

A 2 Tuesday, Aug. 28, 1973 THE WASHINGTON POST

Colby Plans Changes In CIA Evaluation Unit

By Laurence Stern
Washington Post Staff Writer

Acting Central Intelligence Agency Director William E. Colby has acknowledged that "some changes will occur" in operations of the agency's top-level evaluative body, the Office of National Estimates.

But he maintained that the office's highly refined and prestigious product, the National Intelligence Estimate, will continue to be produced under the aegis of the CIA as it has for the past two decades.

Colby's assurance was conveyed internally through the CIA's employee bulletin in response to an Aug. 19 news story asserting that he had made a "firm decision" to abolish the office.

The National Intelligence Estimate (known among practitioners as "the NIE") is the U.S. intelligence community's most classified and senior-level assessment on major international issues. It has been relied upon by presidents for guidance on a variety of matters, such as Soviet missile capability and Vietnam war prospects.

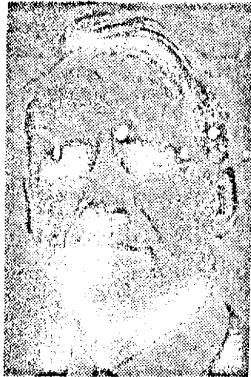
There have been growing indications within the past year that influential members of the Nixon administration, notably Secretary of State-designate Henry A. Kissinger and Defense Secretary James Schlesinger, were unhappy with the CIA's strategic intelligence estimates.

During Schlesinger's directorship of the CIA early this year he was reported to have initiated action to overhaul the Office of National Estimates, with the endorsement of the White House. Colby is currently working out the details of the high-level intelligence reorganization.

The notice to CIA employees issued with Colby's authorization alluded to news reports suggesting that senior administration officials were disillusioned with the National Intelligence Estimates and that the CIA was under attack from the administration "for having failed to produce the kind of intelligence estimates that would support its policies."

It asserted that the NIEs would continue to be published and that "the objectivity of the National Intelligence Estimates will be sustained."

However, the "structure" of the Office of National Estimates is under review, the bulletin said, and some changes would occur. "The goal is to



JAMES R. SCHLESINGER



WILLIAM E. COLBY

... former and current CIA chiefs involved in changes.

conserve resources and maintain efficiency by combining the production of National Intelligence estimates with certain other agency and intelligence community functions," the bulletin said, without further elaboration.

The fate of the office has important symbolic, if not practical, consequences in the intelligence community.

The strategic estimates of the CIA were criticized from within the administration for their pessimism on the Vietnam War, (an assessment corroborated by history), for underestimating Soviet military buildups, for failing to predict the intensity of the North Vietnamese 1972 spring offensive.

Although there was no open criticism of the CIA by administration officials, there was a steady dribble of anonymous though official displeasure with the CIA's performance in news stories and particularly in the syndicated columns of Joseph Alsop last February.

Also last April the former deputy director of the Pentagon's Defense Intelligence Agency, Gen. Daniel O. Graham, called publicly for the reassertion of the military's "traditional" role over civilian analysts in strategic intelligence assessments.

A month after Graham's article was published, with presumed official clearance, he was assigned to the CIA as an aide to Schlesinger with responsibility for the military component of national intelligence estimating.

Because of the sensitivity of the agency and ultra-secrecy of the subject matter with which it deals, officials are reluctant to speak out openly on the quiet but intense bureau-

cratic drama now taking place in the upper echelons of the CIA.

Within the agency's old-boy network, which felt the impact of Schlesinger's cost-efficiency policies while he commanded the CIA, the rumored abolition of the Office of National Estimates is regarded as a serious blow to the independence and integrity of the intelligence-estimating process.

Schlesinger is known to have viewed the intelligence products of the CIA's career analysts as verbose in style and dubious in content. He did wield the executive firing broom more vigorously than any director in the agency's history, and his policies were viewed with dismay by the hierarchy of old-timers who had operated together since World War II days as alumni of the wartime Office of Strategic Services.

Colby is now the man in the middle. His ties are to the old boys through his life-time association with the CIA. His responsibility is to the administration, which seems determined to purge their influence, starting last year with the dismissal of Helms.

That is why, rightly or wrongly, the final decision on the Office of National Estimates is being watched keenly by both sides.



Henry Kissinger



James Schlesinger



William Colby



Elliot Richardson

Joseph Alsop

Mr. Nixon's New Line-Up Of Advisers

It is ironical, but it is true, that President Nixon owes the Watergate horror for the best-staffed administration he has ever had. No one seems to have remarked upon it, yet it is another major point growing out of Dr. Henry A. Kissinger's promotion to the State Department.

The development is not unprecedented. In the last couple of years of the Eisenhower administration, the President was ill, aging and a lame duck. He could no longer recruit the real, roaring tenth raters from the business world whom he overwhelmingly preferred. People like "Engine Charlie" Willson would no longer give a passing thought to leaving General Motors, in order to become Secretary of Defense.

So at the end, President Eisenhower had to be content with a Secretary of State, Christian Herter, whom he actively disliked, and a Secretary of Defense, Thomas Gates, with whom he basically disagreed. They were men of real ability and strong national-mindedness. And they prevented the close of the Eisenhower administration from becoming a real disaster, although the second Berlin crisis plainly threatened a disaster.

In the present instance, President Nixon has always shown high personal confidence in his new Secretary of State-designate, Dr. Kissinger and his new Secretary of Defense, Dr. James Schlesinger. The difficulty used to be that such men commanded no confidence at all from the President's chief advisors, back in what may be called the Haldeman-Ehrlichman-Mitchell era.

Or maybe it would be more correct to say that in the pre-Watergate era, the President's immediate entourage wanted as few persons as possible in key posts in government who did not appear to be easily controllable by persons like themselves. Sometimes they were deluded, as when they did not oppose Dr. Schlesinger's appointment to the CIA, or Elliot Richardson's earlier choice for the Defense Department.

But Richardson as Attorney General would never have met with the old crowd's approval; and he is more equipped to lead the Justice Department than the Defense Department. With Schlesinger at Defense and William Colby replacing him at the CIA, one can predict the President has acquired two more star performers for two tremendous jobs.

As for Dr. Kissinger's long overdue appointment, it was a change bitterly opposed within the pre-Watergate White House, mainly for rather sordid reasons. As for the Watergate-generated improvement in the White House itself, it hardly needs discussion. But there is one political point about all this that makes the President's quite undesired gain from the Watergate horror worth a lot of thinking about.

Briefly, the Nixon administration used to rely on muscle to get what it wanted. The liberal Democrats, in turn, generously provided most of the muscle. The nomination for the presidency of Sen. George McGovern. With this kind of help from the Democrats, the Re-

publicans in 1972 could have elected an ogre with a long record of cannibalism—provided the ogre just wore a small American flag in his buttonhole.

There is no sign at all, as yet, that the dominant group in the Democratic Party has learned anything at all from the results of their follies. On the contrary, they seem to be Watergate-drunk, in the Senate particularly. Meanwhile, the President, again because of Watergate, has lost most of his former muscle, at any rate in the crucial areas of foreign and defense policy.

In just these areas, the Democratic leaders in the Senate, particularly, are now hoping to have an easy field-day. But they have not noticed some facts of great importance. In these areas, to begin with, the President now has—and for the first time—a united team capable of talking to the country.

One thinks of the first Truman administration in this connection. The Nixon-haters, now, are hardly more violent than the Truman-haters, then. President Nixon's popularity has yet to drop quite so far as President Truman's all-time low. Yet a balky Senate was still forced to accept the great Truman initiatives in the foreign and defense fields, because the country was persuaded by the Marshalls, the Achesons, the Forrestals and the Lovetts.

As yet, the Nixon administration has no potential ally on Capitol Hill of the calibre of that half-comical, half-great man, Sen. Arthur H. Vandenberg, to whom this republic owes an immense, forgotten debt. But if the new Nixon team also proves able to persuade the country, you will see the Nixon administration getting its way on Capitol Hill. Indeed, if the country begins to be persuaded, Nixon allies in the Senate will emerge on all sides.

A-12

WASHINGTON STAR-NEWS
Washington, D. C., Sunday, August 19, 1973

Elite CIA Unit To Be Abolished

By Oswald Johnston
Star-News Staff Writer

In a decision with major implications for the national security, the Nixon administration has ordered a radical overhaul of the Central Intelligence Agency's method of analyzing and evaluating foreign intelligence.

According to authoritative sources in the intelligence community, William E. Colby, the newly installed CIA director, has reached a "firm decision" to abolish the Office of National Estimates, the elite, 30-man office that since 1950 has prepared the top secret and definitive National Intelligence Estimates, the papers on which a succession of presidents has based crucial policy decisions.

John W. Huizenga, the agency's Director of National Estimates and, as chairman of the Board of National Estimates chief of the CIA's intelligence analysts, resigned from the agency at the end of June. He will not be replaced.

THE decision to abolish the Office of National Estimates has not been announced. It is certain to provoke a reaction in Congress, which has already

been stirred by revelations of the Watergate case to take a closer look at CIA operations than ever before.

The National Intelligence Estimates, generally referred to as NIEs, probably helped the CIA regain some public trust in recent years. As revealed by the Pentagon Papers, CIA estimates of the Vietnam war set forth unpleasant facts, when the Pentagon was still claiming

a military victory was possible.

Early in the Nixon administration, CIA analysts produced estimates that ran counter to White House wishes during the bitter political debate over the anti-ballistic missile.

Partly because of these controversies, NIEs came to be distrusted and ignored in the latter part of the Johnson administration and

through almost the whole Nixon period.

President Nixon is known to have become personally disenchanted with the CIA performance during the ABM controversy, and it is an open secret that his national security adviser, Henry A. Kissinger, has tended to deride and disregard NIEs since he joined the administration.

See CIA, A-12

CIA

Intelligence Overhaul

Continued From Page A-1

The decision to abolish the Office of National Estimates is certain to revive speculation that the CIA is under attack from the administration for having failed to produce the kind of intelligence estimates that would support its policies.

White House dissatisfaction with the CIA is generally believed by sources close to the agency and to the administration to have been a major factor in the resignation of Richard M. Helms as CIA director shortly after Nixon's re-election last year.

Colby's move to eliminate the office that has been responsible for the most refined product of the government's multi-billion dollar intelligence gathering effort shows that he clearly intends to carry out the sweeping changes in the agency undertaken by his immediate predecessor as director, James R. Schlesinger.

BEFORE Schlesinger moved over to the Pentagon as Defense secretary during the administration's Watergate shakeup last May, he had ordered a sweeping cutback in personnel. It was done in the name of efficiency, but older agency professionals denounced it as "brutal," and the purge swept from high-ranking posts in the CIA virtually every officer there who had been close to Helms.

At the same time, Schlesinger brought into the agency, Maj. Gen. Daniel O. Graham, a controversial Pentagon intelligence analyst who has openly advocated stripping the CIA of

its authority to analyze military strategic intelligence and giving that function to the Defense Department.

At this time, Graham was given a managerial function, but observers thought it likely that he would some day move into the intelligence estimating field.

It is not clear how much of the decision to abolish the Office of National Estimates is Schlesinger's and how much Colby's.

It is also not clear what Colby has in mind to replace the Office of National Estimates. Sources close to the director insist that there is no plan to make the NIEs directly subservient to the policy-makers in the White House.

THE Office of National Estimates was first organized early in the Korean War, when the American intelligence apparatus was still in its formative stage.

Its first director, Harvard historian William Langer, set up the dual structure that still exists: The 10-man Board of National Estimates and the 20-man National Estimates staff, which carried out the research and collated reports from intelligence gathering channels in the CIA and elsewhere in the government.

The estimates, about 50 a year, were prepared almost as though they were scholarly dissertations on a variety of subjects requested by the National Security Council. They were a consensus of the whole U.S. intelligence community, with disses carefully registered in footnotes, but the 10-man

board had responsibility for their preparation.

Under a later chairman, Sherman Kent, the board and its staff developed the system of carefully graded verbal measures of certainty that still characterizes NIEs. "Apparent" is the most tentative and "almost certain" the most definite short of a flat assertion of fact. The grades in between are "possible," "suggested" and "probable."

This verbal precision was apparently infuriating to recent administrations. The White House, even before the Schlesinger reorganization of November 1971, sent word it wanted "facts, not opinions," according to one published account.

WHEN the 1971 plan was announced, it was reported as aiming for an intelligence product better tailored to the wants of its "consumers" in the White House. And when Schlesinger became CIA director, he made it known that NIEs would be more useful if they were "four pages instead of 40."

According to one anecdote current in circles close to the agency, Schlesinger confronted his first meeting with the Board of National Estimates with the observation: "I understand this is like a gentleman's club. Well, I want you to understand that I am no gentleman."

The appointment of Colby, a career professional in the CIA, brought sighs of relief at all levels of the agency. But the abolition of the Office of National Estimates, its elite board and its staff, suggests the sighs may have been premature.

The Evening Star

and
The Washington News

JOHN H. KAUFFMANN, President

NEWBOLD NOYES, Editor

A-16 *

WEDNESDAY, MAY 23, 1973

MARY McGORRY

McCord Creates a Desert

By MARY McGORRY
Star-News Staff Writer

Point of View

In an anonymous letter sent to his only pal in the White House in December, James McCord wrote prophetically, "Every tree in the forest will fall."

When McCord, the amiable old spook, left the stand of the Ervin committee, he left a ravaged landscape behind him. So gripping, outlandish and unshakable had been his tales of life in the Nixon campaign committee that the President at the end of the day popped out with a statement warning all investigators to have a care for "national security."

In his accusations about the President's sinister grand design to turn the CIA into a cloak for the Watergate operation, McCord had been corroborated by no less a personage than the agency's deputy director, Lt. Gen. Vernon A. Walters.

And when McCord finally wound down, his buddy — a New York cop named John J. Caulfield, brought into the White House to "provide private investigative support" for God knows what other schemes — advanced to the witness table to corroborate McCord's charges of political pressure from the White House to accept executive clemency in all details save for the mention of the President's name.

McCord dropped his big bombs last week, but he had a few hand grenades in his final hour. He mentioned casually, when discussing the deep-laid plot for the lay-off of Watergate on the CIA that James Schlesinger, the short-lived director, now Defense secretary-designate, "would go along." Nobody took him up on it.

By now everyone is wary. Pull off a splinter on Watergate and a wall falls in.

Fred Thompson, the husky, phlegmatic minority counsel asked about the only question that anyone dared put to McCord after the spate of specifics had flooded a million living rooms across the nation. Why hadn't he sung sooner?

Obviously, burglary had not bothered him. He had made a formal act of contrition, but 19 years in the conscience sufficiently to don the blue surgical gloves — and beside's he

had the blessing of the then attorney general.

AND SURELY although a pleasant man in other respects, he was at one with his leaders about the perilous state of the republic, menaced as it was by enemies from within. He gave the usual litany of bombings and threats, glided over the the chilling information that the McGovern people had a "a pipeline" in CREEP, and as the clincher, cited the report that the Vietnam Veterans Against the War had an office in the Democratic National Committee.

The VVAW, a touching band numbering a thousand at full strength, staged a pathetic demonstration on the Mall in 1970 and gave the Republican National Convention in Miami its only honest moment when they marched in total silence to the Fountainbeau.

It was actually after the break-in that McCord learned of their firebase at the Watergate, which makes the break-in history's first pre-emptive or perhaps retroactive protective reaction raid.

What then, had impelled him finally to raise his voice and blast the forests of Richard Nixon? Well, two things, it seems. One was that it was not done in

the style of the CIA, the agency he loves.

HE TOLD his friend, Jack Caulfield, that in the CIA the rule, if caught, was for everyone to go together. While he was meeting Caulfield on the second overlook of George Washington Parkway Jeb Stuart Magruder who he says knew all about it, was feasting with his family and acting as master of the inaugural revels.

He left the impression that he might have swallowed his sentence as he would have swallowed a death pill on a foreign mission, had the conspiracy taken the group rate to the slammer.

He waited until Judge John H. Sirica, after "a sham trial," had urged them all to come forward and tell all they knew. The Senate committee had provided the only forum where McCord could tell all his secrets.

On the only occasion his light voice rose and his tired face turned dark with emotion, McCord said, "I am fully convinced this was the right decision."

CAULFIELD, a distraught, pop-eyed, bumpy-nosed upwardly mobile Bronx native, came on afterwards and said that 99 and 44/100 percent of what McCord had spilled was true. Caulfield was another interesting case. A man eaten alive by ambition, he was ever on the watch for advancement in administration espionage circles and his ego was wounded by John Mitchell who treated him as "only a bodyguards."

Caulfield slightly lauded McCord's version of what he had told him during one of their rendezvous: McCord said Caulfield arned him, "You know if the administration gets its back to the wall it will have to take steps to defend itself."

Caulfield scrubbed it up a bit to read: "Jim, I have worked with these people and I know them to be as tough-minded as you and itself."

Caulfield scrubbed it up a bit to read: mmm, I have worked with these people and I know them to be as tough-minded as you and I."

They weren't saints, either of them, but they are believable. And Richard of people like McCord and Caulfield, because that is where he has put himself.

WEEKLY - 524,212

MAY 19 1973

New Bosses at Defense and CIA

In the shake-up of his Administration forced by the Watergate scandal, President Nixon has fallen back on men he knows and can trust with a variety of assignments. The first of these all-purpose men to emerge was Elliot Richardson, Nixon's Attorney General-designate.

The second man for all seasons to surface in round two of the President's re-organizational musical chairs is James R. Schlesinger, whom Nixon has asked to move from his post as director of the Central Intelligence Agency (CIA) to replace Richardson as Secretary of Defense. At the same time, Nixon nominated William E. Colby, a career CIA man, to succeed Schlesinger as CIA director.

The Defense appointment will be the fourth major Administration job Schlesinger has held in the four years of Nixon's Presidency. A Harvard-trained economist, he served as deputy director of the Office of Management and Budget (OMB), as chairman of the Atomic Energy Commission (AEC), and for the past three months as head of the CIA. In his four years of Government service he has built a reputation as a boat rocker who loves to rattle the bureaucracy.

Goody-by to the 'Old Boys'

Though his tenure was short, the career men at CIA were less than heart-broken to see him leave. Schlesinger first attracted Nixon's attention in 1971 with a study of the CIA that called for extensive reorganization, a shift in intelligence emphasis to reflect changes in the Cold War, and extensive retirements of many of the CIA's "old boy" network, men who have been with the agency since it was founded after World War II.

Schlesinger's mandate was to carry out these recommendations, and he had set to the task with intelligence and determination—some say ruthlessness. He had begun the largest personnel cutback in CIA history—eliminating possibly as many as 1,800 jobs in the 18,000-man agency.

His policies at the Pentagon have not been similarly outlined in advance because of the suddenness of Nixon's Cabinet switches, but people who know Schlesinger say that he has coveted the top Defense job for some time. And the military men at the Pentagon find little comfort in predictions that he will apply efficiency and cost-accounting techniques similar to those introduced by Robert McNamara, Secretary of Defense under John F. Kennedy and Lyndon Johnson. They are also apprehensive

because of his record at OMB, where he forced through billions of dollars in defense-spending cuts.

No Ideological Interference

"He won't be as naive as McNamara about the effectiveness of computer analysis, but he'll operate in the same vein," says one man who has worked with Schlesinger. "He was director of strategic studies at the RAND Corp., concentrated on strategic analysis at OMB, and his experience at the AEC is not unrelated to the new job. He won't be bowled over by generals with ribbons on their chests."

A conservative Republican politically, Schlesinger's admirers contend that he has never let ideology interfere with his search for rational solutions. He is credited with changing the AEC from a promoter to a regulator of atomic energy.

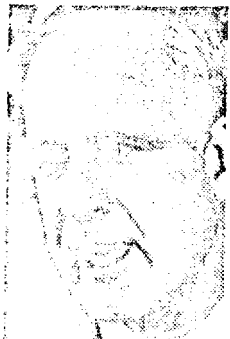
At the CIA he came across to the career men as a tough guy with a Mc-

Namara-type mind to whom efficiency was everything. A lot of the complaints about him revolve around the firings and forced retirements. Agency men concede that there was an "age hump" because of the large number of CIA employes now approaching retirement age, but some contend that Schlesinger lacked "compassion" in making the cuts. His supporters scoff at this as bureaucratic nonsense. "He's really a relaxed, low-key guy under the tough exterior," says one. "He has an irreverent sense of humor, and he likes staff members who will raise questions that aren't supposed to be raised and who will argue with him."

The CIA career men, however, prefer to take their chances that Colby, as one of them, will carry out the reorganization with more regard to feelings. Colby was graduated from Princeton in 1940 and is typical of the Ivy Leaguers who formed the backbone of the CIA from its beginnings.

Since March 3 he has been the CIA's deputy director of operations, head of the "department of dirty tricks," and he has done this sort of work during most of his agency career. He was the CIA's Saigon station chief in the early 1960s and helped organize mercenaries and counterterror programs such as the controversial "Operation Phoenix," a campaign of assassination of Viet Cong cadre.

—JAMES R. DICKENSON



KNOXVILLE, TENN.
NEWS-SENTINEL

E - 107,137

S - 156,422

MAY 5 1973

Out in the Cold

JAMES R. SCHLESINGER, headmaster of the Central Intelligence Agency (CIA), says he has too many overaged spies, and he wants authority to retire more of them at age 50.

Normally we'd say right on!, for who likes to think of some arthritic old boy skulking about with nothing between him and some miasmatic Vienna sewer but a trench coat and some threadbare Cold War convictions?

But reason prevails. If Watergate teaches nothing else, surely it must persuade us to the nonwisdom of having too many ex-CIA types around with time on their hands.

Keep them on the leash, say we. Put them to work bugging the tables at Monte Carlo, if necessary. Assign any number to do an in-depth analysis of the Gross National Product of Liechtenstein. Let them search out and identify the surviving heirs of the late King Zog. Anything.

But let Heaven forefend that CIA would turn them out in the cold with nothing but idle time and all that nefarious expertise. Give them spooky busy work, if it comes to that, but keep them away from the temptations of free-lancing.

HS/HC-862

MAY 1 1973

E - 346,090

S - 744,732

Pentagon Faces Tough New Boss In CIA Chief

By RICHARD STARNES
Scripps-Howard Staff Writer

WASHINGTON — Those in and around government who have tried to peer beyond the rubble of the

Watergate scandals may take some measure of comfort in President Nixon's decision to shift Central Intelligence Agency (CIA) Director James R. Schlesinger to head the Defense Department.

The appointment opens a yawning gap at the top of CIA that has only partially been plugged by Nixon's designation of a little-known career intelligence officer to head that agency.

But to those who have been muttering darkly that the most dangerous aftershock of Watergate may be in erosion of the government's credibility abroad, Schlesinger's nomination will surely be welcome.

Good Record

In a city littered with fallen idols, Schlesinger has a track record as a tough, respected administrator with a broad-gauge understanding of the pitfalls that abound in directing agencies on which the very survival of the nation might depend.

When Schlesinger left the Atomic Energy Commission (AEC) to head CIA last December, one admiring AEC colleague described his departing boss as "A very strong character, strong voice, strong jaw, very firm in his opinions.

"They will learn at CIA that he is always the boss. He does not become emotional about things, but he does get what he wants."

In his four months at CIA, Schlesinger has proved that assessment.

He spent two months studying the sprawling intelligence apparatus and then moved into a program of reorganization with swiftness and dis-

patch that stunned old hands at the agency.

Cut Jobs

He abolished jobs — estimates vary from 1,000 to 1,800 — that he found too grown up in moss to be effective.

He directed a high level shakeup of management, and he quickly convinced skeptics that he could carry out President Nixon's mandate to bring cost-effectiveness to the nation's \$6 million-a-year intelligence apparatus.

Although reductions in force (called RIFs in governmentese) are more or less routine calamities in other agencies, they had been unknown in pre-Schlesinger CIA. "RIFs," noted one retired spy-master, "have hitherto been considered security risks."

But in spite of the muted howling from CIA's vast Langley, Va., headquarters, Schlesinger made his cuts stick.

He also moved quickly to end the training CIA had been offering local police departments throughout the country, an activity critics said was at odds with the law that forbids the agency to dabble in domestic concerns.

The CIA's new broom (whose record as a mover and shaker may now be causing some disquiet at the Pentagon) also abolished the position of executive director of the agency and appointed its erstwhile occupant, 53-year-old William E. Colby, as director of clandestine operations.

Moves Up

Yesterday the White House announced that Colby would be named to replace Schlesinger as CIA director.

At the time of his nomination to head CIA, one observer wrote: "Schlesinger, whose ascendancy in the capital's constellation of power has occurred with dizzying speed,

creature comforts that go with high office, a positive antipathy toward this city's incessant cocktail bashes, and a fine disregard for cherished bureaucratic folkways."

Those who have monitored his winter of shaking the CIA by the scruff note that the description remains valid.

Historians who have observed the rapacity with which the Pentagon often consumes the men sent to control it will watch with lively interest the epic confrontation between the new secretary of defense-designate and one of the world's most willful bureaucracies.

One clue on how the decision may go is contained in a story told of Schlesinger shortly after he took over AEC in September, 1971.

Colonel Clipped

A colonel, borrowed from the Army to help AEC with a thorny technical problem, ap-

peared in Schlesinger's office laden with charts, graphs and a vocabulary redolent of the more obscure reaches of the military bureaucracy.

"Just cut out the Pentagon baloney," Schlesinger growled, "and give me the facts."

On another occasion Schlesinger disarmed critics of the Amchitka Island nuclear test blast who claimed it would trigger tidal waves and earthquakes by arriving on the test site with his wife and two of his daughters. The test went off without a hitch.

Schlesinger gets along with reporters. He is also an accomplished bird-watcher and guitarist.

In the latter role he accompanies himself in singing bawdy songs of his own composition — ballads that are said frequently to deal with

some of the capital's more notable stuffed shirts.

Schlesinger is 44. He was born in New York City and was graduated summa cum laude from Harvard in 1950. He won a doctor's degree in economics, married a Radcliffe girl (as did Elliot L. Richardson, his predecessor as secretary of defense) and taught at the University of Virginia.

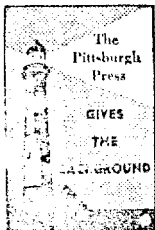
Wrote Book

His book, "The Political Economy of National Security," won him the attention of the Rand Corp., a California think tank. His first government job was with the budget bureau in 1969.

He despises loud TV, a crocheting which creates some tensions in the Schlesinger household where there are eight children.

Until he became AEC chairman and inherited a limousine and driver, he happily tooted

around Washington in a 1964 Ford Falcon, a dispirited conveyance he proudly told friends had a blue book value of \$50.



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and

The News

WASHINGTON DAILY

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A-8

TUESDAY, MAY 15, 1973

Reshuffling the Top Jobs

Perhaps it is because President Nixon fears new talent; perhaps it is because new talent fears President Nixon.

Whatever the explanation, this administration's top jobs keep passing around among a rather limited circle of veteran, trusted aides and advisers. In the first reshuffle attributable to Watergate, Elliot Richardson, just getting used to the Pentagon, was named attorney general, William Ruckelshaus moved from the Environmental Protection Agency to the temporary directorship of FBI, General Alexander Haig became White House chief of staff and White House staffer Leonard Garment moved up some notches to become general counsel. Now, in the second go-around, James Schlesinger, director of CIA for only four months, is named to succeed Richardson at Defense, and CIA careerist William Colby succeeds Schlesinger, while Republican convert John Connally and Pentagon counsel J. Fred Buzhardt Jr. move into the White House.

It is both fascinating and somewhat bewildering. And it invites an obvious question: What chances are there for first-class work and coherent policy in vital government agencies if the men at the top keep shifting here and there?

The other side of the coin is that the circumstances Mr. Nixon currently faces are highly abnormal, and that now more than ever he has a need

for men he is sure have integrity and high competence to plug up gaping holes in his administration.

Schlesinger, like Richardson, is coming on as a man for all missions. He moved from the Atomic Energy Commission to CIA, charged with the task of cleaning house at the agency. He has been carrying out the task, to the point of purge, and it is difficult at present to assess what benefits, if any, resulted. At any rate, he is well qualified to manage the Pentagon. His toughest challenge, at a time when the President's power is on the wane, will be to serve as an able advocate for Defense on Capitol Hill.

Colby, as a respected professional, may be just what CIA needs at this point. In all probability he is under instructions to complete the overhaul that Schlesinger began. Even so, as an insider, Colby ought to find ways to do so that are calculated to restore morale, reward merit and at the same time remove the taint that CIA shares in the Watergate-Pentagon Papers scandal.

The return of Connally, the former Secretary of the Treasury, is more difficult to figure out. He will have no operational role but will advise the President on a variety of matters. His talents are indisputable, and he could be of great help to the President.

Other changes will follow, and perhaps Mr. Nixon will see fit to break into a new pattern, and to draw some fresh talent into his top echelon of advisers. It might help

HS/HC-862

CIA Is Told To Mind Ps & Qs

Reacting to disclosures linking the Central Intelligence Agency to a White House-directed undercover operation that included burglary and a covert psychiatric profile of Daniel Ellsberg, CIA director James R. Schlesinger has ordered an organizational housecleaning to prevent such activities in the future.

Schlesinger assured senators yesterday that he is reviewing "all agency activities" in order to put a stop to future domestic operations "outside its legitimate charter" and in violation of laws barring the CIA from security operations within the country.

Supplying cameras, disguises and false documents to Watergate conspirators E. Howard Hunt and G. Gordon Liddy on request of the White House was careless and in violation of "procedural steps and approvals normally required by agency regulations," Schlesinger said. The observation amounted to all but direct criticism of the administration of former CIA Director Richard M. Helms.



— Associated Press

James L. Schlesinger talks with the press.

FURTHER, referring to the use of the agency's office of medical services to work up two assessments of Ellsberg on White House demands, Schlesinger declared: "The preparation of a profile on an American citizen under these circumstances lies beyond the normal activity of the agency. It shall not be repeated."

More generally, Schlesinger said that he has "directed each employe and invited each ex-employe" to report directly to him any questionable cases in which the CIA may be indulging in forbidden domestic activities.

Schlesinger's statement, delivered to a Senate committee behind closed doors, and then — in an unprecedented move — made public with his blessing, came closer than any before in the history of the CIA to admit-

ting that the legal ban on domestic operations has sometimes been bent — if not broken outright.

TESTIFYING on the material and operational support the CIA lent a covert White House probe of Ellsberg that included a burglary of his psychiatrist's office in September 1971, Schlesinger also made these disclosures:

- Helms, Schlesinger's predecessor as CIA chief, directed the preparation of a psychiatric profile of Ellsberg by agency specialist Dr. Bernard Malloy. Two profiles were worked out over a series of months, Schlesinger reported, and there were several consultations between Malloy and the White House agents, Hunt and Liddy.

The profile had originally been requested by David Young, the White House aide whose representations gained Hunt access to classified State Department files during the same period.

- The paths for Hunt, a former CIA agent, and Liddy to agency cooperations were smoothed by White House domestic adviser John D. Ehrlichman in a phone call to Marine Corps Gen. Robert E. Cushman, then the agency's deputy director.

The call, on July 8, 1971,

came only a few days after publication of the Pentagon Papers began in the *New York Times*, and agency records show that Ehrlichman advised Cushman of Hunt's appointment as a special White House security consultant. Agency cooperation with him was requested.

- Hunt, paying a personal call on Cushman at the CIA headquarters, sought technical help from the CIA's clandestine operations directorate to help him carry out a White House mission. Schlesinger described the mission in these terms: "To visit and elicit information from an individual whose ideology he was not entirely sure of."

HS/HC-862

MARY McGRORY

Nixon Is Hit Where He Lives

The House of Representatives, playing Brutus to Richard Nixon's Caesar, dealt him "the unkindest cut of all" on a day of murderous slashes.

They told him to stop bombing Cambodia. It was the first Southeast Asia policy setback any president has sustained in the House in 10 years. No VFW post has supported Nixon more unquestioningly in whatever violence was afoot — bombings, minings, invasions.

His present domestic difficulties were not mentioned. He was, for the most part, reverently referred to as the Commander-in-Chief, whose hands should not be "tied," from under whom the rug should again not be yanked "precipitately."

In the cloakrooms, the Republicans murmured that it was "not the time" to let the President down. But blind trust has gone out of style.

The day had brought the indictments of two of his former Cabinet officers, John Mitchell and Maurice Stans, a pair he pointedly praised on election night. The Ellsberg trial had yielded up another of its routine sensations: An FBI bug on a former White House security aide. The President's former counsel, John W. Dean III, issued another scream about liars lately at large around the Oval Room.

The Democrats had suggested, and no flip-charts were needed, that the moment had arrived to let Richard Nixon know that the House of Representatives is not his obedient servant, but actually a branch of the government.

The debate was a regurgitation of 10-year-old arguments. One more time, the hawks pleaded, we should bomb for peace. They shouted that the Communists — some of whom are now Richard Nixon's best friends — are "testing us." Delicate negotiations will be imperiled. The world is watching.

But they had lost their prized pawns, the troops and the prisoners. And the doves had picked up a valuable ally in Speaker Carl Albert, newly awakened to the witlessness of using B52s as ambassadors to prop up a regime the administration privately admits is going to collapse anyway.

"Join not the multitude to do evil," cried George Mahon of Texas, chairman of the House Appropriations Committee and, until that hour, as feared in the House as Richard Nixon.

"Why not give him a lit-

tle more time?" he begged.

But time is running out for Richard Nixon. When the tallies flashed on the new scoreboard on the walls, the doves cheered like basketball fans tasting their first victory. Thirty-six Republicans were among the 219 who told Richard Nixon that he couldn't "transfer" Defense Department funds to finance the current round of slaughter from the air.

The President is also running out of men. His acute personnel shortage was being illustrated at the time the vote was taken. Elliot Richardson the square-jawed Yankee with the flexible principles, has been frantically switching from his barrister's gown as attorney general-designate to his brass hat as Defense secretary.

While he was dancing on the head of a pin with the Senate Judiciary Committee about his new duties as the supervisor of the special Watergate prosecutor, he was being quoted on the House floor as the Pentagon chief who needed a show of strength. If he is as tough on the Watergate as he has been on the war, Nixon officials will be blown up as relentlessly as Asian peasants.

At the White House, the President was shuffling the cards again, and putting old faces in new places. John Connally will be a White House counselor, and seems cast in the role of the Angel of Dien Bien Phu to tend the wounded and hearten the general in the surrounded fortress. Running for the White House from inside the water-logged Executive Mansion is a dubious venture, but Connally had no choice.

The President has rearranged around him the same kind of hard-nosed, cold-eyed men who got him in trouble in the first place. If he is a chastened man his choices do not say it.

J. Fred Buzhardt, the Pentagon counsel, was ferried over the river to become a special adviser on the Watergate. Buzhardt flatly refused to give a Senate committee the rules of engagement in the air war.

William E. Colby, now in state; the prospective CIA director, was the operator and defender of the infamous Phoenix program in Vietnam, a system of political assassination. James Schlesinger, who leaves CIA to become Defense secretary, will be questioned about Watergate defendant James McCord's allegations that Watergate was supposed to be palmed off as a CIA operation.

Richardson, speaking as secretary of Defense several days ago, had informed the House, with the contempt of Congress that is the mark of the true Nixonian, that it did not matter how they voted, that the Cambodian bombing would go on.

But it matters to Richard Nixon. It is a signal that the long spell has been broken. He was hit where he lives, in foreign policy. In fact, the only encouragement he gets these days is from abroad, from countries who tell us it would be a mistake to cancel Richard Nixon's grand design for running the world just because he couldn't handle the corruption that has all but inundated the Oval Room and made his presidency almost as vulnerable as Lon Nol's.

SHUFFLE AT PENTAGON

Two Tough Executives

BY ORR KELLY
Star-News Staff Writer

The latest shifts in the Nixon administration's game of musical Cabinet chairs will put two men with reputations as tough, no-nonsense administrators in charge of the Pentagon.

James C. Schlesinger, who will come to the Pentagon as defense secretary, has, in three months as director of central intelligence, bounced a thousand of the Central Intelligence Agency's 15,000 employees and begun a major overhaul of the entire intelligence community.

His deputy will be William C. Clements Jr., a Texas oil well drilling executive who became No. 2 man to Elliot L. Richardson at the Pentagon in early February.

In his relatively brief time at the Defense Department, Clements has shared broadly in the administration of the department with Richardson, but he has also tended to concentrate in the procurement areas. He has handled such tough problems as contractual disputes with the Grumman Aerospace Corp. over the F-14 fighter and with Litton Industries over a series of large ship building contracts.

BACKING UP Schlesinger and Clements, at least for the time being, will be David Packard, the California industrialist who served

as deputy defense secretary for the first three years of the Nixon administration. He was the President's first choice to succeed Richardson when he was asked to become attorney general.

In a brief meeting with reporters yesterday Packard said he had found he was unable to take on the top Pentagon job but had volunteered to serve as a consultant to Schlesinger and Clements. He will have the unique role, for consultant, of testifying before congressional committees in support of the defense budget.

To prepare for that job, he said, he intends to do some traveling and to take a fresh look at such programs as the B-1 bomber and the Trident submarine.

The shift announced yesterday will also deprive the Pentagon, at least for the time being, of one of its key officials, General Counsel J. Fred Buzhardt Jr., who was named a special counsel to the President for Watergate affairs.

BUZHARDT HAS come into public attention in the last few days as one of the few governmental officials who said no to White House sleuths who later became involved in the Watergate bugging.

Buzhardt was reportedly approached in September of 1971 by David Young, a White House aid



—Associated Press

JAMES R. SCHLESINGER

James R. Schlesinger: To the Pentagon

POST, FRIDAY, 11 MAY 1973

Impatient Fact-Finder...

By Stuart Auerbach
Washington Post Staff Writer

Pentagon briefers have a shock coming when James R. Schlesinger takes over as Secretary of Defense: he hates the chart and slide shows that military men love to use to make their points.

"Let's cut out that Pentagon baloney," he once told a retired Air Force colonel. "Just give me the facts."

That's Schlesinger in a nutshell: abrupt, impatient with superficial trappings and searching for facts; a man who knows the value of using shock tactics while trying to gain control of a sprawling federal agency.

In his four years and three months in government—almost the length of the Nixon administration—Schlesinger has been shaking up the establishment.

In 16 months as chairman of the Atomic Energy Commission he reorganized and transformed it from a promoter of nuclear power to a regulator of the atomic industry. And then, before he left for the Central Intelligence Agency, he persuaded President Nixon to pick another maverick, Dixy Lee Ray, as the new AEC chairman.

During the past four months he has put his im-

print on the CIA. He took the job as CIA director with a mandate from President Nixon to clean out dead wood and to end the bickering between the nation's intelligence agencies.

Schlesinger worked so hard at the assignment that when he came to work one day with a cast on his right hand a story went around the agency that he had broken it pounding on his desk.

The new director complained to Congress that the CIA is overloaded with overage spies recruited during the Cold War who have trouble adjusting to today's more peaceful world. He began pushing early retirement for some and has started reducing the CIA's 15,000 employees by at least 10 per cent.

Moreover, he was appalled by some of the Mickey Mouse supersecrecy at "the agency."

He ordered switchboard operators to answer calls with "Central Intelligence Agency." Employees now answer the phone with their names or office identifications (such as Vietnam Desk) instead of merely repeating the extension number.

Schlesinger also has ordered the removal of signs identifying the CIA head-

quarters at Langley as a highway research station. He ordered new ones saying, "Central Intelligence Agency, Langley, Va.," installed.

Earlier this week he brought a display of candor rare to CIA directors when he admitted to a congressional committee that CIA assistance in a burglary attempt on the office of Daniel Ellsberg's psychiatrist was "ill advised." He pointed out three times however, that it occurred while Richard Helms was director.

This didn't endear Schlesinger to the "old boy" network in the CIA.

One CIA veteran commented yesterday that "there wasn't a wet eye in the place" when word got out that Schlesinger was moving to the Pentagon.

He will not be among friends when he moves to the Pentagon either. During his two years with the Bureau of the Budget and its successor agency, the Office of Management and Budget, Schlesinger was an overseer of the Defense Department's money requests. He had a reputation for insisting that better management could save defense dollars.

In the Nixon administration's first year, his friends

report, he was personally responsible for trimming \$6 billion from the Pentagon budget.

"He had the hammer on the defense guys for more than a year," recalls a high-ranking Nixon aide. "He's made very few friends in the Pentagon."

Nevertheless, Schlesinger indicated recently that the era of cutting defense spending should end. In a little-noticed speech delivered last September when he was still AEC chairman, Schlesinger said:

"I am firmly persuaded that the time has come, if it has not already passed, to call a halt to the self-defeating game of cutting defense outlays... It is an illusion to believe that we can maintain defense forces adequate for our treaty obligations to, say, NATO and Japan, with sharp curtailment in defense expenditures supposedly directed only to waste and duplication."

Schlesinger first came to President Nixon's attention through his work as assistant director of OMB, when he headed a survey team that in 1971 evaluated the nation's intelligence network. The report recommended the sweeping reforms that Schlesinger was eventually to undertake.

The Weather

Today—Cloudy, high in 70s, low in low 50s. The chance of rain is 50 per cent today an 20 per cent to-night. Saturday—Cloudy, high in upper 60s. Temp. range: Yesterday, 82-54; Today, 73-53. Details, Page C6.

The Wash

Time

96th Year No. 157

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FRIDAY,

Mitchell, Stans Ind Schlesinger to Pent FBI Tap Disclosed

Part-time Presidential Adviser

Connally on Nixon Staff



JAMES R. SCHLESINGER
... Defense Secretary



WILLIAM E. COLBY



JOHN B. CONNALLY

By Carroll Kilpatrick
Washington Post Staff Writer

In a major administration reshuffle forced by Watergate disclosures, President Nixon yesterday named CIA director James R. Schlesinger Secretary of Defense and former Treasury Secretary John B. Connally a part-time presidential adviser.

Mr. Nixon said he will nominate William E. Colby, the Central Intelligence Agency's deputy director of operations, to succeed Schlesinger.

HS/HC-862

Wilmington Post

Wilmington Herald

FINAL

108 Pages—4 Sections

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icted in Vesco Case; agon, Colby to CIA; at Ellsberg Trial

From the Defense Department, the President tapped J. Fred Buzhardt Jr., the Pentagon's general counsel, to be special counsel to the President to handle all Watergate matters affecting the White House.

Yesterday's shift of positions was the second major one in less than two weeks. On April 30, the President announced the resignations of H. R. (Bob) Haldeman, John D. Ehrlichman and John W. Dean III from the White House staff and of Richard G. Kleindienst as Attorney General.

That day, the President moved Elliot L. Richardson from Secretary of Defense to the post of Attorney General. Richardson, former Secretary of Health, Education and Welfare, had been at the Pentagon only since Feb. 1. Like Richardson, Schlesinger had just taken over the CIA directorship in February, after serving as chairman of the Atomic Energy Commission.

The President also told his Cabinet yesterday, at a meeting attended by both Connally and Schlesinger, that there would be more direct personal communications with each member. Mr. Nixon said he was ending the "super-Cabinet" arrangement in which three Cabinet officers had broadened responsibility and acted as counselors to the President, press secretary Ronald L. Ziegler reported.

The three who revert to regular Cabinet status are James T. Lynn of the Transportation Department, Caspar W. Weinberger of Health, Education and Welfare, and Earl L. Butz, of Agriculture. Secretary of the Treasury George P. Shultz will retain his added

The Watergate

Former Attorney General John N. Mitchell and former Commerce Secretary Maurice Stans were indicted in New York yesterday on charges of lying to a federal grand jury and obstructing justice by interfering with a government investigation. New Jersey politician Harry Sears and financier Robert Vesco were indicted in the same case.

In Washington, the White House announced another major shakeup in the management of the government—CIA Director James Schlesinger was nominated for Secretary of Defense; William Colby, a career CIA man, was nominated as his successor; Texan John B. Connally accepted a part-time job as a presidential adviser; Defense Department Counsel Fred Buzhardt was shifted to the White House as a special counsel. At the same time, three "super-Cabinet" posts were abolished.

There were new disclosures in Los Angeles at the Pentagon papers trial of Daniel Ellsberg. Some of his conversations, the government disclosed, were intercepted from a phone tap—in place more than a year—at the home of a former high government official, Morton Halperin. Arguments to dismiss the case against Ellsberg will be heard today.

Hugh W. Sloan Jr., treasurer of President Nixon's reelection campaign, disclosed in a deposition that he had warned the White House and his superiors last year that campaign officials may have been involved in the Watergate case.

CIA Chief Named Defense Secretary

PRESIDENT, From A1
assignment as assistant to the President.

In yesterday's actions, the President followed a pattern he set earlier in reorganizing his administration in the wake of the Watergate disclosures and the resulting resignations. He turned to old and trusted advisers instead of going outside.

However, informed sources said that the President emphasized in the Cabinet meeting and in a meeting with Republican congressional leaders that he would move outside that close circle in future appointments.

In the past, a criticism in Congress, among Cabinet officers and from the press was that presidential aides Haldeman and Ehrlichman erected a "Berlin wall" around the President, shielding him from critics and friends alike.

Mr. Nixon reportedly promised to enlarge and strengthen the White House legislative staff under William E. Timmons and to make himself more frequently available to members of Congress. The Cabinet departments were instructed to strengthen their legislative liaison as well and to seek Capitol Hill contacts on a bipartisan basis.

Mr. Nixon also promised a decentralization of authority away from the White House and to the Cabinet departments.

With Gen. Alexander M. Haig Jr. now the White House staff chief instead of Haldeman, there will be a different approach, with more reliance on the established bureaucracy, more freedom for departments to be true executors of policy and with new pledges to spread rather than to contract authority.

Whether the new promises will be carried out remains to be seen, but the change in intentions reflects

the extent to which the President has been shaken out of old habits.

Reports on Capitol Hill that he is considering bringing Secretary of State William P. Rogers into the White House and making national security adviser Henry A. Kissinger Secretary of State were denied by an official spokesman.

Connally, who recently switched to the Republican Party, will serve without pay and will have no operational responsibilities, Ziegler said. Connally will make himself available on a part-time basis whenever the President wishes to consult him, the press secretary explained.

The rest of his time Connally will devote to his law practice in Houston. Ziegler insisted that there would be no conflict of interest between Connally's public and private life.

In answer to questions, Ziegler said the President could consult anyone he wishes, but that he was sure he would not consult Connally on oil problems, for example, since Connally's law firm represents oil interests.

They will consult "on a broad range of matters," foreign as well as domestic, but the President does not expect to give Connally specific operational assignments, Ziegler said.

"I am sure the President and Governor Connally would in any discussion eliminate anything that would involve conflict of interest," Ziegler maintained.

While the Connally and Buzhardt appointments are, for an interim period, Ziegler indicated they may last months rather than weeks.

The exact lines of authority between special counsel Buzhardt and acting presidential counsel Leonard Garment were not spelled out in the Ziegler announcement, but both appear to have some responsibility in Buzhardt has the major responsibility.

Garment will be in charge of preparing legislation the President has promised to guard against future corruption in political campaigns, Ziegler said, and will have all the other duties of a White House counsel.

Garment was named acting counsel after Dean's departure from the post last week.

The new Secretary of Defense-designate, taught economics at the University of Virginia and was a senior member of the Rand Corp. before joining the government in 1969. While an assistant director of the Office of Management and Budget, a report he prepared caught the President's attention. From OMB, Schlesinger moved to the chairmanship of the AEC and more recently to the CIA.

His successor at the CIA, Colby, has spent three decades in intelligence, starting with the Office of Strategic Services in World War II. He served as first secretary of the U.S. embassy in Saigon from 1959 to 1962 and then he returned to Washington as chief of the CIA's Far East division. In 1968, he went back to Vietnam and took over the pacification program until June of 1971.

Buzhardt practiced law in South Carolina before coming to Washington in 1961, where he worked for eight years on the staff of Sen. Strom Thurmond. He joined the Defense Department in 1969.

CIA Director to



JAMES SCHLESINGER

BY GARNETT D. HORNER

Star-News Staff Writer

President Nixon today moved James R. Schlesinger from his relatively new job as director of the Central Intelligence Agency to the Pentagon as secretary of defense.

At the same time, the President nominated William E. Colby, deputy CIA director for operations, to replace Schlesinger as head of the agency.

In other announcements today, the President named:

- J. Fred Buzhardt, general counsel of the Defense Department, as special counsel on his White House staff to work in the area of the Watergate investigation.
- John B. Connally, recent Republican con-

Head Pentagon

vert, as a part-time, unpaid special consultant to advise him on a wide range of national affairs.

Schlesinger, the former chairman of the Atomic Energy Commission, who replaced Richard Helms as CIA director earlier this year, will succeed Elliot R. Richardson as defense secretary.

White House Press Secretary Ronald L. Ziegler said Buzhardt also will be active in helping form legislation to reform campaign procedures.

Ziegler said the President told his Cabinet that he now intends to have direct lines of communication to all of them, and is dropping

See Appoint, Page A-6



WILLIAM E. COLBY



J. FRED BUZHARDT

A-6
X

THE EVENING STAR and DAILY NEWS
Washington, D. C., Thursday, May 10, 1973

APPOINT

Schlesinger Picked to Head Defense

Continued From Page A-1

the special counselor set-up he announced earlier this year.

Secretary of Agriculture Earl L. Butz, HEW secretary Caspar Weinberger, and HUD Secretary James T. Lynn had been given the additional title of counselors to the President, with responsibility for coordinating overlapping functions of some cabinet departments in their areas.

Ziegler said they would drop the titles of counselor, and the special set-up would be "moved aside," pending congressional actions on Nixon's proposals for consolidating several departments.

He said the President told his Cabinet that coordination of overlapping functions must continue, but he now wants to do so on an informal basis.

Richardson, who took over the Pentagon helm from Melvin R. Laird less than three months ago, was nominated by the President last week to replace resigning Richard G. Kleindienst as attorney general.

THE OFFICIAL word that Buzhardt will be working in the area of the Watergate investigation may indicate that he will relieve Garment of that duty, leaving Garment free to fulfill the general functions of counsel to the President as his legal adviser.

Buzhardt, 49, was an administrative assistant to Sen. Strom Thurmond, R-S.C., from 1958 to 1966. A native of South Carolina, he is a West Point graduate and received a law degree from the University of South Carolina in 1952.

Schlesinger, 44, earned his bachelor degree at Harvard, summa cum laude, in 1950, his master degree in 1952 and his Ph. D. in 1956. He taught economics at the University of Virginia for eight years. He joined the Rand corporation in 1963, where he was a senior staff member and later director of strategic studies.

HE JOINED THE government as assistant director of the Budget Bureau in 1969, and kept that title when it became the Office of Management and Budget the following year. He was named chairman of the Atomic Energy Commission in 1971, and took over the CIA in February of this year.

He is the author of "The Political Economy of National Security" (1960) and co-author of "Issues in Defense Economics" (1967). A Republican and a Lutheran, Schlesinger is married and has eight children. The family residence is in North Arlington.

David Packard, former deputy defense secretary and West Coast electronics millionaire who was described a week ago as the "leading candidate" for the post, has told the White House that he is not available for the job.

Colby, 53, an alumnus of the Office of Strategic Services, twice parachuted behind enemy lines during World War II — in France and Norway — to carry out sabotage operations against the Germans.

After the war, he joined the New York law firm headed by his former OSS boss, Maj. Gen. William (Wild Bill) Donovan. When the Korean War broke out, Colby joined the CIA, and served, in the guise of a Foreign Service Officer, in Stockholm, Rome and Saigon.

THE SUDDEN elevation of Colby from deputy director of clandestine operations to director of Central Intelligence means that a long-time CIA professional in the mold of ousted director Richard M. Helms is once again in charge. "It will be good for the agency,"

one former CIA operative remarked with a sigh of relief when he heard the news today. And an experienced congressional observer of the agency suggested that "maybe a calm like this will be useful, after the storm that came up under Schlesinger."

Nixon had appointed Schlesinger to the CIA post with a mandate to clean house, cut costs and, in the view of some disgruntled analysts, purge the agency of too optimistic a view of Soviet strategic capabilities.

Colby, like Helms before him, is a veteran of the operations, rather than the intelligence side of the agency, and he survived Schlesinger's housecleaning of the CIA "old boy network" even while Schlesinger was proclaiming an intention to cut back on undercover opera-

tions and concentrate more resources on more efficient gathering and evaluation of intelligence data.

COLBY IS a veteran of the CIA side of the Vietnam war, and was station chief in Saigon as long ago as 1959. He is most widely known as the architect of the American-run rural pacification, or Phoenix, program in South Vietnam in the mid-to-late 1960's — an elaborate and partly successful countrywide network of counterintelligence, propaganda and political assassination.

Such credentials could give Colby trouble from Senate doves during his confirmation hearing, but CIA professionals are more likely to take it in stride.

In his part-time special consultant role, Connally will act as an advisor to the President on both foreign and domestic policy. Connally attended a Cabinet meeting at the White House this morning.

Meanwhile, the Senate today confirmed the nomination of Howard H. Callaway of Georgia to be Secretary of the Army.

Also confirmed was Robert C. Hill of New Hampshire to be an assistant secretary of defense.

DEPUTY Defense Secretary William P. Clements Jr. told newsmen at the Pentagon today that he would continue to serve as Schlesinger's deputy. He said Schlesinger is "excited" about the personnel choices already made at the Pentagon by himself and Richardson.

With Clements at the brief session in the Pentagon press room was David Packard, who served as deputy defense secretary for the first three years of the Nixon administration. Packard was Nixon's first choice to replace Richardson but he said he had decided he could not take the job.

However, Packard said he had agreed to serve as a consultant to Schlesinger and Clements and to help

them in getting defense proposals approved on Capitol Hill.

He said he intended first to look closely at some of the major programs — he mentioned the B1 bomber and the Trident submarine — and then to testify before congressional committees, meet with members of committees or contact individual congressmen.

PACKARD said he was delighted with the choice of Schlesinger for the defense job and confident that he and Clements would "make a good team."

Leonard Garment, a long-time utility man on the Nixon staff as a special consultant, will carry on as acting counsel to the President, the White House said. Garment has taken over the duties of ousted counsel John W. Dean III. Buzhardt's interim appointment will relieve him of duties pertaining to the Watergate investigation.

THE EVENING STAR and DAILY NEWS F-5
Washington, D. C., Wednesday, May 2, 1973

CIA Chief Wants More Spry Spies

United Press International

Old age has hit the spy business.

The bright young men from Harvard and Yale who entered the newly formed Central Intelligence Agency after World War II have become bright old men, and CIA Director James Schlesinger says they must give way to another generation.

In an edited version of closed-session testimony released yesterday by the Senate Armed Services Committee, Schlesinger estimated that 70 percent of the agency's executives are now over 45, and 85 percent of

them have been in the government more than 20 years.

As a result of this "disproportionately high" percentage, top positions in the CIA are clogged up, and young, promising personnel have been quitting because of the lack of advancement opportunity.

"Our problem is that unlike the State Department, unlike the Department of Defense, there has been no selection-out system," Schlesinger said. "It has been assumed that people have come in and de facto they have stayed around as long as they have wanted. As a result, we have an aging staff."

Schlesinger, who took over the top CIA job this year, has been engaged in an extensive overhauling of the agency and hundreds of CIA officials have lost their jobs. Many have come flocking to Capitol Hill and the government bureaucracy looking for work.

Schlesinger denied that the shakeup would diminish the CIA's role and lead to domination by the Defense Department's intelligence-gathering agencies.

The April 5 hearing was on a bill, since passed by Congress and now before President Nixon, to increase the ceiling on annual CIA retirements from 800 to 2,100. Schlesinger said the intelligence community was "not designed to provide cushy positions for time servers."

HS/HC-862

WHY "SPY" AGENCIES ARE BEING SHAKEN UP

Drastic changes are aimed at ending rivalries and improving the usefulness of U. S. intelligence. One result: Some inner workings are being disclosed.

The supersecret U. S. intelligence apparatus is being rocked from within on a scale never before so visible to the public.

What set off the tremor is a major overhaul, now in progress, of the machinery that produces the worldwide intelligence assessments on which crucial national decisions are based.

Under James R. Schlesinger, the new Director of the Central Intelligence Agency and overseer, also, of the vast U. S. information-gathering network—military as well as civilian—significant changes are being made. They have these objectives:

- To shake up the whole system and sharply improve its usefulness to the President and his top advisers.
- To process vital intelligence more effectively, at less cost.

Mr. Schlesinger cracked down on CIA, his home base, first. Now he is expected to focus on other parts of the intelligence community—military and civilian.

Payroll reductions. In the reorganization process, wholesale firings have occurred at the CIA—a cutback, sources say, of perhaps more than 1,000 of the agency's estimated 15,000 employees.

Some professionals assert that Mr. Schlesinger is bent on rooting out an "intellectually arrogant" clique that has been riding high in the CIA hierarchy for years.

Others counter that the chief purpose of the housecleanings is to enable the Nixon Administration to "politicize" the intelligence mechanism to its own ideological shape—and use Mr. Schlesinger to do it.

Both charges are vigorously denied by responsible people on all sides. Instead, the charges are cited as examples of the bitter bureaucratic infighting going on in Washington—and spreading into the intelligence system.

On one front, heated feuding between the CIA and the Pentagon's Defense Intelligence Agency—DIA—is out in the open.

Pentagon intelligence specialists, trying to regain control of assessing military threats to the U. S., are citing what they characterize as examples of blunders and bias by the CIA.

The military critics admit that their own mistakes a decade and more ago obliged the Government to turn to the civilian CIA for the main assessments on military threats. But now, the military men contend that DIA has been revamped, is more objective—and less of a lobby designed to scare Congress into voting higher defense budgets.

Against that background of turbulence, Mr. Schlesinger is moving to carry out the sweeping reorganization of the U. S. intelligence community originally ordered by President Nixon a year and a half ago—in November, 1971.

Knowledgeable sources say that Richard Helms, now Ambassador to Iran, was replaced by Mr. Schlesinger as CIA Director because he failed to carry out the overhaul mandate to Mr. Nixon's satisfaction.

A top man in the intelligence network put it this way: "The President and his national-security adviser, Henry Kissinger, just didn't think they were getting their money's worth."

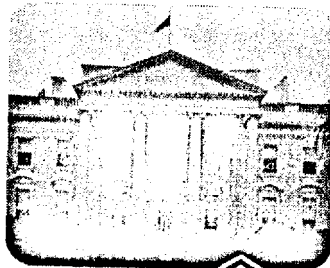
The reorganization plan, in fact, is Mr. Schlesinger's own handiwork. He drafted it while serving as Assistant Director of the Office of Management and Budget. Later, he was named Chairman of the Atomic Energy Commission—the job from which he was transferred to his present post as America's "superspy."

Like Mr. Helms before him, Mr. Schlesinger is not only Director of the CIA but also Director of Central Intelligence—DCI. That makes him boss of all American intelligence operations.

New faces. One thing that Mr. Schlesinger has done is to put together what he calls the intelligence community staff, with offices on the top floor of the CIA headquarters building in a Virginia suburb of Washington.

Significantly, two military-intelligence

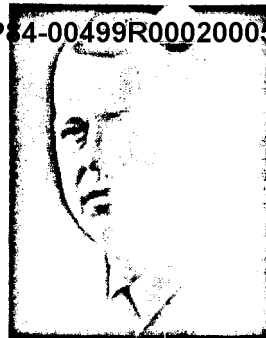
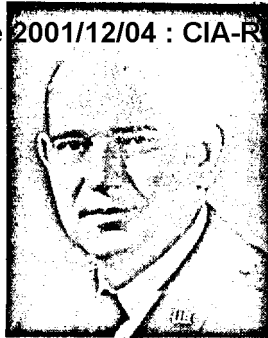
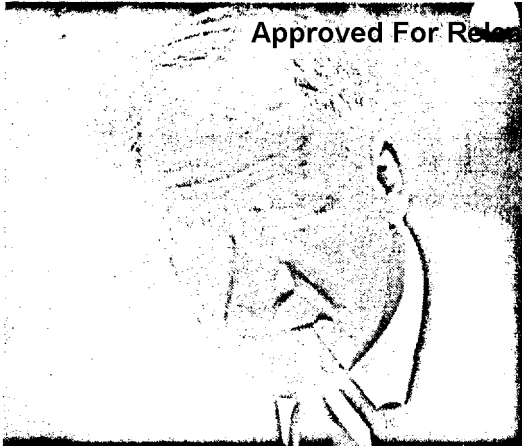
THE U.S. INTELLIGENCE NETWORK AND WHAT IT DOES



James Schlesinger, Director of Central Intelligence, presides over the U.S. Intelligence Board, which sets intelligence requirements and priorities.

Represented on the board are—

CIA Central Intelligence Agency, top-secret Government organization, responsible only to the White House, collects and evaluates intelligence information, runs clandestine missions abroad, conducts espionage and counterespionage.



Maj. Gen. Lew Allen

Maj. Gen. Daniel Graham

source, the aide who blocked the erroneous estimate "won no friends."

• In Vietnam, it is now revealed, CIA and DIA were often at odds. For instance, they agreed that some Communist arms were reaching South Vietnam through the Cambodian port of Sihanoukville, but both were "wildly wrong" on how much. But an official, not in intelligence, recalls that CIA was "much further wrong" than DIA—although each was on the low side.

CIA Director James R. Schlesinger, who oversees all U. S. intelligence, designated two military men among deputies.

experts have been assigned to that staff as Mr. Schlesinger's deputies. One is Maj. Gen. Lew Allen, of the Air Force, who has been nominated for promotion to lieutenant general. The other is Maj. Gen. Daniel O. Graham, of the Army, a career intelligence officer.

General Graham, who has been deputy director for estimates in the Pentagon's DIA, sounded a call in an article he wrote recently for "Army" magazine advocating reassertion of a dominant role for the military in estimating security threats. May 1 was set as the date of his move to Mr. Schlesinger's staff.

As the shake-up of the intelligence establishment continues, charges and countercharges are giving Americans a rare look at its inner workings and hot rivalries. For example—

• Military men are alleging that "bias" of top-level CIA evaluators colors final estimates sent on to the President and his aides.

One case cited by a critic of the CIA:

"An estimate entitled 'New Order in Brazil' was prepared as a basis for

policy decisions. Use of the term 'New Order' in the title was like overprinting a Nazi swastika on the cover. It painted the blackest possible picture of the present Brazilian Government, making Brazil look like an imminent threat to the U. S. If the President had acted on that report, he would have cut all aid to Brazil."

• The CIA is accused of failing to use information it had in hand to alert the White House to Russia's acute food shortage last year. The point made is that the Soviets were able to negotiate a billion-dollar grain deal with the U. S. on terms favorable to the Kremlin—and unfavorable to the American housewife, who had to pay more for bread.

The CIA answers this charge by contending that the information was passed along to the Department of Agriculture, which, in the CIA view, failed to act on it promptly enough.

• A military intelligence official says that before the Soviet invasion of Czechoslovakia in 1968, the CIA director of estimates offered a report prepared for the President saying there would be no invasion. An aide, disagreeing, used various stratagems to avoid forwarding the report. The delay prevented embarrassment for the CIA when the Russians did invade, but, according to the

• Another charge by critics of the CIA: After the Tet offensive of 1968, CIA reported Communists had seized vast portions of the countryside, because contact was lost with most sources outside the cities. This assumption was disproved by on-the-spot checks by DIA teams in helicopters.

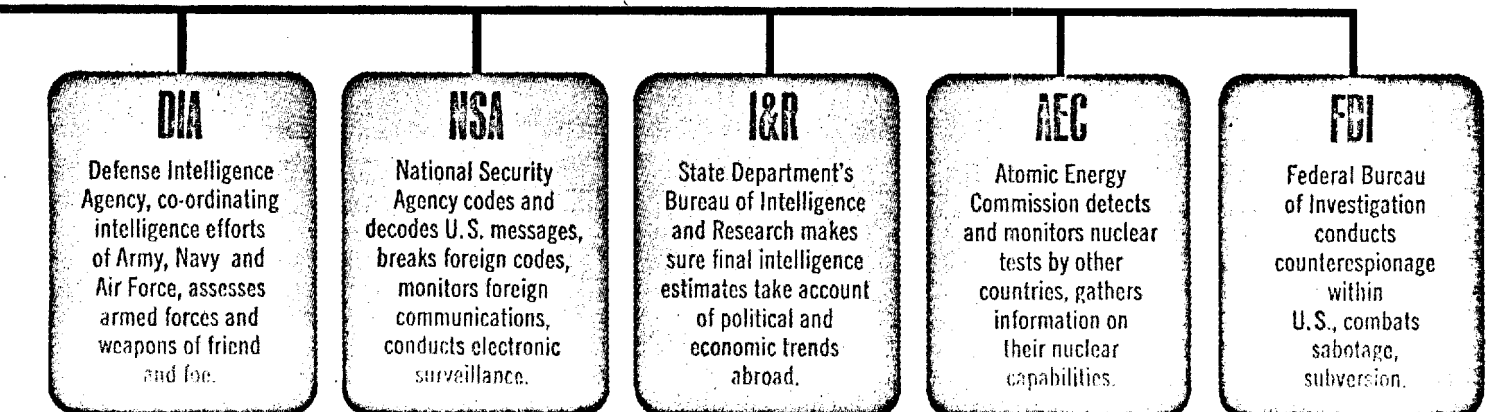
An illustration of conflict between civilian and military analysts:

In a recent national estimate, the CIA took the position that Japan would never consider arming itself with nuclear weapons. The DIA argued that the Japanese were keeping abreast of nuclear technology and would not hesitate to "go nuclear" if Tokyo felt that was necessary for survival.

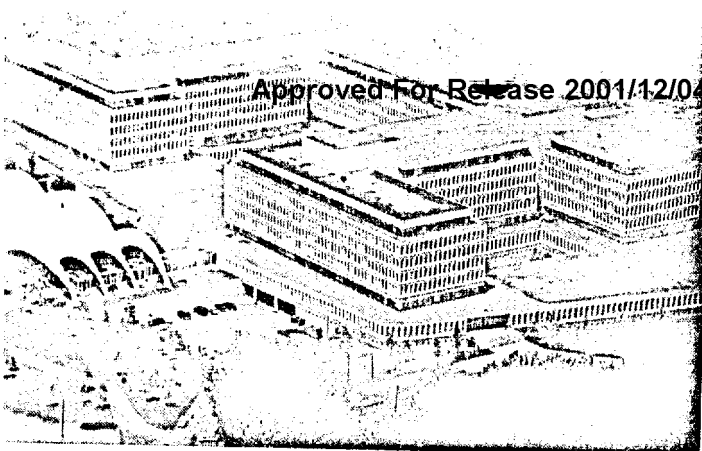
When the document was brought to Mr. Schlesinger, an insider says, the CIA analysts emphasized that they had put their views first, as the current position, and the DIA estimates were relegated to the back pages. Mr. Schlesinger was said to have "hit the roof" and to have ordered that the military view be given equal prominence.

• General Graham, in his writing in "Army" magazine, admits serious DIA shortcomings in the past. He charges that Pentagon intelligence has damaged its own status by inflating its estimates of threats to the "worst case" possible—

(continued on next page)



In addition, Treasury Department provides economic and financial information on other countries.



Overhaul of U. S. intelligence network is creating tension at CIA's massive headquarters near Washington.

—Wide World Photo

"SPY" SHAKE-UP

[continued from preceding page]

in order to get more money from Congress. He claims that this tendency has been largely eliminated.

- General Graham also charges that, in the past, military intelligence has been too prone to tailor its assessments to the need "users" have for intelligence that "supports the program."

Assessing blame. In some instances, blame is being heaped upon both civilian and military intelligence agencies. One thing pointed out is that the entire U. S. intelligence community—despite warnings from some agents—refused to believe that Soviet boss Nikita Khrushchev would dare to risk putting offensive missiles in Cuba in 1962.

Khrushchev did just that, however, and the "missile crisis" resulted.

Some of the military intelligence experts now insisting on a stronger voice in the evaluation of raw data concede that, in the past, the armed forces have been supplied with exaggerated estimates of the Soviet threat—such as the "missile gap" of a decade ago that turned out to be nonexistent.

It is pointed out, however, that the DIA has had a thorough housecleaning in recent years.

"Time to reassert." In his article for "Army" magazine, General Graham wrote:

"... I think the time is ripe for the military profession to reassert its traditional role in the function of describing military threats to national security. Both the military user and the military producer of strategic intelligence have come a long way since the 'missile gap' days. DIA has hit its stride in the production of respectable military estimates."

Many CIA professionals in top and middle ranks are unhappy about the

reorganization. A comment typical of this view:

"What is happening is that those who seek to present intelligence as it is, rather than as the situation is seen by those supporting specific policies, are being plucked out."

Aides of Mr. Schlesinger deny that he has any intention of "politicizing" the agency. They point out that at his confirmation hearing before the Senate Armed Services Committee he said he was determined to maintain the independence and integrity of intelligence evaluations.

Within the Nixon Administration, dissatisfaction with the CIA has centered particularly in the National Security Council staff, which is under the direction of Mr. Kissinger.

The main complaint has been that evaluations of raw intelligence often reflected the biases of top men.

To that, one CIA man retorts:

"We feel that we do a better job of evaluating raw intelligence without bias than the military does—or, for that matter, than people like Kissinger who are defending a specific policy."

The argument is made that—particularly since the days when the late Allen Dulles was its Director—the CIA's "controlling voice" in the intelligence community has sought intelligence estimates unaffected by the policies of the Administration in power, the Pentagon, the so-called military-industrial complex, or any other group.

Changes in the works. Whatever the merits of the arguments now boiling, drastic changes are being made by Mr. Schlesinger.

They include:

1. To reduce costs, overlapping intelligence agencies are to submit "bids" on operations that are assigned by President Nixon and the National Security Council. The Intelligence Resources Advisory Committee, set up under the 1971 reorganization plan, is to consider the competing "bids" and accept the least expensive if the bidder can convince the Committee that his agency can do the job.

2. Mr. Schlesinger is making it clear that he will exercise fully his authority over all of the intelligence services. In the past, this has been a difficult problem for the Director of Central Intelligence, because the Defense Department gets most of the money and most of the manpower.

3. As DCI, Mr. Schlesinger will decide which of the U. S. intelligence agencies—military and civilian—will carry out operations assigned by the White House

4. Each agency is to be kept fully aware of what all the others are doing. Experts are combing through all operations to determine how to use fewer men and spend less money.

"To be continued." Some projects are being phased out as inefficient or outmoded. One report indicated a sharp curtailment in clandestine operations. But an insider commented:

"They may not talk about these as much as they did, but like it or not, these activities are part of the way of life in the world today, and they will be continued."

One revision put into effect by Mr. Schlesinger has to do with preparation of CIA reports requested by the President and other high officials.

Condensed intelligence. Previously, such requests were answered with detailed studies—20, 30, or even 50 pages long. Now, the reports run no longer than three double-spaced pages. A CIA official explained:

"Instructions from Schlesinger are to answer the questions asked—and no more. No background. No historical discussion. Just keep in mind that the President or the Secretary of the Treasury or whoever else asks the questions is a busy man. He rarely has time to read long reports. What he needs is for use right now—today—in order to make a decision."

The telephone number of the analyst or working group responsible for the report appears on the document, so if more information is needed, it can be obtained without delay.

In line with Mr. Nixon's efforts to reduce federal spending, the intelligence agencies are under orders to reduce costs.

Just how much is being spent to piece together the information essential to national security is not a matter of public knowledge.

A 6.2 billion cost? Senator William Proxmire (Dem.), of Wisconsin, estimated recently that the cost of gathering military and civilian intelligence is 6.2 billion dollars a year. But Albert C. Hall, Assistant Defense Secretary for Intelligence, said that Mr. Proxmire's figure is "just plain wrong."

Without hinting at the actual figures, Mr. Hall said that the Pentagon's intelligence budget has been cut by about a third in the last three years.

Other sources say that manpower in the CIA and the other intelligence services, including the National Security Agency, now totals less than 125,000—a reduction of more than 25,000 since 1971.

Thus, a money crunch and diminished manpower are added problems at a time of sharp change and open conflict for the agencies which function as the "eyes and ears" of the United States around the world.

[END]

N.Y. Times, Wed., 2 May 1973

'AGING' OF STAFF A C.I.A. PROBLEM

Spies Are Too Old and Too
Numerous, Director Says

By JOHN W. FINNEY
Special to The New York Times

WASHINGTON, May 1—
James R. Schlesinger, the Director of Central Intelligence, has told Congress that a major problem confronting the Central Intelligence Agency is that its spies are becoming too old and too numerous.

The difficulty, he explained in recent testimony before the Senate Armed Services Committee, is that agents in clandestine overseas operations have "stayed around as long as they have wanted." As a result, he said, "we have an aging staff" in the agency's operations division that handles overseas activities and there is little room for promotion of aspiring young spies.

Suggestions that some of the spies have come to look upon their jobs as "a sinecure," Mr. Schlesinger said:

"The intelligence community of the United States is not designed to provide cushy positions for time-servers."

Mr. Schlesinger testified before the committee early last month in support of legislation that would raise from 830 to 1,200 the number of former overseas agents whom the agency can retire at the age of 50 after 20 years of service. His slightly censored testimony was made public today in one of the rare occasions when the testimony of a Central Intelligence Director has been published.

Many Recruited After War

Since taking over as director in February, Mr. Schlesinger has begun a major reorganization of intelligence activities, including the largest personnel cutback in the history of the agency. From his testimony, which provided the first official explanation of his plans for personnel reorganization, it is apparent that one of Mr. Schlesinger's major objective is to weed out over-age spies through retirement.

Mr. Schlesinger disclosed that in recent years the intelligence agency had reduced its "overseas population," with some of the agents absorbed into the headquarters staff and others retired. But, he said, it still has "too many people in the operational areas," particularly as it turns increasingly to technological means, such as satellites, for obtaining intelligence information.

This surplus of operatives, he said, is compounded by the problem of the agency's clandestine service. "We are facing a very severe hump in age composition" between 1970 and 1980, he said.

Immediately after World War II, in its formative years, the intelligence agency engaged in an extensive recruitment program, particularly on Ivy League campuses. Most of those post-war recruits are now reaching the age of 50 or more but show little desire to leave the agency.

The agency's problem, Mr. Schlesinger said, is that, unlike the military or foreign service, it has no system for "selecting out" agents as they move up in seniority.

"It has been assumed that people come in and de facto they have stayed around as long as they wanted," he said. "As a result, we have an aging staff."

Promotions Delayed

As compared with the rest of the Government, the director said, the intelligence agency has a disproportionately old staff. For example, he said, about 70 per cent of the agency's employes in executive grade positions are over 45, compared with about 50 per cent in other Government agencies.

Mr. Schlesinger attributed some of the agency's morale problems to the overlay of older agents, with the resulting "reduced opportunity for younger people." In the early days of the agency, he said, a person could expect to acquire executive responsibilities by age 48 but now he must wait until age 55.

Consequently, he said, "we had a movement out of some of our younger people whom we would like to retain in order to build for 20 years ahead."

Mr. Schlesinger acknowledged that his personnel reorganization and reductions had caused morale problems and criticism within the agency. But he suggested that this reaction should be balanced against the morale problems of persons who left the agency "because they saw insufficient opportunity, partly because they did not believe that the agency was vigorous enough, that it had become a tired bureaucracy."

NEW YORK DAILY NEWS

19 APR 1973

VIP

By MAXINE CHESHIRE

The CIA may now have reason to worry about electronic eavesdroppers but its phone bill is lower. When James Schlesinger Jr. took over as director, the first thing he did was rent long-distance lines on a monthly basis from the telephone company because calls "are 20% cheaper" that way. Schlesinger found some of his spies so fearful of being overheard that they preferred to go out to a phone booth with a handful of change.



James Schlesinger Jr.
Cuts the phone bill

HS/HC-862

The Big Shake-Up in

In Hong Kong, an agent of the U.S. Central Intelligence Agency slips into a railroad yard and checks the wear on ball bearings of freight cars coming in from China to try to spot unusual troop movements. Meanwhile, another agent goes to the Hong Kong central market and buys a large order of calf's liver from animals raised in China to run a lab test for radioactive fallout.

In Eastern Europe, a CIA team tries to obtain a sample of a Communist party chief's urine. Purpose: to determine his state of health. The CIA did this successfully with Egypt's late King Farouk but failed recently with Yugoslavia's President Tito.

THESE are only a few of myriad missions that the CIA has performed around the world. The agency is also constantly accused of fantastic James Bondian exploits that more often than not it has nothing to do with. The fact is that no nation can any longer accept Secretary of State Henry Stimson's bland dictum of 1929 that "gentlemen do not read other people's mail." In a nuclear-ringed globe, intelligence is more vital than ever. Nor can a world power automatically limit itself to such a passive role as mere information gathering; trying to influence events may at times be necessary. But it can no longer be done with the crudity and arrogance displayed in the Bay of Pigs invasion of 1961, or the attempt with the International Telephone and Telegraph Corp. to sow economic chaos in Chile in 1970. To harness the CIA's excesses and yet utilize its immense capabilities for keeping the U.S. abreast of world developments, the Nixon Administration has ordered the greatest reorganization in the agency's 25-year history.

Cooperate. Reports TIME's Diplomatic Editor Jerrold Schechter, who has been keeping a watch on the CIA: "For the first time since its founding the CIA is undergoing a thorough shakeup of personnel and redirection of mission. The two main targets of U.S. intelligence activities continue to be the Soviet Union and China. But a rapidly developing *détente* with those countries has created different demands on the intelligence establishment. Along with traditional estimates of the missile and military capabilities of Communist countries, the White House is insisting on a new emphasis on assessments of their political and strategic intentions. The entire intelligence estimating process is being refined to include more stress on such developments as Soviet and Chinese grain outputs and computer advances."

To chart this new direction, President Nixon has turned to a tweedy, pipe-smoking economist and military strategist, James K. Schlesinger, 44, who

a Gentleman's Club

in February took over as director of the CIA. Aides quote Schlesinger as saying that "the entire intelligence community can produce a better product with a lower level of resources." In short, the nation's spy network should generate better intelligence for less money.

Schlesinger has ordered the firing or forced retirement of 600 of the CIA's 18,000 worldwide employees; 400 more are expected to go by year's end. His aim is to cut costs, eliminate marginal performers, and change the leadership of the agency. Among those who have gone are several of the long-entrenched top deputies of former CIA Director Richard Helms, who tended to favor the "operational men," or spies in the field, over the cerebral analysts, who ponder the intelligence and make policy recommendations. These two sides of the agency, traditionally separated, have orders to cooperate more.

Paramilitary operations are being scaled down. In South Viet Nam, the CIA's role in the "Phoenix"—or counterterror—program has already been phased out. The program used CIA agents to advise the South Vietnamese in the "neutralization," or killing, of Viet Cong officials. Such covert activities are under the CIA's deputy director of operations, currently William Colby, 53, a former ambassador who was in charge of pacification in Viet Nam from 1969 to mid-1971.

Often called the agency's "dirty tricks department," Colby's section controls field agents who are involved in clandestine activities, including keeping a watch on the KGB (Soviet intelligence) and working with intelligence organizations in Western countries. But Colby's group is now placing new emphasis on such activities as getting early

warnings of—and curbing—international terrorism. Through intercepts of communications, the CIA has discovered who ordered the killing of the U.S. and Belgian diplomats in Khartoum two months ago. It also knows the financial sources of the Black Septembrists, who carried out those assassinations, as well as the murders of Israeli athletes at the Munich Olympics.

Rivalry. With the downgrading of cloak-and-dagger operations, one of Schlesinger's tasks will be the strengthening of the "leadership for the [intelligence] community as a whole," a recommendation that he himself urged on the President in 1971, when he was an assistant director of the Office of Management and Budget. Now, Schlesinger not only heads the CIA but also has ultimate responsibility for the Pentagon's Defense Intelligence Agency, which provides intelligence for the armed forces, and the National Security Agency, which directs spy planes, satellites and a vast communications-monitoring apparatus that cracks codes and gathers data from other countries.

Schlesinger, as chairman of the Intelligence Resources Advisory Committee, will be taking a hard look at the combined \$6.2 billion (some estimates put it as high as \$8 billion) spent by the three agencies. Nearly half of the money goes for satellite reconnaissance and spy planes; about \$750 million is budgeted to the CIA.

Schlesinger also must watch out for a smoldering rivalry between the CIA and the DIA. The rivalry broke out in the open recently in the form of an article in the small (circ. 75,000) monthly magazine *Army*, written by Major General Daniel O. Graham last December—before he was picked by Schlesinger to be a member of his five-man Intelligence Resources Advisory Committee. Graham's article contended that the Pentagon should win back from the

CIA primary responsibility for analyzing strategic military intelligence. To the embarrassment of military leaders, he conceded that in the past the Pentagon's estimates of Communist military potential were vastly overstated, and that the nation's decision makers rightly regarded those estimates as "self-serving, budget-oriented and generally inflated." But, he wrote, the Pentagon has so greatly reformed and improved its analysis in recent years that there will be no more "bad overestimates" like "bomber gaps," "missile gaps," and "megaton gaps."

Aided by Graham, who will be the primary link between the CIA and the DIA, Schlesinger hopes to improve relations with the Pentagon. Under the able Richard

STEVE ROSENTHAL

CIA DIRECTOR JAMES R. SCHLESINGER
Inducing constructive tensions.

Helms, CIA analysts had remained aloof from the military, and there were bitter battles between the CIA and DIA during the Viet Nam War over estimates of enemy infiltration and intentions. To increase accountability within the agency, Schlesinger has told CIA's analysts to sign all their intelligence reports. He hopes that bylines on the blue and white-covered CIA assessments will sharpen analyses and make the authors feel personally responsible for their assessments.

Schlesinger seems just the man to shake up the CIA. A seasoned scholar, bureaucrat and Republican, he enjoys the confidence of President Nixon. He was graduated *summa cum laude* from Harvard ('50), later got his Ph.D. in economics there, taught at the University of Virginia, and was director of strategic studies at the Rand Corp. He joined the old Bureau of the Budget in 1969, and two years later was named chairman of the Atomic Energy Commission. His prodding of utility executives to pay more attention to environmental safeguards impressed the President. When industry leaders complained, Schlesinger told them: "Gentlemen, I'm not here to protect your triple-A bond ratings."

While maintaining traditional secrecy about clandestine operations, Schlesinger is moving fast to lift the veil of conspiracy that has shrouded the agency. In an unprecedented move last month, he allowed a CIA agent, William Broc, the former chief of clandestine operations for the Western Hemisphere, to testify before a Senate subcommittee investigating the involvement of the CIA and the International Telephone and Telegraph Corp. in Chilean political affairs.

As tough-minded as he is candid, Schlesinger leaves little doubt that he is determined to reform and redefine the CIA's role. Said he recently to an old CIA hand: "The trouble with this place is that it has been run like a gentleman's club, but it's no gentleman's club."



Approved For Release 2001/12/04 : CIA-RDP84-00499R000200050001-9

Military Intelligence Role

By ORR KELLY
Star-News Staff Writer

James R. Schlesinger, the new director of Central Intelligence, is giving the military a stronger role in assessing threats posed by other countries, according to the Pentagon's top civilian intelligence official.

Albert C. Hall, assistant defense secretary for intelligence, acknowledged in an interview yesterday that "some of the civilians up the river" (at the Central Intelligence Agency) are quite concerned by the new development.

But Hall, who was brought into the Pentagon by Defense Secretary Melvin R. Laird two years ago to strengthen civilian control over intelligence, said he thinks what Schlesinger is doing "is really quite sound."

SCHLESINGER, who drew up a plan for revamping the intelligence community when he was at the office of Management and Budget in 1971, has placed two career soldiers on his personal staff.

Maj. Gen. Lew Allen, a West Pointer who holds a doctor's degree in physics and who has been active in Air Force nuclear and space programs, became one of Schlesinger's deputies "for



JAMES R. SCHLESINGER

the intelligence community" on March 1. He was nominated yesterday for promotion to lieutenant general. Maj. Gen. Daniel G. Graham, a career intelligence officer who is now deputy director for estimates in the Defense Intelligence Agency, is scheduled to become a deputy to Schlesinger May 1.

While Schlesinger is reportedly embarking on a house cleaning to cut about a 1,000 persons from the CIA payroll of about 15,000, he has given his stamp of approval — at least for the time being — to

the military intelligence operation, Hall said.

"I have told the DCI (Schlesinger) what we are doing, what our objectives are, and how we are going about researching them in a broad sense and he's endorsed them," Hall said.

THE DIA, the key Pentagon intelligence office, underwent a house cleaning of its own beginning in 1970, when Lt. Gen. Donald V. Bennett became its director. The entire defense intelligence community has received a further shaking up under Hall.

Over the years, there has been a tendency to downgrade the military estimate of the threat from other countries — primarily the Soviet Union — and for the civilian analysis of the CIA to be predominant, Hall said.

"On the civilian side — up the river — they were more inclined to regard the Soviet Union as a more peaceful entity than it actually is. Their tendency is to regard what they (the Soviets) do as a reaction to us," Hall said.

The military picture tends to make the Soviets look like the fierce guys, and that we've got to catch up, he said.

"In analysis of the Soviet Union, one was too far on one

side, the other too far on the other side. I don't want to overstate this, because it was not that bad a situation. But it would be better if they both moved toward the middle," Hall said.

WHILE the different interpretations seemed to provide a broad range of views, the opposite was often the case, Hall said. Graham, in an article of the current issue of Army Magazine, said "planners of all services 'coordinating' an intelligence estimate are quite capable of reducing it to lowest common denominator, mush."

The goal now, Hall said, is to recognize that "There really isn't one estimate — that there are ranges of possibilities driven by certain circumstances.

"It is important to get the ranges and the circumstances laid out," he said.

Unfortunately, he added, many of those who receive the intelligence information would rather have a specific figure than a range of choices.

HALL ALSO STRESSED, throughout the interview, that he is seriously concerned about the nation's intelligence budget. Over the last three years, he said, the Pentagon's intelligence budget has been cut about a third.

"We don't have all the things covered at all that we'd like to have covered," he said. "When resources are limited, it is no easy way out of that situation."

Hall refused to say how much Nixon spends on intelligence or how many people

Seen Enhanced

are involved. He did say, however, that an estimate by Sen. William Proxmire, D-Wis., that the nation's annual intelligence bill is \$6.2 billion is just plain wrong.

PROXMIRE SAID yesterday his figures were "in the

ballpark" and called on Schlesinger to make the intelligence budget public.

He said his estimates of manpower and budget are: CIA, 15,000 and \$750 million; National Security Agency, 20,000 and \$1 billion; Defense Intelligence Agency, 5,016 and

\$100 million; Army Intelligence, 38,500 and \$775 million; Navy Intelligence, 10,000 and \$775 million; Air Force Intelligence, 60,000 and \$2.8 billion (including satellite launches and reconnaissance); State Department intelligence, 335 and \$8 million.

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C.I.A. Apparently Plans Cut in Some Covert Roles

By CLIFTON DANIEL
Special to The New York Times

WASHINGTON, April 1— Under its new director the Central Intelligence Agency is apparently planning to curtail some of its old activities, notably clandestine military operations, and undertake some new ones. These include action against political terrorism and the international drug traffic.

Since James R. Schlesinger took over as director on Feb. 2 more than 1,000 employees of the C.I.A. have received dismissal notices. Mr. Schlesinger also has authority from President Nixon to apply what one official calls "a great deal of persuasive influence" to reduce manpower as well in the military intelligence services. These are the Defense Intelligence Agency and the National Security Agency, which Mr. Schlesinger oversees but does not operate.

In the last two years the intelligence establishment as a whole has been reduced by something like 25 per cent, according to reliable estimates.

In 1971 there were more than 150,000 people in the mili-

tary and diplomatic intelligence services and the C.I.A. There are now fewer than 125,000, according to the estimates—perhaps no more than 115,000. Since November, 1971, the various agencies have been under orders in a memorandum from the President to reduce duplication of facilities and functions and make more economical use of their resources, especially in collecting information.

Intelligence information these days is gathered more by machines than by men—by satellites and computers rather than by spies meeting informers in bars and alleys.

Each intelligence agency seems to want its own machines and some systems have reportedly been made deliberately incompatible so that each agency keeps its own.

For that reason and others it is said here that President Nixon's 1971 memorandum has as yet had no measurable effect on the operations of the

Continued on Page 7, Column 1

N.Y. Times
Monday 2 Apr 1973

HS/HC-862

C.I.A. MAY CURB SOME ACTIVITIES

Continued From Page 1, Col. 7

intelligence community.

The man principally responsible for drafting the President's memorandum was Mr. Schlesinger and he has now been given the authority to put it into effect. He got the job because as assistant director of the Office of Management and Budget and later as chairman of the Atomic Energy Commission he earned a reputation for efficiency and effectiveness.

Apparently Mr. Schlesinger is expected to do in the intelligence community what other recent Presidential appointees have been instructed to do in more open departments—that is, to make the Federal bureaucracy more responsive to the Administration.

This objective has led to charges from some old hands at the C.I.A. that the agency is being "politicized" by the Nixon Administration. Mr. Schlesinger met this charge, when his C.I.A. appointment was up for confirmation in the Senate, by assuring the Senate Armed Services Committee that he believed absolutely in maintaining the integrity and independence of intelligence estimates.

People who know President Nixon's attitude say he wants his intelligence information straight even when it is unpalatable. However, the White House does want to see less money spent on intelligence, and a better intelligence product provided.

By a better product the White House apparently means among other things a product that answers the questions that senior policy makers are interested in and gives the answers in brief and readable form.

"You can't drop a 90-page C.I.A. analysis on a high official's desk and say 'You've got to read this,'" one such official said recently.

That Discouraging Thud

"The thud it makes when it falls on your desk is enough to discourage you from opening it," another said.

Apparently C.I.A. memorandums under the Schlesinger regime will number more like three pages than 90 and will have a telephone number to call if the recipient wants further information.

While seeking greater economy and efficiency the intelligence community is reassessing its tasks.

There appears to be a tendency to cut back on C.I.A. paramilitary operations — operations such as the abortive Bay of Pigs invasion of Cuba in 1961 and the clandestine war still being waged in Laos, operations that have sometimes brought the agency as much censure as praise.

In his second Inaugural Address, President Nixon said, "The time has passed when America will make every other nation's conflict our own, or make every other nation's future our responsibility, or presume to tell the people of other nations how to manage their own affairs."

That statement seemed to imply less intervention in other people's affairs, whether by intelligence agencies or otherwise.

In any event, operations such as the one in Laos, where the C.I.A. has long given support and leadership to the anti-Communist military forces, are on such a scale that they cannot be conducted secretly, and thus may not be thought suitable for an undercover agency.

'Dirty Tricks' Wane

Operations on a smaller scale—sometimes called "dirty tricks"—reflect the atmosphere of the nineteen-fifties, the cold war period, and seem to be regarded now as obsolescent.

Also with the reduction of international tensions and suspicions, which is the aim of President Nixon's dealings with the Soviet Union and China, the intelligence community may not need to pay so much attention to the military abilities of the major powers.

However, there may be new tasks for the intelligence community in an era of negotiation.

For example, the protocol to the Soviet-American agreement on the limitation of strategic offensive weapons provides in Article 12 that "for the purpose of providing assurance of compliance with provisions of this treaty, each party shall use national technical means of verification."

In plain language, that means that the Soviet Union and the United States may each use its own photographic satellites and other intelligence-collecting devices to see whether the other side is abiding by the treaty. This is the "open skies" policy proposed by President Dwight D. Eisenhower at the Geneva summit conference in 1955 and rejected at that time by the Russians.

There are also other new problems to attract the interest of the intelligence agencies. One is the narcotics traffic. Intelligence is a major ingredient in controlling it.

Another is political terrorism, a form of warfare that cannot be dealt with by ordinary diplomatic means or conventional military forces.

The interest of the C.I.A. in these problems does not mean that the agency will no longer have an arm that can perform paramilitary functions. It also does not mean that the C.I.A.—to use a term heard here—will not "invest" funds in the affairs of third countries on occasion.

2 APR 1973

PEOPLE OF THE WEEK®

SHAKING UP THE CIA — “NIXON’S BUREAUCRACY TAMER”

LATEST GOVERNMENT operation to feel the effects of a shake-up in its established bureaucracy is the supersecret Central Intelligence Agency.

The man behind what promises to be a sweeping reorganization is the CIA's new Director, James R. Schlesinger, who has had this tag pinned on him inside Government circles: "President Nixon's bureaucracy tamer."

"Tough guy." Mr. Schlesinger came to the CIA post from the Chairmanship of the Atomic Energy Commission, where he was also looked on as a "tough guy." Says one Government source:

"At the AEC he turned things upside down at first. Everyone there was up tight. But, in the end, his overhaul improved morale at AEC tremendously.

"Now he has started out the same way at CIA—and it looks as if he will get the same results."

As with most activities of the CIA, the Schlesinger-ordered shake-up of personnel is being conducted pretty much under wraps.

No one in authority is saying—if anyone really knows—how many of the estimated 15,000 on the payroll will be squeezed out before it is all over.

Estimates of a 10 per cent cut have been reported. Knowledgeable sources say that is too high—but it is acknowledged that the reduction now under way is the biggest ever at the CIA, which has had others in the past.

Improvements ahead. The overhaul is across the board—young and old, people from all areas of the agency.

Every personnel folder is being read. The four main directorates in the agency—administration, plans, science and intelligence—are each handling the mechanics of review in their divisions.

Some tasks are being eliminated as outmoded, no longer needed in the changing intelligence world of today.

But, at the same time, the word is out at CIA that the shake-up is designed to improve American intelligence gathering—not scuttle it. A slogan that began to be heard with Mr. Schlesinger's takeover was: "Intelligence is our first line of defense."

After the initial shock of the reductions, some CIA officials began to take second looks—and decided that what they saw was not all bad. Said one: "Who-

ever said the agency would be strengthened by getting rid of fat and deadwood—and didn't mind as long as it didn't include him—was right."

The critics' view. Not everyone, of course, felt that way. Fears were expressed that the cuts will result in reducing the effectiveness of the CIA, and that intelligence work as a career will be less of an attraction.

Said one such critic:

"Whoever succeeds Schlesinger will have the job of building the organization back up to be able to do its job."

While some outsiders have been named to high posts—notably Generals Daniel Graham of the Army and Lew Allen of the Air Force—high-ranking intelligence professionals are still in top spots, and a number are being promoted.

For example, the veteran William E. Colby, who had been high in the hierarchy as executive director, has been moved up to deputy director for plans.

A hard worker. Mr. Schlesinger, 44, was named to the CIA post by Mr. Nixon in December, replacing Richard Helms, who was appointed Ambassador to Iran.

The new Director is described as a hard worker, usually on the job from 7 a.m. to 7 p.m. But, an official says, he does not demand that kind of day from those who work for him. Instead, this source explains:

"He makes it clear that what he wants is results, not time-clock punchers. As long as the work is done in time, he doesn't bother too much about the hours spent on it."

Mr. Schlesinger was a *summa cum laude* graduate of Harvard, and got his Ph.D. degree there in 1956.

After a year of travel in Europe and parts of Africa and Asia, he went to the University of Virginia to teach economics for eight years.

Publication of a book, "The Political Economy of National Security," brought CIA

him an offer of a job from the Rand Corporation, where he eventually became director of strategic studies.

Mr. Schlesinger's first post in the Nixon Administration, beginning in 1969, was assistant director of the Office of Management and Budget. In 1971 he rose to the Chairmanship of the AEC.

Changing atomic policy. Mr. Schlesinger ordered a drastic reorganization of the AEC, resulting in a cutback of its high-level staff. But that wasn't his only impact on the agency.

One new job he created was that of



—USN&WR Photo

Mr. Schlesinger, as new chief, is presiding over CIA reorganization and biggest-ever cuts in its payroll.

assistant general manager for environmental and safety affairs. And he is credited with making the AEC more conscious of the interests of conservationists in its planning for new uses of atomic energy.

"Very fast study." Mr. Schlesinger came to the CIA without background in pure intelligence work, although he has had much experience in the wide field of world strategy.

One official describes him this way: "He is a very fast study who does his homework."

One bit of homework many associates believe he learned long ago: How to transform a bureaucracy into a well-tuned machine. That apparently was the job President Nixon felt was needed at the

By OSWALD JOHNSTON
Star-News Staff Writer

James R. Schlesinger, the new director of Central Intelligence, goes before a Congressional committee today in his first formal legislative appearance since reports began to circulate of a major shakeup at the CIA.

Schlesinger's testimony before the House Armed Services watchdog subcommittee on the Central Intelligence Agency will, as usual, be secret. But congressional sources are not hiding their expectations that questioning will focus on two reported aspects of an ongoing purge of CIA ranks:

- That the White House has ordered a concerted ideological attack on the supposedly liberal bias of the CIA's small but elite Office of National Estimates, which is nominally responsible for producing the worldwide intelligence assessments upon which President Nixon, Henry A. Kissinger and the National Security Council base policy decisions.
- That Schlesinger is simulta-

neously implementing a White House directive first handed down 16 months ago to streamline both budget and manpower resources in the nation's unwieldy \$5 billion-a-year intelligence operation.

Ostensibly, the question before the subcommittee chairman, Lucien N. Nedzi, D-Mich., is whether Congress should raise from 800 to 2,100 the legal ceiling on the number of CIA employees who may claim retirement benefits and leave office after 20 years service.

But Nedzi left no doubt that Schlesinger will also be quizzed on the scope and motive of the intelligence agency purge. "Undoubtedly, questions will be asked about how many men are leaving — and why," Nedzi said in an interview yesterday.

Speculations aside, it is still not clear how far Schlesinger's new broom will sweep, and to what end.

Varying reports have the 15,000-man agency facing a cutback of from 1,500 to 1,800 employees. One report, which

CIA officials sought to minimize, said the agency eventually would be cleared of as many as 3,000 underachievers in annual installments of 1,000.

At the same time, some agency veterans close to outgoing Director Richard M. Helms, whose own departure a few months short of retirement age gave rise to speculation the White House was disenchanted with his performance, were reportedly asked to leave on only a few hours notice.

Sources close to the intelligence community are appalled by what one former CIA official termed the "peculiar brutality" of Schlesinger's house-cleaning, and apprehensive over what it may mean. But they are far from certain.

One view, expressed by a source of long experience in the intelligence community, sees a conscious effort to punish the CIA's intelligence assessors by cutting back their influence and enhancing that of the Pentagon's rival Defense Intelligence Agency.

In this view, the CIA purge



JAMES R. SCHLESINGER

now in progress was foreshadowed by the administration's bureaucratic assault earlier this year on the Arms Control and Disarmament Agency, which in quick succession lost one-third of its budget, 12 staff positions, most of its frontline veteran officials and much of its influence in the new rounds

on Controversial CIA Shakeup

of strategic arms limitation talks with the Russians.

It is pointed out that the CIA estimators for years now have backed the longstanding disarmament argument that on-site inspection of Soviet missile facilities is not necessary to ensure that the Russians are living up to a disarmament agreement.

At the other extreme, one former CIA official dismissed the whole Schlesinger exercise as "a phony operation." So far, this source argued, there is no evidence that any really important changes are being made.

One indication this may be so is the fact that the newly appointed deputy director of plans—the man in charge of the CIA's worldwide clandestine "department of dirty tricks" operations—is William E. Colby, the former head of the American Pacification Program in South Vietnam.

Despite the CIA's good reputation from the Pentagon Papers as a gloomy but accurate forecaster of events in Indochina, it was Colby's side of

the agency's operations that in large part engineered the original U.S. involvement in Laos and South Vietnam during the early 1960's.

More generally, however, speculation is focused on the CIA's intelligence evaluation function, rather than on the operations side.

In the main, informed sources are resisting the suggestion that the White House would deliberately attack the agency's intelligence estimators simply because the reports they have produced were unwelcome.

"This is our last hope," one source said. "A body independent enough to say a policy is no good if that is what it believes."

At the same time, many intelligence experts concede that the Office of National Estimates is "old and tired," and out of touch with the needs of Kissinger and his National Security Council specialists.

These close observers of the intelligence scene note that the Office of National Estimates

consists of at most 30 senior officials in the agency. It remains an elite corps, so far untouched by the purge, and there are no immediate signs that its chairman, John Huizenga, is being asked to retire prematurely.

In the main, they see the shakeup as motivated more by efficiency than by ideology.

Helms, the former CIA director, received a mandate to streamline the intelligence community in November 1971, when Nixon announced a reorganization plan of which Schlesinger, then in the Budget Bureau, was the main author.

On the surface, the plan gave Helms sweeping authority over the whole intelligence community. But during his remaining year as director, Helms did virtually nothing on this mission, and his inaction is viewed as a key reason for his premature departure.

There are some signs Helms quietly resented this turn of events and felt he was never given the White House back-

ing he believed would be necessary to carry out the responsibility he was given.

It is an open secret that some 85 percent of the estimated \$4.5 billion to \$5 billion intelligence budget each year is under the direct control of the Pentagon. But Helms, it is pointed out by former intimates, was never given authority to go up against the Defense secretary.

Nevertheless, these sources scoff at speculation that the recent CIA recruitment of two highly regarded Pentagon intelligence analysts — Maj. Gen. Daniel O. Graham of the Army and Maj. Gen. Lew Allen of the Air Force — is a means of putting ideological pressure on the Office of National Estimates.

Graham and Allen, it is pointed out, have been named to purely managerial positions on an inter-agency Intelligence Resource Advisory Committee, a board set up in the Schlesinger-Nixon intelligence reorganization of 1971, but which rarely functioned.

GOULD LINCOLN

The Cost of Intelligence

As a nation, and as a government, how intelligent are we? According to Noah Webster, American lexicographer who flourished from 1753 to 1843, intelligence means the capacity to comprehend facts and understand them. A second meaning is an agency of government to watch an enemy nation, or potential enemy nation, for national defense. And it is estimated that we are spending \$6 billion dollars each year on our several intelligence agencies for such purposes. How intelligent is that?

James R. Schlesinger, new director of the Central Intelligence Agency, it is reported, has begun the largest personnel cutback in the history of that agency, and also in the personnel of the National Security Agency, which seems an intelligent thing to do. However, the cutback, it is said, will be only 10 percent across the board. The CIA has approximately 18,000 jobs and possibly 1,800 of them will be abolished by June 30, the end of the present fiscal year. The National Security Agency has about 100,000 employees, and a 10 percent reduction would mean laying off 10,000. Still another agency, much smaller, the Defense Intelligence Agency, has about 3,000 jobs, and it too is slated for a cutback, it is said.

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These intelligence agencies are of the executive branch of the government. But what of the legislative branch—the Congress, Senate and House? It has innumerable investigative and intelligence agencies, looking into all kinds of affairs, foreign and domestic, particularly at the present moment.

Take, for example, the Senate Foreign Relations Committee under the chairmanship of Sen. J. William Fulbright, Arkansas Democrat. It is investigating President

Nixon's conduct of the war in Vietnam and had been doing so for a time, with unfortunate results, causing a lengthening of the war by encouraging the Hanoi Communists and the Viet Cong in the belief that the anti-war voters in this country would kill off Nixon in the presidential elections and put in his place Democratic Sen. George McGovern, or some other anti-war Democrat.

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Although this tactic failed, Sen. Edward M. Kennedy of Massachusetts continues to belabor this issue, claiming that the war could have been effectively ended at least four years earlier, with the saving of thousands of American and Vietnamese lives. In the bright lexicon of youth, apparently there is no such word as fail, especially where the political demise of the President is the end desired.

Sen. Sam J. Ervin Jr., North Carolina Democrat, is leading the investigation of Nixon's appointee to be permanent head of the Federal Bureau of Investigation, L. Patrick Gray III, a former high-ranking naval officer. Gray was handed the job, on a temporary basis, after the death of J. Edgar Hoover, who had been director nearly half a century, the first director after the creation of the bureau, and who had given it a reputation for great effectiveness.

Gray has been accused of giving John W. Dean III, presidential counsel, reports of the investigation of the Watergate caper, which had been demanded by the Senate Judiciary Committee. Dean, it has been charged, passed the details of the investigation along to the White House and to important members of the Committee for the Re-election of the President, including former Atty. Gen. John N. Mitchell.

This, in view of Sen. Ervin and other Democratic, and some of the liberal Republican senators, was outrageous conduct. In consequence, they are threatening to defeat confirmation of the Gray appointment in the committee and the Senate itself, or failing that, to hold up action indefinitely on the nomination.

Then there is the Senate committee investigation of the charge that the International Telephone and Telegraph Corporation—the ITT—offered \$1 million to be used to prevent the election of Salvador Allende, a Marxist, to be president of Chile. John A. McCone, former director of the Central Intelligence Agency, testifying before the Senate Foreign Relations subcommittee on multinational corporations, said he had told two top officials of the Nixon administration—Henry Kissinger and the then CIA Director Richard M. Helms—that the ITT was willing to contribute a sum rising into seven figures to defeat Allende in a runoff election. Allende had been the high man in the first election.

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The ITT was afraid that if Allende became president, he would confiscate its \$150 million telephone company operating in Chile and other holdings of the company.

The Nixon administration, however, would have nothing to do with this operation and said so, McCone declared. McCone was named director of the CIA by President John F. Kennedy after the abortive Bay of Pigs invasion.

Edward Gerrity, an ITT official appearing before the subcommittee, flatly denied McCone's version of the ITT's dealings with Allende. Gerrity insisted ITT offered help to Allende, including large financial aid. This, members of the subcommittee said, appeared to them incredible.

The Evening Star

and

The Washington Daily News

CROSBY N. BOYD, *Chairman of the Board*JOHN H. KAUFFMANN, *President*NEWBOLD NOYES, *Editor*

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WEDNESDAY, MARCH 28, 1973

CHARLES BARTLETT

Rough Handling of Elite Agency

The suburban mausoleum housing the CIA's unique collection of intelligence gathering talents is an unhappy corner of town under its tough-minded new management.

The CIA had not appeared a likely candidate for the woodshed. The agency emerged from Vietnam less scarred than any of the other participants. It has managed its ticklish responsibilities in Laos with admirable skill and slowly recouped, through persistent prudence, the standing that was lost 12 years ago at the Bay of Pigs.

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The force behind the move to shake up the CIA is President Nixon. While Henry Kissinger has usually seemed satisfied with the intelligence he's been getting, Nixon has tended to regard the agency as a last stand of the old school tie, a vestige of the Eastern establishment that he dislikes so intensely. It is probable he has not forgiven the CIA for creating in 1960 the missile-gap illusion that worked against his election.

Moreover the vast cost of photographic intelligence, the rich harvest of the satellites' ranging eyes, has contributed to an uncomfortable swelling of the intelligence community budget. It stands now at about \$4.5 billion, enough to raise outside suspicions that secre-

cy may be serving as a cushion to soften the fiscal squeeze that afflicts the rest of government.

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The President's chosen instrument for the CIA shakeup is James Schlesinger, a 42-year-old recruit from academia who has made his presence felt in a series of key administration jobs. Solid and self-assured, Schlesinger offers a sharp contrast to the "band of brothers" style of leadership with which Allen Dulles ran the CIA. The new director did not want the job but he has moved into it hard.

His conduct suggests his embrace of a thesis that the CIA has been functioning in a cozy, self-protected world which has grown somewhat isolated in suburbia and more remote than it should be from those who make the policies. Schlesinger appears bent on disrupting the traditions that defer to the intelligence mores of an earlier era and deny the new importance of technology.

He is going after some of the protective devices. He wants estimators who will lay their judgments on the line instead of hedging so they are never wholly right or wholly wrong. He has taken an ax to the personnel deadwood, seemingly undeterred by his predecessors' fear of provoking discharged employees into becoming security risks.

It all adds up to rough treatment of an elite agency and complaints are stirring at what some describe as needless brutality. Schlesinger is criticized more for his style than for what he is doing, but the bitterness is enlarged by lingering resentments against the callous way in which the President replaced Richard Helms, the previous director who had staked a strong claim to his subordinates' loyalty.

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Schlesinger's track record in Washington portends that he knows what he is doing. There is no graceful way to shake up an agency. But he will need to shift, at some point, from being the CIA's shaker to being its leader and he may find he has paid a price in demoralization, perhaps in the loss of men he can ill afford to lose, for his precipitous manner of taking command.

If Schlesinger can make the CIA leaner without causing its employees to feel they are being punished, his intrusion on the marble mausoleum will be a healthy thing. It is patently clear that an era of wary detente is not going to diminish the need for good intelligence and it is useful to have a wise outsider examine an operation long run by insiders.

HS/HC-862

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THE EVENING STAR and DAILY NEWS
Washington, D. C., Wednesday, March 21, 1973

Schlesinger Sets Large Cutbacks In CIA Personnel

By SEYMOUR M. HERSH
New York Times News Service

James R. Schlesinger, the new director of the Central Intelligence Agency, has begun the largest personnel cutback in the history of the agency.

Unofficial CIA sources estimated that at least 1,000 — and possibly as many as 1,800 — of the agency's approximately 18,000 jobs will be abolished by June 30.

In addition Schlesinger is expected to continue cutbacks in other intelligence agencies too, such as the huge National Security Agency and the Defense Agency.

An official agency source acknowledged that what he termed a "reduction in force" — known in the government as a RIF—is under way "on a very selective basis" to eliminate "marginal performers." But he would give no figures.

No official announcement of the cutbacks has been made to employees at CIA headquarters in Langley, Va.

"This is the first place I've ever been in where all the rumors come true, one agency employe said. "You get a call and get an interview and that's it," he said, describing the job-elimination process.

In addition to the layoffs, Schlesinger has initiated a high-level shakeup of key management positions inside the agency.

He reportedly has been told

by President Nixon to improve the efficiency of the nation's over-all intelligence operations, which cost more than \$6 billion a year.

The CIA's Office of Research and Development in Rosslyn is said to be particularly affected. The office is responsible for most of the agency's basic research projects. The official CIA source, however, described the cuts as being "across the board" and not limited to any specific office.

The Associated Press quoted sources as saying that reports of a 10 percent reduction at CIA are high. In some cases, sources told AP, some employes have been transferred to other jobs, and some administrative personnel have been reshuffled.

A former high-level official expressed surprise when told of the large-scale personnel cutbacks. "The CIA doesn't have RIFs," he said. "That's always been considered a security risk."

The only significant cutback in the agency's history took place shortly after John J. McCone was named director in 1961 by President Kennedy, a few months after the aborted Bay of Pigs invasion of Cuba. About 260 agents employed by the agency's clandestine service were eliminated then, the former official said, "and that was very carefully handled."

HS/HC-862

THE CIA: The Spook Shaker

James R. Schlesinger took over from Richard Helms as director of the Central Intelligence Agency only last month, but he has already stirred up the kind of Washington buzz that goes with any shake-up at the spook house. In his first weeks on the job, the deceptively tweedy new master spy relieved three of the agency's top deputies—and sent waves of anxiety rippling down through the ranks. "They have always moved bodies around here," said one CIA insider. "But never have so many been moved so fast—or with so much clatter."

Sudden as the changes seem, from President Nixon's point of view they are long overdue. Well over a year ago, Mr. Nixon charged Helms with streamlining and coordinating the nation's sprawling, \$6 billion-a-year intelligence network (which, along with the CIA, includes the National Security Agency and the Defense Intelligence Agency). But the President's directives weren't fully implemented. Helms, a Democratic hold-



Schlesinger: Retiring the old boys
Newsweek, March 19, 1973

over, got little White House backing. And he had no better luck on his own: more than 80 per cent of intelligence money and manpower was under the direction of Defense Secretary Melvin Laird—with whom Helms often clashed on major intelligence estimates and the administration of the agencies.

Schlesinger has no experience in the spying trade. But he won high marks as an administrator during a seventeen-month stint as chairman of the Atomic Energy Commission; justifiably or not, he is regarded as tougher, more hard-headed and more conservative than the urbane Helms. Significantly, he enjoys the unreserved backing of White House chief of staff H.R. Haldeman. And it was Schlesinger, as head of a study by the Office of Management and Budget, who drew up the original plan for the restructuring of the nation's intelligence apparatus—the plan that Helms failed to execute swiftly enough to suit Mr. Nixon.

Shake-up: His arrival was followed by the departure of three solid CIA veterans: Bronson Tweedy, Helms's longtime deputy; Thomas Parrott, Tweedy's No. 2; and Thomas Karamessines, the agency's deputy director of plans (the so-called "dirty tricks department"). And more resignations are expected. Warns one Capitol Hill specialist on the CIA: "If he pushes this shake-up all through the intelligence community, he could be regarded as a big, bad wolf." So far, however, Schlesinger's housecleaning does not seem to be shaping up as a blanket elimination of CIA old boys. Karamessines, for one, had twice asked permission to retire, only to be persuaded to stay on. And for his replacement, Schlesinger tapped one of the original old boys: 53-year-old William E. Colby, a 23-year CIA veteran who had served with the OSS during World War II.

Schlesinger is remaining properly secretive about his plans for the agency. But in recent stories leaked to several newspapers, "authoritative sources" who sounded suspiciously like Schlesinger himself offered some strong clues. By these accounts Schlesinger hopes to enlarge the CIA's role in combating international crime, narcotics traffic and terrorism. He also hopes to polish up the agency's tarnished image at home. And, with the Vietnam war wound down and the Soviet Union enlarging its influence in the Persian Gulf, the new master spy is reportedly eager to re-focus CIA effort in the Middle East.

Washington Whispers®

[Items appearing on this page are being talked about in Washington or other news centers]

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Friction between the Central Intelligence Agency and military intelligence officers has not been eased by the change in command at the CIA. A Defense Department source commented: "We thought the variance between CIA and Defense intelligence estimates would narrow with the appointment of James R. Schlesinger as the new Director at CIA. But the gap has actually widened and the trend is disturbing."

U. S. NEWS & WORLD REPORT, March 12, 1973

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THE EVENING STAR and DAILY NEWS
Washington, D. C., Tuesday, March 6, 1973

Ex-CIA Aide Is Praised By President

Thomas H. Karamessines has retired from a key post at the Central Intelligence Agency after getting high praise from President Nixon and presidential assistant Henry A. Kissinger.

After more than 30 years of government service, Karamessines retired at the end of last month. He was deputy director for plans.

The agency provided letters showing the praise for Karamessines shortly after The Star-News reported that he had been "fired" by the new CIA director, James R. Schlesinger.

Schlesinger himself joined in the written remarks about Karamessines' service. The director spoke of "great devotion and professionalism."

The President's letter, dated two days after the story was published, said that Karamessines had handled "some of our government's most sensitive tasks . . . in a thoroughly professional manner."

Kissinger, in a letter dated four days before the story had appeared, said Karamessines had "handled the most delicate missions with the utmost discretion," and declared that the retirement "is a hard blow."

HS/HC-862

5 MAR 1973

Mr. Schlesinger of CIA

By Benjamin Welles

James R. Schlesinger, newly named head of the Central Intelligence Agency, comes to the job unhampered by previous intelligence experience — unlike his predecessor, Richard M. Helms, a life long veteran of clandestine operations.

Mr. Schlesinger is a tall, craggy, systems analyst with a habit of working in his shirt-sleeves. If, while conferring with his colleagues his shirttail hangs out — as it often does — it bothers him not. Calm, relaxed, analytical, he can lose himself in a problem while the hours slip by.

Those who knew Schlesinger in his OMB (Office of Management and Budget) days— where he drafted for President Nixon a plan to reorganize the national intelligence community — praise his ability to spot the weakness in an argument or structure — and quickly find ways to strengthen it. He has already begun to humanize the secrecy-shrouded Atomic Energy Commission, and in his next post he is expected to rid the CIA and its sister intelligence agencies of their accumulated fat and improve their product.

"I predict he's going to drop some of the veteran cold warriors from World War II or the Korean days and promote younger men," said one of his closest associates. "He'll leave day-to-day operation in their hands and concentrate on matters of Cabinet-level importance. Each time he goes to the White House you can bet he'll know his subject from A to Z."

The three areas that Mr. Schlesinger is expected to focus on include first the CIA's clandestine operations — still reportedly absorbing about \$400 million of its \$600 million budget and more than half of its 15,000 employees. Others are scientific research

and the voluminous, often controversial, national intelligence estimates. The latter, insofar as they forecast Soviet and Chinese capabilities and intentions, have an immense impact on presidential budgetary and defense policies.

In recent years the CIA, which alone is authorized to conduct espionage abroad and, occasionally, to topple unfriendly governments, has had its funds for "CS" (clandestine services) appreciably slashed. Such paramilitary CIA operations as the "secret" war in Laos, begun on President Kennedy's instructions in 1962, now are drawing to a close; and the weekly meetings of the Forty Committee, the supersecret White House panel headed by Kissinger that passes on all covert operations sufficiently important to embarrass the United States Government if disclosed, are said to be desultory, indeed.

"Intelligence gathering has shifted from the spy in a foreign cabinet to the orbiting satellites that collect hundreds of photographs plus telemetry from a highly qualified source. "But there's a danger. I can

show you photographs of Washington down to the minutest details of the White House lawns — but you still won't know what's going on inside the heads of the policymakers."

The brilliant high-resolution photographs of Russian and Chinese missile silos, nuclear plants, airfields, and submarine pens that are collected day after day (when the weather permits) by \$20 million satellites orbiting around the earth every 90 minutes 100 to 130 miles up make possible the SALT agreements. The U.S. and the Russians, who too have their satellites, each know what the other has; now and a-building. But whereas capabilities can often be ascertained through satellites — intentions require spies. In CIA jargon this is called "hum-int" — human intelligence.

Some experts even question whether the U.S. intelligence community has anything "downstream" — in development — to replace the spy satellites should the Russians or Chinese one day shoot them down or otherwise eliminate this vital security safeguard. Apparently the community is fearful of seeking fresh funds lest Congress or the OMB cut back the funds already allocated: \$1 billion yearly for spy satellites and as much for global code-breaking.

Mr. Schlesinger is expected, finally, to take a hard look at the overt — or evaluation — side of his CIA. Part of it, the Office of National Estimates, produces yearly for the President studies ranging from a quick analysis of the latest Central American flare-up to the massive survey, completed every September, of Soviet strength and likely actions.

Periodically domestic politics impinge on intelligence evaluations. Secretary Laird told Congress flatly in 1969, for instance, the U.S.S.R. was going for a "first strike capability"; i.e., had succeeded in MIRVing its giant SS-9 missiles — giving each component warhead the same independently targetable capability as have the U.S. Polaris and Poseidon missiles. CIA disputed this at the time — and still does — but none the less Kissinger sided with Laird's effort to pry more defense funds from Congress.

Whether Mr. Schlesinger can now insulate the CIA from administration pressure and keep its reporting honest remains to be seen. He comes to his task, however, with full Nixon backing; with no ties to the cold war; with few contacts in the press and with little interest in the social blandishments of the "Georgetown cocktail set."

Mr. Welles, for many years on the staff of the New York Times, is now an independent commentator on what goes on in Washington.

New CIA Chief Seeks Closer Rein on U.S. Espionage Community

CIA's Schlesinger Begins Streamlining Operations

By Thomas O'Toole
Washington Post Staff Writer

The new director of the Central Intelligence Agency has begun the long-promised reorganization of the vast U.S. intelligence community with an eye toward streamlining his own agency and bringing military intelligence under closer civilian control.

At the peak of the Vietnam war, the U.S. intelligence community employed 150,000 persons and spent \$6 billion a year, a growth that led to duplication, inter-agency bickering and jurisdictional jealousies that horrified President Nixon.

In his first month as director, James R. Schlesinger has moved three choices of his own into top jobs at the CIA, forced out two mem-

bers of the old guard and set about the task of bringing under CIA control the three other federal services that with the CIA make up the bulk of the U.S. intelligence network.

This description of Schlesinger's first month as CIA director came from an authoritative source, who said that Schlesinger is acting on the personal instructions of the President. It was Schlesinger who directed a massive study of the intelligence community when he was a member of the Office of Management and Budget in 1971, just before he became chairman of the Atomic Energy Commission.

See CIA, A27, Col. 1

CIA, From A1

Paring of the Defense Department's intelligence activities began even before Schlesinger moved into the CIA. Manpower at the Defense Intelligence Agency, the National Security Agency and the intelligence branches of the four armed services had climbed above 100,000 persons at one point. In addition, 50,000 others were scattered through 10 other agencies.

One source on Capitol Hill said that \$1 billion had been cut from the budget of the Defense Intelligence Agency alone, a figure that was disputed in size only by another source.

"It wasn't that much of a cut," the source said, "but it was a good-sized bite."

Since becoming director, Schlesinger has made five key moves in his attempts to strengthen the CIA, which one source said was suffer-

ing from "aging and bureaucratization."

Schlesinger appointed William E. Colby as deputy director of plans, which is the CIA title for the man who heads the agency's covert espionage operations or "department of dirty tricks." Now 53 years old, Colby was at one time head of the U.S. pacification program in South Vietnam.

Colby replaced Thomas Karamessines, who had wanted to retire two years ago but

who stayed on at the insistence of the White House. One published report said that Karamessines had been fired by Schlesinger, but sources close to the CIA insisted this was incorrect.

The new CIA director also pulled a pair of generals out of the Pentagon to serve on the newly formed Intelligence Resource Advisory Committee. They are Army Maj. Gen. Daniel O. Graham and Air Force Maj. Gen. Lew Allen, both of whom

have served in military intelligence and knew Schlesinger who had admired them since his own days with the Rand Corp.

"Jim [Schlesinger] is a takeover kind of guy," one source said, "and these appointments bring in men he feels comfortable with, who will back him up when the going gets tough."

The going is expected to get tough quite soon, since it is understood that Schlesinger plans a complete

overhauling of the CIA. One source described the CIA as an "old boy network" that had been allowed to grow unchecked since it was created by President Truman in 1947. The CIA now employs 15,000 persons and has a budget of \$600 million a year.

Schlesinger has already forced two old CIA hands into early retirement. One is Bronson Tweedy, former deputy to Schlesinger's predecessor, Richard M.

Helms. The other is Thomas Parrott, a deputy to Tweedy who had been at the CIA since 1961.

Schlesinger is said to believe that the CIA must shift gears now that there is a cease-fire in Vietnam. He is said to think that the Middle East should now be the focus of CIA attention, particularly since the Soviet Union is understood to be out of the Mediterranean and into the Persian Gulf.

The new CIA director is also said to believe that the CIA must change its role with the changing times. One source said that Schlesinger believes the CIA must begin to gather more intelligence about international crime, terrorism and narcotics traffic.

"The international terrorist movement is something that Schlesinger feels should be watched far more closely," the same source said. "There are some people in intelligence who say it's going to take a major effort to keep these terrorists out of the U.S., to keep them from assassinating public figures right here on American soil."

Schlesinger is also said to be concerned about public opinion of the CIA and the role of espionage in an increasingly critical world society.

"I think Jim would like it if the American public had a greater understanding of the need for intelligence," one source said. "I don't think he believes he can get the job done right if there is hostility and opposition to the CIA because it's thought to be a nest of spies."

Richard Helms' departure from the CIA was said to be as much of a sign of change at the CIA as Schlesinger's arrival. Helms presided over the CIA for the past seven years, during which time the United States was caught in a series of intelligence failures.

The loss of the Pueblo, the loss of a U.S. reconnaissance plane in North Korea right after the Pueblo disaster, the abortive raid on the Sontay prisoners-of-war camp in North Vietnam are all cited as failures of U.S. intelligence. The lack of intelligence about North Vietnam's invasion of Cambodia in 1970 and of its offensive in South Vietnam a year ago are also cited as examples of an intelligence community grown too bureaucratic.

While Helms was admired for his tough-mindedness, he was also viewed with suspicion by the Nixon White House for his independence and his alliances in Washington society.

His power base in Congress, his friendship with Washington columnists and his socializing at Georgetown cocktail parties were all frowned upon in the White House, where a low profile is admired more than standing in society.

The Evening Star F
The News
TV—RADIO

WASHINGTON, D. C., THURSDAY, MARCH 1, 1973

Colby New Chief Of CIA Spy Desk

By SEYMOUR M. HERSH
New York Times News Service

James R. Schlesinger, the new director of the Central Intelligence Agency, has named William E. Colby, former head of the American pacification program in South Vietnam and a long-time intelligence operative, as director of clandestine operations.

Sources reported yesterday that Colby, 53, assumed his new top-level job this week. Colby will be in charge of all CIA espionage activities and covert operations, conversationally known in Washington as the "Department of Dirty Tricks."

Colby had been executive director of the agency, a post combining the functions of the inspector general and controller; that post has now been abolished by Schlesinger, the sources said, as part of his revamping of the agency.

It also was disclosed that Schlesinger has chosen two highly regarded major generals for his new Intelligence

Resource Advisory Committee.

Through this committee, Schlesinger is expected to seize over-all bureaucratic and financial control of the U.S. intelligence community, which is estimated to spend \$6 billion annually.

The generals selected for the committee are Maj. Gen. Daniel O. Graham of the Army, who is director of estimates for the Defense Intelligence Agency, and Maj. Gen. Lew Allen of the Air Force, deputy commander for satellite programs.

Graham, whose promotions to major general becomes official today, has been a sharp critic of the CIA's Office of National Estimates, one of the top intelligence review groups in the nation.

His appointment has alarmed some intelligence officials who view it as the beginning of an attack on what some have called a liberal bias in the agency's intelligence estimates.

POLISH PARTY ORGAN DISCUSSES SCHLESINGER APPOINTMENT

[Article initialed m: "Personality, James Schlesinger; Warsaw, Trybuna Ludu, Polish, 1 March 1973, p 7]

After 25 years of service in the CIA 60-year-old Richard Helms, former head of this agency, was named ambassador to Iran, and Dr James R. Schlesinger has taken his place.

The new director of the Central Intelligence Agency is 43 years old and despite his relatively young age has a rich career of activity in various government and scholastic organizations. Directly prior to taking over the "super spy" portfolio, Schlesinger was director of the U.S. Atomic Energy Commission. During his work in this position he was known as a determined defender of the thermonuclear test in Amchitka, Alaska, which caused the protests of so many American scientists and of public opinion.

Schlesinger does not at all resemble the stereotype of former CIA chiefs. A scholar and organizer, he completed economic studies at the elite Harvard University and then immediately began economic lectures at the University of Virginia. Shortly thereafter he received an offer to work for the research institute Rand Corporation, which makes experts' reports mainly at the request of the State Department and the Pentagon. Schlesinger was an adviser on questions of armaments and security for this corporation.

In the opinion of his coworkers, the new CIA chief is considered a talented organizer. These attributes determined his nomination in 1968 as deputy director of the Office of Management and Budget.

Schlesinger energetically busied himself with matters in this important government institution.

In recent years the CIA has not had and is not having the best luck. Various political scandals caused by the Central Intelligence Agency mixing in matters lying completely outside its competence, the infiltration of social organizations, and the close connection with the agency of various politicians have disturbed not only American public opinion but have also caused the administration concern. The statute and area of CIA activities were defined by a law in 1947 ("on national security"). With the passage of time the agency departed more and more from the initial principles, slowly becoming a state within a state and administering enormous, uncontrolled funds.

A special commission for evaluating the activities of American intelligence institutions was created in 1971. James R. Schlesinger became head of this commission. He penetrated the complex organizational structure and jungle of authority in American ^{espionage} spy agencies and prepared a report which provoked the reorganization of the ^{espionage} spy apparatus.

In its [the intelligence apparatus] ^{espionage} spying and diversive activities, it meddles in the internal affairs of other countries, directs undeclared wars, overthrows governments that are inconvenient for the United States, and supports dictatorships. ^{It} They take charge of "free" broadcasts, secretly organize the publication of books and articles, and create "private" airline companies which serve ^{espionage} spy goals.

THE NEW YORK TIMES, THURSDAY, MARCH 1, 1973

C.I.A. HEAD NAMES ESPIONAGE CHIEF

Colby Becomes Director of Clandestine Operations

By SEYMOUR M. HERSH
Special to The New York Times

WASHINGTON, Feb. 28—James R. Schlesinger, the new director of Central Intelligence, has named William E. Colby, former head of the American pacification program in South Vietnam and a long-time intelligence operative, as director of clandestine operations.

Knowledgeable sources reported today that Mr. Colby, 53 years old, assumed his new top-level job this week. Formally known inside the agency as the deputy director of plans, Mr. Colby will be in charge of all C.I.A. espionage activities and covert operations, widely known in Washington as the "department of dirty tricks."

Mr. Colby's previous position, executive director of the agency, a post combining the functions of the inspector general and controller, has been abolished by Mr. Schlesinger, the sources said, as part of his revamping of the agency.

Two Generals Chosen

It was also disclosed that Mr. Schlesinger has chosen two highly regarded major generals for his new Intelligence Resource Advisory Committee.

Through this committee Mr. Schlesinger is expected to seize over-all bureaucratic and financial control of the United States intelligence community, which is estimated to spend \$6-billion annually.

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The generals selected for the committee are Maj. Gen. Daniel O. Graham of the Army, who is director of estimates for the Defense Intelligence Agency, and Maj. Gen. Lew Allen of the Air Force, deputy commander for satellite programs.

General Graham, whose promotion to major general becomes official tomorrow, has been a sharp critic of the C.I.A.'s Office of National Estimates, one of the top intelligence review groups in the nation.

Many Are Alarmed

His appointment has alarmed many intelligence officials, who view it as the beginning of an attack on what some have called a liberal bias in the agency's intelligence estimates. In a recent syndicated column, for example, Joseph Alsop criticized what he called the "special historical bias" of the analysts under the leadership of the former Director of Central Intelligence, Richard M. Helms, who was named Ambassador to Iran last January.

Mr. Alsop's column then went on to note that Mr. Schlesinger "is even bringing in from the Defense Department the most pungent and persistent critic of the C.I.A.'s estimating-analyzing hierarchy."

"This detested figure is, in fact, to be named the new head of the hierarchy, unless present plans are changed," the column said.

Intelligence sources said that the unidentified critic of the agency mentioned in Mr. Alsop's column was General Graham, who became well known to officials in the agency after serving a tour with it as a colonel.

Another Appointment

It could not be learned whether General Graham will be named head of Mr. Schlesinger's Intelligence Resource Advisory Committee, although official sources inside the C.I.A. did confirm that he and General Allen would be joining the director's staff. Agency assignments have never been publicly announced by the Government.

Another member of that staff, it was disclosed, will be Dr. Jack Martin, who until early this year was serving with the White House's Office of Science and Technology.

The sources said that the intelligence committee had replaced the C.I.A.'s National Intelligence Program Evaluation staff, which was headed by Bronson Tweedy and Thomas Parrott, two key aides to Mr. Helms who, The New York Times reported last week, were ordered to retire by Mr. Schlesinger.

The Times also reported that Thomas H. Karamessines, Mr. Colby's predecessor as director of the clandestine services, had been ordered to retire by Mr. Schlesinger. Agency officials disputed that account today and said that Mr. Karamessines had in fact requested retirement last year but had been asked to stay on.

Mr. Karamessines has been in ill health for some time.

The appointment of Mr. Colby, a Princeton graduate who began his intelligence career with the Office of Strategic Services in World War II, was more favorably received by many senior intelligence officials.

"He's the classic old espionage type," one intelligence analyst said of Mr. Colby. "The kind of guy who never attracts attention."

Other sources questioned whether Mr. Schlesinger's appointment of Mr. Colby would lead to a widely expected shake-up of the clandestine services, which attained notoriety in 1967 with the disclosure that it was secretly subsidizing the National Student Association.

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New CIA Director Shaking Up Agency

NEW YORK, Feb. 24 (AP)—The new director of the Central Intelligence Agency, acting on orders from President Nixon, is making major changes in the CIA's hierarchy, it was reported today.

The New York Times and The New York Daily News said it had been learned from sources in Washington that CIA Director James R. Schlesinger is attempting to trim bureaucracy, and that four key officials already have been singled out for early retirement.

Schlesinger replaced Richard Helms, who was named ambassador to Iran.

Both newspapers identified two of those who are leaving as Thomas H. Karamessines, director of clandestine services, and Laurence Houston, the agency's general counsel.

Also leaving, The Times said, are Bronson Tweedy, for-

mer deputy to Helms, and Thomas Parrott, a deputy to Tweedy. The News said only that "two aides close to Helms" were leaving.

The Times said the four men it named had been told, in effect, to retire within weeks, although none has reached the agency's mandatory retirement age of 60.

One source said the issue behind the dismissals was growing disenchantment by the White House with the agency's failure under Helms to monitor and supervise spending and policy, The Times said.

White House sources would not comment on the shakeup, the News reported, other than saying that President Nixon "placed no restrictions on Schlesinger. He just told him to go in and run the place. There have been a whole handful of resignations."

25 FEB 1973

C. I. A. & F. B. I.**New Brooms
At the Top**

Things have been stewing recently at the top in two key Washington agencies—the Federal Bureau of Investigation and the Central Intelligence Agency, and last week there were some fresh jets of steam.

- Senator William Proxmire, Democrat of Wisconsin, charged on Friday that L. Patrick Gray, acting director of the F.B.I., violated Federal law by remaining in his post more than 30 days without Senate confirmation. He called upon Mr. Gray "to stand aside at once." Mr. Gray, named acting head of the F.B.I. on the death of J. Edgar Hoover last May, was not formally proposed for the permanent job until last weekend.

- An enforced exodus of high-level officials was reported under way at the headquarters of the C.I.A. where a new director, James R. Schlesinger, has recently replaced Richard M. Helms, now Ambassador to Iran. Involved in the reported ouster were four aides closely identified with Mr. Helms, including Thomas H. Karame-sines, director of the agency's clandestine services, the so-called "dirty tricks" department. None of the men affected has reached the mandatory retirement age of 60 and some are said to be outraged by Mr. Schlesinger's decision to seek their early ouster. Others were more phlegmatic. "I plan to improve my golf game," said one.

Sunday, Feb. 25, 1973 THE WASHINGTON POST

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24 FEB 1973

Top-Level Shakeup in CIA Revealed

By FRANK VAN RIPER

Washington, Feb. 23 (NEWS Bureau) — Central Intelligence Director James R. Schlesinger, active with blank-check authority from President Nixon, is conducting a top-level shakeup of the CIA that has so far seen a number of the nation's top spymasters retired or forced out.

Knowledgeable sources told THE NEWS today that among those on their way out at the supersecret agency are Thomas H. Karamessines, chief of all clandestine services, and Laurence Houston, CIA general counsel. It could not be determined whether either of these men actually has been, or will be, fired by Schlesinger. But sources predicted that both men would soon submit their resignations or apply for retirement.

Anxious to Retire

As head of "clandestine services"—the euphemism for undercover espionage and sabotage—Karamessines was said to have been liked by his men. He is reported to have been seriously ill recently and anxious to retire.

Both Karamessines and Houston—as well as several other top level CIA officials—are nearing the agency's mandatory retirement age of 60.

White House sources would not comment on the shakeup beyond saying that "the president placed no restrictions on Schlesinger. He just told him to go in and run the place. There have been a whole handful of resignations."

Ouster of Helms

Following persistent reports of White House displeasure over alleged unrestrained growth of the CIA bureaucracy, Schlesinger's predecessor, Richard M. Helms, was eased out last year. He subsequently became ambassador of Iran. The President then named Schlesinger, chairman of

the Atomic Energy Commission, to replace him.

Sources close to the intelligence community viewed the CIA shakeup as a strong indication that Nixon put Schlesinger in the job to prune the agency's multi-layered hierarchy quickly. One former agent termed the action "a very healthy sign."

"The first thing it does is to clean up the entire nest of Ivy Leaguers who have been running the place for years," he said.

Inferior Work Seen

Critics of the agency, including former agents, have charged that the intelligence community has grown so unwieldy in the last 10 years that the U.S. is now getting an intelligence product that is inferior to what it got a decade ago with fewer agents and less sophisticated spying equipment.

Sources close to the Senate armed services committee on central intelligence noted that in recent days "there has been some inclination from the administration that there would be some changes in the top CIA jobs."

The resignation of even a few top-level agency figures is significant because of the repercussions each departure will have on scores of people in what one source termed "the unofficial CIA pecking order."

Feeling Shock Waves

Already the shock waves are being felt in the agency, as at least two aides close to Helms who worked in his office are reported to be leaving.

Administration sources, while confirming Schlesinger's blanket authority to run the spy shop as he wants, noted that Schlesinger has not sought to conduct a mass "purge" of the CIA but rather to east several high-level types

out and let their subordinates follow them out the door voluntarily.

4 CIA Officials To Retire Early

By SEYMOUR HERSH
New York Times News Service

Four top officials of the Central Intelligence Agency are planning to retire within weeks in what some high-level officials believe is the first round in a major revamping of the agency under James R. Schlesinger, its new director.

None of the men, all super-grade employes of the agency, have reached the CIA's mandatory retirement age of 60, but have been told — in effect — to retire, well-informed sources close to the agency said yesterday.

Those leaving are:

- Bronson Tweedy, a former deputy to outgoing CIA chief Richard M. Helms. Tweedy served as director of the CIA's National Intelligence Program Evaluation staff, a key intra-governmental intelligence review board. Tweedy also was formerly chief of station for the CIA in London.

- Thomas Parrott, a deputy to Tweedy who has worked in various positions on the CIA headquarters staff since the early 1960's.

- Thomas Karamessines, director of the agency's clandestine services, the so-called "dirty tricks" department, which is responsible for both espionage activities and covert intelligence operations.

- Laurence Houston, the general counsel of the CIA who has been involved in a number of highly publicized disputes in recent years, including the successful attempt to suppress — before publication — a book written by a former CIA official, Victor Marchetti.

Knowledgeable sources said that the four men were fired by Schlesinger, who replaced Helms less than three weeks ago with what was said to be a mandate from the White House to streamline the CIA. Helms has been named ambassador to Iran.

But one high-ranking agency official disputed the contention that the men had been ousted and claimed that the officials "were soon about to go" at

their own request. Another source said, however, that "the CIA never fired anybody before like this. It's extraordinarily brutal."

Schlesinger, a former chairman of the Atomic Energy Commission and former official of the bureau of the budget, has a reputation as an excellent administrator. He spent 18 months in 1970-71 working on a high-level White House analysis of the intelli-

gence community and its programs which was said to have been personally ordered by Nixon.

It could not be learned whom Schlesinger has named, if anyone at this point, to replace the ousted men. One old CIA hand who is believed to be staying on with added authority is John Maury, the legislative counsel of the agency who formerly worked as a chief of station in Athens, Greece.

WASHINGTON POST

23 FEB 1973

Joseph Alsop

The CIA Analysts: Changes at the Top

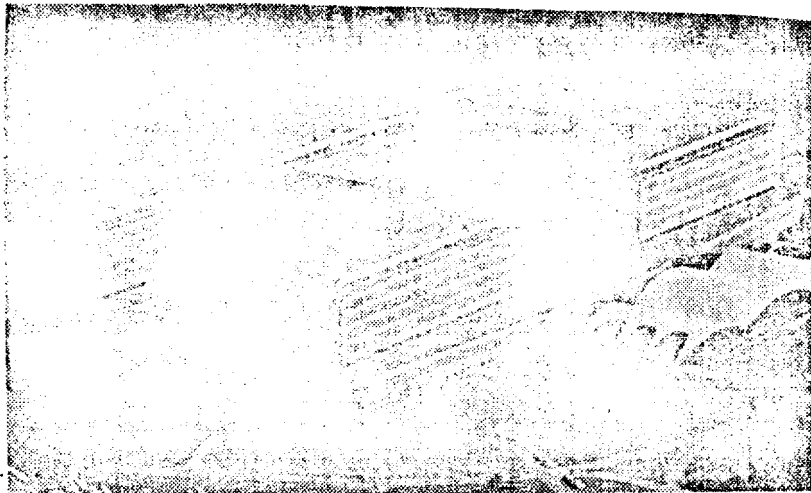
New brooms, as the say is, sweep clean. The new director of the Central Intelligence Agency, James R. Schlesinger Jr., is an obviously vigorous broom. Normally, therefore, the large number of impending changes in the CIA's top personnel would not be of much significance to anyone outside the CIA itself.

This is emphatically not true, however, of the change in leadership that can be expected in the agency's huge hierarchy of estimators and analysts. These are the people charged with giving meaning to the CIA's vast daily income of raw data. Theirs is a crucially important job. For it is of no great use merely to know, for instance, that the Soviets have a huge missile called the SS-9. Defense policy-makers also need to know the missile's main characteristics, and therefore its probable purposes.

The government, of course, contains other estimators and analysts outside the CIA—in the Defense Department, for instance. But the CIA hierarchy is the largest and the most powerful of all. And it customarily provides the chairman of the Board of National Estimates, at present CIA veteran John Hultzenga.

The point of this long explanation is, quite simply, that the CIA's estimating-analyzing hierarchy has long had a "line" of its own, which might even be called a marked historical bias. An extreme case is one of the very top men, reportedly soon to depart, who was aggressively and successively wrong about the Soviet re-invasion of Hungary; about the Soviet missiles in Cuba; and about the Soviet invasion of Czechoslovakia.

Departing CIA Director Richard Helms is far too wise and tough-minded a man not to have observed this peculiar historical bias in so large a group of his former colleagues and subordinates. To give one example, he has always taken the Soviet military build-up on China's northern border with the utmost seriousness. He has always regarded it, in fact, as the very opposite of a mere empty and expensive parade of Russian might. In contrast, the CIA estimating-analyzing hierarchy long dismissed the Soviet military build-up as "strictly defensive,"



The CIA: A 'new broom' is sweeping it clean.

and has only partly retreated from that view to this day. Thus in 1969, the official national estimates downgraded the Soviet build-up so completely that the facts had to be brought to the attention of Dr. Henry A. Kissinger by a dissident China-specialist, who was about to retire from the State Department. Whereupon the Soviet build-up became the mainspring of President Nixon's intricate balance-of-power diplomacy.

It may be asked, then, why Helms, as CIA director, so long tolerated the bias of his analysts and estimators. The answer appears to be that Helms, a great

bureaucrat if ever there was one, had an institutional need of another kind.

His estimating-analyzing hierarchy had always been broadly gloomy about the Vietnamese war, albeit grossly erroneous in several key factual estimates about Vietnam. At the opening of President Nixon's first term, a violent attack on the CIA was developing from the left, both in Congress and in the press. The attack from the left was parried, and then caused to cease, by letting it be known—quite truthfully—that the CIA's Vietnam projections had always been the most pessimistic that were made in the government. The factual errors were not mentioned, of course.

This role of the estimating-analyzing hierarchy as the CIA's shield on the left is most unlikely to have escaped President Nixon's sharp eye. It is an informed guess, in fact, that while the President always much admired and thoroughly trusted CIA Director Helms, he strongly objected to the special historical bias of Helms' estimators and analysts.

As a new broom, therefore, Helms' chosen successor had the President's

backing and encouragement. Without explicit faith the sweeping clean could hardly be done so thoroughly by new broom Schlesinger. Reportedly, CIA Director Schlesinger is even bringing in from the Defense Department the most pungent and persistent single critic of the CIA's estimating-analyzing hierarchy. This detested figure is, in fact, to be named the new head of the hierarchy, unless present plans are changed.

This bold stroke is even capable of producing a considerable political rum-pus. Among the leftwing Democrats in the Senate, in academic-intellectual circles, and indeed in the newspaper business, there are a great many people with a longing for reassurance. They long to be told that the historical process, so harsh for so many millennia, has been miraculously defanged in the age of the H-bomb.

Rightwing tampering with "impartial judgment" will no doubt be charged. But about those "important judgments," the Czechs and the Hungarians know better.

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White House to Take Over

White House to Take Over

WASHINGTON — Of all the brains washed in the whirlpool of the Vietnam war, those in the Central Intelligence Agency have come out, well, relatively clean.

Early in the war, according to the Pentagon Papers, the CIA said that the domino theory — the belief that a communist takeover in South Vietnam would lead to the fall of San Francisco — was hokum.

When the Pentagon was telling us that all the fight was about out of the North Vietnamese and the National Liberation Front, the CIA was not so sanguine.

And long before then Secretary of Defense Robert McNamara was admitting it in public, the CIA was saying that bombing would not significantly hamper the ability of the North Vietnamese to fight.

All of which means that when the CIA wasn't too busy on other intrigues it was right on its assessments of the war, at least some of the time. And it displayed some independent thought.

But even that limited record of success may be jeopardized in the future, says Rep. Lucien Nedzi of Michigan, Democratic chairman of the House subcommittee which oversees intelligence operations.

Nedzi has spent more than a year in a private, intensive study of the nation's intelligence organizations, especially the CIA.

And now that its director, Richard Helms, whom Nedzi considered a professional with no political axes to grind, has been banished to the desert — as ambassador to Iran — the congressman worries that the White House is about to "compromise the integrity" of the agency.

MORE SPECIFICALLY Nedzi and other members of Congress are concerned that the agency may become a handmaiden of administration and Pentagon policy, telling the White House only what it wishes to hear.

Several members of congressional Armed Services committee, including Nedzi, know how the White House and the Pentagon have juggled their own intelligence estimates of Soviet strength — while ignoring more accurate CIA figures — to justify requests for new weapons systems.

For example, there were the frightening Defense Department estimates of the Soviet SS-9 intercontinental missile, which were used as the prime argument for

Well, the ABM has all but sunk from sight — and so has the threat of the SS-9.

Evidence that the White House may be moving to take over the CIA for its own purposes came to Nedzi last year when the President announced an intelligence reorganization to increase efficiency and eliminate waste, duplication and some inter-agency feuding.

Nedzi concedes that more co-ordinating and reorganization may be necessary. But he learned that none of the agencies, not even the CIA, had been consulted about the reorganization.

Indeed, the CIA, which knows some of the most sacred secrets of our sworn enemies and other foreign governments, knew so little about the reorganization plan that it had to learn about it by sending out for a copy of Newsweek.

The White House, when it announced the reorganization, kept secret the name of the man who planned it. It since has been learned that the author of the plan was James R. Schlesinger, Helms' successor.

Schlesinger has assured concerned members of the Senate Armed Services Committee that the CIA, under his directorship, will remain independent. But skepticism remains...

Schlesinger, with no background in intelligence work, did not talk with members of Congress or leading experts in the field before he wrote his reorganization plan. Presumably those were his instructions from the White House.

Schlesinger, at the time of the study, was chairman of the Atomic Energy Commission, which under his leadership has shown no disposition to challenge the administration's unstinting support for more nuclear power plants — in spite of mounting evidence for a more cautious policy.

BEFORE JOINING the AEC, Schlesinger, a Harvard graduate (no relation to Arthur), was assistant director of the White House power center, the office of management and Budget.

An economist and a Republican, Schlesinger had been a senior staff member of the RAND Corp., a Pentagon think-tank in California, and later director of strategic studies there, before joining the administration in 1969.

At RAND Schlesinger was chiefly concerned with problems of budget and management in government and was an admirer of McNamara's cost-effectiveness-system analysis approach.

Nedzi figures the CIA and other intelligence outfits could use a super-manager like Schlesinger. But the congressman is concerned with who will run actual intelligence operations and policy, and will be listening to something it doesn't wish to hear.

CIA

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The Editor's Notebook . . .**The Atom: Whither During 1973?**

What is the shape of the AEC's fortune, nationally and in Idaho, in 1973 and ensuing years?

The answer may be webbed in several recent announcements coupled with some hardening trends on the atomic front.

Nationally, the appointment of AEC Chairman James Schlesinger to be CIA director, the kind of man that succeeded Schlesinger, the appointment of a new acting director of Argonne National Laboratory, a legislative intent by Sen. Henry Jackson to combine the 44 federal agencies now dealing with energy into one department, the growing energy crisis itself, and the inevitable rumors which orbit around a new presidential term — all these are threads of future design.

Dr. Schlesinger was a high level, highly competent AEC chairman and one just getting into the grasp of his enormous task. Does the fact that he was resigned so quickly say something about the weight the White House puts into the AEC and its future? The calibre and background of the new appointment to Schlesinger's seat may tell us something.

The growing energy crisis has exposed several defects in our government's planning and record. First of all, the people are largely unprepared for the shocking reality that in just a few years, with or without extensive incentives for oil exploration, the nation will largely be dependent on foreign supplies for oil. Our voracious oil technology is going to have its technical substitute, however gradual this is.

At the same time, the energy crisis has revealed for a larger national audience that the AEC has not gone fast enough and far enough in perfecting nuclear power reactors despite a very impressive course record in proving nuclear power. While it has definitely been proved as the best energy alternative on the horizon, the research has not demonstrated the kind of perfectibility in terms of safety and waste handling that the people are demanding.

More is being asked of atomic energy in terms of safety than any energy ever laid at man's feet. The AEC has an amazing safety record and, unquestionably, atomic energy itself is quite safe. But because of its extraordinary potential for an extraordinary or "incredible" accident, some voids in safety proving remain to be done.

And many close to the atom's genesis feel that this could have been accomplished if the AEC had the same kind of funding and support as the Army had in the past eight years — The Vietnam war years — as it had the first decade of its history. Moreover, the AEC's performance

during the same period was bogged down in a paradoxical quality assurance program that esteemed quality at any cost. The "any cost" has been time lost in research performance.

The appointment of Robert Laney as the acting director of Argonne National Laboratory may represent on one front at least the continuing fixation of the AEC in quality-at-all costs and in the new era of engineering priority. Laney epitomizes the outlook of Dr. Milton Shaw, the director of the AEC's Reactor Development Division. Shaw's quality-first objective is unarguably worthy. The only trouble is that it has suffocated the basic research which the nation now needs to embark upon its new responsibility as this century's best answer to its energy challenge.

While the government has for sometime assigned the "perfecting" of the workhorse water reactors and the gas-cooled reactors to industry, there is still some question among scientists whether industry can properly do this at this crossroads in harnessing the atom. For one thing, there is still some question of general safety left which would seem to be the province of the government. Secondly, there is question whether there should still be some independent government monitoring of the utility industry's safety reporting and safety research. And maybe this independent government entity should not be the AEC, in fact? There still appears to be a responsibility for government research in this field of some sort.

The Liquid Metal Fast Breeder reactor concept (LMFBR) has been an AEC progeny for some time and the AEC has made strides in getting the concept where it is. But it never was a crash program and the government-industry partnership which is now being pursued for the breeder still does not measure up to a crash program.

The government talks of getting breeder reactors shaken down to needed efficiency in 20 years or more. And this kind of timetable when the government is being forced to use coal plants to bring air pollution to its southwest parks and to invite the prospect of brownouts and blackouts in big pockets over the nation.

Moreover, there is some uneasiness as well that the AEC is putting all of its eggs in one basket when the gas cooled breeder reactor, for one, is getting but token consideration by comparison. And the final plateau in energy efficiency, fusion, is not a crash program now either.

And yet the AEC personnel, has so much to offer . . . if the fertility of mind and technology were fully released.

But how will this release come in a proposed new Energy Department? Will it be further diffused programmatically? Or will it be defined and given priority? These questions now must be placed against the background of a president who has placed the highest priority on anti-inflation, which may find research monies for energy stalled again.

As the annual report of the Idaho Operations Office of the AEC reflected recently, the Idaho site has done remarkably well in maintaining a reasonable level of operation at a time when fund sources have been shrinking for practically all other atomic installations. While personnel levels have more recently been fortified by an unusual increase in Navy trainees, the Idaho site has lost people decisively less than other installations. Moreover, it does have diversity in programming in its five basic programs.

East Idahoans must hope that decisions in the political sphere continue to value the Idaho site. And as the AEC report stated, the future will depend on how the Idaho site's performance measures up . . . but not entirely, unfortunately, on performance. Politics, both bureaucratic and congressional, is involved.

The Idaho's future may depend just as much on how much the Washington D.C. strata of the AEC allows the Idaho site to release the ferment of its own capability. The bureaucracy has not encouraged this research ferment in its engineering emphasis the past few years. Maybe 1973 may also see a propitious wedding of engineering and basic research in the public interest.