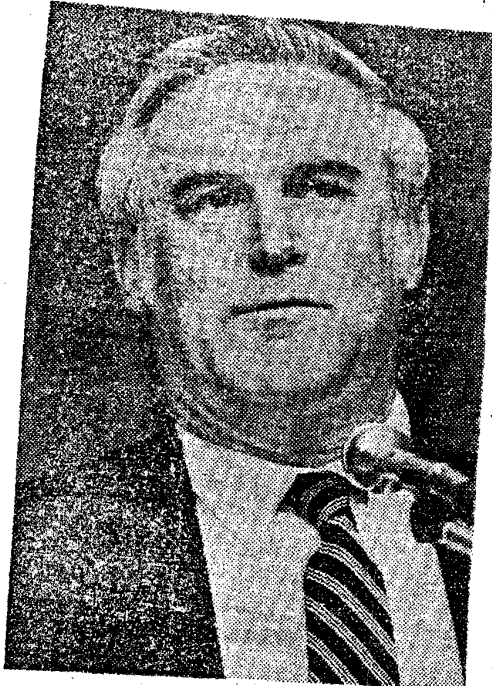


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ON PAGE 19

NEWPORT NEWS DAILY PRESS (VA)
5 NOVEMBER 1982

Voters Helped Remove CIA Limits



Staff Photo

McMahon talked about CIA's role.

By BOB EVANS

Staff Writer

WILLIAMSBURG — The Central Intelligence Agency, with the help of the American electorate, has gotten Congress "off its back" during the past two years, John N. McMahon, deputy director of the CIA, said Thursday.

Many of the restrictions placed on intelligence gathering during the 1970s have been removed, McMahon told a group of College and William and Mary alumni and students attending a banquet for the Order of the White Jacket. The order is composed of people who worked their way through college in food service jobs.

McMahon did not provide any specific changes, but said, "I think the people of the United States were the first to recognize" that some Congressmen had gone overboard in restricting

the agency's activities. They made their feelings known at the ballot box, he added.

Some of the changes in congressional oversight of the CIA during the 1970s were good and should remain, however, McMahon said.

"I take a great deal of satisfaction in knowing that your (elected) representatives know and approve what we're doing" around the world, he said.

"So five or more years from now, it won't be just me or William Casey (CIA director) answering the questions ... we'll be in good company," he said.

This even-handed approach to intelligence-gathering couldn't have come too soon, McMahon said.

The CIA's job since the early 1950s has grown from "a man-to-man defense against the spread of Communism" in Europe to the point where it is concerned not just with military or political knowledge. It now handles seemingly unrelated information such as "the problem with narcotics — where it comes from and who the key players are," he said.

The agency is also responsible for gathering information on friendly nations such as Japan and those in western Europe that are "emerging as economic competitors" in the sale of technology, he said.

For each 1 percent increase in unemployment, the U.S. loses \$25 million a year in gross national product, he said.

America can no longer count on unique technological advances to keep its people employed, he said.

The impact of those high technology competitors overseas must be watched closely so the U.S. can make

wise economic decisions, he said.

The spread of technology to not-so-friendly nations has also become more important in recent years, he said.

The Soviet Union "knew the details of our C-5 airplane before it flew," while the Chinese "have a copy of our sidewinder missile," he said.

Another area in which the CIA has become more involved recently is monitoring the spread of international terrorism, McMahon said.

"Ten years ago, only 48 nations had to worry about terrorists," he said.

Since then, the number has grown to 91 nations, and more than 12,000 people have been killed by terrorists, McMahon said.

"Intelligence is indeed a growth industry," growing all the time, McMahon said.

STAT

WILLIAMSBURG VIRGINIA GAZETTE
27 OCTOBER 1982

CIA Official To Speak

WILLIAMSBURG — CIA Deputy Director John N. McMahon will speak to members of the Order of the White Jacket at 7 p.m. Thursday in the Campus Center ballroom at the College of William and Mary.

The Order of the White Jacket is a group of W&M alumni who earned all or part of their college expenses by working in the college cafeteria or in restaurants.

The banquet is scheduled as part of W&M's homecoming activities this weekend.

McMahon, a graduate of Holy Cross College, joined the CIA in 1951 and has served in senior

positions in the CIA's four directorates.

In 1965, he was appointed deputy director of the Office of Special Projects, which is responsible for reconnaissance and technical operations. He was named director of the Office of Electronic Intelligence in 1971. In 1973, he was appointed director of the Office of Technical Services.

In 1982, McMahon was appointed the agency's executive director and was responsible for day-to-day management of the CIA. He was appointed deputy director in June.

STAT

ARTICLE APPEARED
ON PAGE 1-A

THE WASHINGTON POST
20 SEPTEMBER 1982

(Copy under Goshko)

Israeli Cabinet Meets Behind Police Barricades

U.S. Considers Return Of Marines to Lebanon

By John M. Goshko
Washington Post Staff Writer

The Reagan administration, holding firm to its demand that Israel withdraw immediately from West Beirut, was considering last night whether to send U.S. troops back to the Lebanese capital as part of a new, temporary peace-keeping force involving France, Italy and possibly other countries.

Administration sources, while stressing that no decisions had been made, said the idea was under active consideration because of the need for some force capable of preventing further tragedies such as the massacre Friday of Palestinian civilians and maintaining stability in Beirut until the Lebanese army can assert its authority. Sources said that was the main topic of a 75-minute, Cabinet-level meeting presided over by President Reagan yesterday morning.

[The United States joined in unanimous approval by the U.N. Security Council early yesterday of a resolution condemning the "criminal massacre of Palestinian civilians in Beirut." Details on Page A19.]

A working-level group of State Department and Defense Department officials was directed to study the options further and report to the White House last night, with the expectation that a decision on what course to follow and the timing of an announcement will be made today.

France and Italy, which participated with the United States in the multinational force supervising evacuation of the Palestine Liberation Organization from Beirut earlier this month, have announced willingness to send troops back in the wake of the killings.

However, the sources said, President Reagan was not ready, as of last night, to acquiesce in reconstituting the force unless he is satisfied that the need cannot be met through other means. These include stationing United Nations observers in Beirut or redeploying there the U.N. International Force in Lebanon (UNIFIL) from southern Lebanon.

In addition, the sources continued, the president insists that any U.S. participation be tied to conditions such as guarantees of cooperation from Israel and the Lebanese government and willingness of other countries to join the force.

In that connection, the sources said, the administration is exploring whether additional countries can be persuaded to send troops.

Reagan's caution about returning all or part of the 800-member U.S. Marine Corps contingent to Lebanon is understood to be rooted in concern about hatred between feuding Moslem and Christian communities there.

It could engulf the force in fighting that would result in U.S. casualties or shooting at Lebanese or Israelis.

The administration fears that such an outcome would stir a hostile reaction from the public and Congress. The possibility of U.S. Marines fighting Israeli forces or any of the Lebanese factions battling each other could create great difficulties for Reagan's hopes of getting Arab-Israeli cooperation on with his new Mideast peace initiative. However, some sources, acknowledging obvious risks in returning Marines to Beirut, said they

CONTINUED

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August 1982

INSTITUTE

News Supplement to IEEE Spectrum

Industry, Federal leaders discuss information controls



Washington, D.C. — Government defense and intelligence representatives told industry leaders that technology transfer should be viewed as a counterintelligence problem rather than as a trade problem. Speaking at a June 2 roundtable sponsored by *Spectrum* in Washington, D.C., are Jan Herrington, chief of the Technology Transfer Assessment Center (left), and Central Intelligence Agency Executive Director John McMahon (right). Mr. McMahon recommended that computer manufacturers not worry as much about restrictions on exporting outdated technology as about Soviet thefts of current developments, such as plated-disk memories.

Erich Bloch, vice president of IBM, suggested that Government should place more reliance on industry's own desire to protect its secrets, rather than on regulation of sales. This view was supported by Edward David, president of Exxon Research and Engineering, and by Henry Bachman, vice president of Hazeltine Corp., who suggested that industry could do a better job of safeguarding information if intelligence representatives would explain what it was the Soviets were trying to steal and how to thwart them.

Both industry and Government representatives agreed that the current system of export controls on technical information [see the special reports on technology transfer in *Spectrum*, May, p. 64] is both inadequate to protect information that needs protecting and hopelessly complex when it comes to allowing nonsensitive information to be exported.

By the end of the meeting, a consensus was reached that the Government needs industry to set priorities for different kinds of information to be protected and to see to it that the mechanisms of protection do not strangle innovation and economic growth. It was also agreed that industry could use the Government's help in learning how to protect proprietary information from intelligence efforts.

Among those from industry participating in the roundtable were: Grant Dove, senior vice president, Texas Instruments Inc.; Fred Garry, vice president, General Electric Co.; William Howard, vice president, Motorola Inc.; Gordon Moore, chairman, Intel Corp.; and Robert Schmidt, vice chairman, Control Data Corp.

Representing Government in addition to the two CIA officials were: George A. Keyworth, presidential science advisor, who assisted *Spectrum* in planning the meeting; Gus Weiss, National Security Council Staff; Stephen Bryen, deputy assistant secretary of defense for international trade and security policy; Michael Lorenzo, deputy assistant secretary of defense for defense research and engineering; Steven Garfinkel, director of the information security oversight office, GSA; Ernest Johnston, senior deputy assistant director for economic and business affairs at the State Department; Bohdan Denysyk, deputy under secretary of commerce for export administration; Joseph Smaldone, chief of the arms-licensing division in the munitions control office of the State Department; and Donald Langenberg, deputy director, National Science Foundation. A detailed report of the meeting will appear in the September issue of *Spectrum*.

STAT

ARTICLE APPEARED
ON PAGE 7NEW YORK TIMES
24 JULY 1982

Analysis / Leslie H. Gelb

Political Shift Illustrated by Moderates' Departure

Special to The New York Times

WASHINGTON, July 23 — In recent weeks, the three officials generally regarded as the most moderate voices in the National Security Council have left Government, each a man with impressive military credentials.

Their departure is a stark example of just how far the political center of gravity has shifted since the Carter Administration. It is also a reminder of just how steady and deep institutional roots run in Washington, beneath shifting political fashions.

The three officials, Secretary of State Alexander M. Haig Jr., Gen. David C. Jones, the Chairman of the Joint Chiefs of Staff, and Adm. Bobby Ray Inman, the deputy director of the Central Intelligence Agency, were classified as conservatives in the Carter Administration. In the Reagan Administration they were classified as moderates, a shift that eventually became an element in the departures of Mr. Haig and Admiral Inman.



United Press International
Alexander M. Haig Jr.

It was not unusual in the last year and a half to hear White House officials or political appointees in the Defense Department express a certain mistrust of them. They were often viewed as having divided loyalties, to their institutions rather than to the President. The political men of the Administration were never quite comfortable with them despite their military backgrounds, traditionally a good conservative credential.

There was trouble from the outset.

Defense Secretary Caspar W. Weinberger wanted to cut short General Jones's second two-year term as chairman of the Joint Chiefs of Staff because the general had recommended Senate approval of the second strategic arms limitation treaty. The general had also supported the Panama Canal treaty, much to the dismay of the Republican right wing.

Mr. Weinberger, however, was persuaded to keep General Jones on the job because of the uproar caused by rumors of his impending dismissal; the Secretary and White House officials reportedly did not want to put themselves in a position of being accused of politicizing the military.

In any event, General Jones stayed on for a full second term and for regular retirement, and he became an advocate of beginning talks with the Soviet Union on medium-range missiles in Europe at a time when the political appointees in the Pentagon were against such negotiations.



Associated Press
Adm. Bobby Ray Inman

What actually changed was not the three men's views, but the political climate in Washington.

In the inner councils of the Reagan Administration, the three men were the main advocates of arms control talks with the Soviet Union, of a less devilish theory of Soviet behavior, of more tolerance in dealing with the world as it is. As a result, they and the institutions they represented were often out of step with the hard-line approach of the White House.

The Joint Chiefs of Staff had been an intimate party to past discussions with the United States's European allies on that subject. Like the officials in the State Department who participated in the discussions, the chiefs knew that the Europeans would not agree to the deployment of new American medium-range missiles in Europe unless arms control talks with Moscow were under way. It was a matter of European politics that the American military understood, even though the point had not quite sunk in with the new Reagan officials.

General Jones and the other chiefs also joined forces with Mr. Haig and the State Department in arguing that the terms of the arms limitation treaty should be observed, even though Mr. Reagan and those close to him had pronounced the treaty sorely deficient.

In all of these cases, General Jones and Secretary Haig had greater command of the facts and the diplomatic histories. They carried the day each time with President Reagan.

They were less successful in other matters. For example, while both men and their institutions worried about the growth of Soviet military power, neither was prepared to argue that the United States was in a position of military inferiority. Soviet military superiority was an article of faith with the Reagan team.

General Jones and Mr. Haig essentially restricted themselves to arguing that in some respects the Soviets had the advantage but that in other respects the United States and the Western powers were still better off. They emphasized "adverse trends" in the military balance rather than current inferiority. They were often joined in this view by Admiral Inman and the professionals of the Central Intelligence Agency.

Admiral Inman also proved a thorn in the side of the Reagan Administration with his repeated opposition to efforts by Reagan political appointees to expand the role of the C.I.A. to include certain kinds of domestic spying. Like most senior C.I.A. officials over the years, he had respect for covert operations only under carefully controlled conditions, and he had a sense of their limitations.

THE NORWALK HOUR (CT)
16 July 1982:

The Hour **PUBLIC FORUM**

Defends Record

Washington, D.C.

To the Editor:

Your 30 June editorial stating that I must have been involved in illegalities during my 31 year career with the Central Intelligence Agency represents a grave injustice not only to me, personally, but to the many dedicated CIA employees who honorably serve their country, often with great personal sacrifice.

The Senate Select Committee on Intelligence conducted a scrupulous investigation of me to ensure my worthiness for the position of Deputy Director of Central Intelligence. If you check the public record of that investigation and my subsequent confirmation hearing, you will find it replete with references to my "honesty, integrity and forthrightness." I believe the Committee's unanimous endorsement of my nomination represented a strong vote of confidence both in my integrity and that of the institution I have served for 31 years.

Your readers deserve to know that we in CIA take pride in living up to the confidence President Reagan expressed in us during his recent visit to the agency when he said, "I have full confidence that you will do your job vigorously and imaginatively while making sure that your activity is lawful, constitutional, and in keeping with the traditions of our way of life."

John N. McMahon
Deputy Director,
Central Intelligence Agency

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ARTICLE APPEARED
ON PAGE 32THE WALL STREET JOURNAL
13 JULY 1982

The Soviet Forgery War

It sounds like a John Le Carre spy thriller. Soviet agents forge some official-looking U.S. documents and try to use them to stir up anti-American sentiment in Europe. There are letters from President Reagan, former Secretary of State Haig and other high-ranking officials. There are suggestions about a military coup in Greece to overthrow Socialist Premier Papandreu, a secret agreement for a U.S. intelligence base in Sweden, a letter to King Juan Carlos of Spain about ways of countering opposition to joining NATO and efforts to neutralize the anti-nuclear movement in Europe.

Although it may sound like spy fiction, it's all too real. These are actual forgeries by the Soviet Union, which were uncovered by U.S. and allied intelligence and released to the press last week by the administration. The forgeries are only the latest in a long line of Soviet propaganda and covert action measures against the U.S.

The Central Intelligence Agency presented a lengthy, detailed report to Congress in 1980 about the Soviet Union's efforts to sway public opinion against the U.S. in Europe and elsewhere. The report cited some 150 anti-American forgeries, many on official-looking stationery and supposedly signed by top U.S. officials, which were uncovered by the CIA. It "conservatively" estimated that the Soviet Union spends \$3 billion a year on such propaganda and covert action.

The Soviet Union's propaganda war has manifold aims: to influence world public opinion against U.S. policies; to portray the U.S. as an aggressive and "imperialist" power; to discredit those foreign governments and

officials who cooperate with the U.S.; to obfuscate the true nature of Soviet actions and intentions, and to create a favorable environment for the execution of Soviet foreign and military policies.

John McMahon, who presented the CIA's report to Congress in 1980 and recently replaced Admiral Bobby Inman as deputy director of the agency, told Congress: "There is a tendency sometimes in the West to play down the significance of foreign propaganda and to cast doubt on the efficacy of covert action as instruments of foreign policy. Soviet leaders, however, do not share such beliefs. They regard propaganda and covert action as auxiliary instruments in the conduct of their foreign policy by conventional diplomatic, military and economic means."

The latest disclosure of the Soviet forgery campaign is another reminder that the Kremlin leadership is conducting an orchestrated war of ideas against the West. Americans have generally been reluctant to recognize this, quickly dismissing suggestions that Soviet cultivation may play a crucial though of course not total role in the growth of international terrorism and domestic discord in Western societies. This reluctance is understandable, since conspiracy is alien to the American experience while red-baiting demagoguery is not.

Yet no American interest—least of all the avoidance of demagoguery—will be served if serious Americans fail to recognize the nature of the challenge we face. When we are reminded that the Soviets use forgery as a routine propaganda tool, we have to ponder to what other lengths they may go.

ARTICLE APPEARED
ON PAGE 11

THE NEWSDAY MAGAZINE (N.Y.)
11 July 1982

Bill Casey at Helm: Quietly in Co

By David Wise
Photo by Ken Spencer

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

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

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

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

point-blank for Casey to resign.

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

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

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

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

career who has managed to stay one jump ahead of trouble, barely avoiding entanglement with the likes of Robert Vesco during Watergate. For example, Sen. Joe Biden of Delaware, a Democrat on the Senate Intelligence Committee and Casey's most vocal critic, refused to endorse the panel's findings on the CIA director, declaring: "Mr. Casey has displayed a consistent pattern of omissions, misstatements, and contradictions." And Casey's critics also charge he is not really qualified to run the CIA, since his intelligence experience dates from World War II when he worked for the Office of

PHILADELPHIA NEWS
10 JULY 1982

STAT

Trusting Casey

The Reagan administration is apparently growing increasingly concerned that its top officials might appear to have conflicts of interest between their private holdings and their public duties.

Well it might. Since a fair number of them are people of considerable wealth and personal power, the matter should indeed be of concern, particularly since many of them would not notice a conflict of interest if it leaped out of their breakfast oatmeal wearing a derby hat.

When Attorney General William French Smith, for example, used questionable tax shelters to avoid paying a large share of his taxes, there was a proper public outcry and he quickly, if reluctantly, whipped out his checkbooks to make matters right.

The conflict there, of course, was that it could well fall to Smith to rule on the legality of the those same shelters.

Men and women who go into public office often put their financial holdings into what are known as "blind trusts." Theoretically, at least, they relinquish control of their investments to a third party. If you believe that that system always works you'll believe that, at least where blind trusts are involved, it isn't always true that the rich inevitably get richer.

But despite its potential for mischief, the blind trust system seems to have worked fairly well.

At least one Reagan appointee has refused to have anything to do with it. CIA Director William J. Casey has insisted on keeping his money where he can see it. By doing so last year, Casey was able to sell hundreds of thousands of dollars in oil stocks just before they plummeted in value because of the world oil glut.

As director of the CIA, Casey is privy to top secret reports on, among other things, potential oil supplies throughout the world — one of the factors that determines the value of oil stocks. Interesting coincidence, what?

A Casey spokesman has denied that the CIA director ever used his insider's knowledge that an oil bust was in the offing when he decided to sell off his holdings. Nevertheless, the CIA has come up with a unique system to try to insure that there won't be any hanky-panky going on.

From now on, it says, Deputy CIA Director John McMahon will head a team of CIA subordinates who will keep tabs of their boss's finances, warning him of any potential conflicts of interest. Thus, the public will foot the bill to make sure that Casey treads the straight and narrow.

For his part, we're sure, Casey will be duly grateful and will sell off each and every stock that might pose a conflict of interest. When his term in office ends, he will be a wiser but poorer man — and hundreds of CIA agents will have been commended for their service to the boss.

The only problem with the arrangement — and one admitted by the CIA — is that no one has decided just what would or wouldn't be a conflict of interest situation.

We can think of one for starters: The fact that Casey has adamantly refused to put his financial holdings into a blind trust in the first place.