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WALL STREET JOURNAL
12 June 1981

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Washington Wire

A Special Weekly Report From The Wall Street Journal's Capital Bureau

IN FROM THE COLD: CIA Chief Casey seeks to revive emphasis on spies.

He sides with intelligence pros who argue that recent administrations relied too much on satellites and electronic means to gather information. Such information is valuable, one expert says, but it "isn't going to tell you what people are thinking."

Casey moves to strengthen the human spy network. He pushes legislation to protect the identity of CIA agents. He visits foreign intelligence officials to enlist them to share information. And he revives an intelligence advisory board of outsiders. It will be headed by former Ambassador (to Britain) Anne Armstrong.

Some conservatives grouse that changes are too slow: They want Reagan to loosen restrictions on intelligence gathering by executive order.

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THE WASHINGTON STAR (GREEN LINE)
12 June 1981

Senate Committee To Probe Attack

The Senate Foreign Relations Committee will hold a hearing next Thursday on Israel's attack on the Iraqi nuclear reactor.

"I feel we have the obligation and duty to adequately inform ourselves and inform citizens of this country and abroad" of the events and implications of the attack, Chairman Charles Percy, R-Ill., said yesterday.

Percy said he also wants to investigate the performance of U.S. intelligence agencies in finding out about the raid. "One question I will put: Did the U.S. government have intelligence and if not, why not?" Percy said.

The committee will begin the hearing behind closed doors to take testimony from CIA Director William Casey. The session then will be opened for testimony by State Department officials, including Walter Stoessel, undersecretary for political affairs. Stoessel is the highest ranking State Department offical in Washington while Secretary of State Alexander M. Haig Jr. is in China and Deputy Secretary William Clark is in Africa.

Percy said he hopes to complete the hearing in one day.

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THE WASHINGTON STAR
10 June 1981

THE EAR

[redacted]

FUN ON THE PHONE . . . Super-Democrat Sen. Bobby Byrd, of course, was astonished about the whole Israel-bombing-the-Iraqi-reactor mess. But maybe, darlings, he knows a scrap more than we do. "The CIA director called me this morning," he told pals yesterday. "And he thought he was talking to [Independent] Harry Byrd." And Bobby *let* Bill Casey think it, darlings, for three whole minutes. Ear is shocked at both the above.

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NEWSWEEK
8 JUNE 1981

NATIONAL AFFAIRS

Searching for a Strategy

The huge military buildup proposed for the next few years is supposed to achieve a global projection of American power unmatched since World War II. But so far, the Administration seems to be pumping out money for weapons and units before it is certain how best to deploy them. Defense Secretary Caspar Weinberger has given some sense of specific changes to come, including a concerted effort to bolster America's conventional forces and to stress development of a Rapid Deployment Force that could be deployed anywhere in the world. And sometime this month, the Pentagon will complete a highly classified document—"Defense Guidance: 1983-1987"—that is supposed to contain the first detailed outline of the new Administration's strategic thinking. But Deputy Defense Secretary Frank Carlucci concedes that "we approached the '82 budget with what I would call a philosophy, as opposed to a totally articulated strategy."

That approach shows in the line items in the Reagan defense budget, which are mostly expanded versions of programs and procurement policies endorsed by the Carter Administration. And a close look shows that many of them are ill-suited to achieve the ambitious goals described by Weinberger. Most military experts agree, for instance, that there is a desperate need for lighter, simpler and more mobile equipment than the United States now has in its arsenal, if conventional forces are to be deployed rapidly around the globe. Yet much of the stepped-up spending is destined for heavier and even more complex munitions such as "big deck" aircraft carriers and massive M-1 tanks. "We've got a national military strategy called M-O-R-E," charges defense specialist John Collins of the Congressional Research Service. "We have a request for $1.5 trillion over the next five years with no policy behind it."

The forthcoming Pentagon plan may well address some of the mismatches between spending and desired goals. But even if it does, there are some serious questions about whether the Reagan approach, as broadly described by Secretary Weinberger, makes sense. Many experts think that building for a long conventional war in Europe, for example, is a waste of money. "If there were an all-out Soviet attack on Western Europe, within a number of hours or days the Soviet forces would reach the location of a large number of American nuclear weapons," says former Secretary of State Dean Rusk. "No American President is going to allow these to be captured, and I believe it would quickly lead to an all-out nuclear exchange."

Even if Rusk is wrong, the United States could not fight a long war in Europe without the support of its principal allies. But they are equipped only to fight a far shorter war than the United States—and they have no plans for anything like the American buildup. One real danger of the Reagan strategy is that it may waste money by spending more than is needed to deter Soviet aggression and less than is needed for the stated goal of defeating it.

There is no doubt that U.S. strategy needs serious rethinking. For most of the 1950s and 1960s, it rested on the assumption that America might have to fight "two and a half wars" simultaneously—against the Soviet Union in Europe, China in Asia and guerrillas somewhere else. Though manpower and equipment were never adequate to such a task, the generals could rely on their overwhelming nuclear superiority to plug the gaps. By 1969, however, it was clear that China was far more likely to go to war against the Soviet Union than against the United States, so the strategy shrank to accommodate one and a half wars: a major conflict with the Soviets in Europe and a minor one somewhere in the Third World.

That strategy is clearly outmoded. By steadily increasing its defense spending by 3 per cent to 4 per cent a year for the past two decades—while America spent billions on a futile war in Vietnam—the Soviet Union has pulled ahead of the United States in many categories essential to conventional warfare. "The Soviets are now militarily capable of having two and a half wars going at once," says Weinberger. As a result, the worst-case scenario now envisions the United States fighting major wars against the Soviets in both Europe and the Persian Gulf and a brush-fire battle against their proxies as far away as El Salvador.

MAD: Meanwhile, the Soviets have achieved parity—if not a slight edge—in the nuclear arena, as well. For years, American nuclear strategy has rested on Mutual Assured Destruction (MAD)—the power to launch a devastating retaliatory strike in answer to a Soviet nuclear attack. To do so, the United States has relied on its "strategic triad," the three-pronged system of land-based intercontinental ballistic missiles, bombers and submarines designed to deter or respond to a Soviet strike. The MAD policy, still very much in force, has been supplemented by preparations for more limited nuclear war. First articulated by former Defense Secretary James Schlesinger almost a decade ago and ratified by Jimmy Carter's Presidential Directive 59 last year, the idea is to improve U.S. ability to strike hardened Soviet military targets, rather than industrial centers and cities. That way, the reasoning goes, in case of a Soviet nuclear attack on American missile silos, the President would be able to strike back in a limited way—and perhaps avoid a nuclear holocaust.

But the nuclear strategy is in trouble, too, as Soviet strategic forces continue to increase in sophistication. By the mid-1980s, Soviet missiles with improved guidance systems may conceivably be able to destroy most of the 1,053 ICBM's in their silos across the Great Plains. Better Soviet air-defense systems make it increasingly difficult for the strategic fleet of B-52 bombers to carry out the bombing missions inside the Soviet borders for which they were designed. The submarine force remains highly potent and maneuverable, but suffers from unreliable communications and less-than-perfect accuracy. To add to the strategists' problems, there is considerable opposition in both Europe and Japan to the U.S. plan to beef up nuclear armaments abroad.

Long War: Defense Secretary Weinberger suggests that there are some big changes ahead. Perhaps most important is his contention that the United States must be able to wage at least two and a half long conventional wars. The old short-war strategy assumed that within 30 days of conflict, the war would end with a nuclear exchange. A long-war strategy calls for having enough men and matériel to fight for as long as it takes the nation to mobilize both men and industry to replace combat losses. Developing a conventional fighting capacity costs far more than gearing up for nuclear war—a

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THE PHILADELPHIA INQUIRER
8 June 1981

National and International News in Brief

National

The CIA chief says the Freedom of Information Act harms security.

Director William Casey told a New York Law School graduating class yesterday that the act should be changed because one lawsuit could result in the leak of national secrets. Casey said he wanted to recruit more law school graduates as CIA agents. Casey received an honorary degree from the school, as did William F. Buckley, editor of the National Review; Rep. Mario Biaggi, an alumnus; Mathew Jasen, senior associate judge of the New York State Court of Appeals, and J. Skelly Wright, former chief judge of the U.S. Court of Appeals for the District of Columbia.

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THE NEW YORK DAILY NEWS
8 June 1981

Info law hurts us: CIA chief

By SHERYL McCARTHY
Education Editor

Speaking out against laws that "disrupt" the operation of the intelligence-gathering community by making sensitive government documents accessible to the public, the director of the Central Intelligence Agency called yesterday for modifications of the federal Freedom of Information Act "and other questionable burdens" imposed on his and other federal agencies.

CIA chief William Casey made the remarks in a commencement address to 300 graduates of the New York Law School and their guests at Avery Fisher Hall. He stressed that in seeking to limit access to sensitive intelligence information, he was not proposing "a retreat from our cherished liberties."

In commencement exercises at City College, Urban League President Vernon Jordan urged the 1,800 graduates, faculty members and administrators to fight to maintain the college's academic tradition at a time when the population it serves is changing.

"As the City College system comes to serve larger numbers of blacks and Hispanic students," Jordan said, "it will face greater resistance to granting it the resources it needs . . .. Public institutions serving the middle-class are favored. Those serving the poor or minorities are not. But the louder we proclaim that ugly truth, the better we will be able to resist its effects."

AT DOWLING College in Oakdale, L.I., Sen. Daniel P. Moynihan (D-N.Y.) blasted the Reagan administration for what he called its tendency to politicize the issue of international human rights.

"It does not matter what kind of government is torturing you if you are being tortured," Moynihan said.

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6 June 1981

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A new day is dawning

The CIA is beginning to of the

By Nick Thimmesch

WASHINGTON — The CIA is tightening up these days. The word is that information is to be collected, not dispensed. Analysts are prodded to form their own judgments and to avoid consensus thinking. Ties to foreign intelligence agencies are being mended. The penance of the post-Watergate period has been done.

Top officials of the agency are confident that this conservative Congress will pass new legislation providing the CIA greater exemptions from the Freedom of Information Act. There was a rush of requests under the act at the CIA when the agency was under fire in the 1970s. CIA officials voiced many objections to FOI requirements, while claiming they weren't trying to escape the law.

One objection is that intelligence agencies in foreign countries are reluctant to cooperate with the CIA because they feel every Tom, Dick and Harry, and perhaps their own enemies as well, could eventually get their hands on any intelligence they provided the CIA.

Another is that the agency suffered the ignominy of realizing that even Communist countries were able to get CIA information through the Freedom of Information Act, an absurd situation just on the face of it, and hardly a morale-booster. Nor did the agency like spending $1.7 million to comply with FOI in 1980 or $325,000 to satisfy requests from Philip Agee, one of the agency's tormentors.

The CIA also decided to end the practice of agency analysts briefing reporters on given subjects or geographical areas. The decision was implemented quietly without announcement. Reporters, especially those about to go off to an "interesting" country, often found such briefings extremely useful. The agency now argues that its analysts have duties to perform other than brief reporters.

Similarly, the agency will soon drop the offerings of unclassified studies and reports to journalists and others interested in the world situation. Again the reasoning is that the CIA is not an information service for the public; rather, it should be performing a service for the decision-makers in U.S. government.

Some CIA studies, particularly as they applied to oil reserves in the Soviet Union and in other Communist countries, caused confusion when they conflicted with other government information. The CIA recently revised its 1977 estimates of Soviet oil reserves upwards, and this created a stir here.

When Stansfield Turner was CIA director, there was increasing use of sophisticated equipment to gather intelligence and less reliance on human beings. Under the new administration, the word is to upgrade the work of analysts, urging them to form independent judgments. The new stress is on creative thinking and keeping an open mind.

There is also a move by the agency to free itself of as many congressional restraints as possible and to tighten up on the flow of information to committees. Congress may be in a mood to return to the old mind-set of what we don't know won't hurt us and I don't want to know anyway.

CIA officials are sure Congress will make it a crime for anyone to disclose details identifying covert agents, even if the information is public. The target of the proposed Intelligence Identities Protection Bill is the Covert Action Information Bulletin, an anti-CIA newsletter which publishes the names of CIA agents.

Its publishers claim they have the right to name names under the First Amendment. The CIA says such identification is vicious and puts its agents' lives in serious peril. Vice President George Bush, a former CIA director, calls the bulletin, "an ugly little sheet."

Finally, despite the downhold on government salaries, there is strong sentiment in the Reagan administration to offer pay inducements to keep top operatives in the CIA. The President once told his CIA director, William J. Casey, "Even though we may not have the biggest intelligence [illegible] we know we want to have the best."

Besides, he stopped in during the 1980 primary season to give Reagan a needed hand. He is a tall, shambling man, inclined toward plain talk, even salty expression. He is no-nonsense, pragmatic, and doesn't stand on niceties. Casey likes getting the job done far more than discussion of nuances.

The pendulum has swung again in this town. A few seasons back, the CIA, despite sustaining public support, was on the run. Congress and the press were giving the agency a bad time, and the acronym "CIA" had become a dirty word. In 1981, the public still wants a strong CIA, able to do about what it wants, only now the Congress is going along with the public. The press is watching all this, or should be.

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THE WASHINGTON POST
6 June 1981

Administration Attempting to Stem Information Flow to a Trickle

By Michael Getler
Washington Post Staff Writer

The Reagan administration, in an effort to shut off leaks and ensure that the government speaks with one voice on national security matters, has adopted a press relations policy that appears to be considerably more restrictive than those of previous administrations.

The Central Intelligence Agency, which in recent years occasionally provided unclassified background briefings to reporters on request on a variety of subjects from oil to Afghanistan, has now ended that policy on orders from new Director William J. Casey.

The top-level National Security Council staff in the White House, including dozens of specialists who also frequently provided background information on defense and foreign policy subjects in previous administrations, is now off-limits to reporters on orders of the president's national security adviser, Richard V. Allen.

News Analysis

At the departments of State and Defense, many career officials still welcome reporters to their offices on an informal basis. And there are still occasional background briefings to provide a fuller account of administration views on issues in which the officials doing the briefing cannot be identified by name.

But in those two agencies, other important information sources have gone dry. These are the daily public briefings by department spokesmen where reporters have one of the few chances to get the administration to explain policies on the record.

By the account of many experienced reporters, these regular briefings at both State and Defense are at their least productive point in many years in the information they yield or the opportunities to extract more than what amounts to a daily government press release.

At the State Department, spokesman Dean Fischer, a former newsman, arrives for the briefing with a sheaf of papers each day containing official department "guidance" that is prepared by senior specialists on a variety of subjects. When a question is asked for which he has guidance, he turns to that sheet in his folder and reads it. Nothing more is divulged.

One news agency reporter noted that during a regular 45-minute noon briefing at State recently, the spokesman responded more than 30 times with "don't know, can't say, no comment" or "I've got nothing for you on that."

Asked by The Post if the narrow scope of his guidance, which keeps him from being informative, bothers him, Fischer said: "The most difficult part of my job is to stand up there and say virtually nothing, particularly about the Middle East. But that's not a complaint about the guidance because I fully understand the reasons for it."

Those reasons, he says, are to avoid anything that could jeopardize U.S. diplomatic efforts.

At the Pentagon, spokesman Henry E. Catto Jr. was neither a newsman nor a defense specialist before taking over public affairs for an agency dealing with some of the most specialized issues in government. The tone for Pentagon information policy appeared to be set by Catto during his first formal briefing May 19 when he told reporters there would no longer be any detailed accounting of U.S. and Soviet naval power in the Mediterranean, information that was routinely given out by previous administrations, even in a crisis.

A month earlier, Deputy Secretary of Defense Frank A. Carlucci put out a chilling memorandum to the Pentagon bureaucracy warning that unauthorized disclosure of classified information, whether inadvertent or intentional, would not be tolerated.

While that may seem normal, Carlucci also referred specifically to espionage laws and added that "even unclassified matters should be treated with circumspection when they relate to sensitive internal deliberations."

In circulating Carlucci's memo to his public information staff, Catto added a note that said aside from "posing a threat to national security, unauthorized disclosures tend to make our work more difficult by stimulating inquiries about the subject matters revealed. I am particularly concerned that there be no wounds of this type inflicted by members of this office."

The combination of these factors — the shut-off of access to CIA and NSC experts, the intimidating tone used toward the bureaucracy and the low information content of public briefings at State and Defense — may seem within the Reagan administration to have advantages in terms of controlling information flow.

It also may be convenient for an administration which has not formed policies on such key issues as relations with the Soviet Union and arms control or, for that matter, has not had a major public speech by the president describing his foreign policy.

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WALL STREET JOURNAL
4 June 1981

REVIEW & OUTLOOK

Casey's Challenge

Central Intelligence Agency Director William Casey is striving hard to restore the agency's woefully depleted intelligence capabilities, which were immeasurably sapped by the congressional witch-hunts of the 1970s and by the subsequent actions of the Carter administration. As a part of this task, Mr. Casey must decide what to do about a tangle of legal restrictions on the agency's activities—specifically, President Carter's Executive Order No. 12036. The administration's decision on the fate of that order will likely as much determine the success of the CIA's rebuilding efforts as any amount of new funding and additional personnel.

Mr. Casey's task has been made no less challenging by the considerable flak he has encountered since being named CIA director by his close friend, President Reagan. At his confirmation hearings, Senate Democrats accused Mr. Casey of planning to "gut" the legal prohibitions and to "unleash" the agency. These criticisms reached a crescendo following press "leaks" that the administration planned to permit "domestic spying" by the CIA — charges that were strongly denied by the administration. On the other hand, some conservatives were miffed by some of Mr. Casey's appointments, mainly his decision to retain and even to promote some holdovers from the previous administration.

We hope that this political dust-kicking will not inhibit Mr. Casey and President Reagan in deciding the fate of Mr. Carter's Executive Order. The current choices are between a "warmed-over" version of the existing order, trimming some of the more confusing legal prohibitions and writing an entirely new order, detailing the agency's mission and responsibilities and reducing the legal restrictions. In the interests of upgrading our intelligence operations, we hope the administration chooses the latter course.

E.O. 12036 is a hangover from the Church committee investigation into alleged CIA "abuses," many of which turned out to be either non-existent or minuscule. It is long on ill-defined legal restraints and short on definitions of responsibilities and purpose. It severely curtails the agency's ability to gather information, particularly in the difficult area of counterintelligence, which aims at uncovering and neutralizing operations hostile to U.S. interests. It is so rife with confusing legalisms—and this is said to be especially true of the classified sections of the order—that it has become a straitjacket on the CIA and, in some cases, an excuse for doing nothing at all.

The Carter Executive Order reflects a fundamental confusion between law enforcement and the CIA's inherently extra-legal activities. Previous administrations had little trouble drawing that distinction ever since George Washington admonished his generals in 1776 to "leave no stone unturned" in gathering intelligence on the British.

The CIA is not a law enforcement agency. In many important respects, its role is the exact opposite—to conduct a defined set of activities that cannot be carried out through normal law-enforcement channels. The agency's function is to scout out potential international flashpoints and foreign intrigues and, when directed by the President, to try to counter these threats. It is the agency's mission to preclude the need for overt, legally sanctioned intervention by the U.S., which carries all the risks of an escalation in international tensions or even outright war.

But a recent Senate committee report concludes: "The U.S. intelligence system is not able to deal with the multiple crises as we have experienced recently, without diverting resources from other high priority missions. Moreover, in many areas of the Third World, coverage by the U.S. intelligence system is either marginal or nonexistent."

In short, the CIA has been weakened as an instrument of the President's highest responsibility, to protect the security of the United States and its people. The exaggerated claims of the past about the agency's alleged infringements on the constitutional rights of Americans must be weighed against the need for an intelligence agency that can function effectively. Part of the job of a President is to make such judgments and defend them against attack. We hope that Mr. Casey and Mr. Reagan will not be timid as they face up to this one.

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THE VILLAGE VOICE
June 3-9 1981

How Thirsty Is the Russic

The Great C
Oil Blunde

Alexander Cockburn & James Ridgeway

WASHINGTON, D.C.—On May 17 of this year, Secretary of Defense Caspar Weinberger was asked on "Meet the Press" for the Reagan administration's rationale for selling the highly advanced AWACS radar planes to Saudi Arabia, over the passionate objections of the Israelis and their supporters in the United States.

Weinberger, himself deeply committed to the sale, replied: "[The AWACS's] principal use, and the principal reason the administration is supporting the sale to the Saudis, is that it would enable them to oversee and look much further into the invasion routes of Iran and Iraq and Afghanistan, where a possible Soviet thrust to the oilfields may come. With the Soviets going to be an energy importing nation in a few years, I think that is an essential capability to have."

But even as Weinberger once again invoked the specter of an oil-starved Soviet Union plunging towards the Gulf, he was well aware that not only had his own Defense Intelligence Agency long disputed this scenario, but that the Central Intelligence Agency was in the process of confessing to one of the most egregious failures of intelligence analysis of recent times, in its own estimate of Soviet energy needs in this decade.

Earlier that week CIA analyst James Noren had disclosed in a seminar at Harvard that the CIA had prepared a new report conceding that the Soviet Union would have no need to import oil by the mid-1980s. Two days after Weinberger's appearance on Meet the Press, Bernard Gwertzman reported Noren's remarks and the existence of the new CIA estimates in *The New York Times* for May 19.

Thus disappeared one of the major rhetorical planks of the Reagan Haig foreign policy. For both the present administration and indeed its predecessor had proposed an impending Soviet energy crisis as the Rapid Deployment Force and a U.S. military buildup in the Gulf region and the Indian Ocean. This view went almost undisputed throughout the 1980 election campaign, even though it seems that by the fall of last year the CIA was well aware that the predictions on which this view was based were ludicrously wrong.

Birth of a Blunder

The CIA's blunders began to circulate in 1977. In that year the Agency's Office of Economic Research issued a series of reports that amounted to major modifications of intelligence estimates of Soviet economic trends. In a report called "Prospects for Soviet Oil Production," the Agency predicted that Soviet oil output would start to fall by the late 1970s or early 1980s and that this drop could slow the growth of total energy production. "More pessimistically," the CIA said, "the USSR will itself become an oil importer." The report added that during the 1980s the Soviet Union might find itself unable to sell oil abroad, notably to its Eastern European clients, and would therefore have to compete for OPEC oil for its own use.

In a broader assessment the Agency concluded that the rate of growth of Soviet GNP was likely to decline by the early and mid-1980s to between 3 and 3.5 per cent per annum and could even sink as low as 2 per cent. This view was partly based on predictions of worsening problems in the energy sector.

Not everyone agreed with this dire estimate, which was instantly seized upon by the arms lobby as further justification for a major U.S. defense buildup, battling a presumed Soviet grab for new sources of oil. The Defense Intelligence Agency flatly dissented. And a major rebuttal came from the Joint Economic Committee in Congress, in March 1978.

This rebuttal took the form of a staff study by Richard F. Kaufman, the com-

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- Not only was the Soviet Union the world's largest producer of crude oil at the present time, but it had also the largest proven reserves of coal and natural gas. Its oil reserves were probably second only to those of Saudi Arabia, and it continued to make impressive gains in the development of its energy resources.
- In addition to supplying its own needs and those of Eastern Europe, Soviet energy exports to the West were on the increase, with oil exports worth $5 billion in 1976.
- The boom in oil and gas pipeline construction in the Soviet Union suggested that the country was giving high priority to the energy sector. The Soviets had built 5000 miles of pipeline in 1976 and 10,000 miles in 1977.
- The hard currency earned from oil sales to the West and the influence gained from sales to Eastern Europe were too important to Moscow to be lost by default: "Soviet leaders will probably take the policy initiatives necessary to preserve the USSR's status as a net oil importer. Possible new actions include major increased investment in the energy sector, substitution of natural gas and other energy sources for oil, and conservation."

The Blunder Reversed

Kaufman's assessment made little or no dent in the Washington consensus. The Soviet move into Afghanistan was seen, in the worsening cold war climate of late 1979 and early 1980 as but the prelude to more far-reaching incursions, all climaxing in an assault on the Middle Eastern oil jugular to the West.

In mid-1980 Senator William Proxmire held closed hearings in which he asked the DIA and the CIA for their latest views on Soviet oil production. A sanitized version of these hearings has now been released.

Frank Doe of the DIA put his agency's unchanged position straightforwardly: the