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REMARKS OF WILLIAM J. CASEY

DIRECTOR OF CENTRAL INTELLIGENCE

at

HALLOWE'EN BANQUET OF PUMPKIN PAPER IRREGULARS

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International Club

Washington, D. C.

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As I look around and think of all the years many of you have poked into that pumpkin and how loaded you are with trivia about the papers and all that surrounded them, I am reminded of a fellow who loved to talk about the Johnstown flood. There came a time when he passed away, he was received by St. Peter, who found him a pretty good fellow, heard he loved to talk about the Johnstown flood, so he gathered a group of people around him up there and he started out telling how the waters had gathered and came crashing down. He was just about reaching his finale when St. Peter reached over, tapped him on the shoulder and he said, "By the way, I forgot to tell you that Noah is in the audience."

I am grateful that I was forced to delve again into the Chambers affair and reflect on its implications. If I have any theme, it is that it is not quite accurate to think of Alger Hiss as a mere Russian spy. His role as an agent of influence is far more meaningful to us. He did steal and pass along through Colonel Bykov, his Soviet handler in New York, some information about Japanese troop movements to Manchuria, French military supplies to Rumania, and such things in the late thirties. How trivial this seems compared to the Soviets having, at the end of World War II, an agent of influence close to the major policymakers in Washington. Hiss was a close and trusted colleague of the American Secretary of State. At Bretton Woods he worked with Harry Dexter White in the shaping of the post-war economic world. He was at the side of President Roosevelt at Yalta and, as Secretary General, welcomed President Truman to the first convocation of the United Nations in San Francisco. How the KGB must have preened itself at the photos of the smiling Alger Hiss standing behind Roosevelt, Stalin, and Churchill at Yalta and welcoming

Harry Truman to the podium for the first address of an American President to the UN. How trifling the theft of some papers passing over his desk when matched up against the opportunity to whisper into the ears of American leaders and counsel them on their policies. I have often marveled at how Hiss deftly moved from the office of Secretary of State Stettinius to the side of John Foster Dulles. How lucky, or possibly how shrewd a move, as the long reign of the Democratic Administration seemed to be entering its final stages, to position one's self near the ear of the prospective Republican Secretary of State.

Even today when American intelligence is so good at obtaining the information we can see and hear and sense, it is still so difficult to get actual knowledge of the plans and purposes of the other side. How we would love to have someone positioned in Moscow right now as Alger Hiss was positioned in Washington at a critical point in world history or as Kim Philby was in London.

One of the remarkable aspects of the Hiss penetration was how broad-reaching it was, how easily it was accomplished, how early it was achieved, how long it was known about and ignored. Hiss came out of Harvard Law School to be a law clerk to Supreme Court Justice Oliver Wendell Holmes, Jr. When Jerome Frank became General Counsel to the Agricultural Adjustment Administration, the famous AAA, perhaps best remembered for its slaughter of little pigs, he hired such young stars as Adlai Stevenson, Thurman Arnold, Abe Fortas, Lee Pressman, and Alger Hiss. Pressman, classmate of Hiss at Harvard Law School, a self-confessed Communist, was, Jerome Frank noted in a letter, brought "onto the staff at the insistence of Mr. Hiss who has the highest regard for Mr. Pressman's character." Pressman, together with John Abt, Nathan Witt, Nathaniel Weyl,

and Julian Wadleigh, later either admitted or indicated clearly enough by their activities their close Communist ties. In the AAA, these young staffers came under the leadership of Harold Ware, an acknowledged Communist and the son of "Mother" Bloor, revered in those days as the matriarch of Communism in the United States.

By 1934, Hiss was counsel to the famous Nye committee of the Senate, muckracking among the defense contractors of those days and labeling them the "merchants of death." He went on to the Department of Justice to argue cases before the Supreme Court of the United States, and then to the State Department to become Director of the Special Political Affairs Division, before going public at the great international conferences at Dumbarton Oaks, Yalta, and San Francisco.

As smooth and shrewd as Hiss' fast shuffle from Acheson to Dulles in 1946 was his ability to sail onwards and upwards in Washington while his Communist affiliation became increasingly well known. Milton Gould, author of that brilliant article in the New York Law Journal spelling out how Hiss victimized himself by his hubris, told you a year or two ago how, in drifting into a Washington cocktail party of AAA staffers in early 1935, he found the Communist interest well represented and well recognized.

In 1939, Whittaker Chambers went to Adolph Berle, then Assistant Secretary of State, with the information that Hiss, then a trusted officer of the Department of State, was a Communist and "underground espionage agent for the Soviet Union." Berle passed this to the FBI in a memorandum which lay smoldering in FBI archives as Hiss marched forward to Dumbarton Oaks, Yalta, San Francisco and the Carnegie Endowment. It wasn't until nine years later that FBI agents first interrogated Hiss on Chambers' charges.

Still, information kept piling up. In 1940, Isaac Don Levine told the House Committee on Un-American Activities that Hiss was a Communist agent. William Bullitt, American Ambassador to France, told Stanley Hornbeck at State that French Prime Minister Edouard Daladier had warned him about Hiss as early as 1940. This information circulated around town, even reaching the ears of President Roosevelt who, along with J. Edgar Hoover, dismissed it as loose talk. In 1945, on the eve of the San Francisco UN meeting, Raymond Murphy, a high State Department official, was warned about Hiss. A month or two later, investigations by the FBI and State Department were triggered by Igor Gouzenko, a code clerk at the Soviet Embassy in Ottawa who defected and disclosed that the Soviets had an agent in Washington who was an assistant to then Secretary of State Edward Stettinius. Canadian Prime Minister MacKenzie King wrote in his diary that the Soviets had an agent "close to Stettinius."

Sometime in 1945, J. Edgar Hoover asked Attorney General Tom Clark for authority to install a wiretap on Hiss' Washington home, to intercept his mail, and keep him under physical surveillance. In a report to President Truman on "Soviet Espionage in the United States," J. Edgar Hoover devoted several pages to the evidence which had accumulated on Hiss. By March of 1946, a new Secretary of State, James Byrnes, together with the Attorney General and the Director of the FBI, had concluded that there was enough negative information against Hiss to justify his dismissal from the State Department. Hiss' security clearances were lifted but still the State Department protected him for seven months until December 10, 1946, when he resigned to accept the post offered him by John Foster Dulles as President of the Carnegie Endowment for International Peace. Before accepting this lofty post, Hiss

went to Dean Acheson to say he didn't want to leave the government until the charges against him had been cleared up. He got typically Achesonian clear and sound advice. Acheson said: "This kind of thing rarely ever gets cleared up. The government has to protect its sources of information. There is no way of final adjudication of this matter. People will continue to raise these doubts about you as long as you are in a position where you are subject to attack, and if I were you I would leave and go to New York." That's what Hiss did.

Still, he came close to getting away with remaining in public service. In September 1945, Stettinius conferred in London with Andrei Gromyko, the Soviet Ambassador to the United Nations. Stettinius' diary reflects that he asked Gromyko if the Russians had thought about who should be Secretary General of the new United Nations Organization. Gromyko said: "He would be very happy to see Alger Hiss appointed temporary secretary general as he had a very high regard for Alger Hiss, particularly for his fairness and impartiality."

If Hiss had been appointed to this critical post, what would have happened to the material piled up in the State Department's security file? It was not until two years later, in 1948, that Chambers brought his charges to the public before the House Committee on Un-American Activities. It would be interesting to know what kind of an investigation the trustees of the Carnegie Endowment for International Peace made before selecting Hiss as the man most eligible to be President of that venerable institution.

The story becomes even more bizarre after Hiss left public service. During the period of his investigation and trial, some very strange events occurred. The Justice Department lawyer and friend who notarized Hiss'

signature on the transfer of title for an automobile which became an issue in the case, W. Marvin Smith, was pushed to his death down an office stairwell. Harry Dexter White, the former Assistant Secretary of the Treasury and a principal figure in the apparent Communist penetration of the United States Government, died suddenly. Herbert Norman, Canadian Ambassador to Egypt, discovered to be a Communist and about to be exposed, fell, jumped or was pushed from a window in Cairo. Harvard Professor F. O. Mathiessen, Communist sympathizer, recently returned from Czechoslovakia and due to be questioned, plunged to his death from a rented hotel room in Boston. Lawrence Duggan, a former State Department official and friend of Hiss, jumped or fell from a Wall Street law office, wearing one galosh. The other galosh was found on the floor in his office, certainly suggesting a quick exit.

It was almost like the Wall Street crash of 1929. Which reminds me of the two brokers who saw a body hurtling by as they looked out a 26th-floor window. One of them turned and said to the other: "Do you suppose he knew something we don't know?"

Americans have from the very beginning been singularly vulnerable to people working for the enemy getting close to our leaders. Tom Murphy, in summing up the case against Hiss, compared him to Benedict Arnold. This comparison of Hiss with Arnold would not have withstood scrutiny in the Second Circuit in the times in which we live. It would have been dealt with as prosecutorial misconduct and the case would have been remanded for retrial. I leave it to you whether this is progress or not.

George Washington thought well of Benedict Arnold. Arnold had led 600 men in that amazing 500-mile march through Maine to assault Quebec. His dash and valor had turned the tide at Saratoga. But something had happened

to him in some months of social whirl with a new wife in the capital of the young nation at Philadelphia. For over a year he bargained with the British General Clinton about how much he would be paid for every American soldier he succeeded in surrendering to them. There were 4,000 troops in the Hudson highlands under the commander of West Point. When Arnold asked Washington directly for that command, Washington told him that he was too good in battle to waste on the garrison soldiers at West Point, but rather should have command of light troops. When Arnold pleaded the bad leg he got at Saratoga saying he couldn't serve in a more active command, Washington relented and gave him West Point. This put Arnold in a position to turn over to the British control of the Hudson River and the entire supply line between New England with its ports and Washington's army, something which Arnold agreed to do for 20,000 pounds. Only the accidental interception of a message between Arnold and the British command averted that disaster.

Another example! When you enter the American Embassy in Paris, you see on the wall in the lobby the list of distinguished Americans who have represented us in the French capital. Benjamin Franklin heads the list. As he labored in Paris to get the essential supplies without which the revolution could not have been fought, let alone won, and the critical French alliance from Louis XIV, Franklin was surrounded by British agents. Edward Bancroft, an American in British employ, lived in as his secretary. Spies must have been running into each other in Franklin's hallways. Copies of his correspondence arrived in London on an almost daily basis. When a friend warned Franklin of all this, his response was an all too typically American casual concern about this threat. He replied, "As it is impossible to discover in every case the falsity of pretended friends who would know our affairs; and more so to

prevent being watched by spies when interested people may think proper to place them for that purpose; I have long observed one rule which prevents any inconvenience from such practices. It is simply this: to be concerned in no affairs that I should blush to have made public, and to do nothing but what spies may see and welcome. When a man's actions are just and honorable, the more they are known, the more his reputation is increased and established. If I was sure, therefore, that my valet was a spy, as probably he is, I think I should not discharge him for that if in other respects I liked him." This attitude, understandable in a Pennsylvania politician, but potentially disastrous in running a war and conducting foreign affairs, guided more than one desperately needed shipload of supplies into the hands of the British.

We haven't improved. In our lifetime, Soviet agents have succeeded in getting hold of detailed data on everything from the nuclear bomb to the MX, including a real sidewinder missile, Stealth bomber technology, vast amounts of computer methodology and buckets of information about our satellites, both reconnaissance and communications.

Still, I think even today as it was in the time of Alger Hiss and of the Rosenbergs and the others who stole our nuclear technology for them in the middle forties, the Soviets see and get more mileage in influencing our policies and lifting our technology than they get from political and military espionage. After all, they roam freely among us, read uncensored technical publications, use a legal right to request documents from our files, profit from a flood of leaks used as weapons in policy struggles, and attend the debates, which we conduct in public and they conduct among a handful of men behind closed doors. That's how they get most of the political and military

intelligence we work so hard to pry out of their closed society with our multibillion dollar technical marvels. This leaves more KGB case officers to troll for agents of influence among those who tend to favor Soviet objectives, using false flags and false masks, among those who can be manipulated.

At times they have been dazzling at penetrating high places where they have a shot at influencing policy as well as producing intelligence on policy objectives and initiatives--witness Hiss at State, Dexter White at Treasury, Laughlin Curry at the White House, Philby and Maclean in Britain, Charles DeGaulle's and Willy Brandt's personal intelligence advisors in Paris and Bonn.

But even these dazzling penetrations pale into insignificance when compared to the concerted assaults which the Soviets have learned to make on public opinion in free countries. I have time only to mention their success in getting President Carter to reverse field on deploying the enhanced radiation weapon in 1978 after he had persuaded our European allies to commit to it at great political risk. We figure that the Soviets spent on the order of \$100 million to pull that off. Now, just recently we read in the press complaints that we may have spent a few million to counter that massive Soviet effort. I found one of the best summations of their advantage in influencing policy in Leslie Gelb's article on what we know about the Soviet Union in last Sunday's New York Times Magazine. He quotes a Soviet arms negotiator this way:

"We know so much about how you make decisions. Americans are talking about this and writing about this all the time. It is more than we can swallow. But you know little of how we make decisions and we are not going to tell you. Because we do know, we have some chance of influencing your decisions. Because you don't know, your chances of influencing ours are limited and we intend to keep it that way."

The Soviets, the Cubans, and their followers take great pains to conceal their involvement in other countries to destabilize, subvert, influence policies, defame and what else. In our seeking authority to respond, we are called upon to "prove" the existence of their hidden hand.

Providing "proof" is likely to involve the unacceptable risk of drying up our source of information. At the same time, policy motivated disclosure of classified information and sometimes reckless investigative reporting gives too many free rides to the other side. To handle these multiple dilemmas, we need broader public understanding of what we face, a restoration of discipline and indeed secrecy in our public officials, better understanding from and a closer collaboration with the media. All of us will have to break new ground to counter a more aggressive, a more sophisticated, and a more subtle Soviet expansionism.

We continue to face today the kind of struggle between those with faith in our society and its values and the will to defend them and those who believe us to be sick beyond saving which Whittaker Chambers and Alger Hiss waged in Foley Square some 35 years ago. In many ways our side has been gaining. Where in the 60s and 70s Communist causes were attracting recruits throughout the Third World, the 80s has emerged as a decade of people rising to resist Communist regimes -- in Afghanistan, Angola, Cambodia, Ethiopia, and Nicaragua, to mention only the most prominent areas -- with hundreds of thousands of ordinary people going into armed resistance against Communist oppression. Right here, while the Communists continue to go to extraordinary lengths to keep faith with Alger Hiss with endless efforts to redeem his reputation, an American President is bold enough to call Communism what it is and to preach the sustaining faith of our own heritage as he stands up to award the Medal of Freedom posthumously to Whittaker Chambers.

The Director of Central Intelligence

Washington, D.C. 20505

Executive Registry

84 - 9411/1

1 November 1984

Dear Mr. President,

I was touched by your inscription in the Nathan Hale book which the Pumpkin Paper Irregulars gave me and I thank you from the bottom of my heart.

In introducing me, Larry Silberman, after describing how the President's ability to carry out unattributable activities is undercut by requiring disclosure to Congressional committees, paid tribute to your brilliant response in selecting a DCI who mumbles. I responded that you were too prudent to rely entirely on my mumbling and had hedged against the possibility that part of what I disclosed would be intelligible by arranging for an intelligence committee chairman who can't remember. Sort of double endemny. It was a fun evening.

You may be interested in some of the trivia about the Hiss-Chambers affair which I dug out and I am enclosing a copy of the remarks I prepared for that occasion.

I hope to celebrate Tuesday with you in California.

Yours,

Bill
William J. Casey

The President
The White House



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