federal courts have held that the Neutrality Act applies to preparations in the United States to launch military raids from a second country into a third country.

On March 18, Assistant Attorney General D. Lowell Jensen responded to the letter by denying the request for an investigation, saying that the information provided did not constitute grounds for an investigation. Both Mr. Jensen and Attorney General Smith are named as defendants in the suit.

In his ruling today, Judge Stanley A. Weigel strongly disagreed, calling Mr. Jensen's assertion "unreasonable and wholly unsupported by the record."

"The information plaintiffs provided the Attorney General was much more than mere 'generalized allegations of wrongdoing' without factual support," Judge Weigel said.

'Well Served' in Covert Cases

Emphasizing that he was making no ruling whether any Federal official had violated any Federal law, Judge Weigel noted that one of the underlying purposes of the Ethics in Government Act was to assure that Congress and the public had access to the facts whenever a violation of law by a high Federal official was charged. "This underlying purpose would appear to be particularly well served in cases such as this involving claims of unlawful covert action," the judge said.

A spokesman for Representative Dellums called the decision "a milestone."

Ellen Yaroshefsky, a lawyer with the Center for Constitutional Rights in New York, which conducted the suit along with the National Lawyers Guild in San Francisco, said: "This historic opinion affirms that the President cannot stand above the law. We have a peace treaty with Nicaragua and the President cannot overtly or covertly attempt to overthrow the Government. This ruling is especially important in light of the recent invasion of Grenada."

John K. Russell, a spokesman for the Department of Justice in Washington, said the department would have no comment until officials had an opportunity to review the decision.

Senate votes covert aid for rebels

Associated Press

WASHINGTON — The Republican-controlled Senate agreed yesterday to allow continued CIA backing for guerrillas trying to overthrow the leftist Sandinista government in Nicaragua, but a federal judge in San Francisco ordered the U.S. attorney general to investigate the CIA's activities to determine whether the agency had violated the Neutrality Act.

The amount of money approved by the Senate is officially secret, but sources said the 1984 intelligence authorization bill — passed by voice vote — contained \$19 million to support about 15,000 rebels operating throughout Nicaragua.

Despite debate on the question, there was no separate floor vote specifically on continuation of funds for CIA activity in Nicaragua. In September, the Senate Select Committee on Intelligence approved the operation by a 13-2 vote.

The Democratic House has voted twice to cut off all money for covert operations in Nicaragua, and tough negotiations on the issue are expected in a conference committee.

Even if both houses eventually agreed to legislation cutting off the money, President Reagan could veto the measure. It would take a two-thirds vote in both chambers to override him.

The House has included \$50 million in open military aid for U.S. allies in Central America to use in countering the flow of arms from Nicaragua and Cuba to rebels in countries such as El Salvador and Honduras.

During a brief debate, some Democratic members of the Senate intelligence panel said their support was based on assurances by CIA Director William J. Casey and Secretary of State George P. Shultz that the administration was not trying to overthrow the government in Managua.

Instead, the officials told the committee, by aiding the rightist Nicaraguan rebels, the United States hoped to pressure the Sandinistas into lessening or halting the military resupply of guerrilla movements in El Salvador and other Latin American countries.

The U.S. position notwithstanding, several guerrilla leaders have said their aim is to overthrow the Sandinista government.

Intelligence sources, who spoke on condition of anonymity, said the \$19 million was likely to run out in three to six months, at which point the Senate intelligence panel would take a look at whether to approve additional support.

Sen. Patrick J. Leahy (D., Vt.), who opposes U.S. military involvement in the Nicaraguan civil war, said the effect of U.S. support of the rebels, called *contras*, has been to strengthen the Sandinista government.

"The covert aid is strengthening the hand of the Sandinista radicals," Leahy said. "It unites the Nicaraguan people."

Continued support for the rebels could result in the Sandinistas being "goaded into attacking Honduras," he added. "This would be a catastrophe."

Sen. Malcolm Wallop (R., Wyo.) said the U.S. operation was justified because the Sandinistas were not the legitimate government of Nicaragua.

"We are not dealing with people who have the support of the masses as they claim," said Wallop. "We are dealing with people who have seized control of the masses."

And, he said, covert action "has been and continues to be a tool" of U.S. foreign policy.

In San Francisco yesterday, U.S. District Judge Stanley A. Wiegel gave Attorney General William French Smith 90 days to determine the legality of "paramilitary expeditions" in Nicaragua or else appoint a special prosecutor for the investigation.

His ruling came in a lawsuit filed by Rep. Ronald V. Dellums (D., Calif.) and two women who sought an order forcing Smith to study whether the consent of the President and administration officials to paramilitary operations violated the Neutrality Act. That law makes it a crime to organize or launch a paramilitary expedition against a country with which the United States is not at war.

The judge stressed that his decision made no judgment on "whether or not any federal official has violated any federal law." But he added that "it is the duty of the attorney general to investigate" that possibility.

The Justice Department planned no comment on the ruling until officials in Washington read its text, according to spokesman John Russell.

Wrong prescription for Third World

CIA boss Casey would make poor nations East-West battleground

William Casey, director of the Central Intelligence Agency, did not betray any state secrets when he said in a speech last weekend that the United States needs a much better policy for dealing with social and economic turbulence in the Third World.

A lot of people have made the same observation for obvious reasons. Our major diplomatic and military failures over the past decade have been in such poor and underdeveloped regions as Southeast Asia, Central America, the Middle East and the Caribbean.

He even mentioned human rights and government honesty as values we should urge on our Third World allies. President Reagan seldom brings up either when discussing his plans for bringing American power to bear on small and troubled nations.

Another reason we should pay more attention to the "developing countries," according to Mr. Casey, is that they buy a large percentage of our exports. Revolutions obviously don't make for stable trade relations.

Any hope that enlightenment has broken out in government's most secretive cranny was, however, quickly ex-

tinguished by the rest of what Mr. Casey had to say.

For instance, the director of our spy apparatus joins his boss in believing that agitators from Moscow are behind all the ferment in our own backyard as well as in distant places where we believe we have a national interest to protect. The administration's favorite response is "Send in the Marines."

The less developed nations, according to Mr. Casey, will be the chief "Soviet-American battleground" for many years to come. In order to keep things popping, he recommends lowering the bars on weapon sales to the guys who claim to be on our side. He and his minions have entered the struggle with unconcealed zest. Recently, they or-

chestrated guerrilla attacks against Nicaragua.

Mr. Casey's prescriptions for Third World revolution will bring cheer to arms dealers, professional soldiers and an occasional patriot or two, but only gloom to those lands destined to be the scene of perpetual East-West rivalry.

Diplomacy and economic aid seem all but forgotten, and the root causes of Third World instability sadly are misunderstood. What his remarks reveal is the absence of creative thought in an administration whose strategy for dealing with poverty, tyranny and hunger is the hope that a refurbished battleship offshore will scare the bejabbers out of the natives.

'What We Face': Casey's Green Lecture

What follows is the complete text of the 40th John Findley Green Lecture, delivered Saturday at Westminster College by Central Intelligence Agency Director William Casey.

President Saunders, honored guests, teachers, parents and students of Westminster College. I am honored and grateful for being asked to speak here at Westminster.

I feel more at home here than you might imagine. I came here from a campus in Langley, Va., across the Potomac from Washington. Contrary to the spy novels and movies, most of our people in intelligence spend their time evaluating and analyzing information sitting at computers or in libraries. Today's James Bonds have graduate degrees and are more conversant in economics, science, engineering, demography and history than with gambling casinos, fast cars, smokey bars or run-down hotels around the world. They develop and use technical marvels and apply the finest scholarship to gather, analyze and interpret facts and relationships from every corner of the earth and beyond.

The most difficult task in intelligence is forecasting developments a few months or years ahead. Winston Churchill had an uncanny, perhaps unique, capacity to look into the hearts and minds of civilization's adversaries and accurately foretell their intentions years and even decades ahead. He was a prophet alone in the early 1930s and, more significantly, he was still a prophet nearly alone in his vision of Russia here at Westminster College in 1946.

On that occasion, he defined a challenge with which my generation has struggled for a third of a century and with which the generation now at Westminster must also face. Listen to his words:

"From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent. . . The Communist parties which were very small in all three Eastern states of Europe have been raised to pre-eminence and power far beyond their numbers and are seeking everywhere to obtain totalitarian control.

"In a great number of countries, from the Russian frontiers and throughout the world, Communist fifth columns are established and work in complete unity and absolute obedience to the directions they receive from the Communist centre."

Speaking of the American atomic bomb and the peril that would exist if a communist state had that capability, he said:

"The fear of them alone might easily have been used to enforce totalitarian systems upon the free, democratic world, with consequences appalling to human imagination."

This, less than a year after we had won the long struggle against Hitler with Russia by our side, was new and startling to the American people. Churchill allowed himself a cry of anguish that again his warning would go unheeded:

"The last time I saw it all coming, and cried aloud to my own fellow countrymen and to the world but . . . no one would listen and one by one we were all sucked into the awful whirlpool."

How much more alarmed would Churchill be if he looked around the world today and saw how the Soviets have grown in strength and how far they have extended their power and influence beyond the Iron Curtain he so aptly labeled. He would see Soviet Power:

— In Vietnam along China's southern border and astride the sea lanes which bring Japan's oil from the Persian Gulf;

— In Afghanistan, 500 miles closer to the warm-water ports of the Indian Ocean and to the Straits of Hormuz, through which comes the oil essential to Western Europe;

— On the Horn of Africa overlooking the passageway of Suez which connects the Mediterranean Sea and the Indian Ocean;

— In southern Africa, rich in minerals, which the industrial nations require;

— And in the Caribbean and Central America on the very doorstep of the United States.

Today, we are as a nation challenged on many levels. The most potentially devastating threat comes from the nuclear missiles which are aimed at us. The second comes from the land, air and sea forces of the Warsaw Pact nations in Europe which continue to gain on NATO forces in quantity and quality. The third is growing ability of the Soviets to project power over long distances, an ability vividly demonstrated by their use of air and sea transport to link up advanced Soviet weapons with Cuban troops thousands of miles from their borders. We saw them do this first in Angola and again in Ethiopia.

The fourth level of threat is something we might call creeping imperialism. The Kremlin uses a variety of techniques to exploit economic, racial and religious divisions around the world, to destabilize and subvert other countries by fostering internal insurgency. The Soviet Union then supplies weapons, training and advisors to bring in radical governments which will extend Soviet power and further Soviet interests.

It is to the strategic nuclear threat and that of conventional forces in Europe that we devote most of our concern and commit most of our defense resources. Yet, the appalling devastation which would result from the use of these weapons is such that this threat is less likely to materialize than that of aggressive protection of power and intrusion into other countries.

All of these threats are interrelated, and, therefore, the measures needed to deal with them are closely interconnected. We must maintain a strategic posture that convinces the Soviets that the risk of any attack on the U.S. or its allies far outweighs any possible benefits. But more than that is necessary.

The growth in overall Soviet military power, unmatched by the West over the last 15-20 years, has encouraged them to try intimidation to split our allies away from us and undermine our credibility. If the adverse shift in the strategic balance of recent years is permitted to go far enough, it will become easier for the Soviets to exploit soft spots around the world. It will seem to have become less risky for the Soviets to involve themselves in smaller conflicts especially in less-developed parts of the world.

To face these threats effectively we have to deal with the Soviet Union not as we would like it but as it is. We live on the same planet, we have to go on sharing it. We must therefore stand ready to talk to the Soviet leadership. The character of modern weapons, not only nuclear but conventional, makes this dialogue indispensable. But we must resolve not to hand an advantage to the other side, to do nothing that would either risk the credibility of the Western alliance or unsettle the military balance on which peace itself depends.

We must recognize, too, that the Soviets will exploit arms control talks and agreements to slow down improvements in Western military capabilities while continuing the buildup and modernization of their own forces. Thus far they have succeeded in this objective. They have negotiated ceilings which permit their continued military buildup or they have avoided restrictions in areas in which they intend to expand their own capabilities. The Soviet Union has been unwilling to forego any of its major military programs in order to induce us to drop our own programs.

Nevertheless, we should persist in arms negotiations in order to contain this competition. We must continue to hope that at some point there will be a change in Soviet perceptions and behavior.

Here at Westminster, Churchill wondered

Nobody knows what Soviet Russia and its Communist International organization intends to do in the immediate future, or what are the limits, if any, to their expansive and proletarianizing tendencies.

A month after Churchill made his speech here at Westminster College, his question was echoed in Moscow. The new U.S. ambassador to Russia, General Walter Bedell Smith, met with Stalin in the Kremlin to ask, "What does the Soviet Union want and how far is Russia going to go?" Stalin accused the U.S. of trying to

thwart Russia and declared that Churchill's speech here at Fulton was an unfriendly act. Asked again, "How far is Russia going to go?" Stalin coolly replied, "We're not going much further."

We know today that Russia has gone a lot further. It is essential that we understand how this was accomplished. During the mid to late 1970s, the Soviets unfurled a new strategy on a new front -- the Third World. And their strategy has worked.

The most effective technique employed in this strategy has been the use of proxies. This is not exactly new in history. The Romans used men from conquered countries to fight their enemies. Later, Swiss and German mercenaries were available to the highest bidder all over Europe. The British army had its Gurkhas and the French their Foreign Legion. But the Soviets use the Cubans, East Germans, Libyans and Vietnamese in a quite different role.

These proxies act in peace as well as war. Their role is as much political as military. East Germans in Africa, Cubans in Latin America, Vietnamese in Asia have a certain legitimacy and freedom from imperialist taint that Soviet troops would not enjoy. Different proxies have specialized functions. Of the more than 40,000 Cubans in Africa, 80 percent of the soldiers are on active duty. Vietnam, with the fourth largest army in the world, keeps China and Thailand worried as it solidifies its position in Kampuchea. Most of

the thousands of East German experts in Africa or Latin America are active in administration, education, industry, health and, above all, the security forces which protect the regimes from the people.

Libya, Cuba, South Yemen, East Germany and Bulgaria operate camps for training terrorists and insurgents who are then sent around the world. The Libyans, in pursuit of their own interests, have helped promote Soviet foreign policy goals through their invasion of Chad and through their assistance to rebels in the Philippines, Morocco and Central America. Let us also not forget their coups plots and assassination attempts against the leaders of pro-Western countries, nor their financial help to so-called "liberation" groups and terrorist organizations in the Middle East and at least 10 countries in Latin America.

With the exception of the Allende government in Chile, committed pro-Soviet governments have never come to power through peaceful means but always through violence, coups and civil wars. The Soviets recognize that in most Third World countries power rests with the military. They have focused therefore, on either winning over the officers' corps or helping to overthrow and replace them with others more likely to do their bidding. Having for a decade denounced the "merchants of death," the Soviets have become the world's leading supplier of arms. Over recent years, their arms shipments to the Third World have been four times greater than their economic assistance. This has made Third World arms recipients dependent on the Soviets for thousands of advisors, for spare parts, and for continued logistical support.

Yet the Soviet Union is crippled. It is crippled in having only a military dimension. It has not been able to deliver economic, political or cultural benefits at home or abroad. Without exception, the economic record of the countries which have come under Soviet influence has ranged from poor to very poor. Economic progress have been far greater in the free areas of East and Southeast Asia, in Central America until disruption by Soviet and Cuban-backed insurgency, in the Ivory Coast and other non-socialist countries in Africa.

Military support can establish a relationship between a superpower and a small country. But in the long run it is economic, financial, scientific, technical and cultural exchanges which attract, deliver benefits, and maintain close relationships with Third World countries.

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The Soviet Union cannot compete in these areas. This forces the Soviets to rely on subversion and disruption of stable political and economic relationships to weaken Western relationships and create a condition of chaos in which their surrogates and internal allies can seize power.

In this strategy of disruption, the areas most heavily targeted are clearly the Middle East and Central America. By fanning the flame of conflict between Arab and Israeli, Sunni and Shia, radical and moderate Arab, by playing both sides against the middle in the Iran-Iraq war, and by nailing down a military position in Syria and Afghanistan, they hope to keep the Middle East in turmoil and the oil resources on which the Western World depends under constant threat. The other sensitive target is the Caribbean and Central America. Soviet power is already solidly established in Cuba and Nicaragua. This threatens the Panama Canal and the sea lanes of the Caribbean. Insurgencies and revolutionary violence are unleashed to topple governments in El Salvador, Honduras and Guatemala.

Since World War II, we have seen that countries falling under communist control promptly produce a heavy flow of refugees — people voting with their feet to go elsewhere. Millions of refugees have left Eastern Europe and Cuba since the communists took over. Hundreds of thousands of people have put their lives at stake to escape from Indochina in leaking ships. More than one-fourth of the population of Afghanistan has fled to Pakistan and Iran. The flow

of refugees from Central America is already underway.

A Cubanization of Central America would quickly create new refugees by the millions. The Soviets can calculate that a greatly increased military threat on our southern flank and the internal disruption that would result if millions of Latin Americans walked north would distract the United States from dealing with what could be more lethal threats elsewhere in the world. At the same time, American influence in Central America will be damaged if the West is unable to sensitively and constructively assist the people of Central America and Mexico in defending themselves as well as solving their social and economic problems on their own terms.

The U.S. needs a realistic counter-strategy. Many components of that

strategy are familiar, but they must be approached and linked in new ways. The measures needed to address the Soviet challenge in the third World have the additional appeal that they also represent a sensible American approach to the Third World whether or not the U.S.S.R. is involved:

1. We have too often neglected our friends and neutrals in Africa, the Middle East, Latin America and Asia until they became a problem or were threatened by developments hostile to our interests. These countries now buy 40 percent of our exports; that alone is reason enough to pay greater attention to their problems before our attention is commanded by coups, insurgencies or instability. The priority of less developed countries in our overall foreign policy needs to be raised and sustained.

2. We must be prepared to demand firmly but tactfully and privately that our friends observe certain standards of behavior with regard to basic human rights. It is required by our own principles and essential to political support in the U.S. Moreover, we have to be willing to talk straight to those we would help about issues they must address to block foreign exploitation of their problems — issues such as land reform, corruption and the like. We need to show how the Soviets have exploited such vulnerabilities elsewhere to make clear that we aren't preaching out of cultural arrogance but are making recommendations based on experience.

3. We need to be ready to help our friends defend themselves. We can train them in counterinsurgency tactics and upgrade their communications, mobility, police and intelligence capabilities. We need changes in our foreign military sales laws to permit the U.S. to provide arms for self-defense more quickly. We also need to change our military procurement policies so as to have stocks of certain basic kinds of weapons more readily available.

We must find a way to mobilize and use our greatest asset in the Third World — private business. Few in the Third World wish to adopt the Soviet economic system. Neither we nor the Soviets can offer unlimited or even large-scale economic as-

sistance to the less developed countries. Investment is the key to economic success or at least survival in the Third World and we, our NATO allies and Japan need to develop a common strategy to promote investment in the Third World. The Soviets are helpless to compete with private capital in these countries.

Without a sustained, constant policy applied over a number of years, we cannot counter the relentless pressure of the U.S.S.R. in the Third World. It is past time for the American government — Executive Branch and Congress — to take the Soviet challenge in the Third World seriously and to develop a broad, integrated strategy for countering it. The less-developed nations of the world will be the principal U.S.-Soviet battleground for many years to come.

Finally, there is a political weapon we can deploy around the world which is more powerful than the Soviets' military arsenal and subversive bag of tricks. All the people of the world on both sides of the Iron Curtain remain united as they were in Churchill's day on one issue — their abhorrence of dictatorship in all its forms, most particularly totalitarianism and the terrible inhumanities it has caused in our time — the great purge, Auschwitz and Dachau, the Gulag, and Cambodia. They have certainly noted it was not the democracies that invaded Afghanistan or suppressed Polish Solidarity or used chemical and toxic warfare in Afghanistan and Southeast Asia.

Around the world today, the democratic revolution is gathering new strength, in Asia, in Africa, in our own hemisphere. In Latin America, 18 of 34 countries have freely-elected governments and six are working toward democratization, altogether representing 70 percent of the people of that continent. In the United Nations, eight of the 10 developing nations which have joined that body in the past five years are democracies. We must foster the infrastructure of democracy, the system of a free press, unions, political parties, universities, which allows a people to choose its own way to develop its own culture, to reconcile its own differences through peaceful means.

President Kennedy some 20 years ago observed that we were involved in a long twilight struggle. Winston Churchill's speech here at Westminster College marked the initial recognition by the West that the struggle had begun. Churchill also ob-

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served that, "What we have to com-
sider here is the permanent prevention of war
and the establishment of conditions
of freedom and democracy as rapid-
ly as possible in all countries."

It is now nearing 40 years since
Winston Churchill spoke here. The
thought that I would leave with you
is that the struggle with what the So-
viet Union represents was not con-
fined to Churchill's generation, or to
my generation, or the generation of
your faculty and parents, or your
generation. This is a conflict deeply
rooted in ideas. This conflict is as old
as recorded history. The threat
posed by the Soviet Union is the lin-
eal descendent of the same threat
Western civilizations have faced for
better than 2,000 years: It is the
threat posed by depotism against the
more or less steadily developing con-
cept that the highest goal of the state
is to protect and to foster the cre-
ative capabilities and the liberties of
the individual. It is a contest be-
tween two elemental and historic-
ally opposed ideas of the relation-
ship between the individual and the
state. The chief threat posed by the
Soviet Union, therefore, is not neces-
sarily in the vastness of its military
forces — though vast they are — but
in the relentlessness of their as-
sault.

Three days after his speech here
at the Virginia State Assembly, the ol-
dest legislative body in the Western
Hemisphere. In that speech he stat-
ed:

*"It is in the years of peace that
war is prevented and those founda-
tions laid upon which the noble
structures of the future can be built.
That peace will not be preserved
without the virtues which make vic-
tory possible in war. Peace will not
be preserved by pious sentiments
expressed in terms of platitudes, or
by official grimaces and diplomatic
correctitude, or by casting aside in*

*dangerous times our panoply of war
like strength. There must be earnest
thought. There must be faithful per-
severance and foresight. Greatheart
must have his sword and armor to
guard the pilgrims on their way."*

I am confident that Sir Winston
would agree that despite our fondest
hopes to fulfill Isaiah's prophecy, all
of human history, and especially all
of Russian history points to our need
and the need of our children and
their children for swords as well as
plowshares. I see, therefore, the
same future Churchill saw here so
long ago — not an easy future — but
with perseverance and devotion to
our duty, a free one.



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U.S.-Soviet cross fire doesn't allow poor option of surrendering

Crisp autumn air circulating through sunlit autumn leaves combined to produce a peacefulness at Westminster College Saturday that belied the horrors faced by the United States in confronting the Soviet Union.

Lest we forget that creeping communism imperils our democracy at virtually every turn, Central Intelligence Agency Director William Casey came to Fulton to remind us.

Mr. Casey followed Winston Churchill's script in giving a new version of the Iron Curtain speech, a classic address that the former British prime minister delivered at Westminster in 1946. It was ironic that Mr. Casey told the audience that Mr. Churchill would have supported our invasion and liberation of Grenada. If that's true, Mr. Churchill would have been at odds with both the conservatives and liberals in Britain now. Both groups are critical of the invasion.

When Mr. Casey finished justifying our intervention in Grenada, Lebanon and Central America, he received a standing ovation from the white, affluent-looking students and their parents who had assembled to see the intelligence chief honored with a doctor of law degree as part of the John Findley Green Foundation Lecture series. It wasn't the kind of audience one would expect to have sons or brothers in any of our current theaters of war.

The other end of the political and economic spectrum was marching outside with signs pleading for peace and an end to our involvement in distant conflicts. The marchers were mostly from Columbia; many had marched at last year's Green Foundation lecture when Secretary of Defense Caspar Weinberger received the same honorary degree.

The meeting of these divergent groups at Westminster is indicative of the greater di-

sion in contemporary American political and social views. Between the extremes of liberalism and conservatism is the position of the vast bulk of American citizenry who suspect our foreign policy is motivated by less than the idealism espoused by Mr. Casey and President Reagan. At the same time it distrusts the liberal view that the world can get along better without American interference and occasional military intervention.

Most of us usually interpret history to fit our point of view on foreign policy — Vietnam to argue against intervention and the Russian menace to argue for it. Mr. Casey stuck to the Russian menace; his detractors marching outside invoked the Vietnam debacle.

It is unfortunate that Mr. Casey offered few concrete proposals for making the world prosperous and safe for democracy. He spoke vaguely of the need for private enterprise to invest in Third World nations; he said that the economic record of the countries that have come under Soviet influence has ranged from poor to very poor. He failed to say what alternative these countries might have given our on-again, off-again foreign aid.

"The less-developed nations of the world will be the principle U.S.-Soviet battleground for many years to come," Mr. Casey said, after explaining that we need changes in our foreign military sales laws to permit the U.S. to provide arms more quickly. He said we also need to upgrade the communications, mobility, police and intelligence capabilities in these underdeveloped countries. He failed to mention food or development assistance or that the United States is reducing its commitment to such aid programs.

Mr. Casey's formula for fighting our ideological battle with the Soviets appears to condemn the rest of the world to a hellish kind of war in which the poor of the world will be the victims. Caught in the U.S.-Soviet cross fire, these people don't even have the option of surrendering.

1 November 1983

'Iron Curtain' Revisited

CIA Director William J. Casey is eminently correct in saying that the United States should develop "a realistic counterstrategy" to combat Soviet disruption in the Middle East and Central America. It would be unrealistic not to take such action.

Casey was on solid ground when he made his pitch. It came during a lecture at Westminster College in Fulton, Mo., while Casey was standing on the same platform from which Winston Churchill warned in 1946 that an "Iron Curtain" had descended on Eastern Europe.

"The priority of less-developed countries in our overall foreign policy needs to be raised and sustained," Casey declared. "We have too often neglected our friends and neutrals in Africa, the Middle East, Latin America and Asia until they became a problem or were threatened by developments hostile to our interests," Casey said in accepting an honorary doctor of laws degree from the college.

In addition to paying greater heed to Third World countries, Casey noted, the United States should train its allies "in counterinsurgency tactics and upgrade their communications, mobility, police and

intelligence capabilities."

He also called for relaxing U.S. foreign military sales laws so that "our friends" can be provided self-defense arms more quickly. Regarding this, it's a cinch the Soviets aren't bashful about arming their friends. It's become alarmingly evident over the years that the Soviet Union goes all out in providing arms to countries that are considered unfriendly to the U.S.

On a non-military front, Casey rightly holds that the U.S. should devise a means of mobilizing private business, which he described as America's greatest asset in the Third World.

"Investment is the key to economic success or at least survival in the Third World. And we, our NATO allies and Japan need to develop a common strategy to promote private investment" there, he said. "The Soviets are helpless to compete with private capital in these countries."

What Casey proposes has the potential for providing a double-barrelled attack against Soviet adventurism: Fighting fire with fire where it is necessary, and fighting fire with water when it is opportune to do so.

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Israel Reported Set to Bargain On Jordan Force

By John M. Goshko
Washington Post Staff Writer

Israel tentatively is prepared to drop its opposition to the Reagan administration's plans for a Jordanian rapid deployment force if the United States agrees to measures involving closer military and strategic cooperation with the Jewish state, U.S. and diplomatic sources said yesterday.

The Israeli requests are expected to be made to Undersecretary of State Lawrence S. Eagleburger in a series of meetings beginning today in Jerusalem.

The Israelis are expected to tell Eagleburger that they are willing to reconsider their opposition to the Jordanian force in exchange for guarantees that it will not be used against Israel and agreements to renew U.S. support for development of Israel's Lavi fighter plane and to pre-position equipment for American military forces in Israel.

According to the sources, the Israelis want the administration to change its present arms-length position toward highly visible strategic cooperation and make a new start on joint ventures contemplated in the U.S.-Israeli memorandum of understanding that the United States dropped two years ago after Israel annexed the Golan Heights.

The anticipated Israeli move comes during administration debate about Middle East policy that reportedly has Secretary of State George P. Shultz advocating higher-profile cooperation with Israel and Defense Secretary Caspar W. Weinberger opposing the idea as potentially injurious to U.S. ties with Arab governments.

According to the sources, the debate was given renewed urgency at an Oct. 18 meeting of the National Security Council, where Shultz proposed easing the chilly military relationship in effect since Israel invaded Lebanon last year.

Shultz reportedly argued that closer cooperation could be valuable in countering Syria's efforts to stir up trouble in Lebanon and in inducing greater Israeli flexibility on wider Mideast issues such as negotiations on the West Bank and U.S. plans to equip and train a Jordanian force to help friendly Arab states counter attacks or internal insurgency.

His plan is known to have been opposed by Weinberger, who was backed by the joint chiefs and CIA Director William J.

Casey. They reportedly argued that new cooperation or increased aid to Israel would cause problems with the Arabs and inhibit efforts to obtain greater Arab cooperation in resolving the situation in Lebanon.

The still unresolved debate is understood to have taken on almost emotionally symbolic overtones for Israeli Prime Minister Yitzhak Shamir's government after the Oct. 23 bomb attack against U.S. Marines in Beirut. The United States rejected an Israeli offer to provide construction equipment to help dig injured Marines from the rubble of their headquarters and to care for them at Israeli medical facilities.

The sources said that Israeli Defense Minister Moshe Arens was so offended by the spurning of his offer to help that he convinced his government to use Eagleburger's visit as a vehicle for trying to force the issue of U.S. intentions about strategic cooperation.

The sources said the Israelis intend to confront Eagleburger with a variation on Shultz's idea that such cooperation can lead to mutually beneficial trade-offs. Their principal bargaining chip involves U.S. hopes for the Jordanian force, a secrecy-cloaked project that became the subject of great controversy last month following disclosure that Congress had authorized \$220 million for it in a secret section of the 1984 defense authorization bill.

Last Friday, the Senate approved a resolution by Sen. Daniel Patrick

Moynihan (D-N.Y.) that would bar spending on the plan unless it is openly approved by Congress. The White House has scheduled a meeting of congressional leaders today, reportedly to discuss ways of getting around the Moynihan amendment, but congressional sources said Congress is unlikely to go ahead with the project if Israel opposes it strongly.

Until now, however, the Israelis have confined their criticism to relatively muted comments by anonymous officials. What they do next, the sources said, will depend to a large extent on the explanations they get from Eagleburger and the quid pro quos the United States offers on strategic cooperation.

Arens, an aeronautical engineer who helped design the Lavi, is known to be particularly eager for a lifting of all restrictions on U.S. help in its development. The Pentagon has been reluctant to do that on grounds that it means giving Israel access to secret U.S. technology. American aircraft manufacturers have been unenthusiastic about Israel having a fighter it can sell to other countries in competition with U.S. models.

Last August, the administration did lift a number of restrictions, including a freeze on the export of three U.S.-made technical systems required for the Lavi. But it still will not allow Israel to use U.S. foreign military sales credits to finance research and development on the plane. The Israelis reportedly want that barrier removed.

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"CIA Director William J. Casey," read an October 7 UPI story, "was awarded the agency's highest medal for outstanding leadership yesterday during a surprise ceremony at the agency's Langley headquarters. A citation read by Deputy Director John McMahon said Casey was awarded the Distinguished Intelligence

Medal for restoring the credibility of the CIA and bringing "imagination to our operations. "

We're confident that the decision to make this award was just as objective as *USA Today's* recent choice of Allen J. Neuharth as the interviewee to ask how well *USA Today* was doing. He said he thought it was doing a perfectly dandy job. He happens to be head of the Gannett Corporation, which happens to be the owner of *USA Today*. . . .