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Synfuel Chief Backs Peat Plan With Noted GOP Investors

By Martha M. Hamilton
Washington Post Staff Writer

The U.S. Synthetic Fuels Corp.'s chairman has endorsed federal backing for a \$576 million synfuels project despite a staff opinion that this kind of venture is economically "unpromising" and would not add significantly to the nation's energy capability.

The chairman, Edward Noble, issued a "letter of intent" yesterday approving loan guarantees and price supports of up to \$465 million for the project, sponsored by Peat Methanol Associated. PMA intends to produce methanol fuel from peat stripped from swampy North Carolina coastal land. Final approval by the corporation board is required.

The venture, known as the First Colony Farms project, is backed by some prominent Republican investors, including CIA Director William J. Casey and several former high-ranking Ford administration officials, and is also expected to benefit a powerful North Carolina landholder and former shipping magnate, Malcom McLean, whose land contains the peat.

Although the project has powerful patrons, SFC officials said its attraction is in being one of a very few synthetic fuels ventures reasonably close to production. The SFC is required by law to see that a certain amount of synthetic fuels are actually churned out. So far, the SFC has

not been able to fund a single project, and several of the biggest have been abandoned because of low oil prices.

In a report six months ago, the SFC staff concluded:

"Commercial experience with peat resources would not, at this time, appear to add significantly to the nation's capability to expand synthetic fuels production rapidly or to a large scale in the future." The staff's position on this point has not changed, officials said, although more recent staff analysis has pointed to potential benefits from the venture, officials said.

The project is expected to be in operation by December, 1985, at a construction cost of \$576 million. The SFC has agreed to provide a basic loan guarantee of \$341 million toward the construction costs, with the total amount of loan and price guarantees not to exceed \$465 million.

The investors are expected to put up between \$135 million and \$172 million.

The SFC also would guarantee a minimum price for the methanol fuel produced at the plant, starting at \$1.05 per gallon in 1983 prices, a figure considerably higher than the current price of methanol, which ranges from slightly below 50 cents to about 75 cents a gallon.

Methanol is an alcohol that is receiving only limited uses as a gasoline additive and for petrochemical and plywood production.

The SFC says the project will provide valuable experience with methanol conversion that can be used with coal as well as peat. It also says the project will provide important marketing experience with methanol, which may some day be a major transportation fuel.

The staff has also concluded that peat may be a valuable resource in the Southeast, where there is enough for several plants.

First Colony had been eliminated from the first competition for government funds and barely (by a 4-to-3 vote) was included among the projects that the SFC chose to consider in its second solicitation for proposals.

"It was a very difficult call," said SFC board member Robert A.G. Monks. Monks initially opposed the project but now supports it, saying it has been improved.

The project has drawn criticism from North Carolina environmentalists and the Environmental Policy Institute, a non-profit research group that is a critic of the Synfuels Corp.

"I really believe that the corporation's selection of this project raises issues which hit to the heart of the most important debate of all—the Synthetic Fuels Corp. itself," said Rick Young of EPI. "Who is it really benefitting and what will we get for the money?"

Critics also cite the potentially costly price guarantees. Although the SFC would guarantee a minimum of \$1.05 a gallon in 1983 prices, rising at 2 percentage points above the inflation rate every year, methanol can be bought on the Gulf Coast in bulk quantities for under 50 cents a gallon.

However, SFC strategic planner James Harlan said methanol is likely to be used increasingly as a gasoline additive or substitute, which would boost its price considerably.

"Any reasonable trajectory for methanol prices will result in no price guarantees being expended by the SFC," according to Robert W. Fri, former chief of the Energy Research and Development Administration and one of the investors in the Energy Transition Corp. (Etco) project.

ST. LOUIS POST-DISPATCH (MO)
21 DECEMBER 1982

A Loophole For The CIA

Resolution Gives Only The Appearance Of Restraining Covert Acts

A Statement By Ronald Brownstein
Of The Ralph Nader Organization

Historically, Congress has been extremely reluctant to meddle in Central Intelligence Agency affairs. Though the Church and Pike committees in the mid-1970s exposed a panoply of CIA improprieties and the 1976 Clark Amendment prohibited aid to rebels in Angola, Congress did not have the stomach for a lasting diet of such confrontation.

No laws were ever passed to prohibit the kinds of covert foreign activities uncovered by the Church and Pike committees. Congress' attitude about covert actions has been almost indistinguishable from the view expressed by CIA Director William

Casey in an interview earlier this year: "We have the authorization to do them as authorized by the president, we report them to Congress. But apart from that I don't talk about them, they don't exist."

For Congress at least, that posture has been made increasingly difficult by the continuing press stories of covert CIA activity against the Sandinist government of Nicaragua. A trickle of stories that began in March became a torrent in the past month, when a Newsweek cover story, followed by other accounts, laid out the scale of CIA assistance to former soldiers of deposed dictator Anastasio Somoza and other paramilitary forces harassing Nicaragua from bases in Honduras.

These revelations have put Congress and the American public in an extraordinary position, possessing detailed knowledge of covert CIA activities against a foreign government while they were occurring. But actions last week indicate that even with such knowledge, Congress is still reluctant to act.

When the first stories of the administration's controversial \$19 million plan to "destabilize" the Sandinist government appeared in March, Rep. Michael Barnes (D-Md.), chairman of the House Inter-American Affairs subcommittee, introduced a resolution to bar U.S. covert actions against Nicaragua. Barnes' measure drew little support and did not advance.

In June, Sen. Claiborne Pell (D-R.I.) raised the issue again, by seeking to delete \$21 million in funding the administration had sought for upgrading two Honduran airfields that could be used for strikes against Nicaragua. The improvements would make the airfields "accessible to U.S. aircraft limited airlift or for up to a squadron of tactical fighter aircraft," said Sen. Strom Thurmond (R-S.C.), the administration's floor manager on the bill. In August, Democratic Rep. Tom Harkin of Iowa offered a similar amendment in the House. Both measures were defeated by margins greater than two-to-one.

The November Newsweek story revived

interest and Harkin introduced a new amendment Dec. 8 banning the use of any CIA money to train or arm any paramilitary group "carrying out military activities in or against Nicaragua." Supporters of Harkin's resolution maintained the CIA activities violated the charters of the United Nations and the Organization of American States and "may lead to a violation of the spirit if not the letter of the War Powers Act."

But Harkin, like Barnes before him, did not have the votes. A few moments after the debate began, Rep. Ed Boland (D-Mass.), chairman of the House Intelligence Committee, offered a more narrowly worded substitute amendment, barring only aid to groups "for the purpose of overthrowing the government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

Boland's measure passed unanimously. After months of benign neglect, the House had apparently taken a bold step on what has been called the CIA's "secret war."

Or had it?

In the Boland amendment there may be less than meets the eye. One clue is the sponsor, Boland, who voted against the attempt to eliminate funding for the Honduran airfields and as chairman of the House Intelligence Committee has rarely challenged the CIA. Another clue is that the administration did not oppose the bill, freeing House Republicans to vote for it.

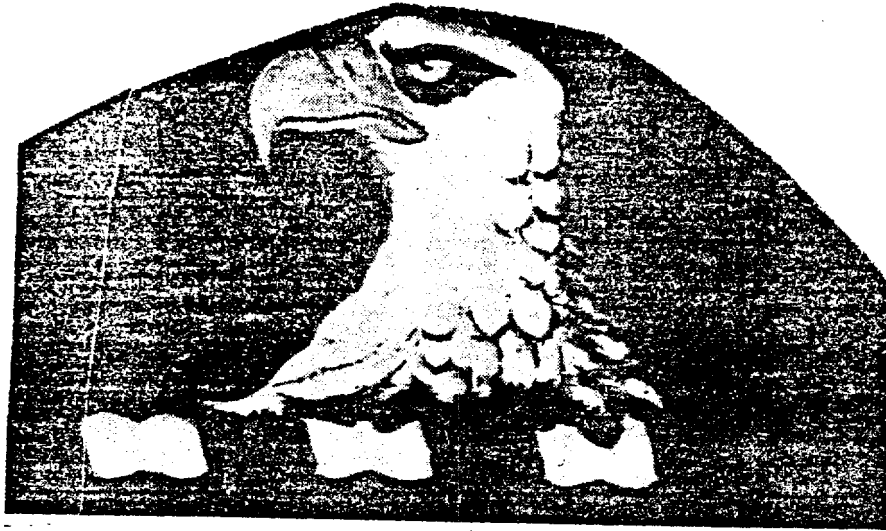
Several House and Senate aides working on the issue say the amendment will have virtually no effect on CIA operations in Central America. "In the amendment there is a loophole," acknowledges an aide who worked on Harkin's proposed ban. "The line is hard to draw as to what activity is one whose purpose is to overthrow the government of Nicaragua. There are many activities that are borderline . . . Since the Intelligence Committee is charged with oversight in effect (the amendment's impact depends on) how Mr. Boland would regard various activities under review . . ."

If the CIA says an operation is to interdict arms shipments — not to overthrow the government of Nicaragua — it can continue under the language of the amendment, maintains another Senate aide. Harkin's amendment, by contrast, would have stopped all paramilitary actions against Nicaragua.

The vote may impel the intelligence committees to more vigorous oversight of the CIA operation. But its major effect is sure to be foreclosing any more restrictive House legislation. In the Senate Chris Dodd (D-Conn.), is seeking a more comprehensive prohibition, but that is plainly an uphill battle.

The House's action may turn out to be nothing more than a collective congressional wink: a slap on the CIA's wrist that allows the covert actions to continue. In anything but appearance, the House last week did not violate Congress' tradition of deference to the CIA.

ON PAGE B-12

WASHINGTON TIMES
20 DECEMBER 1982

Through the keyhole: A peek inside the CIA

By John Nassikas
SPECIAL TO THE WASHINGTON TIMES

On Aug. 7, 1981, I drove a final time along Dolly Madison Boulevard and left behind two armed guards and 10 weeks of work for the Central Intelligence Agency. As one of 40 interns in a summer graduate-studies program sponsored by the CIA to assess potential full-time employees, I had a chance to look inside the most secret U.S. government agency. Some things I can tell you; some things, by law, I cannot.

I can tell you that at the end of every workday all typewriter ribbons must be locked up or destroyed. I can tell you how self-important I felt the first time I read a document stamped TOP SECRET. And about the smile that came across my face at the end of my first day when a secretary came into my office and asked whether I had any "classified trash."

I cannot tell you about my polygraph test. Or why a "syndrome approximation test" was canceled in the middle of a two-day period of physical and psychological examinations determining my fitness for the job. I can, however, tell you about the time the field man in charge of my background investigation erroneously came to my family's house in McLean, knocked at the front door, and said:

"I'd like to know what you think about your neighbor the Nassikas boy?"

"I think he's an exceptional young man," my sister replied.

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CIA. Everyone knows what the initials stand for; the rest they imagine. I, for one, was not sure what to expect when I first entered the CIA compound. I shared the common suspicion that a normal person with normal problems did not work there. I imagined that the typical employee was coldly professional, even emotionless, and led a life as charmed as James Bond's.

I knew that there were taboos. The CIA had warned me as a prospective employee that, once I had worked for the agency, I could never join the Peace Corps. And I knew that I could not be a practicing homosexual or become either an alcoholic or drug addict and expect to stay employed.

In the months before I applied to the agency's graduate-studies program, I heard rumor after crazy rumor: CIA people could not marry non-CIA people; CIA people were ultraconservatives, fascists, communists, closet radicals, you name it. I was told that agency employees were not permitted to study at Cal-Berkeley or the University of Michigan or to travel as tourists to the Soviet Union.

I was not surprised later to find out these rumors were false. Moreover, when I found out that the CIA hired people who drank alcohol, I simply nodded my head. But the CIA actually hired people who had smoked grass? Now that surprised me. (Needless to say, habitual users need not apply.)

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The first time I turned off Dolly Madison Boulevard onto the road leading to the CIA, I felt as if I were approaching Versailles. Flanking the road for 300 yards, tall trees stood like perfect sentries, and a regiment of daffodils marched in the shadow of the trees. At the guardhouse gate I pressed my CIA identification card against the windshield and was allowed to pass.

The card has no words on the front, only a photo and a few letters and numbers. From a distance, as your car is rolling up, the guards see the card and wave you on. If you don't have CIA identification, you had better have a good reason for wanting to drive past the gate. "I'm lost" or "Isn't this the road to Pizza Hut?" — favorites of local teen-agers looking for excitement on weekends — will not do. I know. As a teen-ager I tried them myself.

CONTINUED

Ronald Reagan, with brief notes and signatures.

The 499-seat auditorium is the only architectural anomaly in the

headquarters compound. On the outside it resembles a geodesic igloo with silver shingles. Inside it resembles a planetarium, with large acoustical discs clinging to the vault. The one behind the podium used to be white, but when President Jimmy Carter came to make a televised address, the networks complained that the background was too bland. So the disc was painted presidential blue.

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Many people have asked me how many tennis courts there are at the "CCC" (Clandestine Country Club). When I tell them none, they scoff and assume that I am hiding the truth. Early in the summer, I asked a CIA official where the tennis courts were. "Headquarters was built before the fitness boom," he said.

The CIA does have an indoor track, if that's what you call 83 yards of basement corridor and a rubber running surface the shape of a chopstick with curved ends. The track is less than three feet wide (10 1/2 "laps" equal one mile). Nearby is a fitness room with a Universal weight set among its equipment. Unfortunately, the Washington Color School never made it to the basement.

Until the directorship of George Bush, male and female CIA employees vied for one locker room, with women not allowed to use the facilities except during working hours. This was inconvenient for the majority of the women, who, like the men, preferred to exercise before or after work.

One day in 1976, Bush was jogging, stopwatch in hand and his female executive assistant close behind, when another woman approached to complain about the arrangement. Within days the fitness room had coed hours before and after work, with shower time divided fairly.

On a nice day the CIA can look like a suburban version of Club Med. It is a lunchtime ritual to take a stroll, clockwise, on the sidewalks around the building. A few renegades always weave their way counterclockwise. Some employees jog. Some run across Route 123 around the Potomac School grounds, and back — a distance of about three miles. Others sun on the many benches and simulated wood tables scattered throughout the grounds.

After parking my car that first day in one of the lots surrounding the headquarters building, I strode through two sets of doors into the main lobby. Etched on the marble facade of the wall on my left was a biblical verse (John 8:32): "And ye shall know the truth and the truth shall make you free." On the right was a memorial, flanked by U.S. and CIA flags, with this dedication: "In honor of those members of the Central Intelligence Agency who gave their lives in service of their country." Under the dedication were 38 stars.

I got chills when I saw that 21 of the stars had no names beside them: 21 dead agents whose names — in the interest of protecting "sources and methods," says the CIA — could never be revealed.

"Your successes are unheralded, your failures are trumpeted," said President John F. Kennedy when presenting the National Security Medal to Allen Dulles, retiring CIA director, on November 28, 1961.

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The art of intelligence has been practiced in the United States since the revolutionary days of George Washington. In a letter to Col. Elias Dayton, his intelligence chief, on July 26, 1777, Washington wrote, "The necessity of procuring good intelligence is apparent and need not be further urged." Washington, in fact, forced the surrender of Cornwallis at Yorktown in 1781 by deceiving the British into assuming his major assault would be in New York, not Virginia.

In this century, Pearl Harbor is what shocked the United States into recognizing the need for a centrally coordinated national intelligence service. As one CIA office director observes in retrospect: "Information was available but was so fragmented that there was no individual or group of people responsible for drawing what turned out to be a logical conclusion . . ."

Six months after the Japanese bombed Pearl Harbor, President

Franklin Roosevelt created the Office of Strategic Services (OSS), to be headed by William "Wild Bill" Donovan. After a successful war effort, in which invaluable intelligence was collected by agents (among whom included present CIA Director William Casey) who parachuted behind enemy lines, the OSS was disbanded in 1945.

Donovan then drew up a proposal for President Harry Truman that eventually resulted in the National Security Agency which established a new agency

that would conduct "operations abroad" but would have "no police or law enforcement functions, either at home or abroad." The United States, in fact, is the only country in the world with a bicameral intelligence system: the CIA is responsible for intelligence abroad, the FBI for intelligence at home. The FBI, of course, also has law enforcement functions.

From 1947 until 1961 the CIA operated out of 30 buildings in the Washington area, including Riverside Stadium, Arlington Tower, Curry Hall, "The Garage," 2210 E St. and a headquarters complex at 2430 E St.

During the 1950s officials realized that the original charter for a central intelligence agency, coordinating intelligence to prevent a recurrence of Dec. 7, 1941, remained more a concept than a reality.

It was Allen Dulles who envisioned and oversaw the construction of the one-million-square-foot headquarters building on 219 acres of northern Virginia real estate that the CIA has occupied since 1961. And it was Dulles who told the New York architectural firm of Harrison & Abramowitz — which also designed the United Nations building — to project the atmosphere of a college campus. Agency employees boast that there are enough PhDs walking the halls of the CIA to found a major university.

The building has seven floors, a 102,000-volume library, with 1,700 periodicals, and a historian who can tell you the first time the word "mole" was used in an espionage context (1622, in Francis Bacon's "The Historie of the Raigne of King Henry the Seventh").

The major corridors of the buildings form a quadrangle around a courtyard of grass, ivy, dogwoods and magnolias. I never was able to find out why no one was permitted to walk in the courtyard, despite the swept serpentine paths of beige and white stones.

A CIA fine-arts committee and Vincent Melzac, former director of the Corcoran Art Gallery, are responsible for the loaned paintings that brighten agency corridors. The huge oil and acrylic canvases by Alma Thomas, Norman Bluhm and Howard Mehring, among others, represent the Washington Color School, which descended from the movement led by Willem de Kooning and Jackson Pollock in New York during the 1950s. Along one corridor are oil portraits of CIA directors. Along another are portraits of CIA presidents from Harry Truman to

Rain or shine, ~~but~~ ~~one~~ ~~man~~ ~~walks~~ down Route 123 every day, often with trench coat and always with green army pack on his back. A group of Maryland employees, tired of traveling the long route down and around Chain Bridge, have come up with an iconoclastic commute. Every morning they park their cars on the Maryland side of the Potomac, step into canoes, paddle the river and climb the trail they have blazed to the agency. The pioneers face only one modern obstacle — crossing the George Washington Parkway. (Initial plans to extend the Parkway to Route 123 were amended to include an extra mile providing a back access to the CIA.)

And then there are the softball fields up the road, at the beginning of Georgetown Pike. Ever wonder where all those people come from every afternoon, and sometimes into the early night, with menacing bats and balls but, you can bet, without their ID cards hanging from their necks? Soviet agents who have defected, when asked how they recognized CIA employees, have said, "They're so easy to spot; they're the ones with the chains around their necks." Thus the warning now at the exit of all CIA buildings to remove badges.

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The CIA would not be able to project a collegiate atmosphere without McLean, Va., and McLean would not do the business it does without the CIA. Forget about local residents Charles Robb, Patrick Buchanan, Ethel Kennedy, Teddy Kennedy, Elliot Richardson and Zbigniew Brzezinski; the CIA is what makes McLean thrive.

Every weekday at lunchtime a horde of CIA employees descends on the restaurants of McLean for temporary escape from the confines of the agency as well as for food. Thanks to the CIA, the McLean Family Restaurant, for example, regularly does full-house business. Other favorites include George's, Kazan's, Evans Farm Inn, and, for dessert, Baskin-Robbins. Favorite watering holes are O'Toole's and the Rough Rider Lounge in the Ramada Inn.

Those who prefer to eat at the CIA can have breakfast, lunch or dinner at a number of dining facilities run by Guest Services, Inc. Because visitors are allowed to eat at the North Cafeteria, undercover employees use the larger South Cafeteria, where a glass wall enables them to keep an eye on the outdoors. On a balcony in the South Cafeteria is the Rendezvous Room, where \$3 buys an ~~Approved For~~ buffet and an aerial view of an

undercover world. On the seventh floor is a small executive dining room for GS-16s and above. The director has private dining space for 10 next to his office.

Bread and butter used to be served in the executive dining room, but nowadays there is only an assortment of crackers in the wicker basket on each cloth-covered table. According to lore, a past director thought his super-grades were getting fat.

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I have already mentioned the first time I got chills at the CIA. The second time occurred when I stood before the statue of revolutionary hero Nathan Hale outside headquarters and read his last words. While trying to slip out of New York, Hale was captured by the British and convicted as a spy. On Sept. 22, 1776, he stood on the gallows and said: "I only regret that I have but one life to lose for my country."

My alma mater, Yale University, has a similar sculpture of Hale — an early alumnus — and during my four years there I often walked by his solitary figure. But I had never taken the time to read the inscription.

(This article has been reviewed by the CIA to assist the author in eliminating classified information; however, that review neither constitutes CIA authentication of material as factual nor implies CIA endorsement of the author's views.

The author is a second-year law student at the University of Virginia Law School.)

MIDDLE EAST

Trying to Break the Impasse

Reagan expresses frustration, but no one has new ideas

The sun was rising over Washington when, promptly at 7 a.m. last Wednesday, Vice President George Bush convened a special high-level meeting in the White House Situation Room. National Security Adviser William Clark was there, along with CIA Chief William Casey, Defense Secretary Caspar Weinberger and Special Envoy Philip Habib, who had been hastily summoned home from his diplomatic shuttle in the Middle East. The purpose of the gathering: to find a way to break the impasse in negotiations to secure the withdrawal of Israeli, Syrian and Palestine Liberation Organization troops from Lebanon. The mood was somber. "Everyone in the Administration is angry," said a White House aide. "The President himself is as angry as everybody else over here."

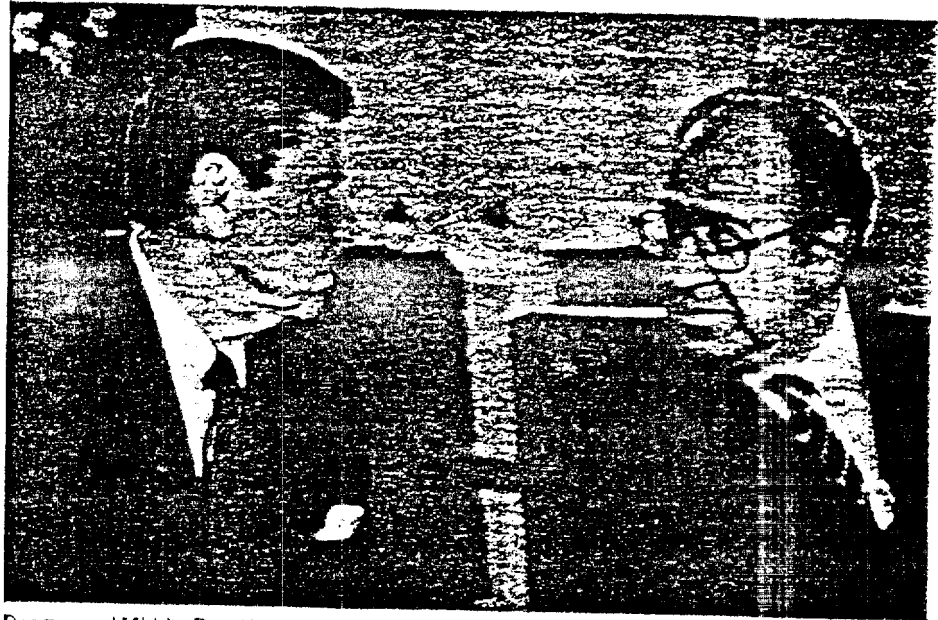
If Reagan was losing patience, it was because the failure to negotiate a withdrawal of troops from Lebanon was becoming a major obstacle to the broader Middle East peace initiative he proposed on Sept. 1. According to that plan, the Israeli-occupied West Bank would be linked in a loose confederation to Jordan. Although the officials who met at the White House last week agreed that the U.S. should put additional pressure on Israel to get the stalled talks moving, they apparently decided on little more than what a senior diplomat described as "a renewed U.S. push, coupled with a very strong and very sincere expression of presidential frustration." Added the official: "There are not really new ideas or proposals."

The current impasse is in part the result of an Israeli demand that Jerusalem and Beirut be the sole venues for direct Israeli-Lebanese talks. The Lebanese, who have already made concessions on several procedural points, refuse to meet with the Israelis in Jerusalem on the grounds that to do so would be to recognize Jerusalem's status as the capital of Israel, something even the U.S. has not done. White House officials seem increasingly convinced that Israel is deliberately imposing impossible conditions in order to prevent the talks from beginning. This, in turn, would postpone consideration of Reagan's broader plan, which the government of Prime Minister Menachem Begin opposes. Any delay in addressing Reagan's Sept. 1 plan would also enable Israel to proceed with the expansion of Jewish settlements on the West Bank, thereby gradually making any form of Palestinian sovereignty more difficult to accept.

The Administration was also angry last week about a Senate Appropriations Subcommittee amendment that would add \$475 million to the proposed \$2.5 billion in U.S. economic and military aid to Israel in 1983. Fearing that such an in-

crease in aid would signal that the U.S. was unable, or unwilling, to exercise any pressure on Israel, the White House lobbied hard against the proposal. Israeli Foreign Minister Yitzhak Shamir said last week that this White House action, which he labeled an "unfriendly act," would be "detrimental to Mideast peace."

In response, White House Spokesman Larry Speakes said that the Administration was "puzzled that Israel can call into question our good faith." He noted that the Administration aid request for Israel already represented an increase of 21% more than the amount spent in 1982, and that any further increase could come only at the expense of other allies. "It was a



Reagan and Middle East Negotiator Philip Habib confer at the White House
"The President himself is as angry as everybody else over here."

carefully arrived at figure, and we think it should be no more, no less," he said. Asked if the Administration sought to send the Israeli government a political or an economic message, Speakes said: "Both." Indeed, the idea of putting some sort of economic pressure on Israel is gaining ground in Washington. Said a White House aide: "Absolutely do not discount the threat of an aid cutoff."

The U.S. is not reserving all its anger for Israel. Officials in Washington are becoming increasingly disappointed by the P.L.O.'s inability to find a way to join the Middle East peace process. Washington hopes that the P.L.O., which was not invited to participate in the talks proposed by Reagan, will ask Jordan's King Hussein to participate in any negotiations. Torn between rival factions within the P.L.O., Chairman Yasser Arafat has so far been unable to

give Hussein the necessary mandate. Says a senior U.S. diplomat: "The P.L.O. today is finding it incredibly difficult to make the simplest decision."

In Israel, meanwhile, Begin was still concerned with the commission of inquiry investigation into the massacre of an estimated 800 Palestinians by Lebanese Christian militiamen at two refugee camps in Beirut last September. Although Begin had been warned that he was "liable to be harmed" by the commission's findings, he declined to exercise his right to reappear before the panel. In a three-page letter he argued that he had in his appearance before the commission five weeks ago, that Israeli forces in Beirut "never imagined" that the Lebanese Christian forces entering the camps "would want to—or be able to—perpetrate a massacre."

The urgency of removing foreign forces from Lebanon was pointed up last

week when Israeli and Lebanese troops clashed directly for the first time since Israel's invasion in June. One Israeli was wounded, and two Lebanese soldiers were killed. Meanwhile, violence between Druze fighters and Christian militiamen continued in the hilly Chouf region south-east of Beirut. Lebanese officials complained that the Israeli forces in the area were preventing the Lebanese army from moving in to defuse the situation.

With King Hussein due in Washington next week to discuss Reagan's overall initiative directly with him for the first time, it has become all the more urgent for the U.S. to persuade the Israeli government to begin negotiating a withdrawal from Lebanon. As a senior diplomat said: "Even the best proposals have got only a few days left. The time is getting shorter by the day."

—Sara C. Medina
Reported by Douglas Brew, Washington and
Harry Katz, Jerusalem

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U. S. NEWS & WORLD REP
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Interview With Vice Adm. Bobby R. Inman, Former Deputy

U.S. Intelligence Agencies "Still Suffering From Scars"

STAT

It has taken a severe buffeting in recent years, but the nation's intelligence community now is bouncing back, says a top authority in this size-up of the Central Intelligence Agency's strengths and weaknesses.

Q Admiral Inman, the American intelligence community is emerging from a decade of turbulence—scandals, investigations and other embarrassments. Just how does it stand today?

A We have not yet recovered from all the buffeting of the last 10 years. We are still suffering from the scars.

If one only had to worry about the central front of Europe and the danger of massive hordes of Soviet troops crossing that line, then our intelligence is good. Not just good—superb. But if you believe, as I do, that the next decade will be dominated by competition for raw materials, markets and influence in unstable Third World nations, our capabilities are very marginal at best.

Q What do you now see as major strengths and weaknesses of the intelligence community?

A We're at our best in picking up warnings about a major use of Soviet force outside their borders. We understand Russia's military establishment. We can count what they have, understand how they operate it, how they train, how they use it. That, essentially, is the good news.

Q And the bad news?

A When you turn to the rest of the world, we are very restricted. We're reasonably good in parts of the world where there's been conflict for a number of years—the Middle East, Korea. But when you move away from there, to our allies or neutral countries, our knowledge is very thin—at times pathetically thin.

Q What specific example of this weakness can you cite?

A If we had known in more detail the economic situation confronting our allies, the government might have handled the Siberian-natural-gas-pipeline problem somewhat differently. The intelligence community did not know enough, or speak strongly enough, about the economies of France, Germany, Britain, which were going to dictate their reactions. You've got to get detailed information in front of policymakers before a decision is made.

Trying to block the pipeline was a sound idea but one that should have been pushed three years ago—before contracts were signed, equipment produced and ships ready to sail. We did not have the in-depth knowledge to prompt smart decisions.

Q What is the administration doing to remedy problems at the Central Intelligence Agency?

A When the new administration came to office in

was that he didn't see these things and that it

The investment range time human intelligence various technical approa

in the technical-espionage systems so that if there is one failure, we won't suddenly lose all capability.

We are emphasizing analysis of information more than collection of it. You can collect all that you want, but, ultimately, it's the number and quality of analysts in CIA and the other agencies that are going to make the difference in whether you really can provide high-quality, finished intelligence to leaders.

This rebuilding cycle is going to take a long time, simply because you do not have skilled analysts waiting out there to be hired. They must have great in-depth knowledge on countries all over the world, with language abilities to read the local press. You have to develop that kind of talent, and it takes years.

Q Are you concerned about charges that the Reagan administration is drawing the CIA too deeply into what are essentially political matters?

A I think we have to run the risk of politicization to make certain that the intelligence being produced is relevant to the critical issues we face. If you leave it to its own devices, the intelligence community will write scholarly tomes that can fill your walls. The political leader has to be pretty critical of what he reads; otherwise, CIA reports will become longer, more abstract, more academic and thus have little value.

So I'll run the risk of having a very close dialogue between the decision maker and the one who is going to produce intelligence. You have to have faith that the CIA's professionals are strong enough to make straight calls.

Q Some say that CIA Director William Casey is practicing another form of politicization—pressuring analysts to tailor reports to support positions already taken by political leaders—

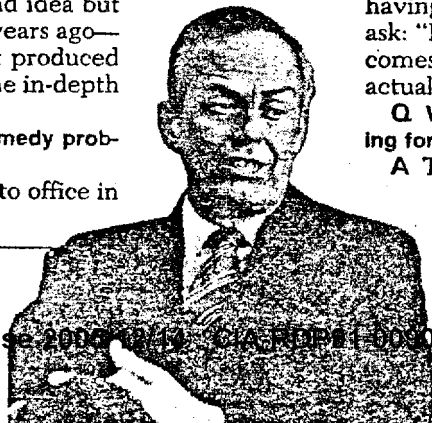
A I've seen the charge, and it's just false. I never once saw any effort to force the analysts to go back and redo their analysis to fit some view picked up somewhere else. Bill Casey is a man of strong views, and on any given day he may well arrive at the office with a strong view on an issue from having read something the night before. He will ask: "Is this right, or is it not right?" If the report comes back saying, "That's not right; here are the actual facts," his view changes.

Q What do you think of assassination, overthrowing foreign leaders or milder forms of covert action?

A The CIA performs three functions: Foreign intelligence—espionage in other nations; counterintelligence—blocking some other nation's espionage effort, and covert action. I have no difficulty with the first two functions. But the potential value of covert action is greatly overemphasized, and problems tend to be neglected. I am not an enthusiast.

Q What are your objections to the use

Vice Admiral Inman, 51, resigned from the CIA in June. Before holding that post, he directed the National Security Agency. During his career he also headed naval intelligence and was vice director of the Defense Intelligence Agency.



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NEWSWEEK
20 December 1982

CENTRAL AMERICA

Congress and the CIA: Reining In a Secret War

After the Reagan administration authorized its major covert operation in Central America last year, Congress was told that the only objective was to cut the arms trail from Nicaragua through Honduras to rebels in El Salvador. Now congressional sources say the CIA is no longer denying reports that the operation evolved into a campaign designed to harass and destabilize Nicaragua's Sandinistas (NEWSWEEK,

Nov. 8). Last week the House of Representatives signaled its intent to tighten the CIA's reins. By a vote of 411-0, the House adjusted an appropriations bill with an amendment barring the CIA and Pentagon from spending funds "for the purpose of overthrowing the government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." And the House Intelligence Committee summoned CIA director William Casey to a secret hearing this week to explain the agency's operation in Central America.

The House amendment was a watered-down alternative to a tougher version pro-

hibiting use of the money for *any* military activities in Nicaragua. The compromise language did not endanger the CIA's funding for approved operations. But its warning could not be ignored. Some Intelligence Committee members suspect that in the past the CIA has offered less than candid briefings on its aims in Honduras. Casey will face a House committee heavily loaded with congressmen who oppose on principle any covert attempt to overthrow standing governments. Their mood suggests that the agency will have to make its case for covert action more explicitly—and to keep secret wars under closer control.

Background Noise on Overt Covert C.I.A. Plot

By PHILIP TAUBMAN

WASHINGTON— In the 1950's and 1960's, the Central Intelligence Agency had license to do pretty much what it pleased. Generally, the White House didn't want to know the details of the agency's covert paramilitary and political action operations, the better to preserve the President's "deniability"; Congress didn't really care; and rigorous secrecy kept the public in the dark.

Lately, after news accounts of the agency's wide-ranging operations in Central America, senior intelligence officials in the Reagan Administration have probably looked back at those earlier times with some envy. William J. Casey, the Director of Central Intelligence, and his aides have been reminded that for a variety of reasons this is an era of limits for covert operations. Mr. Casey, a veteran of Allied intelligence operations during World War II, took office determined to increase the use of such activities.

Mr. Casey and other national security officials in the Administration felt that the United States, by not mounting more paramilitary and political action operations, was missing a chance to further its interests in regions where conventional diplomacy wasn't successful and the

open use of military force was unacceptable.

The Administration chose Central America to test the approach. A year ago, according to national security officials, President Reagan approved plans to develop and support at least one paramilitary force in the region that would be used to interdict the flow of arms to guerrillas in El Salvador. The C.I.A. reported that Cuba and the Soviet Union, with assistance from Nicaragua, were providing weapons and ammunition to Salvadoran insurgents. The plan also called for identifying and helping Nicaraguan political leaders who could galvanize opposition to the leftist Sandinist Government in Managua.

Doubters Within the Agency

But Casey and Co. perhaps did not anticipate the entrenched resistance to secret operations that developed in Congress and even in the agency's own bureaucracy following the disclosure in the mid-1970's of past intelligence abuses, most of which involved activities such as assassination plots and attempts to overthrow foreign governments. Within the agency, a whole generation of young officials moved into senior posts convinced that covert operations, no matter how sound and necessary they might seem, should be used sparingly to protect the agency from further embarrassment.

Adm. Bobby R. Inman, Mr. Casey's top deputy until he quit earlier this year, partly over differences about policy, was struck by the doubts in the 18 months he helped run the C.I.A. "Concern about the extent of covert operations is found in substantial depth among intelligence professionals," he said in an interview earlier this year. "They are overwhelmingly concerned about the quality of this country's foreign intelligence, and they worry that secret operations, especially when they are exposed and criticized, impact adversely on the more important job of foreign intelligence collection and analysis."

Debate about undertaking the Central American operation was intense within the na-



William J. Casey

Enrique Bermudez

Gamma-Liaison/Penelope Breese/Associated Press

CONTINUED

NEW YORK POST (NY)
17 December 1982

CIA BOSS CASEY FACES STRIKE THREE

By NILES LATHAM
WASHINGTON — CIA Director William Casey is on the skids and is expected to be the first casualty of a reshuffle of Cabinet members and aides by President

Reagan. The Post learned last night.

White House and intelligence officials claim no formal decision has been made on any staff and cabinet changes.

But they note that the 78-year old Long Island lawyer has lost the confidence of Reagan and the all-important "old boy network" of intelligence professionals.

Among the reasons for Casey's impending departure, say the sources, are:

- "Incompetent" handling of intelligence information by agency officials.

- The apparent way the CIA's covert war against Nicaragua has gotten "out of control."

What originally was supposed to be a police action to stop the flow of arms from Nicaragua to guerrillas in El Salvador through Honduras is now on the verge of starting a full-scale war, say sources, and has enraged Secretary of State George Shultz.

- Casey never recovered from the Senate Intelligence Committee's probe of his business practices and his appointment of Max Hugel, a man with a questionable business past, as director of covert operations.

- The political fallout from Casey's demands for a CIA role in domestic spying in his presentation of the administration's intelligence charter to Congress.



Associated Press Photo

CIA Director William Casey may be first victim of President Reagan's reshuffle.

Casey, known as a political operative more than as an intelligence specialist, is an outsider in the Reagan circle who joined the campaign in 1980, replacing Reagan's chairman, John Sears. The CIA job was a political reward.

No successor to Casey

has been chosen, so far, White House officials said.

But the opening would give Reagan an opportunity to put an end to the war between his top advisers, chief of staff James Baker and counselor Edwin Meese. Baker is known to covet the top CIA job.

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Nicaraguans warn Honduras on aid to rebels

By Oswaldo Bonilla
United Press International

MANAGUA, Nicaragua — Nicaragua yesterday accused Honduras of aiding rightist commandos staging attacks across the border and warned that a "more open conflict" could erupt between the two countries.

A Foreign Ministry statement sent to Honduras and broadcast by radio stations here said "many wounded counterrevolutionaries" were being treated in Honduran hospitals.

"We only can call it open complicity by Honduran military and civilian authorities in the border zone," the statement said.

"They threaten to unleash a more open conflict, with consequences that cannot continue to be ignored."

The statement, signed by Foreign Minister Miguel d'Escoto and sent to Edgardo Paz Barnica, Honduras' foreign relations minister, said rightists had been retreating into Honduras after staging attacks on Nicaragua, which is ruled by a leftist junta.

"They regroup their forces [in Honduras] and prepare to launch new aggressions, with neither the Honduran military nor authorities of your illustrious government taking any steps to control and limit these criminals," the statement said.

The statement said there had been seven attacks recently by the rightists, the latest staged Monday near the Nicaraguan border hamlets of Cerro Nubarrones and Cerro de Jesus, both about 115 miles north of Managua.

The statement said the rightists suffered at least 26 casualties, while seven Nicaraguan soldiers were killed and 11 wounded in the two attacks.

Michael Ratner, director of the left-leaning U.S. National Lawyers Guild, said during a news conference here Tuesday that his 7,000-member group had filed a suit on behalf of Nicaraguans wounded in attacks allegedly backed by the United States.

Ratner, on a fact-finding mission to Nicaragua, said the suit was filed against President Reagan, CIA Director William Casey, U.S. Ambassador to Honduras John Negroponte and several other officials in Washington.

He said the suit, filed in federal district court in Washington, called for the United States to pay damages to Nicaraguans wounded by the rightists.

Nicaragua has accused the United States of funding the rightist guerrillas who operate out of camps in Honduras.

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WASHINGTON POST
16 DECEMBER 19

Congress Doesn't Want to Wash Our Dirty Little War in Public

Last week, Rep. Edward P. Boland (D-Mass.), chairman of the House Permanent Select Committee on Intelligence, promised to give the "dirty little war" in Nicaragua his personal attention.

"I can say that the committee certainly does understand its obligations to rein in activities which can get out of control or which could threaten to involve this nation or its allies in a war," he told his colleagues.

That was enough for the House. It passed by 411 to 0 a Boland amendment that prohibits the CIA or the Defense Department from using taxpayers' money "for the purpose of overthrowing the government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

But it is a year since The Washington Post disclosed a \$19 million administration plan to subvert the Marxist government of Nicaragua. In all that time, Reagan officials, including the president, never have denied the plan or its purpose and have kissed off all queries about it.

If the House Permanent Select Committee on Intelligence was exercising its watch-

dog function, we have no evidence of it. Under the "reform" of the intelligence oversight system on Capitol Hill, the CIA reports only to two select committees, whose members promise not to tell anyone what they have discovered about covert operations. They can't even say that CIA Director William J. Casey went before them to testify on Nicaragua the other day.

It was for that reason that Rep. Tom Harkin (D-Iowa), a liberal leader in the House, introduced an amendment that forbade the CIA and Defense from carrying out any "military activities in or against Nicaragua."

Unlike the Boland amendment, which only prohibited the overthrow of the Nicaraguan government, not all military activities, Harkin's amendment had little support. It's dicey to be seen as defending a communist regime, even against illegal U.S. activity.

What we are doing in and to Nicaragua we learn from the press.

Newsweek had a cover story called "America's Secret War," in which our ambassador to Honduras, John Negroponete, is depicted as the generalissimo of the counterrevolution that keeps the government of neighboring Nicaragua in a constant state of nerves and military alertness. Negroponete, according to Newsweek, deals directly with the commander of Honduras' armed forces, Gen. Gustavo Alvarez.

The CIA, says Time magazine, now has 200 agents in Honduras organizing followers of Nicaragua's despised former dictator, Anastasio Somoza, for border raids, bridge bombings, kidnappings, village burnings and other exercises that the Reagan administration condemns when other countries engage in them.

Supposedly the Boland amendment was acceptable because it protects the CIA's cover story, which is that its goal is to interdict the flow of arms from Nicaragua to the rebels of El Salvador. That requires "military activity."

If Boland's intelligence committee in the past year tried to "rein in" the operation, it has failed. The press reports stepped-up violence in the area. Did Boland ever wonder if the situation was getting out of control—something he now promises us his committee will not permit to happen?

We don't know. He and his fellow committee members break their own rules if they tell. They are sworn to secrecy about the secrets they hear. They cannot share information—and doubts—with their colleagues. If they succeed in shutting down the dirty little war, we won't even know that.

The Somocistas boast to reporters of their imminent invasion of Nicaragua, and the bloodbath that will follow. Does the House Permanent Select Committee on Intelligence ask the CIA about things like that?

Possibly, we will learn something about what is going on in court. Seven Nicaraguans who claim to be victims of U.S. policy have brought suit against the Reagan administration. Among them is Dr. Myrna Cunningham, a half-Indian Ni-

caraguan health official who says she was kidnaped and raped a year ago by Miskito Indians, trained as counterrevolutionaries by U.S.-backed Somocista guardsmen.

Three British members of Parliament, who recently concluded a tour of Central America, came through Washington this week to tell the administration as "candid friends" what a mistake it is to write off the government in Nicaragua, which despite its flaws is addressing the concerns of the people.

When they called on J. William Middendorf II, the U.S. representative to the Organization of American States, Stanley Clinton-Davis, a Labor MP, asked him directly if U.S. policy is to overthrow the Nicaraguan regime. Middendorf replied, according to the Englishmen, that "personally" he would be delighted to see it happen—although, he added, it is not government policy. Middendorf, through a press aide, denies the statement.

Most people think that overthrow is the Reagan policy. With a stonewalling administration and a gagged oversight committee, it's hard to find out—and even harder to stop.

Mary McGrory

Is US fighting a secret war in southern Africa

SAMMY ADELMAN

On the night of Dec. 9, South African commandos entered Maseru, the capital of Lesotho, and killed 42 people. Most of these alleged "terrorists" were in bed at the time.

The Lesotho government, in condemning this violation of its sovereignty, pointed out that all those killed - including women and children - were refugees from apartheid.

The attack on Lesotho was the latest in a long line of what South Africa calls "pre-emptive strikes" against states harboring guerrillas from the outlawed African National Congress (ANC), South Africa's major national liberation organization.

Black states in the region claim,

Sammy Adelman, a South African student who was banned from that country, is now studying at Harvard Law School.

however, that South Africa is intent upon destabilizing the sub-continent, and there is much evidence to support such claims.

Apart from its illegal occupation of Namibia and much of southern Angola, South Africa has launched attacks against Mozambique and Zimbabwe. It has carried out bombings and assassinations in Swaziland, Mozambique, Botswana and Zimbabwe, and its agents have bombed and burgled ANC and SWAPO offices around the world.

Mozambique and Lesotho have claimed that rebel groups aimed at overthrowing their governments are being based and trained in South Africa. Indeed, on the night the South Africans attacked Lesotho, rebels blew up an oil refinery in Beira which supplies Mozambique, Zimbabwe and Malawi.

Under the Reagan Administration, with its policy of "constructive engagement" toward Pretoria, there has been a dramatic increase in support for the white minority regime. Besides supporting South Africa in the United Nations and the International Monetary Fund, the Reagan Administration has sought ways of circumventing embargoes against the export of military and nuclear hardware and technology; high-level military contacts have been reestablished after the cool relationship that existed under the Carter Administration, and William Casey, director of the CIA, recently held talks in Pretoria.

Recalling that South Africa invaded Angola in 1976 at the behest of the United States, and that numerous allegations have been made concerning possible US and Kenyan involvement in the recent abortive coup attempt launched from South Africa against the Seychelles, it is justifiable to ask whether the United States may not be fighting a "secret war" in southern Africa as well as in Central America.

There can be little doubt that South Africa's destabilization of southern Africa is taking place with American quiescence. If not approval, it would be strange if the Reagan Administration were not being kept informed during visits

such as that by South Africa's foreign minister to Washington a week before the attack on Lesotho, especially when there appears to be an identity of interests between Washington and Pretoria in a number of areas, such as the linking of the withdrawal of Cuban troops from Angola (there to defend against just such attacks as occurred last week) with Namibian independence, and a common attitude toward a perceived Soviet threat in the area.

The fact that both countries are so keen on creating a "cordon sanitaire" around South Africa is an indication of the growing threat the ANC presents to both white minority and American interests in the region.

Harold Macmillan's "winds of change" have finally blown to the southern tip of Africa, yet after the likes of Somoza in Nicaragua and the shah in Iran, America seems not to have learned that continued support for unjust and repressive regimes is ultimately inimical to its own interests.

With President Reagan having stated that the United States will not abandon "a country that has stood beside us in every war we ever fought," his Administration rapidly seems to be embroiling America in yet another unjust, no-win situation. Indeed, US support for the supposedly reformist government of Prime Minister P.W. Botha has served as a signal to the effect that internal repression, in the interests of "stability", will be tolerated - and the increase in the number of bannings and detentions without trial substantiates such a viewpoint.

Ultimately, the only solutions to the problems of South Africa are political solutions, involving facing up to the central question of majority rule in a unitary state. By its support for white South Africa, the United States, ever prepared to preach human rights to totalitarian (but not, according to Jeane Kirkpatrick, "authoritarian") regimes, is facilitating the most iniquitous and systematic denial of human freedom and dignity since Hitler.

Casey's CIA At It Again

By SANDY GRADY

Knights-Ridder Newspapers Writer

WILLIAM CASEY is a spy out of the good old days, when agents were parachuted behind enemy lines or rowed ashore at night on rocky coasts.

Never mind that Casey's World War II daring was mostly confined to a desk.

Or that, too often, the agents were caught on the spot.

What worries experts in and out of Congress is that Casey's nostalgia for those free-wheeling days is rapidly getting the Central Intelligence Agency into trouble in Central America.

"Nobody really knows what Casey is doing in Nicaragua," said a man close to the Senate Intelligence Committee. "But there is fear that he's got the agency out of control."

YOU can't blame the senators for lacking full-blown confidence in Casey.

At 69, he is a brusque, arrogant man with dewlap jowls, thick glasses, and a gravelly voice in which he mumbles.

One Cabinet officer joked that the CIA wouldn't need code for Casey because "even we can't understand him."

Except for a couple of honorary Presidential commissions, Casey hadn't been mixed up in real spookery for 35 years. He'd made a fortune as a New York tax lawyer, writing such profitable books as *How to Build and Preserve Executive Wealth*.

There was only one solid reason to make Casey the head of the CIA — a reward for being Ronald Reagan's 1980 campaign manager. One Republican close to Reagan's appointive process said, "It's a job that will keep Casey out of sight."

NOT true. Casey stumbled onto the front pages by naming Max Hugel, a brassy politician, as his No. 2 man at the agency. Hugel quit. But his old, questionable business deals kept the CIA director in the news.

Then in April, Adm. Bobby Inman resigned as Casey's deputy. Inman was the most respected pro in U.S. intelligence. There is suspicion that he was the governor who kept Casey from going on any wild CIA joyrides.

Now Casey is on the verge of hitting the headlines again, and not in a fashion that will make Reagan happy.

Casey's new notoriety springs from his covert operations in Central America, which Casey has expanded into the most full-blown U.S. paramilitary action since the early days of Vietnam.

The plot was hatched a year ago by Casey, then-Secretary of State Alexander Haig, and Haig's assistant Tom Enders, who had won his spurs in 1970 as the deputy chief in Phnom Penh coordinating the secret bombing of Cambodia.

Reagan reportedly signed on to the Central American caper last December.

Ostensibly, the scheme focuses on cutting the supply of Communist arms to rebels in El Salvador. But under Casey, the plan has blown into a full-fledged paramilitary effort to overthrow the Sandinista government of Nicaragua.

The CIA has put anywhere from 50 to 150 agents — depending on whose estimates you believe — into neighboring Honduras to set up training camps for 10,000 anti-Sandinista exiles and to direct hit-and-run jaunts across the Nicaraguan border.

Sounds like a Tinker Toy war, right? So did the CIA's covert caper in Vietnam in the early 1960s.

For more Vietnam echoes, the Honduran operation is reportedly quarterbacked by U.S. Ambassador John Negroponte, who worked for Enders and Henry Kissinger in Southeast Asia during the Vietnam War.

SO what's the danger in this banan-republic comic opera? For one worry, there's the chance Nicaragua could strike at CIA-led forces in Honduras, sucking the United States into an ugly jungle war.

"Casey may be getting out of control on this one," said a senatorial aide close to the intelligence scene. "People are starting to call it Reagan's 'Bay of Pigs.'"

That may be hyperbole, but such skeptics as Sens. Paul Tsongas (D., Mass.) and Joe Biden (D., Del.) have been upset by published stories about the CIA's "secret war." They've pressed Intelligence Committee Chairman Barry Goldwater to get the agency's version before Congress adjourns.

That means finding Bill Casey, of course.

The jowly chief spook has been making trips to Tegucigalpa, the capital of Honduras, to check out his troops.

If Casey's reckless behavior is getting the United States hip deep in a Central American Big Muddy, the Senate will have to blow the whistle.

Maybe it's time for Reagan to send his mumbling master spy back to Wall Street, where Casey can pick losers without endangering U.S. lives and prestige.

Bill Casey's fantasies could start a real war.

Reagan to See Habib, Draper on Lebanon

By RUDY ABRAMSON, *Times Staff Writer*

WASHINGTON—President Reagan's two Middle East troubleshooters conferred Wednesday with top national security officials at the White House and scheduled a session for today to discuss the continuing dilemma in Lebanon with the President.

Special envoys Philip C. Habib and Morris Draper returned to Washington from the Middle East with no apparent evidence of progress toward the withdrawal of foreign military forces from Lebanon. But Administration spokesmen said their return was planned in advance for personal reasons.

The stalemate over removing Syrian, Israeli and Palestinian troops from Lebanon and the Lebanese government's request for more U.S. troops in the 4,000-man multinational peacekeeping force are expected to be the main items on the agenda when Reagan, Habib and Draper meet.

A White House source, declining to be identified, said the chances are good that Reagan will agree to send more U.S. Marines to Lebanon. But, he said, Administration officials hope that compliance with the request for more U.S. troops might be used for leverage to encourage withdrawal.

Returned After Massacre

Habib, who negotiated the withdrawal of Palestine Liberation Organization guerrillas from Beirut last fall, returned to the Mideast after the September massacre of Palestinian civilians by Christian militiamen in the capital.

Besides working for the removal of foreign troops from Lebanon, Habib has been seeking to promote Reagan's series of proposals for a comprehensive Middle East peace agreement.

Taking part in the Wednesday meeting at the White House were Vice President George Bush, Defense Secretary Caspar W. Weinberger, national security adviser William P. Clark, CIA Director William J. Casey, Deputy Secretary of State Kenneth Dam and several White House officials. Dam attended in place of Secretary of State George P. Shultz, who is in Europe.

State Department spokesman Alan Romberg said it is not known how long Habib and Draper will remain in the United States or whether Habib, who was recalled from retirement to undertake the Mideast role, will return to the area immediately.

The Senate Foreign Relations Committee is seeking to arrange a closed-door briefing by Habib and Draper later in the week to get the two envoys' assessments of the request for more U.S. troops.

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CHRISTIAN SCIENCE MONITOR
8 DECEMBER 1982

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Cloak-and-dagger action Is it worth the effort?

A wary Congress pulls on the reins

Last in a three-part series on secret operations

By Daniel Southerland
Staff correspondent of
The Christian Science Monitor

Washington

Despite reports of major CIA-supported operations against Nicaragua, the Reagan administration may be doing less in the cloak-and-dagger realm than some of its officials originally planned to do.

For one thing, the capability for such action had been reduced in recent years. Then there is always the danger that a secret operation will be publicly exposed, causing greater damage to the United States than any gains that might be made.

A Senate source says that it is the latter factor as much as anything that has enabled the Senate Select Committee on Intelligence, headed by Arizona Republican Barry Goldwater, to persuade the administration not to go ahead with a number of apparently risky secret operations. The Senate and House committees on intelligence do not have the right to cancel such a proposed operation, but they do have to be consulted. They also have a say over the funding for the intelligence agencies.

Reports appearing for more than a year in the US press concerning CIA-supported raids into Nicaragua may have already had an inhibiting effect on those operations. The most recent reports indicate that the Honduran Army has been dispersing some of the border camps from which former Nicaraguan national guardsmen have launched raids. It was not clear whether this action was merely temporary. One reason for it may have been to avoid causing any embarrassment to



CIA Director Casey

The Senate Select Committee on Intelligence, meanwhile, was reported to be asking for more information on the cross-border operations. In the House of Representatives, Congressman Michael D. Barnes (D), of Maryland, head of the inter-American affairs subcommittee, has introduced a resolution which would ban such covert operations. Mr. Barnes said he did not think the resolution had much chance of passing, but thought it might serve as a warning to those in the administration who were proposing such operations.

According to insiders, the original idea for a covert action more often than not comes from the executive branch and not from the US Central Intelligence Agency itself. CIA officials feel they have been badly "burned" by public exposure of their past abuses. They are not eager to relive the controversies of the 1970s.

For the CIA to proceed with a covert action, the President must find that such an operation is important to national security.

This is the case even if the operation involves nothing more than planting an editorial in a foreign newspaper. Indeed, most covert actions consist precisely of this sort of thing, says one source. "Doing a little public relations," as he put it.

President Carter came to office sounding skeptical about secret CIA operations and seemed to have kept them to a minimum during the first part of his term. But frustration over the taking of hostages in Iran as well as the Soviet invasion of Afghanistan caused the Carter administration to take another look at covert operations.

According to a number of sources, Mr. Carter then authorized an increase in such operations, particularly in the propaganda field.

UNITED PRESS INTERNATIONAL
8 DECEMBER 1982

Middle East troubleshooters Philip Habib and Morris Draper reported Wednesday to top administration officials seeking ways to break the impasse on the withdrawal of foreign troops from Lebanon and regain momentum toward a Middle East peace.

The special envoys recalled to the United States for consultations met in the White House Situation Room with Vice President George Bush, Defense Secretary Caspar Weinberger, national security adviser William Clark, CIA Director William Casey and other experts.

Deputy White House Press Secretary Larry Speakes said President Reagan also would confer with Habib to "express his determination" that his plan for peace in the Middle East be kept alive. But no date was set for the meeting.

Speakes said Wednesday's report covered the situation in the entire region but centered on questions about Lebanon, which Israel invaded June 6 to wreck bases from which the Palestine Liberation Organization has staged attacks on Israel.

The administration believes that the longer a peace initiative is stalled, "the greater is the chance for a return to violence in the region," Speakes said.

The president, Speakes said, "is sticking by his plan."

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CHRISTIAN SCIENCE MONITOR
7 DECEMBER 1982

Behind Qaddafi's '81 plot to assassinate President Reagan

Second of a three-part series on US secret operations

By Daniel Southerland

Staff correspondent of The Christian Science Monitor

Washington

The 1981 threat by Libya's leader, Muammar Qaddafi, to assassinate President Reagan may have resulted from Colonel Qaddafi's misreading of American pressures against him, according to top US intelligence experts.

Qaddafi's life and political survival were in no danger from the United States, the experts say. But, they add, a combination of threatening remarks from American officials, the misreporting of secret American attempts to curb Libyan influence in Africa, and an aerial shootout off the Libyan coast between US Navy and Libyan fighters was apparently what caused Qaddafi to threaten Mr. Reagan's life.

The experts, who request anonymity, have no doubt that the threat from Qaddafi was real. They say they now believe that the "hit teams" launched by Qaddafi never reached the US. But some of their members were reported to have arrived at undisclosed locations on the North American continent, presumably in Canada or Mexico, late last year.

In the summer of 1981, a series of press reports concerning secret American actions against Libya created

a stir in Washington. The problem was that the first reports on the subject seem to have been misinformed.

According to one specialist on the subject who was actively involved at the CIA at the time, the initial leaker may have been a congressman or aide who, unlike some others, had not taken the trouble to get fully briefed.

The reports came at a time when CIA director William J. Casey was under fire from senators because of past business dealings and the controversial appointment of Max Hugel, a businessman with little experience in intelligence matters, to run the CIA's covert operations. The atmosphere was one in which everything Mr. Casey did was questioned.

Newsweek magazine, on Aug. 3, 1981, reported that Mr. Hugel had presented the House Select Committee on Intelligence with a costly and large-scale plan to overthrow Qaddafi. According to Newsweek, committee members thought the plan implied that Qaddafi would be assassinated. The committee supposedly sent a strong letter of protest to Reagan.

But according to a source who was fully informed on the matter, the target of the secret operation was not Libya but "Libyan influence" in Mauritius, an island nation of just under a million people located off the southeast coast of Africa. The letter of protest from the committee went not to Reagan but to Casey.

By this time, however, the public record had become thoroughly muddled. Yet another misinformed source had confused Mauritius with Mauritania, the two names being vaguely similar. That source triggered yet another press report, this one in the Washington Post, saying that the CIA's target was Mauritania, a country located on the northwest coast of Africa. Almost unnoticed, the Wall Street Journal got the Mauritian target right.

The White House denied any plot against Qaddafi. But given the Reagan administration's earlier public and private statements about Qaddafi, not too many people would have been surprised if such a plot had been conceived.

At one point in the spring of last year, for example, then-Secretary of State Alexander M. Haig Jr., in an off-the-record comment in an interview, remarked that Qaddafi was "a cancer that has to be cut out." A reporter for the New York Daily News found out about Mr. Haig's remark and published it.

But, according to one intelligence expert, when administration officials examined the options, they discovered that Qaddafi might well be overthrown some day without any help from the US. They found that dissent was strong in certain sectors in Libya, and that in the Army there were officers who resented being sent off on costly adventures to places such as Chad and Uganda. They also knew that a number of coup attempts had already been attempted against Qaddafi. The administration decided to work to help thwart Qaddafi's designs outside Libya and to raise the cost to Qaddafi of his overseas adventures.

The mix-up in the press over Libya, Mauritania, and Mauritius might have added up to little more than an amusing farce to shake Washington out of its 1981 doldrums. But two professional intelligence analysts say that the misinformed leakers may have created a boomerang problem of mammoth proportions. They suggest that talk within the administration about putting pressure on Qaddafi and the published reports concerning a possible secret plan aimed at overthrowing the Libyan leader, combined with the impact of the US-Libyan air battle over the Gulf of Sidra on Aug. 19, 1981, in which US Navy jets downed two Libyan planes, probably led Qaddafi to threaten Reagan's life. They say that at one point late last year, Qaddafi made statements to the effect that he was out to get Reagan. A defector, who claimed to have been directly familiar with orders given by Qaddafi to assassinate Reagan, was one of the sources of information on this subject.

In the end, Qaddafi apparently called off his hit teams. Insiders say that some as yet undisclosed secret US-backed actions aimed at curbing Qaddafi's operations in Africa met

with moderate success. But it is the recent oil glut as much as anything that has damaged Libya, by cutting Qaddafi's oil revenues.

In some cases, overt, rather than covert, actions have hurt Qaddafi. These have included the US oil embargo and diplomatic moves aimed at isolating the Libyan strong man. Most important, a number of black African nations have rejected Qaddafi's attempts to chair a summit meeting of the Organization of African Unity (OAU) in Tripoli. Qaddafi support for insurgents in Chad was the main reason for a recent second collapse of the projected OAU summit.

Some American analysts now say that what was done to counter Libyan influence in Mauritius might have been better done through open means, such as support given through a political foundation rather than through the CIA. ~~That~~ The United States, while aiming the CIA at a mouse (Mauritius), may have ended up stirring a tiger (Libya).

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5 DECEMBER 1982

Nicaraguan, Suing U.S., Tells of Exile Attack

A Nicaraguan health official who said she was attacked and beaten by a group of anti-Sandinists on her country's border with Honduras last year has been brought to the United States to publicize a suit filed by seven Nicaraguans against the Reagan Administration. The suit seeks to challenge American support for such paramilitary groups.

The official, Dr. Myrna K. Cunningham, who works for the Nicaraguan Ministry of Health, and the other plaintiffs are represented by the Center for Constitutional Rights, a New York-based public interest legal organization. Her two-week visit to the United States is sponsored by the center.

The Nicaraguans are seeking damages and an injunction against future raids into Nicaragua. Lawyers from the center filed the suit on behalf of the Nicaraguans in a Federal court in Washington on Nov. 30. Representative Ronald V. Dellums, Democrat of California, and two Florida residents joined the suit, which also seeks a court order closing military training camps operated by Nicaraguan exile groups in Florida.

Reagan Among Those Named

Lawyers from the center say the Nicaraguans have the right to sue under the Alien Tort Claims Act of 1789, which allows foreigners to sue in United States Federal courts for violations of international law.

Among those the complaint names as defendants are President Reagan, William J. Casey, Director of Central Intelligence, former Secretary of State Alexander M. Haig Jr., Secretary of State George P. Shultz, Secretary of Defense Caspar Weinberger, and members of Cuban and Nicaraguan exile groups based in Florida.

Officials from the Center for Constitutional Rights went to Nicaragua to obtain testimony from the plaintiffs. Their testimony, according to the center's lawyers, provides evidence that the Reagan Administration has spon-

sored attacks aimed at terrorizing Nicaraguan citizens.

In the complaint, the Nicaraguans tell of rape, kidnapping, torture and murder in attacks on their communities.

Intelligence officials have acknowledged that the Central Intelligence Agency provided financial and military aid to paramilitary forces that have conducted hit-and-run raids in Nicaragua. The officials say the goal of such raids is to stop Nicaragua from providing arms to guerrillas in Salvador.

Dr. Cunningham, who is half-Miskito Indian and who is from the predominantly Miskito region of Zelaya, was interviewed Friday in the center's New York office. She spoke in English, occasionally resorting to Spanish.

Dr. Cunningham said that on Dec. 28, 1981, a jeep taking her and a group of health officials from the village of Bilwaskarma to Huaspán was stopped by about 15 armed men. Some of them, she said, were Miskitos from Bilwaskarma, where she had been working as a regional director of health. Dr. Cunningham said the others were "white." She said that she later recognized them as former members of the national guard of the deposed Government of Anastasio Somoza Debayle.

After beating her, the group took her back to Bilwaskarma, she said, where she and a nurse, Regina Lewis, were assaulted. She said the men also destroyed medical supplies. Dr. Cunningham said she and the nurse were then forced to accompany the men across the Honduran border. After a two-hour walk through the jungle, she said, their

captors took them to a camp where some Miskitos who said they belonged to a group called the "Two Crosses Brigade" said they would kill her.

Asked why the Miskitos whom she knew among the anti-Sandinist bands wanted to threaten her life, Dr. Cunningham said the nature of the training they received with the former national guardsmen made them regard such violence as "normal activity."

Dr. Cunningham said that the Miskitos among her captors had told her that although they did not like the former guardsmen, the leader of the Miskito insurgents, Steadman Fagoth, had said that it was necessary "for the moment" to be allied with them.

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Appointment Goof

Ronald Reagan is a man of several distinctions—first divorcé, first film star and oldest individual to be elected President of the U.S. An additional distinction is that he is the first President to pay off his political campaign manager—William “Spacey” Casey—by appointing him Director of Central Intelligence. (If the truth be known, however, Stuart Spencer and Mike Deaver were the masterminds of Reagan’s successful 1980 Presidential campaign, not Casey.)

Nevertheless, Casey, 69, a multimillionaire lawyer and former head of the Securities Exchange Commission, got the Central Intelligence job. And from many accounts, his job performance to date leaves much to be desired.

Several weeks ago, the House Intelligence Committee approved a staff report criticizing the performance of our intelligence agencies in Central America. “At this time,” said Rep. Charles Rose (D., N.C.), chairman of the Subcommittee on Oversight and Evaluation, “I am not accusing the intelligence community of having given in to the pressure that the policymakers have applied. But there have been sloppiness, inaccuracies and overstatements that, if not corrected, logically could lead to the intelligence community being manipulated by Administration policy rather than policy being guided by properly evaluated intelligence.”



William Casey

criticizing the performance of our intelligence agencies in Central America. “At this time,” said Rep. Charles Rose (D., N.C.), chairman of the Subcommittee

Like Rose, other members of Congress contend that Reagan created special problems in the intelligence community when he appointed Casey. Reagan probably will be the first and last President

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NEW YORK TIMES

DECEMBER 1986

C.I.A. Is Making A Special Target Of Latin Region

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Dec. 3 — United States covert activities in Central America, which began a year ago with limited aims, have become the most ambitious paramilitary and political action operation mounted by the Central Intelligence Agency in nearly a decade, according to intelligence officials.

With more than 150 agents based in Honduras and dozens more in neighboring countries, intelligence sources said, the C.I.A. has devoted a large part of its special operations staff to the Central American effort. Before it began, the C.I.A. had fewer than a dozen paramilitary and political action specialists in the region, the sources said.

Policy Called Unchanged

In Honduras the C.I.A. has indirectly provided money, training and military equipment to paramilitary groups whose avowed aim is the overthrow of the leftist Sandinist Government in neighboring Nicaragua, according to American and Honduran officials familiar with the operations.

That aim differs from the Reagan Administration's declared policy of favoring negotiations with Nicaragua over regional problems.

Administration officials said the American policy toward Nicaragua had not changed. Intelligence officials insisted that the covert operations remained limited in scope and did not involve any effort to overthrow the Sandinist Government.

The Central American operations have caused growing concern in Congress, the Defense Department and the State Department. Some officials fear that the activities may aggravate chronic political instability in the region and lead to eventual direct American military involvement there. They also fear that the efforts of the C.I.A. are dependent on extremist groups it cannot control.

Members of the Senate Intelligence Committee, concerned that the Reagan Administration has not kept them fully informed about developments, have asked their chairman, Barry Goldwater, Republican of Arizona, to schedule a hearing with top C.I.A. officials before the end of the month.

At issue is a series of interlocking operations whose target is the Nicaraguan Government.

As originally proposed and approved by President Reagan late last year, the operations called for financing moderate elements in Nicaragua and trying to identify and support Nicaraguan political leaders who could galvanize opposition to the Sandinists.

In addition, the plans anticipated the formation, with the assistance of other Latin American nations, of at least one paramilitary force to interdict arms supplies to guerrillas in El Salvador. The Administration asserted that Cuba and the Soviet Union, with help from Nicaragua, were secretly shipping weapons and ammunition to the Salvadoran insurgents through Honduras.

The plans specifically excluded any effort that involved supporters of Anastasio Somoza Debayle, the Nicaraguan leader overthrown by the Sandinists in 1979, and did not contemplate paramilitary operations designed to topple the Sandinist Government.

"There was a very clear understanding in discussions at the National Security Council that it would be counterproductive to work with Somoza supporters," said an Administration official who participated in the discussions.

The architects of the plan, and its main advocates, according to Administration officials, were Secretary of State Alexander M. Haig Jr., who resigned this year, Thomas O. Enders, Assistant Secretary for Inter-American Affairs, and William J. Casey, the Director of Central Intelligence.

American intelligence officials said there was no link between the C.I.A. and a series of military training camps in Florida and California operated by Cuban and Nicaraguan exile groups. Nicaraguan exile leaders familiar with the anti-Sandinist activities in Central America also denied that the American camps were used for training by the paramilitary groups engaged in the covert operations.

Although the exact nature of the current operations is difficult to determine because of their secrecy and complexity, the C.I.A. has provided money and equipment through intermediaries to paramilitary groups, including former Somoza supporters, that have opened a military offensive inside Nicaragua aimed at destabilizing the Government.

Initially, according to American and Honduran officials, the C.I.A.'s operations were limited. On the political front, the agency's search for a popular, alternative Nicaraguan political leader led quickly to Edén Pastora Gómez, a Sandinist revolutionary hero known as Commander Zero who was living in exile in Costa Rica after a break with the Sandinists last year.

According to American intelligence officials, Mr. Pastora was approached by the C.I.A. through intermediaries and offered financial assistance if he would publically call for the overthrow of the Sandinist Government and organ-

Exiles Divided on Issue

There are contradictory accounts about whether Mr. Pastora accepted the offer. He has repeatedly denied making any deal with the C.I.A., but several American intelligence officials said they believed an accommodation was reached.

Mr. Pastora's usefulness to the C.I.A., whether or not he was receiving aid from Washington, was marginal because the Nicaraguan exile community was divided on the subject of his leadership.

On the paramilitary front, the C.I.A., with President Reagan's approval, tried funneling aid through other Latin American nations to support the formation and training of armed units in Honduras.

Argentina, which already had close relations with the Honduran military and had been helping train paramilitary forces, became the main conduit for the aid, American intelligence officials said.

The C.I.A. also worked with intelligence and military services in Venezuela and Colombia, according to these officials.

The operations in Honduras are supervised by the American Ambassador, John D. Negroponce, who works closely with senior intelligence officials in Washington, including Mr. Casey of the C.I.A. Mr. Casey visited Tegucigalpa, the Honduran capital, in May to review the activities, intelligence officials said.

Reliance on the Argentines, however, turned out to be a mixed blessing, according to American intelligence officials. Because the Argentines had long been established in Honduras, they were reportedly somewhat resentful of the sudden American involvement.

Later, after the Reagan Administration threw its support behind Britain in the war over the Falkland Islands, Argentina withdrew many of its military and intelligence officers from Honduras.

More important, the reliance on Argentina drew the United States indirectly into support of paramilitary units that seek to overthrow the Sandinists

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3 DECEMBER 1982

Synfuels Plants in 3 States Advance Toward US Aid
By MARTIN CRUTSINGER

WASHINGTON

Multimillion-dollar synthetic fuel plants in California, New Mexico and North Carolina received word today they have advanced a step closer to getting government assistance, and a Wyoming project was given a new lease on life.

The actions were announced by the Synthetic Fuels Corp., the government agency created to hand out \$15 billion in government subsidies to spur development of plants manufacturing liquid and gaseous fuels from oil shale, coal and other materials.

The corporation, which was created by Congress in 1980, has yet to hand out any assistance. It is under growing pressure to start the money flowing or risk being abolished by Congress, which is looking for ways to trim record budget deficits.

The corporation's seven-member board struggled with these problems during a day-long meeting Thursday and the actions were announced today.

Corporation chairman Edward Noble said three projects have progressed to the point that he may sign letters of intent to provide financing before the end of the month.

The three projects are the First Colony peat-to-methanol project in North Carolina; the Santa Rosa oil sands project in New Mexico and the Calsyn heavy oil conversion project in California.

One of the sponsors of the First Colony project is the Energy Transition Corp., whose stockholders include CIA Director William J. Casey.

The board also voted to extend until April a deadline for concluding negotiations with sponsors of the Hampshire coal liquefaction project in Wyoming.

Hampshire and another coal-to-liquid-fuel project in Breckinridge County, Ky., suffered big setbacks when they lost major oil company sponsors recently. The two plants had been the finalists for the first awards, which were expected by late November.

The remaining Hampshire sponsors are searching for a company to replace Standard Oil Co. (Ohio), which wrote off millions of dollars of investment when it abandoned the project in October.

Breckinridge was dropped from further consideration by the board. Ashland Oil Corp. announced last week that it was abandoning a plant it had worked on in Kentucky for more than 10 years.

The Breckinridge project fell victim to the same economic problems that have caused the cancellation of other synthetic fuel plants — falling crude oil prices and the massive capital investment needed to build such large ventures.

DIANA HEARS

Q: I see where Charlie Wick, USIAmeister, is pushing to join the mucho-macho Metropolitan Club. Do I see straight?

A: Why yes. He might even make it. Busily pushing him are Bill Casey, the CIAmeister, and Len Marks, former USIA chief-tain. Some naive new member accidentally leaked this to the New York Times first. It is, of course, almost an official rule that Metropolitan membership gossip is leaked to this column *only*.

Q: Hello! Just one more, Gossip Person. Here's a good one. Isn't anyone tickled to trek over and move into the multi-million Hart Senate Office Building?

A: Well, yes. The Senate Intelligence Committee is tickled, now. Its been beavering away, untickled, in the Dirksen Building's auditorium since '76. This seemed a super change. The other day, it found out, via all its Intelligence, that the office space it'd been assigned in the Hart Building had floor-to-ceiling glass all over one side. Then it was *not* tickled. (Ever hear of peekaboo cameras?) Now they've been assigned a solid-walled space, and are tickled again. Intelligence people are easy to tickle, if you keep them out of hallways and public places. That is all.

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