

U.S. NEWS

Where spies really matter

President Bush is angry that he is not getting good information about key places, and he wants to change that by improving U.S. intelligence

For George Bush, the only President to have directed the nation's network of spies, the irony is acute and painful. He cannot rescue the American hostages in Lebanon, he says, because he does not know where they are. Bush would not be the first President to blame his problems on a lack of good intelligence. But this time, without question, the gaps are real, and few people understand the implications more clearly than Bush. Since taking office, he has beefed up the secret budget for spies and for intelligence analysis and wants to do more. But the challenges are formidable. For instance, to find the hostages, U.S. spies would have to penetrate the small, tightknit clans that hold eight Americans captive or else persuade a member to turn traitor. Both are nearly impossible.



Bush. More spooks

The hostage issue is just the most obvious of a multitude of problems facing the U.S. intelligence community. Its spies are being drawn ever more deeply into the war against drug smugglers, into policing proliferation of chemical and biological weapons and even into trade issues. While the administration continually updates its priorities, experts say what is needed is a longer look at the threats of the 1990s and a new commitment to developing human spy operations. In places like Lebanon, China and Panama, Bush knows he needs a richer ethnic mix of streetwise case officers and well-placed informers, and he knows it will take time. "I don't want to hold out the wrong kind of hope that you can say, 'Let's get more agents, more intelligence in the human source' and that that happens overnight. It just doesn't work that way," the President said recently.

Part of the problem stems from the long decline of clandestine operations. Since the 1950s, the nation's reliance on its huge, supersecret electronic and satellite-spying organizations, budget cuts

and officials' distrust of covert operations all eroded the clandestine service, says Bobby Ray Inman, a former deputy CIA director. By 1979, Inman says, clandestine manpower had dropped to 40 percent of its level in the 1950s. President Reagan, his director of central intelligence, William Casey, and Casey's deputy, Robert Gates, now Bush's deputy national-security adviser, streamlined and upgraded the analysis of intelligence data, but their efforts to rebuild the global network of spies were less successful. Experts say now that about 90 percent of the perhaps \$10 billion spent by intelligence agencies goes for spying by reconnaissance planes, satellites, communications interception and radio listening, all of which pays off with an estimated 90 percent of the useful intelligence gathered. Only about 10 percent is spent on in-house analysis and on human intelligence gathering. Known in the trade as HUMINT, it includes spying, running spies and turning enemy agents. No one argues that technical collection should be diminished. It is just that the problems facing Bush appear to be ones where human spies matter most.

What's needed. Former intelligence officials say the government's increasing attention to rebuilding America's human spying capabilities should fall into five categories: First, there is a greater need than ever for intelligence on a rapidly changing Soviet Union, which under Gorbachev is spying more on the U.S. and is in especially hot pursuit of advanced Western technology. Second, Japan, South Korea and Taiwan, among others, have become serious economic competitors with the U.S., and it is vital to get a better inside look at their intentions. Third, nations like Brazil, Argentina and China are selling increasingly deadly and sophisticated weapons, including ballistic missiles, while others

Newsweek _____
 Time _____
 U.S. News & World Report 24

 Date 28 Aug '89

are buying chemical and biological agents. Fourth, the U.S. needs more and better intelligence on drug trafficking and terrorism. Fifth, the world will continue to be threatened by regional conflicts; thus, better intelligence in India, Pakistan, Vietnam, Cambodia and the Middle East is essential.

Middle East. Some of the intelligence community's troubles in the Middle East stem from a tragic combination of bad luck and sloppy procedures. In a few short years, an American spy network in the region, which had taken 20 years to build, was destroyed. The first blow was the Iranian revolution in 1979, which ousted the Shah and destroyed Savak, the Shah's secret police, on which the U.S.

had relied heavily. The next blow was the loss of virtually all American spies in Lebanon, a process that began when Israel invaded in 1982 and ousted the Palestine Liberation Organization, which removed many of the CIA's best sources from the city where American hostages are believed held. Less than two years later, the man sent to rebuild the Lebanese network, William Buckley, was taken hostage himself and killed. U.S. intelligence in Beirut was back to zero.

After that, the U.S. made only a half-hearted attempt to rebuild. Robert McFarlane, national-security adviser to Reagan, says the U.S. made little investment in human intelligence in Lebanon over the last eight years and instead be-

gan to rely more heavily on Israel for intelligence on Lebanon, the hostages and their Shiite captors. But the Israelis, like everyone else, are not infallible, even in their own region. Nor do their interests always coincide with those of the United States. The Israelis, for instance, urged the Reagan administration to deal with "moderates" in Iran and believed the Christians could remake Lebanon.

China. A former high intelligence official under Reagan says that the U.S. relied too heavily on its close relationship with Chinese intelligence, as it had on Savak in Iran, and was reluctant to spy on the Chinese government or military. Administration sources say that the Bush administration had no advance word, or

CONTINUED

at least failed to understand the warning signs, of the June 4 crackdown in Tienanmen Square. Sources say Bush was particularly upset that, just before the crackdown, some U.S. officials thought Deng was in a coma. In fact, he was traveling the country, lining up support from potentially rebellious Army units. On the critical question of whether there were disputes within the People's Liberation Army, intelligence officials say the U.S. was pretty much in the dark.

Panama. Gen. Manuel Antonio Noriega carried favor with U.S. intelligence officials for years by passing useful intelligence to the CIA and the Drug Enforcement Administration. For all its close association with him, however, the Reagan administration had no idea how hard it would be to dislodge Noriega or to penetrate the Panamanian Defense Forces, the institution that keeps him in power. Now, the U.S. seems almost powerless to influence Noriega, and Bush feels hamstrung by a lack of solid information.

The huge amounts spent on technical collection are a tempting target for those who would improve HUMINT. "In HUMINT, people have to fight over \$150,000," says Kenneth deGraffenreid, the senior director of intelligence for Reagan. "In the technical stuff, millions of dollars fall off the shelf." Some urge a reallocation of funds. In reality, the two complement each other, a fact highlighted in recent successful operations when HUMINT and technical spying led to the capture of terrorist Fawaz Younis, the interception of the *Achille Lauro* hijackers and the discovery of a Libyan chemical-weapons plant. "They should never be seen as competitive; they're different," says William Odom, a former director of the National Security Agency. "It's like saying you're going to trade off violins against the brass section. You just can't get brass sounds out of the violins, and you can't get violins out of the brass section."

But in places such as Lebanon, China and Panama, where satellites cannot answer the most important questions, the U.S. now must rely on what one intelligence officer calls RUMINT—rumors intelligence—for answers. A frustrated President Bush has sent strong signals that he wants to change that for the sake of American hostages in the Middle East and for the nation's future well-being. ■

by Peter Cary with Brian Duffy,
Kenneth T. Walsh and Charles Fenyvesi