

ARTICLE APPEARED
ON PAGE 1

THE WALL STREET JOURNAL
30 April 1982

CONGRESS PLANS tighter scrutiny of the CIA with Adm. Inman departing.

The retirement of the agency's respected No. 2 man raises concern about its doings. Lawmakers generally distrust CIA Director Casey. They complain he doesn't tell them what the agency is up to, particularly in the area of covert action. With Inman on the job, Congress could "sleep at night," one aide says. Now legislators will want to know more about any "dirty tricks."

But there's a "Catch-22," warns a congressional staffer. Lawmakers expect a harder time getting information now that Inman, their best source, is leaving. They doubt that his replacement, John McMahon, can challenge Casey on issues or exercise control over the agency. A possible result: Casey may get deeper into daily CIA operations that Inman has handled.

The U.S. may take a stiffer stand on verification of arms-control treaties. Inman showed faith in monitoring by satellite, but other officials think on-site inspection is a must.

MORI/CDF Pages 1-2, 4, 7-15, 17-18, 20, 22-23, 25-26, 29-31, 33-38, 40-58, and 60-62

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 FBI PHILIP W. SMITH
 WASHINGTON NEWS SERVICE

WASHINGTON - THE SWIFT APPOINTMENT OF A CAREER INTELLIGENCE OFFICER TO REPLACE RETIRING CIA DEPUTY DIRECTOR BOBBY RAY INMAN HAS EASED CONGRESSIONAL CONCERN ABOUT REAGAN ADMINISTRATION HANDLING OF THE U.S. INTELLIGENCE APPARATUS.

BUT SOME KEY MEMBERS OF CONGRESS HAVE MADE IT CLEAR THEY WOULD HAVE ACCEPTED NOTHING LESS THAN A NON-POLITICAL PROFESSIONAL FOR THE POST, STRONGLY IMPLYING THEY REMAIN SKEPTICAL OF CIA DIRECTOR WILLIAM J. CASEY'S LEADERSHIP OF THE NATION'S WORLDWIDE INTELLIGENCE NETWORK.

WHEN THE WHITE HOUSE ANNOUNCED THAT INMAN - A FOUR-STAR ADMIRAL WITH 30 YEARS OF INTELLIGENCE EXPERIENCE - WAS LEAVING THE CIA AND RETIRING FROM THE NAVY, SEVERAL MEMBERS OF THE SENATE AND HOUSE INTELLIGENCE COMMITTEES IMMEDIATELY EXPRESSED THEIR CONCERN.

SEN. RICHARD S. LUGAR, R-IND., A MEMBER OF THE SENATE INTELLIGENCE COMMITTEE AND A CLOSE ALLY OF PRESIDENT REAGAN, CALLED A PRESS CONFERENCE "TO SEND SOME SIGNALS" TO THE WHITE HOUSE THAT CONGRESS WANTED TO BE CONSULTED ON A REPLACEMENT BECAUSE INMAN'S DEPARTURE HAD CREATED "A RATHER TRAUMATIC SITUATION" AT THE CIA.

REAGAN'S MONDAY ANNOUNCEMENT OF HIS SELECTION OF 31-YEAR CIA VETERAN JOHN R. McRAHON TO REPLACE INMAN HAS WON WIDESPREAD PRAISE ON CAPITOL HILL BECAUSE OF McRAHON'S EXPERIENCE AND PROFESSIONALISM.

BUT CAPITOL HILL REACTION TO McRAHON'S APPOINTMENT POINTEDLY INDICATED THAT DISPLEASURE WITH CASEY'S LEADERSHIP HADN'T ENTIRELY BEEN ASSURED.

TYPICAL OF STATEMENTS BY SENATE INTELLIGENCE COMMITTEE MEMBERS WAS A COMMENT BY SEN. DANIEL P. MOYNIHAN, D-N.Y., THAT "MR. McRAHON WAS THE ONLY - AND I REPEAT, ONLY - APPOINTMENT I WOULD HAVE FOUND ACCEPTABLE."

MOYNIHAN TOLD THE NEW YORK TIMES: "THE (SENATE INTELLIGENCE) COMMITTEE LOOKED WITH EXTRA RELIANCE ON ADM. INMAN BECAUSE HE WAS A NON-POLITICAL AND PROFESSIONAL INTELLIGENCE OFFICER.

"FRANKLY," MOYNIHAN SAID, "WE WOULD NOT HAVE BEEN ABLE TO ACCEPT SOMEONE EITHER FROM THE POLITICAL WORLD OR THE MILITARY WORLD WHO HAD NO REAL INTELLIGENCE EXPERIENCE."

LACK OF INTELLIGENCE EXPERIENCE HAS BEEN THE MAJOR CONCERN IN CONGRESS ABOUT CASEY. THOUGH HE SERVED IN THE WORLD WAR II OFFICE OF STRATEGIC SERVICES (THE CIA'S PREDECESSOR), CASEY NEVER HAD DEALT WITH MODERN ELECTRONIC SPYING BEFORE BEING NAMED CIA DIRECTOR BY REAGAN. HE HAD BEEN REAGAN'S CAMPAIGN MANAGER IN THE 1980 ELECTION.

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29 April 1982

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CIA DOCUMENTS

WASHINGTON (UPI) -- A HOUSE SUBCOMMITTEE THURSDAY PUT OFF UNTIL NEXT WEEK A VOTE ON WHETHER TO OVERRULE PRESIDENT REAGAN AND DEMAND THAT THE CIA PRODUCE REPORTS ON THE EXTENT OF ARAB INVESTMENTS IN THE UNITED STATES.

REP. BENJAMIN ROSENTHAL, D-N.Y., CHAIRMAN OF THE GOVERNMENT OPERATIONS SUBCOMMITTEE ON MONETARY AFFAIRS, SCHEDULED ANOTHER SESSION NEXT WEDNESDAY ON THE MATTER.

ROSENTHAL LAST WEEK INTRODUCED A RESOLUTION IN THE SUBCOMMITTEE ASKING THE FULL HOUSE TO AUTHORIZE A FULLER PUBLICATION OF CLASSIFIED CIA DOCUMENTS DETAILING THE AMERICAN INVESTMENTS OF ARAB NATIONS IN THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES.

ARAB INVESTMENTS IN THE UNITED STATES HAVE BEEN ESTIMATED AT BETWEEN \$65 BILLION AND \$200 BILLION OR MORE.

THE CIA HAS RELEASED SOME INFORMATION, BUT ROSENTHAL SAID THERE WERE TOO MANY DELETIONS AND PROTESTED TO AGENCY DIRECTOR WILLIAM CASEY. CASEY REPLIED A MORE COMPLETE RELEASE OF THE ANALYSES WOULD COMPROMISE INTELLIGENCE SOURCES AND METHODS.

ROSENTHAL WROTE REAGAN IN FEBRUARY STATING THE CIA IS BELIEVED TO HAVE PRODUCED THE BEST ESTIMATES ON ARAB INVESTMENTS AND SUGGESTING THAT THOSE FIGURES BE MADE PUBLIC. THE PRESIDENT AFFIRMED CASEY'S STAND AND SAID POTENTIAL DAMAGE "OUTWEIGHS ANY PUBLIC INTEREST SERVED BY DISCLOSURE."

IF THE SUBCOMMITTEE APPROVES ROSENTHAL'S RESOLUTION NEXT WEEK, IT WILL GO TO THE HOUSE FLOOR FOR A FULL VOTE.

UPI 04-29-82 04:52 PED

Why Did Inman Quit?

Adm. Bobby R. Inman was asked at the newspaper publishers' convention why he is quitting as deputy director of the Central Intelligence Agency. There has been much speculation that he is leaving because he too often disagreed with—and lost to—CIA Director William J. Casey on important policy matters. Admiral Inman seemed to confirm that speculation, by telling the publishers, "I have lost any zest that I had for the bureaucratic problems."

Admiral Inman is a professional intelligence officer. Mr. Casey is not. He is a lawyer, political adviser and friend of President Reagan. This sharpens the differences between the director and his deputy. The admiral reminded the publishers that in the American system a president has every right to select a CIA director who shares his political views. Absolutely. But when that individual is unable to convince senior careerists—especially in an agency which often has to operate in dark places and in dark ways—that he is leading and

managing in the best interests of the country, something is probably wrong, either with the professional or the policy maker. Resignations in protest at this level are very rare in Washington.

Admiral Inman said the U.S. intelligence community is only "marginally" able to deal with the problems of the 1980s and 1990s. Personalities and political philosophy aside, that is disturbing. He also implied that there is no long-range effort under way to improve the system. Also disturbing.

In these circumstances, an elaboration of Admiral Inman's views on the state of the intelligence agencies, on their past and present guiding policies, and on the likely outcome of those policies would be helpful to the Congress and to the general public. He is likely to meet with the Senate Intelligence Committee on other matters soon. In a couple of weeks the committee will hold hearings on the nomination of John McMahon as the new deputy director. Either occasion would be appropriate for an inquiry into his decision to resign.

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ON PAGE B1

THE WASHINGTON POST
28 April 1982

IN THE EAR

FIRST CLASS . . . My, what a very grand soiree aboard the Highlander, the other eve. (Surely you've bobbed down the Potomac in super-capitalist publisher Malcolm Forbes' 126-foot yacht?) A bagpiper, sporting the Forbes tartan, piped aboard an adorably ritzy throng. There was one duke (of Wellington); one CIA chieftain (Bill Casey); one ambassador (of Morocco). There was a potpourri of presidents—one of the Gas Association, two of railways and one of an airline. The pipes skirled super-loud for White Housers like Ed Meese and Muffie Brandon. Dave Stockman scrambled aboard *still* a tad pale from the big budget meeting. ("We all took out half an hour to watch the [NBA] game on TV.") Some paper people and a couple of Demo senators were piled aboard for ballast. Bob Strauss perched on the poop deck, telling Hubert-and-Lyndon stories. (He gaily signed the guest book "Bob Strauss, The White House, 1984.") Everyone gobbled lobster and filet, whooped over the Forbes' glittery plumbing, and brooded about the Budget. Several urged chugging off to the Falklands, with the duke of Wellington at the helm. But no. After three hours, passengers trotted off, each toting a large shopping bag, a little green plastic-covered book called "The Sayings of Chairman Malcolm" and a green-and-white pillow with a Saying printed on it. One pillow said, "Anybody who tries to be something to everybody is nobody to anybody." Ear's pillow said, "Everybody has to be somebody to somebody to be anybody." Ear is puzzled but dazzled. Gosh, it's good to get out of the house.

SUZY

Malcolm Forbes of Forbes magazine and hundreds of other things sailed his yacht, Highlander, down the Potomac from Washington to Mount Vernon, carrying a boatload of guests of infinite note. If the boat had sunk, whatever would we have done? Aboard were such as David Stockman, Ursula and Ed Meese, the new New Jersey senator Nick Brady and his wife, Kitty, CIA Director William Casey and Mrs. Casey, Mrs. Drew Pearson, the Roger Mudds, Martha and Charlie Bartlett, Sen. Scoop Jackson and his wife, Helen, Bob Strauss and his wife, Helen, and, from England, the Duke and Duchess of Wellington. The charming Wellingtons were reminded that the Prince of Wales, on his visit to New York, cruised around on Malcolm Forbes' very same Highlander. Sometimes it's good to remind people of things like that.

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THE BOSTON GLOBE
28 April 1982

Inman warns on '90s intelligence

Associated Press

SAN FRANCISCO - US intelligence operations have a "long way to go" if the main problem in the next decade turns out to be worldwide instability, not just Soviet activity in Europe and Asia, the outgoing deputy director of the CIA said yesterday.

In a speech to the American Newspaper Publishers Assn., Adm. Bobby R. Inman, the deputy director, said US intelligence is "marginal" for the threats that will arise in the late 1980s and 1990s.

If the nation's primary problem is dealing with the Soviet Union in Europe and Asia, "then you can relax about the current capabilities of the US intelligence community," Inman said.

"If you happen to share my view that you're more likely to find ... great difficulties in competition for raw materials, natural resources, markets, dealing with instability in many areas of the world,

trying to cope with the fervor of religious movements, then we have a very long way to go," he said.

The career intelligence and military official delivered what he called "the Inman report card" on intelligence capabilities, nearly a week after he announced he was resigning to enter private business.

Inman, 51, said he was quitting because he had "lost any zest ... for bureaucratic problems," not because of major policy disputes. He said there had been "disagreements" with William Casey, the director of central intelligence, but described their overall relationship as "very good."

John N. McMahon, nominated to succeed Inman, is a "super guy," Inman told reporters after his speech.

Summing up the nation's intelligence capabilities, Inman said warning systems about attacks from principal adversaries are "better than they have ever been."

"We do substantially less well in political and economic areas" and "very poorly" in the "basic encyclopedic database" on which national security and foreign policy decisions rely, he said.

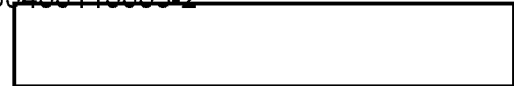
A long-range program to rebuild intelligence capabilities, now moving through Congress, would provide the United States with "the quality of intelligence that it needs," he said.

He said that amending the Freedom of Information Act to exclude the CIA and making it a felony to reveal the identity of US intelligence agents, even from public sources, would help intelligence operations.

A bill by Sen. John Chafee (R-R.I.) would exempt the CIA from disclosing information except for a first-person request for records on an individual.

Excluding the CIA from the Freedom of Information Act would be "much more reassuring to our foreign friends," said Inman.

SECRET



RADIO TV REPORTS, INC.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM News STATION WRC Radio
DATE April 28, 1982 6:30 AM CITY Washington, DC
SUBJECT Inman Speaks Out

NEWSCASTER: Inman speaks out.

The Deputy Director of the CIA who resigned last week says he did not quit because of differences with Director William Casey.

NBC's Curtis Sym was at the speech before newspaper publishers.

CURTIS SYM: Disagreements, not a dislike of CIA Director William Casey led Admiral Bobby Inman to resign from the intelligence gathering organization.

Speaking for the first time publicly on the matter, Inman told a gathering of newspaper publishers his reason for quitting.

ADMIRAL BOBBY INMAN: There were no policy decisions along any major issue that caused me to resign in protest. There were lots of disagreements. A fair number of them were solved to my satisfaction. Not all.

SYM: Inman described himself as very direct, very outspoken. And he said Director Casey had a great deal of patience with him.

Curtis Sym, NBC News, San Francisco.

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THE WASHINGTON POST
28 April 1982

'Lost Zest' for Bureaucratic Battles, Inman Says of Decision to Quit CIA

By Jay Mathews

Washington Post Staff Writer

SAN FRANCISCO, April 27—Standing ramrod straight and smiling before the nation's major newspaper publishers, Adm. Bobby Ray Inman, the number two man at the Central Intelligence Agency, today said he had resigned his key post because he had been through several bureaucratic hassles too many.

Inman, in his first extended public explanation of his resignation, said he could not expect to be appointed CIA director. He believed he had given his country 30 years of good service, and "I have lost any zest that I had for the bureaucratic problems," Inman said.

Praised by members of Congress and other intelligence experts as perhaps the best in his business, Inman, who is deputy director of the CIA, denied that he had quit because of any personal or policy disagreements with CIA Director William J. Casey.

"He's been an amazingly patient man with a deputy who tends to be very direct and very outspoken in public and private," Inman said.

"It has been an enormously exciting life as it has gone along," said the admiral, widely acknowledged as a wizard of electronic spying. "But the nature of those things is that there is a limit in how far you can go."

The assembled members of the American Newspaper Publishers Association, although on record as disagreeing with Inman's efforts to cut off public access to CIA information, later rushed to congratulate him on his speech—an absorbing account of how a strange mix of global optimism, preoccupation with Vietnam and budget constraints left U.S. intelligence gatherers unable to anticipate crises like Iran.

The publishers were visibly edgy Monday when Jeane J. Kirkpatrick, U.S. ambassador to the United Nations, stretched her scheduled 20-minute talk on the intricacies of Third World politics to 45 minutes. Associated Press President Keith Fuller suggested after she left that her performance offered a clue to the general ineffectiveness of the United Nations.

But Inman got a very different response as he defended U.S. technological spying—"I reject out of hand that we could be surprised by a Pearl Harbor attack of any major kind"—and lamented the failure to have enough information and competing analysts to anticipate upheavals in the Third World.

"What is the state of the national intelligence apparatus today?" he asked. "In my view, for the problems that we're going to face in the 1980s and 1990s, I would tell you it's marginal."

Several publishers in the audience said they considered the most significant sign of Inman's distress to be his answer to Cleveland Plain Dealer publisher Thomas Vail. Vail asked the four-star admiral—the first naval intelligence officer ever to reach such a rank—what he considered the most effective intelligence organization in the world.

"Let me duck that," Inman responded.

When Tom Johnson, publisher of the Los Angeles Times, asked why he had decided to resign, Inman produced a much longer answer, which he appeared to have been thinking about for some time: "In 1980 it was my sense that that was really the time to start a second career... when you become an intelligence specialist, normally the highest you can aspire to is perhaps two stars... by a great fluke, a little more than that has come my way."

"But it is very clear in a structure in which presidents select their intelligence officers, as they properly should, they want that chief intelligence officer to be someone they know and understand."

Inman said he would have left in 1980 but "my arm was twisted severely" to help organize a rebuilding of American intelligence capabilities, a process that Inman told the publishers he thought was now well under way.

"I'd been complaining for the last four years that we weren't getting on with trying to shape a long-range program to rebuild the U.S. intelligence system, and it was a little hard to back away from the offer to at least start to shape that," he said. But, he added, "It seems that now is the right time to get off the train."

Inman got a sustained laugh from his audience in the Fairmont Hotel with his confession that he had lost enthusiasm for the bureaucratic wars.

"I would like all of you to assure me," he told the publishers, "that I am not going to find those bureaucratic problems in the private sector."



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NEW YORK TIMES
28 APRIL 1982

Inman Calls U.S. Intelligence 'Marginally Capable'

By WALLACE TURNER

Special to The New York Times

SAN FRANCISCO, April 27 — United States foreign intelligence is "marginally capable" of meeting "the problems we are going to face in the 1980's and 1990's," Adm. Bobby R. Inman said in a speech here today at the American Newspaper Publishers Association convention.

It was Admiral Inman's first public address since he announced his intention to resign, effective July 1, as Deputy Director of Central Intelligence.

He said he believed the United States

"intelligence community" was fully capable as to the military plans of the Soviet Union. His concern, he said, is with keeping track of the Soviet Union's "great difficulties in competition for raw materials, natural resources, markets, dealing with instability in many areas of the world, trying to cope with the fervor of religious movements."

"I simply reject out of hand the likelihood that we could be surprised with a Pearl Harbor kind of attack," he said. "And the same pretty well holds true for the eastern front, central part of Europe," he said, except in cases of prolonged bad weather, which might hinder intelligence gathering.

In response to a question after his speech outside the meeting hall, Admiral Inman said lack of United States foreknowledge of the Argentine Government's intention to invade the Falkland Islands was illustrative of the shortcomings he ascribed to inadequate staffing.

He said that while United States intelligence was well equipped for surveillance of the Soviet Union and was adequate in assessing foreign military equipment and manpower, he believed it did "not so well" in following political and economic trends abroad and did "very poorly" in maintaining an encyclopedic knowledge of the world.

Admiral Inman called for competitive intelligence analysis, with at least two departments offering separate readings, to improve assessment of the "mosaic of tiny pieces" of information fed into the intelligence agencies.

Admiral Inman, who is 51 years old, again denied that his resignation was prompted by difficulties with William J. Casey, the Director of Central Intelligence. He said he was leaving because "there is a limit on how far you can go," continuing, "The Director of the C.I.A. is always going to be someone with political views like the President's, and this is how it should be."

"There were no policy disputes on any major issues that caused me to re-

sign," he said. He described his working relationships with Mr. Casey as very good and said he felt that his own blunt personality and urgency in discussing problems sharply had been met with understanding.

"I could not ask for better support," he said.

He told several hundred publishers at the Fairmont Hotel that the problems of United States intelligence stemmed from two factors.

First, he said, the intelligence establishment was cut back sharply in the 1960's and 1970's after a major buildup in the 1950's, losing 40 percent of its personnel from 1964 to the mid-1970's.

He said emphasis had been placed on such intelligence assets as satellite surveillance systems, in the name of cost efficiency, at the expense of personnel.

Secondly, he said he was concerned with damage to intelligence gathering by publication of details that revealed sources and methods. He told the publishers he disagreed with their opposition to proposed amendments to Federal law that would exempt C.I.A. papers from Freedom of Information Act disclosure requirements.

However, Admiral Inman spoke favorably of a compromise proposal by Senator John H. Chafee, Republican of Rhode Island, that would require the agency to show that disclosure would be damaging to national security before it could withhold requested papers.

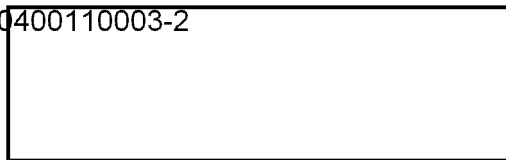
Admiral Inman said creation of the intelligence oversight committees in the House and Senate had led to greater understanding of intelligence needs.

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NEW YORK TIMES
27 APRIL 1982



By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, April 26 — John N. McMahon, who was chosen today by President Reagan to succeed Adm. Bobby R. Inman as Deputy Director of Central Intelligence, probably knows more about the operations of the Central Intelligence Agency than anyone else in Government.

Man In the News In a 31-year career there, Mr. McMahon has been a generalist among intelligence specialists, holding senior management posts in all major divisions of the agency, including stints as head of operations and chief of analysis.

That versatility, according to Congressional and intelligence officials, is likely to be both an asset and a liability for Mr. McMahon as he takes over the nation's second most important intelligence job. His nomination is subject to Senate confirmation.

It will be an asset, they said, because Mr. McMahon is equipped to supervise all facets of American intelligence collection and analysis and has the expertise to reassure Congress that intelligence operations are being managed well.

'Team Player and Inside Man'

As a result, the Senate Select Committee on Intelligence, which has had a strained relationship with William J. Casey, the Director of Central Intelligence, and has made no secret of its preference for dealing with Admiral Inman, is expected to move quickly to approve Mr. McMahon's appointment.

His versatility, however, could prove to be a liability, the officials said, because it has left him without the independent standing necessary to be an effective advocate within the Reagan Administration for policies he supports.

"John is a consummate team player and inside man," said a former intelligence official. "The price for that is that John lacks an outside constituency and the clout that goes with it."

He is known best in the intelligence community for his management skills.

"He's a very good manager, and people like working with him," said Richard Helms, a former director of the C.I.A.

Panel Sees Need for Experience

Mr. McMahon, whom a friend described as having a face that "has the map of Ireland written all over it," is reputed to have a finely tuned sense of humor that he often uses to leaven tedious intelligence briefings.

Former intelligence officials who have worked with him say he likes to immerse himself in details and work long hours, including most weekends.

Several members of the Senate intelligence committee, after Mr. Inman's resignation was announced last week, said they thought it was essential for the White House to select an experienced intelligence officer as his replacement because Mr. Casey's work in intelligence before his appointment last year was restricted to service in World War II.

C.I.A. Expert for Inman Post

John Norman McMahon

Mr. McMahon acquired his experience in some difficult times at the C.I.A. Early in 1978, he was named to head the clandestine services, officially called the Directorate of Operations, after the dismissal of hundreds of officials by the Director, Adm. Stansfield Turner. Mr. Helms and others said that Mr. McMahon moved quickly to restore morale and start rebuilding the division.

Later, when he became deputy director for intelligence, Mr. McMahon started a major reorganization of that division, creating a system of regional offices with responsibility for analyzing intelligence data for specific areas such as the Soviet Union and Central America.

In his current job as executive director, Mr. McMahon has been responsible for the day-to-day management of the agency. Unlike the Director or Deputy Director of Central Intelligence, he has had no authority over the operations of other intelligence units such as the National Security Agency or the Defense Intelligence Agency.

Assigned to Work on U-2 Spy Plane

John Norman McMahon was born July 3, 1929, in East Norwalk, Conn. He began his career at the C.I.A. in 1951 after graduating from Holy Cross College in Massachusetts. After a tour of duty overseas — the C.I.A. will not disclose where — he returned to headquarters in 1959 and was assigned to work on the secret U-2 spy plane program.

In 1965 he became deputy director of the office of special projects, which supervised the U-2 program. In 1971 he was named director of the Office of Electronic Intelligence, and he moved on to head the technical services office, which handles the design and manufacture of specialized intelligence equipment.

Before becoming director of operations, he also helped run the administrative division of the C.I.A. and the office that handles liaison with other intelligence agencies.

In a profession in which specialized knowledge is highly valued, Mr. McMahon's wide-ranging career is considered almost unique. Associates said he survived and prospered through numerous changes of command partly because he was always loyal to his superiors.

He is married and has four children, ranging in age from 17 to 28.

Little is Known About His Positions

His policy and political positions are not well known. In the debate last year over the drafting of a Presidential executive order to govern the activities of intelligence agencies, he reportedly supported Admiral Inman's position that it would be a mistake to remove the restrictions on domestic intelligence gathering imposed by Presidents Ford and Carter.

Because he moved so quickly from job to job, Mr. McMahon did not have a chance to build a foundation of loyal support in any of the C.I.A.'s divisions, former intelligence officials said.

In addition, they said, he did not have a chance to develop a reputation outside the intelligence community. That could handicap him in policy debates, they said, because he is not well known in the White House.



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THE BALTIMORE SUN
27 April 1982

McMahon is choice for Inman's job

Washington (AP) — The White House yesterday confirmed that President Reagan will nominate John N. McMahon, a CIA veteran who helped run the U-2 spy plane program and later managed the agency's spy network, to succeed Adm. Bobby R. Inman as deputy CIA director.

Larry M. Speakes, deputy White House press secretary, said Mr. Reagan considers Mr. McMahon, who now holds the Central Intelligence Agency's No. 3 post of executive director, "to be a solid professional, a career public servant" who is "respected throughout the intelligence community."

Members of the Senate Intelligence Committee, which will hold confirmation hearings on Mr. McMahon, had modest praise for him, but both Democrats and Republicans said he did not have the stature and clout of Admiral Inman, who was very popular with the committee.

"We'll have to work harder on oversight and ask tougher questions, because McMahon is not Inman, and there are still problems about trusting the administration in this area," said Senator David F. Durenberger, a Republican member of the committee from Minnesota.

Admiral Inman, 51, announced Wednesday that he was leaving a 30-year career in the military and intelligence to enter private business. Intelligence sources were quoted Sunday by *The New York Times* as saying President Reagan would nominate Mr. McMahon as Admiral Inman's successor.

Mr. McMahon, 52, has served in virtually every phase of CIA operations since graduating from Holy Cross in 1951 and joining the agency later that year. His first seven years were spent overseas.

In 1959, Mr. McMahon was assigned to work on the U-2 program. He later held top posts in electronic intelligence, technical services, administration and on the staff that coordinates all U.S. intelligence agencies.

In January, 1978, Mr. McMahon became deputy director for operations in charge of the CIA's clandestine spy network. After more than three years in that job, he was named deputy director for national foreign assessments, which produces the intelligence estimates that the CIA circulates through the U.S. government.

He was promoted to the No. 3 post last January.

Representative Edward P. Boland (D, Mass.), chairman of the House Intelligence Committee, praised Mr. McMahon and said "he has won the full confidence of the committee.

"He is clearly an able professional — one of the most knowledgeable senior intelligence officers the president could have chosen. He has had managerial experience in every important CIA and intelligence community area — operations, analysis, technology and policy. He is a welcome choice," Mr. Boland said.

A spokesman for the Senate Intelligence Committee said no hearing date was set.

A spokesman for committee chairman Barry M. Goldwater (R, Ariz.) said the senator would have no comment on Mr. McMahon's nomination at this time.

But three sources close to the committee said that Mr. Goldwater would have preferred a military officer who might have had more independence from William J. Casey, CIA director, and more stature with other intelligence agencies.

These sources said Mr. Goldwater felt that such a military officer might be more willing to disagree with Mr. Casey or to alert the committee to any troublesome activities that might arise.

A spokesman for Senator Richard G. Lugar (R, Ind.), who last week called Admiral Inman's resignation a traumatic occasion, said Mr. Lugar was very pleased with the nomination, "based on the limited experience the committee has had with McMahon."



JOHN N. MCMAHON

AP

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PHILADELPHIA INQUIRER
27 April 1982

CIA aide picked for deputy job

By Michael J. Sniffen
Associated Press

WASHINGTON — President Reagan will nominate John N. McMahon, a CIA veteran who helped run the U-2 spy plane program and later managed the agency's spy network, to succeed Adm. Bobby R. Inman as deputy CIA director, the White House announced yesterday.

Deputy White House press secretary Larry Speakes said Reagan considered McMahon, who now holds the agency's number three post of executive director, to be "a solid professional, a career public servant" respected throughout the intelligence community.

Members of the Senate Intelligence Committee, which will hold confirmation hearings on McMahon, had modest praise for him, but both Democrats and Republicans said he did not have the stature and clout of Inman, who was very popular with the committee.

"We'll have to work harder on oversight and ask tougher questions, because McMahon is not Inman, and there are still problems about trusting the administration in this area," said Sen. Dave Durenberger, a Republican member of the committee from Minnesota.

Inman, 51, announced last Wednesday that he was leaving a 30-year career in the military and intelligence to enter private business. Both Durenberger and another committee member, Sen. Joseph Biden (D., Del.), said they feared that Inman in fact was leaving over disagreements about the wisdom of policies followed by CIA Director William J. Casey.

McMahon, 52, has served in almost every phase of CIA operations since graduating from Holy Cross College in 1951 and joining the agency later that year. His first seven years were spent overseas.

In 1959, McMahon was assigned to the U-2 program. The following year, a U-2 spy plane piloted by Francis Gary Powers was shot down over the Soviet Union in an incident that torpedoed a planned U.S.-Soviet summit conference.

McMahon later held top posts in electronic intelligence, technical services, administration and on the staff that coordinates all U.S. intelligence agencies.

In January 1978, he became deputy director for operations in charge of the CIA's clandestine spy network. After more than three years in that job, he was named deputy director for national foreign assessments, which produces the intelligence estimates that CIA circulates through the U.S. government.

He was promoted to his present post in January of this year.

A spokesman for the Senate Intelligence Committee said no hearing date had been set.

A spokesman for committee chairman Barry Goldwater (R., Ariz.) said the senator would have no comment on McMahon's nomination at this time.



John N. McMahon
Choice for nomination

STATINT

ARTICLE APPEARED
ON PAGE 5 (PART II)

LOS ANGELES TIMES
27 April 1982

No. 2 Spook

The No. 2 man in the Central Intelligence Agency does not normally attract much public attention. Most of the time, he has been an unknown without a reputation, good or bad. But Adm. Bobby R. Inman, who resigned last week as the deputy director of the agency, did have a reputation—and a good one—and the congressional regrets over his departure were sincere.

Moving quickly because of the concern in Congress over Inman's resignation, the White House has now named a successor, John N. McMahon, the CIA's executive director and No. 3. For more than 30 years, McMahon has served in the agency, holding a variety of important posts, including the deputy director for operations, in charge of clandestine activities. He is respected by the same members of Congress who worried about Inman's departure and who advised President Reagan to choose a qualified successor. Reagan seems to have done that.

Members of Congress who deal with intelligence matters were particularly unhappy over the departure of Inman because they had come to trust him and because they had found themselves lacking overwhelming confidence in the CIA chief, William J. Casey, who had been Reagan's campaign manager. The Senate Select Committee on Intelligence, for example, has had a strained relationship with Casey, whose financial dealings were investigated last year by its members. And Casey did not create any fans by naming to a high-ranking agency job Max Hugel, a friend who was generally regarded as unqualified to direct clandestine operations, a job he held until he resigned last July.

In contrast, Inman managed to inspire respect among liberals and conservatives on Capitol Hill. One conservative member of the Senate commit-

tee, Republican Sen. Richard G. Lugar of Indiana, described Inman's resignation as traumatic and praised him for the way he kept senators informed on intelligence matters. "We looked to Admiral Inman," he said.

Others in Congress viewed Inman as the most influential moderate in the intelligence community. He often opposed attempts to relax curbs on the counterintelligence actions in the United States by the CIA and the Federal Bureau of Investigation, but the issue was revived recently when a staff member of the White House's national security staff suggested a new review of these activities.

Inman denies that the direction of policy within the Administration was the reason for his departure, saying that he had to earn more money because of high tuition costs for his children and that he was uncomfortable as No. 2. But reports persist that the internal debate over the counterintelligence proposals was at least partly responsible for his decision.

Whatever the reasons, his resignation is a loss. The Reagan Administration pulled back from more drastic ideas in issuing new guidelines for the CIA late last year but the agency did obtain formal permission to engage in some activities within the United States. Still, the Reagan order was careful not to return the agency to the days when it operated almost as a law unto itself with wide-ranging powers.

But the Administration is not through with the agency, and officials are studying the possibility of further changes. The Administration should move with caution in this area, just as it has in the past.

Its decision last year, for example, to avoid the more drastic proposals for "unleashing" the CIA did reflect sound judgment. And the selection of McMahon seems to do so as well.

RADIO TV REPORTS, INC.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Mutual News

STATION WGMS Radio
Mutual Network

DATE April 27, 1982 6:00 PM

CITY Washington, DC

SUBJECT Admiral Inman Resigns

ROBERT BURNS: Departing CIA Deputy Director Bobby Inman said today, he did not resign his post due to conflicts with his old boss, William Casey. Speaking to newspaper publishers in San Francisco, Inman said he won a few and lost a few with Casey.

BOBBY INMAN: There were lots of disagreements. A fair number of them were solved to my satisfaction, not all. But of those that were not, there were none that were matters of principle.

BURNS: Outgoing CIA Deputy Director Bobby Inman.

ARTICLE APPEARED
ON PAGE 6 (PART I)

LOS ANGELES TIMES
27 April 1982

McMahon CIA Nomination Receives Modest Praise in Senate

WASHINGTON (AP)—President Reagan will nominate John N. McMahon, a CIA veteran who helped run the U-2 spy plane program and later managed the agency's spy network, to succeed Adm. Bobby R. Inman as deputy CIA director, the White House announced Monday.

Deputy White House Press Secretary Larry Speakes said Reagan considers McMahon, who now holds the agency's No. 3 post of executive director, "to be a solid professional, a career public servant" who is "respected throughout the intelligence community."

Said to Lack Inman's Clout

Members of the Senate Intelligence Committee, which will hold confirmation hearings on McMahon, had modest praise for him, but both Democrats and Republicans said he did not have the stature and clout of Inman, who was very popular with the committee.

"We'll have to work harder on oversight and ask tougher questions, because McMahon is not Inman, and there are still problems about trusting the Administration in this area," Sen. David Durenberger (R-Minn.), a committee member, said.

Joined CIA After College

Inman, 51, announced Wednesday that he was leaving a 30-year career in the military and intelligence to enter private business. Both Durenberger and another committee member, Sen. Joseph R. Biden Jr. (D-Del.), had said they feared that Inman in fact was quitting the No. 2 CIA post, because of disagreements over policies followed by CIA Director William J. Casey.

McMahon, 52, has served in virtually every phase of CIA operations since he was graduated from Holy Cross College in 1951 and joined the agency later that year. He was promoted to the No. 3 post in January.

A spokesman for committee Chairman Barry Goldwater (R-Ariz.) said the senator would have no comment on McMahon's nomination at this time. But three sources close to the committee said that Goldwater would have preferred a military officer who might have had more independence from Casey and more stature with other intelligence agencies.

A spokesman for Sen. Richard G. Lugar, (R-Ind.), who last week called Inman's resignation a traumatic occasion, said that Lugar was very pleased with the nomination, "based on the limited experience the committee has had with McMahon." The spokesman said that Casey had several long talks with Lugar over the weekend and "the relationship with Casey is improving all the time."

REUTER

27 April 1982

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4AM-INMAN

BY RONALD CLARKE

SAN FRANCISCO, APRIL 27, REUTER -- AN UNABATED LEAKAGE OF INFORMATION HAS MADE MANY FOREIGN FRIENDS OF THE UNITED STATES INCREASINGLY RELUCTANT TO SHARE THEIR SECRETS; THE RETIRING DEPUTY DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY, ADMIRAL BOBBY INMAN, SAID HERE TODAY.

"THE IMPACT OF THE PSYCHOLOGY OF LEAKS, WHICH BEGAN IN FULL CRY IN THE VIETNAM CONFLICT WHEN IT WAS THE HEROIC THING TO DO SOMETHING THAT SHOWED YOUR OPPOSITION (TO THE WAR) CONTINUES UNABATED AT THIS POINT IN TIME," INMAN SAID.

MANY FOREIGN FRIENDS OF THE UNITED STATES WERE BECOMING INCREASINGLY RELUCTANT TO PROVIDE INFORMATION FOR FEAR IT WOULD BECOME PUBLIC, HE SAID.

ONE CAN TELL A STORY OF WHAT IS HAPPENING IN A FOREIGN EVENT WITH CARE, WITHOUT DAMAGING THIS COUNTRY'S INTELLIGENCE CAPABILITIES, HE TOLD THE ANNUAL CONFERENCE OF THE AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION.

"BUT IT IS FAR MORE DIFFICULT WHEN THE URGE IS THERE TO DESCRIBE HOW HE KNEW AND IT IS ALMOST IMPOSSIBLE TO DO THIS WITHOUT DAMAGING THE COUNTRY'S INTELLIGENCE GATHERING ACTIVITIES,"

REFERRING PARTLY TO SATELLITES SENT INTO SPACE TO WATCH FOR NUCLEAR WEAPONS TESTS AND MILITARY MOVEMENTS, INMAN SAID HE BELIEVED U.S. INTELLIGENCE AND WARNING SYSTEMS AGAINST A SURPRISE ATTACK WERE BETTER THAN EVER.

"I SIMPLY REJECT OUT OF HAND THE LIKELIHOOD THAT WE COULD BE SURPRISED WITH A PEARL HARBOR-KIND OF ATTACK OF ANY SUBSTANTIAL SIZE," HE SAID.

"AND THE SAME PRETTY WELL HOLDS TRUE FOR THE EASTERN FRONT -- THE CENTRAL FRONT OF EUROPE -- SAVE FOR CONDITIONS WHEN ONE HAS A VERY, VERY LONG PERIOD OF BAD WEATHER."

"IF YOU BELIEVE THIS COUNTRY'S PRIMARY PROBLEM IN THE DECADE AHEAD IS GOING TO BE DEALING WITH THE SOVIET UNION LOOKING ACROSS THE CENTRAL FRONT OF EUROPE, YOU CAN RELAX ABOUT THE CURRENT CAPABILITIES OF THE U.S. INTELLIGENCE COMMUNITY AND WHERE IT NEEDS TO GO.

"IF YOU HAPPEN TO SHARE MY VIEW THAT WE ARE MUCH MORE LIKELY TO FIND THIS DECADE ONE OF GREAT DIFFICULTIES IN COMPETITION FOR RAW MATERIALS, NATURAL RESOURCES AND MARKETS AND IN DEALING WITH INSTABILITY IN MANY AREAS OF THE WORLD, THEN WE HAVE A VERY LONG WAY TO GO AND NEED VERY STRONG SUPPORT

ARTICLE APPEARED
ON PAGE A9THE BALTIMORE SUN
27 April 1982

Washington.

THE comings and goings of second level government officials are seldom noted and less often reported. For the most part these individuals cast thin shadows and leave no footprints. Such, however, is not the case with the resignation of Admiral Bobby Ray Inman, deputy director of the Central Intelligence Agency. The departure of Admiral Inman and the careful selection of his successor may have more to do with our future security in a troubled world and the protection of our individual freedoms

By John B. Keeley

than anyone can possibly conceive at this time.

How can this be so? Can one individual truly be so important? In this case, I believe that the answer is yes. Admiral Inman's departure from government is significant because of two factors: First; his personal and professional qualities as the senior professional intelligence officer of this country. Second; the attitude of the current administration toward the character and functions of intelligence within our government and society.

Admiral Inman's career as a professional intelligence officer is unique. No Navy career intelligence officer has ever risen to four stars. No military intelligence officer has had the diversity of high-level experience enjoyed by Admiral Inman. The capstones of his career were his assignments as director of the National Security Agency during the Carter administration and his present position as the CIA deputy director.

Yet, this cursory review of Mr. Inman's career does him little justice. One must understand that the intelligence community—which is comprised of the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency and elements of the Departments of State, Commerce, Energy and Justice (the FBI)—is less a community than a loose confederation of feudal baronies with multiple bosses and multiple constituencies. It is possible for a senior intelligence official to be accepted by several elements of this confederation. It is almost unheard of for an

individual to be accorded almost universal regard by all elements of the intelligence community. The parochialisms of the intelligence world will nearly always insure that the higher an individual rises in any one agency the less he will be accepted by other elements of the community.

Such was not the case with Mr. Inman for a number of reasons. He has had an unequaled reputation for his professional breadth and depth, for knowledge that he articulates exceptionally well (to the delight of his congressional supporters). He has also gained a reputation for integrity and moral courage in a business where ambivalence has lifted many to the top. Beyond these primary talents, Admiral Inman has also displayed a rare ecumenism for the intelligence community as a whole. His personal qualities and professional accomplishments were so remarkable as to win him widespread recognition throughout the community as the intelligence professional *par excellence* and in Congress strong support to become the director of the Central Intelligence Agency upon the change in administrations.

Some will surely take exception to this one-sided description of the admiral. He has made mistakes and he is not liked by all. Nonetheless, the overwhelming consensus within the intelligence community would be that Mr. Inman is a remarkable man who has had an exceptionally successful career in a tough and unforgiving business. Events of the past year also gave indication that Admiral Inman has a strong sense of limits for the intrusive activities of our intelligence agencies operating within our society.

The decision by the president to nominate William Casey as the director of the CIA almost ensured the selection of Admiral Inman as his deputy. One can only speculate whether there was an understanding between the Senate Select Committee on Intelligence and the White House that the price of a Casey as director of CIA was an

Inman as deputy director

Clearly, Mr. Casey's lack of obvious qualification as director needed to be balanced by a deputy director with strong professional talents. Mr. Inman was a natural for the job.

It became quickly apparent that the Reagan administration had a different view of the character and functions of the intelligence community than that of the Carter administration. Intelligence was going to assume a more activist and manipulative character both at home and abroad. Intelligence was to go on the offensive against the enemies of the United States. Intelligence was going to be a servant of policy in a fashion that was counter to the tradition (some might say myth) that intelligence is to be apolitical in its functioning.

Ideally, intelligence supports the foreign policy process by providing intelligence assessments independent of and politically neutral toward the policy goals of the administration. This administration wants very much for the intelligence process to justify the political aims of the administration. The evidence is circumstantial, but convincing. The selection of Mr. Casey, the president's election campaign manager, as CIA director, his elevation to Cabinet rank (the first director to be so designated) and his assumption of a number of foreign policy tasks not directly related to his CIA job were clear indications that the director was going to be much more actively involved in developing policy than previous directors.

Whatever doubts remained concerning Mr. Casey's and the administration's view of the CIA were dispelled by the appointment of Max Hugel as the director of operations within the CIA—probably the CIA's most sensitive and demanding position. The operations directorate is responsible for the clandestine and covert operations of the government. Mr. Hugel's behavior upon arrival at the CIA seriously weakened Mr. Casey's belief

After Bobby Inman

More Politics at the CIA

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ON PAGE A12

THE WASHINGTON POST
27 April 1982

House Panel May Confront Reagan Over Secrecy of CIA Studies

By George Lardner Jr.
Washington Post Staff Writer

A House subcommittee may confront President Reagan on a question of secrecy this week by pressing for publication of CIA documents on the extent of Arab investments in the United States.

Reagan has formally refused to permit disclosure of the studies on the grounds that their release "would be likely to cause grave injury to our foreign relations or would compromise sources and methods of intelligence gathering."

Rep. Benjamin S. Rosenthal (D-N.Y.), the subcommittee chairman, fired back last week by introducing a resolution calling on the House to overrule Reagan and authorize publication with only a few deletions to protect "specific intelligence sources and methods."

Rosenthal and his aides contend that the degree of secrecy the administration has insisted upon is "ludicrous." They say most of the documents consist of analytical studies similar to those regularly published by private institutions such as the Chase Manhattan Bank.

The dispute, if it reaches the floor, would constitute the first such showdown since 1976, when the House sided with the Ford administration and voted to suppress its own Intelligence Committee's controversial and heavily leaked report on misdeeds of the CIA.

Rosenthal hopes to win the first test in his Government Operations subcommittee on monetary affairs, possibly on Thursday. "I think it's going to be a very, very close vote," he said. "But I think thoughtful members will vote to sustain our position."

At issue are 17 studies, dating back to 1974, with titles such as "Problems With Growing Arab Wealth" and "Kuwait: Awash With Oil Money."

Three of the reports, including a 1980 article entitled "OPEC: Official Foreign Assets Mount Rapidly," have been completely suppressed by the CIA so far.

Rosenthal contends that the CIA studies are especially important because they "shed light on subjects often shrouded in mystery," such as "the potential for increasing OPEC government influence in the United States."

The State and Treasury departments, by contrast, have repeatedly asserted "that there is no basis for concern in the recycling of petrodollars" in this country.

Rosenthal's subcommittee has been studying the foreign investment issue for two years. Official estimates have put total foreign investment in the United States at about \$65 billion by the end of 1980, but expert witnesses have told the subcommittee that holdings by Saudi Arabia, Kuwait and other Arab members of the Organization of Petroleum Exporting Countries could themselves be two to three times greater, between \$150 and \$200 billion.

According to Rosenthal, U.S. policy toward OPEC investment, almost all of it tax-free, was shaped by a decision in 1974 by Treasury Secretary William E. Simon to offer Saudi Arabia, Kuwait, and other Arab OPEC nations "a pledge of secrecy in exchange for their commitment to make large investments in the United States."

In any case, Treasury and State documents obtained by the subcommittee reflect a distaste for financial disclosure on the part of unnamed Middle Eastern governments and a ready deference on the part of U.S. officials.

For instance, one report printed by the subcommittee, evidently a Treasury Department document about "(deleted)" Saudi assets in the United States and foreign branches of U.S. banks, was clearly stamped "SECRET." Such a classification constitutes an assertion that unauthorized disclosure of such details "reasonably could be expected to cause serious damage to the national security."

Subcommittee counsel Stephen R. McSpadden said that when the inquiry started in 1979 the CIA wanted "complete veto power" over what CIA documents the subcommittee could publish, but the agency eventually settled for the same kind of agreement it uses with House and Senate intelligence committees.

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ON PAGE 3

THE CHRISTIAN SCIENCE MONITOR
27 April 1982

Changes at US spy agency uncover new questions

McMahon nomination likely
to stir up debate on CIA
activities inside the US

By Brad Knickerbocker
Staff correspondent of
The Christian Science Monitor

Washington

The Reagan administration has moved quickly to blunt the concerns and criticisms caused by the recent shift in top personnel at the Central Intelligence Agency.

But in naming a successor for Adm. Bobby Inman as CIA deputy director, the administration cannot avoid what will be an inevitable reexamination by Congress of its most significant (and in some cases controversial) intelligence policies.

Initial response to the naming of John McMahon as deputy director is positive. Admiral Inman's resignation had brought a nearly unanimous negative reaction from congressional intelligence experts of both political parties.

Sen. Henry M. Jackson (D) of Washington calls Mr. McMahon "a professional's professional . . . I've found him responsive to our questions. He's been candid and forthright."

Within the intelligence community, the new appointment is likely to be welcomed as a morale booster as the CIA attempts to re-

build an image that had been tarnished during the 1970s. McMahon is a veteran of more than 30 years with the CIA and currently serves as the agency's executive director. He has experience in all major intelligence fields.

But experience and his colleagues' regard are not the only things that will be probed as he faces the required Senate confirmation process.

Inman was liked and — more importantly — trusted by lawmakers charged with intelligence oversight responsibilities. Members of Congress found him not only unusually forthcoming, but a calming influence on important matters regarding civil liberties. It is these areas that will be of most interest on Capitol Hill, particularly since the head of the CIA (William Casey) is a political appointee who does not enjoy the confidence and affection inspired by Inman.

"It helped us to have Casey in that position," says a source active in promoting the Freedom of Information Act and protecting civil liberties. And "it helped us to have Inman on the inside," he added, referring to a recent executive order on expanded intelligence activities.

Under this presidential order signed by Ronald Reagan last December, the CIA now has the power to collect information in the United States and conduct certain domestic covert operations in support of foreign intel-

ligence operations.

Congressional sources say Inman resisted this move (at least to the extent advocated by the White House) and worked to limit its practical effect. The extent to which this new CIA authority is being utilized and whether even greater powers will be sought no doubt will be asked of McMahon, sources on Capitol Hill say.

Also likely to be examined is a proposal within the Reagan administration to reorganize US counterintelligence activities under a new agency drawing powers from the FBI as well as CIA. Inman reportedly opposed this move.

Since the revelations concerning the CIA emerged during the Watergate period, Congress has assumed a much-increased watchdog role over intelligence matters. This underlay the high regard for Inman and continuing congressional problems for his immediate boss, CIA director Casey. Many senators did not hide the fact that their first choice for CIA chief was Inman.

"Our relations with Casey are getting better all the time," says a congressional source. "Things are progressing, but we have to make sure that the reforms of '74 and '75 continue. The public demands it."

McMahon joined the CIA shortly after his graduation from Holy Cross College in 1951. He rose through the ranks to become deputy director for operations in 1978.

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ON PAGE A2

THE WASHINGTON POST
27 April 1982

McMahon Named No. 2 at the CIA

United Press International

President Reagan named veteran intelligence expert John N. McMahon yesterday to replace Adm. Bobby Ray Inman as deputy director of the CIA, a move that prompted warm praise from Capitol Hill.

"The president considers John McMahon to be a solid professional, a career public servant who is widely respected throughout the intelligence community," said deputy press secretary Larry Speakes.

"The president is pleased to have a person who epitomizes the quality of the career civil servant in such an outstanding way," the spokesman said. If confirmed by the Senate, McMahon, 52, will replace the highly regarded Inman, who resigned last week, saying he wanted to seek a new career in civilian life.

The final choice was reported to have been narrowed to McMahon and Gen. Lew Allen Jr., who is retiring in June as Air Force chief of staff. McMahon was selected because of his impressive intelligence background.

He has served all four directorates of the agency, in the field as an agent, and briefly as acting deputy director in 1977-78.

The White House appeared to have heeded outspoken congressional advice that Capitol Hill, which has been less than enthusiastic about CIA Director William J. Casey, would insist on a "first-rate replacement" for Inman, who many considered to be the CIA's real manager on a day-to-day basis.

A graduate of Holy Cross College, Worcester, Mass., in 1951, McMahon joined the CIA in September of that year and was assigned to an unspecified post overseas in 1952.

CIA Veteran To Be Given Inman's Job

By Lou Cannon

Washington Post Staff Writer

Jean N. McMahon, a 31-year-veteran of the Central Intelligence Agency, will be named today as deputy director to succeed Adm. Bobby Ray Inman, who is retiring, administration sources said yesterday.

The selection of McMahon, who now heads the CIA's foreign assessment division, is expected to mollify members of the Senate Intelligence Committee, who have been openly skeptical about the expertise of CIA Director William J. Casey.

Reflecting these concerns, Sen. Richard G. Lugar (R-Ind.), a key committee member, said last week that Inman's abrupt announcement of resignation had created "a rather traumatic situation" in the agency.

Lugar called a press conference to express his reservations about Casey and urged the administration to consult with the Senate committee before it selected a successor to Inman. The Indiana senator said that he was trying "to send some signals" to the White House.

These signals were heard by President Reagan and top aides, led by national security adviser William P. Clark. Administration sources said that McMahon, who also has Casey's confidence, was a unanimous choice in the administration, especially after senators, including Lugar and Henry M. Jackson (D-Wash.), passed the word that the choice was fully acceptable to them.

Jackson, without mentioning McMahon's name, said yesterday on "Face the Nation" (CBS, WDVM) that the appointment would be popular with Congress.

"I think he is a first-rate professional and will help the morale within the professional service because he has been selected out of the professional service," Jackson said.

McMahon, 52, a graduate of Holy Cross, joined the CIA in 1951 and has a wide range of experience in administrative, operational, scientific, and technical positions in the agen-

cy. Midway in the Carter administration, he was appointed deputy director for operations, making him chief of CIA covert activities.

Last April, Casey named a political crony, Max Hugel, as deputy director for operations and McMahon took over as the director of the agency's National Foreign Assessment Center, an important position in which he was responsible for the production of finished intelligence.

On July 14, Hugel was forced to resign in the wake of reports that he had engaged in questionable stock market dealings. Ever since, some members of the Senate Intelligence Committee, led by Chairman Barry Goldwater (R-Ariz.), have been openly questioning Casey's judgment and abilities.

McMahon has the reputation in the CIA as being an extremely competent technician. Nonetheless, he will have big shoes to fill in his new assignment.

Inman, also well qualified technically, enjoyed an unusual measure of bipartisan confidence in Congress, and is given credit both in the CIA and outside of it for helping to restore the image of an agency that was badly damaged by the disclosures of the Vietnam and Watergate years. Before joining the CIA, Inman was director of the National Security Agency.

Inman's presence in the No. 2 spot throughout the Reagan administration helped to quiet persistent congressional concerns about Casey. Unless McMahon can take over this role, there is likely to be renewed demand from senators knowledgeable in intelligence matters that Reagan find himself a new CIA director.

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26 April 1982

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CIA

BY DANIEL F. GILMORE

WASHINGTON (UPI) -- THE WHITE HOUSE HAS SELECTED JOHN MCMAHON, A VETERAN INTELLIGENCE PROFESSIONAL, TO TAKE OVER THE NO. 2 SPOT IN THE CIA, ADMINISTRATION SOURCES SAID MONDAY.

MCMAHON, 52, A CIA OFFICIAL FOR 31 YEARS AND ITS CURRENT EXECUTIVE DIRECTOR, WILL REPLACE HIGHLY REGARDED ADM. BOBBY RAY INMAN WHO RESIGNED AS DEPUTY DIRECTOR OF THE AGENCY TO SEEK A NEW CAREER IN CIVILIAN LIFE.

IT WAS CLEAR THE ADMINISTRATION HEEDED OUTSPOKEN CONGRESSIONAL ADVICE THAT CAPITOL HILL WOULD INSIST ON A "FIRST RATE REPLACEMENT" FOR INMAN IN VIEW OF ITS LESS THAN ENTHUSIASTIC SUPPORT FOR CIA DIRECTOR WILLIAM CASEY, WHO IS REGARDED AS A POLITICAL, RATHER THAN PROFESSIONAL, APPOINTMENT.

THE FINAL CHOICE WAS SAID TO HAVE NARROWED BETWEEN MCMAHON AND GEN. LEW ALLEN, THE AIR FORCE CHIEF OF STAFF WHO IS RETIRING FROM THAT POST IN JUNE.

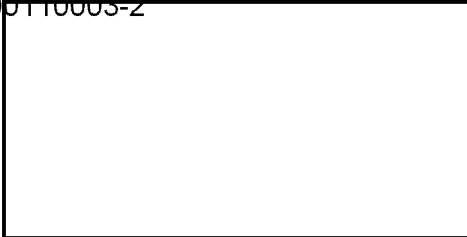
MCMAHON APPARENTLY NOW HANDS DOWN IN VIEW OF HIS IMPRESSIVE INTELLIGENCE BACKGROUND AND HIS WIDE SUPPORT ON CAPITOL HILL.

"MR. MCMAHON WAS THE ONLY, AND I REPEAT, ONLY, APPOINTMENT I WOULD HAVE FOUND ACCEPTABLE," SAID SEN. DANIEL PATRICK MOYNIHAN, D-N.Y., WHO IS VICE CHAIRMAN OF THE SELECT COMMITTEE ON INTELLIGENCE.

MCMAHON, CURRENTLY NO. 3 IN THE CIA HIERARCHY, HAS SERVED IN EVERY IMPORTANT DEPARTMENT OF THE AGENCY, IN THE FIELD OVERSEAS AND FOR A PERIOD IN 1977-78 AS ACTING DEPUTY DIRECTOR.

PRESIDENT REAGAN WILL HAVE TO SUBMIT MCMAHON'S NOMINATION TO THE SENATE FOR CONFIRMATION, NOW EXPECTED TO BE A FORMALITY.

UPI 04-26-82 10:04 AED



26 April 1982

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CIA DEPUTY

BY MICHAEL J. CRITFEN

WASHINGTON (AP) -- PRESIDENT REAGAN IS EXPECTED TO NOMINATE A 31-YEAR VETERAN OF CIA, JOHN MCKAY, TO REPLACE ADM. BOBBY R. INGRAM AS DEPUTY DIRECTOR OF THE INTELLIGENCE AGENCY, ADMINISTRATION SOURCES SAY.

THE SOURCES, WHO ASKED NOT TO BE IDENTIFIED, SAID MCKAY, WHO AS CIA EXECUTIVE DIRECTOR NOW HOLDS THE AGENCY'S NO. 3 POST, HAS BEEN RECOMMENDED BY CIA DIRECTOR WILLIAM J. CASSEY AND SCREENED BY THE PRESIDENT'S AIDES.

THEY SAID REAGAN MIGHT ANNOUNCE THE NOMINATION AS EARLY AS TODAY. MCKAY WOULD HAVE TO BE CONFIRMED BY THE SENATE AND HEARINGS WOULD BE HELD BY THE SENATE INTELLIGENCE COMMITTEE. SOME MEMBERS OF THAT PANEL HAVE EXPRESSED PUBLIC CONCERN OVER THE CHOICE OF A DEPUTY SINCE INGRAM'S INTENTION TO ENTER PRIVATE BUSINESS WAS ANNOUNCED BY THE WHITE HOUSE WEDNESDAY.

FIRST WORD THAT A DECISION HAD BEEN MADE CAME SUNDAY FROM COMMITTEE MEMBER HENRY JACKSON, D-WASH., ON CBS-TV'S "FACE THE NATION." SEN. JACKSON SAID THAT A VETERAN, CAREER OFFICIAL WOULD BE NAMED TODAY AND "IT WILL BE A MAN THAT ALL OF US RESPECT IN THE INTELLIGENCE COMMITTEE."

ALTHOUGH JACKSON WOULD NOT IDENTIFY THE CHOICE BY NAME, THE SENATOR SAID: "I THINK HE IS A FIRST-RATE PROFESSIONAL AND WILL HELP THE AGENCY WITHIN THE PROFESSIONAL SERVICE BECAUSE HE HAS BEEN SELECTED OUT OF THE PROFESSIONAL SERVICE."

BEFORE BECOMING EXECUTIVE DIRECTOR, MCKAY, 52, HAS RUN THE AGENCY'S NATIONAL FOREIGN ASSESSMENTS CENTER, WHICH PRODUCES INTELLIGENCE ESTIMATES FOR THE GOVERNMENT. DURING THE CARTER ADMINISTRATION, HE WAS DEPUTY DIRECTOR FOR OPERATIONS, IN CHARGE OF THE AGENCY'S CLandestine spy network.

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ON PAGE A-12

NEW YORK TIMES
26 APRIL 1982

No. 3 C.I.A. Official Called A Likely Successor to Inman

By BERNARD WEINRAUB
Special to The New York Times

WASHINGTON, April 25 — President Reagan plans to appoint John N. McMahon, executive director of the Central Intelligence Agency, to the No. 2 job in the agency, replacing Adm. Bobby R. Inman, who resigned last week, intelligence sources said today.

Mr. McMahon, who presently holds the No. 3 job in the agency, is a 52-year-old career officer who has spent more than 30 years at the C.I.A. Officials at the agency and on Capitol Hill said that he has worked in virtually all areas of the agency, including the operational and scientific side.

Mr. McMahon's scheduled appointment as Deputy Director of Central Intelligence under William J. Casey, the Director, follows Admiral Inman's resignation Wednesday. That was tied, in part, to a possible reorganization of counterintelligence operations, according to Administration officials. Admiral Inman, who was popular on Capitol Hill, opposed that review, fearing it might lead to a consolidation of counterintelligence responsibility in a new and powerful organization with authority to collect information in the United States.

A ranking Administration official said today that President Reagan had planned to delay the selection of Admiral Inman's successor. But the expressions of concern by Senator Richard G. Lugar, Republican of Indiana, a member of the Select Committee on Intelligence, about the impact of Admiral Inman's resignation led Mr. Reagan to expedite the appointment.

Although several Senators on the committee declined today to discuss the details of Mr. McMahon's scheduled promotion to the job of Deputy Director of the C.I.A., the official was lauded for his experience and skill. The appointment will face Senate confirmation.

'A First-Rate Pro'

"He's a first-rate pro, highly regarded," said Senator Henry M. Jackson, Democrat of Washington. "He's been through the hoop at the agency, knows the ins and outs, has a good technical background and knows the broad policy issues." The appointment "should help strengthen the morale in the intelligence community," Mr. Jackson said. The Senator, who spoke on the phone from his home in Washington, would not identify Mr. McMahon as the candidate even though he commented on his qualities at length.

Senator Daniel Patrick Moynihan, Democrat of New York, vice chairman of the committee, said: "Mr. McMahon was the only, and I repeat, only, appointment I would have found acceptable."

Intelligence sources said that the only other serious contender for the job was Gen. Lew Allen Jr., Chief of Staff of the Air Force. The sources said that President Reagan and Mr. Casey felt it was important to name an experienced C.I.A. official quickly to blunt the controversy stirred by Mr. Inman's resignation. Beyond this, officials said the Administration wanted to avoid a possible Senate fight over the nomination. At this point, officials say, the Administration expects the Senate to approve Mr. McMahon without difficulty.

Reached in Massena, N.Y., near Watertown, where he was campaigning for re-election, Senator Moynihan said the committee had had a "troubled 16-month relationship" with the Reagan Administration over some of its C.I.A. appointments, notably that of Max C. Hugel. Mr. Hugel was chief of clandestine operations at the agency until last July when he resigned in the wake of allegations that he had participated in fraudulent securities transactions when he managed an electronics business in the 1970's. He denied the allegations.

The committee looked with extra reliance on Admiral Inman because he was a nonpolitical and professional intelligence officer," Senator Moynihan said. "Frankly, we would not have been able to accept someone either from the political world or the military world who had no real intelligence experience."

Senator Moynihan said of Mr. McMahon: "I do not anticipate any problem with his appointment."

Senator Jackson said that he expected the White House to announce the appointment Monday, a point on which White House officials declined to comment.

Held Agency Science Posts

Mr. McMahon has held his current job as executive director of the C.I.A. since Jan. 4. Essentially, the job involves running the day-to-day operations of the agency. Mr. McMahon's recent jobs have included deputy director of the National Foreign Assessment Center, the agency's analytical branch. In the mid-1970's, he was deputy director for operations, and he has also served in science and technology posts in his 31 years at the C.I.A.

Stanley Sporkin, the agency's general counsel, said in a telephone interview today that Mr. McMahon was a "very fine, very solid, extremely smart person who knows the business." Mr. Sporkin described Mr. McMahon as a "very good administrator and very effective person."

Admiral Inman's resignation was apparently prompted by a number of clashes with the White House and sharpening disagreement over the direction of the Administration's policies on intelligence-gathering and foreign affairs. Earlier this year President Reagan approved the proposal to conduct a comprehensive review of counterintelligence policy and reorganization. This review was opposed by Admiral Inman, Administration officials said, partly out of concern that it would open the way for a new, and unnecessary, organization to deal with counterintelligence.

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BALTIMORE NEWS-AMERICAN
26 April 1982

Inman's traumatic departure

The uproar that has greeted the reluctant resignation of Adm. Bobby R. Inman as Deputy Director of Central Intelligence is understandable and appropriate. It focuses attention on a striking lack of public confidence in the CIA in general and in particular on its director, William J. Casey. And it underscores the importance of President Reagan's selection of a successor.

Inman's departure was prompted by several factors, including "steadily diminishing tolerance for petty bureaucratic intrigue." While his role in keeping a firm hand on the CIA's desire to engage in domestic spying has been well reported, his greater contribution in the past 15 months may well have been that he guaranteed the public a degree of competence by the much-maligned agency. It is a grievous error for the president to allow "this petty

bureaucratic intrigue" in his administration to reach a level where it is driving out people of Inman's caliber.

This much is clear: Casey does not have the confidence either his agency or the people to whom the CIA reports. He is "a fine man, honest." A real spy when he was with the Office of Strategic Service (OSS), "a real guy with the dagger," Goldwater said. "But we do it differently now and he is no pro."

Sen. Richard Lugar, the Indiana Republican, has added his influential voice to the uproar. His conclusion that this is "a traumatic situation" is an understatement. The future usefulness of the CIA requires that Inman's successor be a person of similar intelligence, expertise and common sense. The president will have difficulty finding such a person. But he has no alternative.

RADIO TV REPORTS, INC.

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM The Daily Drum STATION WHUR Radio

DATE April 26, 1982 6:00 PM CITY Washington, DC

SUBJECT McMahon Replaces Inman

BILL CHRISTIAN: As expected, President Reagan has picked CIA veteran John McMahon to succeed Admiral Bobby Inman as the spy organization's deputy director. In making the announcement today, White House spokesperson Larry Speakes said Reagan considers McMahon to be a, quote, solid professional, a career public servant who is respected throughout the intelligence community.

Sources, who asked not to be identified, said McMahon, who now holds the number three post in the agency, had been recommended by CIA Director William Casey, and screened by the President's aides.

McMahon has to be confirmed by the Senate, after hearings by the Senate Intelligence Committee.

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ON PAGE A1

THE WASHINGTON POST
25 April 1982

Scope of Hostage Mission Unfolds Debate Rekindles on Failure

President Carter's intelligence chief says a new inquiry should be made into the failed Iranian hostage rescue mission attempted two years ago today.

Retired Navy Adm. Stansfield Turner, director of the Central Intelligence Agency during the Carter presidency, called the raid a "searing national experience" that has not been completely plumbed for the lessons it holds for the nation.

Gen. David C. Jones, chairman of the Joint Chiefs of Staff and the principal architect of the rescue mission, which ended in flaming disaster

on the Iranian desert, said yesterday that such an investigation would serve no useful purpose because there is little about the raid that has not already been explored.

This article was reported and written by staff writers Scott Armstrong, George C. Wilson and Bob Woodward.

This difference of opinion over whether a new review is in order comes at a time when other senior officials involved with the April 25, 1980, midnight attempt to extract 53 hostages from Tehran are confirming that the operation was much bigger and bolder than the public has been told to date.

A series of interviews conducted by The Washington Post disclosed a sharp difference in perspective among top military leaders, some lower level planners and other Carter administration officials who knew what American troopers and warplanes were prepared to do. Contingency plans included rushing in a backup force of 90 more commandos if the initial assault force of 100 men

under Col. Charles A. (Chargin' Charlie) Beckwith got trapped in Tehran or the nearby airport destined to be the takeoff point for their long-distance escape from Iran.

Military leaders insisted they were counting heavily on speed, surprise and stealth and believed it might even be possible to pull off the rescue without firing a shot at anybody. Carter and his top aides were willing to accept limited casualties and some officials believed there would inevitably be deaths, perhaps hundreds if the firepower available to Beckwith was called in.

Noting such conflicting viewpoints and arguing that the raid has too many policy implications to ignore any longer, Turner said:

"It is now time to appoint a small group to examine how the operation was planned and executed. The purpose would not be to look backward and cast blame but to look forward and learn the lessons that surely lie buried in" the complicated mission.

"Some of the questions that should be addressed would be: What does the experience tell us about national decision making? About our military capabilities, organization and motivation? About the problems of totally secret military operations."

Contended Jones in a separate interview:

"We're not going to have another situation just like the Iranian situation. They never repeat themselves. Let's look at the fundamental problems like organization rather than taking an isolated case. We don't need to go back and look at things that happened two years ago. Let's get on with solving those fundamental problems," with reorganizing the Joint Chiefs of Staff, a priority high on Jones' list.

... must better off today to pull off a rescue successfully. He noted that a panel of officers under retired Adm. James L. Holloway III has already delved into the Iranian rescue mission and issued a critical report.

Turner and some other former senior administration officials and military planners are known to think that the Holloway investigation was too limited and amounted to the military investigating itself.

That Carter's chief intelligence executive, who was in on the top secret planning for the raid, is willing to urge a new inquiry strongly suggests there is still, on the second anniversary of the raid, a lot more that could be told.

Interviews with Carter administration officials, military leaders and people who went on the raid buttressed that viewpoint in bringing these fresh disclosures, some of them contradictory, about the most daring rescue ever attempted by the American military.

• Getting into the embassy undetected depended in part on information secured by the CIA from a handful of infiltrated agents and bribed guards among the student militants, including some who were scheduled to be on duty as guards the night of the raid.

Some Carter administration officials said the plan called for all the guards to be killed, while military leaders insisted the "Delta" force under Beckwith was equipped with special hand and leg cuffs that could be snapped on the guards in an instant—and would have been if the troopers had sneaked into the embassy as anticipated. Military leaders doubted the CIA or anyone else had managed to co-opt the guards, but acknowledged they were not responsible for that part of the mission.

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ON PAGE 25.

NEW YORK DAILY NEWS
25 April 1982

CIA loses 'Mr. Integrity' in Inman

By JOSEPH VOLZ

Washington (News Bureau)—Two years ago, Adm. Bobby R. Inman, the head of the National Security Agency, passed the White House and went straight to Attorney General Benjamin Civiletti after learning that Billy Carter was about to receive \$200,000 from the Libyans.

Last Wednesday, Inman said he was quitting his current job as director of the Central Intelligence Agency, and it appeared that his concern over CIA plans for domestic spying was one of the reasons.

Did either move by Inman, known as "Mr. Integrity," suggest an improvement in the way the government is run. Probably not.

Inman's run around CIA Director Stansfield Turner in the Billy Carter case was futile. Civiletti sat on the information, and did not inform Justice Department officials investigating whether Carter had violated the Foreign Agents Registration Act.

THERE IS NO SIGN Inman's insistence that the CIA stay out of domestic spying will be heeded by President Reagan or by CIA Director William J. Casey. Reagan has signed an executive order allowing the CIA to collect "significant" intelligence information from Americans at home.

From the beginning of the CIA after World War II, policymakers worried that the agency might become one of secret police spying on Americans. Inman said during last year's debate over formulation of a new agency policy, "These rules are to protect U.S.

citizens, not anyone else, and I believe that we need to continue to protect them."

It now seems clear the agency will expand its counterintelligence operations in the United States. The counterintelligence unit in the 1950s and 1960s was headed by James J. Angleton, who was forced out in the mid-1970s in a power struggle with CIA Director William Colby. The counterintelligence section, responsible for insuring the agency is not infiltrated by Soviet agents, was cut back.



citizens, not anyone else, and I believe that we need to continue to protect them.'

—Adm. Bobby R. Inman
(During debate over new agency policy.)

Inman's departure may have even deeper significance for the CIA. He was a professional devoted to providing and assessing information without political bias. He did not tailor the intelligence he received for the President or any of the members of the National Security Council.

THE CIA ALSO IS said to be cranking up its covert operations branch again, after a period of quiet during the Ford and Carter administrations. Turner was no fan of covert operations and forced hundreds of spooks into retirement in 1977 and 1978.

In a pointed warning to the administration last Friday, Sen. Richard Lugar (R-Ind.), a member of the Senate Intelligence Committee, said that Inman's successor at the CIA "needs to be" someone who has the complete confidence of Congress.

"The President needs to have his man in this situation and, in a very real sense, we on the Senate committee have looked to Inman—he's been our man," Lugar said. The leadership of Casey and Inman at the CIA insured "a system of checks and balances" important in the wake of disclosure of CIA misdeeds in the mid-1970s, Lugar said.

"That team is being broken up and it

A GOOD MANY CIA operations quickly become too big to hide. The secret war in Laos in the 1960s didn't stay secret for long. The United States might as well have sent the 82d Airborne in to help the CIA-financed tribesmen fight Communist guerrillas.

The CIA has improved its ability to conduct covert operations since then by getting Congress to abolish the law that forced the agency to inform eight separate legislative committees when it began an operation. Now only the Senate and House panels need to know—and in the case of the more influential Senate Intelligence Committee, it's almost like telling a member of the family. The new staff director of the panel is a former CIA operations officer in the Far East.

Whether the increase in CIA activity that the Reagan administration envisions will improve U.S. intelligence is not clear. That will depend on the professionals handling spy networks abroad, analyzing data, both secret and public, and the technocrats putting up spy satellites. If they do their jobs the way Inman envisioned, we may never know whether they succeeded or failed.

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ON PAGE E-4

NEW YORK TIMES
25 APRIL 1982

Casey Holds Some High Cards, but He Also F

After Bobby Inm. Whither the C. I

By PHILIP TAUBMAN

WASHINGTON — According to the current incumbent, William J. Casey, to be successful the Director of Central Intelligence must maintain good relations with four groups: his own staff, Congressional oversight committees, senior government officials who receive intelligence data and friendly foreign intelligence services. By that measure, Mr. Casey said recently, his own performance should be considered good.

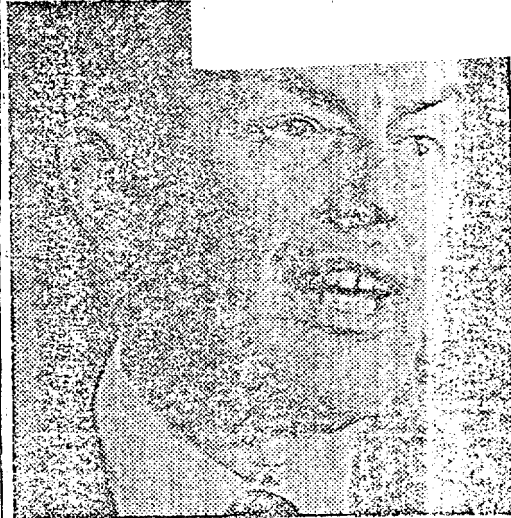
His assessment will probably soon be put to the test in the wake of last week's surprise announcement by the White House that Adm. Bobby R. Inman, the Deputy Director of Central Intelligence, plans to quit later this year to go into private business. A number of senior government officials believe that Admiral Inman's expertise and eloquence have diverted attention from trouble in the agency and kept his boss from looking bad. "I'll tell you one thing," said Senator Joseph R. Biden Jr., Democrat of Delaware and a member of the Senate Intelligence Committee, "The wrong guy is leaving."

Associates of Admiral Inman, challenging the official explanation, said the resignation was prompted by a series of clashes with the White House and mounting frustration over the direction of the Administration's policies.

There is a general consensus in the intelligence community that Admiral Inman, who watched over electronic intelligence collection, has played a crucial role in the day-to-day management of the agency and in dealings with the outside world. Mr. Casey, who received his intelligence baptism running American agents behind German lines in World War II, concentrated on rebuilding the agency's clandestine operations division and oversaw the preparation of national intelligence estimates.

In several major intelligence policy debates, including the drafting of an executive order governing the activities of intelligence agencies, Mr. Inman advocated positions that were often sharply at variance with the views of Mr. Casey and other senior national security officials. He fought, for example, to maintain the controls on domestic intelligence gathering that had been imposed by Presidents Ford and Carter.

Despite his reputation as a comparative dove, Admiral Inman was called upon by the White



Associated Press
Admiral Bobby R. Inman

House last month to present the Administration's case to the public about Soviet and Cuban interference in Central America. When the House or Senate intelligence committees demanded information, it was usually Admiral Inman who briefed the members in a precise, satisfying style. Mr. Casey, by contrast, infuriated the Congressmen with answers they considered imprecise and evasive. In a press conference Friday, Senator Richard G. Lugar, Republican of Indiana and a member of the intelligence panel, complained that Mr. Casey still doesn't know the ins and out of his agency's operations, maintaining that "there are complexities that would take more years to understand than Casey will be alive."

Mr. Casey's relations with the committee were further poisoned by its investigation last year into his personal financial dealings and the demand of several senators, including chairman Barry M. Goldwater, Republican of Arizona, that he resign. The committee eventually concluded that Mr. Casey was "not unfit" to serve as the agency's director.

Fears of Politicization

Mr. Inman's departure will likely magnify some of Mr. Casey's problems. For one thing, Mr. Casey cannot shake his image as something of a wheeler-dealer, and critics such as Senator Biden fear that he will plunge the agency into swash-buckling overseas operations that may not be carefully planned.

CONTINUED

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RADIO TV REPORTS, INC

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM CBS Evening News STATION WDVM-TV
CBS Network

DATE April 25, 1982 6:00 P.M. CITY Washington, D.C.

SUBJECT McMahon May Replace Admiral Inman

MORTON DEAN: CBS News has learned that the White House plans to name John McMahon, a career CIA officer with a low public profile, as the agency's new Deputy Director. McMahon is currently the number three man at the CIA, and he would be replacing Admiral Bobby Inman, who announced his resignation from the number two spot last week.

Inman, among other things, was reported unhappy about a possible reorganization of counterintelligence operations. Inman's resignation made many members of Congress unhappy. And coupled with their unhappiness with CIA Director William Casey, it is uncertain whether McMahon will have confirmation problems, even though McMahon himself has no known opponents in Congress.

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ON PAGE 8

NEW YORK TIMES
24 APRIL 1982

WASHINGTON TALK

Cruising With the Elite

If not the Sequoia, why not the Highlander? On Sunday evening, Edwin Meese 3d, Senator Paul Laxalt, William J. Casey and a host of other political notables are expected to cruise the Potomac in a style that disappeared in Jimmy Carter's "no-frills" era.

Malcolm S. Forbes, the adventurer and business magazine publisher, has invited 60 of the capital's power elite to join him aboard his 126-foot yacht for cocktails and a sumptuous buffet. "The boat spends the winter in Florida," said Malcolm Forbes Jr., the owner's son. "It's making its way up to New York, where it will start earning its living."

On its way, the yacht, which is used by Forbes Magazine to cruise corporate leaders around New York harbor, will take on passengers in Washington for a trip past Mount Vernon. Guests will nibble lobster in teak-paneled rooms and take the evening breeze on the roomy afterdeck. Anyone wanting a nap can choose from several well-appointed staterooms.

As for the former Presidential yacht, Sequoia, which is now privately owned, it remains docked in Washington, awaiting a planned restoration.

Francis X. Clines

Lynn Rosellini

RADIO TV REPORTS, INC

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM Jack Anderson STATION WEAM Radio
Mutual Broadcasting

DATE April 24, 1982 9:00 AM CITY Washington, DC

SUBJECT Admiral Inman

JACK ANDERSON: CIA Deputy Director Bobby Inman has resigned from the agency. Congress is saying privately that the wrong man is leaving.

Here is the Inside Story.

Admiral Bobby Inman, Deputy Director of the Central Intelligence Agency resigned this week. But let me tell you what the congressmen are saying in the cloakrooms. The prevailing view is that his boss, CIA Director William Casey should be the one to leave.

Inman was the only CIA officials who senators trusted. He was often specifically requested to give closed door briefings.

You see, Casey has little credibility on Capitol Hill. Under his leadership the CIA has lost the respect of Congress. Inman was a personal exception.

One intelligence committee source told me, I am quoting, Inman was the man everybody wanted to talk to.

Now they don't have a guy in that position to trust.

Inman and Casey had policy differences. They disagreed, for example, over the CIA's role in domestic spying. Inman thought it was wrong for the CIA to spy on American citizens at home.

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ON PAGE A-9

NEW YORK TIMES
24 APRIL 1982

Inman Loss Seen as Peril to Congress

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, April 23 — A conservative Republican member of the Senate Select Committee on Intelligence said today that the ability of Congress to act as a check on the activities of intelligence agencies had been imperiled by the resignation of Adm. Bobby R. Inman as Deputy Director of Central Intelligence.

Senator Richard G. Lugar of Indiana, who supports the Reagan Administration's drive to strengthen intelligence agencies and expand their operations, asserted that William J. Casey, the Director of Central Intelligence, did not know enough about the field to deal with Congressional overseeing committees. He urged President Reagan to appoint a professional intelligence officer to succeed Admiral Inman.

"There needs to be a person who has the confidence of Congress and knowledge of what's going on," Senator Lugar said. "We voted for Casey and Inman as a package — Casey because he has access to the President, Inman because he knows what's going on. We've trusted his comprehensive knowledge."

Mr. Lugar's comments added to the controversy that has surrounded the resignation of Admiral Inman, the first senior national security official in the Reagan Administration to resign for reasons related at least partly to policy disagreements.

Lugar 'Sending a Signal'

When the White House announced Wednesday that the admiral was resigning, it said that he had intended to leave Government service for some time to enter private business. Associates of the admiral said he was resigning because of a series of clashes with the White House and mounting frustration with the direction of the Reagan Administration's intelligence and foreign policies.

Senator Lugar, who called reporters to his office and pointedly told them he was "sending a signal" to the White House, said the responsibility of Congress to oversee the policies and activities of intelligence agencies depended on open access to information and trust in the officials who provided the information.

"We've looked to Admiral Inman," Mr. Lugar said. "He's been our man."

Concern about Admiral Inman's departure and the future course of intelligence policy is widespread on the Senate committee. Other members have echoed Mr. Lugar's worries in private conversations since the resignation was announced. Senator Joseph R. Biden Jr., Democrat of Delaware, said this week that when the admiral leaves, "there will be no one for us to deal with at the C.I.A."

When President Reagan took office many members of the committee, including the chairman, Barry Goldwater, Republican of Arizona, urged him to appoint Admiral Inman as Director of Central Intelligence. The Senators said they were impressed by the way Admiral Inman had managed the National Security Agency, which he headed in the Carter Administration, and had confidence in the information he provided at briefings.

Mr. Casey, who had been Mr. Reagan's campaign manager, has had a strained relationship with the committee since he took office. Last year, after investigating Mr. Casey's personal financial dealings, several Senators called for his resignation.

Lugar Served With Inman in Navy

Senator Lugar said today that he had a long-standing friendship with Admiral Inman dating to the late 1950's, when they served together in the Navy as junior intelligence officers. He said his concerns about the resignation, however, were not generated by the friendship.

"His departure is not simply a case of someone resigning," Senator Lugar said. "It is a watershed event."

Mr. Lugar said that the capacity of Congress to check on intelligence agencies was at stake because Mr. Casey lacked the knowledge to keep House and Senate oversight committees informed. Asked if he feared a resumption of abuses by intelligence agencies in Admiral Inman's absence, the Senator replied, "It's a lot tougher to step in when you don't know who to call to get to the bottom of something."

He added, "Bill Casey is a very able American who has made some pretty

good decisions, but there are complexities that would take more years to understand than Casey will be alive."

Kathy Pherson, a spokesman at the C.I.A., said Mr. Casey would make no comment on Senator Lugar's remarks.

Mr. Lugar said that Mr. Casey, while making an effort to become more accessible to the committee, was still not responsive enough. The Senator said that members of the intelligence committee had not received notification of Admiral Inman's resignation until the day it was announced, even though the admiral sent a letter of resignation to President Reagan in late March.

Senator Lugar said he was also concerned that to date, the committee had not been consulted about choosing a new deputy director. "We have to be in a little closer touch," he said of relations with Mr. Casey.

He warned that there could be a revival of the "underlying disquiet" that the committee felt toward Mr. Casey last year when Mr. Casey's finances were under investigation and relations between the intelligence chief and the intelligence committee reached a low point.

Officials at the White House said today that it would be at least several more days before Mr. Reagan picked a successor to Admiral Inman. The appointee would face Senate confirmation. Mr. Lugar said today that if the committee did not approve the Administration's choice, it would not hesitate to delay or deny confirmation.

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7SENATORS WANT ROLE IN CHOOSING NEW CIA DEPUTY

7BY MICHAEL J. SNIFFEN

7ASSOCIATED PRESS WRITER

WASHINGTON (AP) - SENATORS, ONE OF THEM FEARING THAT "THE FOXES ARE NOW GUARDING THE CHICKEN HOUSE AT THE CIA," WANT PRESIDENT REAGAN TO CONSULT WITH THEM BEFORE NAMING A NEW DEPUTY DIRECTOR AT THE INTELLIGENCE AGENCY.

"THIS IS A WATERSHED EVENT; NOT SIMPLY A RESIGNATION; A REPLACEMENT AND LIFE GOES ON," SEN. RICHARD LUGAR, R-IND., SAID FRIDAY OF ADM. BOBBY R. INMAN'S RESIGNATION EARLIER THIS WEEK AS THE CIA'S No. 2 OFFICIAL.

LUGAR, ONE OF REAGAN'S MOST LOYAL CONGRESSIONAL SUPPORTERS AND A MEMBER OF THE SENATE INTELLIGENCE COMMITTEE, SUMMONED REPORTERS TO HIS OFFICE FRIDAY FOR A RARE PUBLIC STATEMENT ON INTELLIGENCE POLICY.

REFLECTING CONCERN THROUGHOUT THE COMMITTEE ABOUT THE LEADERSHIP OF THE CIA UNDER DIRECTOR WILLIAM J. CASEY, LUGAR SAID MEMBERS OF THE SENATE PANEL "SHOULD BE HEAVILY INVOLVED IN THE SELECTION PROCESS" BEFORE THE NAMES OF POTENTIAL SUCCESSORS TO INMAN EMERGE IN PUBLIC.

"I'M FRANKLY TRYING TO ENGENDER A DIALOGUE AND SEND SOME SIGNALS" TO THE WHITE HOUSE, LUGAR SAID. "THIS IS A TRAUMATIC OCCASION; AND I SAY THAT ADVISEDLY."

CASEY'S MANAGEMENT OF THE CIA AND HIS PAST BUSINESS PRACTICES WERE INVESTIGATED BY THE INTELLIGENCE COMMITTEE LAST YEAR, WHEN SEVERAL SENATORS CALLED FOR HIS RESIGNATION.

THE COMMITTEE ULTIMATELY GAVE CASEY THE TEPID ENDORSEMENT THAT HE WAS "NOT UNFIT TO SERVE" IN THE POST.

"MANY OF US VOTED FOR CASEY AND INMAN AS A PACKAGE," LUGAR SAID.

"CASEY WAS IMPORTANT TO THE PRESIDENT; WHO HAD ABSOLUTE CONFIDENCE IN HIM. INMAN HAS BEEN OUR MAN IN A WAY."

HE SPECIFICALLY SAID THE CONSULTATION SHOULD TAKE PLACE BEFORE REAGAN FORMALLY SENDS THE SENATE A NOMINEE TO SUCCEED INMAN.

"LUGAR IS ABSOLUTELY DEAD RIGHT," SAID SEN. JOSEPH BIDEN, D-DEL.,

ANOTHER MEMBER OF THE COMMITTEE. "THEY BETTER GET HIS MESSAGE; BECAUSE WITH INMAN GONE; THE FOXES ARE NOW GUARDING THE CHICKEN HOUSE AT THE CIA."

Senator Urges Reagan to Consult Congress on Inman's Successor

By ROBERT C. TOTH, *Times Staff Writer*

WASHINGTON—Sen. Richard G. Lugar (R-Ind.) called on the Reagan Administration Friday to consult with Congress in choosing a successor to Adm. Bobby R. Inman as deputy director of the Central Intelligence Agency. Lugar called Inman "our man" in the CIA.

The conservative Republican, one of President Reagan's strongest supporters and a member of the Senate Intelligence Committee, broadly hinted at a press conference that unless the Administration consults in advance and chooses a respected intelligence professional—as distinct from a politician—the nomination would be opposed in the Senate.

In praising Inman, with whom he once had served in naval intelligence, Lugar indicated that CIA chief William J. Casey has not had the same trust and confidence of the committee as Inman.

Asked whether Casey were not sufficiently well informed so that he felt he could call on Casey for advice, Lugar replied: "That's right."

Lugar said the Senate had confirmed Casey and Inman "as a package." Casey's loyalty to and rapport

with President Reagan were essential to the effective use of CIA intelligence reports, he said, but Inman's experience and reputation for honesty were equally essential to congressional confidence in the CIA.

Inman's departure is a "traumatic occasion," a "watershed event," Lugar said, that illustrates the checks and balances that have been instituted to oversee the intelligence community in much the same way they exist within the federal government.

When asked whether he fears

new CIA abuses after Inman leaves, Lugar said. "They would be harder to stop if you weren't sure who to call to get to the bottom of it."

Lugar urged a "very strong dialogue" between the Senate committee and the Administration before Inman's successor is announced.

"Lugar is absolutely, dead right," said Sen. Joseph R. Biden (D-Del.), one of the most liberal members of the intelligence committee. "With Inman gone, the foxes are now guarding the chicken house at the CIA," he said.

A White House official indicated Friday that several candidates are under consideration to replace Inman. "They have someone in mind," he said, referring to presidential counselors, "and an announcement is expected in between 10 days and a month."

Among names mentioned so far have been John N. McMahon, currently No. 3 man at the CIA and the bureaucracy's choice; retiring Gen. Lew Allen, chief of staff of the Air Force, who had been director of the super-secret National Security Agency before Inman; and Adm. Daniel J. Murphy, chief of staff of Vice President George Bush's staff who once served in the CIA as Bush's aide. Other candidates have been interviewed by Casey, sources said.

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ON PAGE A1

THE WASHINGTON POST
24 April 1982

Sen. Lugar Puts White House On Notice About Inman Post

By George Lardner Jr.
Washington Post Staff Writer

A key member of the Senate Intelligence Committee put the White House on notice yesterday that the panel does not have enough confidence in CIA Director William J. Casey's expertise and wants every effort made to give him a qualified deputy.

Sen. Richard G. Lugar (R-Ind.) said he and his fellow committee members were stunned by the abrupt announcement this week of CIA Deputy Director Bobby Ray Inman's resignation. Lugar called it "a rather traumatic situation" for those in Congress whose job it is to oversee the intelligence community and make sure it stays within proper bounds.

He made his remarks at a news conference that he frankly described as intended "to send some signals" to the White House about the gravity of the matter. Lugar made clear that the committee wants to be consulted before a successor to Inman is named.

"If this be meddling, so be it," Lugar declared.

Again and again, Lugar emphasized that it was Inman, not Casey, upon whom the committee has relied since President Reagan took office for expert advice and sound judgment on U. S. intelligence activities.

"It sounds as though you're saying you don't trust Bill Casey," one reporter told him.

The senator replied, "I wouldn't say that at all." He called Casey, who had served as chairman of President Reagan's election campaign, "a very able American who has the trust of the president."

Lugar, a former Navy intelligence briefing officer who served at the Pentagon with Inman years ago, added, however, that "there are sim-

ply complexities involved [in the intelligence business] that would take more years than Bill Casey has" left to understand.

"So," asked another reporter, "you're saying that Mr. Casey doesn't know enough for you to call him on the telephone" and ask for his expert opinion?

"That's right," Lugar replied.

Senate Intelligence Committee Chairman Barry Goldwater (R-Ariz.) was also upset on learning of Inman's decision to resign.

Goldwater said, however, that he regarded Casey as "a fine man, honest... a real spy when he was with the OSS [Office of Strategic Services], a real guy with a dagger."

At that, Goldwater raised his hand, as though wielding a dagger, then added: "But we do it differently now and he is not a pro."

At his news conference, Lugar noted that Goldwater and others had hoped to see Inman appointed to the top job at CIA. He was named instead to the second spot, which he reluctantly agreed to take after serving as director of the National Security Agency. In any event, Lugar emphasized:

"Many of us voted for Casey and Inman as a package," meaning that they supported Casey because President Reagan wanted him and felt comfortable with him and Inman, a intelligence professional of 30 years, "because he knows more than anyone else what's going on."

Several times, Lugar suggested that the "system of checks and balances" that has been built up around the intelligence community since the congressional investigations of 1975-76 was at stake.

He said he had no quarrel with the CIA director's being "a political appointee" who the president could trust, but suggested that it was vital, in turn, for the deputy director to be

an intelligence expert who Congress could trust.

Inman, 51, submitted his resignation to the White House on March 22 because, he has since said, he wants to start "a second career" in private industry and "get back to running something" himself.

"I was absolutely not hounded out," Inman declared. "Anyone [in government] who claims that is just building up his own ego. It was absolutely my initiative and my choice."

Lugar is chairman of the Intelligence subcommittee on analysis and production.

STATINTL

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ON PAGE A-10

WILMINGTON NEWS JOURNAL (DE)
23 APRIL 1982

A sham(e)

WHEN A CAREER intelligence officer relinquishes both a CIA deputy directorship and his U.S. Navy commission at the age of 51, one is inclined to be skeptical of his avowed desire to "move on to fresh challenges." When that resignation is accepted by President Reagan with "deep regret" and the prescribed nod to "leadership and wise counsel," the doubt grows. When the name of the retiree turns out to be Adm. Bobby R. Inman, the suspicions are confirmed.

Adm. Inman had dubious qualifications for the post of deputy director of the CIA in the Reagan administration — years of specialization in intelligence work. He was deputy to CIA Director William J. Casey, whose superior qualification for that post was his yeoman service as manager of Ronald Reagan's campaign for the presidency.

When Senate investigations of Mr. Casey's checkered financial past threatened last year to disclose how inappropriate it was to place him in such a sensitive position, several senators made clear that they thought Adm. Inman was the ideal man for the helm of the CIA. The White House made it clear at that time that if Mr. Casey had to go, the admiral not only would not get the directorship but also would be forced out.

That subtle persuasion worked. The Senate investigators yielded with the less than ringing endorsement that Mr. Casey was not unfit to serve. Mr. Casey stayed and so did Adm. Inman, but not for long. He had some peculiar ideas that did not endear him to his bosses at headquarters in McLean, Va., and at 1600 Pennsylvania Ave.


He believed, for instance, that the strict rules that controlled domestic surveillance of American citizens by the CIA were a reasonable guarantee of civil liberties. His bosses decided, as they have done elsewhere, that civil liberties are an unnecessary inconvenience that can be compromised as long as it is done in the name of national security.

Adm. Inman's loyalty prompted him to defend in Congress policies with which he was clearly uncomfortable. Despite Mr. Casey's description of their association as a good working relationship, the opposite was obvious to members of Congress as well as employees at the CIA. As an intelligence officer, Adm. Inman was no stranger to the intrigue of espionage. He had, however, in his own words, a "steadily diminishing tolerance for petty bureaucratic intrigue."

Happily for the petty bureaucrats but unhappily for the American people, the reasons for the loss of Adm. Inman's experience and ability are unlikely to be known. Thanks to the wisdom of the bureaucrats and the wholehearted endorsement of the Supreme Court, Adm. Inman is free to write anything he wishes about his experiences in government service. He will, of course, have to submit it to Mr. Casey for screening before publication. We wouldn't want him compromising national security, now, would we?

2

SEATTLE TIMES
23 April 1982



Inman resignation calls for an inquiry

THE surprise resignation of Adm. Bobby R. Inman as deputy CIA director was accompanied by standard comments — expressions of “deep regret” from President Reagan, and Inman’s assurance to newsmen that he wants “to do fresh things.” Nonetheless, the House and Senate Intelligence Committees should look deeper into the matter.

Members of those committees said they were stunned and concerned over the loss of Inman, whom Rep. Edward Boland, D-Mass., head of the House committee, calls “the nation’s finest professional intelligence officer.”

Direction of the CIA under William J. Casey, a nonprofessional for many years and an old Reagan friend, has been controversial from the start. Inman was widely regarded in the intelligence community and on Capitol Hill as providing necessary balance amidst a welter of amateurism.

Intelligence insiders say there was friction between Inman and Casey and that Inman was concerned about the extent of CIA spying within the United States.

A member of the Senate Intelligence Committee was quoted as saying: “You can’t imagine the number of times he (Inman) came up here and had to defend policies it was obvious he disagreed with.”

One of the political liabilities of the Carter administration was the failures of U.S. intelligence, which notably was caught off base by the Iranian revolution. There was hope that Reagan would put the intelligence house in order. But most of the signs thus far point to continued troubles in both policy and administration.

Inman’s resignation calls for thorough congressional probes.

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ON PAGE I-5

LOS ANGELES TIMES
23 APRIL 1982

Inman Denies He's Quitting CIA Post in Dispute on Policy

By ROBERT C. TOTH, Times Staff Writer

WASHINGTON—Adm. Bobby R. Inman Thursday dismissed as "absolutely not true" reports that policy disputes with the Reagan Administration had caused him to quit as deputy director of the Central Intelligence Agency. He declared that he is resigning to seek "fresh challenges."

"I'm not leaving angry," he told The Times. "Those stories about a big policy clash causing me to leave are just not true. There've been a lot of little bureaucratic squabbles over the years, peripheral to any job, and what little tolerance I've had for those things has disappeared."

"I'm not a good deputy," he added. "I like running my own shop. And money plays a role here. (With one son in college and another in private school), we've been selling bonds to pay tuition and my net worth is less now than when I took the job."

"Policy fights would not have necessarily caused me to quit anyway," he said in a telephone interview. "It would have been over a matter of principle, such as unfettered electronic surveillance of Americans."

Cast as Influential Moderate

Doubts that Inman is being totally frank in denying that a policy fight was behind his resignation persist largely because he has been cast as the most influential moderate—if not liberal—voice in an intelligence community supervised by conservatives of the Reagan Administration.

Last year Inman successfully opposed attempts to loosen constraints on counter-intelligence actions in the United States by the CIA and FBI—or to "unleash" the agencies, as some called it. After a public clash, the guidelines for such intelligence collection more closely followed the previous Carter Administration's regulations than Reagan officials wanted, particularly on electronic eavesdropping. The new rules do permit some CIA activities in the United State for the first time, however.

Most recently, a plan suggested within the National Security Council staff to bring together the counter-intelligence functions of the CIA and FBI into a single operation has been opposed by Inman as well as by other top intelligence officials, according to congressional sources.

A Senate source said Inman "won that battle since that plan is dead." A House Intelligence Committee source said Inman "was winning the battle, although I'm not sure the plan is dead. But I don't think he's the kind to leave if he was losing."

Intense Bureaucratic In-Fighting

Other sources said this dispute centered on the scope of a study of counterintelligence activities that was the idea of conservative NSC staff member Kenneth de Graffenreid. In the end, the study was focused narrowly on intelligence threats from foreign governments, as

Inman, CIA chief William J. Casey, and Sen. William H. Webster wanted, the source said, on central control of counterintelligence. Efforts to reach De Graffenreid were unsuccessful.

Intense bureaucratic in-fighting over the study went on during March, according to one report. Inman's letter of resignation was dated March 22, and the timing suggested to some that the issue had prompted Inman to quit.

Inman denied that that was true, but he refused to discuss the issue for publication because, he said, "counterintelligence matters are highly classified."

Inman did say, however, that overall, the intelligence rebuilding effort of the Reagan Administration was "off in a good direction. If I was not comfortable about that, I would not have walked away." He indicated also that it would not be easy for the present direction to be changed.

"We believe he's telling the truth about why he's leaving," a House source said. "We take at face value what he said and discount the rumors."

Inman Praised by Lawmakers

Rep. Edward P. Boland (D-Mass.), chairman of the House Permanent Intelligence Committee, and its members share this view, the source said.

Boland, in a highly laudatory statement issued after the White House announced Inman's resignation Wednesday, called Inman "the nation's finest professional intelligence officer." Virtually all congressmen who have commented have been similarly complimentary.

The silence of Sen. Barry Goldwater (R-Ariz.), chairman of the Senate Intelligence Committee, has been striking. Goldwater was Inman's outspoken champion in Congress and clearly would have preferred Inman to Casey as CIA chief.

"One explanation is that Goldwater is disappointed that Inman is leaving now—disappointed mostly in the Administration for not offering Inman the prospect of Casey's job in the future—and might sound angry if he spoke out now," a Senate source said.

Goldwater was out of town and could not be reached. Sen. Daniel K. Inouye (D-Hawaii), another Senate Intelligence Committee member, praised Inman highly in a statement Wednesday. "I will miss him and I wish him the very best in his future endeavors," Inouye said. He could not be reached Thursday for comment on reports that Inman had quit in a policy dispute.

Some of Inman's difficulties in the CIA job have surfaced from time to time.

One recurrent theme was that he did not see eye-to-eye on many issues with Casey. In this connection, Inman has said that his relations with Casey were "cordial" and that no two officials ever have identical views on every issue.

Casey focused mainly on rebuilding the nation's covert action capability. Inman became the CIA's chief spokesman on Capitol Hill and largely ran the broader intelligence community, which includes the other U.S. intelligence agencies.

This sometimes required him to defend in Congress CIA policy with which he did not fully agree, sources said.

Inman was cast as a possible successor to Casey when the CIA chief ran into trouble with Congress over some earlier financial dealings and over his choice of Max Hugel, who had almost no professional experience, as a principal CIA officer.

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ON PAGE 2

THE CHRISTIAN SCIENCE MONITOR
23 April 1982

CIA's No. 2 to await successor

Washington

Adm. Bobby Ray Inman plans to stay on in his post as deputy director of the Central Intelligence Agency until Labor Day, if necessary, until his successor is confirmed by the Senate.

President Reagan expressed "deep regret" at the four-star admiral's decision announced Wednesday to resign from the CIA and the Navy.

In his resignation letter Admiral Inman wrote that he felt he had met the "initial challenge" of helping rebuild the US intelligence-gathering apparatus and wanted to "move on to fresh challenges." He told the Washington Post part of the reason for his decision was to increase his income to educate his two sons, aged 16 and 19.

An intelligence source said Admiral Inman had "never really enjoyed being No. 2 at the agency," and there were reports of friction between him and Central Intelligence Director William Casey. Administration sources quoted by the Post said one point of contention was the extent of CIA spying in the United States.

Admiral Inman was seen as a moderating voice in the agency, and was widely respected in Congress. Rep. Edward P. Boland (D) of Massachusetts, chairman of the House Intelligence Committee, called him "the nation's finest intelligence officer."



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ON PAGE 24

THE CHRISTIAN SCIENCE MONITOR
23 April 1982

Their favorite spy

The outpouring of praise now being bestowed on deputy CIA director Bobby R. Inman is both a tribute to the admiral's genuine accomplishments in the national security area and, one suspects, a message to the Reagan administration.

The message: that Admiral Inman's successor be a person thoroughly skilled in professional intelligence work. Given the fact that much of the actual day-to-day leadership of the CIA has come under the deputy director's aegis in recent months, it is absolutely essential that the White House choose an individual of unquestioned competence and impeccable credentials.

Despite Admiral Inman's statements that he is leaving his CIA position this year primarily for personal reasons, it has been no secret in Washington that he has had significant disagreements with the administration in a number of policy areas. There have also been reports of occasionally strained relations with CIA Director William Casey. Admiral Inman, for example, had deep misgivings about allowing some covert CIA spying operations in the US as favored by President Reagan. Still, the admiral eventually supported the President's desire to authorize such activities.

Whatever the case, it is to be recognized that the way the CIA has been traditionally led over the years makes a certain degree of argument at the highest echelons of the agency almost inevitable, although, of course, that need not necessarily lead to friction. Since its founding back in the late 1940s, the CIA has tended to rotate civilian and military persons in the director and deputy director posts.

Admiral Inman, for example, not only is a four-star military man but, until tapped for the deputy chief post at the CIA, was the di-

rector of what is in fact the nation's largest intelligence agency, the super-secret National Security Agency (NSA), which deals in electronic intelligence-gathering.

His chief at the CIA, Mr. Casey, was director of Mr. Reagan's 1980 political campaign, though Mr. Casey's own experience with intelligence work goes back to the 1940s and the OSS.

Part of Admiral Inman's difficulty with the White House staff is perhaps to be found in the very fact that several influential members of Congress had called for the resignation of Mr. Casey last year — when the CIA chief was then under investigation regarding personal finances — and replacement by Admiral Inman. Still, that did not mute President Reagan's gracious plaudits for the admiral this week.

Surely the finest tribute to Admiral Inman's accomplishments would be in the selection of a person who carries on that same sense of dedicated professionalism.

3
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ON PAGE A-22

BALTIMORE SUN
23 APRIL 1982

CIA before and after Inman

The announcement that Adm. Bobby Inman will resign as the second ranking official in the Central Intelligence Agency is unexpected and unwelcome. Admiral Inman is a dedicated intelligence professional who has never given the impression he felt this endeavor had to be carried out with little or no high-level, extra-agency oversight—by Congress or within the executive branch. In an administration in which both the president and the director of the CIA occasionally give just that impression, it is reassuring to have a Bobby Inman in so key a role.

There are other intelligence experts who can do a good job in this post, of course. But reports from Washington make it appear that the Admiral Inman and CIA Director William J. Casey, who got his job in part because of his political connections (he was Ronald Reagan's 1980 campaign manager), disagreed on important matters, and that this may be why the admiral is retiring at the early age of 51, after little more than a year in his new job. Does that mean the administration wants a "yes-man" in that position?

The House and Senate Intelligence committees ought to inquire into this, in public if possible, in private if not. Only a few years before Admiral Inman and Mr. Casey took over the CIA, it was a troubled and troubling agency. Officials often did not balance the rights of American citizens with the felt needs of the intelligence community. Presidents Ford and Carter imposed new restraints on the CIA and its allied agencies. Acknowledging past CIA excesses, President Reagan nonetheless weakened and removed some of those restraints. If Admiral Inman's departure implies, as some in Washington seem to believe, that the president or

Mr. Casey or anyone with authority wants to do things that risk a repeat of the old errors, Congress and the public have a right to know. And if the admiral's departure does not imply that, Congress and the public need to know that, too.

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ON PAGE 1-4

CHICAGO TRIBUNE
23 APRIL 1982

Admiral resigns No. 2 CIA post

By John Maclean
and James Coates

Chicago Tribune Press Service

WASHINGTON — Adm. Bobby Inman announced his resignation as deputy director of the Central Intelligence Agency Wednesday, and sources in the intelligence community said the move resulted from friction between him and the White House.

Inman sent a letter of resignation to the White House a month ago, asking to leave his post as soon as a successor could be confirmed. The White House released Inman's letter, which contained no reason for quitting, and one from President Reagan accepting the resignation "with deep regret."

Inman told associates Wednesday that he considered his resignation a "welcome development" and that he intended to enter private business. Inman, 51, also announced that he would retire from the Navy.

Inman first got caught in a cross-fire involving the White House last summer when Sen. Barry Goldwater (R., Ariz.) tried to get Inman the job of CIA director.

THAT EPISODE began with the resignation of Max Hugel, a protege of CIA Director William Casey, as deputy director for operations after disclosure of questionable business activities by Hugel. Goldwater, chairman of the Senate Intelligence Committee, subsequently pressed an inquiry into Casey's own business dealings.

It was understood that Goldwater wanted Casey, 69, to step down in favor of Inman, whom Goldwater once called the best spy in the world, but the White House fought back.

The Reagan administration told Goldwater that if Casey went, so would Inman, according to intelligence sources. Goldwater backed off.

After that, Inman no longer felt that the White House valued his services, the intelligence sources said. The situation became worse when William Clark became national security adviser in January, the sources said; Clark and Inman did not get along.

INMAN IS KNOWN as a brilliant intelligence officer to some and a cold-hearted careerist to others. His speciality has been high-technology satellite surveillance.

During the Carter administration he rose to head the supersecret National Security Agency, which breaks other nations' codes and listens in on radio, satellite and other international communications.

While at NSA he gave the Justice Department its first word that Billy Carter had an "arrangement" with the Libyan government. Intelligence sources said Inman established a system at NSA under which politically sensitive information went directly to him and almost nowhere else.

INMAN TOLD Jimmy Carter at the end of his term that he would stay on at NSA, but only for a year or 18 months. After Reagan moved him to the CIA job, however, it was anticipated that he would serve longer.

When Casey, widely considered an amateur at intelligence work, was nominated as CIA director, Inman was praised as a professional who could keep the spy agency on course. The Senate confirmed him by a vote of 94 to 0.

Rep. Edward Boland (D., Mass.), chairman of the House Intelligence Committee, said of Inman's resignation:

"I view this development with the deepest regret. Admiral Inman is the nation's finest professional intelligence officer. During his exceptional career he has enjoyed the full confidence (of the committee)."

STATINTL

ASSOCIATED PRESS
22 April 1982

BY MICHAEL J. SHIFFER

WASHINGTON (AP) -- A SECRET COUNTERINTELLIGENCE STUDY ORDERED BY PRESIDENT REAGAN HAS BEEN NARROWED TO OVERCOME INITIAL OBJECTIONS BY DEPUTY CIA DIRECTOR ADM. BOBBY R. INMAN AND OTHER TOP CIA AND FBI OFFICIALS. THREE GOVERNMENT SOURCES SAID THURSDAY.

THE SOURCES, ALL OF WHOM HAVE ACCESS TO INFORMATION ABOUT THE PROJECT, SAID THAT AN AGREEMENT FOR THE STUDY WAS APPROVED WEDNESDAY BY AN INTERAGENCY WORKING GROUP CHAIRED BY JOHN KOHLER, CHIEF OF THE INTELLIGENCE COMMUNITY STAFF.

THE SOURCES SAID THAT THE AGREEMENT DID NOT CALL FOR WORK ON THE ORGANIZATION OF U.S. COUNTERINTELLIGENCE AGENCIES OR ON SUCH ECOTERIC TOPICS AS DECEPTIVE SOVIET MISSILE TELEMETRY, TWO TOPICS THAT SOME TOP OFFICIALS HAD FEARED MIGHT BE INCLUDED IN THE STUDY.

INMAN, WHO ANNOUNCED HIS INTENTION WEDNESDAY TO RESIGN FROM THE GOVERNMENT TO ENTER PRIVATE BUSINESS, HAS BEEN AMONG THOSE OFFICIALS SEEKING TO NARROW THE STUDY.

SOME SOURCES HAVE SAID THAT THE DISPUTE OVER THE STUDY MAY HAVE BEEN ONE FACTOR IN INMAN'S DECISION. BUT THOSE CLOSEST TO THE 51-YEAR-OLD ADMIRAL SAID THAT WAS A MINOR FACTOR COMPARED TO OTHERS SUCH AS HIS DESIRE TO CREATE A SECURE FINANCIAL FUTURE FOR HIS CHILDREN THROUGH MORE LUCRATIVE PRIVATE WORK.

THE SOURCES SAID THAT THE IDEA FOR THE STUDY BEGAN WITH REY CONSERVATIVE MEMBERS OF THE NATIONAL SECURITY COUNCIL STAFF AND THE SENATE INTELLIGENCE COMMITTEE. IN THE PAST, THOSE MEMBERS HAVE CALLED FOR CENTRALIZED COUNTERINTELLIGENCE FILES AND A COUNTERINTELLIGENCE CHIEF OUTSIDE EXISTING AGENCIES WITH POWER TO REORGANIZE THE CIA AND THE FBI VARIOUS TRAYS.

STATINTL

CONTINUED

RADIO TV REPORTS,

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM Dan Rather Commentary STATION WTOP Radio
CBS Network

DATE April 22, 1982 5:40 P.M. CITY Washington, D.C.

SUBJECT Admiral Inman Resigns

DAN RATHER: Everyone agrees that Bobby Inman was good, maybe the best professional intelligence man in the United States. So it should have been a surprise when his resignation from the CIA was accepted so quickly, so coolly. But it wasn't surprising at all. Bobby Inman was good, but you can make a lot of enemies what way.

What did Inman in, in a moment.

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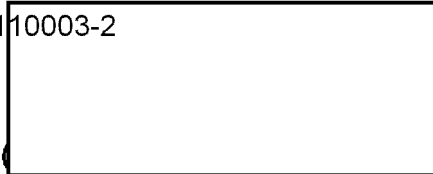
RATHER: The boys in the KGB must be toasting each other, because Bobby Inman was just the kind of guy they didn't want as number two at the CIA. Inman was a career Navy man, and they often make it big in American intelligence. Usually they're "Damn the torpedoes. Let's have an adventure" types. But not Inman. He was, to begin with, brilliant. In 20 years as an intelligence specialist, he mastered the intricacies of standard, orthodox intelligence-gathering, and then he mastered the technology of intelligence. He was thoughtful, as in full of thought. He had a deep, sharp sense of the place of intelligence, a sharp sense of its inherent limits and its ethical limits. He pondered how to have a first-rate intelligence-gathering operation without endangering civil liberties.

This was -- how to put it? -- not entirely in tune with the foremost concerns of others in the Reagan Administration. And this became quickly apparent.

Inman's boss at the CIA was William Casey, not a professional intelligence man, but a professional politician. Ronald Reagan's former campaign manager, in fact. It was said that a

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FOR PUBLIC AFFAIRS STAFF

PROGRAM All Things Considered...

STATION WETA FM
NPR Network

DATE April 22, 1982 5:00 PM

CITY Washington, DC

SUBJECT Rositzke Discusses Inman

SANFORD UNGAR: Harry Rositzke retired from the CIA in 1970, after 25 years in the agency. He says that a resignation at Inman's level can only be harmful to the CIA.

HARRY ROSITZKE: It's another blow against what, I suppose, the general opinion would be of the stability -- and since most people don't know what's going on inside, also further evidence of internal difficulties.

UNGAR: A blow to its stability, you mean, because of the fact that when you have an old-time professional intelligence person leaving, that means there must be something wrong?

ROSITZKE: That certainly is part of it. But I think the the whole position of the Director and the Deputy Director is an extremely odd one, and really hasn't worked out unless the deputy was a relatively weak person.

For many directors, the job was to be the head of all the government's intelligence community and since he, theoretically could not also run the agency, the deputy's job was to run the agency. Well, that, I think, has never really worked out because no director is going to sit up there and not have a large hand in certainly directing the activities of the deputy director of operations.

UNGAR: I know you've been out of the agency for some time, but what was the view, as far as you knew, within the CIA of Bobby Inman?

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FOR PUBLIC AFFAIRS STAFF

PROGRAM	Morning Edition	STATION	WAMU Radio NPR Network
DATE	April 22, 1982	8:05 AM	CITY Washington, DC
SUBJECT	The Resignation of Admiral Inman		

BOB EDWARDS: The number two man in the Central Intelligence Agency has submitted his resignation. The Agency's Deputy Director, Admiral Bobby Ray Inman, told President Reagan of his decision a month ago, and yesterday the President accepted that resignation with deep regret.

NPR's Alan Burlow has this report.

ALAN BURLOW: Inman was one of the most highly respected and trusted intelligence officers in the country. He is the man many congressmen, senators, and intelligence professionals hoped would be appointed CIA Director when President Reagan took office. He is also the man many hoped would replace CIA Director William Casey when he came under fire from the Senate Intelligence Committee last year.

Even during Casey's own confirmation hearings, Bobby Inman emerged as everybody's favorite spy. Senator Barry Goldwater urged Casey to hire Inman as his deputy, and others, including Joseph Biden, joined the chorus of praise for Inman.

SENATOR JOSEPH BIDEN: Unquestionably the absolute best person in every respect that has ever testified before this committee is Admiral Inman. In my opinion, he's the single most competent man that exists in the entire United States of America regarding the intelligence community. He is super, super competent, forthcoming, honest, and very, very, very, very good.

BURLOW: So why is Inman leaving? Inman says he accepted the job of Deputy CIA Director to help rebuild the Agency but that he accepted it reluctantly. Inman did not want to leave the National Security Agency, which he headed, to take the number two job at CIA.

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4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM	All Things Considered...	STATION	WETA TM NPR Network
DATE	April 22, 1982	5:00 PM	CITY Washington, DC
SUBJECT	Schorr's Commentary on Inman		

SANFORD UNGAR: Admiral Bobby Inman, the former Director of the National Security Agency announced yesterday that he is retiring as Deputy Director of the Central Intelligence Agency.

Inman, who is 51-years old says he wants to work in the private sector, so he will also retire from the Navy.

Inman was regarded by many people in the Reagan Administration to be too moderate but commentator Daniel Schorr says there may be other reasons for the Admiral's decision.

DANIEL SCHORR: His objections to CIA spying at home into hastily conceived covert operations abroad may have made Admiral Inman seem too liberal for a right-wing Administration. But more to the point was his defense of professionalism against the harnessing of Intelligence to ideological purposes.

Inman opposed a Reagan executive order easing restraints on domestic surveillance and breaks less from scruples about civil liberties than a conviction that an intelligence agency functions better under professional discipline.

More recently he was fighting a National Security Council plan to elevate counterintelligence into a separate, centralized agency.

Inman was appalled to find that an avowedly security conscious Administration had no compunction about leaking sensitive intelligence information for political and ideological reasons.

ARTICLE APPEARED
ON PAGE 1.

BALTIMORE SUN
22 April 1982

Adm. Inman resigns from No. 2 CIA post

By Henry Trehwitt
and Charles Cordry
Washington Bureau of The Sun

Washington—Adm. Bobby R. Inman resigned as deputy director of central intelligence yesterday, exchanging cordial letters with President Reagan that an informed official said cloaked differences with the current system.

In a telephone interview, however, Admiral Inman said reports that policy disagreements prompted his departure were "really not valid. Somebody's trying to make a good story that's not there. . . I've had my share of bureaucratic battles. . . I've won more than my share—I'm not stomping off angry."

In his letter of resignation, released by the White House, Admiral Inman, 51, praised Mr. Reagan's actions to strengthen the intelligence system. In turn, Mr. Reagan accepted the resignation with "deep regret" and thanked the admiral for his achievements in a 30-year Navy career—most of it in intelligence work.

Admiral Inman said he also will resign his Navy commission unless he receives another active-duty assignment, which "I do not anticipate." He would remain until a successor is confirmed by the Senate, he said—he hoped by the end of next month.

He took the job as deputy director "reluctantly" last year, the admiral recalled, and he believed that "the initial challenge has now been met." One report said he will enter private business, where his expertise in high technology presumably would be in great demand.

The admiral indicated that he had hoped to leave government service and start a second career when he left his job as head of the National Security Agency and was persuaded, instead, to take the CIA job in the Reagan administration.

"When I was leaving the NSA job, I'd had a super time [like] running a large corporation. It was fun and I thought that was the right time to transfer to a new life-style," said the admiral, who ran that supersecret code and surveillance agency for four years.

"My arm was twisted, that's no secret, to help the new administration to get itself organized. The report of

commitment that they would set out to do a long-range rebuilding program. That's been done. The plan has been endorsed . . . the money and people are beginning to flow."

As in Admiral Inman's personal explanation, there was no hint of ill feeling in the formal exchange with the president. But an official who watches the intelligence community closely said Admiral Inman "did not see eye to eye" with William J. Casey, who as director of central intelligence and head of the Central Intelligence Agency is his boss.

This source and others with the same view were unable to give examples, however. One said merely that Mr. Casey allowed Admiral Inman to take responsibility for mistakes and retained credit for himself.

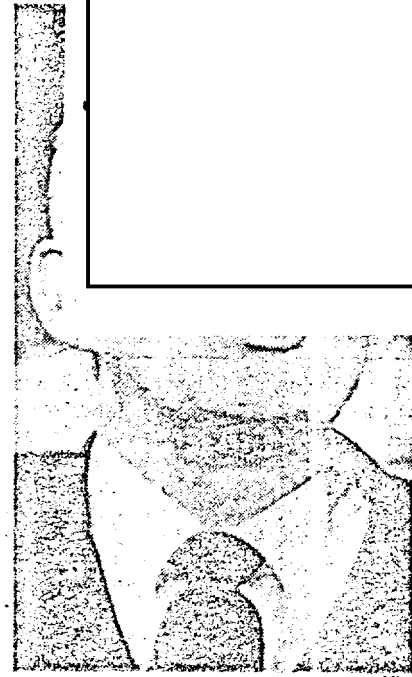
"Have I had various bureaucratic disagreements?" Admiral Inman asked, echoing an interviewer's question. "The answer is absolutely yes." But, he went on, "in most cases" they were resolved in good working relationships. Asked about his boss at the CIA, Mr. Casey, Admiral Inman replied, "Ours is a cordial relationship."

The admiral said his plans are open, adding that he had been planning his departure since last month. "I sent the letter off in March to get them off the dime to address the fact that this summer I really want to do fresh things. . . It was time to get on with my second career."

The admiral is a great favorite with Congress, having received Senate confirmation last year by a 94-0 vote. His self-effacing, fact-loaded briefings have been praised by liberals and conservatives alike.

Early last year, his testimony before the Senate Intelligence Committee defused concern over reported administration plans to authorize CIA spying on American citizens and conduct covert operations in the United States. The admiral made it clear, Senator Daniel Patrick Moynihan (D, N.Y.) reported, that "the job of the CIA is abroad."

After that, the guidelines for intelligence activity went through several drafts, finally emerging in an executive order by Mr. Reagan on December 4. The long document in fact authorized intelligence agencies to collect information at home and the CIA



ADM. BOBBY R. INMAN
... plans second career at 51

It broadened the activities permitted in guidelines fixed by former President Carter. But it did not go as far as some Reagan administration officials had proposed in early drafts.

The order says that the domestic activities must not be "intended to influence United States political processes, public opinion, policies or media, and do not include diplomatic activities." They must be reported to the intelligence committees of both houses of Congress.

There was some concern that Admiral Inman's absence may result in the guidelines being tightened again. Senator Joseph R. Biden, Jr. (D, Del.), was quoted last night as saying that "without him, the intelligence agencies may be given license to try all kinds of questionable things here and abroad."

At 51, Admiral Inman looks even younger. His career was meteoric, especially since he graduated not from the Naval Academy but from the University of Texas, in 1950, as a reserve officer.

Most of his career has been in intelligence, more recently with emphasis on high technology. It was the prime consideration in his work as director of the National Security Agency—which makes and breaks codes and conducts electronic surveillance—from 1977 until he was assigned to the CIA.

Earlier assignments ranged from assistant naval attache in Stockholm to assistant chief of staff for intelligence during the

ARTICLE APPEARED
ON PAGE A-1

NEW YORK TIMES
22 APRIL 1982

Inman to Leave Post as Deputy To C.I.A. Chief

By PHILIP TAUBMAN
Special to The New York Times

WASHINGTON, April 21 — Adm. Bobby R. Inman, who took positions on intelligence and foreign affairs that often brought him into conflict with Reagan Administration policy, has decided to resign as Deputy Director of Central Intelligence, the White House announced today.

Admiral Inman is the first senior national security official to resign voluntarily from the Reagan Administration for reasons related, at least in part, to policy disagreements.

The White House, in a statement, said that Admiral Inman, 51 years old, who will also resign from the Navy, had planned to leave Government service for several years but was persuaded by President Reagan last year to accept his current job and postpone his retirement for 18 months.

Clashes and Frustration Reported

As word of Admiral Inman's decision spread, members of the Senate and House intelligence committees said they were astounded by the news and concerned that the loss of his moderate viewpoint might clear the way for intelligence agencies to expand their operations in ways that might threaten civil liberties. [Page A26.]

Associates of Admiral Inman, as well as several senators, said that his departure, expected to become effective by midsummer, was prompted by a series of clashes with the White House and mounting frustration over the direction of the Administration's intelligence and foreign policies.

They said that Admiral Inman, whose views are generally considered more liberal than those of other senior officials, was particularly irritated by the White House national security staff, which he apparently felt was obstructing the working out and carrying out of intelligence policy. Admiral Inman said tonight that his departure was primarily a result of his long-standing desire to leave the Government but was also prompted by other concerns, including "steadily diminishing tolerance for petty bureaucratic intrigue."



United Press International

Adm. Bobby R. Inman

One member of the Senate Intelligence Committee said, "You can't imagine the number of times he came up here and had to defend policies it was obvious he disagreed with."

Senator Joseph R. Biden Jr., Democrat of Delaware, said: "Inman believes a nation can have both effective intelligence agencies and civil liberties. Without him, the intelligence agencies may be given license to try all kinds of questionable things here and abroad."

Senior Administration officials minimized Admiral Inman's frustrations. William J. Casey, the Director of Central Intelligence, denied that Admiral Inman was disillusioned with Administration policies. "There are always disagreements among officials," Mr. Casey said in an interview. "That's nothing new."

He added that he had a good working relationship with Admiral Inman. Other intelligence officials said that the relationship between the two men was frequently strained.

A senior White House official, who asked not to be identified, acknowledged that Admiral Inman had clashed with the staff of the National Security Council, but added that those differences had been resolved, and expressed doubt that they had played a role in the admiral's decision to resign.

"I don't think there's any big mystery," the official said, adding that he thought Admiral Inman simply wanted to go into the private sector.

Recently, White House officials said, Admiral Inman disagreed with a proposal drafted by the National Security Council staff to reorganize United States counterintelligence activities by creating a new central agency that would take over management of responsibilities now in the hands of the C.I.A. and the Federal Bureau of Investigation.

President Reagan praised Admiral Inman for his "leadership and wise counsel" in a letter accepting the admiral's resignation that was made public by the White House today. It was dated April 21. Noting that he accepted the resignation with "deep regret," Mr. Reagan stated, "You leave the intelligence community in a strengthened and enhanced posture."

Seeking 'Fresh Challenges'

The White House also made public a letter to the President from Admiral Inman, dated March 22, in which Mr. Inman wrote that he wanted to leave Government service to "move on to fresh challenges." Mr. Inman wrote that he originally accepted the deputy directorship "reluctantly."

Bobby Ray Inman, born in Rhoadsboro, Tex., entered the Navy in 1952, rising through the ranks rapidly. He began specializing in intelligence work in 1961, serving as chief intelligence officer for the Seventh Fleet, naval attaché in Sweden and Director of Naval Intelligence. Before becoming director of the National Security Agency in 1976, he also served as vice director of the Defense Intelligence Agency.

When Admiral Inman was recruited for the job in January 1981, he was serving as Director of the National Security Agency, the nation's largest intelligence agency, which uses satellites and other advanced electronic equipment to monitor worldwide communications. It is also responsible for cracking enemy codes and developing unbreakable ciphers for the United States.

Admiral Inman reportedly resisted the move to become Deputy Director of Central Intelligence, a job that carries the dual responsibility of being the nation's No. 2 intelligence officer and being second in command of the Central Intelligence Agency. He preferred the undiluted authority of running his own

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INNAN

22 April 1982

BY DONALD A. DAVIS

WASHINGTON (UPI) -- ADM. BOBBY RAY INNAN IS GIVING UP HIS POST AS AMERICA'S FOREMOST INTELLIGENCE OFFICIAL, BUT WILL STAY ON AS DEPUTY DIRECTOR OF THE CIA LONG ENOUGH TO PROVIDE A SMOOTH TRANSITION FOR HIS SUCCESSOR.

THE RESIGNATION OF THE 51-YEAR-OLD, FOUR-STAR ADMIRAL WAS MADE PUBLIC WEDNESDAY BY THE WHITE HOUSE AND ACCEPTED BY PRESIDENT REAGAN WITH "DEEP REGRET."

RECOGNIZED BOTH INSIDE AND OUTSIDE THE INTELLIGENCE COMMUNITY AS THE COUNTRY'S MOST EXPERIENCED AND EFFECTIVE SPYMASTER, INNAN SAID ONLY "IT WAS TIME I MOVE ON TO FRESH CHALLENGES."

"THE NATION'S FINEST PROFESSIONAL INTELLIGENCE OFFICER," HOUSE INTELLIGENCE COMMITTEE CHAIRMAN EDWARD BOLAND, D-MASS, CALLED INNAN, "THE NATION -- AND THE INTELLIGENCE COMMUNITY -- IS MUCH THE BETTER FOR HIS HAVING PASSED THIS WAY."

SIMILAR SENTIMENTS WERE VOICED BY OTHER MEMBERS OF CONGRESS.

INNAN, WHO ALSO INTENDS TO RESIGN FROM THE NAVY, SAID HE WILL CONTINUE TO SERVE AS THE TOP AIDE TO CIA DIRECTOR WILLIAM CASEY UNTIL HIS SUCCESSOR IS CONFIRMED BY THE SENATE. WHITE HOUSE SOURCES SAID DIFFICULTY IN REPLACING INNAN WITH A TOP MILITARY MAN WAS THE REASON HIS RESIGNATION WAS KEPT SECRET.

THE CIA TRADITIONALLY HAS HAD A CIVILIAN AND A MILITARY OFFICER IN ITS TOP TWO POSTS. MILITARY OFFICERS ARE BARRED FROM OCCUPYING BOTH POSITIONS.

THERE WAS SPECULATION IN THE INTELLIGENCE COMMUNITY THAT JOHN MCHANN, THE CIA'S EXECUTIVE DIRECTOR AND NO. 3 OFFICIAL, MIGHT GET INNAN'S JOB. MCHANN, 52, WAS DESCRIBED BY INTELLIGENCE OFFICERS AS "AN EXCELLENT MANAGER."

THEY SAID MCHANN IS A CAREER INTELLIGENCE OFFICER WHO HAS SERVED IN ADMINISTRATION, TECHNICAL PROJECTS AND AS HEAD OF THE AGENCY'S CLANDESTINE OPERATIONS DIVISION.

ALSO MENTIONED PROMINENTLY AS A POSSIBLE SUCCESSOR TO INNAN WAS GEN. LEM ALLEN JR., 56, WHOSE FOUR-YEAR TERM AS AIR FORCE CHIEF OF STAFF CONVENIENTLY ENDS JUNE 30.

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ON PAGE 4

WALL STREET JOURNAL
22 April 1982

CIA's Deputy Director Inman Is Quitting In Apparent Flap Over Domestic Spying

By GERALD F. SEIB

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Bobby Inman is resigning as deputy director of the Central Intelligence Agency, a move that government sources believe was prompted by a dispute over plans for domestic intelligence activities.

The CIA yesterday sent congressional committees a message saying President Reagan "regretted" that Adm. Inman is resigning from the agency and retiring from the Navy. The message said Adm. Inman was quitting to "enter the private sector."

White House officials insisted that Adm. Inman, who is highly regarded in Congress and the U.S. intelligence community, had intended to quit after the Reagan administration had been in office about 18 months. But congressional aides and other officials say his departure seemed to be prompted by a disagreement with other administration officials over how to conduct counterintelligence operations in the U.S.

The sources said Adm. Inman objected to a new directive the White House approved on counterintelligence operations. He reportedly felt the new procedures allowed intelligence agencies to get too heavily involved in spying activities in the U.S. Also, sources said, he was miffed because the White House didn't allow him a greater voice in shaping the intelligence procedures.

Last year, Adm. Inman battled with White House officials over the wording of a broader executive order governing all intelligence activities, complaining that it would allow the CIA to conduct operations against U.S. citizens. The order was held up for months and eventually was modified to overcome most of his objections.

The departure of Adm. Inman is sure to create problems for the administration in Congress. Many influential lawmakers hold him in higher esteem than they do CIA Director William Casey, and they hoped Adm. Inman eventually would move to the CIA's top position.

Some of the congressional clamoring for Mr. Casey's resignation during a Senate investigation of his finances last year

stemmed from a desire for Adm. Inman to move up. Lawmakers have contended that they get a clearer picture of CIA activities from Adm. Inman than from Mr. Casey.

Administration aides said they hadn't yet begun to consider a replacement for Adm. Inman. He plans to remain in his post until a successor is named, probably early this summer, administration officials said.

Despite the congressional suspicions of a high-level disagreement, administration aides contended that there weren't any bureaucratic battles that led to Adm. Inman's resignation. They noted that he had been tempted to take a job in business last year and had to be persuaded to take the CIA post in the first place.

At that time, Adm. Inman complained that he could make far more money by accepting lucrative private-sector jobs than he could by remaining in government service. To persuade him to take the CIA job, President Reagan agreed to promote him to full admiral from rear admiral, making him the first naval intelligence specialist to reach that rank.

Before taking the CIA job, Adm. Inman had been director of the National Security Agency, a secretive Pentagon organization that monitors radio and satellite communications; earlier, he was director of naval intelligence.

After taking the CIA post, Adm. Inman confided to associates that he found it difficult to serve as No. 2 man after directing the NSA. Some intelligence officials speculated earlier that Adm. Inman might look for another job if it seemed that Mr. Casey wasn't stepping aside soon.

Adm. Inman has been handling much of the day-to-day operations of the CIA, intelligence officials said. Mr. Casey has focused more on coordinating the activities of the CIA and other U.S. intelligence organizations and has devoted a great deal of time to his duties as a member of the Cabinet. Past CIA directors haven't been Cabinet members.

Adm. Inman has been stressing that the

CIA needs to beef up its analytical staff and focus more on international economic issues rather than merely political and military issues. For instance, agency analysts recently began compiling forecasts of global economic problems in the next decade or so.

The administration is likely to look for a military officer to take Adm. Inman's place. The No. 2 post at the CIA customarily is filled by a military official if a civilian has the top post.

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THE WASHINGTON POST
22 April 1982

Leaving for Private Industry Adm. Inman Quitting No. 2 Job at CIA

By George C. Wilson and George Lardner Jr.
Washington Post Staff Writers

Adm. Bobby Ray Inman is quitting as deputy director of the Central Intelligence Agency, the White House announced yesterday.

Inman, 51, formerly director of the National Security Agency and highly regarded in intelligence, plans to go into private industry where, as one who knows him well put it, "he can get back to running something."

Inman last year made no secret of his reluctance to give up the number one job at the NSA, the agency that collects most of its intelligence through electronic intercepts, to become the number two executive at the CIA under William J. Casey. In his year as deputy director of the CIA, Inman has received high marks from influential senators and representatives but has waged bitter, behind-the-scenes battles with officials in the White House National Security Council.

One big issue, administration sources said, was the extent of CIA spying within the United States. Inman resisted going as far as some NSC officials desired, but ended up endorsing President Reagan's decision to authorize covert CIA activities in this country. Historically domestic intelligence has been the province of the Federal Bureau of Investigation with the CIA limiting its intelligence collection to overseas.

White House sources said last night that Inman was unhappy with the decision by William P. Clark, Reagan's national security adviser, to review the CIA and defense budgets. Inman argued that the White House was getting too deeply into the agency business, but did not resign for that reason, they said.

There also have been reports that Inman chafed under Casey's brand of leadership, once calling the director "the wanderer" because of his penchant for flying off to hotspots all around the world. Other sources said yesterday that Inman also felt Casey had too much enthusiasm for risky CIA undertakings overseas.

Inman told The Washington Post that he wanted to give the administration plenty of notice so it could find a successor and have a smooth transition at the agency. He said he had hoped to leave in June but might stay on until Labor Day.

He denied that he and Casey had been at odds, terming the relationship "cordial."

A big influence on his decision, Inman said, was to increase his income to educate his two sons, aged 16 and 19.

He told President Reagan of his decision to resign in a March 22 letter stating that he felt it was "time that I move on to fresh challenges."

In a response dated yesterday, Reagan accepted the resignation "with deep regret."

"Your dedication and contributions to the United States over more than 30 years of naval service have been of inestimable value," the president told Inman. "You leave the intelligence community in a strengthened and enhanced posture."

The resignation was greeted with dismay on Capitol Hill where Inman was much more popular, among both Republicans and Democrats, than Casey. In fact, Sen. Barry Goldwater (R-Ariz.) and others made it plain immediately after the 1980 elections that Inman was their first choice for the directorship. But

Casey wanted the job and had the inside track with the president-elect.

Voicing regret at Inman's leaving, House Intelligence Committee Chairman Edward P. Boland (D-Mass.) called him "the nation's finest professional intelligence officer."

Boland said the committee had been impressed by Inman's "clear command of many difficult and complex subjects . . . his candid opinions and . . . his forthright and honest presentation of the facts."

Casey, by contrast, had been criticized in congressional quarters for being less forthcoming, at least during his first year on the job. Dissatisfaction over Casey's ill-fated choice of a Reagan campaign colleague, Max Hugel, as chief of CIA covert operations led Goldwater last year to call publicly for Casey's resignation.

The White House blunted the drive, partly by letting it be known that Inman

An articulate and complicated man who often conveyed soothing impressions without actually committing himself, Inman sometimes sounded like a hard-liner, sometimes like the intelligence community's leading defender of civil liberties.

At the outset of last year's prolonged wrangling over a new and less restrictive executive order to govern the intelligence community, Inman predicted publicly that the final order would contain nothing giving the CIA power to carry out covert operations in the United States.

The final order, in December, authorized just that, in support of "objectives abroad." Inman defended the new provisions and contended that they were really limited.

On another occasion, as NSA director, he assured a Senate committee that his agency had no difficulty with the Freedom of Information Act and that he saw no need for major changes. As deputy CIA director, he assailed the law's application to both the CIA and NSA and said it had caused "serious problems" for both agencies.

Asked by a reporter about the shift, he smiled and said he had been less outspoken before "because we couldn't get more before."

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FOR PUBLIC AFFAIRS STAFF

PROGRAM CBS Morning News STATION WDMV-TV
CBS Network

DATE April 22, 1982 7:00 A.M. CITY Washington, D.C.

SUBJECT Admiral Inman Looks for Fresh Challenges

DIANE SAWYER: There's a hot new topic for speculation in Washington today: why Admiral Bobby Inman is quitting as Deputy Director of the CIA. Inman, who's also retiring from a 30-year Navy career, says he's looking for fresh challenges in private life. But people in the intelligence community and on Capitol Hill, where Inman is highly respected by almost everyone of every political stripe, say they think Inman just is fed up because of policy disputes with the White House, and reportedly some personal friction with CIA Director William Casey.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM	CBS Morning News	STATION	WDVM-TV CBS Network
DATE	April 22, 1982 7:30 A.M.	CITY	Washington, D.C.
SUBJECT	Admiral Resigning		

DIANE SAWYER: Surprise and dismay are the reactions in Washington to the word that Admiral Bobby Inman is resigning as the Deputy Director of the CIA and ending his 30-year career in the Navy. Inman is widely considered this country's best professional spy.

Robert Schakne reports on the public and private comments about his departure.

ROBERT SCHAKNE: Admiral Inman has told associates he's resigning partly for personal financial reasons. With children nearing college age, he plans to take a job in the private sector. But Inman has also told associates he does not enjoy being number two to CIA Director William Casey. He and Casey have not always agreed. And Inman is well aware that a number of senators and congressmen think that he, and not Casey, should be running the agency.

His resignation letter suggests he'd stay on with a better government job. He's retiring, he wrote the President, "in the absence of another active duty assignment, which I do not anticipate."

Admiral Inman has had his share of public differences with the White House national security staff. A year ago, when the White House drew up proposed new guidelines putting the CIA into domestic intelligence gathering, Inman called the proposals repugnant, and he threatened to quit.

Inman is a favorite among members of congressional intelligence committees.

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4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM ABC World News Tonight STATION WJLA-TV
ABC News

DATE April 21, 1982 7:00 P.M. CITY Washington, D.C.

SUBJECT Deputy Director of the CIA Resigns

FRANK REYNOLDS: A major change tonight in the American intelligence community. The White House announced that Admiral Bobby Inman, Deputy Director of the CIA, has resigned. Inman maintains his retirement was long planned. But there is more to the story. And we have this report from White House correspondent Sam Donaldson.

SAM DONALDSON: The White House has been sitting on Admiral Inman's letter of resignation since March 22nd. That's the day it's dated. In it, the Admiral recalls for the President that he reluctantly accepted the job of Deputy Director of Central Intelligence in the first place. And he says, pointedly, that he's requesting retirement from military service because he doesn't expect to get another assignment. And, in fact, the President doesn't offer him one in his "Dear Bob" letter accepting the resignation with deep regrets.

The fact is, Admiral Inman clearly opposed much of the Reagan Administration's push for renewed CIA surveillance of American citizens and for its push for relaxed oversight of CIA activities. The Reagan Administration, in turn, never really looked at Admiral Inman as one of its team players. Last year, when Senator Goldwater and others tried to force CIA Director Casey out, the White House quietly passed word that Inman would never succeed Casey, no matter what.

So Inman, who was widely respected in the intelligence community, both here and overseas, and by journalists who cover intelligence activities, has resigned. His letter of resignation, dated March 22nd, finally released because, according to Deputy Press Secretary Larry Speakes, Inman wanted it out.

Approved For Release 2006/05/17 : CIA-RDP91-00901R000400110003-2

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FOR PUBLIC AFFAIRS STAFF

PROGRAM NBC Nightly News STATION WRC-TV
NBC Network

DATE April 21, 1982 7:00 P.M. CITY Washington, D.C.

SUBJECT Admiral Inman Resigns

ROGER MUDD: Life at the Central Intelligence Agency under Director William Casey has been less than calm. And today the agency's number two man, 51-year-old Admiral Bobby Ray Inman, resigned, effective upon the choice of a successor. Inman's reported opposition to increased domestic spying by the CIA was said to be the reason.

House Intelligence Committee Chairman Edward Boland called Inman "this nation's finest professional intelligence officer."

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Personalities

Millionaire investment banker **Nicholas Brady** was sworn in yesterday as New Jersey's junior senator in a brief Senate ceremony witnessed by his family and two friends from the top echelons of the Reagan administration, CIA Director William J. Casey and Attorney General William French Smith.

The new senator was appointed by Republican Gov. **Thomas Kean** to serve the remaining seven months of the term of Democrat **Harrison A. "Pete" Williams Jr.**, who was forced to resign from the Senate after convicted of bribery and conspiracy in the Abscam scandal.

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4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM CBS Evening News STATION WDVM-TV
CBS Network

DATE April 21, 1982 7:00 P.M. CITY Washington, D.C.

SUBJECT The Resignation of Admiral Inman

DAN RATHER: A surprise and a mystery tonight in Washington. Admiral Bobby Inman has suddenly and unexpectedly resigned as Deputy Director of the Central Intelligence Agency. He also is retiring from the Navy. Inman is only 51 years old. He is widely regarded as the best intelligence manager in the country. He is generally thought to have been running the CIA on an hour-by-hour basis, as second man down to the 69-year-old CIA Director, William Casey.

The White House says Inman is leaving because he wants to go into private business. Details unspecified. Inman's letter of resignation mentions only family reasons for wanting to leave.

Why he suddenly chose this particular time to leave is, for the moment, at least, a mystery. CBS News was told tonight by a source with extensive contacts inside the CIA that Inman resigned because of personal difficulties with Director Casey. There is no official confirmation of this.

21 April 1982

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7EDS: EDITS TO INCLUDE INMAN COMMENTS TO NEWSPAPER. SUBS GRAFS 13-14 WITH CONFIRMATION OF STUDY; INSERTS GRAF 17-20 WITH INMAN QUOTES FROM BALTIMORE INTERVIEW. EDITING ELSEWHERE TO TIGHTEN.

7BY BARRY SCHWEID

7ASSOCIATED PRESS WRITER

WASHINGTON (AP) - ADM. BOBBY INMAN, THE DEPUTY DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY, IS RESIGNING TO ENTER PRIVATE BUSINESS; THE WHITE HOUSE ANNOUNCED WEDNESDAY.

THE WHITE HOUSE RELEASED AN EXCHANGE OF LETTERS IN WHICH INMAN ASKED TO LEAVE HIS POST AS SOON AS A SUCCESSOR COULD BE CONFIRMED.

PRESIDENT REAGAN ACCEPTED THE RESIGNATION "WITH DEEP REGRET."

INMAN SAID IN HIS LETTER THAT HE BELIEVED "THE INITIAL CHALLENGE HAS BEEN MET" IN THE ADMINISTRATION'S GOAL OF STRENGTHENING THE NATION'S INTELLIGENCE CAPABILITIES.

THE PRESIDENT'S ACCOMPLISHMENTS ON THOSE LINES "WILL RANK AS ONE OF THE MAJOR CONTRIBUTIONS OF YOUR FIRST TERM," INMAN WROTE.

THERE WAS NO IMMEDIATE WORD ON A SUCCESSOR TO THE 51-YEAR-OLD INMAN. TRADITIONALLY, ONE OF THE TOP TWO JOBS AT THE CIA GOES TO A CIVILIAN AND THE OTHER TO A MILITARY OFFICER.

THE WHITE HOUSE ANNOUNCEMENT SAID INMAN HAD WANTED TO RETIRE AT THE END OF 1980, AS THE CARTER ADMINISTRATION WAS LEAVING OFFICE, BUT HAD BEEN PERSUADED TO TAKE THE NO. 2 CIA POST.

INMAN'S LETTER WAS DATED MARCH 22; THE PRESIDENT'S WAS DATED WEDNESDAY.

DEPUTY WHITE HOUSE PRESS SECRETARY LARRY SPEAKES SAID THE ADMINISTRATION DELAYED ANNOUNCEMENT OF THE RESIGNATION IN THE HOPES IT COULD NAME A SUCCESSOR AT THE SAME TIME; BUT DECIDED TO GO AHEAD WHEN IT LEARNED THAT A NEWSPAPER - WHICH HE DID NOT IDENTIFY - WAS ABOUT TO PUBLISH A STORY ON INMAN'S DEPARTURE.

SPEAKES SAID HE KNEW OF NO REASON FOR INMAN'S RESIGNATION OTHER THAN WHAT HE WROTE. ANOTHER WHITE HOUSE SOURCE SAID IT WAS "NOT BECAUSE OF ANY FIGHTS; SO I AM TOLD."

ONE CONSERVATIVE SOURCE WHO HAS ACCESS TO INTELLIGENCE INFORMATION SAID WEDNESDAY EVENING THAT INMAN RESIGNED BECAUSE HE HAD "VIOLENTLY OBJECTED" TO A STUDY OF COUNTER-INTELLIGENCE MEASURES AUTHORIZED BY PRESIDENT REAGAN.

THIS SOURCE, WHO INSISTED ON ANONYMITY, SAID THE STUDY WOULD SHOW THAT INMAN, WHILE HE HEADED THE NATIONAL SECURITY AGENCY UNDER THE

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21 April 1982

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PICTURE

CIA DEPUTY DIRECTOR RETURNING TO PRIVATE LIFE
BY DONALD A. DAVIS

WASHINGTON (UPI) -- IN THE SHROUDED WORLD OF THE SPY, BOBBY RAY INMAN WAS NOT A MAN TO BE TAKEN LIGHTLY.

NOT ONLY WERE HIS CREDENTIALS IMPECCABLE IN THE ARENA OF SIFTING THROUGH INTELLIGENCE INFORMATION, BUT INMAN WAS A FOUR-STAR ADMIRAL AND DEPUTY DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY.

HE SIGNED OFF ON BOTH JOBS WEDNESDAY TO RETURN TO PRIVATE LIFE. NO OTHER OFFICIAL REASON WAS GIVEN.

SPECULATION WAS RAMPANT, HOWEVER, ON WHETHER THERE WERE OTHER REASONS AND WHETHER INMAN WAS FED UP WITH HIS JOB.

AN INTELLIGENCE SOURCE SAID INMAN HAD "NEVER REALLY ENJOYED BEING NO. 2 AT THE AGENCY" AND THERE WERE REPORTS OF FRICTION BETWEEN INMAN AND CIA DIRECTOR WILLIAM CASEY, WHO HE REPORTEDLY ONCE CALLED "THE WANDERER" FOR HIS PENCHANT FOR FLYING TO HOT SPOTS AROUND THE WORLD.

CIA OFFICIALS ON ACTIVE SERVICE WOULD NOT DISCUSS THE RESIGNATION. BUT FORMER AGENTS WERE LESS RELUCTANT. ONE SAID INMAN HAD BEEN SHOULDERING TOO MUCH OF THE WORKLOAD AND WAS ALMOST RUNNING THE AGENCY.

ADMINISTRATION SOURCES WERE QUOTED BY THE WASHINGTON POST TODAY AS SAYING ONE POINT OF CONTENTION WAS THE EXTENT OF CIA SPYING IN THE UNITED STATES.

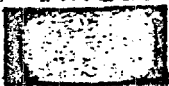
INMAN OPPOSED GOING AS FAR AS SOME WHITE HOUSE NATIONAL SECURITY COUNCIL OFFICIALS WANTED, BUT ENDED UP ENDORSING PRESIDENT REAGAN'S DESIRE TO AUTHORIZE COVER CIA ACTIVITIES IN THE UNITED STATES.

WHITE HOUSE SOURCES WERE QUOTED BY THE POST AS SAYING INMAN WAS UNHAPPY WITH THE DECISION BY WILLIAM CLARK, REAGAN'S NATIONAL SECURITY ADVISER, TO REVIEW THE CIA AND DEFENSE BUDGETS.

PRIOR TO JOINING THE CIA LAST YEAR, INMAN SERVED AS DIRECTOR FOR THREE YEARS OF THE NATIONAL SECURITY AGENCY, WHICH COLLECTS MOST OF ITS INTELLIGENCE THROUGH ELECTRONIC INTERCEPTS. HE WAS RELUCTANT TO GIVE UP THE JOB AS NO. 1 AT NSA TO BECOME NO. 2 AT CIA, BUT DID IT.

INMAN WAS WIDELY RESPECTED ON CAPITOL HILL AND HIS APPOINTMENT BY REAGAN TO THE KEY CIA POST WAS HAILED, ESPECIALLY IN LIGHT OF CASEY'S LACK OF INTELLIGENCE EXPERIENCE.

STATINTL



ARTICLE APPEARED
ON PAGE 75LOS ANGELES TIMES
13 APRIL 1982

The CIA Makes a Comeback

By JACK C. LANDAU

After six years on the political defensive, the Central Intelligence Agency and its allies in the intelligence community have launched a successful counteroffensive to restrict public information about and oversight of intelligence activities.

With strong support from the Reagan Administration and conservatives in Congress, the intelligence community has won three political victories in the past month:

—A new executive order that keeps secret a massive collection of foreign-policy and defense documents that previously had been available for inspection by scholars and journalists.

—The firing by President Reagan of the U.S. attorney in San Diego after he confirmed to a newspaper that the Justice Department was investigating a former Mexican official, who was also a CIA intelligence source, for his involvement in a multimillion-dollar California car-theft ring.

—Passage by Congress of the agent-identities bill, which makes it a crime for a news organization to identify an intelligence agent or source, even if the agent or source is violating federal or state law, agency regulations or presidential policy.

The CIA believes that it is quickly restoring the legal protections that it had before the Watergate scandals and the Vietnam War.

After the Watergate and Vietnam disclosures of the CIA's misdeeds and misinformation, the agency lost a great deal of popular and political support, especially in Congress and with the Ford and Carter Administrations.

Congress was so upset by the disclosures of the illegal CIA covert activities in this country and abroad that it established a complex oversight structure requiring the CIA director to report to 14 congressional subcommittees on intelligence activities. Both the former CIA director, Stansfield Turner, and the current director, William Casey, have complained that it is difficult to keep intelligence secrets and sources under wraps with so much exposure on Capitol Hill.

The CIA has also complained about the federal Freedom of Information Act and the declassifying of foreign documents, which started during the Eisenhower Administration.

Every President for the past 20 years who has studied access to foreign document collections has concluded that the government, particularly the intelligence agencies, classifies too much—or insists on keeping secret information that poses no substantial danger to national security.

A series of presidential study groups have devised systems to release an increasing amount of information. President Jimmy Carter signed an executive order that allowed documents to be released if they posed no "identifiable danger" to national security. He also set up a system whereby foreign-policy documents were released automatically after 5 to 30 years, depending on the level of classification. Under this system, journalists discovered that CIA agents were conducting illegal break-ins in this country and were illegally opening mail.

Angered by these disclosures and by revelations about covert actions abroad, the agency argued that the system of making information public was endangering its sources.

However, the CIA had a difficult time proving its case, because it had never lost a suit in court where it was required to disclose classified information nor had any court ever ordered the identity of a CIA source disclosed.

The CIA then turned to the political process, and through a series of secret briefings persuaded the new Administration and Congress that access to foreign-affairs intelligence and defense-planning information had to be restricted.

The result in Congress was the agent-identities bill. The result in the White House was the new executive order by Reagan eliminating the automatic time-release of foreign-affairs documents, and allowing such information to be kept secret forever if disclosure would pose *any*—rather than "identifiable"—damage to America's national security.

But the strength of the intelligence agency's persuasion is perhaps best illustrated by the San Diego incident. There, a former head of Mexico's federal security agency, who also was a CIA source, was being investigated for his alleged involvement in a ring that stole cars in California for resale in Mexico.

The Justice Department urged the U.S.

attorney, William Kennedy, to drop the investigation—in effect, engage in a cover-up—because it feared that an indictment would disclose that the official was an intelligence source.

The U.S. attorney believed that he was under legal and ethical obligation to continue the investigation on the theory that CIA sources should not have immunity in breaking U.S. laws.

As a result, the U.S. attorney was fired. And, as a San Diego editor said to a Washington reporter, "Under the CIA's theory, a source could commit murder and get away with it."

Jack C. Landau writes for Newhouse News Service from Washington.

STAT
ST. LOUIS POST-DISPATCH
11 April 1982

Standards That Suit The CIA

William Casey, the director of the Central Intelligence Agency, has once more received a less than ringing affirmation of his compliance with legally imposed ethical standards. The Justice Department, after an investigation of several months, has concluded that Mr. Casey's failure to register as a foreign agent for Indonesia in 1976 did not violate the law because Mr. Casey — although he represented Indonesia — did not attempt to change U.S. policy. That appears to be merely an expedient way to avoid dealing further with the case. It follows the pattern of the Senate Intelligence Committee, which in December wound up its inquiry into ethical charges against Mr. Casey with the conclusion that he was "not unfit" to remain as CIA director.

The clearance of Mr. Casey on the Indonesian matter by the Justice Department means that a special prosecutor will not have to be appointed. The Senate Intelligence Committee's "not unfit" conclusion meant that the panel did not have

to face the issue of whether the director should be ousted — although its report found that Mr. Casey, in his legally required financial disclosure, failed to mention investments, personal debts and contingent liabilities, a number of corporations and foundations on whose boards he served, four civil lawsuits in which he was involved and more than 70 private clients he had represented.

Unlike previous CIA directors, Mr. Casey has not relinquished control of his investments, although his position provides access to information that gives him an advantage over other investors. He is one of five stockholders in a concern that is competing for government synthetic fuel subsidies, a connection that is excused on the ground that he is an "inactive stockholder." For Mr. Casey, the Reagan administration and its Senate supporters seem ready to ignore ethical standards applicable to others in government. That seems to be in keeping with the standards of the CIA itself.

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ON PAGE **A-10**

NEW YORK TIMES
10 APRIL 1982

On the Intelligence Bill's Tig

By **STEVEN V. ROBERTS**

Special to The New York Times

WASHINGTON, April 9 — Since Senator John H. Chafee seldom votes with Senate conservatives, his colleagues were surprised when the Rhode Island Republican became the chief author of a bill strongly supported by conservatives. That measure, which would make it a crime to identify undercover intelligence agents, has stirred up one of the most thought-provoking debates of the current legislative session.

The legislation has been passed by both chambers of Congress, and after differences are ironed out in conference, Presidential approval is virtually certain. But opponents of the bill think it is an unconstitutional invasion of freedom of the press, and they will move immediately to test it in court.

"It is an outrage," asserted Anthony Day, editor of the editorial pages of The Los Angeles Times. "I do not think the Constitution permits punishment for publication of that sort of information."

In Mr. Chafee's view, he is balancing the value of a free press against the need for effective intelligence, and he does not believe that any First Amendment rights are absolute. "They say my bill will inhibit the press, and that's true," the 59-year-old lawmaker said in a recent interview. "But the press accepts inhibitions in wartime. No one argues with that. No one says the press has a right to reveal the sailing of a troop ship, for instance. I don't want to equate this situation with war, but intelligence is a dangerous business."

An Essential Business

It is also, in Mr. Chafee's view, an essential business. "I'm appreciative of intelligence activity," said the Senator, the second-ranking Republican on the Intelligence Committee. "I want them to be good. They're a very important part of our overall national defense."

Defending the Central Intelligence Agency has not been a popular thing to do in recent years, and Mr. Chafee concedes that the agency has been known as a "rogue elephant," out of control and trampling on the rights of citizens. But he thinks that the success of his bill reflects a growing recognition that "intelligence is a very valuable tool in peacetime."

The key fight in the agents' identity bill has centered on the definition of the crime. Liberals argue that publishing names should only be barred if a person intended to harm the interests of the United States. Mr. Chafee's amendment, which was passed by a vote of 57 to 37, states that the act is criminal if the publisher "has reason to believe the person he reads from would



The New York Times / George James
Senator John H. Chafee

traordinarily broad and vague," in the words of Mr. Day, former chairman of the Committee on Freedom of Information for the American Society of Newspaper Editors. As a result, they fear it will have a "chilling effect" on the efforts of legitimate journalists to cover intelligence activities.

Rights of the Press

Mr. Day acknowledges that public sentiment probably favors the bill, but unlike Senator Chafee, he feels that the rights of the press are almost absolute. "This is messy," Mr. Day observed, "the worst possible case for us to make in the public mind. But it absolutely has to be made."

Senator Joseph R. Biden Jr. of Delaware, ranking Democrat on the Intelligence Committee, believes the bill reflects a resurgence of Cold War attitudes. "I really do think," he said, "that there is a whole attitude out there that says, 'In order to compete with the Soviet Union and protect our interests, we have to write off civil liberties.'"

Senator Patrick J. Leahy of Vermont, another Democrat on the Intelligence Committee, adds: "This Administration seems to start from the premise, 'How much can we hide?' I start from the premise, 'How can we protect the First Amendment?'"

Like many of his colleagues, Senator Leahy is a bit puzzled that Senator Chafee, who normally lines up with Senate liberals, pushed his bill so hard. "He got sold a bill of goods by the Administration," Senator Leahy said of Senator Chafee.

But that comment ignores the character and the experience of Rhode Island's junior Senator. In 1942, Mr. Chafee left Yale without his degree, joined the Marines, and landed with the first invasion forces on Guadalca-

He received his degree in 1947, at a time when Government service was considered a noble career by many young veterans. He kept his interest up through law school, the state legislature and the Rhode Island governorship, and after his defeat for re-election in 1963, President Nixon appointed him Secretary of the Navy. One of his aides in that job was Stansfield Turner, later head of the C.I.A. under President Carter and a strong influence on the Senator.

When the Issue First Arose

After coming to the Senate in 1977, Mr. Chafee asked to join the Intelligence Committee. About the same time, a former C.I.A. agent named Philip Agee was making a career out of publishing the names of his former colleagues, and when Senator Chafee traveled abroad and talked to intelligence agency officers, he was deluged with complaints.

Mr. Chafee said they had "constantly" raised the question: "How can America let this happen?"

The Senator was particularly alarmed by the murder of the C.I.A. chief in Athens and an attack on a young agency officer in Jamaica. But still, the lawmaker does not believe that the agency should be given "free rein," and he endorses effective Congressional oversight. "We have a tremendous responsibility; the success of the agency is dependent to a great degree on how we do our jobs," he said. "If we don't truly have oversight, something will go terribly wrong, and the agency will suffer."

Critics contend that this oversight effort is not functioning well today, and they blame the Reagan Administration. "We're just not getting the information," said Senator Leahy. "We read things in the paper before we read them in the committee."

Problem of Oversight

Mr. Chafee agrees, at least in part. He says that William J. Casey, the Director of Central Intelligence, has "made mistakes," and adds, "It is no secret that Bill Casey is not famous for crisp answers."

As Senator Chafee performs his delicate balancing act between two important principles, he often glances over his shoulder at the shade of his late uncle, Zechariah Chafee, long a professor at Harvard Law School and a leading authority on the First Amendment. The Senator likes to quote "Uncle Zack" to the effect that First Amendment rights can be abridged in cases where "the public safety is really imperiled."

But when he was asked if that definition fit the current situation, if his uncle would have approved of his bill, Senator Chafee paused and said:

CIA's Casey Cleared of Illegal Lobbying

By RONALD J. OSTROW, *Times Staff Writer*

WASHINGTON—Atty. Gen. William French Smith on Thursday cleared William J. Casey, the director of the Central Intelligence Agency, of charges that he violated the Foreign Agents Registration Act in 1976 by lobbying as a private lawyer on behalf of the government of Indonesia.

Smith, concluding a three-month inquiry under the Ethics in Government Act, said there was "insufficient evidence to support a criminal prosecution."

The charges against Casey, first published by the Washington Post on Jan. 7, maintained that he had lobbied with officials of the Treasury Department and the Internal Revenue Service for changes in U.S. tax policy that would be beneficial to Indonesia.

Smith said the charges were not supported by the evidence.

"Given the scope of the inquiry, it is unlikely that evidence to support the allegation would be developed through further investigation," Smith said, explaining why he had

decided not to seek appointment of a special prosecutor to pursue the case.

Under the foreign agents law, persons seeking changes in U.S. policy on behalf of a foreign government must register with the Justice Department. Those who willfully fail to register may be imprisoned for up to five years and fined \$10,000.

Smith said the investigation determined that Casey's representation of Indonesia did not involve efforts to change U.S. policy, thus exempting him from the registration requirement.

Instead, Smith said, Casey sought to obtain from the IRS an agreement about the changes Indonesia would have to make in certain oil production contracts and its tax code so that payments made to U.S. companies would be acceptable as credits on the companies' U.S. taxes.

"The evidence does not support a conclusion that at any time Mr. Casey sought to persuade or influence officials to change any agency poli-

cy," Smith said.

Smith said Casey was covered by the so-called "attorney's exemption" of the foreign agent law, which provides that as long as an attorney's conduct is confined to negotiating under established policies and his client's identity is disclosed, there is no registration requirement.

From July through September of 1976, Casey, on Indonesia's behalf, met with high officials of the Treasury Department and the IRS, attended several meetings and made a number of telephone calls, the investigation found.

"As many participants in those meetings as could be identified and located were interviewed in the course of this investigation, including Mr. Casey himself," Smith said. "Relevant documentation was obtained from the Treasury and State departments, the IRS and the law firm" to which Casey belonged, Rogers & Wells.

A CIA spokesman said Casey would have no comment.

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PHILADELPHIA INQUIRER
9 APRIL 1982

Casey did not violate foreign-agent act, says Justice Department

By Robert Gearty
New York Daily News Service

WASHINGTON — A Justice Department investigation has concluded that CIA Director William J. Casey did not violate the Foreign Agents Registration Act while working as an attorney on behalf of Indonesia in 1976, Attorney General William French Smith announced yesterday.

Smith said he began the investigation after reports in January alleging that Casey had failed to register as a foreign agent when he lobbied two officials of the Treasury Department and IRS on behalf of Indonesia.

At the time, Casey, a member of the Washington law firm of Rogers & Wells, was said to be trying to find a way to restore tax credits for payments U.S. oil companies had made to Indonesia. The IRS ruled that such payments did not qualify for tax credits in this country in 1975 but changed that policy in 1978.

"At all times, the fact that Mr. Casey was representing Indonesia was made clear to those officials with whom he was dealing," Smith said yesterday. "The evidence does not support a conclusion that at any time Mr. Casey sought to persuade or influence officials to change any agency policy."

Smith concluded that there was "insufficient evidence" to warrant criminal prosecution or the appointment of a Watergate-type special prosecutor. Under the law, the attorney general is required to investigate allegations against top administration officials and, if circumstances warrant it, he must appoint a special prosecutor.

Smith's report to the U.S. Circuit Court of Appeals for the District of Columbia fulfilled his responsibilities under the Ethics in Government Act, the Justice Department said.

A CIA spokesman said Casey would have no comment on the Justice Department announcement. Sen. Daniel P. Moynihan (D., N. Y.), vice chairman of the Senate Intelligence Committee, said, "Evidently, Mr.



William J. Casey
Represented Indonesia in 1976

Casey has satisfied the Department of Justice, so the matter is closed."

Last fall, the Intelligence Committee conducted its own investigation of Casey's complicated business dealings and concluded that he was "not unfit" to serve as director of Central Intelligence.

In his report to the court, Smith said the Justice Department investigation failed to uncover any attempt by Casey to persuade the Treasury Department or the IRS to change its policies, thus Casey's failure to register as a foreign agent was covered by the attorney-exemption provision of the Foreign Agent Registration Act. That exemption applies so long as the attorney for a foreign country does not attempt to influence agency policy.

"Mr. Casey's representation of Indonesia was open and above-board, and his disclosure of his client's identity, as required by the attorney exemption... is evidence of his good-faith efforts to comply with the requirements of the Act," Smith said.

NEW YORK TIMES
9 APRIL 1982ARTICLE APPEARED
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C.I.A.'s Director Cleared in Foreign Agent Inquiry

WASHINGTON, April 8 (UPI) — The Justice Department closed the books today on its investigation of William J. Casey, the Director of Central Intelligence, concluding that his failure to register as a foreign agent for Indonesia in 1976 did not violate the law.

Attorney General William French Smith said he had found charges against Mr. Casey "so unsubstantiated that no further investigation or prosecution is warranted and that no special prosecutor should be appointed for this matter."

In a report to a Federal court, Mr. Smith said a preliminary investigation

had determined that under the Foreign Agents Registration Act Mr. Casey was not required to register because his activity as a private lawyer on behalf of Indonesia was not an effort to change United States policy and his role was "open and above-board."

"So long as an attorney's representation is limited to negotiations with agency officials within the context of established policies and procedures, and the client's identity is disclosed to the agency officials by the attorney, there is no agency requirement" for registration, Mr. Smith said.

"At all times, the fact that Mr. Casey was representing Indonesia was made clear to those officials with whom he was dealing," Mr. Smith said.

The report was filed with the United States Court of Appeals for the District of Columbia Circuit under requirements of the Ethics in Government Act.

Under that law, the Attorney General must open a preliminary inquiry of any charge of wrongdoing against a top Government official and must seek the appointment of a special prosecutor if the charges are not found frivolous.

The Central Intelligence Agency had no immediate reaction on the Justice Department report, and Mr. Casey was

not available for comment.

The investigation was opened after an article in The Washington Post in January charged that in 1976 Mr. Casey, then a private citizen, failed to register as a foreign agent while working for the Indonesian Government on an oil tax dispute.

Check by Panel in Senate

The Senate Intelligence Committee looked into Mr. Casey's financial dealings last year and found that there was no basis for concluding that he "is unfit to hold office."

But the committee said Mr. Casey, 69 years old, was "unresponsive" when he answered "no" to the question of whether he had ever represented a foreign government and said it would refer the "technical question" of whether he should have registered as a foreign agent to the Justice Department.

Mr. Smith said that the work Mr. Casey did for Indonesia in 1976 involved efforts to reach an agreement with the Internal Revenue Service on changes needed on Indonesian oil production sharing contracts and tax code to make sure the payments were creditable under United States tax law.

"The evidence does not support a conclusion that at any time Mr. Casey sought to persuade or influence officials to change any agency policy," Mr. Smith said.

A Justice Department spokesman, Tom DeCair, said that Mr. Smith had notified Mr. Casey that the investigation was closed.

STAT

CIA's Casey Is Cleared In Federal Inquiry Into Tie to Indonesia

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Attorney General said William Casey, director of the Central Intelligence Agency, didn't violate U.S. law by failing to register in 1976 as an agent for Indonesia.

The Justice Department examined the matter at the request of Sen. Daniel Moynihan (D., N.Y.). He urged the study after the Senate Select Committee on Intelligence investigated several instances in which Mr. Casey had failed to list former clients, investments and lawsuits on disclosure forms government officials are required to file. The committee didn't find any reason to remove Mr. Casey from office, though it did find him evasive and "inattentive to detail."

Mr. Casey was exempt from the registration requirement because his work "didn't involve efforts to change U.S. policy," Attorney General William French Smith said.

Mr. Casey's efforts were limited, Mr. Smith explained, to seeking an agreement with the Internal Revenue Service on how Indonesia's tax code and oil-production sharing contracts could be structured to enable oil companies to qualify for foreign tax credits in the U.S.

The Attorney General told the federal appeals court here that further investigations or prosecution isn't warranted.

Mr. Casey's attorney, Milton Gould, said the CIA director will be glad to conclude the inquiry.

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NEW YORK DAILY NEWS
9 APRIL 1982



STAT

Clear CIA chief of wrongdoing

By ROBERT GEARTY

Washington (News Bureau)—A Justice Department investigation has concluded that CIA Director William J. Casey did not violate the Foreign Agents Registration Act while working as an attorney on behalf of Indonesia in 1976, Attorney General William French Smith announced yesterday.

Smith said he began the investigation after reports were published last January that alleged Casey had failed to register as a foreign agent when he lobbied top officials of the Treasury Department and Internal Revenue Service to restore tax credits for payments United States oil firms made to Indone-



William J. Casey

"At all times, the fact that Mr. Casey was representing Indonesia was made clear to those officials with whom he was dealing," the attorney general said. "The evidence does not support a conclusion that at any time Mr. Casey sought to persuade or influence officials to change any agency policy."

Smith concluded that there was "insufficient evidence" to warrant criminal prosecution or appointment of a Watergate-style special prosecutor. Under the law, the attorney general is required to investigate allegations against top administration officials and if circumstances warrant it, he must appoint a special prosecutor.

A CIA spokesman said Casey would have no comment on the Justice Department announcement. Sen. Daniel P. Moynihan (D-N.Y.) vice chairman of the Senate Intelligence Committee said, "Evidently, Mr. Casey has satisfied the Department of Justice so the matter is closed."

The news - briefly

STAT

Intelligence chief cleared of foreign-agent violation

Washington

A Justice Department investigation found Central Intelligence Director William J. Casey did not violate the Foreign Agents Registration Act while working as a lawyer representing Indonesia in 1976. Attorney General William French Smith said the probe cleared Mr. Casey of any violation of the act. The investigation began in January after a Washington Post story alleged that Casey failed to file as a foreign agent while working for the Indonesian government. But Casey's work did not involve any efforts to change US policy, and therefore Casey was not required to register, Mr. Smith said.

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BALTIMORE SUN
9 APRIL 1982

Casey broke no law, Justice report finds

By Curt Matthews
Washington Bureau of The Sun

Washington—CIA director William J. Casey broke no law in failing to register as a foreign agent six years ago when he represented the Indonesian government, Attorney General William French Smith said yesterday.

In a report filed with the U.S. Court of Appeals for the District of Columbia, Mr. Smith said allegations of misconduct on the part of the director of central intelligence were "unsubstantiated" and did not warrant further review by a special prosecutor.

The attorney general held that Mr. Casey had not attempted to influence U.S. policy, but only to ask questions about oil taxes, in behalf of the Indonesian oil monopoly. As an attorney, Mr. Casey was free to do so without registering, Mr. Smith said.

The Justice Department report clearing Mr. Casey marked the third time in less than a year that he has successfully weathered a storm of personal controversy. Last December, Mr. Casey was chided by the Senate Select Committee on Intelligence for failure to provide the committee with a full and complete accounting of his personal business dealings during confirmation hearings on his appointment as head of the Central Intelligence Agency.

Last July, the same committee was critical of Mr. Casey for his appointment of Max C. Hugel to head the CIA's clandestine operations. Shortly after his appointment, Mr. Hugel was forced to resign in the wake of press disclosures about improper financial dealings that occurred before he entered government.

Questions about Mr. Casey's failure to register as a foreign agent arose in January, when it was disclosed that as a private attorney he had sought six years ago to restore lucrative U.S. tax credits to American companies that buy Indonesian oil.

Under provisions of the Foreign Agents Registration Act, anyone seeking changes in U.S. policy in behalf of foreign interests must register with the Department of Justice.

The provision caused a major controversy during the administration of former President Jimmy Carter when the president's brother, Billy Carter, failed to register as a foreign agent in connection with his activities in behalf of the Libyan government.

The summary report of the Justice Department's preliminary investigation of Mr. Casey said his case differed from that of Billy Carter because lawyers are exempt from registration under certain circumstances, and because all of Mr. Casey's dealings with U.S. officials were "open and above-board."

The Justice Department report noted that lawyers are permitted to negotiate in behalf of foreign governments without registering as foreign agents so long as the negotiations do not involve an attempt to change government policies.

"The evidence developed in this preliminary investigation indicates that Mr. Casey's activities on behalf of Indonesia clearly fell within this attorney exemption," the report said.

Mr. Casey's activities in behalf of the Indonesian government, according to the report, were limited to efforts to obtain an agreement with the Internal Revenue Service to ensure that payments made under oil production contracts would fall under certain provisions of the U.S. tax code.

Although press reports in January suggested that Mr. Casey was advocating changes in tax policy, Mr. Smith said the Justice Department investigation failed to support such a charge.

"I find this matter to be so unsubstantiated that no special prosecutor should be appointed," Mr. Smith told the Court of Appeals.

Mr. Casey has maintained throughout the Justice Department investigation that his former New York law firm had carefully considered the need for him to register as a foreign agent and found it to be unnecessary for the activities involving the Indonesian government.

Yesterday, Dale Peterson, a spokesman for the CIA, said Mr. Casey had no immediate comment on the Justice Department decision rejecting further investigation of the matter.

Under U.S. law, companies get a full credit off their U.S. tax payments for payments to foreign governments that are defined as taxes. Expenditures that are defined as payments for commodities, such as oil, may only be deducted as a business expense from income. Foreign oil producers try to structure their laws and contracts so that the bulk of the money they receive from American companies is defined as a tax.

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ON PAGE 41

THE WASHINGTON POST
9 April 1982

Casey Cleared by Justice Dept. In Agent Registration Matter

By Patrick E. Tyler
Washington Post Staff Writer

The Justice Department yesterday announced it has found no evidence that CIA Director William J. Casey violated the foreign agents registration law in 1976, when as a private lawyer he represented the government of Indonesia in a matter before the Treasury Department and the Internal Revenue Service.

In a seven-page report to the special prosecutor division of the U.S. Court of Appeals, Attorney General William French Smith concluded: "At all times, the fact that Mr. Casey was representing Indonesia was made clear to those officials with whom he was dealing. The evidence does not support a conclusion that at any time Mr. Casey sought to persuade or influence officials to change any agency policy."

The attorney general said the department's investigation was prompted by a Jan. 7, 1982, Washington Post article, which disclosed that Casey had met with then Treasury Secretary William E. Simon and his tax policy deputy, Charles M. Walker, to enlist their aid in reversing a multimillion-dollar IRS tax ruling that adversely affected American oil companies doing business in Indonesia.

The issue of whether Casey should have registered as a foreign agent was first raised by the Senate Intelligence Committee, which conducted an inquiry into Casey's financial dealings last fall.

That inquiry found that Casey had failed to disclose substantial financial holdings and a number of former legal clients, but concluded that he "was not unfit to serve" as CIA director.

In addition, Sen. Daniel Patrick Moynihan (D-N.Y.), who issued the committee's report last December, recommended that the Justice Department review the registration matter.

Moynihan said through a spokesman yesterday, "Evidently, Mr. Casey has satisfied the Department of Justice, so the matter is closed."

The foreign agents act requires that any person who represents the interests of a foreign government before U.S. agencies, seeking changes in official policies, must publicly register at the Justice Department.

In its report on the Casey matter, the department said, "Because there is no dispute that Mr. Casey was an agent representing a foreign principal before officials of the United States agencies, and that he was not registered with the attorney general, the focus of this inquiry centered on whether or not his representation fell within one of the established exemptions to the registration requirement."

Under the "attorney exemption" of the Foreign Agents Registration Act, lawyers representing foreign clients do not have to register if their representation is done "in the course of established agency proceedings, whether formal or informal."

The Justice Department concluded that Casey's work for Indonesia fell within this exemption. "Thus, so long as an attorney's representation is limited to negotiations with agency officials within the context of established policies and procedures, and the client's identity is disclosed to the agency officials by the attorney, there is no registration requirement."

Casey was counsel to the New York law firm Rogers & Wells in the mid-1970s after holding several senior government posts in the Nixon and Ford administrations.

In 1977, a year after Casey and another partner at Rogers & Wells, Peter R. Fisher, worked on the Indonesian account, the law firm registered as a foreign agent for Indonesia and Fisher registered individually.

A spokesman for the firm said later that it had registered out of an abundance of caution.

Casey, with the help of Simon and Walker, unsuccessfully tried to convince the IRS to "preclear" proposed changes in the Indonesian tax code.

The goal was to restate foreign tax credits for the American oil companies for taxes on oil produced in Indonesia. The IRS reversed its ruling and reinstated the tax credits in 1978.

A CIA spokesman said yesterday that Casey had no comment on the Justice Department decision.



WILLIAM J. CASEY
represented Indonesian government

8 April 1982

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URGENT

ATTORNEY GENERAL CLEARS CASEY OF WRONGDOING

By ROBERT B. CULLEN

Associated Press Writer

WASHINGTON (AP) - Attorney General William French Smith announced today that a Justice Department investigation had found no evidence to support allegations that CIA Director William J. Casey violated the Foreign Agents Registration Act as a private lawyer in 1976.

Smith said he had conducted an investigation to determine whether a special prosecutor should be appointed to pursue published allegations against Casey earlier this year.

Some press reports said Casey had represented the government of Indonesia and its national oil company in negotiations with officials of the Treasury Department and the Internal Revenue Service. Casey was trying to find a way to restore tax credits for payments made by U.S. oil companies to the Indonesian oil monopoly. The IRS had ruled in 1975 that the payments did not qualify for credits.

Casey, according to documents which have been made public in the case, was seeking a letter from the IRS indicating that the oil companies could resume getting tax credits if Indonesia changed the wording of the contract under which it had sold oil to American companies.

Casey did not, however, register as the agent of a foreign government under the terms of the act.

Smith said that the department's investigation found that Casey was not required to register because his representation of Indonesia "did not involve efforts to change U.S. policy."

"The evidence indicates that Mr. Casey's representation of Indonesia was limited to efforts to obtain, as expeditiously as possible, an agreement with the Internal Revenue Service, as to the changes that would be necessary in Indonesian oil production sharing contracts and tax code to ensure that payments made under the contracts would be creditable under the United States tax law," Smith said in his report to the U.S. Court of Appeals in Washington.

CIA spokesman Dale Peterson said Casey had no immediate comment on the attorney general's decision.

The Justice Department said the report was filed secretly on Wednesday and released at Smith's request today.

Under U.S. tax law, oil companies that buy oil from foreign governments can get a credit reducing their U.S. tax obligations by the amount they pay in taxes to the foreign government, but they get only a business expense deduction for the spending classified as actual payments to the foreign government for the oil.

The Treasury Department changed its interpretation of the Indonesian situation and

THE HOUSTON POST
6 April 1982

'No profile' image frustrating to CIA official

By RICK BOLTON
Post Reporter

The CIA's public relations chief Monday called his job frustrating because he cannot tell the public 99 percent of what he knows.

J. William Doswell, 55, the agency's external affairs director, told the Houston chapter of the International Association of Business Communicators the CIA doesn't go looking for publicity. "It knocks on our door."

The reason he cannot make



DOSWELL

public much information is because doing so would divulge the CIA's sources and methods abroad, he said.

CIA director William Casey told him when he took the job that "we're not going to be a low profile agency, we're going to be a no profile agency," he related. But he added the agency had decided to loosen up as much as possible.

He said the CIA public relations job was "predicated on the philosophy we are a secret agency and you can't disclose secrets, or it's not secret."

A former newspaper reporter, publisher and public relations businessman from Richmond, Va., Doswell said he had been impressed with the dedication of his CIA co-workers since he took over the chief of public relations job in July 1981.

Doswell said the CIA had lost much of

its credibility with Congress and the American people by 1976 after the agency's involvement with domestic spying was revealed.

He said the agency deserves to have lost its credibility because of such spying, which has since been turned over to the FBI.

Because of the public and Congress' closer scrutiny of CIA activities, Doswell said he believes public confidence has been restored in the agency in the past five years.

Since he took over as public relations chief, he said he has tried to stress to agency officials that "you have to have dialogue to get your point across with Congress and the public."

The CIA had been isolated and insulated from the public until the early 1970s, he said.

Doswell described the CIA's job as gathering intelligence to allow the president to make foreign policy decisions in the national interest.

Although the CIA works directly for the president, he said, it comes under the close scrutiny of Congress to prevent it from abusing its power. He said the agency never makes public the number of foreign agents or the amount of its budget since that information would be useful to other nations.

The CIA briefs some reporters who go abroad but not on the basis that information is expected in return from them, he said.

He would be in favor of legislation to make it more difficult for the Russians to gain access to U.S. technological research and development, he said.

Legislation is in the works to make it a felony to reveal the names of foreign CIA agents, he said. He said two agents were once killed because their names were revealed.

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SAN ANTONIO LIGHT (TX)
4 APRIL 1982

Fewer secrets?

CIA downplaying cloak-dagger image

By EDWARD M. SILLS
Staff Writer

The Central Intelligence Agency is trying to downplay its public cloak and dagger image by expanding public relations efforts, an agency official has told *The Light*.

The limited move to de-mystify the government agency most synonymous with "top secret" is the product of a new understanding in the intelligence community that a response is needed to the sophisticated propaganda machines of other countries, the official said.

"I think we're competing for people's minds," said J. William Doswell, director of the CIA's office of external affairs.

Doswell said the 4-year-old office he joined last July has become more willing to provide reporters with unclassified information, and, in some cases, other information as background.

Doswell met with a group of *Light* officials in the *Light*'s offices. He was in San Antonio to address a 41-person gathering of the Association of Former Intelligence Officers.

The 55-year-old Virginia native said CIA Director William Casey at first told him, "We're going to be a no-profile agency, not a low-profile agency," but has come to believe that some public forays are desirable to make known the views of the intelligence community.

Toward that end, CIA officials have held periodic breakfast meetings with reporters in Washington, have introduced themselves to news editors around the country and have delivered speeches on intelligence matters.

"We just don't comment on certain things, for example sources of information and methods of operation."

"We will say 'no comment.' We won't tell the first lie."

Doswell also noted CIA efforts to have the Freedom of Information Act tightened to exempt the agency from most or all requests for information.

He said two of the "regular customers" under the act are the KGB (Soviet intelligence) and Tass (the Soviet news agency).

"We have to provide the information to them. That's a little incongruous to me."

But Doswell recognized that newspapers and the public can have legitimate needs for certain information.

He said the CIA is working with a newspaper publishers group to attempt to arrive at a "reasonable" position on Freedom of Information Act disclosures.

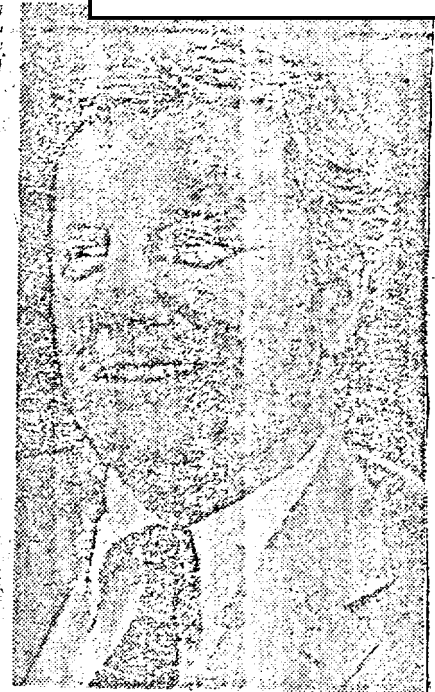
Doswell said public perception of the CIA as a "spook business" is exaggerated.

Fewer than one in 90 employees of the agency could be considered spies in the popular sense of the word, he said.

Most employees in the 35-year-old agency are simply gatherers of information, he said.

They perform research on such seemingly innocuous topics as the debt structure of Soviet bloc countries and different nations' grain-growing capabilities or public power sources, he said.

But, he said, that information can pack a wallop when it comes time to formulate foreign policy.



J. WILLIAM DOSWELL
CIA official

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Stephen S. Rosenfeld

That Cuban Missile Understanding

With Washington threatening to "go to the source" in Cuba and with Moscow hinting it may put nuclear weapons there, it is a good time to check the no-invasion, no-offensive-weapons understanding that ended the 1962 Cuban missile crisis. One thing you find by going back is that Kennedy's and Khrushchev's (still unpublished) exchange is apparently being widely misread by the Reagan administration and by others arguing for a hard line. CIA Director William J. Casey, for instance, when asked whether the arrival of new MiG23s in Cuba violates the 1962 terms, told U.S. News & World Report on March 8: "Oh, sure it does because the '62 agreement said the Soviets would send no offensive weapons, and it also said there would be no export of revolution from Cuba. The agreement has been violated for 20 years."

On Wednesday, The Wall Street Journal recalled editorially that Kennedy had said after the crisis (on Nov. 20), "if all offensive weapons are removed from Cuba and kept out of the hemisphere in the future, under adequate verification and safeguards, and if Cuba is not used for the export of aggressive Communist purposes, there will be peace in the Caribbean."

The impression is being conveyed that the Kremlin is violating its word by shipping in "offensive" weapons and exporting revolution, and may violate it further by emplacing new missiles. President Reagan, while saying Wednesday night—accurately—that putting missiles into Cuba would be a "total violation," added that "there's been other (unspecified) things we think are violations." All this opens the possibility of dropping the bar against an invasion of Cuba.

"Kennedy's and Khrushchev's exchange is apparently being widely misread by the Reagan administration and by others arguing for a hard line."

Well, The Kremlin is shipping in MiG23s and, unquestionably, is exporting revolution.

But there is no evident basis for claiming that these acts violate the 1962 terms.

To comment on the first, I rely on a summary of the public record by Raymond L. Garthoff of the Brookings Institution, a retired diplomat, in the Political Science Quarterly, Fall 1980.

The "offensive military equipment" that Kennedy pronounced unacceptable on Oct. 22, 1962, included the ballistic missiles and "jet bombers, capable of carrying nuclear weapons"—IL28s. But Cuba's MiGs of the day (21s) were never declared "offensive," either in their fighter-interceptor or fighter-bomber version. Nor, as the 1962 understanding was updated by word and practice over the years, did the United States ever so proscribe the MiG23s (of both versions) that started showing up in 1978: they were few and not fitted out for nuclear arms.

As for the suggestion that the export of revolution violates the 1962 terms, the Soviets in 1962 did not forswear revolu-

tion. Nor did Kennedy say they had. He did list (Nov. 20) what "Chairman Khrushchev . . . agreed" to do: remove and keep out offensive systems, permit follow-up verification and safeguards. The United States, he went on, agreed not to invade.

Later in the same statement, he added another condition to his no-invasion pledge; it is the one often cited now—"if Cuba is not used for the export of aggressive Communist purposes." But he did not contend Khrushchev had agreed to it. In the next breath he spoke of "subversion from Cuba" as something we would be continuing to try to halt by other means.

If the Soviets keep "offensive" weapons out of Cuba, is the United States still bound by its no-invasion pledge? The pledge was limited by Khrushchev's undertaking to arrange verification and safeguards. The Kremlin never delivered.

In 1970, however, Henry Kissinger, thinking to button down the Soviet no-offensive-weapons pledge, "reaffirmed" (as he put it in his memoirs) keeping hands off Castro. Inexplicably, he dropped the verification and safeguards condition, asking nothing in return. On Sept. 25, 1970, moreover, briefing the press about a threatened Soviet sub base at Cienfuegos, he indicated that the Kennedy no-invasion condition—that Cuba not be used to export aggressive Communist purposes—had no standing.

Is all this academic? I think not. Soviet-American understandings or agreements are special, to make or to break. The 1962 understanding embodied the vital if not the supreme interests of both sides. Its collapse or even its substantial erosion could have the most dire consequences. Tampering with the terms, or suggesting that the other side is, is playing with fire.