

How to Handle Commission Files and Final Report

(Proposed DCI Remarks)

There are two questions I would like to raise with the Commission.

As you know, we have provided to the Staff a great deal of information we consider to be very sensitive. We have been glad to cooperate with you and the Staff in the course of the review. But the question is: What will be the ultimate disposition of Commission files and records? (We would suggest either that they go to National Archives under seal and security safeguards, accessible only by Presidential or Vice Presidential direction; or that they go to CIA's archives under the same provisos.)

The second question has to do with your final report. I understand you have decided it will be an unclassified one. So be it. I do, as you know however, remain statutorily responsible for the protection of intelligence sources and methods and I do hope I can in some way be consulted on this aspect in advance of its public release. I am well aware of the problem created by the appearance of my seeing the report before it is released but my advice to you and/or the President concerning sources and methods can be useful, perhaps even necessary. Obviously, I have no intention of debating your findings; I seek merely to advise on disclosures which could have adverse effect on on-going intelligence operations.

As a suggestion. . . why not send your report to the President, who could refer it to me for advice before final publication?

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Given to Staff
of President's
Commission
by Director
Colby in course
of his appearance
before the
Commission
on 28 April 1975

COUNTERINTELLIGENCE IN THE '70'sI. COUNTERINTELLIGENCE

The business of protecting the nation's secrets -- counterintelligence -- involves the identification, manipulation and neutralization of agents of foreign powers. It is a trade which must combine the capability for patient investigation and research with flashes of insight and an inherently suspicious mind. The spy could be anyone. To catch him one must move with care, carefully compartmenting information which would warn the suspect or his handlers that he is under suspicion until it is time to move to apprehend or double him.

The best way to catch a spy, of course, is to have an agent inside the enemy organization which runs him or, next best, to have a member of that organization defect. Some of the major counterintelligence cases of the post war period were broken by defectors from the main Soviet espionage organization, the KGB.

Failing a defector or an agent who knows exactly where and who the penetrations are, one must fall back on investigation and research. Is there evidence of secret information in the hands of the enemy? Who on your side knew it? What is their background? What contacts have those who knew it

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had with known or suspect foreign intelligence officers? Or with whom are known or suspect intelligence officers in touch on your side? Where are the overlaps in the pattern of travel and movement of suspect agents and their possible handlers? Defectors often know only tantalizing bits and pieces about operations their service has been running. The trail to the spy can often be followed only after exploration of a great many dead ends.

In this respect it is important to put in context the current hysteria about the maintenance of counterintelligence files on Americans. If it is not possible through penetration of the KGB to identify its agents in the United States, then to detect their operations it is necessary to see what Americans are in touch with the KGB apparat. In the process files are established on Americans in repeated but unexplained association with KGB officers. In order to determine such repeated associations, a start must be made. Thus keeping such files is neither a useless exercise nor an unwarranted invasion of privacy. It all depends on the use to which such files are put, the good sense and judgment of the people keeping the file and most importantly, the criteria for making entries.

The problem in counterintelligence is to develop in balance the capacity for suspicion with the need for trust. Too much suspicion

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leads to a kind of paranoia in which the enemy services' capacity for conspiracy is magnified to the point where even major historical events such as the Sino-Soviet rift are regarded as some gigantic deception or every defector is disbelieved because he is seen as a controlled agent sent by the other side. Too much trust leads to an unwillingness to believe that there still is a major espionage, covert action and deception effort by the Soviets and their allies against the United States. Either too much suspicion or too much trust lead to a paralysis of the counterintelligence effort.

II. THE THREAT TO UNITED STATES SECURITY INTERESTS FROM FOREIGN CLANDESTINE ACTIVITY

The detente between the United States and the USSR has not lessened the clandestine threat to our security from the intelligence services of the Soviet Union and East European allied services. If anything the threat has increased as the "spirit of detente" weakens Western suspicion and encourages a flood of official and unofficial contacts between the U. S. and the USSR.

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The Russians and their allies recognize the threat to their own security and political interests from increased contact and have met it by greater internal security measures. The United States and her European allies have not only failed to increase counterintelligence and counterespionage capabilities but have allowed them to atrophy under budgetary pressure and fashionable distaste for the policies and institutions that fought and won the Cold War.

The main Soviet espionage and covert action arms, the KGB and the GRU, probably are less successful now in gaining new recruits on the basis of ideological attraction than in the period 1920 to 1950 -- the radical left now rejects the Communist system -- but their effort shows no signs of slackening. In the past year over 100 recruitment attempts were made against U. S. officials and these were only those reported.

Moreover, the Soviet effort has broadened into a wide-ranging sophisticated attack more difficult to identify and defend against. This involves the continual and intensified recruitment of espionage agents, the use of agents of influence in the legislative, industrial, commercial, financial and cultural fields, the development of deception operations, the increased collection of technical, scientific and economic information and the exploitation of the internal conflicts which have been developing within

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the Western world. The thirteen Communist countries, including Cuba, operate some twenty-three intelligence and security services abroad aimed primarily at United States citizens and United States interests around the world. The United States Government, particularly those elements in possession of national security information, constitutes the main target of the Soviet Bloc efforts for penetration purposes.

Detente has created conditions which allow Soviets to move freely and uncontrolled among United States official and social groups. The official presence of the KGB and GRU in the United States alone increased by approximately 15 percent in the two years between 1972 and 1974 and consular agreements will continue to elevate these figures. The unknown number of illegal agents will grow as academic and business activities expand. In varying degrees our principal allies will be confronted with a similar situation. However, the "main enemy" will remain the United States.

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III. THE COUNTERINTELLIGENCE RESPONSE

The scope of the counterintelligence and security problem created by the increasingly large presence of Soviet Bloc personnel abroad ranging from tourists to scientists, both for the United States and its principal allies, will undoubtedly continue to exceed the combined capabilities of their respective intelligence and security services to completely monitor and counter them. Therefore, a well-coordinated and well-targeted defensive intelligence program, applicable not only to United States agencies concerned, but also under certain conditions to our principal allies, becomes essential and must constitute the main element of our defense. Both the FBI and CIA need a heavier investment in manpower and money in a modernized counter-intelligence and counterespionage effort. Within strict legal bounds of our societies, a program must be designed to identify the Soviet Bloc intelligence officers operating in our midst, ferret out their agents both in the United States and abroad, and expose their deception and agent of influence operations. Counterespionage must also know how the Soviet Bloc and other enemy agents are motivated, recruited, trained, structured, rewarded or punished and how they communicate. Defensive counterintelligence alone, however,

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will not provide us with the measure of protection we require. The United States must engage in positive counterespionage efforts designed to recruit adversary intelligence officers and manipulate them to destroy the effectiveness of the efforts of their services. Double agent and deception operations must become tools in an aggressive counterespionage effort against the espionage and deception efforts of our enemies, particularly as our society and those of our principal allies undergo dramatic and difficult economic and social change. New opportunities are constantly being given our enemies to contact heretofore denied sectors of our societies.

IV. CURRENT CIA/DDO COUNTERINTELLIGENCE CAPABILITIES AND THE NEED FOR CHANGE

The DDO counterintelligence program, centered in the CI Operations Staff, over the years had become increasingly divorced from the mainstream of operational activity in the Directorate. Its management gradually fell into disrepute in the Directorate and with allied services because it lost its sense of balance. As the result of the theories largely of one defector, the leadership in the CI Staff moved ever deeper into the conviction that almost all defectors but this one were false, that many FBI and CIA

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penetrations of the KGB were controlled and conduits for deception, even that many highly placed Americans were Soviet agents. The historic Sino-Soviet rift was seen as the greatest strategic deception of all. The Staff over the years ceased being an operational body -- it had no operations -- in the CI field but fed on operations being run by other agencies and services. Its liaison with the Soviet Division of the Directorate, which was actively pursuing the recruitment of KGB and GRU officers, was poor. Its research efforts tended to concentrate on ancient material and were increasingly irrelevant to the needs and requirements of modern security services. Because the Staff was in disrepute in the Directorate it was increasingly difficult for it to attract able younger officers.

In the meantime, the general CI function in the Directorate was given short shrift by the Operating Divisions because it was regarded, despite directives to the contrary, as solely the job of the CI Staff or at least one requiring coordination with that Staff.

There are a number of steps, in addition to new leadership, which need to be taken in order to revive the counterintelligence program in the Agency. Of prime importance is the need to stress operations which will provide us with agents in the KGB, GRU and other hostile intelligence services etc. who can identify their spies or agents of influence in our midst. Increased and more imaginative use must be made of the

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communications data that is available to us in locating "illegals" both in this country and elsewhere. Increased attention must also be focused on Soviet and Soviet Bloc efforts to recruit or manipulate our own citizens, officials, or private citizens both here and abroad. The counterintelligence discipline must be integrated fully into the operational philosophy and practices of the work being conducted by this Agency. Organizational steps include increasing liaison with other U. S. agencies having counterintelligence responsibilities, establishing a better dialogue between the Agency's Counterintelligence Staff and its Operating Divisions, improving counterintelligence training at all levels, and developing a substantive operational rather than largely bureaucratic relationship with certain of our allies who face similar problems.

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