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Exit Smiley, enter IBM

⊙ An alarming rift appeared last week between British and American intelligence services, with the Americans leaking details of a security crisis at the Government Communications Headquarters in Cheltenham. But many people will be equally alarmed by the extraordinary network of computerised eavesdropping which the affair has highlighted. Report by Linda Melvern and Mark Hosenball in Washington; Phillip Knightley and Nick Anning in London

A FORMER United States Treasury official telephoned a friend in London last week. The friend asked how things were going. "I'm doing a couple of freelance jobs for Uncle Sam," the former official said. What jobs?, his friend asked. There was a long silence; then the American replied: "You don't think I'm going to tell you that down an open line to London, do you?"

His caution was understandable. Every transatlantic call—indeed every international and domestic call which goes out over the air-waves—must now be considered open to the eavesdroppers: the US National Security Agency and Britain's Government Communications Headquarters. Between them, these two intelligence-gathering organisations are able to monitor the entire globe.

The scale of their eavesdropping is still not recognised by most people. Secretly, and almost without protest, "Comint" (communications intelligence) has taken over the leading role in espionage from "Humint" (human intelligence, or traditional spies). Technical advances since the Second World War have made Comint, as one British SIS officer put it, "the majority shareholder in British intelligence." Smiley is out. IBM is in.

GCHQ—the acronym is used both for the intelligence system and for its headquarters at Cheltenham—is the post-war successor to the Government Code and Cypher School, which provided the Allies with invaluable information by intercepting and breaking coded German wireless signals.

Since 1947, when a secret treaty, known as UKUSA, linked GCHQ with the embryonic NSA, the two networks have freely exchanged information. The closeness of the relationship was described vividly in 1969 by a director of GCHQ in a private letter to his

opposite number in America:

"Between us we have ensured that the blankets and sheets are more tightly tucked around the bed in which our two sets of people lie and, like you, I like it that way."

This bedfellow relationship has been crucial to the organisations' staggering joint capacity to intercept and decode signals:

● GCHQ and NSA have access to intercepted messages from all over the world. In partnership with similar agencies in Canada, Australia, New Zealand and the Nato countries, they monitor military and diplomatic messages by radio, telex, teletype and microwave, as well as commercial messages, satellite communications and telephone calls.



● In "The Puzzle Palace", a history of NSA, author James Bamford tells how the agency picked up and transcribed the radio-telephone conversations of top Soviet officials driving to the Kremlin in their limousines. At its headquarters in Fort Meade, Maryland, it has listened to Soviet ships calling each other, to Soviet satellites reporting from space, to the construction boss of a Soviet missile site in Siberia telephoning Moscow.

● In a rare statement about GCHQ-NSA ability to read everything passing across

the Atlantic, an NSA officer said two years ago: "There are three satellites over the Atlantic, each capable of transmitting on about 20,000 circuits. There are eight transatlantic cables with about 5,000 circuits. We monitor them all."

● NSA's computers, programmed to home in on a signal if they pick up a "key" word, cover 11 acres. The computers can look for these key words at the rate of four million characters a second, which means that they could read and index the average daily newspaper before you could pronounce its title.

● GCHQ and NSA have "watch lists" of organisations and individuals whose communications are automatically intercepted. These have included oil companies, banks, commodity dealers, newspapers, civil rights leaders, radical political groups, known terrorists and their sympathisers, embassies, trade missions and some politicians.

● During the early stages of Britain's negotiations to join the Common Market, GCHQ read the traffic passing between our prospective European partners, thus giving British negotiators an important card in their bargaining pack.

● GCHQ's listening station in Hong Kong—which is part funded by NSA—provided the Americans with information about the Vietnamese attitude to peace negotiations during the Vietnam war and supplied intelligence to guide US bombers on raids over Hanoi. NSA, for its part, kept Britain up to date on Argentinian military traffic during the Falklands war. Both agencies gathered information on American anti-war protesters between 1967 and 1973 by listening to their domestic and international phone calls.



Over the years, the relationship between GCHQ and NSA grew so close that each stationed "ambassadors" to the other's agency. These were SUSLO (senior US liaison officer) and SUKLO (senior UK liaison officer). Personal friendships strengthened the ties. In May this year the retiring NSA director, Rear Admiral Bobby Ray Inman, flew to London as the guest of the present head of GCHQ, Sir Brian Tovey. At the dinner, a speaker mentioned "this very special relationship."

All of this makes the breach that now appears to be opening up between the

you, when the Eatons were around you for example. Between us we have ensured that the blankets and sheets are more tightly tucked around the bed in which our two sets of people lie and, like you, I like it that way. If the lines had not always been clear, that was not our fault -- or so I shall always maintain!

In cosier times: a GCHQ director to his US "cousin"

two agencies all the more striking. What has brought them to the point where their close partnership seems in imminent danger of coming apart?

THE ACCUSATIONS, as voiced in Washington last week, were that GCHQ had failed to provide NSA with a comprehensive damage assessment report after a Soviet spy ring had been uncovered at Cheltenham and that repeated requests for this had met with evasions. This specific complaint then broadened into a general attack on GCHQ security, not only at Cheltenham, but at its overseas stations. GCHQ, the Americans said, was "as leaky as an old scow."

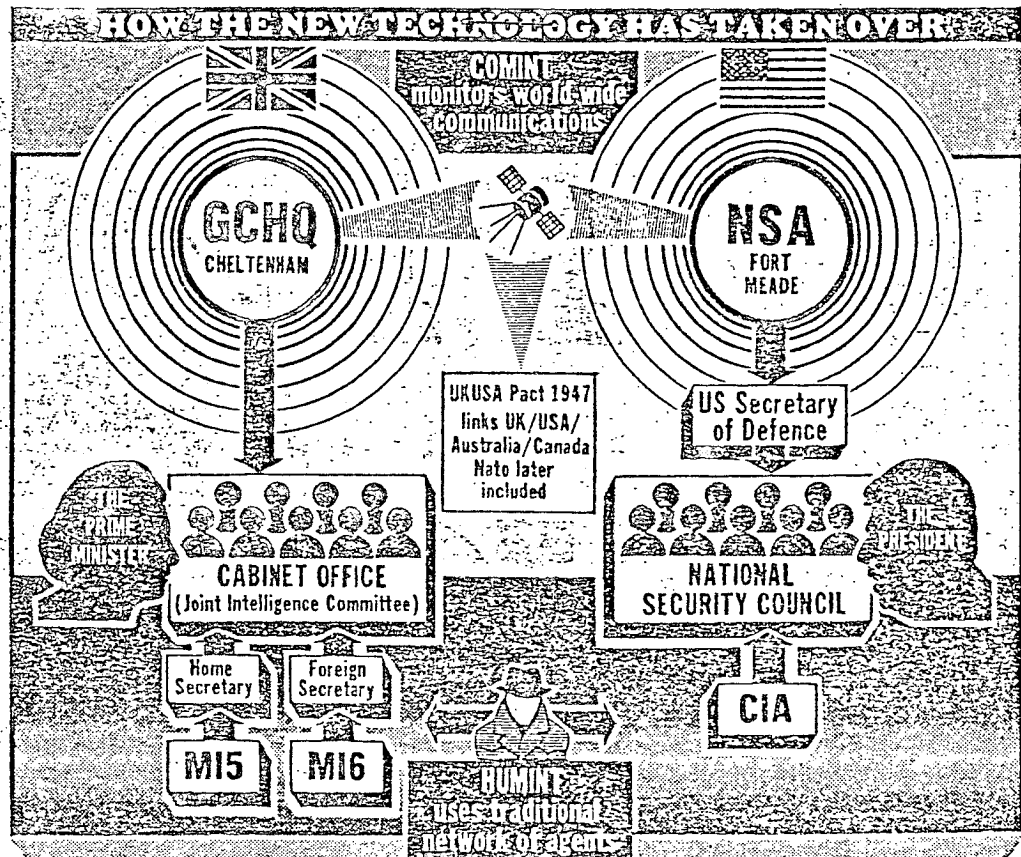
The manner in which the accusations surfaced — an article in the New York Times — is significant. The New York Times reporter, Philip Taubman who regularly covers intelligence matters, insisted last week that the story had not been deliberately fed to him. Taubman said he had been speaking to an intelligence official on another matter and, as the interview drew to a close, had asked what Washington knew about rumoured leaks at Cheltenham. The official responded with sufficient information for Taubman to write his front-page story.

However, our own enquiries in Washington suggest that the leak to the New York Times was deliberate. There has been concern in American intelligence circles for some time about the whole way in which

Foot?

primarily about blueprints for action. All have been posturings in a contest. Every stance taken about virtually every policy by every politician, whether in

Peter Sullivan



GCHQ is run and a feeling that if the British government was not prepared to exercise more control over GCHQ, then the Americans were. Some Washington officials are said to regard the current Cheltenham affair as an opportunity to press for a stronger American say in UKUSA.

What alarms British intelligence circles is the way the Americans seem prepared to work out differences of this nature in the columns of the American press. Certainly the result is that relations between British and American Comint bosses are at their lowest point in the history of the UKUSA pact, and the current NSA director, Lieut-General Lincoln D. Faurer, who was appointed in March 1981, speaks to Sir Brian Tovey only in terms of "utmost formality".

The likelihood that GCHQ will release its damage assessment report is highly remote. But the very nature of GCHQ's work makes it possible to deduce, in broad terms, what has leaked from Cheltenham, to assess its effects, and to explain why the British government has been so reluctant to come clean with "the American cousins".

THE LEAK is unlikely to have had anything to do with codes or cyphers. Today's major codes and cyphers are computer-based and are virtually unbreakable. True, what one computer can construct, another computer can break down, but the time taken to do this, then to evaluate the information and distribute it, often means that it is out of date by the time the relevant government department receives it. The Pentagon was reading NSA intercepts of Egyptian-Syrian preparations for the 1975 Middle East war two days after the war had started.

So the main thrust of GCHQ's anti-Soviet operation is to monitor "volume and location" — the amount of radio traffic and where it is coming from. Changes in either can be significant. NSA had early warning of Argentina's mobilisation for the Falklands invasion simply by the increased volume of military radio traffic, and changes in the transmitting points made it possible

to determine not only which units were involved but to plot their movements.

Russian interest in Cheltenham would probably be in knowing what was being "targetted" in the Soviet Union. Firstly, such information would have a broad intelligence significance: it would reveal Allied "areas of interest" and therefore ignorance—"they would not need to listen if they already knew". Next, it would enable the Soviet Union to take precautions against Comint surveillance.

This turns out to be remarkably simple. You simply switch your communications link from radio to an underground telephone or teleprinter line. In 1973, two Taiwanese linguists defected from GCHQ in Hong Kong, taking with them the information that GCHQ had been monitoring radio traffic from the Lop Nor nuclear site in China and from Chinese rocket-testing bases. This monitoring ended overnight when the Chinese changed

their communication link to secure underground cables.



It is this sort of information—complex, highly technical, and virtually incomprehensible to anyone but an expert—which the Russians would be seeking. If they were successful—and the KGB believed the information—then some of the wavelengths GCHQ and NSA have been monitoring in the Soviet Union would go silent as the Russians re-routed their traffic underground.

WHY DID Britain not admit to the Americans that this is what may have happened?

Apart from a natural reluctance to swallow a little pride (not too hard to overcome because NSA has had its spy scandals) the most likely reason is a very practical one. GCHQ was worried that NSA would cut it off from intelligence intercepts the government considers vital to our security.

NSA intercepts of Argentinian traffic during the Falklands war were crucial to British success. We rely on NSA intercepts for economic intelligence — events and intentions likely to affect oil and grain prices and currency levels — important in formulating government economic strategy.

And the military core of of the matter is probably this — we rely on NSA for intelligence in the battle against the IRA. NSA monitors all communications between Ireland and Britain and stores much of it on computers. This can provide the security authorities not only with advance warning

of, say an IRA bombing campaign, but clues after an attack.

(It may even be possible, by picking up the radio signal the IRA sometimes uses to detonate a bomb, to turn the tables on the bombers and explode the bomb while it is still in their hands.)

If GCHQ has not come quite clean with the Americans about the Cheltenham affair, it was probably with the rather forlorn hope that it could contain the scandal and maintain the special relationship. The ploy has backed.

Late last week, as senior NSA officials went to Cheltenham for top-level discussions, the signs were that the long-term relationship was no doubt secure, if only because of self-interest.

But the next few months will need some intense diplomatic activity before GCHQ and NSA are comfortably back between the sheets again.