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LONDON DAILY TELEGRAPH
22 DECEMBER 1980

THE INTELLIGENCE WAR

REAGAN'S PLAN TO 'RECLAIM' LAND

By ROBERT MOSS

SOURCES close to President-elect Reagan say that he is privately determined to give the fullest possible American support to groups opposing the present regimes in Cuba and Libya, which are both providing surrogate forces for the Soviet Union.

Libyan troops and tanks have just enabled Chad's President Goukouni Queddei to establish his supremacy in a civil war against the followers of the former Defence Minister, Hissene Habre. Chad is of major interest to Libya's dictator, Col Gaddafi, because of its uranium reserves — which he hopes to exploit in his efforts to acquire nuclear weapons.

But Chad may also be a keystone in a broader strategy. Senegal's President Senghor has warned that Col Gaddafi hopes to use a specially-trained (and Soviet-armed) force of 5,000 men to set up an "Islamic Republic of the Sahara" under his control; this puppet republic would embrace areas of Chad, Mali, Niger and Senegal.

Egypt's President Sadat sees a threat of Libyan and Soviet subversion, via Chad, against Sudan, on his southern border. This would be the latest move in Col Gaddafi's long-standing campaign to oust Mr Sadat, in the course of which agents of the Libyan secret service have been sent to Egypt to orchestrate assassination attempts.

Libyan success

Libya's coup in Chad could easily have been averted, according to Western military analysts, had the French been prepared to play an active role. But President Giscard d'Estaing reportedly rejected the advice of his senior intelligence advisers to use French planes to strafe the Libyan columns.

Now the most effective response to Col. Gaddafi's foreign adventures may be in direct support for the elements inside Libya who are opposed to his regime.

It is reliably reported that the Carter Administration intervened during a previous crisis to prevent Mr Sadat from moving against Libya; the Reagan Administration, in a dramatic change of policy, is likely to work in close concert with the Egyptians to end Col. Gaddafi's career as an international trouble-maker.

In the case of Cuba, the prospects for an effective covert action programme to reduce Dr Castro's appetite for foreign wars have been highlighted by evidence of recent successes by the anti-Soviet Unita guerrillas in Angola.

Western military observers confirm that, with the help of three newly-acquired Sam-7s, Unita forces have shot down two Soviet jets that were being used to bomb and strafe civilian villages.

Russians captured

Unita has also captured two Russians, a Mig pilot and an air force engineer, who may be able to provide first-hand testimony to the role that Soviet personnel are playing in the repression of black Africans.

If Unita were to be re-equipped with, say 500 heat-seeking missiles and modern anti-tank weapons, the chances of inflicting a serious humiliation on the Cuban garrisons in Angola would be greatly increased.

Mr Reagan's foreign policy advisers believe that the present world climate presents remarkable opportunities for curbing the process of Soviet expansion that was allowed to go unresisted by the Carter Administration.

While the occupation of Afghanistan lost Moscow friends in the Islamic world, the workers' revolt in Poland has exhibited the vulnerability and fragility of the Soviet empire in the face of internal pressures.

If the Russians invade Poland, they will lose allies and sympathisers throughout the world, and deal a death-blow to "the myth of Eurocommunism" in the run-up to the next French elections.

Soviet debate

For the moment, the Soviet leadership appears to be locked in the same kind of internal debate that preceded the invasion of Czechoslovakia in 1968, when such leading figures as Yuri Andropov, the Chairman of the K G B, Mr Boris Ponomarev, the head of the International Department of the Soviet Communist party's Central Committee, and Mr Mikhail Suslov, the Politburo's top ideologist, are all said to have counselled against military action. (This despite — or perhaps because of — the fact that Gen. Andropov, then Ambassador in Budapest, was the main organiser of the suppression of the Hungarian uprising in 1956.)

Divisions in Moscow, and the prevailing uncertainty over President Brezhnev's health and the shape of the succession to him, improve the prospects for a strategy of "land reclamation" under the Reagan Administration.

Another major theatre for this strategy will be Central America. In Nicaragua, the Sandinista leadership — which is now supplying revolutionary "volunteers" for Angola — has alienated much of its early, moderate support, and some analysts believe that it could be overthrown by a coalition of centrist forces, given a minimum of American support; the Carter Administration's policy has been to endorse, and finance, the present Marxist regime.

Some of Mr Reagan's advisers on Latin America are suggesting that he should issue a public statement (perhaps a "Declaration of Miami," because of the large Cuban emigre community there) defining Washington's refusal to tolerate Soviet Bloc activities in the Central American region — a sort of updated Monroe Doctrine.

Saudis face subversion

OVERSHADOWED by the Iran-Iraq war and the hostage problem in Teheran, more evidence has come to light of Soviet-backed efforts to destabilise the monarchy in Saudi Arabia. Three notable examples:

1. According to Western intelligence services, co-operation between the Iranian and Syrian secret services has resulted in important exchanges of information concerning Saudi Arabia. The Syrian secret service have close liaison with the K G B and the G R U; and Syrian intelligence officers are sent to Russia for training. One source reports that in a recent meeting between the head of Syrian Air Force intelligence, Gen. Muhammad al-Khouli, and the Iranian secret service chief, Gen. Hussein Fardoust (formerly employed by the Shah), the Syrian official claimed that the Badana air base in north-eastern Saudi Arabia is being used by Soviet Bloc transport aircraft ferrying military supplies to Iraq, and that the Saudis were using their influence to encourage Kuwait and the Gulf emirates to support the Iraqis. Such reports could help to prod the Teheran regime into direct action against the Saudis.

2. The Democratic Front for the Liberation of Palestine (D F L P), an openly Marxist-Leninist group within the P L O that makes no secret of its pro-Soviet loyalties, has been distributing anti-Saudi propaganda materials.

At a recent conference of the Association of Arab-American Graduates in the United States, for example, the D F L P stall was distributing a series of pamphlets produced by Sout al-Taliah (P O Box 27530, San Francisco, Calif. 94127). A representative booklet, entitled "Political Opposition in Saudi Arabia," made a direct appeal to Saudi military personnel to rise up against the regime.

The Saudi Armed Forces,' the anonymous authors of this publication note, 'are the only institutions in the country possessing the actual means of a revolutionary change.' Such propaganda activities are significant, because they reflect an effort to indoctrinate Saudi officer-cadets who are sent to the United States for training.

3. The most exotic case involves the recent stepping-up of official Soviet interests in the culture and traditions of the Uighur people, who live not only in Soviet Central Asia and China but in tight-knit communities in Saudi Arabia too, where many have made careers in the Armed Forces and the civil administration.

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NEW YORK TIMES
21 DECEMBER 1980

An Intelligence Agenda

By Graham Allison

CAMBRIDGE, Mass. — The central test of a national intelligence service is how well its analyses and estimates inform policy-makers of probable developments abroad. More than any other, it is this test that the United States intelligence community is failing today.

Consider the case of Iran. Through 1978 and 1979, American intelligence profoundly misassessed the revolutionary forces opposing the Shah. For example, in August 1978, a Central Intelligence Agency estimate concluded: "Iran is not in a revolutionary or even prerevolutionary situation." The intelligence community's failure to illuminate these events exasperated President Carter, provoking him to send a memorandum to the C.I.A. declaring: "I am not satisfied with the quality of political intelligence."

Beneath the surface of this case, one finds characteristic failings of the current community in the three key elements of performance: collection, analysis, and service to policy-makers.

First, in contrast to remarkable advances in technical-collection capabilities, collection of information by agents has eroded significantly. The causes are many: cuts in positions for intelligence officers abroad, dedicated efforts by enemies to expose American agents, and heightened uncertainties about the security of agents' identities. In Iran, America had no network of clandestine agents to see what was actually happening to the mullahs, merchants, and colonels under modernization forced by an autocratic, repressive ruler. Instead, acceding to the Shah's demand, American intelligence restricted its activities to liaison with Savak, the Shah's secret police.

Second, America lacked a small, dedicated group of experts focused on Iran. Such experts would have approached the extraordinary developments of 1978 with deep understanding of Iranian society. The inadequacy of current analytic expertise results primarily from the lack of commitment to recruiting, developing, and sustaining competences of professional analysts. But the deterioration of recent years also reflects the estrangement beween the intelligence community and the institutions that maintain our society's storehouses of knowledge, especially universities and corporations.

Third, the Iranian case highlights the problem of interaction between intelligence analysts and policy-makers. With our increasing dependence on the Shah, top officials came to regard his stability as a premise of American policy. As a House Intelligence Committee report concluded: So stable was the premise of the Shah's survival that this "limited both the search for an accurate understanding of Iran's internal situation, and the receptiveness of intelligence users to such analyses."

What is to be done? The problems, deep-rooted, are not susceptible to quick fixes. The Reagan administration will be eager to get on with the job. Some things can be done without debate. But the first item on the agenda should be to join with the intelligence committees of the new Congress in consolidating a broad bipartisan consensus behind a major program of reconstruction. The focus of that consensus should be a common goal: to give America the best intelligence capability in the world.

To promote understanding of what will be required to achieve this objective, the intelligence committees of Congress should proceed directly to hold "preparedness hearings." Among the questions to be addressed are:

1. How important is first-class intelligence in the period ahead? Given the increasing number and variety of events abroad that threaten our interests, the premium on accurate assessment of foreign developments is steadily rising.

2. How can the intelligence community's analytic competence be substantially enhanced? Promising remedies include: establishing career paths that encourage analysts to deepen their expertise for decades; developing relations with outside institutions; and creating a system of well-structured competition within the intelligence community.

3. How should trade-offs between intelligence and other important national values be made? Should Congress declare specific categories of information (for example, about agents) off-limits to normal Congressional oversight — at some cost to Congressional prerogatives? Should a law be passed that outlaws publication of names of agents — at some cost to the independence of the news media? Should relationships between intelligence and universities and businesses be re-established — at some cost to the integrity of those institutions?

Because of the recent orgy of revelations and restraints, the new administration will be tempted to lower the community's visibility and loosen the restrictions. Some of both is required. Neither will substitute for the public understanding and support necessary to sustain a long-term program to rebuild this most critical function of government.

Graham Allison, dean of Harvard University's Kennedy School of Government, is author of numerous publica-

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NEW YORK TIMES
9 DECEMBER 1980

Russians Cite Oil Data Lack

Soviet officials said in Moscow yesterday that they knew "nothing so far" to confirm a Swedish consulting concern's report of a huge oil discovery in western Siberia.

The report was challenged by American oil industry sources and the Central Intelligence Agency when it appeared Friday. But the Swedish concern, Petrostudies, defended it yesterday. According to the report, the Bazhenov oilfield contains an estimated 4.3 trillion barrels of oil reserves, which would make it the world's largest.

Manlio Jermol, director of Petrostudies, said yesterday in Sweden that the report had been misinterpreted but was substantially correct. The Bazhenov field is not a new find, he added.

A C.I.A. spokesman, Dale Peterson, said in Washington Friday that the field apparently referred to had long been known to contain oil shale about 10,000 feet down. "Because of the depth of the deposit and the fact that it is shale," he said, "only a tiny fraction of the oil could be recovered and at an exorbitant cost."

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THE WASHINGTON POST
8 December 1980

Concern Grows on Soviet Plans in Poland

By Michael Getler
Washington Post Staff Writer

The White House declared yesterday that the Soviet Union appears to have completed preparations for possible military intervention in Poland and underscored its earlier warning to Moscow that such an action would have grave consequences.

The statement capped a day of mounting tension here and abroad. President Carter summoned his top national security advisers to meet with him twice over the brewing crisis in Poland and then called in congressional leaders for a special White House briefing.

Behind the heightened concerns here were several potentially ominous developments, according to informed U.S. officials.

These sources said that there was now "a lot of movement" involving Soviet and other Warsaw Pact military units throughout communist Eastern Europe. More Soviet divisions have "come out of their garrisons" in the western districts of the Soviet Union closest to the Polish border. More Soviet reservists have been called up — at an accelerated pace — in the last few days. Command and communication facilities linking military headquarters in the Soviet Union to other headquarters in East Germany and Czechoslovakia, which also border on Poland, have also been brought to the top state of readiness. These command posts would coordinate any intervention that involved Soviet forces in those three countries along with separate Czech and German units taking part.

Though all of these measures are aimed at Poland, the very slight chance that they could mean something even worse — a spillover into Western Europe — has also prompted the Pentagon, according to high-level sources, to order "some modest contingency preparations." These do not include alerting U.S. troops but do involve placing certain military headquarters in Europe on a higher alert status.

Officials continued to stress, however, that there was nothing the United States or its allies could do militarily to offset the Soviets in Poland.

uation and there would be no U.S. military involvement.

The White House actions yesterday also came on the heels of what informants say was a grim, just-completed U.S. intelligence estimate that the Soviets apparently concluded late in November that some form of "coercive action" would be necessary to stem the rising challenge to communist authority in Poland.

White House officials said yesterday they were still in no position to say that a Soviet military move against Poland was imminent and others said they were not absolutely sure what Moscow's intentions were. But there was wide agreement that the assessment of the situation here had turned increasingly pessimistic in recent days.

There was also no certainty about what kind of action the Soviets might take, but a number of officials said the Soviet intervention might not come, or start out, as a full-fledged invasion but rather might come in the guise of a joint military exercise involving Warsaw Pact forces.

Intelligence estimates here reportedly indicate that if the Soviets should intervene, they might do so this month. Two things, in particular, are thought to be of concern to Moscow. One is the anniversary, on Dec. 16, of worker riots in 1970 in the port city of Gdansk that eventually toppled the government of Wladislaw Gomulka. The second is a planned review by the independent labor unions of reforms promised by the government after last summer's strikes in that same city.

In Gdansk yesterday, it was reported that about 300,000 people massed outside the shipyard that was the scene of last summer's strike and officials estimated that possibly 1 million people may attend the dedication of a workers monument there on Dec. 16.

One major factor that would seem to argue against an immediate intervention is Soviet leader Leonid Brezhnev's visit to India, which begins today. This is Brezhnev's first visit to a non-communist country since the invasion of Afghanistan one year ago and some analysts believe he would not choose to be away if a crucial military operation were about to be launched. Others, however, think the Brezhnev trip might be meant to play down any joint military operation in his absence.

Carter met yesterday morning with a small "crisis management" committee headed by national security adviser Zbigniew Brzezinski. Later, the president met for more than an hour with the top-level National Security Council, including Secretary of State Edmund S. Muskie and Defense Secretary Harold Brown.

Also called to the White House for a special 20-minute briefing were House Speaker Thomas P. (Tip) O'Neill Jr (D-Mass.), House Minority Leader John Rhodes (R-Ariz.), Senate Minority Whip Ted Stevens (R-Alaska) and Senate Majority Whip Alan Cranston (D-Calif.).

At a hastily called news briefing later, the White House issued a terse statement that "preparations for possible Soviet intervention in Poland appear to have been completed. It is our hope that no such intervention will take place. The United States government reiterates its statement of Dec. 3 regarding the very adverse consequences for U.S.-Soviet relations of Soviet military intervention in Poland."

A senior White House official, who asked not to be identified, said the United States has been "monitoring carefully" the Soviet preparations, and that they involved "logistical and deployment activities. They are ready to move," he said, though repeating that he was in no position to judge exactly what the Soviets would do. The preparations, he noted, had continued after Carter's warning of Dec. 3.

Other officials said privately that until this weekend, there were still a few things that analysts here believed the Soviets would have to do to get into position to intervene. Now all that is done, and the Soviets essentially could now move with no warning time for Po

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WASHINGTON STAR
6 DECEMBER 1980

CORD MEYER

America's Message to The World

Like so much of his foreign policy, President Carter's effort to influence the outside world with an effective U.S. information program was characterized by vacillating indecision. Nowhere does Ronald Reagan have a clearer chance to improve on past performance and at comparatively modest expense.

Carter started off with a bang by pushing through in his first months in office a substantial increase in the transmitter strength of both the Voice of America (VOA) and Radio Free Europe-Radio Liberty. But in the last three years, he allowed inflation and the economizing zeal of his budgeteers to undermine the benefits of this expansion.

A typical example of Carter's vacillation was his failure to follow through on his decision of Dec. 13, 1979, to approve $3.5 million for strengthening radio broadcasting to the 40 million Moslems of Soviet Central Asia. Not even the Soviet invasion of Afghanistan was enough to persuade the Office of Management and Budget to release the necessary funds, and Carter permitted his budgeteers to overrule his own policy decision.

While the Soviets have been spending more than $2 billion a year on their expanding worldwide propaganda machine according to conservative CIA estimates, the Carter administration's overall information program has been held to one-fourth as much. France and West Germany are now spending more than the U.S. to influence opinion abroad.

But budgetary restrictions alone do not tell the whole story. As the Soviets steadily fanned the flames of anti-American sentiment throughout the Third World, Carter symbolically changed the name of the U.S. Information Agency. By renaming it the International Communication Agency and by removing from its building the motto: "Telling America's Story to the World," Carter reinforced his policy guidance that the agency should avoid "propaganda" and should concentrate instead on a polite exchange of views with the Third World.

With so many of his foreign policy advisers still traumatized by a sense of guilt arising from Vietnam, Carter proved unable to move quickly on the propaganda front to meet new crises. In Iran, VOA broadcasts in the Persian language were not begun until April '79, and native-language broadcasts have only just been started into Afghanistan. Policy conflicts between the State Department and the National Security Council staff tended further to confuse and immobilize the information bureaucracy.

After years of budgetary stringency and indecisive policy guidance, the U.S. information effort has nowhere to go but up. Chaired by Frank Shakespeare, a former head of USIA in the previous Republican administration, Ronald Reagan's transition team on this problem has been pleasantly surprised by the wealth of talent in the bureaucracy and by their eagerness to respond to new directions.

Although the real budget battles within the Reagan administration have still to be fought, there is a wide consensus that the Carter administration has been penny-wise but pound foolish in this area. The fierce resistance of the Afghan guerrillas and the extraordinary achievement of the Polish workers combine to make an irrefutable case for expanded broadcasting to break through the Russian jamming with the true facts.

Another target of opportunity that the Carter administration is seen to have neglected is the audience in Cuba and the Caribbean. To supplement the bland program in Spanish that VOA broadcasts to all Latin America, there is a clear need for specially-targeted broadcasting to exploit mounting dissatisfaction with the disastrous performance of Castro's economy. Active consideration is being given to the formation of a Radio Free Cuba to reach not only Cuba but Castro's 40,000 restless troops bogged down in Africa's tribal wars.

In the case of Radio Free Europe-Radio Liberty, more money will not be enough to strengthen this private organization's essential broadcasts to Russia and Eastern Europe, unless changes are made in the Board for International Broadcasting. This Board of five presidentially-appointed members was originally established by Congress to provide governmental oversight when CIA funding for these radios was terminated in 1972.

Since then, the Board's staff with civil servant status has gradually grown in power until it has become the tail that wags the dog. Attempting to second guess the private management of the Radios, this staff is a classical example of Parkinson's Law in operation. It is described by one Carter official as "a parasitic and cancerous growth." Radical surgery is required to end the bureaucratic infighting, and it remains to be seen whether Reagan is prepared to wield the scalpel.

On the basis of its performance to date, Frank Shakespeare's task force in this important area seems to be approaching its work as if it took seriously Alexander Solzhenitsyn's warning that the West ignores at its peril "the mighty nonmilitary force which resides in the air waves and whose kindling power in the midst of communist darkness cannot even be grasped by the Western imagination."

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NEW YORK TIMES
6 DECEMBER 1980

Report of Soviet Oil Find Ridiculed in U.S

By DOUGLAS MARTIN

A report yesterday that the Soviet Union had discovered by far the biggest oilfield in history was ridiculed by industry and Government experts. Nevertheless, it sparked selling of oil stocks by nervous investors.

The field, said to be in western Siberia, was estimated to total 619 billion tons, more than twice the world's estimated recoverable reserves of 300 billion tons. A find this size would equal about 4,500 billion barrels.

The news sent prices of oil stocks plunging. Among the issues that fell were those of the Exxon Corporation, which dropped 2 points, to 80⅜; Texaco, off 1⅛ to 47⅛, and the Standard Oil Company of California, down 4, to 103.

Ohio Standard Down 3¾

The stock of the Standard Oil Company (Ohio), which has gyrated considerably recently, fell 3¾, to 78. At one point in the day's trading it dropped to 75.

The reported size of the discovery would be enough "to float the entire state of Texas on 200 feet of pure oil," said Arthur A. Meyerhoff, a Tulsa-based petroleum consultant and a leading expert on Soviet petroleum. He called accounts of the find, circulated on leading financial wires, "preposterous."

"It's an absurdity, an impossibility," said Robert LeVine, an analyst for E.F. Hutton. Alvin D. Silber of Dean Witter Reynolds called the report "off the wall."

Nonetheless, numerous investors raced to sell their high-flying oil stocks, fearful that large profits resulting from shortages would be replaced by a situation of glut. "The market for oil stocks has been so powerful on the up side that investors are vulnerable to any kind of news," said Merz K. Peters of Brown Brothers Harriman.

Swedish Concern the Source

Reports of the Soviet discovery emanated from a Swedish research concern called Petrostudies, which frequently reports on Soviet petroleum developments, almost always in a favorable light. It was reported in the Bulletin de l'Industrie Pétroliere, a French trade journal, and jolted the stock market after it was carried on the Dow Jones news wire at 8:15 A.M.

Because of order imbalances resulting from the news, many petroleum stocks opened late.

Mr. Meyerhoff and other oil industry observers said Petrostudies had frequently countered pessimistic portrayals of the Soviet oil industry by the Central Intelligence Agency and other Western sources. Mr. Meyerhoff characterized its owner, M.M. Jermol, as a Stalinist exiled from Yugoslavia because of his political beliefs.

According to Petrostudies, experts at the Soviet geology ministry called the discovery "a unique and sensational natural phenomenon," asserting that the vast quantities of oil supposedly found were of the high-quality, low-sulfur type.

Recovery Rate Called High

Petrostudies further asserted that the Soviet experts believed 50 percent of the oil could be recovered. A United States oil company official pointed out that only eight fields in the world, all in the United States, had attained such a high recovery rate.

The C.I.A., which says the Soviet Union has only about 30 billion to 35 billion barrels of recoverable reserves, said that a Soviet article earlier this year had reported that no commercial reserves had been found in the the area of the alleged discovery, despite the drilling of more than 100 wells.

For his part, Mr. Meyerhoff, who has frequently visited Soviet oilfields, believes that the Soviet Union's reserves total 470 billion barrels, far higher than the C.I.A. estimate, but considerably less than the report on the alleged find.

"The oilfield Petrostudies apparently is referring to is a huge oil shale deposit at a depth of about 10,000 feet and has been known for a long time," the C.I.A. said. "Because of the depth of the deposit and the fact that it is shale, only a tiny fraction of the oil could be recovered and at an exorbitant cost."

The widespread bewilderment over the report of the huge size of the alleged discovery was perhaps best summed up by the fact that the C.I.A. and several analysts suggested that, in the course of translating the report from Russian to Swedish to French to English, a decimal point might have been misplaced, thus vastly increasing the order of magnitude.

THE PHILADELPHIA INQUIRER
6 December 1980
ON PAGE 1

Huge Soviet oil field reported found

Associated Press

STOCKHOLM, Sweden — The world's largest known oil field, with seven times the world's estimated proven reserves, has been discovered in western Siberia, a Swedish firm with close contacts to Soviets petroleum experts said yesterday.

Petrostudies, a four-year-old Swedish consulting firm specializing in Soviet oil and gas resources, said it would issue a detailed report on the discovery Monday.

"Our study is based on very reliable information from the Soviet geology ministry," said Manlio Jermol, Petrostudies' director.

However, U.S. oil experts said the amount of oil in the Bazhenov field was probably "grossly exaggerated," and a CIA official said the discovery was previously reported as oil shale, which is difficult to exploit.

The Oil and Gas Journal, an industry magazine, in January estimated the world's proven oil reserves at 642.2 billion barrels, including 67 billion barrels in the Soviet Union, 27.1 billion barrels in the United States and 163.4 billion barrels in Saudi Arabia.

Petrostudies said the Siberian field has estimated reserves of 619 billion tons, which when multiplied by seven, the approximate number of barrels of crude oil in a ton, would amount to about 4.3 trillion barrels. A barrel of oil equals 42 gallons.

Petrostudies said the oil is of excellent quality and half is easily recoverable.

An American petroleum geologist who follows Soviet oil activity said, "There just isn't an oil field that large. Unless we had some evidence from drilling, I would not even quote such a reserve figure."

Dale Peterson, a spokesman for the CIA in Washington, said: "The oil field Petrostudies apparently is referring to is a huge oil shale deposit at a depth of about 10,000 feet and has been known for a long time."

The investment firm Merrill Lynch, Pierce Fenner & Smith Inc. told its branch offices in a conference telephone call that the field in question was originally discussed in a U.S. trade publication that indicated it contains oil shale.

"Our bottom-line conclusion is that there is a low probability that today's news release will prove accurate as stated," the firm said. It said that the report, based on a translation of Soviet documents, may have been exaggerated because of a misplaced decimal point, and that the correct estimate is probably 6.19 billion tons, rather than 619 billion tons.

The Soviet Union last week published a draft five-year economic plan that calls for production of anywhere from 12.4 million to 12.9 million barrels of oil a day in 1985.

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ON PAGE 37
NEW YORK TIMES
6 DECEMBER 1980

COMMODITIES

Heating Oil Futures Fall On Report of Soviet Find

By The Associated Press

An unconfirmed report of a giant oil find in the Soviet Union helped push already volatile heating oil futures prices down as much as the limit yesterday, market analysts said.

The report by a Swedish research concern was widely discounted by analysts on Wall Street and at the Central Intelligence Agency.

But analysts said that traders at the New York Mercantile Exchange reacted almost immediately to the report of the find. "It put the market on the defensive most of the day," said Andrew Lebow of Shearson Loeb Rhoades. "Some people just started bailing out of positions on that news."

Oil prices had been moving upward — from around 80 cents a gallon to almost $1 a gallon — since September, when the war between Iran and Iran broke out, threatening oil supplies, Mr. Lebow said. But prices have bounced around in the last week or so amid a number of uncertainties, including speculation on what will happen at the scheduled midmonth meeting of the Organization of Petroleum Exporting Countries, analysts said.

On the New York Mercantile Exchange, heating oil closed at 0.95 cent to 2 cents lower, with January at 93.80 cents a gallon.

ON PAGE III/20 LOS ANGELES TIMES 6 December 1980

Swedish Firm Reports Gigantic Soviet Oil Find; CIA, Industry Are Skeptical

A Swedish research firm reported Friday that the Soviet Union has discovered a giant oil field in western Siberia with reserves seven times greater than the estimated proven worldwide reserves.

However, the report was greeted with skepticism by officials of the American government and the oil industry.

Petro Studies, an independent firm that monitors the Soviet oil and gas industries, said the reserves in the "oil field of Bazhenov" consisted of 4.55 trillion barrels, or 619 billion metric tons of high quality oil. "This is the biggest oil find in history by far," a Petro Studies spokesman said.

The spokesman said the find was confirmed by the Soviet Geology Ministry, which called it "a unique and sensational natural phenomenon" since about half of the oil is likely to be extracted without too much difficulty.

Such a confirmation would be highly unusual, since the Soviets have traditionally viewed information about their oil reserves as a state secret.

But Herbert Hetu, a spokesman for the U.S. Central Intelligence Agency, said Petro Studies apparently was referring to a huge oil shale deposit at a depth of about 10,000 feet. "Only a tiny fraction of oil could be recovered and at an exorbitant cost," Hetu said.

PARAMETERS JOURNAL
U.S. ARMY WAR COLLEGE
DECEMBER 1980

STRATEGIC INTELLIGENCE ESTIMATES:

LET'S MAKE THEM USEFUL

by

RICHARD K. BETTS

The US intelligence community has evolved into a vast conglomerate since World War II: the Central Intelligence Agency, with groups of analysts working with virtually every region and functional area of international relations; the Defense Intelligence Agency, which provides support to the Secretary of Defense and Joint Chiefs of Staff; the National Security Agency, which collects and disseminates communications intercepts; the State Department's Bureau of Intelligence and Research; the Federal Bureau of Investigation; the intelligence agencies of the separate services; and the intelligence components of the Treasury and Energy Departments.[1] The bulk of the combined effort, in terms of cost, goes into collecting raw information from open sources (such as the foreign press), photographic reconnaissance, communications monitoring, and clandestine sources (espionage). The ultimate product of this massive array, however, is finished analytic intelligence for the use of operational officials throughout the defense and foreign affairs bureaucracies. The finished product comes in various forms. Most numerous are "current" intelligence analyses. The basic job of the intelligence community is to digest information daily and pass unfamiliar facts immediately to policymakers so as to alert them to new developments or freshly emergent problems. The National Intelligence Daily, warning bulletins, and brief analytic memoranda are the products most relevant to this function. This kind of intelligence does what high-level officials like; it *simplifies* their jobs.

National Intelligence Estimates of Soviet strategic capabilities and objectives, on the other hand, are quite different from current intelligence reportage. NIEs are the collective result of contributions by analysts in various intelligence agencies, and they are normally produced annually. Drafting is coordinated by National Intelligence Officers under the aegis of the Director of Central Intelligence. The final estimate is discussed and debated in the National Foreign Intelligence Board, and dissents to the prevailing view are noted within the document.[2] The annual NIEs on Soviet strategic capabilities and objectives are, in principle, the most important intelligence documents used by high-level authorities. But because the issues in this area are so vital and controversial, the strategic estimates along with their appendices of supporting data grew longer and more detailed over time, so that by the end of the 1970's they had become book-length. The rare president who actually reads a lengthy NIE may be usefully educated about the fundamentals of the nuclear balance, Soviet programs, and the background of deterrence. But the primary audience for these estimates is the group of officials somewhat lower in the chain of command—the leaders of the State and Defense Departments, the National Security Council Staff, and senior officers of the military services and the Arms Control and Disarmament Agency. Since strategic nuclear matters are the central elements of the defense debate, these officials already know a lot about such matters and usually have

Dr. Richard K. Betts is a Research Associate in Foreign Policy Studies at the Brookings Institution. He received his B.A., M.A., and Ph.D. in Government from Harvard University, where he served on the faculty in 1975-76 before joining Brookings. A former staff member of the National Security Council and of the Senate Select Committee on Intelligence, Dr. Betts teaches graduate courses on defense policy at Columbia University and the Johns Hopkins University School of Advanced International Studies. His first book, *Soldiers, Statesmen, and Cold War Crises* (1977), won the Harold D. Lasswell Award for the best book on civil-military relations in 1977-78. At Brookings he has coauthored *The Irony of Vietnam: The System Worked* (1979), which won the 1980 Woodrow Wilson Prize for the best book in political science, and *Nonproliferation and U.S. Foreign Policy* (1980). He has completed a forthcoming Brookings book on surprise attacks and US defense planning, and is editing a study on the strategic implications of cruise missile development. Dr. Betts has also published articles in *World Politics, Orbis, Foreign Policy, International Security, Asian Survey, The Washington Quarterly*, and elsewhere. The present article is based on the author's statement before the House Permanent Select Committee on Intelligence, delivered on 26 February 1980.

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INSIDE D.O.E.
McGRAW-HILL PUBLICATIONS
21 NOVEMBER 1980

Inside DOE Special Report

NEW ORLEANS UTILITY MEETING COVERS WATERFRONT ON EFFICIENCY, ENERGY ISSUES

Inside DOE's *coverage of the first annual utility conference, co-sponsored by DOE, follows on the next few pages. The conference, titled "Extra Energy and Efficiency" and also sponsored by the American Gas Association, the American Public Power Association, the Edison Electric Institute and the National Rural Electric Cooperative Association, covered a variety of topics, including DOE's Residential Conservation Program and the Central Intelligence Agency's most recent forecasts for world energy. The conference was held Nov. 16-19 in New Orleans and was attended by* Inside DOE's *Lynn Stevens.*

CIA ENERGY FORECAST FOR 1980s BLEAK; COAL WON'T OFFSET OIL USE AS PLANNED

A high-level Central Intelligence Agency (CIA) official this week painted an extremely bleak world energy picture in the 1980s, suggesting that increased coal production will not really offset oil use as planned. The official also said that new energy production will probably not make a dent in demand and that Persian Gulf countries will probably continue to lower production, thereby reducing oil supplies even if demand could be lessened — perhaps causing increased Western dependence on oil from the Persian Gulf.

This forecast was made against the backdrop of the current, gloomy energy picture, in which there is both a 3-million b/d shortfall in meeting world oil demand because of the Iran-Iraq war and a belief by the CIA that world oil production reached its all-time peak last year and is now on a steady decline.

The bottom line of the CIA forecast, said one energy expert, is that "there is no way to produce or conserve our way out of this [energy dilemma]." The bleak forecast was made by James Cochrane, special assistant for policy support in the CIA's office of economic research and former senior staff member to the National Security Council.

Cochrane made his predictions at a Nov. 16-19 utility conservation conference sponsored by DOE and four utility organizations in New Orleans. In luncheon remarks at the conference, Cochrane also predicted that the Soviet Union in the next two to three years will, for the first time, surpass the U.S. in natural gas production — a fuel he expects the Soviets to heavily export to Western Europe in the 1980s. The CIA official said the Soviets will have to export natural gas by necessity, because they can't use it currently in their industrial sector.

Plans for coal unrealistic. Cochrane noted that industrialized countries of the Organization for Economic Cooperation & Development (OECD) and developing Asian countries plan on an increase in the demand for coal at the rate of 600-million tons/year by 1990 — the oil equivalent of more than 8-million b/d. Cochrane said that of the 600-million tons, 470-million tons are planned for use in new or retrofitted electric power facilities (60% of the facilities in the U.S.) and 70-million tons in metallurgical coal for use by the steel industry, with other industries accounting for the rest in steam coal.

According to Cochrane, estimates for coal demand may be way off because in many of the countries requirements for oil imports have adversely affected the economy which has in turn dampened growth in electric and steel industries, and therefore the need for coal. "Coal use, rather than acting as a substitute for oil during the 1980s, may actually turn out to be a complement," he told the conference.

World oil shortage. Cochrane said 1979 was a peak year for world oil production despite the 2-million b/d loss in Iranian oil, with overall output by the Organization of Petroleum Exporting Countries (OPEC) increasing by 1-million b/d. Most producers operated close to maximum capacities to achieve this level of production, he said. In contrast, Cochrane said, world oil production in 1980 has fallen by more than 3-million b/d, to a 24-million b/d production level this month. This level reflects losses from the Iran-Iraq war, he said. Cochrane said the loss of oil from the war — especially the 4-million b/d of Iraqi crude exports — will continue at least well into 1981. "The ability of Iraq to bring export capability on-line should the hostilities cease is becoming an increasingly deep concern to us," Cochrane said, adding that substantial damage to Iraq's oil exporting infrastructure is the primary reason for the concern.

Cochrane noted that Kuwait and United Arab Emirates have cut production nearly 2-million b/d and that Saudi Arabia wants to cut back to 8.5-million b/d. The CIA believes OPEC oil production will fall by 4- to 5-million b/d by 1985 due to OPEC's desire to maintain high oil prices and extend the productive life of its oil fields.

At the same time, consumption of oil by OPEC countries will increase, further reducing the amount of oil available for export. According to Cochrane, the production cut by Persian Gulf countries will more than offset increased oil production elsewhere, such as Mexico or the North Sea. Additionally, new production among Western countries will be offset by increases in Western country oil consumption and by the long lead time needed to develop new discoveries and the desire to go slowly with new production.

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ASSOCIATED PRESS

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19 Nov. 1980

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AM-Russia-Poland,320

Soviets To Step In If Polish Unrest Spreads, Report Says

WASHINGTON (AP) - A secret U.S. intelligence assessment for the National Security Council warns that unrest likely will spread throughout Poland if unions in that country continue to press their demands and that the Soviet Union would have to move in to quell opposition to Poland's communist leaders.

Separate reports reaching U.S. officials indicate there are efforts in Poland to form underground resistance in case the Soviets attack, but several senior analysts say such activity probably is fragmented among ''fringe groups.''

Intelligence sources said Wednesday there was general agreement that Polish army units would probably contest any Soviet attack on Poland. They said there was no firm evidence of any contingency planning within the Polish armed forces or defense ministry.

Knowledgeable military and civilian officials stressed there was no sign of any impending Russian military move against Poland from either East Germany or the western Soviet Union.

Fresh intelligence reports reaching the Pentagon indicate the Soviets may have scaled down their forces and combat readiness along the Polish border.

The assessment for the National Security Council reportedly was made by the Central Intelligence Agency.

Sources familiar with the document said it estimated that the United States would only get two or three days' warning of any major Soviet move into Poland.

However, defense intelligence analysts are known to disagree with the CIA estimate. These defense specialists believe there would be warning signs at least a week in advance of any invasion.

The Soviet Union has 20 armored and mechanized infantry divisions in East Germany alone, totaling some 300,000 soldiers including support forces.

The entire Polish army numbers somewhat more than 200,000 soldiers. Analysts said they doubt the Polish communist government leadership could count on Polish troops to suppress crowds of their countrymen.

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ON PAGE 12

THE NEW REPUBLIC
8 November 1980

Thinking the unthinkable.

The New Brinksmanship

by Tad Szulc

For the first time since the 1950s, the possibility of nuclear war with the Soviet Union appears to be seriously accepted by key figures inside and outside the US government. What long have been unthinkable thoughts now are entertained by influential men and women in Washington. Meanwhile the Carter administration is moving apace with measures designed to prepare the US—and US public opinion—for the contingency of major wars. It is a new phenomenon, based on the hardening conclusion that the Soviet Union's overwhelming concern, aside from a determination to achieve strategic superiority over the US, centers on assuring itself of military endurance and survival as a functioning society after a protracted nuclear exchange. A senior White House foreign policy specialist says: "In 30 years, I never thought war was really possible: now I think it *is* possible—if not necessarily probable."

What does it all mean and where does it lead? Is it a question of correct or incorrect perceptions held by officials in Washington and Moscow? What are the implicit dangers of such attitudes? There are no precise answers to these questions. But certain realities are observable. In the US, the military response to the perceived Soviet threat includes the go-ahead for the MX mobile missile system, the work on the "invisible" Stealth bomber, a controversial shift in nuclear targeting strategy against the Soviet Union, recent decisions to accelerate the production of weapons-grade plutonium, and the restoration of US chemical warfare capability. These preparations are developing in a new psychological climate that has evolved steadily since early 1980 and goes well beyond the forums of the presidential campaign.

The new climate, dampening the euphoria of the Soviet-American détente of the last decade, can be traced to the mounting evidence of the build-up of Soviet nuclear and conventional forces, the Soviet invasion of Afghanistan last December, and, most recently, the dangers surrounding the current Persian Gulf hostilities. Thoughtful analysts at the Pentagon and the National Security Council staff emphasize Soviet advances in the accuracy of their huge SS-18 missiles (plus the fact that their throw-weight greatly exceeds that of US intercontinental missiles); the deployment of medium-range SS-20 missiles in Europe, and the direct involvement of combat forces beyond Soviet borders, from Angola and Ethiopia to Afghanistan. "The grand development in recent years by the Soviets is the projection of their power into the world," says a senior Pentagon expert. And frequent and unexplained movements of Soviet troops have worried the administration and have led to secret alerts by US armed forces this year.

The result of all this is that the hawks and doves in and out of the government nowadays speak in strikingly similar language about the inexorable deterioration in Soviet-American relations and its long-range consequences—although their points of emphasis vary. Of course nobody in Washington desires or actually predicts a nuclear war. But the Carter administration—and the Reagan team—are proceeding along a

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LONDON DAILY TELEGRAPH
6 October 1980

INTELLIGENCE WAR

THE KGB UPS ITS PRICE

By ROBERT MOSS

IT is almost impossible to find an intelligence professional in Washington today who has a good word to say about the CIA Director, Admiral Stansfield Turner. It is now widely believed that even if President Carter is re-elected, he will be replaced.

Adml Turner has drawn particular criticism from within the American intelligence community for allowing assessments to be skewed to fit in with the Administration's political needs and prejudices.

Two analysts from the CIA's national foreign assessments centre are said to have resigned in a fury over the falsification of troop counts for North Korea—the deliberate downplaying of Pyongyang's military capacities, designed to justify a policy of disengagement from Seoul.

But what one former senior CIA official describes as "unbelievable" was the circulation of an internal memorandum warning the staff at Langley about an intensified campaign by the KGB to penetrate the agency.

£208,000 offered

The memorandum reported that the price now being offered by the KGB for a CIA case officer who is willing to work for the Russians as an agent-in-place is $500,000 (£208,000). For a cipher clerk or communications officer, the figure is double.

"You don't spread that kind of news in a climate of general demoralisation," my source gloomily observed.

The effort to penetrate CIA and other American intelligence agencies, as noted in a previous column, is the special task of Pavel Bessmertnik, the high-ranking KGB officer—whose status is higher than that of the KGB *Resident*, and who operates independently from the rest of the KGB station—who holds the cover job of Minister-Counsellor at

Briefcase checks

In recent efforts to tighten security at Langley, Adl Turner has imposed a system of random briefcase checks. One veteran CIA officer comments: "As usual, he manages to get the worst of both worlds. The system is offensive to loyal CIA people, but also gets you thinking about how much could be smuggled out wrapped inside a shirt or stuffed under a brassiere strap."

Meanwhile, the CIA remains crippled by legal inhibitions in mounting foreign operations. Recently, the FBI asked the agency to arrange the coverage of a meeting by a suspected double agent with his KGB case handler in Mexico City. The CIA's general counsel objected that surveillance could not be mounted legally against a United States citizen abroad. The KGB kept its rendezvous without the intruding eye of the CIA.

Partner of the KGB

Soviet undercover operations are not the preserve of the KGB and its sister-service, the GRU, whose initials stand for Chief Intelligence Directorate of the Soviet General Staff.

Equally important, especially in dealings with Left-wing political groups in the West, is the International Department (ID) of the Soviet Communist party, which deserves its own share of the limelight.

Founded under Khruschev in 1959, the ID has been headed since then by Boris Nikolaevich Ponomarev, whose previous services to the Soviet State included assisting Yuriy Andropov (present chairman of the KGB) to impose a reign of terror in Budapest after the failed uprising of 1956. The day-to-day business of the ID is supervised by its First Deputy Chief, Vadim Valentovich Zagladin.

The ID deploys its own operatives in Soviet embassies abroad, where their activities run parallel to the work of the KGB *Rezidenturas*.

Diplomatic cover

For example, Western analysts have identified three senior ID men working under diplomatic cover at the Soviet Embassy in Rome, one in London, one in Mexico City, and one at the Soviet Mission to the United Nations in New York.

One of their special functions is to organise the clandestine funding of Left-wing lobbies that further Soviet policy goals by preaching unilateral disarmament in the West.

The vast complex of Soviet front organisations, such as the World Peace Council, the World Federation of Trade Unions, and the International Association of Democratic Lawyers operate under the guidance of Ponomarev's ID.

Ponomarev's main achievement has stemmed from his belief that the Soviet Union should exploit — and subsidise — radical and Left-wing organisations in the West that are not subject to Communist party discipline.

This set him at odds with more doctrinaire thinkers such as Mikhail Suslov, the veteran ideologue and Politburo member who has long remained suspicious of the reliability of non-Communist movements on the Left.

Contacts expanded

As early as 1961, when he first attained the rank of party secretary, Ponomarev preached the need to channel largescale support to groups that are described, in Soviet parlance, as "healthy forces" —meaning individuals and movements that can be relied upon to carry out actions that favour Soviet policies without necessarily being subject to Soviet control.

He set out, with notable success, to expand the range of Soviet contacts with the Socialist International and its member-parties, with Western trade unions, and with "progressive" lobbies in the

Early on, he spotted the use that could be made of the Cubans, the Vietnamese, and other Marxist regimes in the Third World in order to gain access to — and influence over — Western liberals who would shy away from any direct identification with Moscow.

The Americas Department of the Cuban Communist party, responsible for subversion and covert action in the Western hemisphere, and its more recently formed sister-organisation, the Africa Department, were developed under the guidance of the ID.

Disruptive role

The ID is believed by Western analysts to have assumed a leading role in Soviet plans for industrial disruption in Nato countries. Significantly, the chief of the North American department of the ID (which covers the United States, Canada and the English-speaking Caribbean, including Belize), Nikolia Vladimirovich Mostovets, is a labour specialist who has written a book on United States trade unions.

Mostovets travelled to Washington with Ponomarev in January, 1978, to attend a conference of the World Peace Council. During their stay, they had talks with several American publishers and with a number of anti-defence activists.

The ID is believed to be taking an increasing interest in campaigns directed against Western trans-national corporations, which offer the attractive dual opportunity to (a) practice industrial espionage while (b) helping to undermine the performance of Western economies.

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THE WALL STREET JOURNAL
6 Oct 1980

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Heroin Hustle

How Robert Allen Put An Oriental Drug Ring Behind Bars in the U.S.

Agent Posed as Mob Figure For Three Years, Helped By Charcoal Charlie Wu

Winnie Chan Lends a Hand

By Stanley Penn

* * * *

Supplies From Southwest Asia

But despite such efforts, heroin recently has been moving into the U.S. in increasing amounts, according to U.S. narcotics officials. The East Coast cities of New York, Philadelphia, Washington, Boston, Baltimore and Newark, N.J., are particularly hard hit. In Boston, the purity content of heroin sold to addicts has risen 10% in the past six months, an indication of its increased availability, Robert Stutman, in charge of the drug-enforcement agency's Boston office, says.

The growth in the heroin supply is largely the result of a bumper opium crop last year in Pakistan, Afghanistan and Iran. After the substantial local consumption, more than a third of the crop—60 tons of heroin—was available for export to European, U.S. and Canadian markets, according to U.S. intelligence estimates.

Because of the heroin influx, many of New York State's 416 drug-treatment centers are being forced to operate beyond their capacity, a state official says. Deaths from heroin overdoses in New York City alone may exceed 600 this year, against 471 last year and 246 in 1978, it is estimated.

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NEW YORK TIMES
22 SEPTEMBER 1980

[redacted]

Nuclear Gains by Russians Prompt a Reaction by U.S.

By RICHARD BURT
Special to The New York Times

WASHINGTON, Sept. 21 — The United States military, long used to having a clear edge over the Soviet Union in nuclear might, is being forced to adjust to a new era in which the American strategic arsenal is becoming outdated and ever more vulnerable.

In recent statements, President Carter, Secretary of Defense Harold Brown and other senior officials have asserted that, in the area of nuclear weaponry, the United States is still "second to none." At the same time, however, Mr. Brown and his top aides have started to contend that if present trends in the nuclear balance continue, the United States, by the mid-1980's, could find itself vulnerable to nuclear blackmail by Moscow.

Mr. Brown, for example, told a group last month at the United States Naval War College in Newport, R.I., that, without improvements to the ballistic missiles and heavy bombers that make up the country's deterrent force, Washington could face "at best a perception of inferiority, at worst a real possibility of nuclear coercion."

Defense: Is the U.S. Prepared?

Second of seven articles.

Throughout the 1950's and 60's, the United States led the Soviet Union in nearly every measure of strategic power, including numbers of missiles and bombers, warhead totals and overall weapons performance. But Moscow, spending as much as three times more than Washington on nuclear forces during the 1970's, is generally seen as having attained what analysts call "rough parity" in strategic power.

In a national intelligence estimate prepared by the Central Intelligence Agency early this year, it was estimated that Moscow could surpass the United States in nearly every measure of nuclear capability by 1985.

Administration officials maintain that, under Mr. Carter, Washington has begun to counter Moscow's growing missile power. Nevertheless, military specialists acknowledge that several serious problems in the nuclear arsenal need to be rectified in the next few years, including these:

¶American missile and bomber forces are becoming increasingly vulnerable. For the first time, Mr. Brown said last month, the Soviet Union might now be able to destroy all 1,053 of the Air Force's land-based missiles in their underground silos in a surprise nuclear "first strike." A few weeks earlier, William J. Perry, Under Secretary of Defense for research and engineering, told a House Armed Services subcommittee that Soviet bomber defenses were rapidly improving and that over the next 10 years Moscow could find a means of detecting and destroying the Navy's 41 missile-carrying submarines.

¶Components of the nation's nuclear arsenal are wearing out. The mainstay of the Air Force's nuclear bomber forces, the B-52, is about 20 years old, and officials report that the planes suffer from an increase in expensive maintenance problems. The service's 53 Titan 2 missiles, meanwhile, have also been in place for two decades and have recently been plagued by a series of well-publicized accidents The problems besetting the Titan 2 were vividly demonstrated in Damascus, Ark., last week when a fuel tank of one of the missiles, punctured by a falling socket wrench, exploded and sent a cloud of toxic chemicals into the air.

¶The Government's facilities for manufacturing nuclear weapons are said to be in bad repair. A confidential report prepared recently for the Department of Energy, the agency assigned the task of producing nuclear warheads, concluded that "serious deterioration of equipment and utilities has occurred over the past several years which could seriously impair our ability to meet the nuclear weapons [requirements] forecast for the 1980's." At the Pentagon, aides said that over the last 15 years, several Government plants producing critical materials and components for nuclear warheads had been shut, producing significant delays in weapons programs. One official, for example, said the deployment of a new version of the Army's Lance tactical missile had slowed by 18 months because of a shortage of plutonium for the system's warhead.

¶Malfunctions are plaguing the strategic early warning and communication system. In two instances over the last year, computers at the headquarters of the North American Air Defense Command in Cheyenne Mountain, Colo., have malfunctioned, triggering false alarms in which missiles and bombers were made ready for take-off. Congressional auditors, meanwhile, reported earlier this year that a new generation of computers for the military's worldwide command and control system would not be able to handle the demands created by a major military crisis. The existing system, moreover, is considered vulnerable and inadequate.

Capacity to Retaliate

Pentagon aides stressed that, while these problems were real, none of them meant the United States was in danger of losing its capacity to retaliate after a Soviet nuclear attack. They said, moreover, that intelligence reports indicated that American nuclear forces, as a whole, were still superior to the Soviet arsenal in terms of readiness and reliability, although Soviet forces were considered more powerful.

In addition, they said that Mr. Carter had approved numerous programs over the last three years meant to remedy the emerging nuclear deficiencies. Although in 1977 the President canceled the B-1 bomber, which was proposed as a replacement for the B-52 force, officials said that Mr. Carter's decision to equip the older bombers with air-launched cruise missiles in the next few years would guarantee the Air Force's ability to penetrate Soviet air defenses through the 1980's.

The 1,000-mile range missiles, which fly at treetop altitudes, would permit B-52's to "stand off" from Soviet air defenses, a less demanding role that officials believe will save wear and tear on the aging bombers.

Farther in the future, Secretary Brown and other senior Pentagon aides are excited about the prospects for deploying a Stealth bomber, which would be nearly invisible to Soviet radar.

Submarine Realignment

At sea, the Navy this year deployed the first of a new class of Trident missile submarines that will gradually replace the 10 Polaris vessels built in the 1960's. Each of the new submarines will carry 24 Trident 1 missiles, a 4,600-mile-range missile that

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ON PAGE 1

THE NATIONAL GUARDIAN
17 September 1980

When it comes to military madnes

The myth of Sovie superiority

By KEVIN J. KELLEY
Guardian Correspondent
First of two articles

Washington, D.C.

Who's ahead in military strength—the U.S. or USSR?

The majority sentiment on the U.S. political spectrum now seems to hold that Washington is at best a precarious equal to Moscow in military might.

A smaller but quite vocal section of the ruling class even maintains that the Soviet military build-up of the past several years has reduced the U.S. to second rate status.

The election-year prescription being offered from moderate Democrats to hawkish neoconservatives is a crash "rearmament program" by the U.S. Virtually all the specific steps advocated to build the Pentagon's military machine this year are now being implemented: registration for the draft; deployment of the MX mobile-missile system; assemblage of a Rapid Deployment Force; development of a new fleet of nuclear-armed bombers, and a bolstering of sea warfare capabilities. All of this is to be financed by multi-billion dollar increases in the Pentagon budget that can only be obtained by proportional cuts in social spending.

This unrestrained militarism also involves some significant shifts in U.S. nuclear war policy and a general lessening of the chances for avoiding World War 3. Talk of arms limitation and detente is rarely heard here these days. The drive to "regain U.S. superiority" is well underway, its consequences both ominous and unconsidered.

Only a courageous few now question the central rationale on which this build-up is based. The terms and tenor of debate have shifted so far in favor of the hawks in the past couple of years that the underlying premise of an all-out Soviet military effort is seldom even questioned any more. It therefore seems essential to scrutinize what has become an axiom for all bourgeois politicians and for many liberals and a few leftists.

BASIS OF CLAIMS

What, first of all, is the basis for the claim that the Soviet Union has outspent the U.S. significantly in the last few years?

It is certainly not the Soviet government, which consistently maintains that it is not engaged in any push to become the top superpower. In claiming that it seeks only parity and thus security, the Soviets point to their published figures on defense spending which represent, in dollars, about one-fourth of the U.S. annual expenditure. Allegations that the USSR is actually spending more than the Pentagon are routinely denounced by Moscow as "malicious falsehoods."

Confirmation for the claim of enormous Soviet military outlays does not come from somewhat impartial analysts such as the London-based Institute for Strategic Studies and the Stockholm International Peace Research Institute (SIPRI). The British research institute refuses to affix any firm dollar figure to the Soviet defense program, explaining that any estimate would be based on large amounts of guesswork. SIPRI meanwhile acknowledges that "the scale and momentum of Soviet military activities are scarcely modest." But, the Swedish group adds, precise computations are "very uncertain" and "lack credibility."

Even sections of the U.S. government are reluctant to certify the huge sums that have been attributed to the Soviet military machine. In an October 1979 report on world armament expenditures, for example, the State Department's Arms Control and Disarmament Agency points out that "estimates of this type probably overstate the relative size of

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THE NATION
13 September 1980

C.I.A. NUMBERS GAME

THE MYTH OF SOVIET SUPERIORITY

VICTOR PERLO

The "Soviet menace" has been the leitmotif of U.S. foreign policy and the prime accelerator of the military budget for thirty-five years. Jimmy Carter and Ronald Reagan are playing it double fortissimo nowadays, while commentators warn of the Russian bear armed to the teeth looming over the defenseless American eagle.

In the early 1960s John Kennedy's "missile gap" was the pretext for a big U.S. military buildup; the gap was ultimately shown to be fraudulent. Now there is a new "gap"—and it can be shown to be equally spurious. The Soviet Union, it is alleged, has been rapidly increasing its defense budget while we have been reducing ours and is spending 50 percent more than the United States for military purposes. This was the main argument used by Carter to raise the military budget 3 percent per year above the rate of inflation and, last fall, to prepare a new budget calling for a growth rate of 5 percent. Now, post-Afghanistan, it's up to 7 or 8 percent.

The alleged Soviet "military buildup" remains the central theme of the campaign for defense increases. The claim of higher Soviet spending mainly rests on statistics compiled by the Central Intelligence Agency. (Prior to 1978 the source was not given but now the Agency is credited and, with a little perseverance, its reports* can be purchased.)

The theme was first sounded back in 1974 when the Pentagon launched its campaign for a fresh post-Vietnam military buildup. At the time, the U.S. Arms Control and Disarmament Agency reported that the U.S.S.R had outspent the United States for defense in 1972 and 1973. Then in February 1976, *Fortune* showed Soviet military spending in 1971 soaring ahead so that, by 1975, it surpassed U.S. spending by 43 percent.

Beginning in March 1978, Carter, taking Zbigniew Brzezinski's cry, used the C.I. figures in speeches warning that the Soviet Uni was outspending us. Typical was this exchange a press conference on January 26, 1979:

> Q: Since Secretary [of Defense Harold] Brown told the Congress yesterday that the U.S. arsenal is far and away superior to that of the Soviet Union . . . why did you not see fit to keep your campaign promise to reduce the defense budget instead of raising it?
>
> A: I think we are able . . . to match any military capability that the Soviets have. . . . But in the last 10 or 15 years the Soviets every year have had above and beyond inflationary costs a 4 or 5 percent increase in allocation of funds for defense purposes.

Yet a month later, echoing his Defense Secretary, Car was saying, "We are a strong nation—the strongest earth: militarily, politically, economically. I'm committed preserving that strength—even enhancing it." Such offic schizophrenia is typical of Washington propaganda: boa of superiority over the Soviet Union and threats of a fi strike at one moment and pleas for tens more billions meet the "superior" Soviet buildup the next.

Presumably the military leaders of both sides can evalu the balance of forces with reasonable accuracy. It is an tremely complex process, involving two entirely differe levels of warfare, conventional and nuclear; the destructi power of strategic weapons and their comparative accura geographical location and mobility, and productive capa ty, not to mention moral and political factors. Moreov analysis must go beyond the United States, and t U.S.S.R. to include the allies of both, as well as toda quasi U.S. ally, China. And annual changes in the balar are similarly complex.

Taking all these factors into account, military men m then estimate their ability to destroy the potential adversa and to avoid destruction by him. Military theorists may tempt, in this process, to work out numerical indexes comparative destructive power. But the important po here is that comparison of military budgets, no matter h adjusted and computed, is only one factor in such calcu tions. If used crudely and in isolation from other factors becomes a numbers game. As played by the C.I.A. and Administration, it aims to mislead the public so as to v support for a new, dangerous round in the arms race.

There have been refutations of the C.I.A. calculations *The Nation* [see Les Aspin, "Budget Time at the P tagon," April 3, 1976] and elsewhere; but in recent years figures have been largely unchallenged in the press. In 19 however, the influential Stockholm International Peace

* *A Dollar Cost Comparison of Soviet and U.S. Defense Activi 1968-78.*
Estimated Soviet Defense Spending: Trends and Prospects.
Soviet and U.S. Defense Activities, 1970-79: A Dollar Cost Comparis

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WASHINGTON (DC) POST
10 SEPTEMBER 1980

[redacted]

The Oil 'Boom'

The continuing decline in U.S. oil imports — last month they fell a startling 37 per cent from 1979 levels — adds a perplexing twist to the U.S. energy outlook. The import figures suggest that light is flashing at the end of the tunnel and that stern discipline is beginning, at least, to control U.S. oil consumption.

The decline in imports is certainly good news, but also puzzling. Energy Secretary Charles W. Duncan and others believe that high prices, conservation measures and a faltering economy have contributed, as indeed they have. But the persisting question is whether or not oil consumption will rise again — and by how much. It is question affecting long-term policies and short-term inventories. U.S. oil importers, for example, trying to cope with a huge surplus, are reluctant to cancel deliveries and risk losing supply sources.

The decline in overall oil consumption goes beyond the U.S. Using figures published by the Energy Department and the CIA, the American Petroleum Institute reports that in the first quarter of 1980, as U.S. oil use dropped 10.6 per cent, consumption in West Germany fell by 8.9 per cent, in Japan by 5.3 per cent, in France by 12 per cent and in Great Britain by 15.6 per cent.

So it is not surprising that world crude oil production has also dropped — for the first time since 1975. The *Oil & Gas Journal* reports that several factors — declining demand, continued high production by Saudi Arabia, increased production by non-OPEC nations — have added to an international crude surplus which may be as high as 3 million barrels a day.

All of this seems, at first glance, good news for oil consumers. But if oil demand keeps falling, it seems certain that oil production will continue to fall too. The Saudis have long been eager to bring some order to the world price of oil and by exceeding their 8.5 million barrel daily "ceiling" have helped to accomplish that. Will the Saudis now cut back? If so, will that influence pricing decisions at this month's OPEC meeting? Will prices rise again and will that further reduce consumption?

In the U.S., oil production during the first seven months of 1980 was up 2.7 per cent over 1979 — a combination of increased output from Alaska's North Slope and improved production elsewhere. Drillers completed nearly 50,000 wells in 1979 — more than in any 12-month period in the past 20 years. This year, the number increased again. It sounds encouraging and, to an extent, it is. But during the 1971-78 period, the U.S. was using up its proved oil reserves almost twice as fast as it found new supplies. The difference now, even with all the new drilling, is that the rate of decline has slowed.

Such figures demonstrate the benefits of lifting price controls — but they also bespeak the problem of living high on finite resources.

At the very least, the oil consumption figures give the West a kind of breathing space, which could be of considerable help in a decade when (as the Venice communique put it) the West intends to "break the existing link between economic growth and consumption of oil." More immediately, it makes it much easier for the U.S. to add to its petroleum reserve. But unless the drop in consumption is permanent, it is no substitute for goals, also outlined at Venice, to increase the supply and use of energy sources other than oil at the equivalent of 15-20 million barrels a day.

That is the danger — that the oil "boom" may again persuade those who should know better that oil shortages are a thing of the past. The new surplus makes it easier to forget that the claims of oil producers on the West will reach half a trillion dollars by 1983. The energy dilemma remains, in Henry Kissinger's phrase, a "political crisis of global dimensions." The worldwide plunge in demand for oil is a welcome bit of relief. But in illness as in crisis, the danger comes in confusing temporary sedation with a permanent cure.

ARTICLE APPEARED
ON PAGE 29

8 September 1980

Soviet oil decline likely despite surge in drilling

THE U.S.S.R. has scheduled record drilling increases during its next Five Year Plan spanning 1981-85.

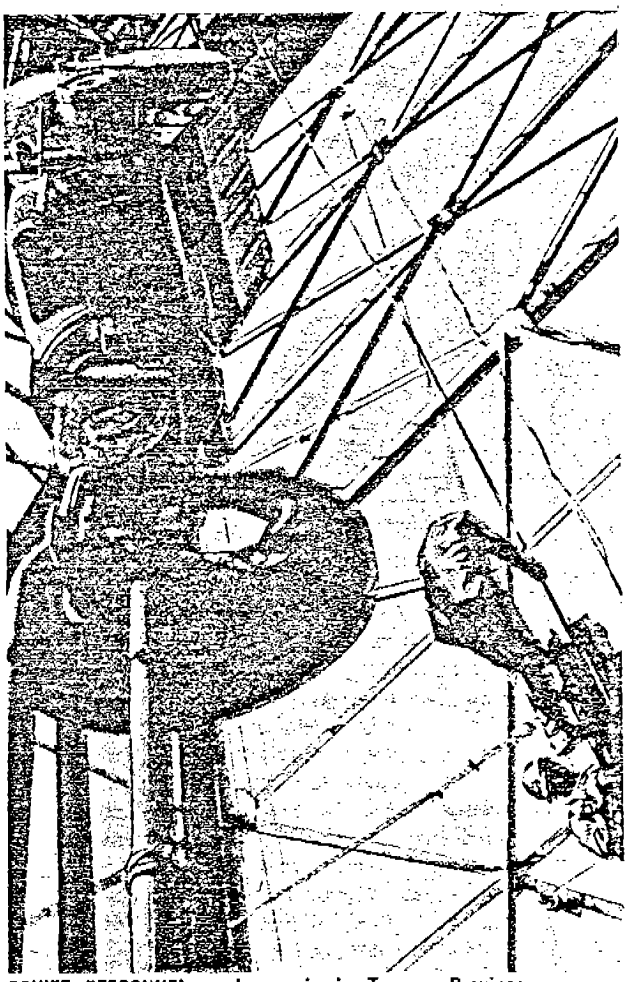
But these gains aren't expected to prevent near-term erosion of Soviet oil production.

Negative effects of a sluggish, poorly planned, generally unsuccessful exploration program during the 1970s probably will have their greatest impact on Soviet crude/condensate production in the early 1980s. Benefits achieved from continuation of the current unprecedented growth in Soviet development drilling for oil will be more than offset by the past decade's exploration failures.

While crude/condensate output—recently more than 12 million b/d—and total drilling are at all-time highs, several of the most important indices of future U.S.S.R. oil industry trends point to rough times ahead. The Soviet Union will have to drill far more holes and sharply increase investment to find and produce a barrel of crude during the 1980s, compared with the 1970s.

The 1970s, in turn, saw annual additions to oil reserves fall substantially below those achieved during the late 1960s. Oil drilling and production costs rose at a record pace during the past decade.

During 1966-70, total capital investment in the oil industry averaged only 2.2 billion rubles/year (about $2.4 billion/year at the then-prevailing exchange rate). By 1978 the figure was 5.27 billion rubles ($7.6 billion)/year, and current outlays are believed to be close to 7 billion rubles ($11 billion)/year.



SOVIET PERSONNEL work on rig in Tyumen Province, which accounts for the bulk of western Siberia's oil production and drilling.

Whereas oil industry capital investment claimed 9.2% of all Soviet industrial capital investment during 1966-70, it currently is estimated to be about 13%.

Costs also are up substantially in the Soviet gas industry, mainly because of high outlays for pipelines. But further impressive hikes in gas flow are

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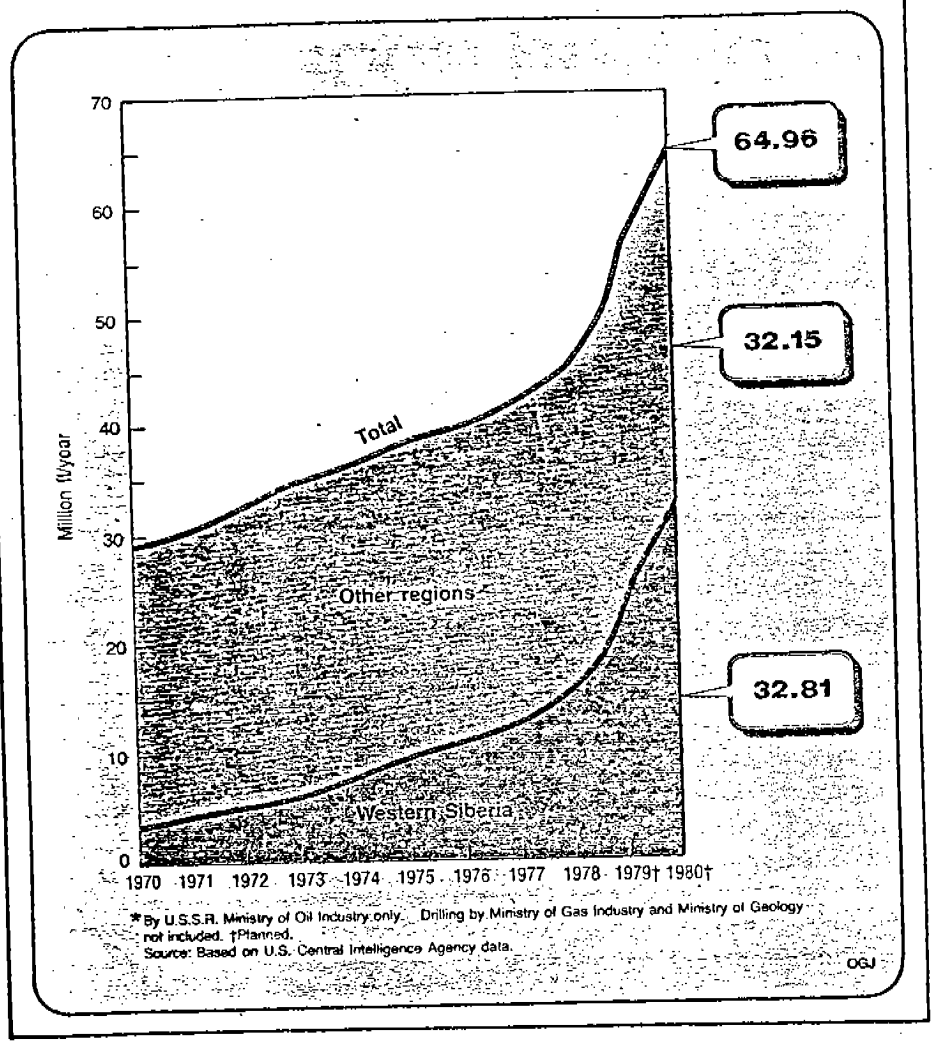
How Soviet oil drilling has climbed*



certain during the 1980s even if gas drilling gains are minimized.

Reserves required to keep gas production soaring already have been found. The huge average yield of gas wells presently being placed on production in western Siberia and Central Asia indicates that little or no increase will be necessary in the less than 3 million ft/year of development wells and slightly more than 1 million ft/year of exploratory hole being drilled by the U.S.S.R. Ministry of the Gas Industry.

Only 1,030 development wells were completed in Soviet gas fields from 1976 through 1978. Another 360 wells were scheduled to go on production in 1979, when production vaulted nearly 1.23 trillion cu ft.

Current drilling program. Total Soviet drilling for oil and gas this year, including exploration work conducted by the U.S.S.R. Ministry of Geology, is projected at about 24 million m (78.7 million ft) but probably will fall short of target.

By comparison, total U.S. drilling is estimated at 27.5 million ft for 1980 (OGJ, July 28, p. 155).

Development drilling for oil in the U.S.S.R. as a whole rose from 28.77 million ft in 1975 to 37.98 million in 1978. This year's target is 56.3 million ft.

Drilling by the U.S.S.R. Ministry of the Oil Industry, including exploratory hole, climbed from 29.53 million ft in 1970 to 38.39 million in 1975 and 44.94 million in 1978. Goal for 1980 is 64.96 million ft (see chart).

It's estimated that the U.S.S.R. Ministry of Geology during the late 1970s drilled about 3 million m (9.84 million ft)/year in search of oil and gas.

By 1985, the U.S.S.R. hopes to be drilling 120-130 million ft/year of hole, with much of the hike resulting from development of many relatively small oil fields in western Siberia's Tyumen and Tomsk provinces. Western Siberia is the key to Soviet oil industry success in drilling and production during the next Five Year Plan, as it has been throughout the 1970s.

Soviet officials hope to boost development nearly 150% during 1981-85, compared with 1976-80.

The task will be very hard—although not impossible—if the Soviets continue to pour money, personnel, equipment, and supplies into western Siberia on the same crash basis of the past 3 years.

Western Siberia production. Western Siberia probably will produce more than 6.3 million b/d of crude and condensate in 1980. That's up from 5.66 million b/d in 1979.

Tyumen Province accounts for more than 96% of western Siberia's oil production and about the same percentage of the area's drilling.

Gary Marchuk, vice-chairman of the U.S.S.R. Council of Ministers, declared recently that plans call for western and eastern Siberia oil production to increase until 2000. The statement appears wildly optimistic.

Western Siberia oil flow has risen far above the 5.2 million b/d that western observers predicted would be peak output in the area. This, however, was achieved by pushing production in some giant fields, such as Samotlor, above levels of maximum efficiency.

Prospects are that western Siberia oil flow will crest by 1985 even if drilling goals are attained.

Eastern Siberia has practically no commercial crude production, and little is in prospect through 1990.

Some bottlenecks. Vladimir Dolgikh, the U.S.S.R. Communist party's secretary for heavy industry, said in an article published early this year that oil production plans for western Siberia are unrealistic without major improvements in technology and productivity.

He added that with existing technology operated at current rates, production goals can only be achieved by increasing the number of drilling personnel by hundreds of thousands.

While Dolgikh cited labor shortages as the main bottleneck in western Siberia, the U.S. Central Intelligence Agency believes insufficient rigs for exploratory and development drilling are the major constraint on raising the area's oil production.

Moscow hasn't recently revealed how many operating rigs are available in western Siberia or in the entire Soviet Union. But the latter figure probably is more than 2,500.

CIA estimated the number of operating Soviet rigs in 1975 at 1,800, up only 40 from 1970. Other non-Communist observers believed the U.S.S.R. had more than 3,500 rigs of all types in working or nonworking condition during the mid-1970s.

Through 1978, at least, Soviet rig

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production dropped little from 1965, when 520 units were turned out. Official figures put the number of rigs manufactured for "development and deep exploratory drilling" at 480 in 1970, 544 in 1975, 511 in 1976, 503 in 1977, and 505 in 1978.

The same source also reported that production of turbodrill sections increased only slightly—from 8,439 in 1965 to 9,780 in 1975, 9,354 in 1976, 9,700 in 1977, and 9,016 in 1978.

Production of electric drills fell from 220 in 1965 to 97 in 1975, 108 in 1976, 96 in 1977, and 81 in 1978.

Western Siberia drilling. Oil ministry data spotlight the leading role western Siberia has taken in Soviet drilling.

In 1970, the Soviet oil ministry drilled only 1 million m (3.28 million ft) of hole in the western Siberia basin.

The figure rose to 2.8 million m (9.19 million ft) in 1975 and 5 million m (16.4 million ft) in 1978. The ministry's western Siberia drilling goals were 7.5 million m (24.61 million ft) in 1979 and 10 million m (32.81 million ft) this year.

By contrast, total oil ministry drilling in all other regions of the U.S.S.R. moved up grudgingly from 8 million m (26.25 million ft) in 1970 to a planned 9.8 million m (32.15 million ft) this year.

In 1970, western Siberia represented slightly more than 11% of the oil ministry's drilling. This year's plan called for the ministry's drilling in the region to reach 50.5% of the national total.

By far the biggest oil drilling gains in western Siberia have been made in development footage.

In 1975, this area drilled 8.97 million ft of oil development hole—31.2% of the nation's total. The figure rose to 16.55 million ft (43.6% of the total) in 1978 and is targeted at 31.43 million ft (55.8%) this year.

However, western Siberia's 1979 development drilling plan was only 82% fulfilled. And another shortfall is expected in 1980.

The U.S.S.R. Ministry of Geology drilled 2.5 million ft of exploratory hole in western Siberia's Tyumen Province in 1979. That was only 70% of its target of 3.56 million ft.

Production outlook. CIA continues to doubt that the U.S.S.R.'s drilling program has been adequate to keep nationwide oil production on the upswing beyond this year. It notes that the volume of exploratory drilling has stagnated since 1965, the wildcat success rate has declined, and emphasis has been placed on development drilling to meet oil production goals.

In 1970, when the oil ministry drilled 29.53 million ft of hole, 9.29 million ft, or 31.5%, was exploratory. By 1975 only 8.97 million ft—23.4% of the total of 38.39 million ft—was exploratory.

This trend is continuing. The oil ministry's 1980 plan calls for about 8.66 million ft of exploratory drilling, or 13.3% of the 64.96 million ft of total hole.

According to CIA, the Soviet Union has large potential oil reserves, but most of them are relatively inaccessible or in complex, difficult geological formations. Promising areas include the Barents and Kara seas (where drilling hasn't started), deep Caspian Sea waters (largely beyond the reach of the U.S.S.R.'s few mobile rigs), eastern Siberia, and the deep onshore Caspian depression.

"None of these areas has been explored intensively," CIA observes.

"Any oil finds will have little impact on oil production until the late 1980s or early 1990s at the earliest.

"In the short run, reserves in existing producing areas must be relied on.

"F. K. Salmanov, chief of the Main Tyumen Province Geological Administration, decried the cutback in western Siberia exploratory drilling during the late 1960s and early 1970s because it lowered the rate of oil discoveries needed for future growth."

The intelligence agency says the problem of reduced exploratory drilling is intensified by the imbalance between drilling to confirm reserves in existing fields and wildcat drilling to locate new fields. The Soviet incentive bonus system encourages the industry to concentrate on more profitable confirmation drilling.

CIA said, "Exploration also is hampered by inadequate geophysical and drilling equipment.

"The average depth of exploratory drilling increased from 2,540 m (8,333 ft) in 1970 to 2,774 m (9,101 ft) in 1976. An average of 3,180 m (10,433 ft) is anticipated for 1980.

"At these greater depths, higher pressures are encountered, and drilling speeds are reduced. Moreover, as the largest, most easily accessible, and geologically simple structures are found, an increasing share of remaining reserves lies in smaller, more complex stratigraphic traps which are more difficult to locate.

"In mid-1977, the Soviets admitted that the search for stratigraphic traps in western Siberia was proceeding blindly because of inadequate exploration equipment. The lack of sophisticated seismic equipment and digital computerized processing centers are the major shortcomings."

An increasing number of Soviet economists and geologists now concede that CIA's gloomy prediction concerning the U.S.S.R.'s near-term crude output may have some validity. Contrary to continued optimistic statements by government officials, these authorities admit that the Soviet oil industry faces serious—possibly insurmountable—problems in maintaining 1980 flow during 1981-85.

A. P. Krylov, chairman of the U.S.S.R. Academy of Sciences' scientific council for oil field development, said that, according to preliminary data, "Soviet petroleum output will peak in a comparatively short time and then begin to fall if the present annual rate of increase in the number of new producing wells and the current rise in depletion rate remains unchanged.

"We can alter this trend of events and achieve the planned volume of oil production either by increasing the rate of growth in the number of new development wells (which would require additional capital expenditures and use of pipe) or change over to technologically and economically sound systems of exploitation which would result in lowering well density and reducing the depletion rate (a course that wouldn't involve additional capital outlays).

"Proponents of high well density to obtain the greatest possible oil recovery ratio consider it necessary to use the same density in drilling an entire field rather than employ wider spacing in suitable sectors of the field. This leads to drilling of many wells which have no effect on increasing the recovery ratio and only serve to reduce oil production efficiency and slow overall development.

"Despite all the technological and economic arguments against this practice, it's clear that well densities are still being increased above all sensible limits."

Krylov concluded that unless prompt measures are taken to improve present drilling and production practices, "we risk making serious mistakes that will require much time, money, and labor to correct."

More exploration urged. Vladimir Filanovsky, head of the U.S.S.R. state planning committee's oil and gas industry section, says it is clear that immediate "forced tempo" expansion of oil exploration in western Siberia is urgently required to prevent the government-recommended ratio of production to proved reserves from being exceeded. He noted that wildcat drilling in western Siberia, which produces more than half of the U.S.S.R.'s

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Soviets seeking to improve design of Arctic area rigs

THE SOVIET Union is offering awards for design and introduction of the best ways to improve operating and working conditions at drilling rigs used in Arctic conditions.

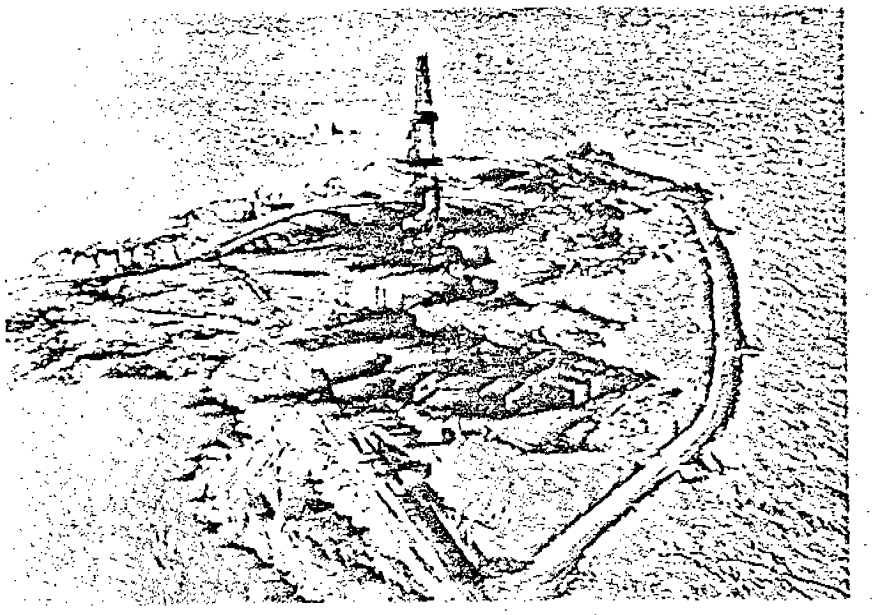
First prize is 7,000 rubles ($11,000) plus the privilege of buying a car without placing one's name on the usual long waiting list. Second and third prizes are 3,000 rubles ($4,710) and 1,000 rubles ($1,570).

Contest rules set forth by the Russian Socialist Federated Soviet Republic's Ministry of Geology call for application of the proposed technical advancements to Uralmash-3D, 125-BD, and BU-75-80 rigs used in deep drilling at temperatures as low as −55° C. (−67° F.). Such frigid readings occur during the winter in northern sectors of western Siberia.

Submitted proposals must meet existing safety regulations and provide a high level of labor mechanization. In addition, they must include provision for:

- "A rational method of enclosing the derrick, its foundation, and adjacent structures.
- "Delivery of heat to working areas inside the derrick, adjacent structures, and space under the rig floor, including the blowout prevention equipment.
- "Improved conditions for operating the hoisting system.
- "Heating water and lubricants before starting the diesels.
- "Melting the ice beneath the rig's foundation.
- "Fast removal (melting) of ice on threaded connections and inside drillpipe during round-trip operations.
- "Standardized assembly methods with maximum mechanization."

Special attention must be given to reducing costs and labor involved in providing heat for the rigs.



SOVIET RIG operates in tundra area of western Siberia's northern Tyumen Province, where officials are seeking to improve drilling equipment.

oil, continues to lag and that radical improvements must be achieved within 2 years.

"During recent years the material and technical base for western Siberia geological exploration has developed unsatisfactorily. Good repair facilities, supply bases, and garages for equipment haven't been provided.

"But the problem of increasing western Siberia exploration work can't be solved solely by adding to material resources. Geologists in Tyumen and Tomsk provinces must also make a greater effort to improve economic and technical indices with respect to drilling."

Filanovsky cited statistics provided by the Main Tyumen Geological Administration showing that annual footage per exploratory drilling rig fell from 12,319 ft in 1975 to 10,846 ft in 1978.

Labor productivity in drilling dropped more than 16% during that period.

Time required to drill and complete the average well rose to 216.5 days from 183 days.

Average production per new western Siberia oil well slumped from 1,183 b/d in 1975 to 661 b/d in 1978 and is expected to be only 519 b/d in 1980. This contributed to a reduction in average yield of all Soviet wells from 427 b/d in 1975 to 353 b/d in 1978 and a projected 328.5 b/d in 1980.

Filanovsky said the government's program for developing new western Siberia fields during 1976-80 isn't being fulfilled.

"Main reason is the lack of infrastructure. Drilling goals can't be fulfilled if approach roads aren't built, power lines strung, and production bases established."

Slower production growth. A. Lalayants, deputy chairman of the state planning committee, asserts flatly that the rate of oil production growth in western Siberia will be lower in 1981-85 than during 1976-80 despite big gains in exploratory and development drilling.

He points out that the approximately 60 new, relatively small western Siberia oil fields that will be placed [illegible] Plan will have "significantly worse geological characteristics" and lower per-well production than fields developed during the 1970s.

Lalayants says, "During 1976-80, average output from new western Siberia wells has been about 93 metric tons (679 bbl)/day. But productivity of such wells during 1981-85 will be only 38 tons (277 bbl)/day."

Even to maintain a smaller production growth rate, it will be necessary for western Siberia to increase development drilling for oil from an average of 18.8 million ft/year in 1976-80 to 49.6 million ft/year in 1981-85, Lalayants says. The area's exploratory drilling for oil will have to leap from an average of 3.2 million ft/year to 8.2 million ft/year.

"To achieve these gains in drilling volume we must make significant improvements in the quality of our rock bits. We must also improve the drilling rigs themselves and methods employed in moving them.

"Plans call for increasing the average productivity of drilling brigades by almost 60% by the end of 1985. That means two men will then be doing the work now requiring three."

PHILADELPHIA INQUIRER
5 SEPTEMBER 1980

CIA: Soviet spending beats U.S.

By Robert Furlow
Associated Press

WASHINGTON — The CIA, renewing the annual controversy over U.S. and Soviet military spending, says the dollar value of Soviet defense investment still far surpasses American outlays.

The agency's report, presented to a House Intelligence subcommittee Wednesday, was attacked yesterday by Sen. William Proxmire (D-Wis.) as "a gross exaggeration of the military spending levels of the Soviet Union."

Critics annually complain that the CIA's estimates are too high or too low or simply not relevant.

And even the official who presented the report — Robert Huffstutler, the CIA's director of strategic research — told the House panel that "dollar valuations still measure input rather than output and should not be used as a measure of the relative effectiveness of U.S. and Soviet forces."

But his disclaimer apparently wasn't enough for Proxmire, who said the CIA's comparison "may well be the underlying basis for having turned the Congress and the country around and persuaded us to waste literally billions on military spending on the mistaken assumption that ... the Soviet Union spends more and in the process builds a more powerful military force than the United States."

Huffstutler said the Soviet Union spent the equivalent of about $165 billion in U.S. dollars on military equipment, wages and development last year, or about 50 percent more than U.S. outlays for comparable expenses.

But Proxmire said such a comparison exaggerated Soviet strength because lack of efficiency prevents the Soviets from doing as much with their spending as the United States does.

The Soviets keep their military spending secret. To reach its estimates, the CIA tries to learn what weapons they are building, what missiles they are developing and how many soldiers they are paying, then decides how much it would cost to do the same things in the United States.

Several critics of the estimates, testifying at the subcommittee hearing, took the opposite position from Proxmire, saying that the likelihood that the Soviets successfully hide some military development probably leads to low estimates for Soviet spending and results.

Huffstutler acknowledged that the estimates were "subject to errors and limitations." But he also said the CIA was confident that it was close to reality in estimates that the Soviets have been increasing military spending at a rate of about 3 percent a year in dollar value and about 4 percent or 5 percent a year in rubles in recent years.

He said those estimates remained useful as measures of "the Soviets' overall commitment to their military and of the priorities that they attach to individual defense programs."

U.S. military spending went down after the Vietnam War but has rebounded in recent years and could rise as much as 16 percent in fiscal 1981, not discounting for inflation and depending on the final figure Congress accepts.

Huffstutler said about half the estimated Soviet defense spending since 1965 had been for weapons, equipment and buildings, nearly one-third has been for operating costs, and a smaller but growing percentage has been for research and weapons development.

For the future, he said, "the current and projected decline in Soviet economic growth raises questions about the USSR's ability to continue increasing defense spending."

But he concluded, "Whatever choices they make with regard to defense spending, we think it highly unlikely that, even in the longer term, economic difficulties will force a reversal of the Soviet leaders' long-standing policy of continuing to improve their military capabilities."

ARTICLE APPEARED ON PAGE A14
THE WASHINGTON STAR (GREEN LINE)
4 September 1980

Big Soviet Arms Outlay Reported

CIA Says Russians Spend 50 Percent More Than U.S.

The dollar value of Soviet military spending continues to outstrip that of the United States, a CIA official told Congress yesterday. But he cautioned against reading too much into such comparisons.

Robert Huffstutler, the CIA's director of strategic research, said the value in U.S. dollars of Soviet military spending was about $165 billion last year — about 50 percent above that of the United States for comparable expenses.

And he said Soviet leaders are likely to stick to a "longstanding policy of continuing to improve their military capabilities" in the future, despite declines in the Soviet Union's overall economic growth.

But he added, "Dollar valuations still measure input rather than output and should not be used as a measure of the relative effectiveness of U.S. and Soviet forces."

He and other witnesses at a House intelligence subcommittee hearing said big expenditures don't necessarily lead to significant results. And they also noted a continuing controversy over the idea of putting a dollar value on Soviet spending, since the Soviets don't use dollars and don't publicize their military plans.

To reach its estimates, the CIA tries to learn, among other things, what weapons the Soviet Union is building, what planes it is developing, what wages it is paying its soldiers — then decides how much it would cost to do those same things in the United States.

Several critics of the estimates, testifying at the hearing, said such a comparison — coupled with the likelihood that the Soviets successfully hide some military development — leads inevitably to low estimates for Soviet spending.

Huffstutler granted the possibility of relatively small errors, but said the estimates are useful as a "measure of the Soviets' overall commitment to their military and of the priorities that they attach to individual defense programs."

Particularly useful in keeping track of spending trends, he said, is the CIA's estimate of Soviet spending in terms of rubles.

That spending has risen an average of 4 percent to 5 percent a year since 1965 and will probably reach 61 billion to 66 billion rubles in 1980, he said.

U.S. military spending decreased after the Vietnam War but has risen again in recent years and could rise as much as 16 percent in fiscal 1981 — not discounting for inflation — depending on the final figure Congress accepts.

Huffstutler said about half the estimated Soviet defense spending since 1965 has been for weapons, equipment and buildings, almost one-third has been for operating costs and a smaller but growing percentage has been for research and weapons development.

As for the future, he said that "the current and projected decline in Soviet economic growth raises questions about the USSR's ability to continue increasing defense spending."

Associated Press

ARTICLE APPEARED ON PAGE A-18

THE WASHINGTON POST
4 September 1980

CIA Predicts Rise Of 5 Pct. a Year in Soviet Defense Cost

By George C. Wilson
Washington Post Staff Writer

The CIA yesterday predicted that the Soviet Union will keep increasing its defense budget 5 percent a year, the same percentage Congress approved for the United States this year.

The agency, at a hearing before a House Intelligence subcommittee, did say it is possible that Soviet military spending will slow down because of declining overall economic growth.

"The current and projected decline in Soviet economic growth raises questions about the U.S.S.R.'s ability to continue increasing defense spending," Robert Huffstutler, director of CIA strategic research, told the subcommittee.

While foreseeing little slowdown before 1985, Huffstutler added, "In the longer term, growing economic difficulties may push the Soviet leaders to reexamine their plans with a view to reducing the growth of defense spending."

Two possible economies would be to reduce the production rates of some weapons and agree to arms control agreements providing direct savings, the CIA specialist said.

He cautioned, however, that "we think it highly unlikely" that the Soviet leaders will reduce military spending to the point that it reverses "long-standing policy of continuing to improve their military capabilities."

He said Soviet defense spending, after allowing for inflation, has grown "an average of 4 to 5 percent a year since at least 1965." In contrast to this steady growth, U.S. defense spending has been up and down in that same period, with the Vietnam war pushing the totals up during the late 1960s.

Who has been responsible for the decline in U.S. military spending since Vietnam is a hot issue in the presidential campaign, with Democrats and Republicans blaming each other.

A related issue is whether the CIA has been providing accurate comparisons of U.S. and Soviet military spending, a topic Chairman Les Aspin (D-Wis.) said the subcommittee would question the agency about in closed session.

The CIA provoked a flap in 1976 by announcing that it was nearly doubling its estimates of how big a slice of the Soviet gross national product was going for defense. Instead of the old 6 to 8 percent estimates, the CIA said, the new estimate was between 11 and 13 percent.

However, in 1978 the CIA attributed much of the increase to the fact that the Soviets were getting less bang for the buck because "Soviet defense industries are far less efficient than formerly believed."

Yesterday the agency stuck with its 11 to 13 percent of GNP for the 1965 through 1978 period, but raised the estimate to between 12 and 14 percent for 1979 because the Soviet economy sagged that year.

The estimated annual growth rate, after allowing for inflation, in the Soviet defense budget was estimated at between 4 and 5 percent in rubles.

The CIA estimates how much it would cost the United States and the Soviet Union to duplicate each other's military establishment, with one comparison expressed in rubles and another in dollars.

The CIA's cumulative estimates in dollars from 1970 through 1979 were $1.135 trillion for the United States and $1.460 trillion for the Soviet Union, a difference of about 30 percent. In 1979 alone, the CIA estimated, the Soviet Union spent $165 billion on its military, about 50 percent more than U.S. expenditures.

Aspin said during a break in the hearing that CIA dollar comparisons are distorted because the agency puts Soviet soldiers on U.S. salaries.

Under that kind of figuring, Aspin said, "the Chinese would be spending us into oblivion" if their huge army was considered to be paid U.S. military salaries for making dollar comparisons.

ARTICLE APPEARED
ON PAGE 2.

CHRISTIAN SCIENCE MONITOR
4 September 1980

USSR to keep passing up US in arms outlays — CIA

Washington

Despite growing economic problems, the Soviet Union will continue to outspend the United States heavily on all major elements of defense, the CIA forecast Wednesday. Robert Huffstutler, the agency's director of research, told a panel of the House Permanent Select Committee on Intelligence that the estimated dollar value of Soviet defense activities has exceeded US outlays by a widening margin since 1971, and by 1979, the Soviet total was about $165 billion — about 50 percent above US outlays.

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OFFICE OF CURRENT OPERATIONS

NEWS SERVICE

Date: 3 SEPT 80
Item No. 1
Ref. No.

DISTRIBUTION II

UP159
R W
(DEFENSE SPENDING)
(BY JUAN WALTE(

WASHINGTON (UPI) -- THE CIA TOLD CONGRESS TODAY THE SOVIET UNION, ALREADY OUTSPENDING THE UNITED STATES IN EVERY DEFENSE CATEGORY, IS UNLIKELY TO REVERSE THIS TREND SOON DESPITE RUSSIA'S GROWING DOMESTIC ECONOMIC PROBLEMS.

A STATEMENT BY CIA OFFICIAL ROBERT HUFFSTUTLER CAME AGAINST THE BACKGROUND OF CONTROVERSY OVER THE VALIDITY AND RELIABILITY OF CIA ESTIMATES OF SOVIET DEFENSE SPENDING -- A CONTINUING CONTROVERSY SPARKED BY SOVIET SECRECY AND HEIGHTENED DURING U.S. ELECTION CAMPAIGNS.

BUT HUFFSTUTLER TOLD A HOUSE INTELLIGENCE SUBCOMMITTEE ALL OF THE CIA'S METHODS OF ESTIMATING SOVIET DEFENSE SPENDING -- WHETHER BASED ON RUBLES OR DOLLARS -- REACHED THE SAME CONCLUSION THE INTELLIGENCE AGENCY HAS MADE PUBLIC OVER THE PAST YEAR AND AS RECENTLY AS EARLIER THIS SUMMER:

SOVIET DEFENSE SPENDING EXCEEDS THAT OF THE UNITED STATES AND HAS BEEN DOING SO FOR MOST OF THE PAST DECADE WHILE ITS ECONOMIC GROWTH HAS DECLINED TO ITS LOWEST RATE SINCE WORLD WAR II.

HUFFSTUTLER, DIRECTOR OF THE CIA OFFICE OF STRATEGIC RESEARCH, SAID THIS CURRENT AND PROJECTED DECLINE IN THE SOVIET UNION'S ECONOMIC GROWTH RAISES QUESTIONS ABOUT ITS ABILITY TO CONTINUE INCREASING DEFENSE SPENDING.

"WE ARE WATCHING THE SITUATION CLOSELY AND, ON THE BASIS OF INFORMATION ABOUT DEFENSE SPENDING PROGRAMS THAT ARE UNDER WAY OR PLANNED, WE HAVE CONCLUDED THAT SOVIET DEFENSE SPENDING WILL CONTINUE TO INCREASE IN REAL TERMS AT LEAST THROUGH 1985."

HE SAID THAT BECAUSE THE SOVIETS LINK A STRONG DEFENSE TO THEIR FOREIGN POLICY OBJECTIVES, EVEN IN THE LONG TERM "WE THINK IT HIGHLY UNLIKELY THAT ECONOMIC DIFFICULTIES WILL FORCE A REVERSAL OF THE SOVIET LEADERS' LONGSTANDING POLICY OF CONTINUING TO IMPROVE THEIR MILITARY CAPABILITIES."

— OVER —

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ARTICLE APPEARED
ON PAGE 18

THE WALL STREET JOURNAL
22 August 1980

In the Window

Over the last decade, while the United States has been reining in spending on new strategic weapons systems, the Soviet Union has been expending huge sums to enlarge and to modernize its missile arsenal. Having achieved parity in strategic forces in the late 1970s, it was inevitable that the Soviet Union would eventually reach a position of superiority if we failed to boost spending substantially. The Russians are now opening that so-called "window" of opportunity, meaning the period when they are in an excellent position to use their strategic superiority to try to intimidate the U.S. and other non-Communist nations.

Defense Secretary Harold Brown said Wednesday that the potential of the Soviet Union to destroy many or most of our land-based intercontinental ballistic missiles "has been realized or close to it." Only seven months before, Mr. Brown said that it would take the Russians "a year or two" to achieve that capability. The Russians, it would appear, have again caught our intelligence analysts off guard.

Congressional headhunters virtually gutted our intelligence agencies, notably the CIA, in the 1970s in their quest to "expose" alleged abuses —which in the end didn't amount to very much. While that process weakened severely our ability to gather information and to act covertly abroad, it also helped create an obscure but equally grave weakness—namely, the inadequacy of our intelligence assessment operations.

In the 1970s, U.S. intelligence failed to predict accurately the size and speed of the Soviet missile buildup and, thus, to foresee the time when the Russians would achieve strategic parity. Mr. Brown's latest pronouncement suggests a further failure.

It can be said on behalf of the intelligence professionals that even when their estimates are accurate they do not always control policy. Political leaders factor in other considerations —budget constraints, their efforts to win approval for a SALT treaty, their own concepts of the nature of the risks. Interpretation of intelligence data becomes, at the end, a political task in the very broadest sense. If there is a miscalculation, the political leadership must be held ultimately responsible.

But that does not mean that accurate intelligence gathering is not vital to the process. We can hardly develop a prudent defense policy if we don't know for sure what the Russians are doing. We cannot budget wisely for new weapons development and procurement. We cannot, or should not, negotiate arms limitation treaties.

Good intelligence assessment lies at the heart of our defense policy. The latest revelations show that we still are making the old mistakes. Instead of lobbying for an intelligence charter telling the CIA what it can't do, the administration should be addressing the agency's shortcomings, particularly the problem of accurately assessing the Soviet Union's military strength.

MONTGOMERY ALABAMA JOURNAL (AL...)
20 August 1980

Energy as national security threat

By Ted Shackley

WASHINGTON—Americans traditionally have thought of national security almost exclusively in military and political terms. The 1973 Arab oil boycott dramatically warned us that such a limited concept was outmoded.

Some in government, particularly the Central Intelligence Agency, heeded this warning and recognized that national security depends upon economic considerations as well as weaponry, manpower and alliances.

They appreciated, for example, that our agricultural ability to produce bountiful surpluses constitutes a significant source of national power.

While easily sustaining our own population, we can promote common interests and mutually beneficial relations with other nations through the export of grain and foodstuffs. The Soviet Union can do neither.

Our agricultural advantage will increase in importance as the earth's multiplying population increases demand.

Conversely, CIA analysts saw in our dependence upon foreign petroleum a significant national weakness. Huge trade deficits caused by this dependence have hurt the economy and thereby diminished our political influence in the world and our capacity to maintain a sufficient military establishment.

Worse, the necessity of importing more than 8 million barrels of oil daily has made us hostage to foreign governments, some fragile, others not especially friendly, and made us vulnerable to the disaster that a sudden cutoff would inflict.

At the moment prospects are even more ominous. We are able to obtain as much foreign oil as we do only because Saudi Arabia currently produces 9.5 million barrels daily.

Because the Saudis fully comprehend that the security of the United States and the West so heavily depends upon imports, they are maintaining this high production rate to give us time. But they have privately told us they cannot continue this level of production indefinitely, because they must conserve some of their resources for the future.

The evidence is conspicuous and unmistakable. Unless we act swiftly and resolutely to develop our own energy sources, catastrophe can befall us at any time.

Yet our policymakers, notably those in the Environmental Protection Agency and the Department of Energy, continue to dawdle over the problem as if it merely involved convenience or luxury rather than a transcendent issue of national security.

True, Congress recently took a small and expensive step by authorizing the Synthetic Fuels Programs which, at a cost of $20 billion, eventually may yield 500,000 barrels a day—roughly four percent of our daily needs.

However, we have no national program to exploit geothermal sources which promise far more energy at much lower cost, even though the necessary technology is almost perfected.

And incredible bureaucratic lassitude and myopia is preventing us from tapping probably the richest oil reserves of all—those lying within relatively easy reach off our own shores.

The Canadian government, alert to the riches in coastal waters, has formed an enlightened partnership with private Canadian enterprise to explore the Beaufort Sea in the Arctic. The U. S. government could do the same. It has not.

Today we could, at the minimum, be deriving 60,000 barrels daily from the Santa Barbara channel off California where Exxon found oil in July 1969. We are getting exactly nothing.

Exxon wells in the channel remain capped for a variety of reasons, not the least of which was a jurisdictional battle between the Environmental Protection Agency and Exxon over which federal agency has control over offshore air pollution.

Geologists have discerned exciting indications that staggering amounts of oil might be found just off Florida's west coast in the Gulf of Mexico. The amount of these reserves has not been definitively and scientifically determined. But they might be vast enough to satisfy all our petroleum needs for many years.

Shackley, a career intelligence officer, retired from the CIA last year as an associate director of the agency.

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ON PAGE C1-4

THE WASHINGTON POST
17 August 1980

Why the Soviets 'Doubled' Arms Spending

By Arthur Macy Cox

IN 1976, the CIA made what appeared to be an astounding discovery about Soviet defense outlays. News outlets throughout the country headlined the story, "CIA Doubles Estimate of Soviet Defense Spending." The media were very poorly briefed. Nobody at CIA thought the Soviets had suddenly increased their defense spending by 100 percent. But the impression was allowed to stand and has not been clarified.

A recent study published by the U.S. Air Force and prepared by the U.S. Strategic Institute said: "Estimates prepared by the Central Intelligence Agency, as well as by U.S. academic economists, have been in error by as much as 100 percent. The CIA estimates were accepted without question until 1976, when they were acknowledged to be grossly in error and doubled. Economists have not yet recovered from the shock of that experience."

Former President Richard Nixon in his new book, "The Real War" says: "In 1976 the CIA estimates of Russian military spending for 1970-1975 were doubled overnight as errors were discovered and corrected . . . When the first concrete steps toward arms control were taken, American presidents were being supplied by the CIA with figures on Russian military spending that were only half of what the agency later decided spending had been. Thanks, in part, to this intelligence blunder, we will find ourselves looking down the nuclear barrel in the mid-1980s."

Congress recently authorized the largest U.S. defense budget in history because most members of Congress also have come to believe that the Soviets have doubled their defense spending during the decade of the 1970s.

But the facts are very different. At no time has the Soviet defense budget been increased by more than 3 percent a year.

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The CIA has an admittedly difficult job estimating what the Soviets spend on defense because so much is secret. The figure which the Soviets publish in their annual budget doesn't come close to approximating Soviet defense totals. The CIA tries to estimate the dollar cost of the Soviet military by determining what it would cost the United States to duplicate the Soviet defense establishment. This is obviously subject to considerable error because there are such vast differences in the costs of U.S. and Soviet defense programs.

The most glaring difference is in military manpower. The Soviets have about 4.4 million military personnel compared to a U.S. figure of 2.1 million.

The CIA makes an estimate of the dollar cost of the 4.4 million Soviet force multiplied by U.S. military pay and allowance rates. This results in a significant distortion because U.S. military personnel are volunteers with relatively high levels of pay and allowances. The Soviet forces, on the other hand, are drafted and paid about one-fifth the U.S. rate.

When this method of costing Soviet defense began in the early 1970s, the CIA concluded that the Soviets were spending between 6 and 8 percent of their gross national product (GNP) for defense. At the time, the United States was expending about the same percentage of its GNP for defense. Today, the U.S. figure is closer to 5 percent. However, it is often forgotten that the U.S. has a GNP which is about double that of the Soviets.

During the period from 1973 to 1976, as CIA analysts refined their methodology and obtained better intelligence, they made an important breakthrough. In costing Soviet defense production they had been crediting the Soviets with efficiency which was close to that of the United States. What they discovered was that Soviet defense production, in fact, was not very efficient. Thus, the Soviet defense effort was absorbing a greater share of the GNP than previously believed.

Here is what the published 1978 CIA report said: "The new estimate of the share of defense in the Soviet GNP is almost twice as high as the 6-8 percent previously estimated. This does not mean that the impact of defense programs on the Soviet economy has increased — only that our appreciation of this impact has changed. *It also implies that Soviet defense industries are far less efficient than formerly believed.*" (Emphasis added:)

The CIA increased the percent of GNP from 6-8 to 11-13, but there had been no doubling of the rate of actual Soviet defense spending. There was merely an increase in CIA's estimate of the share of GNP expended for defense. What should have been cause for jubilation was never adequately explained to the Congress and the public. Instead, for the past four years, a misperception that there has been a great surge in Soviet defense spending has gone uncorrected.

In fact, there have been no dramatic increases in Soviet defense spending during the entire decade. Here is what the CIA paper published in January 1980 said for the 1970-79 period: "Estimated in constant dollars, Soviet defense activities increased at an average annual rate of 3 percent." In other words, the Soviets have indeed been increasing their defense budget, each year, at about the same rate as the United States and most of its NATO partners. The U.S. defense budget for next year calls for an increase, in real terms, of about 5 percent.

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From the standpoint of weighing the essential defense burden of the United States and Russia, there are several factors that should be given much greater emphasis when the executive branch is presenting the facts to Congress.

The first is the great difference between the defense contribution made by the European allies of the United States and the Warsaw Pact allies of the Soviet Union. In 1978, the European NATO members expended $75 billion for defense and France, a non-NATO ally, spent $16 billion — a total of $91 billion. The Warsaw Pact members, other than the U.S.S.R., expended $23 billion, or one-fourth of the defense spending of our European allies.

CONTINUED

ST. LOUIS POST-DISPATCH
27 July 1980

The West's Military Superiority

It Has Edge In Nuclear Weapons,' Air And Sea Forces

From *The Defense Monitor*
Center For Defense Information

Official Defense Department sources make a strong case for the continuing military strength (if not superiority) of the U.S. and its military allies.

In the areas of nuclear weapons, military spending, military technology, number of men under arms, naval forces, forces for intervention, forces in Europe and the overall balance of world power, the Soviet Union is inferior to the alliance of powers opposing it. Comparisons in these areas may be briefly outlined to demonstrate Defense Secretary Brown's conclusion:

mirror of public opinion

"By most relevant measures, we remain the military equal or superior to the Soviet Union."

The Soviet Union is inferior to its antagonists in numbers of nuclear weapons. This is the crucial measure of nuclear strength and the U.S. and its allies will retain the advantage in the future as plans to produce more than 20,000 nuclear weapons over the next decade are implemented. In 1980 the U.S. has 9,500 strategic nuclear weapons, the Soviets have 6,000 and the U.S. allies (including China) have about another 1,000.

Other measures of strategic forces also favor the U.S. side: long-range bombers, submarine-launched nuclear weapons, overall accuracy and higher alert rates and readiness. The U.S. is far ahead of the Soviet Union in submarine warfare and anti-submarine forces. The U.S. is in a much better position to exploit the emerging situation in which fixed, land-based systems are becoming vulnerable and obsolete.

Even utilizing the CIA's questionable methodology for comparing military budgets (which assumes that the Soviets pay as much as the U.S. does for soldiers and weapons), combined NATO military spending has exceeded that of the Warsaw Pact for many years. In 1979 NATO military spending was at least $215 billion, compared to $175 billion for the Warsaw Pact.

Including Chinese military spending with the Western allies gives a combined anti-Soviet military expenditure of $265 billion in 1979.

U.S. military leaders testify to the continuing U.S. edge in the quality and effectiveness of U.S. military technology. Secretary Brown says "our technology, on balance, continues to surpass theirs by a considerable margin."

Edward R. Jayne, assistant director for National Security and International Affairs of the Office of Management and Budget, in April 1980 said: "I'm absolutely persuaded that not only do we have the technology edge, but that the edge is getting greater."

Across the board, from automated control and computers to microelectronics and integrated circuits, telecommunications and propulsion, the Defense Department has important advantages over the Soviets. In precision-guided weapons, which Dr. William Perry, head of Pentagon research, has called "the most significant application of technology to modern warfare since the development of radar," Perry states that the U.S. has a "substantial lead."

The Soviet Union, which has traditionally maintained a huge standing army, is nevertheless outnumbered in military personnel by its opponents. The Warsaw Pact has a total of about 4.8 million active duty military personnel. NATO has 5.1 million and China has 4.4 million, for a total of 9.5 million anti-Soviet military personnel. U.S. and NATO military manpower is better trained and man for man can operate with more initiative and resourcefulness.

The U.S. has nearly 500,000 troops at many military bases around the world while the Soviet Union has very few bases outside its borders, except for Eastern Europe.

While the Soviets were able to invade neighboring Afghanistan, Soviet forces for more distant military intervention "are minimal at present," according to Gen. David Jones, chairman of the Joint Chiefs of Staff. The Soviet naval infantry (marines) number some 12,000 with minimal fire support compared to our 185,000-man Marine Corps. Our amphibious lift of 66 ships is far superior to the Soviet "blue water" ships. American airlift assets are also greatly superior. And, of course, the U.S. has its world-wide base structure and alliance system.

For these reasons, among others, Gen. Jones recently emphasized U.S. ability to "devastate" a Soviet attack on the Persian Gulf.

With regard to forces in Europe, Secretary Brown recently stated that "in the central region of Europe, a rough numerical balance exists between the immediately available non-nuclear forces of NATO (including France) and those of the Warsaw Pact." This contradicts the widely held view that the Soviets could easily conquer Western Europe in a lightning blitzkreig.

While in some cases the number of weapons favors the Warsaw Pact, NATO exceeds Warsaw Pact in military personnel in Europe about 1 million men. The quality of NATO weapons, including artillery, anti-tank weapons, surface-to-air missiles, military helicopters, tactical aircraft and air-launched missiles exceeds that of the Soviets. NATO's superiority in the quantity and quality of anti-tank weapons and advanced tactical aircraft perhaps more than compensates for the pact's advantage in number of tanks.

A bottom line assessment of the balance of world power reveals a substantial inferiority on the part of the Soviet Union. An aggregation of important military and non-military factors demonstrates that the balance of world power is strikingly to the advantage of the West and its allies. The Center for Defense Information, utilizing indexes of power developed by former CIA official Ray Cline in his books, "World Power Trends," has calculated this division of world power:

Pro-West and China: 70 percent.
Soviet Union and its clients: 20 percent.
Other: 10 percent.

Any such calculation must be approximate but it is clear that the Soviets have not been successful in transforming their military power into dominant world influence.

The view from Moscow is far from euphoric as Soviet leaders examine the world around them and the kinds of military comparisons outlined here. The Soviets are far from having overwhelming military power and undoubtedly face more severe national security problems than does the U.S.

Four Major Military Indicators

	Anti-Soviet (U.S., other NATO, China)	Soviet (Warsaw Pact)
Strategic Nuclear Weapons	10,500	6,000
Military Spending (1979)	$265 Billion	$175 Billion
Military Personnel	9.5 million	4.8 million
Major Surface Ships	445	235

NEWSDAY
22 July 1980

That U.S.-Soviet Defense Budget 'Gap'

By Arthur Macy Cox

The Republican Party has adopted a platform plank on defense which says, "The scope and magnitude of the growth of Soviet military power threatens American interests at every level . . . we will build toward a sustained defense expenditure sufficient to close the gap with the Soviets and ultimately reach the position of military superiority that the American people demand."

Richard Nixon in his new book, "The Real War" gives his view of the origin of the defense spending "gap": "In 1976 the CIA estimates of Russian military spending for 1970-1975 were doubled overnight as errors were discovered and corrected . . . When the first concrete steps toward arms control were taken American presidents were being supplied by the CIA with figures on Russian military spending that were only half of what the agency later decided spending had been. Thanks, in part, to this intelligence blunder we will find ourselves looking down the nuclear barrel in the mid-1980's."

But the CIA's estimates indicated no spending gap. Nixon, the Republican Party and millions of other Americans are victims of a fundamental misunderstanding of the facts. Actually, the USSR and its allies still spend significantly *less* for defense than does the United States and its allies.

Congress recently authorized the largest U.S. defense budget in history because most members of Congress have come to believe that the Soviets had doubled their defense spending during the decade of the '70s. Throughout the United States there is a broad view that the Soviets have made a dramatic increase in their defense programs. But the facts are very different. At no time has the Soviet defense budget been increased by more than 3 per cent a year.

Arthur Macy Cox, who served as a CIA official for 10 years, is a writer specializing in Soviet affairs. He is policy consultant to the American Committee on East-West Accord.

In 1976, the CIA made what appeared to be an astounding discovery about Soviet defense spending. Television, radio and press throughout the country headlined the story. "CIA Doubles Estimate of Soviet Defense Spending." But the media was very poorly briefed. Nobody at the CIA thought the Soviets had suddenly increased their defense spending by 100 per cent. But the impression was allowed to stand and has not subsequently been clarified.

A recent Air Force study prepared by the U.S. Strategic Institute said: "Estimates prepared by the Central Intelligence Agency, as well as by U.S. academic economists, have been in error by as much as 100 per cent. The CIA estimates were accepted without question until 1976, when they were acknowledged to be grossly in error and doubled. Economists have not yet recovered from the shock of that experience."

The CIA has an admittedly difficult job estimating what the Soviets spend on defense because so much Soviet information is secret. The figure which the Soviets publish in their annual budget doesn't come close to approximating actual Soviet defense totals. The CIA tries to estimate the dollar cost of the Soviet military by determining what what it would cost the United States to duplicate the Soviet defense establishment. This methodology is obviously subject to considerable error because there are such vast differences in what defense items actually cost in the U.S. and USSR.

For example, the most glaring difference is in military manpower. The Soviets have about 4.4 million military personnel compared to a U.S. figure of 2.1 million. The CIA makes an estimate of the dollar cost of the 4.4 million Soviet force multiplied by U.S. military pay and allowance rates. This results in a gross distortion because U.S. military personnel are volunteers with relatively high levels of pay and allowances. The Soviet forces, on the other hand, are drafted and paid about one-fifth the U.S. rate.

When this method of costing Soviet defense began in the early 1970s, the CIA concluded that the Soviets were spending between 6 and 8 per cent of their gross national produce (GNP) for defense. At the time, the U.S. was expending about the same percentage of its GNP. Today, the U.S. figure is closer to 5 per cent. However, it is often forgotten that the U.S. continues to have a GNP which is about double that of the Soviets.

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Here is what the published 1976 CIA report said: "The new estimate of the share of defense in the Soviet GNP is almost twice as high as the 6-8 per cent previously estimated. This does not mean that the impact of defense programs on the Soviet economy has increased—only that our appreciation of this impact has changed. *It also implies that Soviet defense industries*

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PITTSBURGH PRESS
3 June 1980

Soviet Space Laser Rumors Spark Defense Increase Bid

By STEWART LYTLE
Scripps-Howard Staff Writer

WASHINGTON — With news from the Central Intelligence Agency that the Russians may soon have a laser in space, Senate hawks are pushing for a new crash program on laser weapons that could cost the taxpayers $12 billion.

They fear that if the Russians beat the Americans to space with an effective laser weapon, the day of nuclear stalemate will be over.

With a full system of 24 laser guns orbiting the Earth, the Soviets could stop all long-range ballistic U.S. missiles, according to Defense experts.

A laser would kill a missile by burning a hole in its hull as the missile is leaving the Earth's atmosphere. This would destabilize the missile, which would explode before it could re-enter the atmosphere.

The CIA estimates that before 1990 the Russians will have a laser in space. At the present pace of development, Defense officials believe the United States could not have its first space laser in orbit until 1992.

Conservatives, led by Sen. Malcolm Wallop, R-Wyo., are pushing for a break-the-bank space-laser development schedule that would begin next year with $240 million, instead of the $60 million proposed by President Carter and approved by the House. The Pentagon is spending about $200 million a year on all laser weapons research, most of it not for space-laser development.

Wallop, a member of the Senate committee that oversees the CIA, estimates it would take $2 billion (at today's prices) to put one space laser in orbit. It would cost $12 billion to put up the full system of 24.

The principal argument against the increase — besides wrecking any chance to balance the budget next year — is that military scientists doubt whether they could spend the additional money.

"This is one problem you are not going to solve by throwing money at it," said an aide to one liberal senator. "There are some difficult technical problems the scientists and engineers have to work out before an orbiting laser is practical."

Wallop disagrees. The Pentagon would have to reorganize the effort, but it could be done and probably at less cost, an aide to the senator said.

ARTICLE APPEARED
ON PAGE 29-43

STRATEGIC REVIEW
Summer 1980

DEBATE OVER U.S. STRATEGI
A MIXED RECORD

LES ASPIN

THE AUTHOR: Congressman Aspin is Chairman of the Oversight Subcommittee of the House Permanent Select Committee on Intelligence and serves on the House Armed Services Committee and the Government Operations Committee. He was first elected to Congress in 1970. Aspin served in the U.S. Army from 1966 to 1968 as an economic adviser in the office of the Secretary of Defense. He is a graduate of Yale University, received a Master's degree from Oxford University and a Ph.D. in economics from the Massachusetts Institute of Technology.

IN BRIEF

The charge has resounded in recent times that the United States intelligence community has chronically and woefully underestimated both the pace and magnitude of the Soviet strategic build-up. Yet, an analysis of the available record of forecasts with respect to eight major Soviet weapons developments—extending from the first Soviet A-bomb explosion in 1949 to the improvements in Soviet ICBM accuracy and yields in the 1970s—shows that the performance has been mixed, consisting of overestimates as well as underestimates, and in at least two instances of predictions that were on or close to the target. Few of the mistakes that have been committed in forecasting can be attributed to errors in intelligence gathering; most of them have been the function of more-or-less inevitable human foibles. With the demise of SALT, estimates of future Soviet strategic programs are apt to be wider off the mark than they would have been under a SALT II Treaty, because the reference points provided by the Treaty for U.S. intelligence have been removed, and precisely because the human element in intelligence evaluation and forecasting is thus again maximized.

"It is . . . a matter of record that the growth of the Soviet ICBM force was underestimated for a decade after the 'missile gap' by the entire intelligence community—including Pentagon 'hawks.'"

Lt. Gen. Daniel O. Graham, USA (Ret.)

"But the history of the past twenty years shows quite the reverse. Few indeed are the instances when the Soviet military threat later turned out to be greater than the estimated 'worst case.' Usually, the government's experts overestimated the danger."

George B. Kistiakowsky

The death of SALT II turns the focus of U.S. strategic intelligence away from "verification" and back to the old business of "forecasting." SALT provided for some degrees of restraint and certainty: We knew how far the Soviets were allowed to go, and the task was to verify their compliance with these restrictions. Without SALT, there are no limits or guidelines. The United States must rely purely on its skills in strategic forecasting—in projecting the future, including future Soviet strategic intentions and capabilities.

ARTICLE APPEARED
ON PAGE 44

STRATEGIC REVIEW
SUMMER 1980

DEBATE OVER U.S. STRATEGI(A POOR RECORD

WILLIAM T. LEE

THE AUTHOR: Mr. Lee is a consultant to several government agencies and private research organizations, and he has written widely on Soviet military strategy and economic matters. Mr. Lee served with the Central Intelligence Agency from 1951 to 1964. He is the author of *Soviet Defense Expenditures in an Era of SALT* (USSI Report 79-1).

IN BRIEF

Congressman Aspin's assessment, while heralding a welcome Congressional attention to the problems of U.S. strategic forecasting of Soviet weapons developments, does not portray accurately the U.S. intelligence community's past performance in this crucially important arena. His scoring of the eight cases of forecasting selected not only is too generous to the CIA and other U.S. intelligence agencies, but it also neglects the relative weight of the mistakes committed—particularly in the failure to forecast the formidable build-up of Soviet strategic capabilities in the 1970s. The record of intelligence estimates becomes even more grievous when looked at in the larger compass of the CIA's responsibilities, notably its estimates of Soviet defense expenditures. A ratified SALT II Treaty could not ease the problem; the solution, rather, lies in badly needed improvements in the intelligence interpretation of the ample evidence available.

Congressman Les Aspin has offered an assessment of U.S. intelligence forecasts of Soviet weapons systems development and deployment that says, in effect: We have won some, lost some and tied some. Moreover, he implies that this is about the best one can expect from intelligence forecasting of Soviet weapons technology and deployments.

Congressman Aspin's assessment is welcome on three counts. First, it needs pointing out, as he does, that the U.S. intelligence services have a mixed record in forecasting Soviet weapons development: there have been some overestimates as well as many underestimates. Second, public recognition of some of the intelligence underestimates by a member of the Congressional Select Committees on Intelligence is long overdue. Third, at a time when the Congress and the Executive Branch are negotiating a charter to govern the activities of covert intelligence collection and action, our attention needs to be focused also on the neglected question of how to accomplish improvements in the intelligence analysis and projection of Soviet forces that threaten our survival. We are about a decade late in realizing that the repeated and

[redacted]

PHILADELPHIA BULLETIN
30 May 1980

. . . Basis 'specious'

Stephen B. Zatuchni

The above response to my column on the MX missile is indeed interesting, although not for the reasons Mr. Zeiberg would expect. A few examples will suffice to demonstrate the specious rationale of his comments.

First, CIA estimates of offensive versus defensive capabilities were those released by the CIA to the media. To argue that there is additional information which either mitigates or alters completely the facts that have been supplied previously is, clearly, to argue that the public has been deceived deliberately.

Second, because of a variey of reasons centering primarily upon both elapsed time between Soviet missile launch and detonation over American targets, and "instantly-alerted" manned aircraft versus the necessarily complicated and involved launching of non-recallable missiles, manned aircraft are highly survivable. At least, these are the reasons provided by the Pentagon for both the maintenance of our B-52 force and the continued interest in a new manned bomber.

Third, Soviet satellites would have a far easier time locating MX shelters than they would locating the snorkels of diesel submarines which would be moving constantly in a three-dimensional sphere with substantially greater surface area than that of the MX system. Furthermore, the Navy is currently investigating the possibility of smaller submarines with missiles encapsulated on its outside. And, the Navy is also building submarines that are designed to survive the Soviet anti-submarine warfare capability of the future.

Fourth, the Department of Defense proposal to equip MX shelters with various devices so as to enable them to deceive Soviet surveillance equipment came not with the original MX proposal, but in response to congressional inquiry, after publication of my column.

Finally, it might well be approprate to build the MX system. However, such a decision cannot be reached until all the facts are revealed and all the alternatives thoroughly investigated.

(Stephen B. Zatuchni, of King of Prussia, Pa., has a doctorate in strategic studies.)

PHILADELPHIA INQUIRER
23 May 1980

Space invaders

CIA warns of Soviet lasers; Pentagon skeptical

Associated Press

WASHINGTON — The CIA has told President Carter of evidence that the Soviets have developed a ground-based laser weapon that could be used now against U.S. space satellites, government sources say.

Pentagon officials and scientists expressed skepticism, however, saying there was no firm sign that the Soviets had developed laser weaponry to the point that concentrated high-intensity light beams could destroy targets.

Such an achievement would be a revolutionary development, putting the Soviet Union ahead of the United States in a key weapons race.

Defense officials who declined to be identified said the CIA's position in the recent National Intelligence Estimate was far short of a conclusion that the Soviets already had a laser weapon.

"We say it is a possibility, but no more than that," said a senior defense official.

The CIA also reportedly said in the top-secret intelligence estimate that the Soviets may be developing a space-based laser weapon. With an all-out effort and complete success, the CIA indicated, such a laser weapon might become available to Soviet forces by the late-1980s.

Senior defense scientists say there are so many complex technical problems to conquer that they believe it may take up to 10 years to reach the stage of producing laser weapons.

Pentagon officials say they do not believe the Soviets are ahead of the United States in what is called "the state of the art" in laser technology, although they estimate that the Soviet Union is spending about four times as much as the United States on the effort.

"Perhaps before the end of this decade we may see high-energy lasers in use on the battlefield," Dr. William Perry told Congress in February. Perry is the Pentagon's top research official.

Both countries have been working for years on high-energy laser concepts.

Although such potential weaponry has been labeled by some as "death rays," military scientists think of lasers that could be used to destroy hostile satellites, incoming missile warheads and enemy planes rather than people.

Defense Secretary Harold Brown, who holds a doctoral degree in physics, has downplayed the possibility that a practical laser weapon could be achieved anytime soon for defense against attacking missiles.

At one hearing in February, Brown told Sen. Ernest F. Hollings (D., S. C.) that "you are not going to live long enough to see that in your lifetime."

In March, Dr. Arden L. Bement Jr., a top administrator of advanced technology, testified that the Defense Science Board had concluded last year that "data do not exist at present to support a decision to begin development of any particular laser weapon system."

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ON PAGE A
NEW YORK TIMES
22 MAY 1980

U.S. Says Russians Develop Satellite-Killing Laser

By RICHARD BURT
Special to The New York Times

WASHINGTON, May 21 — An authoritative intelligence estimate produced by the Carter Administration has concluded that the Soviet Union has developed a ground-based laser weapon that could be used to destroy American space satellites.

Government officials said the estimate, which was sent to President Carter last week, also reports that American intelligence has found evidence that Moscow is working on an antisatellite laser weapon that could be deployed in space by the mid-1980's.

The Soviet development is not viewed as altering the overall Soviet-American military balance, but it is said to have presented the Pentagon with some troubling questions because the United States has recently become more dependent on satellites for early warning, communications and reconnaissance. Moscow's ground-based laser, the officials said, is probably effective only against low-orbiting American satellites, mostly those used in surveillance systems.

A Soviet laser weapon based in space, they added, would be able to strike high-altitude craft, such as communications satellites.

The officials said that the estimate, which was prepared by the Central Intelligence Agency and other information gathering agencies, concluded that Moscow was pursuing a vigorous program to develop laser weapons. The estimate says there is "evidence of a Soviet project to develop a space-based laser weapon that we believe may have an antisatellite application."

Intelligence officials are in general agreement that the Soviet Union has a laser system that is capable of destroying low-orbiting American satelites. But some experts expressed skepticism about whether Moscow would be able to deploy an antisatellite laser weapon in space during this decade.

While the intelligence estimate reports that Moscow must still work out several technical problems before it can place laser weapons in space, it adds that "such weapons may be available for operational use in the mid- to the late 1980-s."

The estimate has stirred a debate within the Administration and on Capitol Hill over the adequacy of American programs to develop laser weapons. The Administration plans to spend about $200 million on developing laser weapons this year, but most of this is earmarked for research on short-range weapons that could be used to defend ships and aircraft.

The United States Air Force, officials said, has begun to examine the possibility of building a laser-powered antisatellite weapon, but Pentagon specialists believe that such a system is unlikely to be available before the 1990's.

There is growing interest in technical circles over the potential of laser weapons because some experts believe they could transform warfare.

In outer space laser weapons would be particularly effective in destroying satellites. Some specialists also believe that at some future time laser "battle-stations" could provide the Soviet Union with the means of defending itself against American ballistic missiles.

The New York Times reported on Feb. 10 that a secret report transmitted to Congress last year concluded that Moscow "probably" had developed ground-based laser weapons. Intelligence experts have also assumed that Moscow was exploring ways to develop a laser system that would be deployed in space.

ARTICLE APPEARED ON PAGE 50

OIL & GAS JOURNAL
28 APRIL 1980

CIA sees global oil output peaking

CIA sees global production declining through 1980s. Persian Gulf nations will stay level, other OPEC output to fall, OECD production to decline after mid-1980s, and Communist countries to switch to net oil importers.

GLOBAL oil production is peaking and will decline throughout the 1980s, says Adm. Stansfield Turner, director of the U.S. Central Intelligence Agency.

Turner told the Senate energy committee last week that, at best, output in the Persian Gulf countries will remain level, output in other Organization of Petroleum Exporting Countries will fall, oil flow from the Organization of Economic Cooperation and Development countries will drop after the mid-1980s, and Communist countries will shift to become net oil importers.

"Simply put, the expected decline in oil production is the result of a rapid exhaustion in accessible deposits of conventional crude oil," Turner said.

Grim outlook. The CIA director said that during the 1970s total new oil discoveries probably replaced no more than half of production—a trend he says is irreversible (Fig. 1).

"There is good reason to believe that the most prolific oil producing areas have been found and drilled. Even with modern technology, the chance of finding new giant fields is diminishing.

"Areas with the highest potential include the continental shelf of Argentina, the South China Sea, and some Arctic regions, partly in the U.S.S.R.

"Other areas thought to have good oil potential—such as offshore Burma and eastern Peru—have so far yielded disappointing results. Exploration efforts in the South China Sea and in the Gulf of Thailand are being hampered by conflicting territorial claims."

Turner said among the OPEC countries, inadequate reserves will cause production declines during the 1980s in Venezuela, Nigeria, Algeria, Ecuador, and Gabon—barring an unforseen turnaround in exploration results.

He said the decline in Venezuela could be slowed by development of heavy oil deposits and new offshore oil fields.

"Oil output will stagnate in Canada. The projected yield from tar sands will only offset declining production of conventional crude," Turner said.

"Some [illegible] are geologically promising, but the odds of finding gas are greater than couldn't be delivered on a large scale during the 1980s."

He said U.S. production will continue to decline in spite of heavy drilling activity, noting that most U.S. oil firms have reduced their projections of domestic output for the 1980s.

He said U.S.S.R. production will peak this year and then decline steadily throughout the decade.

With western technological assistance, he said, China's output could be increased. But most of the increase would be absorbed domestically.

Large reserves. Turner said major countries with oil reserves sufficient to support a boost in global oil production are Saudi Arabia, Kuwait, Iran, Iraq, the United Arab Emirates, Norway, the U.K., and Mexico.

Saudi Arabia may increase its productive capacity 1 million b/d above its present 9.5-million-b/d level, "but we expect by this summer that the Saudis may reduce production to 8.5 million b/d or less."

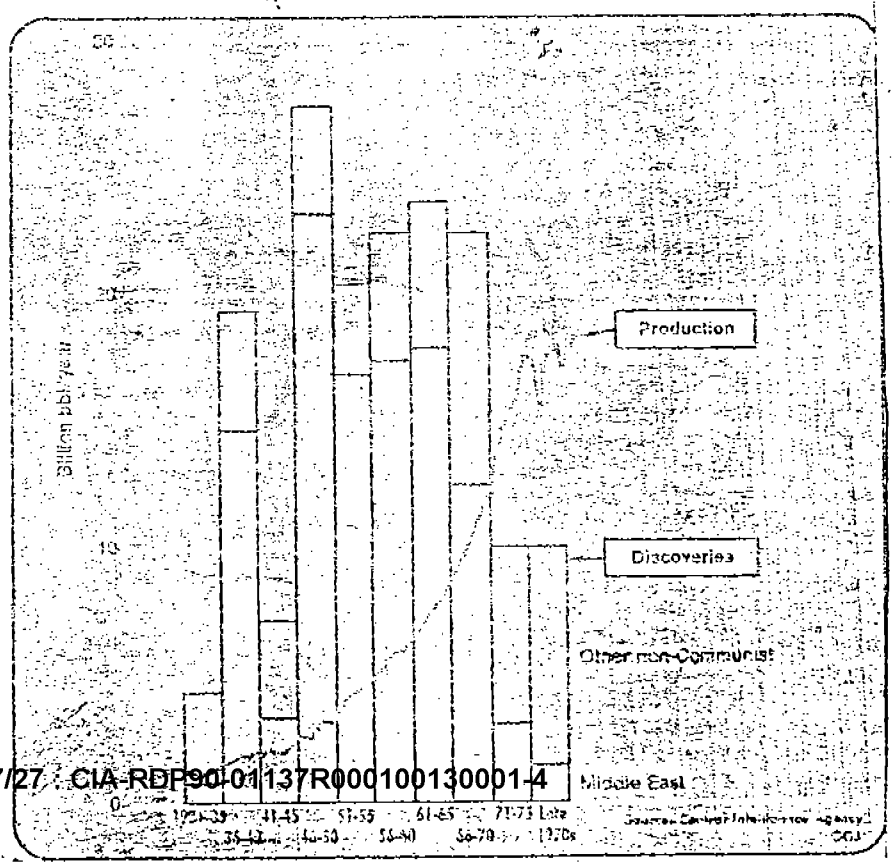
Kuwait could maintain output at its current capacity of 2.7 million b/d for at least 50 years. But it has cut output to 1.5 million b/d because of an inability to use its oil revenue productively.

Iraq wants to raise productive capacity in order to increase its influence in OPEC and Middle East circles. Production, however, probably will be held to the level needed to meet development needs—about 3-3.5 million b/d or less—as oil prices rise.

Iran has opted for slow economic development which requires production of only 2.5-3 million b/d. But that level will require foreign assistance and large investments to maintain.

Turner said output in the U.A.E., Qatar, and the Neutral Zone is likely to decline slowly during the 1980s. Only Abu Dhabi could boost productive capacity. But it has water encroachment problems.

Non-Communist oil discoveries, production



CLAIMS SUPPLIES ARE REPLACEABLE

Threat of Iran Oil Cutoffs Not Severe, CIA Chief Says

By ROBERT A. ROSENBLATT, Times Staff Writer

WASHINGTON—A shutoff of Iranian oil shipments to America's allies "won't be confortable but isn't going to be catastrophic," CIA director Stansfield Turner said Tuesday.

Turner's testimony at a Senate Energy Committee hearing was the Carter Administration's strongest assertion to date that Iran's "oil weapon" is not now a potent one.

His testimony supported the view that other nations can join the U.S. campaign of economic pressures against Iran without endangering vital petroleum supplies.

Iran stopped selling oil to its biggest single customer, Japan, on Monday after Japanese companies rejected a price increase of $2.50 a barrel. The increase would have raised the cost to $35 a barrel.

"Japan can replace most of that oil at lower prices," the supply director of a major U.S. oil company said Tueaday. He estimated that current world production exceeds demand by 500,000 to 1 million barrels a day. The surplus enables private companies, as well as nations, to keep inventories at unusually high levels.

Japan has 93 days' worth of oil supplies in storage, and most industrial nations have sufficient inventories for 90 to 100 days, according to CIA estimates.

The Iranians "don't have a great deal of leverage at this time, Turner said. His report was welcomed by Sen. Henry M. Jackson (D-Wash.), the committee chairman, who said after the hearing, "The Iranians are standing alone, and they must know it.

Besides losing customers, Iran's oil industry is plagued by sabotage and worker discontent, Turner said. Meanwhile, he added, "the Soviet Union is very active in a covert program in Iran today." The Soviets are infiltrating agents into Iran "to undermine the country they are ostensibly trying to court," he said.

Despite the current surpluses, Turner offered a gloomy assessment of petroleum prospects during the 1980s, when crude oil output will decline. The Soviet Union, which now exports oil, will become a net importer, competing with non-Communist nations for Middle East petroleum, according to CIA figures.

The key political issue "is how vicious the struggle for energy supplies will become," Turner said. "This competition will create a severe test of the cohesiveness of both the Western and Eastern alliances. The entrance of the Soviet Union into the free world's competition for oil not only further squeezes oil supplies available to the West, but also entails major security risks."

The Soviets "will be increasingly active in the diplomatic arena in the Middle East, holding out as a carrot the glimmer of a stable political atmosphere, if the Gulf states become more cooperative on oil and political matters," Turner said.

Turner acknowledged the possibility of a major interruption of Middle East oil flows to the United States during the 1980s.

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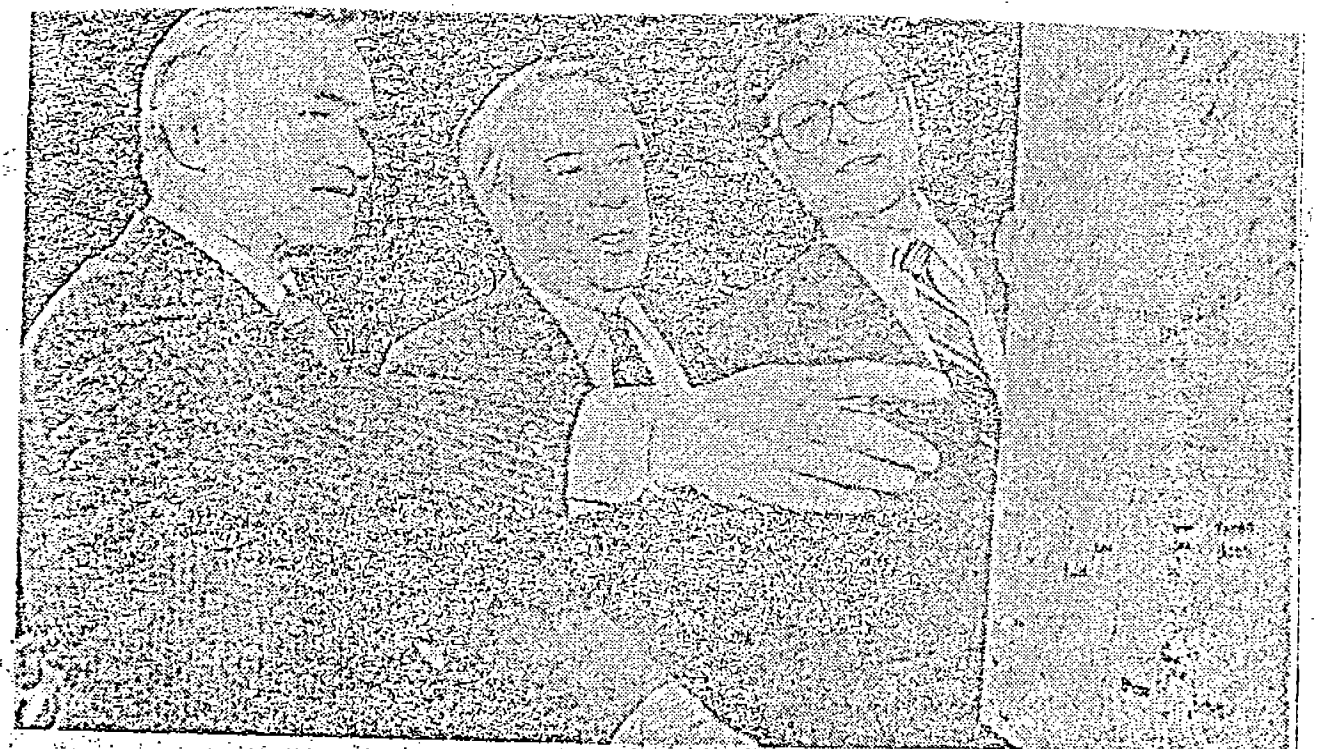

OIL SUPPLY—CIA Director Stansfield Turner, left, points out oil-rich Middle East nations that he sees as potential targets of the Soviet Union to Sens. Henry M. Jackson and Pete Domenici. Associated Press photo

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ARTICLE APPEARED ON PAGE 5

CHRISTIAN SCIENCE MONITOR
17 APRIL 1980

US warns Iran: beware Soviet intentions

But no immediate threat seen despite bolstering of Red Army units on Iranian border

By John K. Cooley
Staff correspondent of
The Christian Science Monitor
Washington

The United States is calling attention to Soviet and Iraqi threats to Iran as a warning to the Khomeini regime to release the American hostages and improve relations with Washington.

Increased Soviet military readiness north of the Iran-USSR border and bellicose activity by Iran's Arab neighbor, Iraq, have been publicized by US administration spokemen, including US National Security Adviser Zbigniew Brzezinski.

Public mention of the threats to Iran's peace and stability, even though intended by the US as warning signals, do not make the threats any less genuine, say US intelligence analysts.

Mutual Iraqi and Iranian threats of "holy war" against each others' highly vulnerable Persian Gulf territories and oil installations could also threaten the free flow of oil from the Gulf which President Carter has pledged the United States to defend.

US intelligence evaluations so far do not regard the higher rate of training and new equipment recently given the 12 Soviet divisions stationed north of Iran and Turkey as portending an imminent invasion, Afghanistan-style.

At least 30 days of a different and more visible kind of military buildup would be required for that.

Fronting on Iran and Turkey is the Soviet Trans-Caucasus military district. This also includes the USSR's southern air defense zone with headquarters at Baku. What has happened, US analysts say, is an upgrading of the 11 Soviet motorized rifle divisions normally stationed there.

Though these divisions are still far below wartime strength, more reservists have been brought in and rotated to augment them. Two of the rifle divisions are on the Iranian border. The remaining rifle division and the one elite Soviet airborne division based in the Trans-Caucasus, are split between the Turkish frontier and the interior of the Trans-Caucasus.

Intelligence analysts in at least two US government agencies described the troops as "not poised for an invasion," but possibly getting into a condition to "exploit developments in Azerbaijan or Kurdistan," Iran's two northwestern provinces. Successionists in both are challenging Ayatollah Ruhollah Khomeini's rule.

Both provinces have been invaded by Turkish, czarist, and Soviet troops during the past century, most recently when Soviet dictator Joseph Stalin backed separatist regimes there in 1946.

In Afghanistan, other military experts take issue with US State Department estimates that the number of Soviet troops inside the country recently rose from 80,000 to 110,000. These experts believe the number inside the borders has risen slightly – perhaps to 85,000 – with another 30,000 positioned nearby.

Soviet energy needs are believed to play a growing role in events in the area. The improvement in training of Soviet forces in the Trans-Caucasus coincided with the breakdown of Iranian-Soviet talks on increased Iranian supplies of natural gas through the Iran-Soviet pipeline.

Several weeks after the Soviet invasion of Afghanistan, it was announced in Kabul and Moscow that Afghanistan would step up the flow of its natural gas, which it has supplied to the Soviets for over 10 years.

In March, experts from the US Central Intelligence Agency, the Defense Department, and the Department of Energy reportedly told a closed panel of the Senate Foreign Relations Committee that declining Soviet energy production would mean that within the next five years the Soviets would seek large amounts of foreign oil for the first time.

With these developments in mind, the US has asked its NATO and other allies to assume a larger share in their own defense partly to release any US forces and equipment from Europe and the Western Pacific which may be required in the Persian Gulf area.

Australia has responded to the US requests by increasing its Indian Ocean naval patrols and offering the US use of additional Australian port and airfield facilities. US defense officials say there has been a "more or less continuous" dialogue with Japan about a larger Japanese defense effort in guarding Japan's own oil supply lanes.

4-43.03 CIA Estimate
Soviet oil

INTERNATIONAL SECURITY
SPRING 1980

Estimates and Fortune-Telling in Intelligence Work

Shlomo Gazit

But if the watchman see the sword come, and blow not the trumpet, and the people be not warned; if the sword come and take any person from among them, he is taken away in his iniquity, but his blood will I require at the watchman's hand.

—*Ezekiel* 33:6

Throughout history, kings and generals customarily called on astrologists or fortune-tellers in order to obtain advice prior to making any important decision such as launching a military campaign. This was a natural way of trying to solve a very old problem—decision-making under conditions of uncertainty. Although many of us still read our daily horoscope in a spirit of fun and entertainment, and even call on a fortune-teller, modern governments can hardly rely on this ancient method of taking counsel.

Today, intelligence professionals have inherited the role of those occult persons, except that they are called staff officers or civil servants. Although they also serve at the right hand of the decision-maker, any attempts to draw a more detailed comparison between the analyst and the fortune-teller would reveal two very different species.

Intelligence professionals obviously never claimed that they could read the future. Although constantly enshrouded in secrecy, intelligence work is nothing more than a straight-forward scientific and technological discipline that should serve distinct analytical needs. Intelligence certainly has capabilities and advantages that should be understood and exploited; but one should be equally aware of its limitations. Decision-makers—both civilian and military—who do not understand this, must often share responsibility with their intelligence analysts for bad decisions based on speculative estimates.

In brief, this article discusses how a better understanding of the complex relationship between intelligence and its "clients," the decision-makers, can lead to more satisfactory, well-integrated performance.

What distinguishes the intelligence professional from other analysts? What is his advantage over any other expert? Highly qualified academic researchers or journalists are in no way inferior to the average intelligence analyst: all have acquired expertise through academic studies, military schools, or long personal experience. Nevertheless, there are three major characteristics that distinguish the intelligence analyst from other observers of world affairs:

—*Access* to special, intimate, and sensitive data complements authoritative knowledge of a given area. The obvious significance of this characteristic is that the greater the amount of reliable and accurate classified information at his disposal, the greater the intelligence analyst's advantage over other experts in the same subject.

—The intelligence analyst's main advantage lies in the procedure of collective and *comprehensive analysis*. Sound analysis of a given country must encompass a wide range of its activities and problems. National decisions, as well as the political, diplomatic or propaganda activities of a country, are reflected in its military preparations (which must also be identified in the separate service branches, in civilian and economic preparations, and in its long-range decisions. When a relatively large group of intelligence analysts, each of whom is an expert in a different field, meet to discuss one particular problem, integration of their various viewpoints yields an aggregate picture of the country in question. This comparison of notes, cross-checking of data,

CONTINUED

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NEW YORK TIMES
24 MARCH 1980

Pentagon Says It May Revive Anti-Ballistic Missiles

By RICHARD BURT
Special to The New York Times

WASHINGTON, March 23 — The Defense Department is raising warnings that the United States would have to revive its program for building antiballistic missiles if the Soviet Union decided to put a great number of new nuclear warheads atop its existing rocket force.

In a recent interview, a senior Defense official said that without the new treaty on limitation of strategic arms, Moscow could continue to increase the number of multiple warheads on its intercontinental missile force in the coming decade until it threatened not only the existing land-based missile force of the United States but also the Air Force's proposed MX mobile intercontinental missile.

Accordingly, the official said that additional funds had been put in the fiscal year 1981 budget for development of an antiballistic missile system that could defend American land-based rockets from the threat of a Soviet nuclear strike.

Senate action on the new strategic arms agreement was deferred in January after the Russians invaded Afghanistan.

In the 1960s, both Moscow and Washington developed and started to deploy antiballistic missile systems, designed mainly to protect cities from nuclear attack. In May 1972, United States and Soviet negotiators agreed to a treaty that did not limit warheads, but prohibited the two nations from deploying more than two antiballistic sites each. The Soviet Union now has one antiballistic missile site, consisting of 64 launchers, in the vicinity of Moscow. The only American antiballistic missile site, at Grand Forks, N. D., was deactivated five years ago.

Now, however, American military officials are saying that before 1985 Moscow is likely to achieve the capacity to launch a successful "first strike" against the Air Force's existing force of 1,054 land-based rockets. In anticipation of this threat, the Carter Administration has proposed to replace some of these missiles, which are housed in underground silos in the Middle West, with 200 MX rockets that would be moved in and out of 4,600 concrete shelters to be built in Utah and Nevada. Secretary of Defense Harold Brown and other military aides said last year that the system would rule out any Soviet "first strike."

But in recent months some officials have begun to argue that Moscow, in the coming decade, could deploy more than enough nuclear warheads to knock out the proposed MX system. A new estimate by the Central Intelligence Agency is said to have concluded that without the new arms treaty, which would limit warhead numbers, Soviet missiles could be adapted to deliver between 20,000 and 30,000 nuclear bombs before 1990.

The Russians now have a force of about 1,400 land-based missiles equipped with about 4,500 multiple nuclear warheads.

As a result, the senior official said the Pentagon had decided to study a new antiballistic missile system that could be used to defend the MX against any Soviet nuclear strike. At the same time, the official said that any decision to deploy antiballistic missiles would require the United States to either pull out of the 1972 treaty restricting the systems or to enter into new talks with Moscow on revising the agreement.

Calling the 1972 treaty "really valuable," the official said that any effort to renegotiate the accord would hurt Soviet-United States arms control efforts across the board.

Although the 1972 treaty restricts the deployment of antiballistic missiles, both sides are permitted to work on developing new systems. Moscow is said by intelligence analysts to spend about $1 billion a year on antiballistic missile research, while the Pentagon's budget for fiscal year 1981 includes about $265 million for work in this area.

ROCKY MOUNT TELEGRAM (N. C.)
19 January 1980

'Reforms' Cripple CIA

Despite assurances from the administration that U.S. intelligence operations are adequate, the crisis in Iran and a string of other U.S. foreign policy setbacks indicate that U.S. intelligence capabilities have been "degraded to such an extent" that they are no longer an effective arm of U.S. foreign policy.

That's the assessment of security analysts writing on the intelligence gap in the current issue of National Security Record.

The analysts blame the breakdown on the internal reforms within the Central Intelligence Agency in the early 1970s and the external exposures and resulting limitations placed on the agency in the late 1970s in the wake of congressional investigations.

These reforms resulted in the forcible retirement of some 2,000 mostly senior officers, and the discharge of another 820 officers from the super-secret Deputy Directorate of Operations, which is responsible for covert actions.

Throughout the post-war era the U.S. has relied upon foreign intelligence activities to support U.S. interests overseas. Clandestine collection, counterintelligence and covert operations have all been essential elements of the U.S. intelligence effort.

Yet today, as at no other time there is a growing consensus that U.S. intelligence capabilities have been degraded to such an extent that the U.S. is increasingly incapable of carrying on intelligence activities.

In addition to Iran, which caught this country totally off guard, there are several other examples of intelligence failures.

U.S. intelligence consistently misinterpreted the intent of Soviet policy in Afghanistan. Downgrading of intelligence capabilities led to a failure to monitor the Soviet military buildup in Cuba, and Cuba's support of revolution throughout Latin America.

In 1973, U.S. intelligence inaccurately predicted that Israel would not be attacked by the Arabs.

More recently, underestimating North Korean troop strength by 25 percent led to President Carter having to reverse his previously-announced troop withdrawal policy.

The U.S. has been unable to confirm whether a nuclear explosion actually occurred over the Indian Ocean last September, and if so, who was responsible.

This country was not able to anticipate the rapid shift of Soviet support from Somalia to Ethiopia.

In 1977 the CIA revised its intelligence estimates on Soviet oil production, concluding that Moscow would be a net oil importer through the 1980s. Yet the Defense Intelligence Agency, and many Western petroleum experts, disagree with these estimates.

POLITICS TODAY
January/February 1980

THE INSIDER

edited by Eva Hoffman

SPY HIGH

THREE CHEERS AT THE CIA

When they are bad, they are horrid. But—though the possibility gets little attention these days—CIA agents can still be very, very good at what they do. And right now, behind its many closed doors, the agency should be congratulating itself on three substantial successes:

Since U.S. relations with China have improved, the CIA, in its own gesture of recognition, has stepped up its surveillance of Chinese military developments. This led most recently to the discovery of a supersecret program to build the first Chinese intercontinental ballistic missile. Called the CSSX-4, the missile is part of a vast military modernization program undertaken by the new Chinese leadership and may be operational in two to five years. At this point, China's military capacities are still relatively backward. But the CSSX-4, with a 7,500-mile range, would be more than capable of reaching the U.S.—to say nothing of changing the equation of power between China and Russia.

In 1972 the CIA was caught unawares by the Russian food crisis. Since then the Ukrainian wheat fields have been on the agency's list of top priority surveillances. U.S. farmers, economists and generals are all interested. The army, even in this technological age, still runs on its stomach, and if the Soviets suffer a large crop failure, chances are good that they won't plan any military forays that year. The American economy is also affected by Russian weather. In 1972, poor crops in Russia led to unexpectedly large wheat purchases on the American market, which in turn drove up domestic prices.

But this December when the Russians announced a 179 million metric ton shortfall in their grain crop, it was no surprise in the U.S. CIA experts earlier this year had tracked "sukhoveys" (hot, dry winds) blowing across the steppes and accurately predicted that the winds would take out 25 percent of Russian wheat.

Only a year ago the CIA somehow missed all signs of the Shah's incipient overthrow. But the agency has now honed its intelligence work in Iran to a highly sensitive point. One month before the attack on the American embassy in Iran, the CIA warned the White House that security in and around the embassy needed to be tightened and recommended that the number of marines stationed there be increased from 16 to 200. The agency also prophesied that the Khomeini regime would be highly erratic and that "acts of violence" against Americans in Iran could be expected. For a variety of reasons that history will have to judge, the White House did not act immediately on the agency's advice.

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BALTIMORE SUN
29 NOVEMBER 1979

[redacted]

Kremlin lowers economic growth targets

failures rouse Brezhnev ire

By ANTHONY BARBIERI
Moscow Bureau of The Sun

Moscow—The Soviet Union has been forced to scale back its economic growth targets for the coming year as a result of generally disappointing industrial performances that have brought unusually sharp criticism from Leonid I. Brezhnev, the Soviet Communist party chief.

Figures presented yesterday to the opening session of the Supreme Soviet—the nation's parliamaent—indicate that growth targets in many key industrial areas, including energy producton, will not be met in 1980.

The presentation was made by Nikolai K. Baibakov, chairman of the State Planning Commission, who avoided direct comparisons between the new growth targets for 1980 and those originally set in the current 1976-to-1980 five-year plan.

But disappointment in the top levels of the Kremlin over the nation's sluggish economic performance is unmistakable. Mr. Brezhnev delivered a harsh critique on the economy in a speech Tuesday before the Communist Party Central Committee.

An abridged version of the speech—strong enough in itself—was released late Tuesday night by the official Tass news agency.

Yesterday, however, the Communist Party daily, *Pravda*, ran the full text of the speech, and it proved to be even harsher, containing direct and sharp reprimands to a half-dozen government ministers and their subordinates.

"The time has come to bring order here," Mr. Brezhnev said.

The man in overall charge of the Soviet economy, Premier Alexei N. Kosygin, was not present to hear the Brezhnev speech before the Central Committee, nor was he present yesterday to listen to Mr. Baibakov.

The 75-year-old Mr. Kosygin is said to be ill with either heart trouble or a liver ailment. The news from the Kremlin yesterday can hardly be expected to improve his condition.

Overall industrial growth for the last four years will be about 20 percent—admirable by Western standards but below what the still-developing Soviet economy set for itself.

As Mr. Brezhnev made clear Tuesday, key industrial areas such as oil, metals and rail transportation are lagging.

The original five-year plan had set a 1980 target for oil production of 640 million tons. Mr. Baibakov said yesterday the revised 1980 target now is 606 million tons. The Soviet Union is the world's largest oil producer.

Coal production also will not meet the original 1980 target. The Soviets had hopes of digging 805 million tons in 1980; now the target is 745 million tons.

The strong point in the Soviet energy picture is natural gas. Not only will the projected target of 435 billion cubic meters of gas be met, but Soviet planners are confident they can produce more if pipeline construction is speeded up.

While the Soviet Union will not be facing an energy problem of the magnitude facing the West, the slowdown in the growth of oil production could cause long-term political problems.

More high-level Western technology might be needed to help the Soviets tap their vast oil reserves in Siberia. And, the Kremlin has promised its Eastern European allies that they can count on a steadily increasing supply of Soviet energy—if not always oil—over the next 10 years.

As expected, Mr. Baibakov announced that Soviet defense spending would be cut next year by about $155 million, bringing the officially announced total to about $27 billion, or 6 per cent of the gross national product.

Many Western analysts, however, consider these figures valuable only for Soviet propaganda purposes. The Central Intelligence Agency, which attempts to calculate Soviet defense spending so that it can be compared with U.S. spending, estimates that the Soviet defense budget will grow by between 3 and 4 per cent and amount to about 11 per cent of the gross national product.

Beneath the bland economic figures lies what is apparently growing disatisfaction with the performance of the economy. Last year, Mr. Brezhnev also criticized specific ministries and cited examples of production boondoggles.

The Soviet president did the same Tuesday, but also named names and pointed fingers.

Mr. Brezhnev criticized directly the ministers of railroads, of machine building, of heavy construction, dairy products, and trade.

He gave examples: a new tractor factory that produced tractors unsuited for their task, another factory behind schedule in modernization, rail transport bottlenecks that hold up production.

ARTICLE APPEARED
ON PAGE A15

THE WASHINGTON POST
29 November 1979

[redacted]

Soviets Forced To Reduce Goals For Output of Oil

By Kevin Klose
Washington Post Foreign Service

MOSCOW, Nov. 28—Faced with deepening energy problems, the Soviet leadership today reluctantly reduced coal and oil production targets for 1980 and set up a new high-level commission to solve its threatening energy crisis.

In a series of grim reports on the nation's lackluster economic performance in 1979 and projections for 1980, President Leonid Brezhnev and senior state planners said major new steps must be taken to save heat and power and perfect new energy sources, such as synthetic fuels and solar power generation.

Brezhnev made clear the urgency of the Soviet dilemma: Although it is the world's largest oil producer, massive efforts in recent years to expand oil and coal production have fallen short of goals, while outmoded and chronically wasteful basic industries threaten to outstrip energy supplies.

Oil production fell about 100,000 barrels per day below goal for 1979, it was disclosed, and coal production fell short by 7 million tons. These shortfalls cannot be made up. The planners revised the 1980 targets to 606 million tons of oil instead of the original goal of 620-640 million tons, and lowered coal targets to 745 million tons instead of the planned 790-810 million tons.

The results and projections come after controversial Central Intelligence Agency estimates that the Soviet Union will encounter increasing oil production difficulties in the mid-1980s and become a net importer of oil to power its economy. The Soviets have bitterly denounced those estimates but the figures disclosed today and the harsh tone of Brezhnev in excoriating major segments of Soviet industry underscores the seriousness of the longterm problems here.

In a speech yesterday to a Central Committee plenary session, the text of which was made public today in the party newspaper Pravda, Brezhnev criticized 10 economic chiefs and managers by name for poor performance.

"It is necessary to find those who are to blame for every 'shortage' caused by irresponsibility and to punish them," he declared. He named key officials in the transport, power, machine-tool, fertilizers, chemical, food and dairy and consumer goods industries, saying he found major shortcomings, waste and indiscipline. The step of naming the officials publicly is unusually harsh.

Brezhnev's attack by inference includes Premier Alexei Kosysin, who heads the national economy. Kosygin, 75, is recovering from a heart attack, according to Soviet sources, and was absent from both the plenum and today's public session of the Supreme Soviet, or legislature.

Brezhnev said major research and engineering efforts must be accelerated to provide the U.S.S.R. with large-scale atomic power complexes, fast breeder and fusion reactor power plants, synthetic fuel, and solar and geothermal energy. He said that in January, the state planning committee, Gosplan, must submit "general concepts" of possible solutions through 1990 for Soviet energy and economic problems.

He declared that "plans for saving fuels [for winter use] must be fulfilled by all means. [This] continues to be a major nationwide task." He asserted the country must look well into the future to determine "the energy situation on which the economic growth of the country depends."

Nicolai Baibakov, chairman of Gosplan, indicated that the national economy grew by about 3.6 percent in 1979, compared with a target of 5.7 percent set a year ago by Baibakov and endorsed by the leadership and figurehead parliament. Each year during 1970s, the Soviet economy has expanded, but at steadily decreasing rates.

Baibakov pegged the 1980 growth rate for heavy industry an dconsumel goods at 4.5 percent, a modest increase compared with previous annual projections.

Soviet production in most key economic areas was badly retarded by last winter's severe cold snap, the worst recorded in European Russia in a century.

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ON PAGE DC 11

THE WASHINGTON POST
29 November 1979

[redacted]

Jack Anderson

An Oil Catastrophe Is Building

The oil caliphs are preparing new surrender terms to present, without negotiation, to the rulers of the industrial world. Next month in Venezuela, the OPEC partners will add another rocket burst to oil prices, already dangerously near the intolerable level.

The industrial powers, paralyzed by a loss of will, are expected to capitulate again. But there is a limit to how much extortion they will accept. Preparations have already begun inside the Pentagon to take the oil fields by force if Western acquiescence should become strained beyond endurance.

The princes of Saudi Arabia, conscious of the laws of economics and the powers of resistance of the United States, have tried to hold the price of crude to $18 a barrel. But Arab militants have learned that the OPEC ceiling price is not immutable and can be racheted upward, that the oil companies will join happily in the profit-taking and that the U.S. government is a patsy for oil company pressure.

So the militants are charging $40 a barrel on the spot market and are finding plenty of oil-thirsty customers willing to pay the price. The militants are clamoring for an official OPEC price of at least $30, and the Saudis may be powerless to stop it. Intelligence reports warn that the balance of power is shifting from the moderates to the radicals, with hazards no one can comprehend.

In every Mideast oil country, nationalism is surging, distrust for the United States is ripening into hatred and demands for astronomical oil prices are ricocheting from country to country. Analysts for the Central Intelligence Agency anticipate continued strife in the oil fields and renewed threats to use oil as a political weapon.

The Shiite Muslims, who look to Iran's Ayatollah Ruhollah Khomeini for spiritual guidance, appear willing to sacrifice economic benefits and to hold their oil as hostage for fanatical political goals. These people not only dominate Iran's oil fields but are also concentrated heavily in Saudi Arabia's eastern oil territory.

More ominous yet, the nearby Soviets see an opportunity to move into the Persian Gulf oil lands. The way may soon open up through Iran, and they are tightening their toehold on the Arabian Peninsula in Yemen.

All of this is tinder for a holocaust that could explode into a major war. For the United States cannot survive without Mideast oil; yet it can neither succumb forever to Arab economic aggression nor permit deeper Soviet encroachment.

The American oil giants have responded to this national emergency by slavishly supporting the oil sheikdoms, which hold the key to their cash registers. Not only do severe price increases mean greater profits as the companies apply the mark-up to higher prices; it also permits a hike in domestic oil prices to make it profitable for the companies to undertake secondary oil recovery operations on their long dormant property.

The American oil majors have sought to alter their country's foreign policy at the behest of Arab monarchs; they have staged briefings for high military officers and foreign policy makers; they have worked on government officials in private; they have even run advertisements designed to educate the American public to the Arab point of view.

The companies also provide a pipeline into the oil oligarchies, which helps them assess how to react to U.S. moves. The intelligence that passes through this pipeline into foreign governments at times violates our espionage laws.

There is no indication in Washington, meanwhile, that anyone is preparing to counter the oil catastrophe that is building up. The idiotic anarchy of Congress, the groping and stumbling within the White House and the government's obsequious devotion to the oil industry have left the United States without a policy.

The need is desperate for a strong, comprehensive policy to protect the Western world's main oil reservoir in the Middle East. Our allies have neither the means nor the disposition to protect this vital supply. It's up to the United States which — let's face it — must prepare to use force if necessary.

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NEW YORK TIMES

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...y Philip W. Smith

...Newhouse News Service

Washington -- With military rescue of the American hostages in Tehran virtually out of the question, the United States has only limited military options for punitive action against Iran should the hostages be harmed.

Even limited retaliatory action brings military, political and economic risks to the United States, including the possibility of Soviet involvement and of an oil embargo by other Middle East Moslem nations.

Among the options open to the United States are the destruction of Iran's oil fields and refineries, their capture, bombing the nation's air fields, and imposing a naval blockade at the entrance to the Persian Gulf.

While U.S. public opinion seemingly is behind a military action for the first time since the Vietnam war, many Americans don't realize what such a venture would involve.

Carrier-based aircraft could easily destroy the major Iranian oil fields around Agha Jari at the head of the Persian Gulf. Bombing the fields would put them out of commission for months, but would take 2.0 million barrels a day out of the world oil market.

That huge reduction in supply would simpl. force world oil prices higher and cut off a major source of petroleum to some major U.S. allies, including Japan and West Germany.

Another option, but an unlikely one would be to take over the oil fields. This would invovle immense problems.

Iranian workers would need only a short time to sabotage the equipment, making it useless for months and very expensive to replace.

In addition, one Pentagon source estimates, it would take ''at least a division'' of troops (20,000 men) to seize and hold the fields.

Getting them there would be no easy matter either. The nearest forces of that size to Iran are in Germany, but they are committed to NATO.

Next nearest is the Third Marine Division on the island of Okinawa in the western Pacific. It would take at least a week to move the Marines by ship through the Straits of Malacca into the Indian Ocean and up through the Arabian Sea into the gulf.

The Navy must also consider the possibility that the Iranian Navy would mine the narrow Strait of Hormuz at the entrance to the gulf.

NEW YORK TIMES

[redacted]

HE NAVY LAST WEEK SENT MINE-CLEARING HELICOPTERS FROM THE U.S. EAST COAST TO THE PACIFIC FLEET ABOARD AIR FORCE C-5 CARGO PLANES.

THE AIRCRAFT CARRIER MIDWAY, WITH ABOUT 60 WARPLANES ABOARD, IS ALREADY IN THE ARABIAN SEA NEAR THE ENTRANCE TO THE PERSIAN GULF. WITH THE MIDWAY ARE A NUCLEAR-POWERED CRUISER, A DESTROYER AND TWO FRIGATES.

A SECOND TASK FORCE, CONSISTING OF THE CARRIER KITTY HAWK, A GUIDED MISSILE CRUISER, TWO DESTROYERS AND A FRIGATE, MOVED THROUGH THE MALACCAN STRAITS OVER THE WEEKEND BOUND FOR THE ARABIAN SEA. THE KITTY HAWK HAS 87 PLANES ABOARD, MOST OF THEM FIGHTER-BOMBERS.

THE KITTY HAWK TASK FORCE IS EXPECTED TO JOIN THE MIDWAY TASK FORCE LATER THIS WEEK.

(MORE)

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1?SMITH - WASHINGTON X X X WEEK.½

EVEN IF THE TWO CARRIERS STEAM STRAIGHT UP THE GULF, THEY WILL STILL BE MORE THAN 400 MILES FROM TEHRAN, MEANING THEIR PLANES COULD NOT ATTACK THE IRANIAN CAPITAL AND RETURN WITHOUT BEING REFUELED IN FLIGHT.

THE ONLY WAY TO PUT A LARGE FORCE OF TROOPS INTO TEHRAN WITHOUT THEIR HAVING TO CROSS 400 MILES OF DESERT WOULD BE TO SEIZE AN AIRFIELD NEAR THE IRANIAN CAPITAL FIRST.

PENTAGON OFFICIALS BELIEVE THE IRANIAN AIR FORCE, WHICH CONSISTS OF SEVERAL HUNDRED MODERN AMERICAN-BUILT PLANES, IS VIRTUALLY USELESS DUE TO LACK OF SPARE PARTS AND THE ABSENCE OF EXPERIENCED OFFICERS, MANY OF WHOM HAVE BEEN EXECUTED BY REVOLUTIONARY COURTS.

HOWEVER, RESISTANCE TO AN INVASION CANNOT BE DISCOUNTED. IRAN HAS A POPULATION OF 37.5 MILLION PEOPLE. THE CIA ESTIMATES NEARLY 5 MILLION ARE YOUNG MEN FIT FOR MILITARY SERVICE. THERE IS A HUGE ASSORTMENT OF U.S., SOVIET, BRITISH AND WEST EUROPEAN MILITARY EQUIPMENT IN THE COUNTRY, MUCH OF IT STILL STORED IN ITS SHIPPING CONTAINERS IN WAREHOUSES AROUND THE COUNTRY, ACCORDING TO U.S. INTELLIGENCE OFFICIALS.

A NAVAL BLOCKADE COULD STOP ALL SHIP TRAFFIC INTO AND OUT OF THE

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GULF, BUT COULD ALSO FORCE THE IRANIANS TO TURN TO THE SOVIETS FOR MILITARY EQUIPMENT AND CONSUMER GOODS.

THERE IS ALSO NO WAY THE UNITED STATES COULD STOP SUPPLIES FROM REACHING IRAN THROUGH NEIGHBORING PAKISTAN OR FROM SAUDIA ARABIA ACROSS THE GULF.

HERE AGAIN, THE UNITED STATES WOULD RUN THE RISK OF A HEAD-ON CONFRONTATION WITH THE SOVIET FLEET IN THE INDIAN OCEAN SHOULD THE RUSSIANS DECIDE TO SUPPORT IRAN.

BOMBING OF IRANIAN AIRFIELDS HAS APPEAL TO SOME U.S. MILITARY LEADERS BECAUSE OF THE POSSIBILITY OF THE SOVIETS' COMING INTO POSSESSION OF SOME SOPHISTICATED AMERICAN MILITARY TECHNOLOGY REMAINING AT THE AIRFIELDS.

THERE ARE 77 F-14 FIGHTERS IN IRAN ARMED WITH THE PHOENIX AIR-TO-AIR MISSILE SYSTEM, THE NEWEST IN THE U.S. ARSENAL.

ONE PROBLEM IS THAT EVEN IF THE PLANES WERE BOMBED, THERE IS LITTLE CHANCE THEIR SUPER-SECRET ELECTRONIC COMPONENTS WOULD ALL BE DESTROYED.

IN ADDITION TO THE MILITARY RISKS INVOLVED, THE UNITED STATES MUST ALSO TAKE INTO ACCOUNT TWO MAJOR POLITICAL CONSIDERATIONS.

FIRST, WOULD THE SOVIET UNION SIT BY AND DO NOTHING WHILE A COUNTRY ON ITS BORDER WAS ATTACKED? THE SOVIETS THUS FAR HAVE MAINTAINED A HANDS-OFF POLICY TOWARD THE CRISIS.

SECOND, AND OF MAJOR CONCERN TO THE CARTER ADMINISTRATION, IS WHAT SAUDI ARABIA WOULD DO.

WHILE THE SAUDIS COULD DO LITTLE MILITARILY TO HELP IRAN, AN OIL EMBARGO IN SUPPORT OF THEIR FELLOW MOSLEMS ACROSS THE PERSIAN GULF WOULD SEND THE U.S. ECONOMY REELING AS IT DID IN 1973.

JG END SMITH

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RICHMOND TIMES-DISPATCH
19 NOVEMBER 1979

Russia's War Machine

Last week an imposing procession of tanks, missiles and troops rumbled through the snow in Moscow's Red Square to commemorate the 62nd anniversary of the Bolshevik revolution. Reviewing the parade from atop Lenin's tomb, Soviet defense minister Dmitri Ustinov denounced what he called "false propaganda about a Soviet military threat" promoted by "reactionary forces in the United States and other NATO countries." The Soviet Union maintains its armed forces, he insisted, to defend "peace and socialism."

While the Soviets were putting on a blustery show of their military might, Sen. Harry F. Byrd Jr., Ind-Va., was leading a Senate armed forces subcommittee in hearings examining how that military power compares with America's. Expert testimony before Sen. Byrd's procurement subcommittee tends to give the lie to Comrade Ustinov's protestations of peaceful intentions; moreover, it raises serious questions about the ability of the United States' armed forces to compete with those of the Soviets.

In unusual public testimony, two high-ranking officers of the Central Intelligence Agency estimated that total Soviet defense outlays since 1970 had outstripped the United States' by about 30 percent. In the procurement of military hardware, the CIA said, the USSR had outspent the U.S. during the decade by a ratio of 3 to 2.

Sen. Byrd was sharply critical of the CIA estimates, which he characterized as having underestimated both the proportion of U.S. defense spending going for personnel and the amount of Soviet spending for military hardware.

In its first presentation to the subcommittee, a CIA official testified that the Soviets devote 15 percent of their military budget to personnel, compared with 30 percent by the U.S. After Sen. Byrd objected that the 30 percent figure didn't jibe with congressional and Defense Department calculations, CIA witnesses returned to a subsequent session of the hearings to revise their figure to 60 percent, roughly matching the Pentagon's.

Sen. Byrd brought forward as additional witnesses William Lee, a former CIA analyst, and Steven Rosefielde, a University of North Carolina economics professor and occasional consultant to the CIA, who said that the intelligence agency had underestimated by half the growth in Soviet military procurement. A similar technical critique in 1970 caused the CIA then to double its estimates of Soviet military spending. Academic experts such as Messrs. Lee and Rosefielde are considered the most authoritative checks on CIA analyses, since no institutional check on CIA calculations is carried on by the U.S. government.

The rate of increase in Soviet military procurement, adjusted for inflation, is galloping at 11 to 13 percent, said Mr. Lee, while President Carter is seeking only a 3 percent increase in American defense procurement. The expected comparative growth in military personnel costs is considered to be greatly in the Soviets' favor, since their largely conscript army is paid a paltry amount compared with what the U.S. pays its volunteer forces.

Whether one accepts the CIA analysis or the other experts' estimates, clearly the testimony before Sen. Byrd's subcommittee raises serious doubts about the American bargaining premise for SALT II, namely that the U.S. and the USSR are aiming toward strategic and military "parity." The Soviets' most recently published "Five Year Plan" for the economy, testified Mr. Lee, calls for cuts in both investment and consumption in the civilian market so that their military budget can swallow increasing proportions of the Soviet Gross National Product. A whopping 18 percent of the Soviet GNP is estimated to go for defense next year, compared with only 5 percent for the U.S. The Kremlin is making these burgeoning military commitments even though they place a great strain on the Soviet economy, Mr. Lee said. This strongly suggests that the Kremlin is committed not to notions of "parity" and peace maintained by "Mutual Assured Destruction," the prevailing American theory of nuclear deterrent. To the contrary, Soviet military spending rates give every indication that the USSR is committed to fighting, winning and surviving a nuclear war.

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THE NEW YORK TIMES
18 November 1979

Deploying The Oil Weapon

The New Tool Of Geopolitics

By RICHARD D. LYONS

WASHINGTON — In a phrase that has become almost a cliché in energy circles, the world demand and supply of oil is "balanced on a knife edge." The phrase has been used over and over again here by the Carter Administration, a British Cabinet minister, a top official of the Common Market and the Saudi Oil Minister, Sheik Ahmed Zaki Yamani.

Perhaps because of the delicate balance, oil itself has become a knife — a weapon that is as effective in dealing with geopolitical disputes as combat troops and jet fighters. President Carter and Iran both deployed the oil weapon last week in the battle over the deposed Shah of Iran, a hostage of cancer in a New York hospital, and the 60-some Americans at the United States Embassy in Teheran, hostages of the regime of Ayatollah Ruhollah Khomeini.

Mr. Carter said he would refuse to buy Iranian oil and asked his Western allies not to increase their imports. The Ayatollah said he would refuse to sell oil to the United States, anyway. Iran then said it would withdraw its billions of dollars on deposit in American banks — revenues the country has amassed from the sale of oil. Mr. Carter thereupon froze the Iranian deposits.

The United States — as well as the other major industrialized nations — is becoming ever more vulnerable to the power of the oil weapon. Six years ago, when the Organization of Petroleum Exporting Countries first deployed it in boycotting sales to the West during the war against Israel, this country imported about 2.4 million barrels of oil a day from the Arab producers.

Yet astonishingly, the latest data show that the United States now is importing more than twice as much from OPEC — 4.9 million barrels daily despite a half dozen years of rhetoric about the need for decreasing this country's reliance on foreign oil.

The fact that Saudi fields account for one out of every 10 barrels of petroleum products being used in the United States today underlays the deferential, almost fawning treatment he was accorded by official Washington while paying a visit here last month.

As evidence of the almost naked power that the Saudis have over the American economy, even some Cabinet Secretaries went out of their way to stop by Sheik Yamani's hotel for a chat.

This wooing of officials from oil exporting nations was even more apparent in the reciprocal visits early this year of Mr. Carter to Mexico and its president, José López Portillo, to Washington.

One serious source of friction between the two neighbors was the agreement by which the United states would buy 300 million cubic feet a day of Mexican natural gas.

While the amount is relatively small, about one half of 1 percent of American consumption, the settlement of the long-standing dispute over prices and amounts of gas at the very least moves the two countries closer toward American purchases of other Mexican natural resources.

With an eye toward imports of oil from Nigeria, now the second largest exporter to this country, the State Department in the 1960's and early 1970's went to great lengths to steer American support away from the Biafran secessionists, despite widespread emotional support among Americans for the plight of people living in the rebel areas.

Nigeria as an energy supplier has risen to the point that in May, the latest month for which figures are available, it sold the United states more than a million barrels of crude daily, one-sixth of domestic imports.

Such were the overtones when Andrew Young, this country's former chief delegate to the United Nations and a man highly regarded in black Africa, visited Lagos as a member of an American trade mission two months ago.

And the State Department has been supportive of Nigeria's position on the Zimbabwe Rhodesia political problem, during the course of which Nigeria nationalized the British Petroleum Company's 20 percent holding in a joint development venture.

Also in May, Libya supplied American refiners with slightly more than 10 percent of their imported feedstocks, at a rate of 644 million barrels a day.

Col. Muammar el-Qaddafi, the Libyan leader, has repeatedly warned that he would cut off oil exports to the United States but has failed to carry out the threat in the face of the huge amounts of money involved, perhaps $5 billion this year from American oil companies, some of which is used to bankroll international terrorist activities, although most goes toward expansion of the economy.

Colonel Qaddafi's threats, the last of which was followed by the dispatch of a senior State Department official t

Libya to soothe the Chief of State, have also been followed by major price increases.

As a measure of the burgeoning national coffers, before the Arab oil embargo Libya received about $6 million a day as proceeds of its nationalized oil industry. Today the amount is about $60 million a day.

Thus oil is not only power, it is money, in the case of the major oil exporters, oceans of it. Since the Arab oil embargo generated large price increases for crude, OPEC nations have received at least $500 billion in revenue, perhaps $400 billion of which was spent on goods, services and military expansion, primarily supplied by industrialized nations.

Again, the very dimensions of the amount of OPEC money spent in the United States and other nations give the oil exporters leverage into the affairs of other nations including — eventually — the Soviet Union.

Economic analysts of the Central Intelligence Agency told a Congressional committee last month that the Soviet oil industry, currently a net exporter of a million barrels a day to Eastern and Western Europe, has peaked and is starting to fall off.

The net result, they testified, is that in the face of increased Soviet demand and resources, by 1983 Moscow will be forced to import 700,000 barrels of crude a day and there is only one place to obtain it — the Middle East. Thus the Soviet Union will be in direct competition for supplies with the other industrialized nations and this head-to-head aspect can only drive prices still higher.

It is impossible to state where this new potential for use of oil as an energy and financial weapon will lead. In August, the C.I.A., through its National Foreign Assessment Center, issued an 80-page research paper entitled "The World Oil Market in the Years Ahead."

After factoring tens of thousands of pieces of data in scores of charts and graphs, the paper concluded, in dealing with the issue of further supplies: "No matter how the events of 1979 sort themselves out, the outlook for oil supplies over the next few years is poor. Total oil supplies available to the Western industrial countries are unlikely to increase significandy and may well fall."

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THE NEW YORK TIMES
10 November 1979

Duncan Paints Dark Oil Picture

Precariousness Of Supply Cited At Briefings

By RICHARD D. LYONS

Special to The New York Times

WASHINGTON, Nov. 9 — Secretary of Energy Charles W. Duncan Jr. has told Congressional leaders in private briefings that world oil supplies are precarious, that there are threats to American imports from nations other than Iran and that the Carter Administration is developing contingency plans to deal with severe cuts in petroleum products.

Some Congressional sources said the Administration had even developed what one termed a worst-case "doomsday energy plan" that would attempt to deal with a cutoff of virtually all oil from the Middle East.

With an eye to possible supply disruptions, Administration leaders are reassessing possible conservation measures, such as a much higher Federal gasoline tax, that had been previously discarded as poitically impossible.

Alfred E. Kahn, chairman of the Council on Wage and Price Stability, told one House subcommittee today that Administration officials had been considering a gasoline tax of as much as 50 cents a gallon, gasoline rationing and even mandatory wage and price controls.

But he stressed that these measures were not under active consideration, at least for the moment, since energy supplies at present were ample to meet demand.

Those who have attended the Duncan briefings said he has stated that oil supplies in the non-Communist world next year will drop by 300,000 barrels a day because of the depletion of old oilfields.

This is not a large amount considering that production, according to estimates prepared by the Central Intelligence Agency, is now about 52.2 million barrels a day in the non-Communist world. United States consumption amounted to 17.5 million barrels a day in September, according to the C.I.A. But Mr. Duncan has warned that it could be enough to bring on disruptions because the demand-supply balance is so delicate.

Soviet Oil Output Down

Complicating the situation is a drop in Soviet domestic oil production, which means that Moscow eventually will have to buy oil from members of the Organization of Petroleum Exporting Countries, probably those in the Middle East. Soviet purchases would only serve to put more pressure on both the price and availability of crude oil.

Those who have heard Mr. Duncan's assessment also say he has warned of the possibility of sharp reductions in exports of oil by Kuwait and Nigeria.

Nigeria is a major supplier of crude oil to the American market, exporting about one million barrels a day until recently when exports slackened somewhat.

While Kuwait sells little oil to the United States, it has been exporting about 2.4 million barrels a day in recent months, mostly to other countries. Should a significant fraction of that be withdrawn from the world market, major supply problems would ensue.

Task Force Formed in October

With all these factors in mind, the new interagency task force on energy supplies was formed last month to update contingency plans drafted last spring as a result of uncertainties about Iranian exports.

John C. Sawhill, the Under Secretary of the Department of Energy who also is the director of the task force, said the contingency plans were being revised. "We are developing contingency plans, based on those drafted last spring, in an effort to deal with a wide variety of energy shortages that might arise," Mr. Sawhill said today in an interview.

He added that the project had been receiving the "top priority" in the Energy Department and that "we're looking toward the development of new plans as variables shift."

As to the specifics of these plans, Mr. Sawhill said, "I'm not going to comment on the contingency plans or the options."

Choices Termed 'Draconian'

But some of the choices were described as "draconian" by Senator Dale L. Bumpers, Democrat of Arkansas, after he left a briefing given by Mr. Duncan on Wednesday.

O. William Fischer, an acting Assistant Secretary of Energy, is the staff director of the task force. It also has representatives from the White House staff, the departments of Defense, State, Transportation, Labor, Commerce, Agriculture, and Health and Welfare, as well as the Environmental Protection Agency, the Nuclear Regulatory Commission and the Federal Emergency Management Agency.

One participant in a Duncan briefing said information was relayed from the C.I.A. and the major oil companies, as well as the Energy Department.

"They showed us a whole bunch of charts, which were labeled 'confidential,'" said one participant, "showing that OPEC exports would be down slightly next year, but that non-OPEC exporters would export slightly more oil next year than this."

Dramatic Rise for British

Among the non-OPEC members expected to export more oil next year are Mexico, Britain and Norway. Britain, for example, is currently producing about 1.7 million barrels a day from its North Sea wells, a dramatic increase over previous averages.

"Mr. Duncan stressed that the vulnerability of OPEC production was of great concern to the Administration," one source said.

The degree of seriousness was evident in the testimony Mr. Kahn gave today to the Subcommittee on Energy and Power of the House Interstate and Foreign Commerce Committee. He said the Iranian situation was not only endangering supplies but also driving up spot prices for oil and thus contributing to inflation.

For this reason, he added, Administration leaders are privately reconsidering a wide range of options to reduce energy consumption in such a way that the 700,000 barrels a day of oil normally imported from Iran would not be needed.

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THE WASHINGTON POST
7 November 1979

Iran Halting Oil Exports To the U.S., CIA Reports

By J. P. Smith
Washington Post Staff Writer

The CIA has told senior Carter administration officials and Congress that Iran is halting its oil exports to the United States.

The report, if confirmed could be the beginning of the cutoff of Iranian oil that the State Department had privately feared might be coming.

However, one major oil company executive said that as recently as noon yesterday one of its tankers had left Karg Island, Iran's main oil shipping terminal without difficulty. That executive said that if "Iran has cut off (exports), we're not aware of it."

Other oil company officials said they were aware of some interruption in oil deliveries but were not sure of the cuase.

A cutoff of oil imports from Iran would not mean an immediate return to last summer's gasoline lines, but it would result in another wave of stiff oil price increases, according to some oil industry analysts.

Publicly, the Carter administration has continued to downplay the likelihood that Ayatollah Khomeini's regime would ban shipments to America or sharply cut back exports.

"We expect that our oil supply will not be cut off," Hodding Carter, the State Department's spokesman, said yesterday.

Privately, State Department officials have a more pessimistic view. "The possibilities of a cutoff to the United States or a drop in exports is very, very great," one official said.

State Department officials say Khomeini can afford to slash exports because Iran now has $9 billion in official reserves, and that Tehran's troubled central government will end the year with a $4-billion surplus.

On Sunday, Ali Montifar, head of the Iranian National Oil Co., was quoted as saying he was prepared to ban oil exports to the United States if Khoumeni orders it. This and other such veiled threats have been issuing from Tehran since the takeover of the U.S. embassy there by students demanding the extradition of the shah.

Iran provides the United States with 400,000 barrels a day or more, according to John Lichtblau of the Petroleum Industry Research Foundation. Lichtblau said a cutoff would not cause gas lines in the near future.

The International Energy Agency in Paris said Americans will have enough heating oil and gasoline to last through the winter if Iran does cut shipments. Last week the Energy Department said the oil industry has exceeded President Carter's 240-million-barrel heating oil inventory goal.

Oilmen such as Atlantic Richfield's chief international analyst, David Sternlight, also pointed out that if Iran did stop U.S. shipments, "nothing would really happen for 30 to 60 days because of tankers already under way."

Sternlight also said other Persian Gulf producers, such as Saudi Arabia and Kuwait, might be induced to increase their oil production to make up for Iranian cuts.

"But if Iran were to go out for a while, there would definitely be a shortage in the U.S.," Sternlight said.

At Standard Oil of Indiana, chief economist Charles Ecks said it was conceivable that they would cut off exports altogether, and if they banned exports to the U.S. it would just trigger a reshuffling in the oil market."

Like Sternlight, Eck and other industry executives interviewed said that if Iran announced a ban on exports to the United States, it would force another quick increase in prices on the spot market. Oil spot market prices are now averaging nearly $40 a barrel, nearly twice the Orangization of Petroleum Exporting Countries' official ceiling price of $23.50 a barrel.

The Iranian oil squeeze earlier this year, prompted by the overthrow of the shah, touched off the massive oil price increases this year. Since the beginning of the year OPEC price have risen from $13.34 to up to $23.50 a barrel, the largest increase since the 1973-1974 oil embargo.

The CIA estimates that Iran is producing about 3.8 million barrels a day, compared with about 5.5 million barrels a day under the shah. Tehran is exporting about 3 million barrels a day.

The Khomeini regime has also created energy headaches for the Soviet Union. CIA analyst John Eckland recently told Congress, "The Soviets have been the biggest losers in the short term from the cutoff of energy to Iran. Some 10 million Soviets were very cold in the South Caucasus last winter because they couldn't have natural gas because of the upheaval."

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NEW YORK DAILY NEWS
6 November 1979

Cooperation or confrontation:

Should we give Russia the choice?

By LARS-ERIK NELSON
Of The News Washington Bureau
Last of a series

IT IS 1983. The Ayatollah Khomeini has died, leaving Iran in political turmoil. In the confusion, the Iranian Communist Party claims to have seized power. Challenged by the army and Shia Moslems, the Communists call on the Soviet Union for aid.

Eight divisions of Soviet airborne troops are swiftly flown to Tehran and to the oil fields at Abadan in the south. A Marxist-Leninist government is proclaimed and Iran's daily exports of six-million barrels of oil are withdrawn from the world market, diverted to fuel the Soviet Union and its allies. The United States is powerless to intervene.

This scenario may never come to pass, but some of the ingredients are already apparent:

- Iran is already in political turmoil, and thus is a source of instability on the Soviet Union's southern border.
- In the early 1980s, the Soviet Union will become dependent for the first time on foreign oil. Because it will be short of hard currency, it may not be able to pay for it.
- What the Soviet Union *will* have is a sophisticated military machine, built up over 20 years, to the point where it can carry out a major foreign military intervention, especially close to its borders.
- The onset of Russia's oil shortages and the new strength of its conventional military forces will coincide with a temporary, theoretical — but psychologically important — missile gap. In the early 1980s, America's land-based Minuteman missile force, hitherto protected in underground silos, will become vulnerable to more accurate Soviet missiles capable of scoring direct hits. The United States could find itself outgunned not only in nuclear missiles, but in planes, tanks and manpower needed in a conventional war.

This is, of course, a worst-case scenario, and it is open to dispute. But scenarios like the one above abound in Washington, as analysts in and out of government assess the consequences of a 20-year Soviet military buildup in all varieties of weapons.

Even a cautious scholar like the Pentagon's Andrew Marshall can write, "As the Soviet Union becomes bolder in pushing out into the Third World and operates, involving her own forces more openly, there is the possibility of a major confrontation some time in the 1980s."

FEARS THAT a combination of apparent U.S. weakness and Soviet economic and political desperation might tempt the Kremlin into such a confrontation are behind the demands in Washington that the United States embark on a $46-million crash program over the next five years to modernize its conventional armed forces.

A congressional committee was told by the Central Intelligence Agency last week that Soviet military expenditures are currently 50% higher than America's, and will continue to rise at least through 1985. A former CIA analyst asserted that even that estimate was 50% too low.

There is an element of quackery in estimating Soviet defense expenditures, which are a state secret. The basic method is to assess how much it would cost the United States to duplicate a Soviet program. Little or no allowance is made for the fact that Soviet labor costs, for example, are only one-tenth as high as prevailing American wages.

Regardless of how much the Russians actually spend, however, it is indisputable that they have built up a modern military machine — with an array of sophisticated weapons for the army, air force and navy that rank with the best America produces. Speaking of Russia's defense effort, Air Force Gen. David Jones, chairman of the Joint Chiefs of Staff, told Congress last January, "It has achieved capabilities far in excess of what would be required for purely defensive purposes."

As of today, the vast bulk of the Soviet Union's defense is aimed at protecting its own borders. The 1.8 million men of the Red Army are stationed either in the Soviet Union itself — with half a million men in 44 divisions along the hostile Chinese frontier — or in Eastern Europe, confronting the North Atlantic Treaty Organization.

THE ALARMING CHANGE has been in the potential for overseas deployment — a capability still small by U.S. standards, but nonetheless, unprecedented:

- The Soviet Pacific Fleet, controlled by a headquarters in Vladivostok, has grown to 70 major surface combat ships capable of interdicting Pacific sealanes and the key oil routes to Japan. This Pacific fleet also ranges into the Indian Ocean through the Straits of Malacca.
- Emulating a U.S. capacity, the Russians have created a small marine corps. It currently numbers only about 12,000 men, but in many Third World situations, a shock assault by a small force would be decisive.
- The Russians have built up eight airborne divisions, and though they still lack long-range lift capacity, geography is such that the Soviet Union can outstrip the United States in moving large numbers of men and weapons into the Middle East, the Persian Gulf and Korea.

According to Pentagon analysts, this extensive, coordinated and obviously planned buildup of all categories of Soviet military might has had no economic benefit and no readily apparent purpose. The Russians have poured billions of dollars in cash and weapons into Cuba, Vietnam, Syria and smaller nations around the world — and they are neither militarily safer nor economically better off as the result.

The United States has always had at least the pretext that U.S. military forces are protecting visible American interests. Since Adm. Dewey sailed into Manila Bay in 1898, Americans have become accustomed to seeing their young men sent off to distant lands to protect either strategic resources, major investments or important political alliances — whether it be North Atlantic shipping lanes, Middle East oil, or the Lever Brothers coconut plantations on Guadalcanal.

Historically, the Soviet Union has had no similar, vital foreign interests. It has always prided itself on its self-sufficiency, producing its own oil, mining its own metals, growing its own food and developing its own industries.

Thus, the specific reasons for the Soviet buildup are a mystery, but there are several theories. One is that the Russians are simply trying to behave like a great power, as they have seen the United States behave around the world. Another is that they are pursuing a goal of world conquest — an idea favored by some conservatives but scoffed at by most government officials. Third, they are preparing for any conceivable condi-

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STATINTL

ARTICLE APPEARED
ON PAGE 3

CHICAGO TRIBUNE
5 November 1979

[redacted]

CIA defends OPEC cut in exports

WASHINGTON [UPI]—The Central Intelligence Agency has defended the OPEC oil cartel's cuts in petroleum exports as conservation measures similar to moves under study in the United States, it was disclosed Sunday.

Testifying at a closed-door congressional hearing, CIA analyst John Eckland said the Organization of Petroleum Exporting Countries is "doing the same thing that the State of Alaska is doing."

Eckland, the chief of CIA's petroleum supply analysis center, told the House Intelligence Committee's oversight panel that the OPEC cuts could be compared to conservation studies ordered by Alaskan officials.

He said the State of Alaska has called in consulting firms to determine how fast oil can be pumped from Prudhoe Bay without causing damage to the field.

"ALL OF THOSE studies say that Prudhoe Bay starts to decline around 1986," the analyst said.

He said production can be kept at about 1.5 million barrels a day until about 20 per cent of the oil has been pumped, but "is going to inevitably fall" from then on.

"Now, OPEC countries are getting these sorts of answers on their oil fields," Eckland said. "They are facing a need to try to preserve and stretch out this resource."

A transcript of the closed-door hearing, which was held Oct. 17, was released Sunday by Rep. Les Aspin [D., Wis.], chairman of the oversight subcommittee.

MAURICE ERNST, the CIA's economic research director, said the Soviet Union is not to blame for OPEC's cuts.

Ernst told the committee the Soviet Union has energy problems of its own and would make them worse by increasing the price the Kremlin must pay for imported oil.

In addition, he said, the Soviet Union doesn't have the clout to get the oil-exporting nations to cut back exports even if it decided such a move would be in its best interests.

"I would say so far, the Soviets simply do not have the influence over the oil-producing countries that would enable them to reduce or to affect the oil supplies, even if they wanted to," he said.

Ernst told the subcommittee that Soviet oil production was expected to peak this year or next and to start declining "within a year or two after that."

ARTICLE APPEARED
ON PAGE E 33

THE WASHINGTON POST
3 November 1979

Jack Anderson

Perpetuating the Big Lie About Big Oil

President Carter's belated threat to punish the oil companies for turning the worldwide oil "crisis" into unconscionably high profits may once again turn out to be a case of too little, too late. The sad truth is that if the president wanted to be fair about it, he'd have to march himself out to the woodshed along with the oil moguls.

A wealth of information was available to Carter and his advisers that showed Big Oil's excuse for the gas lines and price jumps — a worldwide oil shortage caused by the cutoff of Iranian production — was in fact a phony.

We recently disclosed a CIA analysis that exposed the Iranian scapegoat as a myth. Other oil-producing nations more than made up for the Iranian shortfall, and U.S. imports actually rose over 1978.

Both the oil industry and the Carter administration knew this. Yet then-energy czar James Schlesinger steadfastly insisted that our imports were down 2 million barrels a day because of the Iranian situation, and that, according to the administration, was what was causing the gas crunch.

We have uncovered other reports, some still suppressed, which shot down the Big Lie about Big Oil. The way the reports were handled has convinced those who knew what was in them that there was indeed a conspiracy by the oil companies to extract huge profits from the American public's belief in a shortage that was in fact a phantom.

One vital piece of evidence which debunked the myth of the shortage was a study prepared for Rep. Albert Gore Jr. (D-Tenn.) by the Congressional Research Service's top international oil analyst, Dario Scuka, last February. Gore made some of the conclusions public in March, including a prediction that world oil production would be the same in the first nine months of 1979 as it had been a year earlier, despite the Iranian cutback.

Gore drew denials and ridicule from the oil moguls, the administration and the media. The Scuka predictions, though, turned out to be right on the money.

Meanwhile, Scuka assembled 60 pages of backup data. Sources told our associate Dale Van Atta the report, if released in April when it was completed, would have been devastationg to Carter's and Schlesinger's credibility. But it was buried. According to a source close to the probe, the CRS analyst "was raked over the coals by higher-ups, and they stonewalled Gore," who never did get the full report.

As for the man who told the truth, Dario Scuka is also being punished. His bossses are threatening to transfer him out of his field of expertise — international petroleum — to a job where his honesty will be less embarrassing.

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ON PAGE 5
LOS ANGELES TIMES
2 NOVEMBER 1979

[redacted]

Bigger Soviet Arms Budgets Predicted

BY NORMAN KEMPSTER
Times Staff Writer

WASHINGTON—Defense spending by the Soviet Union will increase steadily for at least the next five years despite a deepening economic slump, increasing the already heavy burden of arms on that nation's economy, the Central Intelligence Agency predicted Thursday.

Donald Burton, chief of the CIA's military economics branch, estimated that the Soviet Union's military expenditures will grow from 11% or 12% of its gross national product next year to as much as 15% by 1985. The Pentagon predicts that U.S. defense spending will increase more slowly than the total economy and thus will decline slightly from 4.9% to 4.7% of GNP during the same period.

"Soviet economic growth has been slowing during the 1960s and 1970s," Burton said. "We believe that the slowdown will continue and even worsen in the 1980s."

Burton told a Senate armed services subcommittee that the growing economic pressure of defense programs may cause the Soviet leaders who ultimately succeed ailing President Leonid L. Brezhnev to reassess the nation's need for military hardware. But he said a cutback should not be anticipated.

"Decisions that they make from now on concerning new military programs—which would affect defense spending in the late 1980s—may reflect greater concern for the military drain on the economy, but we think it unlikely that economic problems will force the Soviets to reverse their commitment to continuing improvement in their military forces," Burton said.

Burton conceded that projections of Soviet military spending are often controversial, because the Kremlin keeps its defense budget secret, forcing U.S. analysts to estimate the cost of military programs that can be observed by satellites and intelligence methods.

Burton estimated the Soviet defense budget for this year at between 58 billion and 63 billion rubles, in terms of the buying power of the ruble in 1970.

Based on the official exchange rate, that figure would equal between $85 billion and $92 billion. But the CIA rejects such a straight-line conversion from rubles to dollars, because the ruble is not convertible on international markets and because the Soviet domestic pricing system does not respond to market forces.

Therefore, the CIA estimates the amount that it would cost the United States to duplicate the Soviet military force, assuming U.S. costs for various programs.

On that basis, the agency estimated that Soviet military spending last year was $150 billion, about 50% more than the Pentagon budget. However, Burton conceded that this figure overstates the true cost, because it assumes that the Soviets provide high pay equivalent to U.S. military scales to their largely conscript and low-paid army.

But by either measure, Burton said, Soviet military spending will increase during the next five years, probably between 3% and 5% a year after adjustments to eliminate the effect of inflation.

William T. Lee, a former CIA analyst who is now a consultant to the Defense Intelligence Agency, preceded Burton to the committee's witness table. Lee said the CIA, which several years ago admitted that it had substantially underestimated Soviet military spending, is making the same mistake again.

"By 1980, CIA estimates of total Soviet defense expenditures once again are understated by a factor of two," Lee said.

He estimated that by then total Soviet spending would be "well over 100 billion rubles" adjusted for the spending power of the ruble in 1970.

Lee, who based his estimates on published Soviet economic statistics, said that military programs are taking an increasing slice of the total economy.

For instance, Lee said, military hardware will account for more than half of the total output of Soviet machinery next year. As recently as 1965, he said, the military share of machinery production was 25%.

Burton insisted that the CIA was correct—and Lee was wrong—on the total Soviet military program.

[redacted]

ARTICLE APPEARED
ON PAGE A-3
THE WASHINGTON POST
2 November 1979

Soviet Military Spending Up

United Press International

The Soviets are spending about 50 percent more on military outlays this year than the United States, CIA analysts told Congress yesterday.

They predicted Soviet military spending will continue to increase at least through 1985 despite the strain on the Russian economy.

A private analyst and two members of the Senate Armed Services Committee said they thought the CIA statistics were too low.

Sen. Robert C. Byrd, (D-W.Va.), chairman of a Senate Armed Services subcommittee, said the panel was seeking to learn if the "massive surge of unprecedented military procurement" by the Soviets in the 1970s was likely to be matched in the 1980s.

Byrd said, "we must have facts to formulate the fiscal 1981 (defense) budget"—which, with increases promised by President Carter or demanded by sectors of Congress, may run as high as $160 billion.

"In 1979, the Soviet total will be about $150 billion, about 50 percent higher than U.S. outlays," said Donald Burton, chief of the CIA's Military Economics Analysis Center.

Total Soviet defense activities for the 1970s, he said, exceeded comparable U.S. outlays by almost 30 percent.

Estimated costs of Soviet defense activities "caught up with U.S. defense outlays in 1971 and have exceeded them by a widening margin in each succeeding year," Burton said.

Byrd scheduled another hearing for Thursday.

[redacted]

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ON PAGE A6

THE BALTIMORE SUN
2 November 1979

Soviet arms spending will go on, CIA says

By CHARLES W. CORDDRY
Washington Bureau of The Sun

Washington—The Central Intelligence Agency told Congress yesterday that the Soviet Union had outstripped the United States in weapons spending by 50 percent over the past decade and neither a change in Kremlin leadership nor an economic downturn was likely to bring moderation in arms programs in the 1980s.

In rare testimony on details of Soviet arms production, CIA analysts said the Russians have been outspending the United States in all major categories except tactical air power. Gaps appeared to be widening at the end of the 1970-1979 decade, even though U.S. weapons purchases had begun a steady upturn.

The CIA estimates were laid before a procurement subcommittee of the Senate Armed Services Committee and were expected to provide grist for critics of the SALT II treaty with the Soviet Union. Most of the critics are demanding heavy increases in U.S. defense budgets over the next five years.

A leader of those forces, Senator Sam Nunn (D. Ga.), renewed demands in a Senate speech yesterday for an early look at the administration's five-year defense plans. Without a "definite commitment and pronounced leadership" for bigger military budgets, he said, the nation would be "indulging in a national-security charade."

"If these conditions continue," Mr. Nunn said, "I will not become part of it by voting for SALT II." He thereby seemed to be closing the door another notch—but not completely yet — on administration hopes that he will vote for the strategic arms limitation treaty.

The CIA team, headed by Donald Burton, chief of the military economics division, told the Senate panel that the Soviet Union had spent the equivalent of $360 billion on weapons in the 1970s, while the United States had spent $240 billion.

In overall defense spending, including manpower, operations and research and development as well as weapons purchases, the CIA said the Russian figure for the decade was $1.35 trillion and the American was $1.05 trillion.

While the disparities were large, William T. Lee, a former CIA man and a longtime analyst of Soviet defense budgets, told the subcommittee that the intelligence agency's estimates on Russia were woefully low. He said the CIA was as wrong now as it was in 1975 and 1976, when it had to double its estimates of what the Soviet Union had spent on defense in 1970.

The CIA analysis, Mr. Lee contended, took no account of large but unknown quantities of ammunition and other items that cannot be counted, nor did it factor in the increased costs of more complex weapons now being produced.

Claiming that total Soviet military expenditures—but not specific details—can be derived reasonably well from published Soviet economic data, Mr. Lee estimated that Moscow would invest 18 percent of gross national product in defense in 1980, compared with a CIA estimate of 11 or 12 percent.

Whatever their differences on dollar and ruble costs of Soviet arms, the witnesses generally agreed that neither a worsening economic situation nor leadership changes in the post-Brezhnev era would slacken Moscow's military programs. Basic policies will persist, they argued.

ARTICLE APPEARED ON PAGE 9

DEFENSE/SPACE DAILY
2 November 1979

STATINTL

[redacted]

CIA SAID TO BE UNDERESTIMATING SOVIET DEFENSE SPENDING BY 100%

A former analyst of Soviet military economics in the Central Intelligence Agency told a Senate panel yesterday that the CIA's estimates of Soviet defense expenditures have been underestimated by 100 percent for the second time within the last five years.

With the CIA providing a new estimate that the Soviets will spend about $150 billion on defense activities in 1979, or about 50 percent more than the United States, William T. Lee, an analyst in the CIA's Office of Economic and Strategic Research from 1951 to 1964, told the Senate Armed Services Subcommittee on Procurement that the agency's estimates are "again" too low by a "factor of two."

Lee said the CIA "was forced by new evidence to double its estimates of Soviet defense expenditures in 1970. By 1980 CIA estimates of total Soviet defense expenditures once again are understated by a factor of two."

Lee explained that Soviet defense expenditures climbed from about 10 percent of the Soviet GNP in 1960 to nearly 15 percent in 1975 and will climb to about 18 percent in 1980 (U.S. slightly over 5 percent).

Donald Burton, chief of the CIA's Military Economics Division, who presented the CIA's new Soviet defense cost estimates to the subcommittee yesterday, put the proportion of Soviet GNP devoted to defense spending at 11-12 percent now and about 13-15 percent by 1985.

Explaining the variance of his estimates with those of the CIA, Lee said the CIA estimates the distribution of Soviet defense expenditures according to the direct costing, or building block methodology, while he derives his estimates by using Soviet economic data "which have proven to be the only reliable source of such estimates." Outlays for weapons procurement "are the most reliable component of Soviet defense expenditures derived from Soviet economic data," he said. Directly or indirectly, Lee further explained, most Soviet procurement program information is derived from the "national means of verification."

Burton did not challenge Lee's estimates, but told Sen. John Warner (R-Va.) that Lee, the former agency analyst, "has excellent access (to intelligence on Soviet defense activities) in this town."

'Expect More Of The Same'

While reaching different conclusions on the total Soviet defense spending activity and the rate of that activity, Lee and Burton agreed that Soviet defense spending increases are expected to continue into the 1980s. Burton told the subcommittee that the intelligence community expects "more of the same."

Expanding on this point, Burton said the amount and type of Soviet construction now under way indicate that another "cyclical increase in defense spending is likely in the early to mid-1980s, as the new industrial capacity comes on stream." He said total Soviet defense spending and spending for military procurement will continue to increase in real terms at least through 1985.

He pointed out that the Soviets now have about the same number of major weapons systems in production that they have maintained since 1970, with nearly 60 percent introduced in the last five years and production of most of them continuing into the 1980s.

CONTINUED

The CIA analyst said Soviet design bureaus also appear to be maintaining a high level of activity in the development of follow-on weapons.

Further, the number of Soviet strategic and general purpose weapons in flight test or trials is about the same as the average since 1970, he said.

The CIA concludes that force modernization, rather than expansion will be the principal determinant of Soviet defense procurement in the 1980s. "We expect only slight increases in the overall size of Soviet forces and even decreases in some areas," such as strategic reductions that would be required under SALT II, Burton said.

"We think it unlikely that economic problems will force the Soviets to reverse their commitment to continuing improvement in their military forces," he added.

50% Of Soviet Machinery Devoted To Defense

As a measure of the economic impact of the Soviet defense spending increases, Lee pointed out that the military procurement's share of the total Soviet machinery has risen from about 25 percent in 1965, to about 40 percent in 1970 and will be over 50 percent in 1980.

To offset this impact on the economy, he said, the Soviets are increasing their imports of machinery from Eastern Europe and the West. In 1980 it is expected that such imports will constitute at least 30 percent and "perhaps as much as 44 percent" of all machinery and equipment allocated to USSR capital investment.

Burton made the following comparisons of U.S. and Soviet defense spending:

* Total Soviet defense spending for the 1970s is about $1,350 billion, compared with $1,050 billion spent by the U.S., exceeding the U.S. by almost 30 percent. In dollars, the Soviet defense spending in the 1970s increased at about 3 percent annually, while, in rubles, at about 4-5 percent.

* In 1979, total Soviet defense spending will be about $150 billion, about 50 percent higher than U.S. outlays. Measured in rubles, the Soviet level is about 30 percent larger than the U.S.

* Soviet procurement of weapons and equipment in the 1970s exceed U.S. procurement outlays by about $115 billion, almost 50 percent. The estimated dollar costs of Soviet procurements have exceeded U.S. procurement outlays by 75 percent or more in each of the last five years.

* Soviet procurement funds for strategic forces in the 1970s is 2-1/2 times the U.S. total.

* Soviet general purpose forces procurement was about 50 percent larger than U.S. procurement.

* Soviet land forces procurement is three times that of the U.S. in the 1970s, including the Soviet addition of 11 new divisions.

* Soviet tactical air procurement is down about 20 percent below the U.S. procurement in the past 10 years, reflecting the larger U.S. tactical air forces and the inclusion of U.S. aircraft carriers.

* Soviet general purpose Navy procurement exceeds the U.S. by one-third in the 1970s.

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ZFAM-MILITARY-SOVIETS

WASHINGTON, Nov 1, REUTER - AN EXPECTED SLOWDOWN IN SOVIET ECONOMIC GROWTH IN THE 1980S PROBABLY WILL NOT STOP THE KREMLIN FROM INCREASING MILITARY SPENDING, A TOP CENTRAL INTELLIGENCE AGENCY (CIA) ANALYST TOLD CONGRESS TODAY.

"WE THINK IT UNLIKELY THAT ECONOMIC PROBLEMS WILL FORCE THE SOVIETS TO REVERSE THEIR COMMITMENT TO CONTINUING IMPROVEMENT IN THEIR MILITARY FORCES," CIA STRATEGIC RESEARCH DIRECTOR ROBERT HUFFSTUTLER SAID.

HE ALSO SAID THE CIA LACKED GOOD KNOWLEDGE OF THE POSSIBLE MAKE-UP OF THE SOVIET LEADERSHIP THAT WOULD FOLLOW PRESIDENT LEONID BREZHNEV, WHO IS IN POOR HEALTH.

IN A RARE PUBLIC APPEARANCE BY A CIA ANALYST, MR HUFFSTUTLER MADE HIS COMMENTS IN TESTIMONY TO THE SENATE ARMED SERVICES WEAPONS SUBCOMMITTEE.

THE ANALYST SAID RECENT INVESTMENTS IN WEAPONS INDUSTRIES INDICATED THE SOVIET UNION WOULD INCREASE ITS MILITARY SPENDING UNTIL THE END OF 1985.

DECISIONS BEING MADE NOW TO DECIDE ON SPENDING IN THE LATE 1980S COULD BE AFFECTED BY ECONOMIC CONCERNS, HE SAID, BUT DOUBTED THAT THESE PROBLEMS WOULD FORCE THE KREMLIN TO REVERSE ITS COMMITMENT TO IMPROVE MILITARY FORCES.

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ZFAM-MILITARY-SOVIETS 2 WASHINGTON

THE CIA ANALYST SAID THE EXPECTED POOR ECONOMIC PERFORMANCE PROBABLY WOULD INCREASE OPPOSITION INSIDE THE KREMLIN TO HIGHER DEFENSE SPENDING.

ON THE OTHER HAND THE INFLUENCE OF THE ARMED FORCES WOULD BE PARTICULARLY STRONG DURING THE TRANSITION AFTER MR BREZHNEV.

U.S. MONITORING OF SOVIET WEAPONS DEVELOPMENT AND PRODUCTION INDICATED THEY HAD NOT BEEN AFFECTED BY THE ECONOMIC

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MILWAUKEE JOURNAL
19 October 1979

Experts fear end of oil road by 1985

By John W. Kole
Journal Washington Bureau

Washington, D.C. — Using the Department of Energy's most optimistic projections, the free world's oil production could be outstripped by demand by 1985 — or sooner.

That gloomy outlook was described to the House Intelligence Oversight subcommittee as officials of the CIA reiterated their judgment that without much greater conservation, the demand for oil could exceed production by the early or mid-1980s.

"It looks like Armageddon," said Rep. Romano Mazzoli (D-Ky.). "We may well have reached the precipice. Are we facing an abyss?"

Rep. Les Aspin (D-Wis.), chairman of the subcommittee, said he was disturbed that the public was not paying more attention to the CIA analysis, which was released two months ago.

"Either people aren't reading this or aren't believing it," Aspin said. "How do we get the message across that this could be a very serious situation? Why is it that this doesn't get through?"

Moderate for a while

Maurice Ernst, director of the CIA's Office of Economic Research, said the current economic slowdown could moderate demand for oil in the immediate future, but "we cannot count on increased supplies being available to meet rising demand during the next upswing of the business cycle."

Ernst noted that the agency's first unclassified study in April, 1977, had predicted:

"In the absence of greater energy conservation, projected world demand for oil will approach productive capacity by the early 1980s. In these circumstances, prices will rise sharply to ration available supplies."

Although the CIA was criticized then for being overly pessimistic, Ernst said: "We turned out not to be pessimistic enough. Witness the 60% increase in oil prices since 1978."

More valuable in future

Officials of both the CIA and the Energy Department agreed that oil-producing countries in the Mideast had reduced growth in production after the Iranian reduction, realizing that petroleum would be much more valuable in the future.

"The industrial countries somehow will have to adjust to a slow growth of energy supply and a stable or declining oil supply," Ernst said. "The adjustment will take the form of increased energy conservation, reduced economic growth, or most likely, some combination of both.

"Holding energy demand to projected supply levels without lowering economic growth targets below the 3% to 3½% annual rates normally considered acceptable would require unprecedented rates of conservation — substantially higher than in recent years."

Soviets affected

Afterward, CIA Director Stansfield Turner noted that the Soviet Union also would face a series of "painful choices" in the early '80s because of declining oil production there.

"Overall, the bulk of Soviet energy is consumed by heavy industry," he said. "We all know how much priority the Soviets put in the area and how costly and difficult it would be to cut back."

He also defended the CIA prediction that oil supplies will not stabilize in the coming decade, even though the Energy Department disagrees.

"We see indirectly a consensus in the industry that is on the side of decreased output," he said.

ARTICLE APPEARED ON PAGE 142-159

FOREIGN POLICY
FALL 1979

FOOLISH INTELLIGENCE

by Robert F. Ellsworth and Kenneth L. Adelman

The intelligence community should brace itself for a new wave of castigation that widens its past sea of woes. The looming storm will arise from accusations that it inadequately warned the United States of Soviet military capabilities and technological breakthroughs during the 1970s and early 1980s. These inevitable accusations, originating from the center-right, will diffuse throughout the body politic and will focus on the competence of American intelligence analysis. For the Central Intelligence Agency elite—those in the Operations Directorate—has catered for years to America's foreign policy establishment view that the biggest game in town is at least collaboration and at most condominium with Russia. This has led to a process of discounting data that portray the Soviet Union as a genuine threat rather than as a potential partner.

Past hubris has brought on present nemesis. The CIA's (and military intelligence's) attempts at political assassinations, covert shenanigans, illegal spying on American citizens, and free-wheeling operations have reaped their reprisals. The now receding accusations, originating from the center-left, focused on these intelligence excesses. As a result, the reins of the covert operators were pulled in, as the five-year-old investigations and presidential Executive Orders scaled down the CIA's activities.

The limitations were perhaps overdue, though the fanfare was overblown. The CIA was never as nefarious as strident critics contend, and few of its members indulged in offensive deportment. Even if every official investigated for illegal practices were found guilty, the culprits would still add up to a tiny percentage of all intelligence personnel. Executive and congressional investigators have highlighted the sensational at the expense of the more significant.

President Carter aimed at the right target—inadequate performance rather than overzealousness—on Armistice Day 1978, when he fired off a handwritten memo to his top security advisers. It opened pungently, "I am not satisfied with the quality of political intelligence." The president was justifiably distraught by the crumbling of the shah's reign in Iran. He resented that American intelligence officers, long stationed in Tehran, had failed to tell him what General Ludendorff told the kaiser after a brief visit with the Austrian army on the eve of World War I: "We are allied to a corpse."

The much touted intelligence failure in Iran was due to a massive failure of imagination. Similar human frailty led the British ambassador in Berlin, two days before the onset of World War I, to report that war was out of the question. The syndrome also afflicted American leaders on the eve of Pearl Harbor, Stalin at the outset of Operation Barbarossa (Hitler's 1941 invasion of Russia), and the Israelis immediately before the 1973 Yom Kippur war—the three most celebrated intelligence failures of recent times.

But no such failure of imagination can account for staggering CIA errors, compounded over 15 years, in estimating Soviet forces and intentions in strategic weaponry and overall military effort. Beginning in the 1960s, the CIA embarked upon a consistent underestimation of the Soviet ICBM buildup, missing the mark by wide margins; its estimates became progressively worse, on the low side. In the mid-1970s the intelligence community underestimated the scale and effectiveness of the Soviets' multiple independently targetable reentry vehicle (MIRV) programs. Even more important, Soviet war-

ROBERT F. ELLSWORTH, *former deputy secretary of defense, is visiting scholar at the School of Advanced International Studies of The Johns Hopkins University.* KENNETH L. ADELMAN, *former assistant to the secretary of defense, is senior political scientist at the Strategic Studies Center of SRI International.*

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ARTICLE APPEARED
ON PAGE A-19

THE WASHINGTON POST
14 August 1979

George W. Ball

Mideast Oil: Countdown to Trouble

In early 1978, many analysts predicted an imminent oil glut; no allowance was made for an Iranian revolution that within a year would result in an oil shortfall and long gas lines. We have learned little from that experience. Because we cannot quantify political risks, we ignore them, still basing our oil plans solely on technical and economic speculations. Yet there is a high probability that within the next two years political or military events will interrupt—if not permanently curtail—the flow of oil from major production centers in the Middle East.

During the past year, at least five developments have intensified the threat to oil supplies:

- The Arab nations have bitterly split over the Camp David agreements.
- The Iranian revolution has jeopardized Iran's oil flow, while Khomeini's obsessive evangelical drive to encourage Shiite Moslems wherever they may be has created tension and excitement throughout Islam.
- The PLO has become a pervasive force for agitation and disruption in Middle Eastern countries.
- The Soviets have gained beachheads in the Horn of Africa, South Yemen and Afghanistan.
- According to CIA estimates, the Soviet Union may in three years become an oil-deficit country and seek to obtain Middle Eastern oil for its own uses.

These five developments—individually or in combination—could critically affect the oil flow on which our prosperity depends.

Iran: The continued export of oil even at the currently reduced level of 3.4 million barrels a day may well be interrupted by the power struggle now in progress. Though the Khomeini regime will almost certainly be displaced, no one knows what will follow or what disruption may result. The left, though momentarily weakened by internal division and Islamic fervor, may still gain strength as the wheel turns. Meanwhile, Iran's oil exports could be sabotaged by the 500,000 Sunni Moslem Arabs who furnish 20 percent of the oil-field workers. Armed and encouraged by their Arab friends in Iraq, they have already twice cut pipelines in their demand for an autonomous Arab state (Khuzistan), which would incorporate most of Iran's oil fields.

Iraq: Continued oil production of 3.5 million barrels a day cannot be counted on. For the first time in years, Iraq faces political instability, just when its relations with Iran next door are rapidly deteriorating. While Iraq is inciting the Arabs in Iran, Khomeini's regime is encouraging insurrection among the Shiite Moslems in Iraq, who constitute 52 percent of Iraq's population but have a little role in the Iraqi government. Meanwhile, President Saddam Hussein faces a resumption of Kurdish revolt, which in the past has tied down half the Iraqi army in protracted fighting.

Saudi Arabia: Contrary to overoptimistic projections, the Saudis are not likely to increase production much above the current temporary level of 9½ million barrels a day nor can we even count on a minimum level of 8½ million barrels. Though committed to moderation, Saudi Arabia, with only 5 million people, cannot resist the political dynamics of the area. If the Begin government continues its creeping annexation of the West Bank and Gaza Strip through its settlement stratagem and there is no breakthrough toward a Palestinian agreement, production will be drastically reduced. The more radical Arab states will inevitably force the Saudis to use their oil production as a political weapon, just as they have already forced them to cut their subsidy to Egypt. Though the Saudis are probably too subtle to explain a production curtailment in such bald terms, the effect will be the same no matter what technical justification is given.

Kuwait, Bahrein and the Gulf Emirates and Sultanates: These little nations with weak governments, which together produce 4.8 million barrels a day, contain large percentages of Shiites (Bahrein 40 percent, Kuwait 20 percent) as well as many thousand Palestinians. The collapse of the Iranian monarchy—the largest in the area—has aroused and excited a volatile, divided and suggestible population. Though there seems little immediate danger of a revival of the Dhofar insurrection in Oman, the increasing Soviet influence in South Yemen adds to the general anxiety over the Gulf.

The Gulf: Saudi Oil Minister Sheik Ahmed Zaki

The writer is a former undersecretary of state.

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ARTICLE APPEARED ON PAGE A2

THE WASHINGTON STAR (GREEN LINE)
14 August 1979

U.S., Soviets Share Some Tough Domestic Problems

By Henry S. Bradsher
Washington Star Staff Writer

At one of their meetings in Vienna two months ago, President Carter asked Soviet leader Leonid Brezhnev what his greatest domestic problem was.

Brezhnev glanced at his comrade on the Soviet Communist Party politburo, Defense Minister Dmitry F. Ustinov, and then gave an answer that Carter could well appreciate from his own experience: "Energy."

There are other Soviet problems like manpower imbalances, political dissidence and alcoholism that might have come to Brezhnev's mind but been too sensitive for the party general-secretary to mention. But the energy shortage is a major constraint on the Soviet future.

Economic growth has become the primary justification for the Soviet Communist system. Its main public meetings are timed to talk about new five-year economic development plans so that other, more awkward subjects with more obvious political implications can be blanketed out.

But economic growth is becoming an awkward subject, too. The growth rate is slowing down. Energy problems are a key factor.

As the expansion of the economy falls below the planned rate, however, military production continues to grow. Armaments programs that U.S. analysts can now see under way — such as expensive new titanium submarines and several new missile systems — guarantee that military spending will continue to increase at a rate of 4 or 5 percent a year for the indefinite future.

With economic growth now slower than that, the armed forces are taking an increasing share of the nation's wealth. The CIA estimate of 11 to 13 percent of Soviet gross national product being consumed by the armed forces has long been considered too low by some outside analysts.

East-West Similarity

Although Soviet theoreticians were angered in the 1960s by the Western intellectual notion of a convergence between the capitalist and Communist systems as each changed over time, there is a distinct similarity in some of the problems now facing both East and West.

Both the United States and the Soviet Union have energy problems. Both face tough questions about

The SALT II debate here has begun to change the U.S. climate on armaments. Those who advocate building a stronger military force feel that both official and public opinion is moving to their support. But some fear recession dims prospects for raising defense spending.

The American gross national product declined 1.1 percent in the first half of 1979, compared to an estimated Soviet growth of slightly under 1 percent after an unusually severe winter. The Soviet figure for the whole year probably will end up at 2 percent growth, which is bad for the Soviets but not bad compared with the problems facing a number of Western nations.

The U.S. recession means that the Carter administration will have a hard time finding extra money for the kind of increased military spending being advocated by such people as Henry Kissinger and Sen. Sam Nunn, D-Ga., as a price for ratifying SALT II.

The Soviets already seem to be having trouble finding more military money, and it is going to get worse.

There are three main areas of Soviet spending: consumption that has given the Soviet people a sense of steadily improving living standards in the last two decades, investment that is needed in the long run to keep up that improvement, and the armed forces.

Past economic growth has permitted all three to expand simultaneously. But Stansfield Turner, director of the CIA, testified before Congress recently that a pinch is coming.

He based this on predictions of a further slowdown in growth. The rate might drop as low as 1 or 2 percent a year if the energy problem worsens because Soviet oil production falls off as much in the early 1980s as the CIA expects. Some other analysts say, however, that the CIA estimate of declining Soviet oil output is too bearish, and the rate is unlikely to drop that low.

A very low rate "could squeeze the U.S.S.R.'s resources to the point where something has to give," Turner said.

Capital Investment Down

"Reducing growth in investment below current rates seems unlikely in view of the vast needs for new, more energy efficient investment goods throughout the country and the already slow pace of investment (3 percent per year)," Turner's written testimony said.

"Reducing growth in consumption would have a negative impact on worker morale and productivity just when a boost in both is needed most.

"Reducing growth in defense spending in a period of leadership transition — likely in the 1980s — would be equally difficult since those vying for power probably will be reluctant to press for actions that might alienate the military.

"In the absence of any reduction in the pace of defense expenditures, however, the burden of slowing economic growth would fall squarely on the consumer, whose standard of living would stagnate. . . ."

The overworking of existing oil fields, so that their total productivity is lower than if pumped slower, and the long lead time and vast investment needed to develop new fields in harsh Siberian terrain and climate, are only one factor in the growth slowdown. Several long-term effects are combining.

Readily accessible raw materials are being exhausted, capital investment is down while the gains from each additional ruble of it are declining, and the related rate of labor productivity increase is also dropping. The Joint Economic Committee of the U.S. Congress has been warning of a similar problem here of inadequate investment to modernize plant and enable each worker to produce more, thus cutting unit costs and checking inflation.

The Soviet work force is no longer growing rapidly, labor turnover is increasing, and the Kremlin has been unwilling to counter these problems with greater material incentives. Its use of political exhortation has had little result, however.

It has also resorted to yet another round of Communist Party and government resolutions on reorganizing economic management to try to get better results. But nothing much has changed.

The party still resists the decentralization that some think is

ARTICLE APPEARED ON PAGE A-9
WASHINGTON STAR
21 JULY 1979

[redacted]

Cord Meyer

Saudi production and the oil shortage

After enabling President Carter to arouse Americans to the need for stringent measures on energy, the gasoline crisis is likely now to fade like a bad dream, leaving puzzlement in place of the long lines at the filling stations.

This abatement of the oil shortage will be temporary but some of Carter's advisers urged him to forecast it in his speech Sunday night. It appears that the shortage will be transformed into a temporary glut by the slowdown of the American economy and by increased Saudi production. The prospect carries risks for the president's credibility but he decided to ignore it in his speech.

The energy experts warn that this deceptive glut will vanish like morning mist as soon as the American economy starts to recover. World demand will again start to bump against the supply ceiling to force up prices. There is unanimity among the experts that for the next decade the world will be living on the ragged edge of genuine shortage and that Carter is absolutely right to call for draconian measures to reduce our dependence on foreign oil.

World supply and demand are so closely balanced that the U.S. is at the mercy of uncontrollable political events abroad. The mounting turmoil in Iran could easily lead at any time to the complete closure of the Iranian oil fields. The impact on the world markets of the loss of about three million barrels per day would be devastating and shoot prices through the roof.

Recent news reports that Iraq is capable of quickly increasing production by one million barrels per day are misleading. The Iraqi oil fields are suffering from declining pressures partly as the result of the wasteful use of Soviet water flooding methods.

Moreover, intelligence estimates of future Russian oil production have had to be revised downward because of gross Soviet mismanagement of the Western Siberian oil fields. By as early as 1981, the Soviet bloc may be forced to become a net importer of oil, igniting new fires under the pressure cooker of rising world demand.

Under these circumstances, it is childish folly to make OPEC the scapegoat for our own profligate waste waste of genuinely scarce oil, as White House staffer Stuart Eizenstat advised and Carter hinted in his speech. The OPEC nations functioned in 1973 as a conspiratorial cartel to raise prices by restricting production, but OPEC's recent price increase was a response to real shortages reflected in the frantic bidding in the spot market. England has been charging for North Sea oil just as much as the most greedy Arab.

We are fortunate that the largest OPEC producer, Saudi Arabia, has been prepared to hold its price below the new OPEC ceiling and to increase production from 8.5 to 9.5 million barrels. Fulfilling a promise made to this reporter on June 9, Crown Prince Fahd explained to Carter's envoy, Ambassador Robert Strauss, that the increased production was a response to the commitment to conservation made by the industrial nations at Tokyo.

Contrary to general impression, the Saudis have a compelling self-interest in not producing above the 8.5 million rate. They view their oil reserves as a one-time gift from the gods and are determined to preserve this patrimony for succeeding generations.

At a rate of 8.5 million, their reserves will last for 50 years and allow them to make a transition to an industrial economy. At higher production rates, the oil will be gone before they have time to train their people. They will have traded the liquid gold in the ground for declining dollars and uncontrollable inflation.

It is an act of farsighted statesmanship for the Saudis to have temporarily upped production to give the West time to adjust to lower consumption levels. They are motivated by the stake they have in Western prosperity and by their well-founded fear of the Soviets. But they sometimes despair of a fair hearing in the American media.

When the New York Times erroneously reported this month that the Saudis had decided not to increase production, the Saudis were criticized for selfish irresponsibility. When they did increase, the Washington Post in an editorial and cartoon charged that they were trying to hook the U.S. on dependency on their oil to bring pressure to bear on Israel.

As one young Saudi official complained, "We are damned if we do and damned if we don't."

U.S. NEWS & WORLD REPORT
9 July 1979

Article appeared
on page 3

[redacted]

Letters to the Editor

Soviet List

So the Soviets' list of their own strategic weapons matches U.S. intelligence estimates [Whispers, June 25]. If this is due to the quality of U.S. intelligence, fine. But there is another possibility. The Soviets undoubtedly would like us to believe that the Pentagon has an accurate count of their weapons. Might they not have gained access to our intelligence estimates in time to adjust their figures to match?

J. P. Lockwood
Freeport, Ill.

ARTICLE APPEARED
ON PAGE A4

THE BALTIMORE SUN
5 July 1979

U.S. nuclear strength held equal to Soviet's

By CHARLES W. CORDDRY
Washington Bureau of The Sun

Washington—Far from lagging behind the Soviet Union in strategic nuclear forces, Representative Les Aspin (D., Wis.) says, the United States has kept abreast through a series of little-publicized technological advances and has done so at a fraction of Moscow's costs.

Mr. Aspin, a member of the House Armed Services and Intelligence committees, issued a comprehensive study designed to rebut critics of SALT II and other defense policies who claim the U.S. has stood still while the Soviet Union marched ahead in nuclear strength.

While Moscow invested tens of billions of dollars in new intercontinental missiles, the study said, the U.S. Defense Department steadily and economically improved the accuracy, power and safety from attack of existing American missiles.

The result, Mr. Aspin contended, is that the effectiveness of U.S. forces has kept pace. "Contrary to the claims of many doom-sayers in the business of defense analysis, we have hardly been engaging in 'unilateral restraint' or 'unilateral disarmament,'" he said.

Mr. Aspin especially emphasized the growth in the ability of American missile warheads to knock out Soviet missiles in underground silos and other "hardened" military targets. The contrary point—increasing Soviet ability to knock out U.S. missiles—is the one most argued by critics of SALT and defense policy.

Mr. Aspin contended the United States has made just as "dramatic" advances as the Soviet Union over the last decade. This situation would continue, he said, into the mid-1980's—that is, during the life of the new strategic arms limitation treaty.

Using Central Intelligence Agency estimates of Soviet missile costs and Pentagon data on U.S. outlays, Mr. Aspin said the Soviet Union would have spent $24.9 billion by 1985 on 820 SS-17, SS-18 and SS-19 missiles with multiple warheads while the United States would have spent $1.15 billion on new guidance systems and warheads for its current 550 Minuteman 3 missiles.

The American outlay will have been less than 5 per cent of the Russian. But Mr. Aspin, using "latest intelligence estimates" on warhead power and accuracy, calculated that the American weapons would have substantially the same ability to knock out missile silos as the SS-18 and SS-19 and much greater ability than the SS-17.

The U.S. capability against Soviet missile forces was attributed to two developments.

First, Minuteman 3 missiles have been equipped with a new guidance system which will deliver their three warheads within 600 feet of their targets. This increased the probability of knocking out a target from a former 19 per cent to a current 55 per cent, compared with a present 59 per cent for SS-18 and SS-19 warheads.

Second, 300 of the Minuteman missiles will be fitted over the next two years with 335-kiloton warheads, with nearly double the explosive force of current models. (One kiloton is the equivalent of 1,000 tons of TNT.) When this is done, Mr. Aspin said, the probability of killing a Soviet target, will go up to 70 per cent for a Minuteman warhead.

Both sides, he estimated, will continue improvements into the mid-1980's, so that there will be an 83 per cent probability for U.S. warheads and 82 per cent for Russians.

Mr. Aspin readily acknowledged that the Russians will have more warheads on their land-based missiles than the Americans will have on theirs. To him that simply meant the Soviet Union would have far more nuclear explosives than there is any need for, because they would exceed numbers needed to destroy all U.S. underground missiles. It was implicit in his calculation that each side would have the other deterred from going to war.

With some irony, however, he went on to remark that construction of the new MX missile to move among many possible launch points "will make the superfluous Soviet warheads useful again."

Mr. Aspin granted that the eventual vulnerability of the Minuteman would require some means other than underground silos for basing missiles.

The point that he stressed in his study was that the Pentagon has so strengthened the blast-resistance of Minuteman silos in a program just completed that it has delayed for at least six years the time when Soviet rockets will be numerous and powerful enough to knock them out. That program cost $1.4 billion, again a fraction of Russian outlays.

The Aspin study was equally optimistic about improvements being made in bomber forces carrying air-launched cruise missiles and in submarine-launched missiles which will have more powerful and accurate warheads to offset a decline in numbers in the 1980's.

"The Soviets spend more money and build brand new systems. We spend much less and improve existing systems, but the result has been about the same," the congressman said. "Our improvements have not been as showy but have been just as effective."

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ON PAGE A1

THE WASHINGTON POST
28 June 1979

U.S. Queries Moscow About Big A-Blast

By Robert G. Kaiser
Washington Post Staff Writer

The Soviet Union last Saturday detonated an underground nuclear test that U.S. scientists believe exceeded the 150-kiloton limit for such tests agreed to by both countries in 1974. Yesterday, the United States formally questioned the Soviet Union about the test.

U.S. officials who disclosed information about the test yesterday said that a preliminary intelligence estimate put its size at about 200 kilotons but that later information and analysis could change that figure. The test certainly was in a range of 100 to 400 kilotons, these officials said.

Other sources said U.S. seismologists now feel there was an 80 percent probability that the test exceeded 150 kilotons.

The 150-kiloton limit was contained in the Threshold Test Ban Treaty signed in Moscow in 1974. However, the treaty has never come into force legally, pending the outcome of negotiations on a total ban on underground testing.

Both the United States and the Soviet Union have declared their intention to respect the 150-kiloton limit during these negotiations, although they are not bound legally to do so.

Sources inside the Carter administration speculated yesterday that if the Soviets did indeed exceed the 150-kiloton limit in Saturday's test, they may have done so to demonstrate to the United States that they will not adhere indefinitely to agreements that are not converted into legally binding treaties.

Other interpretations were that the Soviets simply decided to cheat, made a mistake in calculating the explosive force of a device they tested, or in fact did not violate the limit at all.

This last possibility remains real, according to official sources, because the seismologists who make these estimates, using data from listening stations around the world, practice "an art as much as a science," as one official put it.

The range of potential error is large, many sources agreed, though the evidence of a test bigger than 150 kilotons is strong.

Moreover, the two countries agreed as part of the Threshold Test Ban Treaty that because technical difficulties in controlling blast sizes and measuring them would be unavoidable, "one of two slight, unintended breaches per year would not be considered a violation."

Nevertheless, administration officials conceded that this latest Soviet test could cause difficulties, particularly during the Senate debate on SALT II, which will include the issue of whether the Soviets can be trusted to adhere to an agreement.

News of the test was made available by officials who said they feared that alarmist accounts of the test would soon be leaked, since information on it had been widely circulated inside the government.

The Soviet test occurred at Semipalatinsk, the traditional location for such explosions. During the last year, sources said, the Soviets have intensified their underground testing program, detonating about 50 percent more nuclear devices than the United States has detonated in its ongoing underground testing program.

Underground tests are used by both countries to perfect new warheads and explsoive devices for their startegic and tactical nuclear weapons.

The United States gave the Soviet government a diplomatic note yesterday asking for a clarification on the size of Saturday's test. Twice on earlier occasions the United States has made similar requests, and the Soviets have responded by denying they violated the limit. The matter has ended there.

ARTICLE APPEARED
ON PAGE 36

THE WALL STREET JOURNAL
26 June 1979

[redacted]

Commodities

Grain Prices Plummet On Less Pessimistic Report on Soviet Crop

A WALL STREET JOURNAL *News Roundup*

The Central Intelligence Agency helped pull the rug out from under sharply rising grain prices.

A CIA report that this year's Soviet grain crop won't be quite as bad as some dire forecasts have put it contributed to a steep fall in wheat, corn and soybean futures prices yesterday. Expectations of big Soviet buying of U.S. crops have been fueling a strong rise in prices of these key farm commodities in recent weeks.

The CIA report, delivered to the House Agriculture Committee late last week, estimated the Soviet Union will produce about 185 million metric tons of grain this year. That's far below the Soviet goal of nearly 227 million tons and the record 1978 crop of 237.2 million tons, but well above levels talked about on the floor of the Chicago Board of Trade, where some estimates had put the crop at 150 million metric tons or lower. "This puts to rest some insane rumors," said one analyst.

COMMODITY INDEXES

	Close	Net Chg.	Yr. Ago
Dow Jones Futures	428.81	— 1.50	350.38
Dow Jones Spot	426.82	— 2.17	365.65
Reuter United Kingdom	1637.5	— 3.4	1492.3

The CIA report, according to Rep. Glenn English (D., Okla.), an Agriculture Committee member, said the Soviets would need to import from 30 million to 35 million metric tons of grain during the next 12 months. Both the import and production estimates are in line with earlier Agriculture Department predictions.

Analysts said also pushing prices down was heavy farmer selling of grain to local elevators during the weekend. The elevators, in turn, hedged their weekend buying by selling futures contracts and, without strong demand from buyers, prices plunged. Traders said buying and prices were undercut as well by reports of rain in Russia, which would tend to enhance the crop and lower export demand.

ARTICLE APPEARED
ON PAGE D-12

NEW YORK TIMES
26 JUNE 1979

[redacted]

COMMODITIES

Sharp Selling Pressure Hits Grain and Soybeans

By H.J. MAIDENBERG

Prices of grain and soybeans futures broke sharply yesterday as local Chicago traders accurately spotted closely spaced stop-loss orders placed by buyers during last week's strong advances.

The professionals decided to pick off the stop-loss orders as soon as they determined that farmers had sold larger-than-expected amounts of grain and soybeans over the weekend. As one Chicago broker explained:

"Quickly changing from bulls to bears, the locals then correctly guessed where the stop-loss orders were. A little selling touched off the sell orders and they fell like a line of dominoes, despite some sporadic bargain hunting by commission houses and others during the session."

Stop-loss orders are normally placed with brokers to avoid being trapped in a prolonged adverse price movement. When prices reach the sell (or buy) levels specified by clients, brokers automatically sell (or buy) the contracts involved. During the recent strong advance in grain and soybean prices, most futures buyers had continually moved their stop-loss orders to higher levels.

The downward pressure was also increased by a Central Intelligence Agency report putting the Soviet Union's projected grain crop this season at 185 million metric tons, or 15 million above the lowest rung projected in recent Government and private forecasts.

Chicago Wheat Down

In any event, Chicago wheat futures closed down 16¼ to 13 cents a bushel; corn plunged 5¾ to 7½ cents, and soybeans tumbled 21½ to 5½ cents. Early in the session, the July wheat delivery fell the daily permissible limit of 20 cents a bushel, while the comparable soybean delivery came within a few cents of its limit of 30 cents.

Also in Chicago, live cattle futures plunged as much as the limit of 1.5 cents a pound as the strike by independent truckers continued to cause a buildup in meat supplies at packing houses and concomitant weak cash prices. Live futures lost 1.27 cents to 0.78 cent a pound for the same reason, and pork bellies dropped by from 1.70 to the limit of 2 cents a pound, with the two nearest deliveries falling to contract lows.

The dollar weakened further, raising key foreign-currency futures sharply. But prices of financial-instrument futures advanced in both the short- and long-term maturities as the Federal Reserve pumped funds into the money market to depress interest rates.

In New York, Comex gold futures responded to the weaker dollar by closing up by from $1.80 to $2 an ounce, although rumors that oil exporters would moderate their demands tended to soften bullish tendencies. But Comex silver lost 2.3 cents an ounce on the more active deliveries as sellers viewed the big decline in open interest in all metals futures as a caution sign. Copper fell back 1.55 to 1.20 cents a pound as cash dealings remained dull.

Among the tropical commodities traded in New York, sugar futures closed moderately higher on the active deliveries as the cheaper dollar drew some buying from abroad. Forecasts of a poor Soviet sugar beet crop also helped futures.

Reports of a new cold wave in Brazil and the weaker dollar lifted coffee futures as much as the limit of 4 cents a pound. The fact that the cold wave was confined to noncoffee-producing areas of southern Brazil was apparently overlooked by buyers, brokers noted.

A lack of manufacturer interest led to a narrowly mixed close for cocoa, with the nearer deliveries weakest. Hershey, the leading cocoa buyer, has laid off hundreds of workers because of the truck strike.

Elsewhere, cotton futures plunged as much as 1.17 cents a pound, reportedly because a sizable amount of fiber certified for delivery went begging yesterday. Frozen orange juice futures closed slightly higher in routine trading, and brokers said they were at a loss to explain the further sharp rise in potato futures, which jumped another 10 to 44 cents a hundred pounds.

25 June 1979

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REUTER 1526
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AM-GRAIN
WASHINGTON, JUNE 25, REUTER - THE CENTRAL INTELLIGENCE AGENCY (CIA) BELIEVES THE SOVIET UNION WILL IMPORT LARGE AMOUNTS OF GRAIN OVER THE NEXT 12 MONTHS BECAUSE OF A SHARPLY REDUCED CROP THIS YEAR, CONGRESSMAN GLENN ENGLISH SAID TODAY.
IN AN INTERVIEW, THE OKLAHOMA DEMOCRAT SAID THE CIA TOLD A CLOSED HOUSE AGRICULTURE COMMITTEE BRIEFING THAT SOVIET GRAIN PRODUCTION WOULD PLUNGE TO ABOUT 185 MILLION METRIC TONS THIS YEAR FROM THE RECORD CROP EXCEEDING 237 MILLION METRIC TONS IN 1978.
CONSEQUENTLY, THE USSR WOULD NEED TO IMPORT A TOTAL OF 30 TO 35 MILLION TONS OF GRAIN OVER THE NEXT 12 MONTHS, WITH ABOUT 25 MILLION TONS OF THAT EXPECTED TO COME FROM THE UNITED STATES, MR ENGLISH SAID IN QUOTING THE CIA ESTIMATES.
HE ACKNOWLEDGED THAT THE SOVIETS WOULD NEED U.S. GOVERNMENT APPROVAL TO IMPORT THAT MUCH GRAIN.
UNDER AN AGREEMENT BETWEEN THE TWO NATIONS, THE USSR CAN IMPORT A MAXIMUM OF EIGHT MILLION METRIC TONS OF WHEAT AND CORN A YEAR, BUT PURCHASES ABOVE THAT REQUIRE U.S. APPROVAL.
MORE 1525
R870R A5122)1RYRZSACZC
AM-GRAIN 2 WASHINGTON
THE SOVIET CROP THIS YEAR HAS BEEN PLAGUED BY UNUSUALLY HOT AND DRY CONDITIONS.
IN RECENT YEARS, SOVIET GRAIN IMPORTS HAVE FLUCTUATED BETWEEN 10 AND 25 MILLION METRIC TONS A YEAR, DEPENDING ON ITS CROP SIZE.
CORN AND WHEAT PRICES HAVE SURGED SINCE LATE MAY IN RESPONSE TO THE DETERIORATING CROP CONDITIONS IN THE SOVIET UNION AND THE UNEXPECTEDLY STRONG DEMAND FROM OTHER GRAIN IMPORTING NATIONS.
REUTER 1526

THE WASHINGTON POST
Article appeared 5 June 1979
on page A-2

CIA Projects Huge Increase For OPEC Cash Accounts

By J. P. Smith
Washington Post Staff Writer

Continuously soaring world oil prices will raise current cash accounts of Organization of Petroleum Exporting Countries (OPEC) to $29 billion—a twentyfold increase—by the end of 1979, according to Central Intelligence Agency projections.

However, senior Department of Energy officials said the CIA's estimates being circulated in the administration may be too low if OPEC raises its prices from an average price of $17.11 for a barrel of crude oil to $20 across the board.

The CIA's projection of a sharply improved financial outlook for the oil cartel comes at a time when fears are being expressed in the White House and in oil industry circles that the end to oil price hikes still may not be in sight.

The prospect of world oil prices pegged at $20 a barrel—a price that for years many international oil analysts believed was unlikely—has gripped the world oil market. Four of the cartel's producers, Algeria, Nigeria, Libya and Ecuador, now are selling oil at an "official" posted price of $20 or more a barrel. Libya charges $21.31 for its premium crude oil.

Other exporters outside the cartel, including Malaysia and England's British National Oil Corp., also are charging more than $20 a barrel, and analysts say that Mexico and Norway soon will follow suit.

One oil analyst, William Randall of Blyth Eastman Dillon, offers this outlook: "At an absolute minimum OPEC will raise prices to over $17 a barrel, and that means it for sure is headed for $29 by the end of the year."

Fahdil Chelabi, OPEC's deputy secretary general, recently offered a similar view, suggesting that $19.50 a barrel was "a rational price" for oil.

Meanwhile, the cartel's benchmark price of $14.55 a barrel for Saudi Arabia's light oil—once considered the standard index for world oil prices—bears virtually no resemblance to oil prices anymore.

World oil prices have risen a total of 51 percent since the 13-member cartel met in Abu Dhabi last December, according to Treasury Secretary W. Michael Blumenthal, and further increases are likely.

What disturbs some administration officials are the increases in the prices for oil sold on contract, not in prices in the volatile spot market, where almost an half-million barrels of Ecuadorian oil was sold recently for $36 a barrel.

As for the possiblity of a slowdown in the oil price rises, State Department officials say they see little prospect that Saudi Arabia will increase production enough to moderate prices.

"Unless the Saudis use their spare capacity, their talk of moderation simply can't be taken seriously, particularly after they made the decision to cut back production earlier this year," according to one administration official.

According to Bankers Trust Co., this move was already in place long before the Iranian oil shutdown. "Saudi announcements and action over the past year suggest the kingdom is unlikely to reemerge as a champion of low prices even if conditons later permit," Banker Trust said in a recent report.

In addition to Saudi Arabia's reluctance to increase its production, now about 8.5 million barrels a day, prospects for higher world oil prices are fed by the OPEC nations rising internal financial demands.

Last year some cartel members, including Saudi Arabia, its richest member, had financial difficulties.

The CIA analysis says, "The current account of all the member countries will improve, easing many of the financial burdens plaguing the cartel." Even with higher oil prices, however, the CIA says that three cartel members—Algeria, Ecuador and Venezuela—will have deficits in their current accounts this year.

The current account is a measure of a nation's income after totaling earnings and payment for trade, services, tourism and earnings on foreign investments.

The CIA's projection of a $29 billion current account surplus for OPEC members assumes that Iran's spending on imports this year will drop to $11 billion, 55 percent below last year's level.

Individual current account balances are expected to range from a projected deficit of $4.2 billion in Venezuela to a surplus of $10.2 billion for Kuwait.

Meanwhile, Saudi Arabia's import expenses for 1979 are expected to rise at only half the rate they did in 1978.

As a result of the sharply higher oil prices, the International Monetary Fund says that the less developed oil importing countries will pay $45 billion, instead of the earlier projected $34 billion, for OPEC oil this year.

As for the United States, Treasury officials say that the nation's oil import bill will rise from $42 billion last year to $52 billion or perhaps $55 billion this year.

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ON PAGE 43-44

THE ECONOMIST
12-18 May 1979

Should the CIA's black arts go back into darkness?

Washington, DC

American intelligence correctly predicted that Vietnam would invade Cambodia, that China would invade Vietnam and that the Soviet Union would not invade China. But, reassuring as those recent successes were, the Central Intelligence Agency's record elsewhere has been less good. Iran is the worst example. In 1953 the CIA helped restore the Shah to his throne, but in 1978 it had scarcely a clue that he was about to be toppled. Before that, the Shah knew that a communist coup was brewing in Afghanistan, but the CIA did not.

In Nicaragua, Zaire and Yemen, according to American officials, intelligence on insurrections and invasions has been late and inadequate, with the result that subsequent American policies have sometimes seemed dangerously makeshift. Inter-agency reviews after the Shah's fall have concluded that American intelligence does not know much, either, about what is happening in such places as Indonesia, Egypt, Saudi Arabia or even next door, in Mexico.

What ails the CIA? One problem is the tendency for policymakers to ignore intelligence that does not support their preconceptions. Israeli intelligence warned the Carter administration about the Shah's peril months before his fall. So did low-level members of the American embassy in Teheran, but the White House did not want to hear bad news about its ally. A further difficulty is that the administration, in order to avoid offending allies, has forbidden its agents in Egypt and Saudi Arabia, as it did in Iran, to make contact with potential subversives.

A more intractable problem is that although American intelligence is capable of gathering vast quantities of information, especially by technical means, it lacks the skilled manpower to make sense of what it collects. And then there is deep unhappiness in the intelligence community with Admiral Stansfield Turner, President Carter's Naval Academy classmate and director of the CIA. Appreciated at first as a man who shared the president's forthright and businesslike attitude, he is now accused of arbitrarily switching people around and of trimming agency reports to suit White House political views. Morale at the CIA has fallen so far that more than 1,000 of its men have left in the past two years.

But undoubtedly the diagnosis most often made is that the CIA is suffering from a surfeit of democracy. In government circles it is now frequently argued that there has been too much congressional oversight, newspaper exposure, legal restriction and public access, and that the black arts should be restored to dimmer light, or to darkness, where they can thrive.

"The most serious problem we face," according to the CIA's deputy director, Mr Frank Carlucci, is an inability to protect intelligence sources from exposure. According to CIA officials, this means that foreign intelligence services are reluctant to share information, potential agents refuse to work for the CIA and American businessmen decline to report back after their travels because they fear that their actions might later become known through a congressional leak or a lawsuit under the Freedom of Information Act.

Another special target of criticism is the 1974 Hughes-Ryan amendment, which holds that before the CIA can undertake covert political action in another country, it must notify eight separate congressional committees consisting of 163 legislators and 41 staff members. The requirement, according to Senator Daniel Patrick Moynihan of New York, virtually eliminates the possibility of secret American intervention in other countries and limits the CIA to "doing research that might as well be done in the Library of Congress".

Turner's on the hit-list

American officials confirm that the CIA now engages in only a few minor covert operations. Legal restrictions are not the only reason, however. President Carter has openly declared his distaste for interference in the affairs of other countries.

The president's attitudes and congressional restrictions on intelligence are born of America's bad experiences in Vietnam and the disclosures of excesses by the CIA and the Federal Bureau of Investigation—assassination attempts against Mr Fidel Castro, efforts to "destabilise" the Allende regime in Chile, infiltration of American protest groups and illegal surveillance both of radical political parties and of private citizens. But now Republicans, conservative

CONTINUED

Democrats and even some administration officials are coming to argue that the errors of Vietnam ought not to afflict American resolve for ever; they think that misbehaviour by intelligence agents was exaggerated and has been more than corrected. And the Soviet Union's incessant probing, they say, is proof that the United States cannot stand back from the dirty-grey world of espionage, subversion and counter-intelligence for ever.

Some liberals in congress and in the administration still dare to hope that the United States can have both an effective intelligence system and adequate controls. For more than two years, they have been trying to draw up with all concerned a legal charter for the CIA, the FBI and other agencies.

A 1978 draft bill failed to win approval because the intelligence agencies regarded it as too specific in its prohibitions of certain of their activities. Progress is now being made towards a new draft. Liberals acknowledge a need to reduce the number of committees to which the CIA needs to report its activities. They also agree that new measures must be taken to punish those who, without authority, disclose important government secrets. Despite their misgivings, the intelligence agencies seem to accept the principle that congress has the right to oversee them, and that some legal restraints should bind them.

Yet there is still no agreement about standards for government spying on Americans who have information that the government wants, but who are not suspected of committing a crime or working for a foreign power. The liberals, joined by Vice-President Walter Mondale, want to ban surveillance, investigation or other intrusions on such citizens' privacy except in the most extraordinary cases—when the president would have to authorise it personally and report it to congress. Members of the CIA, backed by President Carter's national security council, believe that they need to collect and analyse lots of information in order to achieve results, rather than rely on special operations. So they want to investigate Americans whenever the head of their agency deems it in the national interest.

These differences over basic principle may prevent agreement on a charter. But without a charter, in the words of Mr Les Aspin, a member of the intelligence committee of the house of representatives, the agencies in the short term will let matters drift on in their bad way, and in the long run will simply do as they please. "If I were a Machiavellian CIA man," he says, "I'd do everything I could to prevent agreement on a charter, and then go back to doing the old stuff."

Article appeared
on page 95

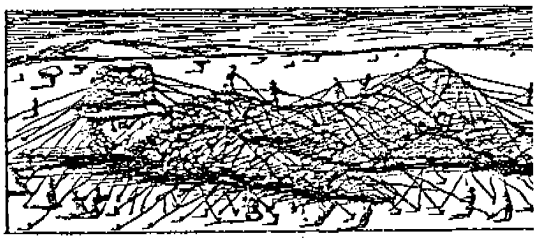
TIME
30 April 1979

[redacted]

Strengthening the CIA

Ladies and Gentlemen:

This is a troubled world. Threatening forces continue to challenge us. For this reason, we must have a reliable intelligence service—the President's eyes and ears. Yet we are seeing and hearing dimly because of the present condition of the Central Intelligence Agency. In the past, the agency engaged in some practices that were not acceptable in America, but those days are behind us. The CIA has reformed; now we must stop punishing it. We must remove some of the constraints that keep it from doing its job. We must restore the confidence of its members and treat them as honorable men in an often perilous profession. A great power like America cannot survive without a great intelligence service.



Jimmy Carter may never make a speech like this, but he should. A combination of events has seriously disabled the CIA at a time when its services are needed more urgently than ever. To guide its foreign policy, to help its friends and restrain its foes, the U.S. must have adequate intelligence from those areas of the world where information is suppressed, confused or conflicting. The nation cannot afford to be caught off guard by sudden hostilities in the festering arc of crisis or in the vast arenas of Asia where Communist giants collide. With weapons technology advancing more rapidly than ever, the U.S. must keep abreast of the latest Soviet developments, since an undetected Russian breakthrough could jeopardize the ever fragile balance of power. In a world of turmoil, frequently erupting in anarchy, the U.S. must be able to exercise its influence to maintain stability. Where the U.S. fails to do so, some authoritarian power can be counted on to fill the void. That, for better or worse, is the way things are.

Today the CIA is not equipped for its role because it continues to operate under a debilitating cloud of suspicion. Until the early 1970s, its mission was pretty much taken for granted and its methods were seldom questioned. Then a series of revelations deluged it with hostile publicity for the first time. The agency was implicated in assassination attempts on foreign leaders—only a very few, but a few too many. Other abuses were also uncovered by a press seemingly ravenous for CIA misdeeds; inevitably there were gross exaggerations.

A punitive attitude toward the agency lingers on when there is no longer any real justification for it. The White House seems determined to keep reminding the agency of its past transgressions. Vice President Walter Mondale, in particular, has been the moralistic champion of a highly restrictive charter to govern U.S. intelligence agencies, though the legislation will probably be much modified before it is approved by Congress. CIA Director Admiral Stansfield Turner has responded energetically to a set of problems that did not confront his predecessors, but widespread Washington opinion holds that he is not the right man for the job. He may bring too rigid an outlook to what is, after all, an art form: the collection of educated guesses from incisive minds. Though the reduction of budget and personnel began before he took office, his critics charge that hundreds of senior officials with experience, dedication and language skills have been forced out. Turner feels that new blood is needed, but younger recruits may not be able to fill the vacuum for years. Ray Cline, former deputy director for intelligence, thinks that the "core of continuity has been destroyed. By and large, the historical memory is gone."

Foreign intelligence services, whose cooperation is essential, are bewildered and increasingly wary of dealing with a demoralized CIA keep secrets. Say happened to the U.S." Chaim He telligence, warns: the U.S. has des world. You can't agreement on bot has been occurri mine and demo their shoulders

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Much of their undercover work is far from glamorous and numbingly routine. "Nobody who works for the CIA is going to have a statue erected to him like the one to Nathan Hale," says Energy Secretary James Schlesinger, who served as CIA director for five months. Says James Angleton, former chief of counterintelligence at the CIA and now chairman of the Security and Intelligence Fund: "Our generation believed that you go in naked and you leave naked."

Analysis, which provides the basis for so many key decisions in American foreign policy, must be improved. At present, it is spotty: good in some areas, bad in others. A prominent consumer of CIA reports on Capitol Hill gives the agency an overall grade of C-minus. The agency gets pretty good marks for its reporting on Russia and China, and it feels it has stayed on top of developments in turbulent Central America. In Iran, on the other hand, it was embarrassingly inept. Says Birch Bayh, chairman of the Senate Select Committee on Intelligence: "Technologically, it's unbelievable what we have the capacity to do. Our weakness is what we do with the information when we get it. We know the number of tanks belonging to the Warsaw Pact powers, but we want to know where they will go."

There is no substitute for the agent in the field to provide reporting on the intentions of foreign nations. "You can photograph and intercept all the messages that ultrasophisticated technology allows," says a West German expert. "But these cannot provide the sense of a place, the smell, sound and color that can tell so much." Because of declining morale and fear of leaks, CIA networks overseas have broken down. The agent who works abroad is often on his own. Says Jack Maury, onetime CIA chief of Soviet operations: "You can't just give orders from the top and expect them to be carried out. The real protection is integrity, not polygraphs and locks on the doors."

No less important is the analyst at headquarters who must make sense of copious, often conflicting information. He has to feel free to speak his mind, to dissent, to challenge. His independence needs to be safeguarded. Above all, he must have time to think. Caught up in a crisis, a President has a tendency to turn the agency into a kind of wire service to provide hour-by-hour commentary. This cuts down man-hours that should be

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LOUISVILLE, KY.
COURIER-JOURNAL
15 April 1979

CIA failures mustn't slow Congress' push for reforms

THOUGH THE BARRAGE of criticism now is not as heavy as in the mid-'70s, the Central Intelligence Agency is under fire again. This time, though, the complaints aren't directed at spying on American citizens and "dirty tricks" abroad. Instead, there is growing concern these days that the CIA is failing in its basic job: collecting and analyzing useful foreign intelligence and getting the results to policy-makers, including the President.

The charges are serious. And so is the belief in some quarters that recent intelligence failures — in Iran and Afghanistan, for instance — are an argument for turning back the clock. By that reasoning, an effective CIA is one accountable neither to Congress nor to the American people, and efforts to reform the agency therefore must be dropped.

That's absurd. The sweeping investigations of the CIA in recent years by Congress, the press and President Ford's special commission undoubtedly contributed to its morale problems. They also have made the intelligence agencies of friendly nations wary of cooperating too closely with the CIA. But the CIA's most basic problems — the ones that seem to have led to its recent failures — pre-date the storm of adverse publicity of 1974-76.

One of these problems is the agency's heavy reliance on technical means of gathering information. Satellites, spy-planes and electronic eavesdropping are essential for monitoring military construction, missile tests, and deployment of troops, tanks and aircraft. But the most accurate reconnaissance satellite imaginable couldn't have foretold the Islamic revolution that forced the Shah to flee.

Admiral Turner: Wrecking the CIA?

Preoccupation with Russia?

The lack of good political intelligence from Iran also reflects another CIA weakness. According to some close observers of the agency, the CIA for many years has devoted too much attention and resources to the Soviet Union, at the expense of intelligence-gathering elsewhere, especially in Third World countries. Yet U.S. interests, especially when we are so dependent on imported oil, can be greatly affected by political movements that have little or no connection with Russian intrigues. (Lev Navrozov, a writer who left the Soviet Union in 1972, argues that the CIA does a poor job gathering economic and political information even within the Soviet Union, despite enormous effort.)

President Carter's appointment of Admiral Stansfield Turner to head the CIA may have compounded the agency's problems. Admiral Turner is, by most accounts, abrasive and aloof. Morale at the agency, already battered, has worsened. In 1977, he eliminated more than 800 mostly low-level jobs. Earlier this year, another 250 employees — many of them middle- and senior-level management officials — quit or retired.

The latest wave of resignations and re-

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ON PAGE B1-5

THE WASHINGTON POST
1 April 1979

Reds vs. Reds in Indochina: A New, Confusing Kind of War

The Key Events That Reshaped The Rules of Global Conflict

By Don Oberdorfer

IN THE PAST three months, a new kind of war has broken the mold of the world's accustomed thinking — large-scale, conventional warfare between communist nations. It all happened so fast, with headline following headline in puzzling fashion, that hardly anyone could grasp what was taking place, or how each event fit into the pattern of other diplomatic and military actions.

The new wars in Asia have much more to do with ancient enmity than with communist ideology. They are being fought for traditional reasons: national interest, power, spheres of influence and what is known as "face." Moscow and Peking, the rival centers of world communism, each sees itself as encircled and threatened by the other. Their visceral reactions to one another now affect everything they do.

As the events in Indochina unfolded, Washington was normalizing its diplomatic relations with Peking and preparing to conclude a new strategic arms agreement with Moscow. Its choices limited by its own military failure in Vietnam, the United States tried to protect its global and regional interests through strictly diplomatic and political means. Even a show of force, briefly considered as a way of demonstrating the U.S. stakes in Southeast Asia, was ruled out.

What follows is an attempt to look back at what happened. It is organized for convenience around seven crucial landmarks in the evolution of a new world disorder.

Moscow: Nov. 3, 1978

WITH SMILES, applause and champagne at the Kremlin, an alliance is consummated between the Soviet Union and the Socialist Republic of Vietnam. Soviet leader Leonid Brezhnev calls the Treaty of Friendship and Cooperation "a document of great historic importance in the full sense of the word," and in retrospect there is little doubt he was right.

A twisting path of misfortune and miscalculation brought proud and independent-minded Vietnam to Moscow's door. Conflicts with both China and Cambodia, submerged during the war against the Americans, came to the surface in the mid-1970s. By the summer of 1978, China had cut off its aid and withdrawn its technicians from Vietnam due to disputes in a variety of fields. Border clashes with the ultranationalistic Cambodian regime of Pol Pot had worsened and Hanoi decided that a major invasion was the only way to impose its will. In a search for aid and political backing, Vietnam veered increasingly into Moscow's orbit.

Failure to obtain help from the West was part of the story. Last spring and summer, Vietnamese officials traveled to Europe, Japan, Southeast Asia and Honolulu in a burst of diplomatic energy which paralleled, and competed with, the simultaneous "great leap outward" on the part of China. In Hawaii, a Vietnamese Foreign Ministry official told the State Department's Vietnam country director last July that Hanoi was abandoning its demand for U.S. war reparations as a prior condition for normal relations.

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PRESS RELEASE FROM CONGRESSMAN LES ASPIN
RELEASE DATE:
Monday, March 26, 1979, A.M. Papers
For further inquiry contact Warren Nelson

442 Cannon Building
Washington, D.C. 20515
202 225-3031

ASPIN RELEASES INDOCHINA STUDY

WASHINGTON, D.C. -- When China attacked Vietnam last month, the United States had known of the possibility for more than six weeks, Rep. Les Aspin (D-Wis.) revealed today.

Hearings before the House Intelligence Subcommittee on Oversight, chaired by Aspin, showed that U.S. intelligence tracked Chinese and Vietnamese military deployments well before the fighting started in Indochina.

"But the intelligence community misinterpreted Vietnam's plans and did not really believe Hanoi would try to swallow all of Cambodia," Aspin said.

The Wisconsin Democrat today released a study of the intelligence community's performance in the latest Indochina crisis. He said the mere fact that the community was aware of the possibility of China attacking Vietnam six weeks in advance of the fact was no mean feat.

Analysts received unusually few clues to the Chinese and Vietnamese military build-ups. A knowledge of the two countries' military habits enabled the analysts to evaluate the clues correctly.

The assessment of each nation's intentions was less accurate than the tracking of military capabilities, Aspin noted. The crisis began last fall with Vietnam's preparations for an attack on Cambodia (Kampuchea), then allied with China.

Intelligence analysts knew that Vietnam would attack Cambodia but misread the scope of Vietnam's objectives there. They forecast that Vietnam would not attempt to occupy the whole country, which in fact the Vietnamese did do.

The misunderstanding of Vietnamese intentions prevented most analysts from foreseeing the Chinese attack even earlier, Aspin said. Chinese leaders had warned that their retaliation would depend on how far Vietnam went in Cambodia. Thus most analysts expected China's actions to be as restrained as the anticipated Vietnamese attack.

[redacted]

PARIS BEACON-NEWS (ILL.)
24 March 1979

U.S. Intelligence Questioned—

If ever this country required the best possible intelligence from abroad, now is the time.

Tensions between China and the Soviet Union are such that a Sino-Soviet war is at least conceivable.

Iran and other states in a vast crescent stretching from Pakistan to South Africa are threatened in varying degrees by Soviet ambitions and, or internal political crisis — developments which bear directly on vital American and Western interests.

The sustained Soviet military buildup during the last 15 years promises Moscow a position of strategic military superiority by the early 1980s.

Peace remains elusive in the Middle East tinderbox.

The gathering storm throughout southern Africa threatens to drag that region into the maelstrom of direct East-West confrontation.

How the White House and Congress react to these events will be based in large part on the adequacy of the intelligence assessments received from the Central Intelligence Agency. Faulty intelligence will yield faulty decisions.

And how goes the CIA? It isn't necessary to break any secret codes to discover that the agency continues in terrible disarray. A new wave of resignations and early retirements reflects the sagging morale in CIA ranks. Taken together with last year's purge of more than 800 officers of the CIA's clandestine service, the most recent turmoil must further reduce the effectiveness of an agency whose performance has long been suspect.

From the mid-1960s to the mid-1970s, the CIA consistently understated the dimensions of the Soviet military buildup by a factor of 50 percent. Add to that catastrophic failure the deficiencies of agency assessments of successive crises from Vietnam to Iran and the scope and costs of CIA mistakes becomes apparent.

The next few years are virtually certain to pose ever more critical threats to the United States and its allies.

Despite these chilling realities, Congress has demonstrated a sense of misplaced priorities to match the CIA's multiple disasters.

The Senate Select Committee on Intelligence has labored for the last two years to draft an "Intelligence Reorganization and Reform Act," the chief purpose of which is to prohibit the CIA from exceeding Marquis of Queensbury rules in gathering information.

Granted there is a need to exert some control over the activities of agents whose zeal has sometimes surpassed the boundaries of propriety. But in a world of mounting threats to the security of the United States, there is a far greater need to nurture a CIA that can and will provide information essential to this country's survival.

The fact is the Congress has yet to address the real intelligence scandal — the appalling failures of the CIA and its even more alarming deterioration in the last several years. Since taking office, the Carter administration has demonstrated its own inability to restore the nation's eroding intelligence capabilities.

In the absence of proper leadership from the White House, it is left to Congress to begin the task of rebuilding an adequate intelligence organization. A long second look at the Senate Select Committee's "reform" legislation would be a good first step.

[redacted]

OKLAHOMA CITY JOURNAL (OKLA.)
17 March 1979

Intelligence Not Infallible

Given the current state of world affairs, the proper information — or lack of it — can be essential to policymakers in the White House. As a below-the-surface rumbling about CIA performance on Iran continues, the value of accurate intelligence assessments in sensitive world spots has soared.

CIA officials, of course, deny they were negligent in reports submitted to the White House on Iran. Some things, they seem to be saying, simply cannot be predicted with certainty.

According to an article in U.S. News and World Report, there is more to it than that. The president, an unnamed aide complains, is unhappy that the CIA doesn't add more interpretive counseling to its intelligence reports.

It is precisely that kind of speculation or interpretation that intelligence agents like least to commit to paper. If they are proved wrong by events, they are certain to be reminded of the fact. And who can say today what the future of Iran, for example, will be one month, six months or a year from now?

Intelligence services are not infallible. They may have an accurate grasp of a situation today, and lose it tomorrow. It requires a wrong guess now and then to remind us of that.

THE DAILY LEADER
PONTIAC, ILLINOIS
17 March 1979

[redacted]

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THE DAILY TIMES
OTTAWA, ILLINOIS
13 March 1979

[redacted]

AS WE SEE IT

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The fact is the Congress has yet to address the real intelligence scandal — the appalling failures of the CIA and its even more alarming deterioration in the last several years. Since taking office, the Carter administration has demonstrated its own inability to restore the nation's eroding intelligence capabilities.

In the absence of proper leadership from the White House, it is left to Congress to begin the task of rebuilding an adequate intelligence organization. A long second look at the Senate Select Committee's reform legislation would be a good first step.

POST-TRIBUNE (JEFFERSON CITY, MO.)
12 March 1979

Editorial

Why CIA failed

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Tensions between Red China and the Soviet Union are such that a Sino-Soviet war is at least conceivable.

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The Senate Select Committee on Intelligence has labored for the last two years to draft an "Intelligence Reorganization and Reform Act," the chief purpose of which is to prohibit the CIA from exceeding Marquis of Queensbury rules in gathering information. America has paid the price for crippling the CIA.

Granted there is a need to exert some control over the activities of agents. But in a world of mounting threats to the security of the United States, there is a far greater need to nurture a CIA that can and will provide information essential to this country's survival.

The fact is the Congress has yet to address the real intelligence scandal — the appalling failures of the CIA and its own inability to restore the nation's eroding intelligence capabilities.

In the absence of proper leadership from the White House, it is left to Congress to begin the task of rebuilding an adequate intelligence organization. Rejection of the Senate Select Committee's "reform" legislation would be a proper first step.

ARTICLE APPEARED
ON PAGE 12

THE WALL STREET JOURNAL
2 March 1979

[redacted]

Carter's Switch: Military Spending Is Now Going Up

By KENNETH H. BACON

WASHINGTON—As a presidential candidate, Jimmy Carter promised to cut defense spending. As President, Mr. Carter has concluded that the U.S. must improve its military balance with the Soviet Union to remain credible as the world's leading power.

Mr. Carter "certainly has a more positive view of defense needs as a whole than he did when he came to office," Defense Secretary Harold Brown says. This change is illustrated by the administration's new budget, which calls for a 10% increase in defense spending despite efforts to restrain federal outlays.

An important reason for the change is a new U.S. intelligence conclusion that the Soviets believe they can achieve military superiority over the U.S. and use their advantage, directly or indirectly, to expand their influence around the world.

"A changing perception of the Soviet views on the use of military power" has emerged from recent intelligence assessments of Soviet military writings and actions, such as the use of arms shipments to gain influence in Africa, the Persian Gulf and Southeast Asia, according to a top government official. Whether the Soviets can use their power to influence events in Iran and Vietnam remains to be seen. The U.S. has been warning the Soviets against direct use of military forces.

The administration has gradually come to see the Soviet military buildup as more offensive than defensive. Some see the Soviets becoming less inhibited about the use of force as their military might increases and more confident that they could win a wide variety of military confrontations, possibly including nuclear war.

"Informed intelligence estimates have suggested fairly convincingly that the Soviet leadership, while it doesn't look on nuclear war as anything less than a catastrophe, still looks on it as catastrophe to which there are degrees," Secretary Brown says. "They act as if it would be possible to tell winners from losers."

Mr. Carter, his advisers say, has been particularly disturbed by the Soviets' rapid improvement of their strategic nuclear missile force, part of an apparent attempt to gain an advantage over the U.S.

Another worrisome factor is the offensive nature of the Soviet improvements to their European forces. Although the Soviets say these forces are designed to protect Eastern Europe from an attack by North Atlantic Treaty Organization countries, the President is "aware that many of the Soviet exercises have an aggressive cast, an attack cast," one adviser says. Some analysts think the Soviets are striving to develop the capability to launch a surprise invasion of Europe.

"The Soviets have very little incentive to moderate their military buildup," which has brought "rewards of greater influence in the world" despite the more impressive economic and political strength of the U.S., observes General David Jones, chairman of the Joint Chiefs of Staff.

He contends that "a few years ago the West had a lead in military capabilities. Today we have an uneasy balance." Because of this change "I believe we will see a more assertive and self-confident Soviet Union in the days ahead, willing to take increased risks."

Such thinking is leading Mr. Carter to conclude that the U.S. must strengthen its forces, particularly those designed to discourage nuclear war or an attack on Europe.

"Our aim is deterrence, not military conquest," Mr. Brown explains. "Deterrence has to imply an intention under some circumstances to use force and to succeed." He says the administration "wants to raise the ante," the risks an opponent would face in a confrontation.

This, of course, doesn't answer the key question for military planners, Congress and taxpayers: How many and what type of new weapons must the U.S. buy to maintain adequate deterrence and preserve or improve the current balance of power?

The success of U.S. diplomacy will provide part of the answer. "It's clear that military power does have political impact," Mr. Brown says. "Quite aside from the direct military effect, the political feeling of allies is clearly dependent on our military capability and our military balance with the Soviets."

The ability of the U.S. to retain current allies and attract new ones will be a major sign of whether other countries think American power is adequate. "All kinds of things can happen" if other countries lose confidence in U.S. strength, one official says. "They can go it alone, they can reach accommodations with the Soviets or they can acquire their own nuclear capability." It was partially pressure from European allies that convinced Mr. Carter to increase U.S. defense spending.

Another indication will be the So willingness to sign meaningful arms c trol agreements. A new strategic a control agreement is expected shortly, less it is delayed by complications in U Soviet relations arising from China's tack on Vietnam. But any agreement wo be as sweeping as Mr. Carter wanted. Carter now realizes that arms control, least in the short run, won't produce security he'd once hoped.

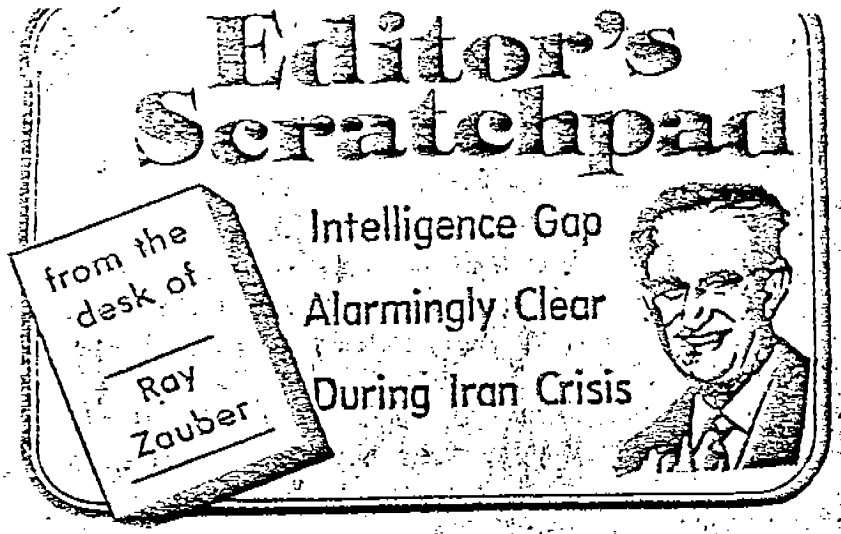
Since the Soviets aren't slowing do the arms race Mr. Carter has decided speed up to show them they can't g ahead. If the U.S. convinces the Sovie and other nations that the Russians ca achieve a military advantage, Soviet lea ers may look more favorably on arms lim tations, U.S. officials hope.

"The initiative in the race is wi them," one official declares. "We're n trying to tie. We're trying to keep the from winning."

Mr. Bacon, a member of the Journal's Washington bureau, covers defense matters.

OAK CLIFF ADVERTISER TRIBUNE, Texas
20 - 22 February 1979

Editor's Scratchpad



Those same State Department strategists and those same idealistic journalists who have literally shredded the CIA, FBI and military intelligence operations are now most disturbed about the poor quality of information which was provided during the debacle in Iran.

Even President Carter has alluded to the dismal estimates of the political situation in Tehran and throughout other trouble spots of the world.

How in God's name can any international -- even nationwide -- intelligence operation work effectively without the reasonable use of the tools of the trade?

There must be some wiretapping, some illegal breaking and entering, clandestine movement, intrigue, and protection from public ridicule and exposure.

The word "spy" suggests undercover operations, hiring informers, infiltrating enemy camps, electronic eavesdropping, secret codes, anonymity.

Not only have American agents been exposed by our own government for dedicating their lives to the future of the country, a few have been killed in the pursuit of their dangerous trade.

Others have been dragged into court for so-called excesses, overzealousness in their dedication to the profession. Many others have been ousted, fired or forced to retire.

There are going to be innocent and guilty parties murdered occasionally in the spy world, others maimed or injured.

After all, are there any different rules in a free and open society than does the dreaded KGB of the Soviets. Practically every Russian diplomat and journalist in this country is an agent of the government.

In the USSR the surveillance is so tight and so secretive it is virtually impossible for an American agent to work with any impunity or effectiveness.

The American government is willing to trust foreign tyrants who have never kept agreements and who don't intend to start now. Any pact signed between the United States and the Communist nations will be strictly to the advantage of the foe.

The deck is dangerously stacked in a world torn by strife, rivalries, ambitions, intrigue and debasement.

The State Department and the liberal media often go out of their ways to avoid irritating or challenging the Soviets. They talk of human rights and human dignity and tend to have blinders in place where the Cubans, the Cambodians, the Russians, the Vietnamese or the Red Chinese are concerned.

They are insistent on forcing revolutionary guerillas into the Rhodesian government when the Nkomo and Mugabe forces shoot down unarmed planes, brutalize farmers . . . raid, torture and destroy innocent civilians.

The Cambodian holocaust has been treated almost as a statistic instead of as one of the most brutal rapings of a gentle people in history.

We dump our friends such as Rhodesia and South Africa, Taiwan and South Korea and allow the communists to continue expanding and subjugating peoples who yearn for freedom.

The remarkable double standard of international policy, of presenting blandly the world's problems is almost more than a patriot can stomach.

ARTICLE APPEARED
ON PAGE 20

U.S. NEWS & WORLD REPORT
12 March 1979

Washington Whispers

Associates of the President say his chief problem with intelligence from the CIA is that he receives a mountain of facts and figures but not enough interpretation and assessment of what they mean. Said one aide: "It's getting more and more difficult to find people who can write a good, clear, analytical sentence."

★ ★ ★

A battle is raging inside the administration over whether to release spy-satellite photos that pinpoint Soviet missile fields. Intelligence officials oppose the move for fear it would reveal how precise U.S. reconnaissance methods have become. But Carter's political aides argue that showing how closely the U.S. can monitor Russia would gain support in Congress for the SALT treaty.

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ARTICLE APPEARED
ON PAGE 1-12

LOS ANGELES TIMES
11 March 1979

IRAN INTELLIGENCE GAP NOT UNIQUE

Restraints Hamper U.S. A

BY GEORGE McARTHUR
Times Staff Writer

WASHINGTON—As the revolution in Iran continues to squeeze American oil supplies and send shock waves through the Middle East, U.S. diplomats and policymakers are laboring under a severe handicap—but it is a problem they are familiar with.

They know almost nothing about the Moslem religious leaders, radical leftists and others contending for power in Iran, government officials concede—largely because U.S. intelligence agencies established virtually no contact with opposition factions in the months and years before the fall of Shah Mohammed Reza Pahlavi.

And, a survey of White House and intelligence sources indicates, the information gap in Iran is far from unique. In a dozen or more countries around the world, including some of the nations most important to the United States, American intelligence-gathering efforts are subject to restraints, or inhibitions, that could again leave Washington flying almost blind in a crisis.

The CIA and other intelligence agencies deny that there are written agreements or formal treaties restricting the scope of U.S. intelligence efforts in other countries.

Officials acknowledge, however, that intelligence operations—especially collecting political intelligence or establishing contact with dissident factions such as those in Iran—are limited by a wide array of unofficial "understandings," secret working-level agreements, and policy priorities.

Moreover, it appears that the collection of political intelligence concerning opponents of a regime is likely to be most inhibited in nations where it might someday be needed most, strategically important states with autocratic, potentially unstable regimes.

Among the countries in which the CIA and other intelligence agencies are understood to operate under significant restrictions are Saudi Arabia, Israel, Egypt, Italy, Singapore, Taiwan, South Africa, Nicaragua and other parts of Latin America.

Some inhibitions appear to be matters of broad, if unwritten, policy. "We would never penetrate England's opposition party, for example," one government official said. "They are good friends. We share all kinds of intelligence information and responsibilities with them."

More often, the limitations on U.S. intelligence grow out of informal lists of "don'ts" compiled in individual countries by the U.S. ambassador and the CIA station chief. These limits are based on such considerations as U.S. and local political conditions and the nature of the relationship that exists between U.S. intelligence agencies and intelligence officials of the country itself.

Implicitly, what goes on is a kind of cost-benefit analysis—what might the United States gain from a particular kind of intelligence effort in a foreign country and what might it lose if the effort were discovered?

"If the CIA had infiltrated Iran's religious movement and got caught, imagine the outcry by the liberals in the United States," one American official said in defense of the CIA's avoidance of anti-shah factions there.

Further complicating the decision on what to do or not do in a particular country is the fact that nations such as Iran have been important bases for intelligence operations against the Soviet Union as well as important intelligence targets in their own right.

"A foreign nation may permit the CIA to operate relatively openly

Taiwan is a troubling example of that problem, officials say. since President Carter ended diplomatic relations with the island, the CIA has been hastily restructuring its operations there.

The previous focus had been almost entirely on the activities of the Communist regime on the Chinese mainland. Cooperation from Taiwanese intelligence authorities was almost total—encompassing everything from electronic eavesdropping to cloak-and-dagger parachute drops and landings along the China coast.

Working closely with intelligence agents of the ruling Kuomintang Party, the CIA for more than 30 years paid almost no attention to factions opposing the Kuomintang among the 15 million native Taiwanese and 2 million refugees from mainland China.

During that time, officials say, the CIA did not feel that it was operating under any significant restrictions or inhibitions. The priority target was mainland China and all else seemed secondary.

Now, the internal politics of the island have suddenly become a matter of concern.

Intelligence sources say the CIA's situation in Saudi Arabia parallels the previous situations in Iran and Taiwan.

"Nobody, but nobody, is going to do anything to upset the royal family. It may not be spelled out, but that's the way it's going to be," one intelligence source said.

Sometimes the limits are imposed by U.S. officials themselves. In Italy last year, the U.S. ambassador ordered a virtual end to covert actions in that country. (Technically, the ambassador has control over the CIA in any country; this authority is not often strictly enforced, but strong-willed ambassadors can and do monitor and restrict CIA activities, intelligence sources say.)

ARTICLE APPEARED
ON PAGE 23

THE CHRISTIAN SCIENCE MONITOR
21 February 1979

Suppose the whipping boys were right

By Curtis F. Jones

They say the President is unhappy with the CIA for not alerting him that Iran was about to blow. Shades of 1973, when Kissinger took evasive action against critics by putting out word that US intelligence had failed to warn him that the Arabs were planning a surprise attack on Israel.

We could dismiss these phenomena with the passing observation that the US intelligence community seems to be useful both in success and failure: When it hits the mark, it helps harried policymakers cope with crises; when it misses, it makes a convenient whipping boy. For the sake of better policymaking, however, more needs to be said.

Certainly political analysis is an infant science, but experts already understand the broader trends well enough to estimate the near-term expectations in many situations. The intelligence is often there when the policymakers don't know how to make use of it.

To begin with, many of them won't recognize that sooth-saying comes in two forms: the general and the particular. To avoid confusion, let's call the one prediction, the other prophecy.

Prophecy is a treacherous proposition. Without a top-level penetration of the Syrian or Egyptian governments, there was no way for analysts to know that the Arabs would attack in early October of 1973. There was no way to feed all the Iranian variables into a computer and come up with a date for the collapse of the monarchy.

But prediction is within the range of present capabilities. In the spring of 1973, some analysts accurately predicted on paper that, if the Arabs saw no other way to recover the lands Israel took in June, 1967, there would be war in the Middle East by fall. In the summer of 1978, some analysts accurately predicted the early collapse of Pahlavi absolutism.

Why didn't the policymakers act on these warnings?

First, because every leader, being human, filters his data through the screen of his own prejudices and predilections.

The state of South Vietnam was widely recognized in the intelligence community as a transient figment of Western imagination, but President Johnson, obsessed with the mythical communist monolith, clung to his defective policy until public opinion forced him out.

President Nixon, partial to Pakistan's Bhutto, "tilted" toward Pakistan in the East Bengal crisis, despite increasingly urgent warnings from US intelligence. The result was damage to US relations with India, and defeat and humiliation for Pakistan in East Bengal.

President Truman, buffeted by political currents in the US and shocked by Jewish suffering in Europe, imposed partition on Palestine despite State Department warnings, long since tragically vindicated, that Americans, Arabs, and Jews alike would pay a heavy future price.

In Lebanon, the evil engine of civil war was set in operation fifty years ago when extensive Muslim areas were put under particularist Christian rule. By 1970, US analysts were giving the country only a few more years of stability. The US would have had a good case for urging constitutional reform on the Lebanese leadership, which looked to Washington for help and guidance, and for discouraging US investment if the Lebanese resisted its advice. This course would have saved a lot of American money and perhaps some Lebanese live

Here again, however, personal predilect intervened. US leaders were not about to pouse a cause dominated by Lebanese panabists and their Palestinian allies, and t could not bring themselves to participate in demise of a friendly regime.

Some problems are so intractable, and th implications so apocalyptic, that the wis statesman with the best intelligence is po erless to reduce them. The supernova of su problems is the Arab-Israeli dispute.

The West urgently needs access to Ar routes and resources. Since the West parti pated in the creation of Israel, the Arabs e pect it to extract from Israel the territor taken in 1967. Some Israeli officials have h ted that this implicit threat to Western oil su plies could be dispelled by joint Israeli-US mi tary action. Americans can be found to e dorse this hare-brained scheme, but fort nately not in the White House.

On the other hand, US leaders realize th one Arab demand satisfied could lead to a other and another. Even if they were inclin to repudiate moral and emotional co mitments to Israel, they would recoil from t implications of a nuclear-armed Israel at bay

In the inexorable course of history, Ara strength will probably grow and the Israeli p sition will probably dwindle. However, polit cians rarely admit they have lost control. S each new administration climbs into the squi rel cage of Arab-Israeli negotiation, and i telligence analysts stand by to share the om of each new failure.

Of Mr. Jones's 29 years with the Department of State, seven were spent in the Bureau of Intelligence and Research.

ARTICLE APPEARED
ON PAGE A14

THE WASHINGTON POST
20 February 1979

[redacted]

LETTERS TO THE EDITOR

You Read It Here First

I have an open suggestion for President Carter, in his quest for economy and efficiency in the federal government:

Why not eliminate the Defense Intelligence Agency and Central Intelligence Agency, et al., and replace them with a good clipping service?

Even cursory reading of international news reports over the last number of years would have permitted analyses superior to intelligence briefs on, first, Cuba, then Vietnam and now, Iran.

C. L. KARR

Fairfax

[redacted]

ARTICLE APPEARED
ON PAGE 11

TIME
19 FEBRUARY 1979

To Mexico with Love

Two years ago, President Jimmy Carter raised a glass of champagne in a toast to his first state visitor at the White House, President José López Portillo of Mexico. Said Carter: "The proximity to the United States, I hope, will become a blessing and not a curse."

It was not to be. Indeed, there is no border on earth that separates two more widely divergent standards of living, and conflicts over trade, illegal immigration and drug smuggling have soured relations between the neighboring nations. Energy Secretary James Schlesinger made matters worse by his high-handed treatment of Mexican envoys *(see following story)*. Then, to stem the northward flow of illegal immigrants (nearly 1 million last year), U.S. authorities proposed sealing off parts of the frontier with sharpened steel-mesh fencing. Mexican newspapers indignantly accused the U.S. of raising "the tortilla curtain."

This week, on St. Valentine's Day, Jimmy Carter flies to Mexico City for three days of heart-to-heart talks with López Portillo as a long overdue step toward making good the promise of his White House toast. Carter will find his hosts expecting to be treated with far more respect than U.S. Presidents have generally shown in the past. "This time," said the conservative daily *Novedades* in an editorial, "Jimmy Carter and José López Portillo meet as equals, and Mexico will be looking for signs that the U.S. recognizes this fact."

U.S. commerce is everywhere

Mexico's touchy new self-confidence stems from the fact that for the first time in history, the poor relation has something that its wealthy uncle needs badly: a large and dependable supply of oil and gas. Two weeks ago, the Congressional Research Service reported that Mexico's energy supplies rival those beneath the sands of Saudi Arabia. Mexico has proven reserves of 40 billion bbl. and estimated potential reserves of 200 billion bbl. By comparison, Saudi Arabia has known reserves of 166 billion bbl. If the U.S. could eventually shift its oil dependence closer to home and away from the volatile Arabian Gulf that now satisfies about a third of U.S. imports, the country's security would be greatly strengthened. But other nations also are beginning to court the new Mexico. Japanese technicians have been exploring, Brazil is negotiating, and France's President Valéry Giscard d'Estaing comes calling later this month.

The basic purpose of Carter's trip is to overcome years of bitterness and persuade the Mexicans that the U.S. is not only their best customer but also their best friend. His itinerary is very businesslike. After landing at Benito Juárez Airport and offering some good wishes in his Georgia-accented Spanish, Carter will go straight to the Mexican National Palace for the first of two private sessions with López Portillo. He will lunch with Mexican diplomats, consult with the U.S. embassy staff and address the Mexican Congress.

Carter expects to strike no major bargains with López Portillo. He hopes only to spur negotiations—on oil and natural gas, immigration and trade policies. Carter, says one adviser, "must restore a sense of mutual trust and cooperation. He's got to change the background music, get rid of the rancor and put the whole relationship back on a candid, open and honest basis." Even these limited goals will tax Carter's formidable skill as face-to-face negotiator and healer of hurt feelings, for the Mexicans believe, with considerable reason, that the U.S. has long treated them with a combination of arrogance alternating with indifference. "Poor Mexico," an old saying goes, "so distant from God, so close to the United States."

EXCERPT:

In Washington last week, aides were giving Carter conflicting advice on how to handle the talks. The debate created an unusual amount of confusion. A delegation from the Mexican Foreign Ministry that was preparing for Carter's trip visited the State Department, the Immigration and Naturalization Service and the Department of Energy. Wherever the officials went, they got a different reading on Carter's intentions. They reported home that the U.S. "apparently has no clear or positive policy ready, either for Mexico or the rest of Spanish-speaking America." Indeed, some aides thought Carter's final decisions on several major matters might actually have to be made during the 4½-hour flight to Mexico City. Nonetheless, the broad outlines of what he will seek are known:

▸ A promise to keep the U.S. as Mexico's No. 1 foreign customer (the U.S. now buys 85% of Mexico's oil exports). Schlesinger estimates that by 1985 Mexican wells will be able to match Iran's pre-crisis output of 6 million bbl. per day. The CIA is even more bullish. Its experts forecast that in ten years, Mexico could pump 10 million bbl. per day, which is slightly more than Saudi Arabia's current production. But López Portillo probably will not budge on Mexico's plans to increase production more slowly, to 2.25 million bbl. per day by 1980, including 1.1 million bbl. for export. (Present U.S. oil consumption per day is 18.7 million bbl.)

▸ Resumption of negotiations on the sale of natural gas to the U.S. López Portillo has already indicated to Ambassador Lucey that he wants to strike a bargain on gas if a way can be found without inflaming his political opposition. For the moment, however, Carter is expected to propose only a gentleman's agreement that Mexico promise to begin selling gas to the U.S. when demand outstrips domestic supplies, perhaps within a decade. The price would be negotiated in the future.

According to Mexican officials, López Portillo will tell Carter that he is willing to bargain on oil and gas, but only if the U.S. is willing to negotiate on two issues that matter most to Mexico:

EXCERPT:

[redacted]

ARTICLE APPEARED
ON PAGE 92

U.S. NEWS & WORLD REPORT
19 February 1979

Mexico: Oil and Illegal Aliens

By Marvin Stone

Our ill-disguised hunger for Mexican oil, President Carter has stated, will not move him to interfere in decisions that are for Mexico alone to make.

That apparently means that during his visit to Mexico City, February 14-16, Carter will not seek of President López Portillo anything that infringes on Mexican sovereignty. By the same token, he should not offer any concession that infringes on our own.

We are referring here to the problem of illegal aliens from Mexico.

In this light, leaks from the White House are disturbing because they seem to indicate that such concessions have been under consideration. The *Washington Post,* citing the draft of a National Security Council study, reported several possible results the drafters saw from a "redirection" of U.S. policy. Among them, in the *Post's* words:

"It could provide an alternative to increased dependence on Arab oil, and access to some of what the CIA estimates could be as much as 10 million barrels of Mexican oil production a day by 1990.

"It could result in a sanctioned program for Mexican aliens now immigrating illegally to the United States at the rate of hundreds of thousands a year."

Is that the deal, then—to entice Mexico into supplying us with oil in return for the official opening of America's borders to millions more illegal aliens?

The most widely cited estimate for illegals crossing the southern border is 800,000 a year. Do these people, as often stated, take only jobs that Americans would not do?

This claim is open to serious dispute. A former commissioner of the Immigration and Naturalization Service found that two thirds of the illegals identified were "working in industry, service and construction jobs that pay good salaries—jobs that might be filled by . . . jobless American teen-agers or by . . . black American youths who are out of work."

The United States generated some 3 million new jobs last year, leaving almost 6 million of the nation's growing labor force unemployed. If half of the 800,000 illegal aliens found employment here, then 400,000 of the increase in jobs went to them.

In fact, there are economic writers who believe that, since a very large part of deficit spending is aimed at reducing unemployment, illegal immigration plays a substantial role in the country's budget imbalance, inflation and financial difficulties.

Will these worries soon abate, now that Mexico's immense discoveries of oil promise wealth and increased employment south of the border? This is a badly mistaken impression if applied to any solution in the next 20 years. López Portillo is planning to take out the oil and natural gas at the rate that will be most beneficial to his country.

As he himself says, in an interview elsewhere in this magazine, "Mexico's job problem will be solved only after we have invested income we will receive from exports of petroleum. I do not believe that will happen before the end of the century."

Before that point, if immigration across the Mexican border should continue at anything like the present rate, the U.S. economy could be seriously threatened.

Winking at illegal immigration is not a proper trading card for Mexican oil. The United States can offer various combinations of business cooperation: credits, border industries, lower tariffs and other aids. It may even be possible to work out a better arrangement for *legal* admission of limited numbers of temporary workers, where there is mutual benefit to both nations.

Keeping out illegal aliens is not anti-Mexican. It is a matter of observing our laws. The laws are there for good reason.

THE WASHINGTON STAR (GREEN LINE)
13 February 1979
Article appeared on page A-4

[redacted]

Embarrassment and Blunders Mark Carter's Energy Policy

Mary McGrory

The way things are going, Jimmy Carter would have trouble getting people to turn off the lights in the interest of conservation.

The energy crisis — if that's what it is — brings together a number of blunders and embarrassments that have brought him to a new crisis of esteem and a sharp plunge in his job rating, which is down to 28 percent in the latest polls.

Asking people to make sacrifices when they can see for themselves what the trouble is is one thing. But asking them to be "patriotic" when they suspect that they haven't been told the whole story is quite another.

Skepticism about oil shortages was born in the wake of the 1973-74 oil embargo, which was handled with good cheer and resourcefulness by many citizens who later learned that the "crisis" had been greatly assisted in its development by oil companies' withholding supplies in the interests of higher prices.

THAT SKEPTICISM haunted the 18-month struggle over the energy bill, the passage of which was supposed to avert the kind of problems we may or may not face as a result of strikes in Iran.

But at the heart of the problem is the president's totally ambivalent attitude toward what he once called "the moral equivalent of war." If it is of the paramount, overriding concern, why did he conduct relations with two major oil-producing countries, Iran and Mexico, with such frivolous disregard of the effect on us?

The closing of the oilfields in Iran was greeted with something like ecstasy by Energy Secretary James Schlesinger, who is ever on the watch for something that can be taken as a green light to rush out and tell us that the sky is falling so he can raise oil prices.

During the tortuous progress of the energy bill, he periodically conjured up the spectre of grass growing in the streets. When our client, the shah, finally packed it in, Schlesinger rushed forward to warn us of a crisis "prospectively more serious than the '73-'74 embargo."

TREASURY SECRETARY W. Michael Blumenthal tore in behind Schlesinger to say it wasn't that bad. Schlesinger's apocalyptic predictions had produced a run on the dollar, making things worse on the inflation front — a side-effect that might have been avoided.

The president in his press conference took a stance roughly in the middle. The situation is "not crucial now" and we could offset the current reduction in the Iranian supply if we heeded Schlesinger's call for voluntary conservation.

The handling of the revolution in Iran also was the result of divided counsel within the administration. Secretary of State Cyrus Vance suggested that we not panic at the thought of the shah's departure — a view subsequently espoused in the secret report of George Ball — but when it mattered, Zbigniew Brzezinski clamored successfully for all-out, unconditional support of the shah.

After the shah left for his winter vacation, we endorsed the regime of his chosen successor, who also bit the dust. We seem to have proceeded not with a thought to energy but only to maintaining our right to interfere, as we always have, in the affairs of Iran. The result is we have no friends among those who have their fingers on the spigot.

THAT, OF COURSE, leads us to another current embarrassment, the CIA and the performance of Carter's hand-picked director, his Annapolis classmate, Stansfield Turner. The CIA, drawing on its incestuous relationship with the shah's secret police, SAVAK, gave the White House bad dope — not to worry, they kept saying, as millions marched in the streets.

We have become accustomed over recent years to hearing of the botch the CIA made of things it was not supposed to be doing. Iran provides the first instance of its inability to do the one thing it is clearly supposed to do, which is collect information on which rational foreign-policy decisions can be made.

No intelligence shortfall has produced the crisis with Mexico. Here the failure has been one of common sense.

The discovery of oil and gas reserves next door has been treated by Schlesinger as a calamity. He has given it a wetback's welcome. He has practically told us we would not want our homes heated or our cars run by stuff from a neighbor that had been vulgar enough to nationalize its treasure.

WHEN THE MEXICANS came up here last year to make a deal he insulted them. When they came back to try again, he refused to see them.

First he told us that their supplies were too expensive. Then he said they were too cheap and might create havoc among our own producers.

The result of his advance work has been to unleash a wave of anti-Americanism on the eve of the president's visit.

Carter's press conference statement that he was "proud" of Mexico's bonanza sounded a bit odd. That's what he said about Bert Lance.

If he's going to convince the country to cooperate, he has first to convince people that he understands the situation. People will walk and shiver if they're sure it's necessary. So far, they have no evidence that the energy crisis exists anywhere but in the boardrooms of the oil companies — and in the White House, where the man in charge doesn't seem to have made any final decisions about how important energy really is.

Article appeared on page A-21

THE WASHINGTON POST
10 February 1979

Jerry F. Hough

Russian Politics: What We Fail to See

This country is engaged in a widespread postmortem on the government's failure to anticipate the course of events in Iran, but our intelligence problem now is not in becoming alert to change in Iran, but in avoiding a similar insensitivity to change in other countries. To a specialist on the Soviet Union, there are disturbing parallels between our current efforts to understand the Soviet Union and our earlier intelligence effort in Iran.

The U.S. government and journalists have, of course, had a great deal of contact with representatives of the dissident movement in Moscow. However, the dissidents themselves have become very discouraged about their own chances for success, and contact with them has led to the conviction that the Soviet regime is unchanging and unchangeable in the near future.

The writer is a professor at Duke University.

But what if the dissidents are not the real force for change in the Soviet Union? What if there are forces within the Soviet establishment itself that have the potential of producing major evolution within the Soviet Union?

If this is the case, the United States will be as surprised by events as it was in Iran. The sad fact is that the U.S. government is almost totally unequipped to assess long-term political developments within the Soviet establishment. The American embassy in Moscow has only four persons in the political section who study internal Soviet developments, two of whom concentrate on Kremlinological questions and two who basically focus on the Jewish and dissident questions. The main focus of the CIA political analysis of the Soviet system seems, in practice, to flow primarily from its requirement to contribute to the morning news briefing of the president. Hence, it, too, concentrates on current affairs and the unknowable alignments within the Politburo.

As a result, the U.S. government devotes extremely little attention to the vigorous debates on policy options and on changes in the political system that are published in the Soviet Union. For example, the Soviet journal dealing with Latin America has carried most interesting and important debates on the future of Latin America and on which developments in that region the Soviet Union should support. It is a continuing debate with important implications for Soviet views of Asia, Africa and even Europe. Yet, the journal is almost never read in the American embassy in Moscow, and, so far as I can tell, it is not read anywhere in the State De-

The situation with respect to domestic policy discussions is worse. The Commerce Department does a good job in following the debates that relate to the growing Central Asian population. But no one is trying to map out the economic debate as a whole and the positions of the major institutional actors in it—and this at a time when Soviet policy intellectuals are giving enormous attention to the implications of the labor shortage impending in the 1980s.

Indeed, although almost all the major Soviet economists are loudly arguing for greater wage differentials and a reversal of the long trend toward wage egalitarianism, a great many responsible Americans are convinced that the Brezhnev era has featured a growth in the relative privilege of the elite. Hence we do not even know one of the most elemental and basic facts about the nature of the Soviet economic problem, and we have no awareness of the resulting pressures for major reductions in military expenditures if the international situation were more appropriate.

The time to improve our intelligence operations is not after the disaster, but before. Reform in Russia has traditionally come from the top, but leaders' actions are normally influenced by their apparatus and the currents of opinion among the policy intelligentsia. If we do not know what those persons are saying (often quite openly), we will continue to be blind to major currents for change that exist. Even worse, we inevitably will be affecting Soviet internal developments by our policies without any awareness of the nature of the effect. In fact, leading liberals within the Soviet establishment insist that American policy has been seriously harming their cause.

With the amount of money that is spent on trying to find out about the Soviet Union, it is absolutely inexcusable that we know as little as we do about its politics. It is even more inexcusable and dangerous that our ideological blinders lead us to smugly assume that there is no middle-level politics worth studying and that it cannot have an impact on the future. It was such an attitude that led to our failure of understanding in Iran.

ARTICLE APPEARED ON PAGE 94-98

AIR UNIVERSITY REVIEW
January - February 1979

WORLD PEACE AND THE SOVIET MILITARY THREAT

Captain Steven E. Cady

FEW THINGS in this world are as certain as change, and certainly our world has changed irreversibly since World War II. Yet, as the Frenchman said: *Plus ça change, plus c'est la même chose* ("The more things change the more they are the same.").

World peace, for example, continues to depend on American supremacy, and that supremacy is a function of the development and deployment of highly advanced weapon systems. A possibly moot point, in this connection, is the nature of the Soviet threat to world peace. What are the intentions of the Soviet Union? Has our assessment of its intentions and capabilities been realistic? If the Soviets, as a result of their intentions and massive arms buildup, pose an active threat to the United States, will our present stockpile of nuclear bombs and "conventional" missiles be sufficient deterrent to Soviet power? Are the current SALT talks leading to a weakening of American military power relative to the Soviet Union, and, if so, will such a weakening act as a stimulus to Soviet aggression?

These and related issues are discussed in three recent books about the Soviet Union. For a realistic insight into the nature of Soviet thinking, Marshal A. A. Grechko's *The Armed Forces of the Soviet State: A Soviet View* provides a detailed picture of the worldwide goals and ambitions of the Soviet Union in relation to its military and political policies. William T. Lee, a U.S. specialist in Soviet military and economic affairs, published two similar publications in 1977: *Understanding the Soviet Military Threat: How CIA Estimates Went Astray* and *The Estimation of Soviet Defense Expenditures, 1955-75: An Unconventional Approach.*

Soviet Intentions

The true intentions of a nation can be assessed in terms of its stated intentions and its overt activity. Grechko's work, which was written when he was Minister of Defense of the U.S.S.R., serves as a major source for stated Soviet intentions.† Marshal Andrei Antonovich Grechko joined the Red Army in 1919, took part in subsequent civil war campaigns, and became a member of the Communist Party in 1928. After graduating from the Frunze Military Academy in 1936, he entered the General Staff Academy, graduating in 1941, just as Hitler attacked the Soviet Union. When hostilities ended, he was General-Colonel (three stars) and commander of the 1st Guards Army. By 1953, Grechko was General of the Army, soon becoming Marshal of the Soviet Union (1955). He later became Minister of Defense, Commander-in-Chief of the Soviet Ground Forces, First Deputy Minister of Defense, Commander in Chief of the Joint Armed Forces of the Warsaw Pact nations, Minister of Defense, and finally a member of the Politburo of the Central Committee of the CPSU. Grechko died on 27 April 1976, but his statements

†Marshal A. A. Grechko, *The Armed Forces of the Soviet State: A Soviet View*, translated under the auspices of the United States Air Force (Washington, D.C.: U.S. Government Printing Office, 1975, $3.20), 349 pages.

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can still be considered as fully representative of Soviet thought.

Grechko viewed all mankind as moving inevitably toward socialism and communism. He felt that only a socialist system, such as that of the U.S.S.R. could have an army with a just goal: the defense of "the revolutionary achievements of the working people." (p. 2) He regarded the Soviet armed forces as possessed of a "great liberating mission." According to Grechko, the army fulfills an "international duty," and the goals of the Soviet army are also adopted by the armies of other socialist states, all of them assisting the peoples of nonsocialist nations in "fighting for their social and national liberation." Countries such as the United States are pictured as controlled by "reactionary imperialists" who have "not given up their aggressive schemes." Various nations are accused of hindering the policy of peaceful coexistence by differing social systems. This is a curious assertion in view of Grechko's unqualified condemnation of all systems that differ from that of the Soviet Union. The capitalist nations are charged with disseminating lies, slandering socialist countries, and unleashing anti-Soviet hysteria at any cost while continuing the arms race. Grechko concludes that the U.S.S.R. must, therefore, strengthen the combat power of the Soviet armed forces, supplying them with "modern weapons, combat equipment and other supplies." His sequence of chapters documents this viewpoint.

IT IS HARDLY surprising, then, that William Lee, in *Understanding the Soviet Military Threat,*† depicts the Soviet Union as pursuing a policy of political expansion based on military forces that are developing more rapidly than those of the United States. As its title implies, Lee (formerly with the CIA) finds fault with certain CIA estimates of Soviet military power. The U.S. formerly relied on these estimates in reacting to the Soviet military threat. In the Foreword, Eugene V. Rostow points out that Soviet spokesmen frequently talk of a projected military expansion program designed to achieve complete superiority in every category. On that basis, the Soviets feel that they will "determine the direction of world political development." (p. 2)

Rostow emphasizes that the American intelligence community has resisted accepting these facts. Its conception of the Soviet Union is interpreted by Rostow as a government seeking parity with the United States rather than dominance. Thus, the U.S.S.R. is seen as a developed nation interested in maintaining the status quo, and the usual strategic and conventional weapons, sufficient to deter Soviet expansionism, are adequate for U.S. defense.

Defense Expenditures

Lee cites Soviet defense expenditures that have grown steadily since 1958, with 14 or 15 percent of the Soviet gross national product allocated to defense. The Five-Year Plan for 1976-80 continues the trend, with perhaps 18 percent of the 1980 budget allocated for defense. Included are an increasing number of weapon systems—much more accurate MIRVed ICBMs/SLBMs, for instance—able to

†William T. Lee, *Understanding the Soviet Military Threat: How CIA Estimates Went Astray* (New York: National Strategy Information Center, Inc., 1977, $2.00), 73 pages.

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reach U.S. targets from Soviet coastal waters, as are new aircraft with larger payloads and greater potential for penetrating hostile airspace. These capacities, Lee feels, are consistent with the "well-documented Soviet objective of achieving superiority over the United States and its allies in military power." The Soviets have achieved, or will soon achieve, numerical parity or superiority in almost all important types of weapon systems, Lee asserts. Although they may still be lagging qualitatively in weapon technology, their intention of becoming both quantitatively and qualitatively superior in all weapon systems is potent.

Lee believes that the continuing power buildup can be accounted for partly by its political utility: the Soviet Union holds that peaceful coexistence, or détente, exists largely because of its superior (or supposedly superior) military power. Increasing Soviet military budget outlays through 1980 indicate an expectation of further political gains resulting from military power.

Lee contends that the current trends in Soviet priorities are made possible with the help of the Western nations—technological and otherwise.

CIA Estimates

William T. Lee's *The Estimation of Soviet Defense Expenditures, 1955-75: An Unconventional Approach*† was published in collaboration with the General Electric Tempo Center for Advanced Studies, which solicited the cooperation of Soviet analysts and economists in its preparation. The author describes the uncertainties and data gaps existing in the CIA's direct-costing approach to estimating U.S.S.R. defense expenditures. Because of various hidden expenditures suited to the political "cosmetics" practiced by Soviet leaders, the CIA adopted the direct-costing method, which estimates the amounts in each military program, then applies estimated individual prices to each quantity. Only recently has the CIA admitted that it underestimated the Soviet defense budget by a factor of two in 1970 and possibly by a factor of three at present. Lee analyzes this error in an in-depth review of various methodologies used to estimate U.S.S.R. national security expenditures (NSE), providing an alternative way of estimating NSE "based entirely on published Soviet industrial output, budgetary, and national income data, while accepting the limited coverage of the 'Defense' and 'Science' budgets." *(The Estimation,* p. 2) The author lists the advantages of this approach: it is derived directly from Soviet data, in rubles; it is not subject to the index number effect of applying U.S. prices to Soviet weapons and technology; it does not depend on estimated ruble-dollar ratios; it reveals resource allocations in each Soviet annual and Five-Year Plan; it is an alternative to the direct-costing method and provides an aggregative check on the results of that approach; and it provides an approximate picture of U.S.S.R. NSE as Soviet leaders see it. While admittedly not perfect, Lee offers his approach as one resulting in a better estimate of the Soviet NSE.

As to why the CIA estimates went so wrong, Lee lists a number of reasons in *Understanding the Soviet Military Threat.* The first was its emotional rather than analytical response to the initial overreaction to the intelligence communi-

†**William T. Lee, *The Estimation of Soviet Defense Expenditures, 1955-75: An Unconventional Approach* (New York: Praeger, 1977, $25.00), 358 pages.**

CONTINUED

ty's early overestimation of Soviet heavy bomber production and Soviet ICBM deployment. Some consequences were U.S. expansion of heavy bomber production and ICBM/SLBM forces far beyond what the U.S. might otherwise have considered necessary. A second reason was the fear of strengthening bureaucratic Soviet military forces and nuclear overkill on both sides.

Lee points to the Cuban missile crisis as proving that the U.S. advantage in bombers and missiles was effective in curbing Khrushchev's adventurism, without risk of war. Lee maintains that, in response to the bomber and missile "gaps" of one kind or another existing between Soviet and U.S. forces, "The prevalent reaction was some apparent institutional guilt for having contributed to a perceived overreaction by the United States, plus a widespread belief that the Soviets had opted out of the intercontinental missile competition, and a determination not to overestimate again." *(Understanding,* p. 29)

The Soviet Union envisioned the threat to itself as being through Europe, so that Eurasian strategic requirements came first in its priorities. The United States, according to Lee, expected the Soviets to manufacture several hundred heavy bombers and first-generation ICBMs in the 1950s. Instead, the Soviets manufactured several thousand medium bombers and 700 IRBMs. When the U.S. produced 41 strategic missile submarines, the Russians constructed some 57 (41 of them nuclear-powered), but many of these carried cruise missiles designed for operations against naval targets. "We simply did not understand Soviet strategic concepts; hence we misjudged Soviet priorities." (Ibid., p. 30) Lee concludes that Soviet political leaders want a great deal more than minimum deterrence and that they have made no secret of their aspirations.

Lee mentions another error in American strategic thought—the so-called "mirror imaging" based on the implicit or explicit assumption that Soviet aims are similar to ours, that they react as we do to common problems and experiences. American strategists equate "strategic" and "intercontinental," whereas the Russians interpret strategic considerations to encompass their very borders. Lee feels that the threat of civilian and city destruction is no deterrent in Soviet thinking; they think in terms of the destruction of military, industrial, and administrative targets rather than worrying about how much of the population will die. "All the indicators suggest that the Soviets will not accept assured destruction in the future unless there are stark changes in the political leadership." (Ibid., p. 32)

What many observers in the U.S. do not understand is that the Soviets have their own brand of propaganda, difficult for Westerners to comprehend. "Actually, it is probably more ritual than rhetoric as we now use the latter term. Such ritual does not really involve factual or intellectual credibility; it is required dogma in the Soviet system." (Ibid., p. 34) One must look beyond the ritual to find the real message, making distinctions between Soviet doctrine, strategy, and "operational art." Failure to do this has caused some American analysts to dismiss genuinely informative statements by Soviet leaders as pure rhetoric—statements that are factual and which are taken seriously.

Proposals for the Future

In view of CIA and other underestimates of Soviet military strength, Lee makes a number of proposals for improving intelligence studies and estimates. First among them is giving credence to the obvious: exploiting unclassified information. Not only should the statements of the regime's

spokesmen to their people be taken at face value but also greater use can be made of the large quantity of unclassified information leaking out of Russia. Despite the great secrecy surrounding military matters, the Soviets have been willing to discuss their objectives and various of their programs. "The time of these programs, the choice of system designs, and the integration of the new weapons into the forces, all suggest a well-conceived plan guided by doctrine, strategy, and lessons drawn from the Vietnam and Middle East wars." (Ibid., p. 39)

Lee also suggests that efforts be made to simulate the effectiveness of Soviet weapons and forces and that a more realistic historical perspective be adopted. Knowledge of past trends can help us understand how new trends in Soviet planning reflect Russian objectives and requirements. Ranging from the opportunistic tactics of Russian revolutionaries in the nineteenth and early twentieth centuries to Grechko's updated statement of policy, every added bit of historical evidence helps American analysts acquire a realistic view of Soviet thought and ambition. The evidence suggests strongly that the U.S.S.R. understands and respects power. Negotiations are not likely to succeed unless U.S. representatives can speak from a position of unquestioned power, especially military power.

The U.S. has engaged in disarmament or arms limitation conferences with the Soviets for decades, and may continue doing so at the cost of tempering military preparedness in deference to the seemingly interminable but hopefully fruitful negotiations. In the meantime, the United States has been weakened militarily in relation to the Soviet Union. In view of William Lee's analysis of the situation, realistic thinking suggests that American negotiators are not likely to impress the Soviet planners except from a position of military strength. Where social, political, and economic vacuums have existed, the Russians have usually moved in to fill them. A major reason for their retreat in the Cuban affair was their unwillingness to test American military might at that time.

One consequence of such realism is a military program costing many billions of dollars. Such a cost may very well be the price Americans must pay for the survival of their institutions. Skimping on programs on which our survival depends could amount to committing national suicide.

However, an adequate defense program need not increase the overall United States defense budget alarmingly. At the present time, more than 60 percent of our defense budget goes for financing personnel costs. Cutting manpower is not inconsistent with maintaining a defense posture. A manpower reduction would leave us with sufficient conventional forces, permit greater recruitment selectivity, and release the funds needed to finance the exotic new weapons required to counter the Soviet threat.

In any case, a crisis in decision-making now exists. One realistic alternative is to develop, manufacture, and deploy weapon systems on a scale the magnitude of which will impress the Soviet Union. If this alternative is pursued, the stagnating arms limitation talks will become more meaningful and likely to produce results much sooner.

Loring AFB, Maine

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NEW YORK TIMES
29 JANUARY 1979

[redacted]

U.S. Seeks Ways to Gauge Foreign Nations' Stability

By RICHARD BURT
Special to The New York Times

WASHINGTON, Jan. 28 — The Carter Administration is assembling a comprehensive plan to upgrade its ability to forecast political turbulence around the world, a step that senior Government officials said today could result in sweeping changes in existing methods of intelligence collection and evaluation.

The officials said that since early December, a high-level interagency task force has been examining ways for intelligence agencies to improve their ability to predict political instability in countries of critical importance to the United States.

The task force, they said, was created after President Carter expressed his displeasure in November about the failures of the agencies to anticipate the crisis in Iran.

The task force was not expected to issue its formal recommendations to the President until next month, the officials said, but a high-ranking intelligence aide in the State Department said that the Central Intelligence Agency and the State Department had already been ordered to determine if other strategic nations might be susceptible to events similar to those in Iran, and to suggest ways in which the United States might respond to such future situations.

The intelligence aide declined to name the countries under study, but other officials said they included Saudi Arabia, Turkey, the Philippines, Indonesia, Egypt, South Korea and Brazil.

Some officials believe that opposition groups in each of these countries could threaten the viability of their governments, which are friendly to the United States. In essence, the intelligence aide said, the Administration wants to know more about the aims and strengths of such opposition groups so that the United States will not be surprised by events similar to those in Iran.

Efforts to enhance political forecasting have been given special priority by the Administration. Zbigniew Brzezinski, the adviser on national security, and others have stressed that military intelligence alone was no longer adequate.

The intelligence aide said that the United States "can no longer just bludgeon its way into situations."

"As our relative power declines," the aide said, "we must learn, like the British did years ago, to become more discriminating, alert and skilled in political intelligence."

Memorandum From Carter

Other officials traced the task force's origin to a handwritten memorandum sent by Mr. Carter in November to Mr. Brzezinski, Secretary of State Cyrus R. Vance and Adm. Stansfield Turner, the Director of Central Intelligence. In the note, Mr. Carter said that he "was dissatisfied with the quality of political intelligence" that he was getting and told his aides to work on together to upgrade such information.

Shortly thereafter, officials said, Mr. Carter's aides formed the task force and put each of their top assistants in charge. They are: David L. Aaron, Mr. Brzezinski's deputy; David D. Newsom, Under Secretary of State for political affairs, and Frank C. Carlucci, the Deputy Director of Central Intelligence. According to the officials, the task force has met regularly since December.

The intelligence aide said that the task force has identified several shortcomings of existing intelligence practices. One such problem, the aide said, was that American diplomats and intelligence agents have ignored social changes in key countries during the last decade, and have focused instead on what the ruling elite was thinking.

This has meant, officials said, that in contrast to the early 1960's, American officials abroad have had little contact with forces outside governments, such as youth groups, intellectuals and religious leaders. Within the Central Intelligence Agency, the officials said, this trend was reinforced in the 1970's when more reliance was placed on technical means of intelligence collection than on human sources.

THE NEW YORK TIMES

FOREIGN AFFAIRS

Making Peace and Keeping It

By Alfred Wohlstetter

LOS ANGELES — For more than a decade, it has been plain that of all the disasters of the Vietnam War the worst might be the lessons we would draw from it. Our political élites, recoiling from that remote ambiguous struggle, concluded that improving our ability to project force into distant places was a danger to the world and to us. If we improved our force, we'd be more apt to use it and become mired down.

Arms spending, so the lesson runs, is worse than useless. It provokes adversaries to spend more in turn in an unending spiral. Distant troubles are largely indigenous, generated by local injustice and corruption and, in any case, no part of some Soviet or other Communist conspiracy. We are not engaged in a simple bipolar contest with the Soviet Union. Neither superpower can dominate the world. Instead of playing policeman to the entire world, we should — in the President's phrase — be making peace for the world.

But is that the lesson? Can we make peace anywhere if we cannot reliably promise the necessary force to keep it?

Secretary of State Cyrus R. Vance was right to reject the stark bipolar picture recently: But if we are not locked in a simple duel with the other superpower, its interests do oppose ours in many essentials. Nor are they likely to be reconciled in any foreseeable arms agreement, least of all in SALT II, which has preoccupied the Administration as one apparently unconnected distant disaster after another has taken it by surprise.

The multipolar world is no less dangerous because it is more complicated. Some changes besides an increase in Soviet control are hostile to our purposes. Few today hold that everything bad happening in the world must stem from a Soviet conspiracy, yet the notion that nothing bad can happen to us if it is not inspired by the Russians is an enduring relic of the bipolar view.

That a multipolar world can be unpleasant is shown by the lethal disorder that would follow a wide dispersal of nuclear weapons. But among the countries most likely to acquire nuclear weapons are those increasingly isolated by the weakening of the American-alliance system: Pakistan, Iran, South Korea, Taiwan. Getting The Bomb may seem the only alternative as the American military guarantee becomes less convincing.

Third-world countries are not dominoes, all falling inevitably if one falls. But adverse changes in one, even if purely "internal," can generate instabilities in chain.

The chaos in Iran has ominous implications for Pakistan, for Oman, for Saudi Arabia and other Gulf states, for Israel, and for our critically placed ally Turkey. Pakistan had the support of Iran against threats of further dismemberment, this time by a Baluchistan liberation movement aided by the Afghanis and the Soviet Union. Oman had the Shah's help in putting down a Yemeni and Soviet-supported rebellion in Dhofar; trouble may start there again. Both the Saudis and the Israelis have been disturbed, not only by the turn of events in Iran but also by the patent American inability to do anything about it. For the Israelis, the giving of buffer territory in return for an American guarantee looks considerably riskier.

According to President Carter: "We have ... neither ability nor desire to interfere in the internal affairs of Iran. And we certainly have no intention of permitting other nations to interfere ..."

But if we have no ability to intervene ourselves, can we prevent others from intervening? If we are unclear about Soviet interference in these ambiguous deadly quarrels, the Russians are not. Their military guarantees, embodied in "Friendship Treaties" with India and with Vietnam, assured India that it could dismember Pakistan and Vietnam that it could invade Cambodia, free of concern about China. And that is hardly the end of the matter. An extension of Soviet intervention or control far short of "world domination" could do us and our allies grievous harm. And even where Moscow is not gaining control, we seem to be losing it.

Our major intelligence failures come when analysts keep their eyes shut tight to unpleasant trends. Two decades ago, the Russians had no ability to match American or British forces in the Persian Gulf or Mediterranean. They could not overfly Yugoslavia, Turkey, Iran or Pakistan. Today, we have the problems with overflights and the use of overseas bases. But this is no inevitable "decline of the West."

We have the resources to reverse these trends and the technological base to do it efficiently rather than by merely multiplying armies. We and our allies have had other priorities. Between 1960 and 1977 we more than doubled the percentage of the gross national product made up by Federal outlays on "social welfare," while cutting almost in half the fraction devoted to the common defense — which could mean we shall all fair badly.

But to choose to reverse the decline, we need at least to notice it.

Albert Wohlstetter, University Professor at the University of Chicago, is a guest columnist.

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THE WASHINGTON STAR (GREEN LINE)
25 January 1979

The Nation

U.S. Intelligence Predicted Suez Crisis

U.S. intelligence agencies correctly predicted Israel, Britain and France would take military action in 1956 to keep the Suez Canal open but wrongly believed Soviet leader Nikita Khrushchev was on the verge of falling from power.

Publication of once classified transcripts of secret sessions of the Senate Foreign Relations Committee in 1956 yesterday provided the historical notes.

Intelligence predictions on Khrushchev's fate, and of the dramatic Hungarian uprisings of the same year, were notably off-target.

SALT LAKE CITY DESERET NEWS
23 January 1979

Fractured foreign policy

Has U.S. foreign policy ever before been as badly splintered or as disorganized as it is now?

For starters, take U.S relations with Iran. The outcome of the turmoil in Iran is far from clear. But already it is clear enough that any likely outcome will probably damage United States' interests. Unfortunately in the face of this challenge, American policy seems hardly more intelligible than Iranian politics.

The U.S. will probably lose the listening posts it has used to monitor Soviet strategic weapons. Access to Iranian oil could well be cut off. And a communist or radical-Islamic-nationalist government could well be a force for further disruption in that strategic area.

Nor is the trouble confined to Iran. The pro-Russian gooernment that seized power recently in Afghanistan is harboring guerrillas who are attacking Pakistan. The radical Yemeni regime hosts guerrillas who wish to take over in Saudi Arabia.

Across the Persian Gulf, Russian and Cuban advisors are esconced in Ethiopia. For the West, these developments threaten oil supplies, peace in the Middle East, and many other strategic interests.

During the coming session, Congress will probably have at least two chances to try to help untangle the mess that the administration has made of U.S. foreign policy.

First Congress is likely to vote on a charter for the CIA. It's time for another close look at the organization. Events in Afghanistan and Iran sneaked up on the United States. The CIA gave little warning.

For years, the CIA has been pilloried, its morale shaken, its capabilities decreased. In each foreign country, the CIA reports to the ambassador. In both Iran and Afghanistan, evidently, the CIA's contacts with non-official sources were severely circumscribed.

The charter which Congress is likely to accept or reject this session was born of concern with CIA abuses in America. That's an important problem, to be sure, but so is the ability of the CIA to do its job abroad. In discussing the charter, Congress should pay more attention to the agency's failures abroad than it seems to have done so far.

The second chance Congress will habe to pass on the administration foreign policy will be the SALT treaty with the Soviet Union. Russia views the world as a "correlation of forces," seeing invasion in Cambodia, subversion in Afghanistan, and a one-sided limit on cruise missiles as steps toward a larter geopolitical objective.

It is the idea of an overarching geopolitical goal that official American policy refuses to accept. The Carter administration rejects the idea of "linkage" continues to insist that Soviet adventurism in Ethiopia should not enter our thinking about our troubles in Iran or an agreement on strategic arms.

Congress would do well to question the fractured policy the administration serves up. For it is increasingly apparent that this policy is not serving the nation well.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Face the Nation STATION WDVM-TV CBS Network

DATE January 21, 1979 11:30 AM CITY Washington, D.C.

SUBJECT Interview with Senator Frank Church

GEORGE HERMAN: Senator Church, U.S. policy towards Iran seems to have waivered between favoring the Shah, favoring the Bakhtiar government, and, most recently, some hints of favoring the Ayatollah Khomeini. Have we had any adequate, appropriate Iran policy at all?

SENATOR FRANK CHURCH: Well, our policy, of course, was to support the Shah as long as the Shah could stay in Iran. But the chaos that developed there, the inability of the army to keep order, the overwhelming protestations from the streets finally forced the Shah to leave.

After that, I think it was a bit premature for us to endorse the Bakhtiar government. Bakhtiar stands on a banana peel, and he'll have to be an adroit acrobat indeed to keep his footing. I think we might have refrained until we had a better idea of what kind of government would emerge from the present chaos.

ANNOUNCER: From CBS News, Washington, a spontaneous and unrehearsed news interview on Face the Nation with Senator Frank Church, incoming Chairman of the Senate Foreign Relations Committee.

Senator Church will be questioned by CBS News congressional correspondent Phil Jones; but Richard Burt, diplomatic correspondent for The New York Times; and by CBS News correspondent George Herman.

* * *

HERMAN: Senator Church, your first answer was at

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NEWSWEEK
22 January 1979

By George F. Will

Fear of Facing the Truth

When, as lately, America's decline accelerates, it is useful to look back along the downward, crumbling path. Eugene Rostow has done so in The Washington Quarterly, recalling the 1968 Soviet invasion of Czechoslovakia. He was Under Secretary of State, and was struck, then as now, by the attitude prevalent within government that "Soviet action must always be given the benefit of the doubt." That summer, officials resisted the idea that Soviet military maneuvers presaged an invasion. When senior Soviet officials interrupted their August vacations to convene in Moscow, President Johnson assumed they were preparing not an invasion but an invitation (for him to visit Moscow to begin strategic arms limitation talks). Significantly, they were preparing both. They wrongly assumed what they reasonably assume today, that the U.S. Administration would mute its reaction to Soviet conduct, however aggressive, rather than jeopardize SALT negotiations. (Johnson immediately canceled the trip.)

With today's satellites, U.S. officials would have seen unusual markings on tanks and other vehicles in the Soviet maneuvers. Evidence that these were about to go into action against identical tanks and vehicles—those of the Soviet-supplied Czech Army. But many officials would have resisted any upsetting evidence about the Soviets. Rostow recalls this from the preceding summer:

"... The first time 'Egyptian' MiG fighters appeared over our Sixth Fleet shortly after the 1967 Six Day War, our monitoring sources reported that the pilots of these 'Egyptian' planes were talking Russian ... Well, for two weeks our Soviet experts were explaining this away ... [They said] that these were training flights, that the pilots were Egyptians who had been instructed in Russian by Russian personnel ... and so on. Of course it soon transpired that the pilots were Russian and those arguments collapsed. But for two weeks they were stubbornly held ..."

'STABILITY' IN IRAN

Today, the pattern of strikes and unrest in Iran strongly suggests Soviet fingerprints, but while the Soviets broadcast instructions for manufacturing grenades and bombs, U.S. "experts" suggest that the Soviets are primarily interested in "stability" in Iran. How does Rostow explain such willful imperviousness?

"The answer is: fear. The American political class is afraid of living with the evidence of reality, because if you accept that the Russians are embarked on an imperialist course for the indefinite future, if you accept that their military, economic, educational and cultural policies are all geared to the reduction ... of the ability of the United States and its allies to resist, then you have to do something about it."

What the United States has done since the mid-1960s is invest its hopes in arms control. It has based arms-control policy on the hope that the Soviet buildup is merely a reaction to U.S. arms, and can be restrained by unilateral U.S. restraint. So U.S. arms-limitation efforts have limited ... U.S. arms. Now The Economist of London warns that the SALT II treaty, designed to run through 1985, "could be the beginning of seven singularly dangerous years."

'A HALF-HOUR CATACLYSM'

The cosmetic equality in permitted totals of launchers conceals, The Economist says, "a large imbalance in Russia's favor." Given existing U.S. arsenals and procurement plans, "by 1985 the United States will be behind Russia both in the over-all total and in some of the most important sub-categories," including "modern large" missiles: the Soviets will be permitted 308 (a force that can carry 3,000 warheads), the U.S. will be permitted none. And SALT II "may leave the United States itself vulnerable to a surprise Russian attack.

"By the early 1980s, the growing number of increasingly accurate warheads Russia can pack into its huge missiles will put it in a position of being able to destroy virtually all of America's land-based missiles in a single half-hour cataclysm, while still keeping quite a lot of its own missiles in reserve, ready for a second blow ... [A] counterattack against the Soviet missile system would have to depend mainly on the aircraft-carried Cruise missiles permitted under SALT II, which would take ten hours to trundle toward their targets—and even then would destroy not much more than half of the Soviet launching silos."

To say that the Russians would probably not push the button "misses the point of nuclear mathematics:

"The point is that the Russians would not have to. If they know that [an] exchange of Soviet first strike and American counterstrike would leave them with more surviving missiles, which would then hold America's cities hostage, they would know that the American President would know it too; and that he would be paralyzed by his knowledge ... This is the political reality behind the apparently abstract calculations of who-would-have-more-missiles-left."

On the crucial question of how the United States sank to this danger, The Economist is too charitable: "Americans were so mesmerized by Vietnam and Watergate that they failed to spot the danger." Not true. The political class had sufficient evidence all along. It also had a desire to disbelieve, and with a few exceptions (such as Sen. Henry Jackson) has shrunk from leadership.

Fred Ikle, former director of the Arms Control and Disarmament Agency, writes that we are in a third postwar phase. From 1945 through 1950, the period of "nuclear monopoly," the U.S. actually had few ready nuclear weapons and was substantially weaker than the Soviet Union in terms of ready land-based power. After North Korea attacked, the U.S. immediately tripled its defense budget, building up air and naval capabilities. After the Cuban missile crisis, the Soviets began a sustained buildup, while Vietnam sapped America's material and moral resources.

IGNORANCE AS A STRATEGY

The Soviet Union has doubled its military budget, in real terms, in the last fifteen years. The U.S. budget in constant dollars is less than it was in 1961. And as Ikle says, this "third-phase shift in the Soviet Union's favor is still under way." In 1965, Defense Secretary McNamara said that "the Soviets have decided that they have lost the quantitative race ... there is no indication the Soviets are seeking to develop a strategic nuclear force as large as ours." Ikle blames a huge "intelligence failure" in the 1960s for such thinking and for "our harmful persistence in unilateral restraint as a policy for inducing Soviet restraint. For eleven years in a row, the annual U.S. intelligence forecasts underestimated the number of missiles Russia would deploy."

But Ikle, like The Economist, is too charitable. When people are so wrong for so long on the same subject, in the same direction, the failure is not of intelligence but of will. For such people, ignorance is a strategy. Their problem is not in finding the truth, but in facing it.

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THE WALL STREET JOURNAL
18 January 1979

Intelligence Failure #S2525

It sometimes happens that events bypass proposed legislation before it can be enacted into law. Something like this seems to have happened to S2525, the Intelligence Reorganization and Reform Act reported out of the Senate Select Committee on Intelligence, a new committee created in 1977. This bill, designed to protect our civil liberties against the "invisible empire" of an omniscient CIA, is the committee's response to public fears and images of wrong-doing created back in 1976 by the accusatory hearings of the Church committee, the Select Committee's predecessor.

The committee has been busy these years fine-tuning the bill in search of an appropriate mix between civil liberties and the Attorney General's prerogatives on "intelligence intrusion." And now Vice President Mondale and the American Civil Liberties Union are completing their negotiations over which circumstances permit what information to be collected in which way on which individuals, thus permitting the committee to mark up the bill for presentation to the Senate.

In the meanwhile the public has been learning of a long string of intelligence failures, of which the unanticipated collapse of the shah's position in Iran is the latest, and is wondering why the CIA's intelligence is so far off the mark. The public's concern has shifted from fear that the agency's activities will pre-empt civil liberties to fear that the agency lacks competence.

The time spent fine-tuning the bill has served a purpose. It has permitted more important facts about the nation's intelligence capabilities, or lack thereof, to come out before Congress could pass a bill and claim to have disposed of the intelligence problem.

That an analysis of Soviet open-source material by a single outside researcher could force the CIA to double its estimate of Soviet military spending; that the CIA could grossly underestimate the size, scope and purpose of the Soviet strategic buildup; that the CIA could not perceive the brewing instability in Iran—these enormous intelligence failures are what concern the American public today. The Intelligence Committee's bill does not address this concern. Indeed, to this day the committee has never held hearings on the fundamental issues of what intelligence does the U.S. need and how is the U.S. to acquire it.

The hearings sponsored by the Pike and Church committees were themselves intelligence failures. These circus-like performances bequeathed a one-sided concern to their successor committees, a concern that has prohibited them from dealing with the real intelligence problem.

Today the credibility of the U.S. is strained, both with its allies and its enemies. We cannot afford any more extravagant misperceptions. There will always be intelligence failures, but the goal should be to minimize them. Before the Senate passes a bill reflecting outmoded concerns, it ought to investigate the requirements of an effective intelligence service. Perhaps some hearings in this direction would be an appropriate new venture for the Select Committee on Intelligence.

THE DALLAS MORNING NEWS
14 January 1979

A Giant Problem

RICHARD NIXON, trying to rally support for his Vietnam policies, once admonished against this nation's ever giving the impression that it was "a pitiful, helpless giant." It is easier, some years later, to see what he meant.

With respect to at least two current international traumas, the U.S. image has in truth been one of helplessness, whether of pitifulness or not. Neither in Iran nor in Cambodia has the United States had any leverage to exert. It has been reduced to hand-wringing, hardly an edifying exercise for one of the globe's two superpowers.

In Cambodia, the problem is twofold. It is not just that there was little we could do about Vietnam's successful invasion of its communist neighbor. We actually got on the wrong side — that of Cambodia and its genocidal rulers — by publicly protesting the invasion, although it was Cambodia that commenced hostilities in the first place.

In Iran, we announced early on (and correctly, in *The News'* view) our support for the embattled shah. But as it developed, our support meant nothing. The CIA had lost touch with the opposition and, as it now appears, had failed to apprise Washington of how really desperate was the shah's plight. Adjustments that might have been made in our policy years back went unmade.

So now the United States has been obliged to backpedal, making known that it thinks its old friend the shah — so Jimmy Carter has often enough denominated him — should clear out for a while. It is a prudent policy, perhaps, given our dependence on the good will and the oil of the new Bakhtiar government. But how it makes us look in the world's eyes is only to be imagined.

Some of this is the Carter administration's fault, but not all. The administration's lack of a coherent foreign policy, its inability to articulate clear international aims — such things have hurt. But in fact a sense of purposelessness has afflicted our foreign policy for the past decade. We cannot seem to make up our minds what our interests abroad are. The old Dulles-Eisenhower policy of opposition to communist expansion had its drawbacks, but at least it was coherent. It provided the rationale for the beefing up of our defenses and the extension of U. S. influence throughout the globe. But detente and "the China card" have canceled out anti-communism as the basis of our policy.

We still feel vaguely that there are causes we should be promoting around the world — such as human rights — but with Realpolitik out the window we have cut back our armed forces, mangled the CIA and withdrawn from many of our advanced outposts. We lack not just the motivation but the means to make as big an impact as we formerly made in foreign affairs.

And as if all this were not damaging enough, we have begun to make a name for ourselves when it comes to sabotaging allies. First Cambodia, then Vietnam. (Is it any wonder we lack leverage in Southeast Asia?) Most recently the Republic of China on Taiwan.

A pitiful, helpless giant? More confused than helpless, in our view. But the time has come for clearing up the confusion. Just what is it after all that we stand for? And what are we going to do about it?

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THE NEW YORK TIMES
12 January 1979

170 Retired Top Military Officers Warn Carter of a Soviet Challenge

By DREW MIDDLETON

More than 170 retired generals and admirals have warned President Carter of what they describe as an "increasing Soviet challenge" to the United States.

In an open letter, they said a National Intelligence Estimate that is described as "the most authoritative U.S. Government evaluation of intelligence data" had finally acknowledged that the Russians were "heading for superiority, not parity, in the military arena."

The letter said an American interagency study on the global military balance concluded recently that "in a nonnuclear conflict between the Soviet Union and the United States in the Middle East; Israel alone might deter Soviet combat forces' intervention or prevent the completion of such deployment."

Were it not for the ability of Israel's ground forces, the officers declared, the United States would have to station significant forces and equipment in the Middle East.

Soviet Objectives Described

The signers, among whom were 6 generals, 15 lieutenant generals and 4 admirals, included Adm. Elmo R. Zumwalt Jr., former Chief of Naval Operations; Gen. Paul L. Freeman Jr., former Army commander in Europe; Gen. T. W. Parker, former Army chief of staff in Europe; Gen. Albert C. Wedemeyer, who was commander of the China theater of operations at the end of World War II; Maj. Gen. John K. Singlaub, former chief of staff, United States forces, Korea, and Maj. Gen. George J. Keegan Jr., former chief of intelligence, United States Air Force.

They urged Mr. Carter to recognize Israel's value as an ally that can defend itself and said Israel should be reinforced to avoid sending American forces to the area.

The Soviet Union's "imperial objectives" were described as the neutralization of Western Europe, partly by denying it access to oil, the encirclement of China and the isolation of the United States.

The letter said the Soviet focus on the Middle East to reach these objectives represented "a real and growing threat to Western security." It said Soviet influence and power had expanded in the eastern Mediterranean, the Red Sea and the Persian Gulf. Afghanistan had come under Soviet control and "anti-American forces" were harassing the Governments in Iran and Turkey.

Cuban mercenaries were described as carrying out Soviet policies in Angola, Ethiopia, Zaire, Syria and Lebanon.

Debate on Arms Accord

In appealing to the President to "restore the global military balance," the writers foreshadowed what is expected to be a national debate over the second strategic arms limitation treaty. In the absence of an "indispensable military equilibrium," they said, "we oppose a 'deal' that freezes the current imbalance and reinforces permanent Soviet strategic superiority."

The letter said the challenge was growing in these areas:

¶The Soviet Union has developed seven ICBM missile systems since 1965, the United States one.

¶The Russians have invested heavily in submarine-launched ballistic missiles and modernized their ICBM's.

¶The so-called Backfire bomber, which the letter lists in the Soviet strategic arsenal although the Russians call it a medium-range aircraft, "is capable of delivering weapons anywhere in the United States without refueling."

¶Soviet advances in multiple independently targetable re-entry vehicles (MIRV's) are rapidly overcoming the American lead in the quantity and quality of nuclear warheads.

¶The development of Soviet naval power threatens vital sea lanes that provide resources essential to the United States.

The writers also mentioned a point raised by nuclear scientists, academic students of Soviet policy and many foreign and American intelligence analysts: "Soviet defense literature expressely rejects the Western doctrine of 'mutual assured destruction.' It rejects specifically the notion that nuclear war means suicide. Soviet forces are structured to fight, survive and win a nuclear war."

Mr. Carter was urged to build a coalition of "genuine peace," including Israel and Japan as well as the North Atlantic Treaty Organization nations.

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ARTICLE APPEARED
ON PAGE 14

AIR FORCE MAGAZINE
January 1979

In Focus

BY EDGAR ULSAMER, SENIOR EDITOR

Washington, D. C., Dec. 6

Space Treaty Rift?

There is evidence of considerable polarization within the Administration concerning national policy on space weapons and electronic warfare related to military spacecraft. The point at issue is a treaty that is being negotiated between the US and the Soviet Union barring the deployment of antisatellite Interceptors, or ASATs. Several sticky, gravely consequential points are involved, beginning with the fact that the Soviet Union has fully operational ASATs that clearly are capable of blowing up—by nonnuclear means—spacecraft at low to medium altitudes.

The US has no such systems in being although there can be no doubt that launchers with nuclear warheads are readily available to destroy Soviet spacecraft, if, in case of war, the National Command Authorities should decide to disown the 1967 Outer Space Treaty that prohibits placing in orbit objects that carry nuclear weapons.

This prohibition probably becomes academic in case of nuclear war between the superpowers. But there are operational drawbacks to using nuclear weapons—especially those meant to protect US military spacecraft from attacking interceptors—since nuclear effects in space propagate over great distances and don't differentiate between friend and foe. Even relatively low-yield warheads would disable most if not all unhardened spacecraft within a radius of several hundred miles. Thus, the destruction of a Soviet ASAT at the cost of dooming the US spacecraft that is to be protected—at least until US spacecraft can be fully hardened—would be a Pyrrhic victory.

A strong case is being made by the Defense Department and other elements of the Executive Branch against halting the embryonic US ASAT program because of its demonstrated intercept capability. Agreeing to "freeze" the Soviet and US ASAT [illegible] obviously is tantamount to granting Moscow a fundamental advantage in perpetuity. Such a condition would enable the Soviets to break out from the agreement since they have all required technologies, if not operational hardware, while the US would need years to reach that point.

Arrayed against the reservations of the Defense community is a loose liaison of Arms Control and Disarmament Agency (ACDA) and top-level State Department officials, tacitly supported by the National Security Council's Victor Utgoff. The latter group seeks to dilute President Jimmy Carter's guidelines concerning the US position on a space weapons treaty—such as the instruction not to perpetuate existing asymmetries and not to agree to terms that can't be verified—by urging that Soviet promises and good will be taken at face value.

The State Department/ACDA group has proposed further that the US commit itself to a policy of comprehensive "noninterference" with Soviet military satellites. The term "noninterference" in the context of an anti-ASAT treaty tends to take on extremely broad meaning. At stake are prohibitions against jamming hostile satellites, inspecting them by visiting Space Shuttle crews, hindering their operation by placing foreign objects in the paths of their transmissions and their fields of view, incapacitating them in various ways—such as overheating or overloading their sensors with ground-based high-energy lasers—and either "pirating" them through electronic means or causing them to "self-destruct" through spurious command signals.

The Defense community—whose views a this writing seem to have greater leverage in the White House than do ACDA's views—believes that a space-weapons treaty should be treated as a two-step process. [illegible] protocol period similar to the one envisioned for SALT II—a certain number of ASAT tests would be permitted for the second, permanent phase of such an accord.

The "Sullivan" Affair

The New York *Times's* November 13, 1978, revelation that Sen. Henry M. Jackson (D-Wash.), chairman of the Senate's Arms Control Subcommittee, was furnished a bootlegged copy of a secret, highly informative CIA report on Soviet SALT tactics and duplicity leads to a story behind a story.

Attributed to "Administration and intelligence sources," the report contains misstatements and omissions, the latter including information disclosed in our December "In Focus . . ." (p. 25) under a November 3, 1978, dateline. A good case can be made for the proposition—widely circulated on Capitol Hill—that Administration sources leaked the story to Seymour Hersh of the New York *Times* in order to embarrass Senator Jackson, one of the Congress' pivotal and most uncompromising and knowledgeable SALT experts, and his influential staff advisor on SALT matters, Richard Perle.

Well-connected congressional sources also view the leak as part of the opening round of a brass-knuckle campaign—patterned after but far more energetic and refined than the selling of the Panama Canal Treaties last year—to ram SALT II ratification through the Senate. Key protagonist in the New York *Times* story is former CIA strategic analyst David S. Sullivan, a former Marine Corps captain who served in Vietnam and is the son of retired Air Force Maj. Gen. Henry R. Sullivan, Jr.

Sullivan improperly but not illegally furnished to Senator Jackson's staff a copy of a highly classified CIA report—authored principally by him—that demonstrates the near-absolute control over Soviet [illegible] policies exerted by that nation's military hierarchy, as well as Moscow's elaborate deceptions of US SALT negotiators. The Sullivan

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ARMED FORCES JOURNAL
JANUARY 1979

[redacted]

The Crisis In Iran:

[redacted]

Why The US Ignored A Quarter Century of Warning

by Abul Kasim Mansur

THERE CAN BE NO QUESTION of the strategic importance of Iran to the United States and its major allies. Iran shares a 1,250 mile border with the USSR, and is a critical check and balance to the expansion of Soviet power in the Near East and Indian Ocean. It now has a vast pool of modern military equipment, and armed forces of over 420,000.

Iran provides the West with oil exports of approximately 5.5 million barrels per day, has a total production capacity of 6.8 MMBD, supplies roughly 9% of US oil imports, and is a key supplier to Israel and Japan. Its gas exports to the USSR and Soviet Bloc reduce communist pressure on the world's oil supplies. Iran also has de facto military control over the West's jugular vein—the Straits of Hormuz—through which the free world must get roughly twenty million barrels of oil per day, or 37% of its oil production.

There also, however, can be no question that the United States must now re-think how to best preserve Iran as an ally and strong strategic force in the Near East. Specifically, the upheavals in Iran during the last year have demonstrated the US must re-think five critical aspects of its strategic relations with Iran and other key allies, such as Saudi Arabia:

- The US must accept the risk of broadening its contacts with all the pro-Western elements in developing nations. It must accept the unpredictability and independence of such elements.
- The US must adopt a new realism in providing military advice and sales.
- The US must improve its approach to analyzing the economic development of allies, and its control of the impact of Western sales and activities.
- The US must revise its policy towards assisting developing nations in educating their youth. Virtually without exception, half the population of every developing nation is now under eighteen. The US must help its allies to ensure that their students get an education that matches the capacity of their economy to absorb such student populations, and must re-structure the US educational visa program to reduce the radicalization and alienation of foreign students studying in the US.
- Finally, the US must re-think not only its approach to intelligence, but its entire reporting process on developing nations. It must introduce a new emphasis on realism in country team reporting, and in the policy analysis of the NSC, State Department, and Department of Defense. It must treat the crisis in Iran as a failure in policy leadership, and not as a failure in intelligence.

These are demanding requirements for changes in US policy. However, even a broad review of the pressures that led to the crisis in Iran, and of US policy towards Iran, indicates that such changes are vital if the US is to maintain and improve the security and stability of its key strategic allies in the developing world.

A QUARTER CENTURY OF WARNING

It is ironic that events in Iran could have taken the US so much by surprise. There have been countless examples of similar situations producing cultural and economic explosions since World War II. There have also been countless examples to prove that authoritarian regimes cannot put a lid on political instability; that when they try, the pressure builds-up to the breaking point; and that in the process of repression, such regimes cut themselves off from the contact with their people that give them warning and time to react. The Savak, after all, followed in the footsteps of many other repressive secret police whose ultimate impact was to cut off the regime they served from the people it governed.

Moreover, in Iran's case there were exceptional long and short term warning indicators. The US has been intimately involved in Iran since 1943, and it literally should have had a quarter century of warning.

The Long Term Warning Indicators

It has been clear for more than two decades that Iran is a society which is undergoing massive internal strain and culture shock. Its development, industrialization, and "westernization" have been achieved at the cost of pressures which have always been capable of suddenly and unpredictably exploding:

- **Exploding Population Growth:** While demographic estimates are uncertain, Iran's population almost certainly did not exceed 13 million in 1945. It had risen to 26 million by 1970, and is variously estimated as being from 33 to 37 million today, presenting incredible problems for any Iranian government.
- **And Exploding Youth:** Iran has an extraordinarily young population. Something like half the population is under 16, and two-thirds is under 30. This ensures a high rate of cultural instability, problems in education and in creating new jobs, and an inevitable "radicalization" of much of the population.
- **Unmanageable Shift to Urbanization:** By the late 1950s, it was clear that Iran was facing the inevitable problems of a massive and continuing shift of its population from peasant agriculture to "urban" jobs. Iran's urban population leaped from 5 million in 1956 to 10 million in 1966, and will approach or exceed 20 million by the end of this decade. Much of this population growth has concentrated in the capital city of Tehran. It, and its satellite towns and cities, have grown from 500,000 in 1940 to 2 million in 1962, over 3 million in 1970, and 5 million today. Something like 50% of Iran's population is now "urban" versus 38% in 1956, and 5% in the late 1940s. Roughly 15% of the total population lives

About the Author: Abul Kasim Mansur is the pen name of a former State Department official with intimate experience in Iranian affairs.

ARTICLE APPEARED
ON PAGE E-15

THE NEW YORK TIMES
31 December 1978

To Hell With the Old Year

By James Reston

PARIS, Dec. 30 — At the turn of the year, officials in Western Europe seem less anxious about the problems of the Middle East and military arms control with the Soviets than about political opinion in the United States. They are more relaxed here. To hell with the old year, they seem to say.

Though they live under the shadow of Soviet missiles that have the capacity to destroy every ancient capital of Western Europe, and are concerned about the turmoil in Iran and Turkey, and the long delay in reaching a SALT agreement with Moscow and some kind of compromise between Israel and Egypt, there is no sense of crisis among officials here.

They don't think success of the SALT negotiations, which they expect, will mean very much, but they believe that failure of these negotiations might lead to another expensive round in the arms race, with more billions spent on new intercontinental nuclear weapons and therefore less available for weapons that might defend them.

Officials here simply don't understand the debate on these issues in the United States. They are openly suspicious of statistics on the relative strengths of U.S. and Soviet forces on which the debate proceeds, which they attribute to Pentagon and C.I.A. officials with a subjective interest in raising the U.S. military budget.

Why, they ask, is the debate so emotional and polarized? It is clearly not an argument between extremists who favor unilateral disarmament or first-strike capacity by the United States. Nobody in the forefront of the debate is suggesting arms control without military balance, trust in Russia without reasonable verification, or major cuts in the Pentagon budget without equal cuts on the other side. Yet the narrower the issues the more bitter the debate, leading to the fear here that SALT II may be defeated, making everything more dangerous for all.

Even before the SALT II negotiations are finished, indications are that President Carter is not reducing the military budget for fiscal 1980 but increasing it to $122.8 billion — $10.8 billion more than this year — despite his cries for austerity in other areas.

For the moment, the turbulence along the Soviet Union's southern border and the prolonged differences between Israel and Egypt seem to favor Moscow's opportunistic politics, but there is little evidence that the Soviet Union had anything to do with this destablization from Pakistan to Turkey, with the possible exception of the rise of a pro-Soviet regime in Afghanistan.

Officials in Western Europe are more impressed at the beginning of the new year with Moscow's problems than with its successes. The Soviet Union is clearly concerned with the emergence of China, now formally recognized by the United States, and with China's efforts to drag its billion people into the modern world.

It has made some progress in Angola and in Ethiopia, but it has been squeezed out of the Israeli-Egyptian negotiations, defied by the major Communist parties of Western Europe and challenged by Rumania and other restless allies in Eastern Europe.

Looking to the 80's, the Soviet Union also faces the hard facts of a stagnant economy and population, a decline in its oil and energy resources, limiting its ability to pay for expensive modern technology from abroad.

Meanwhile, it is in trouble not only with China and the United States, but with Japan and the major industrial countries of Western Europe, and that is not all: How to finance massive military forces both along the China frontier and Europe while trying to satisfy increasing demands for a better standard of living for its people at home? How to deal with its own ethnic minorities, some of whom, along its southern border, are susceptible to the fundamentalist counter-revolutions in Iran and Turkey? This is what the Soviet officials would like to know.

So it is hard for officials in Western Europe to believe in the argument so prevalent in the United States that Moscow is again on the march, pursuing a well-organized plan for the achievement of world hegemony in our time, with the will and military capacity to achieve this ambition.

Instead, the view here is that they are opportunists who will take advantage of any chance to expand their influence, provided the risk is not too great, and that they have even more problems than the Western nations, if such can be imagined.

Leaders here believe that the struggle of ideas and economies will go on during 1979 about as before, and that negotiations with Russia should continue, even without much progress. It is a chancy business, but perhaps less risky than breaking off the SALT talks and loitering back into the Cold War, with ever larger military budgets.

Meanwhile, Paris, starting the 40th year since the outbreak of the last World War, seems comparatively calm. At the end of the holiday season, it is almost recklessly beautiful. Every shop window is a stage, cunningly illuminated and full of glittering baubles nobody can afford.

There is a sense of hurry on the sidewalks. The people in their plain clothes and sensible shoes — so unlike the colorful and filmy apparel in the shop windows — move along with some determined but unknown purpose. Every street is a race track, every driver a hero, with impossible traffic tangles at every circle. But somehow life goes on, even without much visible evidence of support.

THE CHRISTIAN SCIENCE MONITOR
20 December 1978

OPINION AND COMMENTARY

Sharpening up US spies

By Gregory Treverton

American intelligence is once again under fire for its failures: to warn of an impending coup in Afghanistan and, more important, to challenge the happy assumption of stability in Iran. Some of the criticism no doubt is fair. From what is known publicly, the instance of Iran is a telling one. Yet it is important to be clear about what intelligence can and cannot do and about its relation to policy and policy-making. And it is equally important to look at the direction of possible remedies, for some may be worse than the ills to which they are addressed.

Timely warning of specific political events — government actions or breaks in government continuity — is what senior officials most want from intelligence. It is precisely this "political intelligence" that is hardest to get. With coups the problem is obvious: it is one thing to know that discontent is strong, quite another to predict when it will flare into an attempted coup, still another to judge whether it will succeed.

It is a matter of placing bets, equally uncomfortable for policymaker and intelligence analyst. The former wants to know his operating environment is uncertain enough already. For the latter, a bet that is wrong is likely to look like a loss of chips with the policymaker. It is hardly surprising that clear bets are so seldom requested, still less offered.

What passes for "current intelligence" in the government too often is reactive and superficial, a pastiche of the last few cables and field reports, at best a step beyond newspaper reportage and sometimes not even that. It is much more a description of what happened than an assessment of why or a speculation of what will ensue. Successive reorganizations of US intelligence have aimed to reduce the predominance of "current intelligence" and improve its quality. After 20 years the results are mixed at best.

That leaves Iran. There the failure looks like one of intelligence in its classic sense, not of short-term prediction but of long-term assessment. What could have been expected of intelligence was not to bet that specific acts of protest would occur but to warn that all bets were off, at least to suggest that trends implied a more-than-negligible chance of real challenge to the Shah's rule.

Instead, intelligence seems to have said the opposite. A mid-August CIA assessment is quoted in the press as saying that "Iran is not in a revolutionary situation. There is dissatisfaction with the Shah's tight control of the political process, but this does not threaten the government."

The failure seems real. But it may be wrong to ascribe it too narrowly to intelligence. Much has been made in the press about repeated White House requests for assessment and repeated CIA neglect to provide them. I doubt that fairly states the reality. The US stake in a stable Iran was so large that no one was eager to ask: "how stable?" It was far more comfortable to rely on prevailing happy circumstances than to ask questions that might upset easy assumptions for whose answers policymakers might have no responses.

In such a context, policymakers are especially prone to seize on the main lines of analysis suggesting continuity, not to notice the fine print hedging that conclusion. Intelligence is unlikely to be pressed, hard, for challenges to conventional wisdom. Still less likely is it that such bad news will be pressed, unrequested, on policymakers.

Another part of the failure can be laid to the structure of US relations with Iran in the field. In countries that are friends, State Department political officials ought to be the primary source of "political intelligence." They normally are not. What passes for political reporting often is opinion based on little more than contacts with foreign ministry officials and other diplomats. To do better, to make specific forecasts is as risky for State Department officials as for intelligence officers, and may be deemed unprofessional to boot.

In the case of Iran the problem was worse still. Given the close state of relations and the Shah's sensitivities, the US Embassy had virtually no contact with opposition elements. It was thus dependent in the extreme on the official Iranian line. Not only was the embassy especially unlikely to ask about the stability of its clients, it was little able to answer those questions even if asked. In friendly countries that are less edgy and more open, the problem in the State Department is less acute, but it remains. In some countries, the fact of contact with the opposition is politically charged: consider Italian Communists.

The intelligence failure in Iran should cause us to redouble efforts to improve intelligence. Much of that effort should focus on the CIA and its sister agencies. Morale in intelligence remains low, as much, I think, because of internal turmoil as public and congressional inquiry. Structures and processes should be reexamined, even at the price of additional turmoil. Within the CIA, for instance, procedures for passing analysis to White House and State Department officials may have become centralized beyond good sense. Intelligence analysts may lack means of communicating doubts, uncertainties, or of adequately portraying unconventional views.

Yet the focus of improving intelligence should not be restricted too narrowly to intelligence agencies. Much of the failure is rooted in the structure of policy and policy-making, in what assumptions are held and what questions asked. Yet another attempt to sharpen State Department political reporting is called for.

One risk of too narrow a focus on intelligence agencies is that solutions will be biased toward the means of intelligence. It will be tempting to resort to espionage as a first means of improving "political intelligence" on friendly governments.

That raises a number of questions. One is the potential for diverting the CIA's attention from the Soviet Union, where the task is much harder but the pay-off greater. Another is the problem of having US contacts with opposition groups even more dominated by clandestine relationships. Finally, there is the uncomfortable question of just how much spying we want to do in friendly countries.

Mr. Treverton is assistant director of the International Institute for Strategic Studies in London and editor of Survival.

[redacted]

COMMONWEAL
22 December 1978

Of several minds: *Thomas Powers*

THE ILLUSION IN IRAN

BEHIND U.S. FAITH IN THE SHAH

THERE'S a lesson to be learned from the troubles of Iran, but it doesn't look as if President Carter and his principal advisors are going to grasp what it is. The troubles caught them by surprise, as troubles tend to do: Carter is apparently in a mood to blame the surprise on the CIA, which sent him a piece of hopeful paper last summer saying that the Shah of Iran had everything under control. The paper was in error. The Shah has the army under control, for the moment, but not much else. This is worrying the President. Iran is supposed to be the bulwark of the Persian Gulf. On November 11th, Carter addressed a handwritten note to three of his principal advisors—Cyrus Vance, Zbigniew Brzezinski, and Admiral Stansfield Turner, the Director of Central Intelligence—telling them, "I am dissatisfied with the quality of political intelligence."

The burden of this message naturally fell heaviest on Turner, since the CIA is supposed to be at least one jump ahead of the game when it comes to domestic troubles threatening important allies. After receiving Carter's note, but before its message was confided to William Safire of the *New York Times*, Turner responded with an announcement he was setting up a new crisis-prediction center in the CIA. When in doubt create a committee. The President may now confidently expect a flood of new paper citing potential troubles threatening important allies, and a proliferation of the conditional tense which is the curse of intelligence—the maybe, could be, would be's with which analysts attempt to insulate their predictions from the sheer cussedness of the world.

Of course the CIA has been through all this before. The Agency was severely criticized [illegible] the "Bogotazo" in Colombia in 1948, the entrance of the Chinese into the Korean took power in Cuba, the building of the Berlin Wall, the Tet Offensive in Vietnam in 1968, the Arab-Israeli war in October, 1973. The files of the National Security Council are chock full of paper criticizing the CIA for failing to predict the surprise of the moment, of endless special studies of the intelligence community, and of the CIA's voluminous responses to unhappy officials. The cure for wrong paper is more paper. Bitter experience has taught CIA analysts to write an escape hatch into every estimate, a subordinate clause or string of conditional verbs, which, in retrospect, might be cited as a warning flag.

In the course of time the thickets of the conditional grow so dense they begin to resemble the late novels of Henry James. Busy officials have not got time for Henry James. They call for weeding of the thickets, a paring back of the undergrowth to reveal what the paper, after all, is supposed to be about—the outline of the future. This makes the paper easier to read, but it doesn't make it any more likely to be right. Eventually a surprise comes along and the old charges are renewed. Back and forth it goes. Kissinger was a weeder; he insisted the CIA have the courage of its convictions, and state them clearly. Carter's note will bring back the conditional undergrowth, because he is asking the CIA to do the one thing it can't do—tell him what is going to happen. There is a reason why the Oracle at Delphi spoke in riddles.

All this is part of the eternal give and take of government. It's not surprising that Carter should be distressed by the CIA's misreading of events in Iran, nor that the CIA should defend itself against a request to do what no one can do. The problem is not analytical timidity, nor presidential importunity, nor even the future's inscrutability. The real reason for the CIA's failure to predict the Shah's troubles, like the reason why no mechanical adjustment of the estimating process the future, is to be found in the gap which separates Iran as American policymakers want it to be, from Iran as it is. The one is abstract, like the geopolitical strategy of which it is a part, while the other is concrete, various and real. The one exists on paper, while the other exists in the world. The one is an arrangement, while the other is a locus of unruly fact. The central illusion of policy-makers—the reason for the surprises—is to be found in the notion that these two very different things are the same.

This may sound deliberately, even gratuitously obscure. But go back a bit. A few years ago the Shah held an elaborate ceremony in the ancient city of Persepolis to commemorate the 2500th anniversary of the founding of the Persian empire. From all over the world the powerful, the rich and the famous were invited to attend. The world had not witnessed an act of such naked imperial reaching since Napoleon placed an emperor's crown on his own head. The results of that earlier gesture should have served the Shah as a warning, but he chose to trust the panoply of power, his secret police, his billions of barrels of proven oil reserves, American arms and the force of his own ambition. The oil would pay for the panoply, the arms would protect the oil, SAVAK would secure the loyalty of the Army, and the Crown would direct them all. It is not easy to grasp the enormity of the Shah's ambition. He did not intend merely to be his country's leader; every country can have but one, after all. Nor did he stop at a claim of unrestricted sovereignty, which is also common enough. He intended to establish a dynasty which would pass his power undiminished to his son, a practice which had disappeared from all but a few out-of-the-way corners of the world centuries ago.

CONTINUED

THE WASHINGTON POST
14 December 1978
Article appeared on page A-22

STATINTL

LETTERS TO THE EDITOR

The Price of Intelligence Failures

Recent news reports concerning widespread rioting in Iran spurred by opposition to continued rule by the shah, once again are serving to point out that, despite the billions of dollars spent by the United States every year in pursuit of intelligence, our intelligence agencies have repeatedly failed to perceive at an early time major world events and trends. In the fall of 1975, the House Select Committee on Intelligence (the Pike committee) held a number of public hearings on intelligence failure, including, notably, the communist rise to power in Portugal, wherein our intelligence personnel simply ignored grass-roots disfavor with the prevailing regime. The parallel to the most recent intelligence failure in Iran is obvious.

The U.S. intelligence community, the Congress and the media were quick to condemn the leaking of the Pike committee's draft report and publication in the Village Voice subsequent to the House's vote to suppress it. As is the case with any leak, concern was vented not over the contents of the report, which in part discussed in detail various U.S. intelligence failures, but with the method of its having been made public.

The upshot is that, despite the high priority placed on intelligence gathering, intelligence failures continue and bear drastic consequences for the United States in its foreign policies and, in the case of Iran and oil imports, its domestic policies. Now we are faced with the potential toppling of a regime in which we have invested heavily, armed to the teeth, and relied upon for oil imports and resistance to Soviet expansion. U.S. foreign policy has thus fostered a self deception, by which we have relied to our detriment on a facade of our own creation—that of Iranian political stability.

The unfortunate lesson of this entire experience is that nothing ever really changes. Intelligence is gathered in a faulty manner, distorted for political purposes or simply ignored. Instead of howling over what ultimately has constituted an inconsequential leak of a draft report, U.S. intelligence agencies should have taken the findings of the Pike committee to heart. In that they obviously have not done so, the American taxpayers continue to spend billions of dollars for false, distorted or ignored intelligence, when no intelligence would cost nothing.

STANLEY M. HECHT,
Former Staff Attorney,
House Select Committee on Intelligence.
Falls Church

STATINTL

[redacted]

NOTICE APPEARED
ON PAGE 9

NEW YORK MAGAZINE
11 December 1978

INTELLIGENCER

CIA Papers Among the Missing

It was embarrassing enough when the CIA was forced to concede to former security officer William Kampiles's lawyers that twelve other copies of the top-secret satellite manual Kampiles is accused of selling to the Russians are unaccounted for, including one signed out to former CIA Director George Bush in 1976. But a preliminary check by the agency's Office of Security, sources report, has revealed a significant number of equally secret documents which have been signed out and never returned. Among the missing are: a highly classified CIA estimate of politburo intriguing among Brezhnev's potential successors, an evaluation of Soviet submarine tactics designed to evade U.S. detection systems, personnel and pay records which include the actual names of case officers, and a report prepared for President Carter on the extent of CIA involvement with Soviet dissidents.

THE WASHINGTON POST
10 December 1978

Article appeared
on page C-6

LETTERS TO THE EDITOR

The Human Element in Intelligence Gathering

Rep. Samuel S. Stratton (D-N.Y.) in his letter to The Post ["America's Spy Gap," Dec. 1] expresses his concern that our intelligence-collection efforts are now almost exclusively technical, and that we have cut off classic, person-to-person human intelligence-collection operations. I can assure you that this is not the case, and that CIA's recent reorganization and reductions in the Operations Directorate in no way downgrade the continuing and vital importance of what Mr. Stratton rightly calls "that ancient art."

When I reported to Congress and to the agency on the need and rationale for reductions in the Operations Directorate, I said: "We need the capabilities of this directorate as much today as ever. Although new technical means of collection permit us to extend our collection efforts, they only complement, they do not supersede human collectors. Only human collectors can gain access to motives, to intentions, to thoughts and plans. They will always be vital to our country's security." I said then that there would be no meaningful reduction in overseas strength or activities, and that my aims were to ensure operational efficiency and full utilization of talent. At the time it was almost universally perceived within the agency that to further these aims, and to provide for the continuing hiring and training of new operational personnel, an overstaffed Operations Directorate had to be pared down and streamlined.

I share Rep. Stratton's concern that the United States has the best and most effective intelligence information possible. To ensure this, we must attract and retain the best possible intelligence officers, suppport them in their professional tasks, and see that they have the understanding and appreciation of their employers, the American people. Human intelligence collection is an inexact science and relies heavily on the courage and ingenuity of our operations officers. Give them a climate of public opinion that is supportive, within rules that are sensible and not unduly restrictive, and they will continue to provide the irreplaceable element of human intelligence in our collection program.

STANSFIELD TURNER,
Director,
Central Intelligence Agency.
Washington.

[redacted]

ARTICLE APPEARED
ON PAGE A-23

NEW YORK TIMES
1 DECEMBER 1978

President Calls for Steps to Improve U.S. Intelligence on Foreign Crises

By RICHARD BURT
Special to The New York Times

WASHINGTON, Nov. 30 — President Carter expressed concern today over the quality of American intelligence reporting on foreign political crises and said that he had asked top aides to take steps to improve methods for collecting and analyzing information on sensitive developments abroad.

Asked at a White House news conference about the performance of the Central Intelligence Agency in predicting the recent turmoil in Iran, he said that since entering office he had been "very pleased" with the quality of C.I.A. work. But he said he was concerned that too much emphasis had been placed on gathering information by electronic means in recent years. [Question 16, page A22.]

This meant, he said, that the C.I.A. and other agencies had tended to neglect other information, some of it "publicly available." He said there was "still some progress to be made" in this area.

Civil Defense Plans

Asked about the Administration's controversial plans for civil defense, Mr. Carter told reporters that he was considering a new program that would focus "on a fairly long-term evacuation of some of our major cities." [Question 5.]

But he called reports that the program would cost $2 billion "completely erroneous." Congressional aides, however, said that this figure had been supplied in recent conversations by defense officials, including Bardyl R. Tirana, the director of the Pentagon's Defense Civil Preparedness Agency.

Mr. Carter also said that he had not yet decided whether to ask Congress for funds next year to begin development of a new land-based missile, known as the MX. It is known that the Pentagon has proposed tha $200 million be set aside for beginning work on the MX as well as a new submarine-launched missile. [Question 5.]

Asked whether he would support these weapons to gain support for a new Soviet-American arms treaty, Mr. Carter said that his decision "would not be part of a SALT dance."

Surprise Attack by Soviet

In addressing arms policy generally, Mr. Carter said that improvements in the quality and accuracy of Soviet missiles had made existing American land-based rockets more vulnerable to a surprise attack. "We are addressing this question with a series of analyses, but I've not yet made a decision on how to deal with it," he said.

Discussing possible arms improvements, he said: "We keep our weapons up to date; we improve our communications and command and information systems." [Question 2.]

But he seemed reluctant to endorse proposals made by defense and White House aides to enhance the ability of the United States to wage a small-scale nuclear war.

"Our nuclear policy basically is one of deterrence," he said, "to take actions that are well known by the American people and that are well known by the Soviets and other nations; that any attack on us would result in devastating destruction of the nation which launched an attack."

JOLIET HERALD NEWS (ILL.)
1 December 1978

Carter responsible for CIA problems

There is irony in President Carter's pique over the poor performance of the Central Intelligence Agency. Since the president contributed substantially to the agency's deficiencies, one wonders whether he will now draw the appropriate conclusions.

Mr. Carter boosted himself into the presidency partly by decrying past CIA mistakes and embarrassments. In place of the old emphasis on cloak-and-dagger spooks and covert activities, candidate Carter promised a sanitized intelligence operation. New technology, such as satellite reconnaissance, electronic sensors, computers and copying machines, would move intelligence gathering out of the alley and into the new morality.

It didn't take the president's appointed CIA director, Adm. Stansfield Turner, long to signal the new direction. Early this year, Turner dismissed 820 officers of the agency's clandestine service. That act shattered morale in an agency already dispirited by public criticism and humiliating leaks of CIA secrets by self-serving members of Congress.

The fruits of all this were no surprise. The CIA failed to warn of the pro-Soviet coup in Afghanistan. The agency misread the deteriorating situation in Iran and there has been a damaging breakdown in the CIA's own internal security.

Mr. Carter's ill-advised assent to Turner's request for greater control over Defense and State Department intelligence operations presumably has made these failures worse. After all, three differing intelligence assessments are preferable to one that is wrong.

The president has sent a sharp note of complaint about these blunders to Turner, Secretary of State Cyrus Vance and security adviser Zbigniew Brzezinski. How much better if Mr. Carter had critiqued his own role in the dangerous deterioration of this country's intelligence operations.

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NEW YORK TIMES
1 DECEMBER 1978

Transcript of President's News Conference on Foreign and Domestic Matters

EXCERPT:

16. Intelligence Agencies

Q. Mr. President, when you came to office there was a lot of criticism of the intelligence agencies, about the methods they were using, and now since the Iran thing there's a good deal of criticism, it seems, about their evaluation. How concerned were you about the intelligence evaluations in Iran? And could you give us a general comment about what you think the state of the intelligence arts is today?

A. I've said several times that one of the pleasant surprises of my own Administration has been the high quality of work done by the intelligence community. When I interrogate them about a specific intelligence item, when I get general assessments of intelligence matters, I've been very pleased with the quality of their work.

Recently, however, I have been concerned that the trend that was established about 15 years ago to get intelligence from electronic means might have been overemphasized, sometimes to the detriment of the assessment of the intelligence derived and also the intelligence derived through normal political channels. Not secret intelligence, sometimes just the assessment of public information that's known in different countries around the world.

And recently I wrote a note — which is my custom, I write several every day — to the National Security Council, the State Department and the C.I.A. leaders, and asked them to get together with others and see how we could improve the quality of our assessment program and also, particularly, political assessments.

Since I've been in office we have substantially modified the order of priorities addressed by the intelligence community in its totality. When I became President I was concerned, during the first few months, that quite often the intelligence community, itself, set its own priorities as a supplier of intelligence information. I felt that the customers — the ones who receive the intelligence information, including the Defense Department, myself and others — ought to be the ones to say this is what we consider to be most important.

That effort has been completed. And it's now working very well. So, to summarize, there is still some progress to be made. I was pleased with intelligence community's work when I first came into office and it's been improved since I became President.

Q. Thank you Mr. President.

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ON PAGE 2

CHRISTIAN SCIENCE MONITOR
1 DECEMBER 1978

[redacted]

Kissinger reacts to criticism of CIA

Paris

Former US Secretary of State Henry Kissinger has partly confirmed a criticism of the CIA made by former President Richard Nixon on French television recently.

Mr. Nixon said that beginning in 1960, the CIA had for 11 years underestimated growth in Soviet missile capacity. He said the underestimate damaged American policy.

Dr. Kissinger, who spoke to the press after a private meeting with French President Valéry Giscard d'Estaing, confirmed that the estimates, as the administration had interpreted them, were too low.

THE WASHINGTON STAR (GREEN LINE)
1 December 1978

CIA's Stress on Technology Seen Crippling Intelligence

By Henry S. Bradsher
Washington Star Staff Writer

When the director of central intelligence, Adm. Stansfield Turner, began turning 820 CIA operatives out into the cold on Halloween 1977, a cry went up from experienced intelligence officials that too much dependence was being put on technical collection of data and too little on good old-fashioned spying.

Turner denied it. He said the CIA's cloak-and-dagger section, the Directorate of Operations, was being slashed for reasons of economy and efficiency, not because of greater reliance on spy satellites and other exotic new tools.

The controversy subsided but did not die. And yesterday it was revived when President Carter told a news conference that he was concerned that the trend toward electronic intelligence might have been overemphasized to the detriment of gathering political intelligence and assessing it.

Carter made the comment in answering a reporter's question about a note he wrote Nov. 11 addressed to Turner, Secretary of State Cyrus R. Vance and National Security Adviser Zbigniew Brzezinski, it said he was "dissatisfied with the quality of political intelligence."

CARTER BEGAN his answer with general praise for the quality of the intelligence community's work. He was "very pleased" with it, the president said.

But recently he had become concerned that the political assessment of available intelligence is suffering, Carter added. So he wrote his note asking for an improvement in it.

The note was provoked by the failure of the CIA to foresee the strength of opposition to Shah Mohammed Reza Pahlavi of Iran. This failure has stirred a controversy in the intelligence community over the blame.

Last summer the third or fourth draft of a CIA political assessment of the situation in Iran began with a tone-setting sentence that said, in approximate paraphrase: "The shah, who holds firmly in his hands all the reins of power in Iran, is expected to preside over a peaceful and prosperous country into the 1980s."

THE DRAFT went on that "Iran is not in a revolutionary or even pre-revolutionary situation."

In early September large-scale riots broke out, and continuing unrest in November forced the shah to turn over much of his power to a military government. Extensive public opposition to his rule remains, causing some observers to think that his reign is endangered.

Carter reiterated to his news conference that the United States has confidence in the shah and thinks his policies of modernization are correct. This country will not interfere in Iran's internal affairs, Carter added.

Informed sources trace the CIA's failure to foresee the strength of opposition to the shah and his royal court to a lack of contact with a wide range of political and religious leaders in the Moslem country. The shah regarded any U.S. contacts outside his circle as potentially undercutting him, and American officials were therefore generally content to talk only to that circle.

THIS IS RELATED to the broader problem Carter mentioned because the human element of talking to a wide range of people was lacking and, as a result, the political assessment was too narrowly based.

The problem of a trend toward electronic intelligence to the detriment of assessment applies more directly to potential enemies rather than friends that the U.S. government is unwilling to offend.

The United States has always had great difficulty in planting or recruiting spies in such countries as the Soviet Union or China. As a result, it has for the past two decades or more turned to American technological inventiveness. From U-2 spy planes to the latest reconnaissance satellites, from sensitive radio monitors to over-the-horizon radars, machines have been used to obtain intelligence.

According to some estimates, some three-quarters of an annual intelligence budget of approximately $5 billion now goes on technical collection and processing. But it has limits.

EXPERIENCED intelligence officials draw an important distinction between capabilities and intentions.

Learning intentions requires both spies to bring back enemy plans and good political assessment to try to figure out attitudes that go into planning. While spies might provide critical material, much of the U.S. government's understanding of what happens in other countries — and what is likely to happen in the future — is based on assessments of publicly available material.

It is this assessment of newspapers and broadcasts, coupled with the facts and gossip fed into the system by U.S. embassy political officers as well as CIA agents, that Carter was complaining about.

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1 December 1978

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ON PAGE A1, 8

President Assured on Soviet Arms in Cuba

U.S. to Monitor Quality and Quantity

By Don Oberdorfer
Washington Post Staff Writer

President Carter yesterday said he has obtained assurances from Moscow that the Soviet Union has not placed and will not place offensive weapons in Cuba in violation of the 1962 U.S.-Soviet agreement.

The president made the disclosure to a televised news conference in response to a question about the recent Soviet supply of Mig 23 warplanes to the Caribbean nation.

Carter added that the United States will continue to monitor very carefully "the quantity of weapons sent there and the quality of weapons sent there to be sure that there is no offensive threat to the United States possible from Cuba."

Informed sources said the number and capabilities of new weapons are factors in diplomatic talks intended to clarify the limits of permissible Soviet military supplies to Cuba. Soviet officials have described the dozen or so Mig 23s recently supplied as defensive in purpose and not equipped to carry nuclear weapons.

Administration officials said discussions with Moscow on the issue are not complete, but expressed optimism that they will be wound up successfully within a few days.

The 1962 Kennedy-Khrushchev understanding, which helped resolve the Cuban missile crisis, bars the Soviets from placing offensive weapons in Cuba. Carter said any violation would be "a very serious development."

Renewed public controversy and diplomatic discussions on weapons in Cuba followed press disclosure two weeks ago of top-level Pentagon concern about the supply of Mig 23 aircraft. Carter said the United States has been observing the new model warplanes there since late last spring.

On the Middle East, Carter said he has been "dissatisfied and disappointed" at the protracted nature of the U.S.-sponsored negotiations between Egypt and Israel on a peace treaty.

He added that he is "somewhat discouraged," but expressed continuing belief that both sides want to reach an agreement and thus his efforts are "very likely to be fruitful."

As Carter noted, he is scheduled to receive a personal message from Egyptian President Anwar Sadat, brought by Prime Minister Mustafa Khalil, at the White House today. A message from Sadat to Israeli Prime Minister Menachem Begin was delivered in Jerusalem yesterday through U.S. diplomats and Senate Majority Leader

The relatively pessimistic tone of Carter's remarks gave no hint of an impending breakthrough on the major remaining problem, the relationship between Egyptian-Israeli normalization of relations and parallel progress toward resolution of the dispute between Israel and Palestinians on the West Bank and Gaza Strip. Carter termed this issue "very difficult" in describing the current situation.

There was no disclosure either in the Middle East or here of the contents of Sadat's messages to Carter and Begin. The airing of negotiating details in the press during the seven weeks of the treaty talks was said by Carter to be part of the reason for the difficulties. He said the disclosures were due in part to domestic political situations in the two nations.

There have been recurrent suggestions that another meeting between Sadat and Begin, perhaps at the time when the two leaders are jointly to receive the Nobel Peace Prize in Oslo, will be necessary to complete the treaty. Egypt's semi-official Middle East Agency reported yesterday, however, that Sadat will not go to Oslo on Dec. 10 to receive the award, but plans to send an aide instead.

Addressing a broad range of foreign policy matters in answer to questions, the president also told his news conference:

• He has been concerned about over-reliance on electronic means of intelligence to the detriment of open political reporting and correct assessments of available information. He confirmed that he had complained to senior aides about the quality of intelligence after the failure of U.S. agencies to predict the turmoil in Iran.

Carter said he had ordered the National Security Council, State Department and Central Intelligence Agency to "see how we could improve the quality of our assessment program, and also particularly political assessments." He said he had been generally pleased by the intelligence reaching his desk, but that "there is still some progress to be made."

• The United States has no intention of interfering in the internal affairs of Iran and does not approve of any other nation's doing so. This appeared to be another response to Soviet leader Leonid I. Brezhnev's re-

Gulf country, which borders on the Soviet Union.

Asked if the shah of Iran is "justifiably" in trouble, Carter said he thought the shah clearly understands the roots of the troubles, which, he implied, resulted from the pace of change.

"We trust the shah to maintain stability in Iran, to continue with the democratization process, and also to continue with the progressive change in the Iranian social and economic structure," Carter said. He also expressed confidence in both the shah and the Iranian people.

• The United States is watching "with great interest" the changing internal situation in China. Carter said he continues to seek normalization of diplomatic relations with China but, as in the past, gave no timetable. In the meantime, relationships with China are improving, he said.

• Despite criticism from former president Nixon, the administration's human rights policy is right, has had good effects and will be tenaciously maintained.

• The basic strategic policy of nuclear deterrence will be maintained, even as improvements are made in weapons systems and command and information systems. He made the comment in response to a question prompted by a New York Times report that the administration is moving toward "a drastic revision" of nuclear strategy which envisions an enhanced capability to fight what are described as "limited nuclear wars."

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ON PAGE 16

FIRST PRINCIPLES
Center for National Security Studies
December 1978

Point of View

Getting to the Real Issues

By Morton H. Halperin

The Carter administration in the last few weeks passed up the opportunity to join those who are fighting new reforms for the intelligence agencies and to take cheap shots based on a misreading of some recent events. If this means that the administration is ready to deal with the real issues in intelligence agency charters, then the next two years could see progress toward reform that did not materialize in the first two years of the Carter presidency.

The murder-suicides in Guyana led to charges that the FBI had been unable to deal with the problem because of the domestic security guidelines of the Attorney General and the foreign intelligence Executive Order issued by President Carter [see *First Principles*, June, 1976 & Feb., 1978]. FBI Director William Webster had his official spokesmen emphasize that the Director did not share this view.

It was not the restrictions in the guidelines, but the lack of evidence that criminal activity was either underway or planned which prevented the FBI from taking action.

President Carter at a press conference [*Weekly Compilation of Presidential Documents*, Vol. 14, No. 48 (Dec. 4, 1978), p. 2103] went even further, pointing out that there were constitutional limitations stemming from the First Amendment protection of freedom of religion which prevented the government from infiltrating or investigating religious groups because their practices or beliefs seemed anathema to others.

At the same press conference the President discussed his now famous memorandum to "Cy, Zbig, and Stan," in which he expressed concern to the Secretary of State, the Director of the National Security Council staff, and the Director of Central Intelligence about the quality of intelligence on Iran.

Critics of reform had been pointing to this intelligence failure as proof that controls on the Agency had gone too far. The CIA's ability to conduct covert operations in Iran was hamstrung, they said, by the reporting requirements now in effect; and its ability to infiltrate Iranian student groups was said to be limited by restrictions on "sheep dipping" agents by having them join groups in the United States. Former agents and their supporters hoped to use this episode to unleash the covert side of the CIA.

However, when asked about this episode the President took a very different tack. Here is what he said:

> *. . . I have been concerned that the trend that was established about 15 years ago to get intelligence from electronic means might have been overemphasized, sometimes to the detriment of the assessment of intelligence derived and also the intelligence derived through normal political channels. Not secret intelligence, sometimes just the assessment of public*

In that answer the President summarized the conclusions reached in most studies of failures of the intelligence product over the past 15 years. The problem is not the absence of data or even of spies. The failure is one of analysis. Too much of the intelligence budget and too much of the energy is spent on collection of raw data by technical and clandestine means. The need is for more analysis and better analysis which draws as much from published and public material, and from understanding of the basic situation in foreign countries. Hamstringing analysis by tying it to some covertly collected "secret fact" which may or may not be true has proven unproductive.

This failure of analysis was the lesson of Pearl Harbor which led to the creation of the CIA and it is a lesson that has, almost systematically, been ignored over the past 25 years.

The CIA needs to be an analytic agency stripped of its collection and operational functions. It needs to be headed by an analyst and judged by its intelligence product, and not by its ability to overthrow governments or to penetrate the Iranian cabinet or opposition groups.

It is often argued that such cloak and dagger spying is necessary because spy cameras cannot spot an intention from 5,000 feet. This argument misses the point in two fundamental respects. First, having a spy, even one in very high places, does not assure information about intentions. Intentions of governments can change quickly and in directions difficult for anyone to predict. The opposition groups in Iran, for example, do not appear to have decided at this time whether to launch an all out offensive, and they would not be the people to ask about how well their efforts are likely to go. Similarly the "intentions" of the Shah at the present time cannot be learned from a spy because the Shah himself almost certainly does not know what they are. More importantly, as the President pointed out, the alternative to reading a spy satellite picture is not necessarily to plant a spy, but rather it is careful analysis of the existing data, much of it available from public sources. Such analysis can be based only on an understanding of the society, an understanding which can only come from long study.

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MIAMI HERALD
26 NOVEMBER 1978

EDITORIALS

U.S. Intelligence Community Indicted by Series of Failures

PERHAPS the most disturbing report yet on the U.S. intelligence community is the news that President Carter is not satisfied with the quality of its reporting and analysis.

Mr. Carter was caught off guard by the rioting in Iran. His intelligence reports said the shah had such tight control of his nation's political system that the opposition would be no more than a troublesome irritation.

Apparently the CIA was giving more weight to the shah's secret police than any of its other sources, assuming that the huge CIA station in Teheran has other sources. But the CIA wasn't alone. The huge U.S. embassy staff was unable to get any contrary information back to the State Department's Bureau of Intelligence and Research, and the even larger Defense Attache's Office did not make a convincing report to the Pentagon. Or, worse yet, any other reports were dismissed by the intelligence community staff as the report to Mr. Carter was prepared.

This does not seem to be an isolated instance.

The intelligence community discounted the possibility of war in the Middle East in the fall of 1973. The Yom Kippur War followed.

Military intelligence was unable to foresee the total collapse of the South Vientamese army in 1975, and the CIA's Saigon station chief had been hornswoggled into thinking a settlement would be negotiated.

The bureaucratic politics involved in the preparation of intelligence estimates went on for so long that the White House was unable to get timely, accurate information on the Soviet Backfire bomber in 1976.

The CIA confessed in 1977 that its economic analysis had been faulty and that the Soviet Union was spending about twice as much money on defense as CIA analysts had ever predicted.

And the best information available indicates that the State Department failed to keep the President up to date on Fidel Castro's plans to release 3,600 political prisoners.

Only the National Security Agency, which collects information by means of satellites and electronic eavesdropping, seems to have come through these years relatively untainted.

The failures we list here are not aberrant stunts like putting poison in Patrice Lumumba's toothpaste or sneaking itching power into Mr. Castro's skin-diving suit. Nor are they the significant and systematic violations of Constitutional rights that Congress and the White House allowed the intelligence agencies to commit through lack of control.

This is a breakdown in the cardinal function of U.S. intelligence — collecting accurate information and getting it to the President and other decision-makers when they need it.

We can anticipate the argument that we'll get from the CIA: All the leaks, the revelations of dissident ex-CIA agents have closed off sources in allied spy agencies.

Hogwash!

The failures have gone on too long and are too pervasive. The intelligence agencies apparently were more interested in being James Bond swashbucklers than in being successful reporters.

When President John F. Kennedy dedicated the then-new CIA office building in Langley, Va., he told agency employes that history would trumpet their failures and no one will know of their successes. Apparently Mr. Kennedy's statement is being used by the spies to justify all their failures, because the successes are few and far between these days.

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ON PAGE E4

THE NEW YORK TIMES
19 November 1978

The Nati

Except for Iran Reef

C.I.A. Is at Last Com

By RICHARD BURT

WASHINGTON — Like the warships he used to command, Adm. Stansfield Turner has come through an arduous shakedown cruise as the Carter Administration's director of Central Intelligence. It is too early to suggest that he has returned safely to port, but his ability to stay afloat is no small accomplishment.

When he was appointed 17 months ago to head the Central Intelligence Agency, the former naval officer found himself with a troubled organization. Public confidence had been shaken by revelations of illegal activities at home and "dirty tricks" abroad while petty bureaucratic jealousies that had been allowed to fester for years undermined the agency's effectiveness. Admiral Turner talks confidently, as he did in an interview last week, about how under him the agency is on its way to winning back respect. His manner was characteristically blunt, but given recent events it may be hard to understand the self-assurance.

The agency has come under attack, especially from White House assistants who maintain that it should have predicted the turmoil that has swept Iran, and who complain that they still do not have adequate information on the Moslem fundamentalists who are challenging the power of Shah Mohammed Riza Pahlevi. Less crucial perhaps, but still distracting, is the way Admiral Turner has been embroiled in disputes involving former agency employees.

One that could affect the agency's future dealings with former workers was the suit against Frank W. Snepp 3d, whose book, "Decent Interval," chronicled C.I.A. bungling in the United States evacuation of South Vietnam three years ago. Last week, William Kampiles, a former agency clerk, was found guilty of selling the Russians a manual on the KH-11 reconnaisance satellite. An expert on strategic arms, David S. Sullivan, was dismissed after he was suspected of passing secrets to an aide to Senator Henry M. Jackson of Washington, a hardliner on negotiations for a new arms treay with the Soviet Union.

These difficulties followed even rougher going in Admiral Turner's first few months, when it seemed that every step he took made matters worse. Morale, already battered, hit rock-bottom after he decided to dismiss 800 employees, many of them espionage operatives and senior staff members. Normally secretive agency officials suddenly began complaining to news reporters about the admiral's "aloofness," his style of management, which seemed cutthroat to them, and his apparent preference for the advice of former naval aides.

Other senior foreign policy officials were antagonized by Admiral Turner's eagerness to grab control of the Pentagon's intelligence services and by what some described as his desire to influence policy on such sensitive issues as the withdrawal of United States forces from South Korea. His obvious ambition and his close to President Carter, a former classmate at Annapolis, whom he sees at least once a week, even produced suggestions, both in and out of government, that a controversial agency study on world oil production had been tailored to support White House energy policies.

For all the complaints, though, there are reasons to believe that the worst is over for both Admiral Turner and his agency. Morale at the headquarters in Langley, Va. seems to have improved, in part, the director's aides say, because of efforts to get him to meet with staff members. He now tries to have lunch with members of various offices once or twice a week. Admiral Turner says he enjoys these "bull sessions," but in typical fashion declares, "I'm not about to start a glad-handing campaign just to make people feel better around here."

More important to morale, he insists, is a general easing that has taken place in the criticism directed at the agency. To him, "all the beating this place took in recent years was exactly the same that the military took after Vietnam."

It also helped that Frank Carlucci took over early this year as deputy director, handling the day-to-day management of the agency. Mr. Carlucci had done well in sensitive Government jobs, most recently as the United States Ambassador to Portugal, where he is said to have played a critical role in helping establish a democratic government in 1976. He possesses both the tact and personal insight that his boss is said to lack. Admiral Turner denies reports that he was forced to accept Mr. Carlucci, and in the interview acknowledged that his deputy had "taken a tremendous load off my shoulders."

Even if operations are smoother at Langley, the admiral remains a controversial figure within the Carter Administration at large. His relations with members of the White House staff are tense, and he is known to have locked horns frequentlyt with David Aaron, deputy to national security adviser Zbigniew Brzezinski and a key intelligence aide. As a one-time staff member for the Senate Select Committee on Intelligence, Mr. Aaron, as well as the Senator he had worked for, Walter F. Mondale, became a keen skeptic of the agency'scapability.

One main objection among some policymakers is that the agency persistently has failed to anticipate critical developments. The turmoil in Iran is cited as a prime example, and this purported failing, it is argued, has narrowed the policy opinions available to Mr. Carter.

Admiral Turner, however, replied last week that in most cases the agency had been made the fall guy for the mistakes of others. "We're an easy scapegoat," he said, "because if we miss one, we can't explain what happened." But in discussing the events in Iran, he conceded that "we would have liked to have done better," and disclosed that a new C.I.A. post for "warning," had been created to concentrate resources on future trouble spots.

On the delicate issue of his relations with President Carter, the admiral strongly rejected the notion that he often has tried to influence the outcome of policy debates. But he added that if asked for his opinion on a possible course of action, he is not afraid to speak his mind. "If somebody asks me what I think," he said, "like any red-blooded chap, I'm not going to sit on my hands."

Richard Burt is a reporter in the Washington bureau of The New York Times.

THE NEW YORK TIMES
Sunday, November 6, 1977

C.I.A. Head Accused of Tailoring Estimates to Policy; He Denies It

By DAVID BINDER
Special to The New York Times

WASHINGTON, Nov 5. — Adm. Stansfield Turner, Director of Central Intelligence, is being accused in the intelligence community of distorting estimates to make them dovetail with the Carter Administration's foreign policy. He denies the allegations.

The estimates cover long-range prognoses on such issues as Soviet military capabilities, the balance of forces on the Korean Peninsula, Soviet strategic intentions in the Indian Ocean and the outlook for energy production worldwide, particularly in the Soviet Union. Often they form a basis for far-reaching policy decisons by the President on foreign relations and defense priorities.

As described by one of the director's critics, an official in the intelligence community, "Turner has been highly dissatisfied with a large number of national intelligence estimates, and he has been more demanding and more pre-emptive than any Director of Central Intelligence in recent times."

Heavy Involvement Acknowledged

In an interview Admiral Turner acknowledged that he had heavily involved himself in the production of the so-called national intelligence estimates — considered the most important product of the American intelligence community — as well as in lesser estimate and analysis functions. However, he maintained that he had neither distorted estimates nor manipulated them to serve White House policy goals.

"If I am ever suspected of slanting estimates in favor of policy I will be much less useful," he said. "If I wanted to influence policy I would have to be so subtle. If detected it would reverse the effect."

The allegations have come to light in various branches of the intelligence community — military and civilian — and in the Central Intelligence Agency itself, where the 55-year-old director remains a controversial figure 19 months after taking charge.

None of his critics deny his technical right to take charge of the production of intelligence estimates, which is authorized under executive orders. As in the past, the national estimates are issued under the director's name; what has changed, it appears, is Admiral Turner's involvement in what he describes as restructuring and redrafting.

'Convince, Cajole or Bully'

In a number of instances, according to the critic of Admiral Turner in the intelligence community, he has "asked the community to redo the estimates or has rewritten them and sent them on without further reference to the National Foreign Intelligence Board, or he has sent them back to convince, cajole or bully the other participants into alternative estimates." As a result, this official and others said, there have been noticeable delays in the production of estimates.

In the interview, at C.I.A. headquarters in McLean, Va., Admiral Turner commented on these allegations: "I have no hesitation to delay an estimate a week or two, or a month or two. I have not slowed up any where there was an urgency to get it to the consumer."

As to the question of rewriting estimates put together by teams in various parts of the intelligence community, he commented: "I am not bashful about that. I end up telling them this section has to be redrafted. You won't find many sentences I personally penned. Mostly it is because they didn't bring out two views strongly. Another way, I look at the outline, the concept at the beginning, and I restructure that, saying, You are asking the question wrong."

One redrafting that caused controversy in the community last year concerned an estimate of the balance of strength between North Korea and South Korea pinned to the question of what withdrawal of 40,000 United States troops stationed in the South would mean. Admiral Turner concluded, contrary to the original estimate, that withdrawal would substantially diminish the deterrent balance on the peninsula. He won praise from some C.I.A. analysts on that one and criticism from other quarters.

There was another controversy last year over the national estimate on Soviet intentions in the Indian Ocean, which was also held up for redrafting by Admiral Turner and ended up with what some termed a predictable bias toward gloom. "People thought they were dealing with the Lord High Admiral," a Defense Department analyst remarked.

Lately the concern of the critics has focused on the question whether Admiral Turner has used his function as the court of last resort on estimates to support Administration policy. This criticism arose over data on the Soviet economy, particularly its energy sector, where he was alleged to favor "worst case" analysis to suggest that the United States could effectively apply pressure on the Soviet Union through denial of exports of advanced technology.

Carter Ordered Top-Level Review

Last summer President Carter drew on some of these estimates in making his decision to order top-level review of all such export deals with the Soviet Union and to delay authorization of a sale of oil-drill bits for a time, intelligence officials said.

One of those critical of Admiral Turner put the situation this way: "The great trap of intelligence is to search for evidence supporting your own view. That is forbidden territory, and if you have access to policy makers you can become sensitized into justifying their decisions." This critic said that Admiral Turner's estimations of Soviet energy development "was a classic of transgression."

The director, replying to the allegations, said: "I have no policy-making function. It is mandatory that I present good estimates." He acknowledged, however, that he had dispensed with the long-time practice of registering dissenting views as footnotes, incorporating them in his final text instead.

Black Crayon on Beige Blackboard

A man given to diagramming since his active duty in the Navy, which included a tour at NATO, he moved from his chair to a beige blackboard in his seventh-floor office and wrote out with a black crayon: "One man estimating," "Estimating by committee" and "N.F.I.B.," the abbreviation for the National Foreign Intelligence Board. He explained that his system was to have an estimate prepared by the community and submitted to the board, which he chairs. "At that point the one-man system comes in, because I decide, I sign for it, I vouch for it," he said. "I am the chief intelligence officer for the country."

Another policy area where critics find fault with Admiral Turner concerns his penchant for publishing and widely distributing sanitized versions of intelligence estimates and analyses. An analysis issued last summer by his recently established National Foreign Assessment Center entitled "The Scope of Poland's Economic Dilemma" enraged State Department officials because it cut across the Administration's policy of supporting Polish efforts to cope with balance-of-payment and trade deficits.

"No comment," Admiral Turner replied to a query on the matter, but he then said: "When things deserve to be published they'll be published. I am pleased there is so much concern. Everybody puts out right and left here. In short, they are excited because we made them work harder. I don't think putting out facts can be inimical to United States policy."

He sat back and grinned: "It's an antithesis. On the one hand I am prostituted to policy and on the other I am undermining policy."

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CONTENTS

ANALYSIS, WAR, AND DECISION:
Why Intelligence Failures Are Inevitable

By RICHARD K. BETTS*

MILITARY disasters befall some states, no matter how informed their leaders are, because their capabilities are deficient. Weakness, not choice, is their primary problem. Powerful nations are not immune to calamity either, because their leaders may misperceive threats or miscalculate responses. Information, understanding, and judgment are a larger part of the strategic challenge for countries such as the United States. Optimal decisions in defense policy therefore depend on the use of strategic intelligence: the acquisition, analysis, and *appreciation* of relevant data. In the best-known cases of intelligence failure, the most crucial mistakes have seldom been made by collectors of raw information, occasionally by professionals who produce finished analyses, but most often by the decision makers who consume the products of intelligence services. Policy premises constrict perception, and administrative workloads constrain reflection. Intelligence failure is political and psychological more often than organizational.

Observers who see notorious intelligence failures as egregious often infer that disasters can be avoided by perfecting norms and procedures for analysis and argumentation. This belief is illusory. Intelligence can be improved marginally, but not radically, by altering the analytic system. The illusion is also dangerous if it abets overconfidence that systemic reforms will increase the predictability of threats. The use of intelligence depends less on the bureaucracy than on the intellects and inclinations of the authorities above it. To clarify the tangled relationship of analysis and policy, this essay explores conceptual approaches to intelligence failure, differentiation of intelligence problems, insurmountable obstacles to accurate assessment, and limitations of solutions proposed by critics.

I. Approaches to Theory

Case studies of intelligence failures abound, yet scholars lament the lack of a theory of intelligence.[1] It is more accurate to say that we lack

* For corrections or comments whose usefulness exceeded my ability to accommodate them within space limitations, thanks are due to Bruce Blair, Thomas Blau, Michael Handel, Robert Jervis, Klaus Knorr, H. R. Trevor-Roper, and members of the staff of the National Foreign Assessment Center.

[1] For example, Klaus Knorr, "Failures in National Intelligence Estimates: The Case

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a positive or normative theory of intelligence. Negative or descriptive theory—the empirical understanding of how intelligence systems make mistakes—is well developed. The distinction is significant because there is little evidence that either scholars or practitioners have succeeded in translating such knowledge into reforms that measurably reduce failure. Development of a normative theory of intelligence has been inhibited because the lessons of hindsight do not guarantee improvement in foresight, and hypothetical solutions to failure only occasionally produce improvement in practice. The problem of intelligence failure can be conceptualized in three overlapping ways. The first is the most reassuring; the second is the most common; and the third is the most important.

1. *Failure in perspective.* There is an axiom that a pessimist sees a glass of water as half empty and an optimist sees it as half full. In this sense, the estimative system is a glass half full. Mistakes can happen in any activity. Particular failures are accorded disproportionate significance if they are considered in isolation rather than in terms of the general ratio of failures to successes; the record of success is less striking because observers tend not to notice disasters that do not happen. Any academician who used a model that predicted outcomes correctly in four out of five cases would be happy; intelligence analysts must use models of their own and should not be blamed for missing occasionally. One problem with this benign view is that there are no clear indicators of what the ratio of failure to success in intelligence is, or whether many successes on minor issues should be reassuring in the face of a smaller number of failures on more critical problems.[2] In the thermonuclear age, just *one* mistake could have apocalyptic consequences.

2. *Pathologies of communication.* The most frequently noted sources of breakdowns in intelligence lie in the process of amassing timely

of the Cuban Missiles," *World Politics*, XVI (April 1964), 455, 465-66; Harry Howe Ransom, "Strategic Intelligence and Foreign Policy," *World Politics*, XXVII (October 1974), 145.

[2] "As that ancient retiree from the Research Department of the British Foreign Office reputedly said, after serving from 1903–50: 'Year after year the worriers and fretters would come to me with awful predictions of the outbreak of war. I denied it each time. I was only wrong twice.' " Thomas L. Hughes, *The Fate of Facts in a World of Men—Foreign Policy and Intelligence-Making* (New York: Foreign Policy Association, Headline Series No. 233, December 1976), 48. Paradoxically, "successes may be indistinguishable from failures." If analysts predict war and the attacker cancels his plans because surprise has been lost, "success of the intelligence services would have been expressed in the falsification of its predictions," which would discredit the analysis. Avi Shlaim, "Failures in National Intelligence Estimates: The Case of the Yom Kippur War," *World Politics*, XXVIII (April 1976), 378.

data, communicating them to decision makers, and impressing the latter with the validity or relevance of the information. This view of the problem leaves room for optimism because it implies that procedural curatives can eliminate the dynamics of error. For this reason, official post mortems of intelligence blunders inevitably produce recommendations for reorganization and changes in operating norms.

3. *Paradoxes of perception.* Most pessimistic is the view that the roots of failure lie in unresolvable trade-offs and dilemmas. Curing some pathologies with organizational reforms often creates new pathologies or resurrects old ones;[3] perfecting intelligence production does not necessarily lead to perfecting intelligence consumption; making warning systems more sensitive reduces the risk of surprise, but increases the number of false alarms, which in turn reduces sensitivity; the principles of optimal analytic procedure are in many respects incompatible with the imperatives of the decision process; avoiding intelligence failure requires the elimination of strategic preconceptions, but leaders cannot operate purposefully without some preconceptions. In devising measures to improve the intelligence process, policy makers are damned if they do and damned if they don't.

It is useful to disaggregate the problem of strategic intelligence failures in order to elicit clues about which paradoxes and pathologies are pervasive and therefore most in need of attention. The crucial problems of linkage between analysis and strategic decision can be subsumed under the following categories:

1. *Attack warning.* The problem in this area is timely prediction of an enemy's immediate intentions, and the "selling" of such predictions to responsible authorities. Major insights into intelligence failure have emerged from catastrophic surprises: Pearl Harbor, the Nazi invasion of the U.S.S.R., the North Korean attack and Chinese intervention of 1950, and the 1973 war in the Middle East. Two salient phenomena characterize these cases. First, evidence of impending attack was available, but did not flow efficiently up the chain of command. Second, the fragmentary indicators of alarm that did reach decision makers were dismissed because they contradicted strategic estimates or assumptions. In several cases hesitancy in communication and disbelief on the part of leaders were reinforced by deceptive enemy maneuvers that cast doubt on the data.[4]

[3] Compare the prescriptions in Peter Szanton and Graham Allison, "Intelligence: Seizing the Opportunity," with George Carver's critique, both in *Foreign Policy*, No. 22 (Spring 1976).

[4] Roberta Wohlstetter, *Pearl Harbor: Warning and Decision* (Stanford: Stanford

2. *Operational evaluation.* In wartime, the essential problem lies in judging the results (and their significance) of interacting capabilities. Once hostilities are under way, informed decision making requires assessments of tactical effectiveness—"how we are doing"—in order to adapt strategy and options. In this dimension, the most interesting insights have come from Vietnam-era memoirs of low-level officials and from journalistic muckraking. Again there are two fundamental points. First, within the context of a glut of ambiguous data, intelligence officials linked to operational agencies (primarily military) tend to indulge a propensity for justifying service performance by issuing optimistic assessments, while analysts in autonomous non-operational units (primarily in the Central Intelligence Agency and the late Office of National Estimates) tend to produce more pessimistic evaluations. Second, in contrast to cases of attack warning, fragmentary tactical indicators of *success* tend to override more general and cautious strategic estimates. Confronted by differing analyses, a leader mortgaged to his policy tends to resent or dismiss the critical ones, even when they represent the majority view of the intelligence community, and to cling to the data that support continued commitment.[5] Lyndon Johnson railed at his Director of Central Intelligence (DCI) at a White House dinner: "Policy making is like milking a fat cow. You see the milk coming out, you press more and the milk bubbles and flows, and just as the bucket is full, the cow with its tail whips the bucket and all is

University Press 1962); Barton Whaley, *Codeword Barbarossa* (Cambridge: The M.I.T. Press 1973); Harvey De Weerd, "Strategic Surprise in the Korean War," *Orbis*, VI (Fall 1962); Alan Whiting, *China Crosses the Yalu* (New York: Macmillan 1960); James F. Schnabel, *Policy and Direction: The First Year* (Washington, D.C.: Department of the Army 1972), 61-65, 83-85, 274-78; Michael I. Handel, *Perception, Deception, and Surprise: The Case of the Yom Kippur War* (Jerusalem: Leonard Davis Institute of International Relations, Jerusalem Paper No. 19, 1976); Shlaim (fn. 2); Abraham Ben-Zvi, "Hindsight and Foresight: A Conceptual Framework for the Analysis of Surprise Attacks," *World Politics*, XXVIII (April 1976); Amos Perlmutter, "Israel's Fourth War, October 1973: Political and Military Misperceptions," *Orbis*, XIX (Summer 1975); U.S., Congress, House, Select Committee on Intelligence [hereafter cited as HSCI], *Hearings, U.S. Intelligence Agencies and Activities: The Performance of the Intelligence Community*, 94th Cong., 1st sess., 1975; Draft Report of the House Select Committee on Intelligence, published in *The Village Voice*, February 16, 1976, pp. 76-81.

[5] David Halberstam, *The Best and the Brightest* (New York: Random House 1972); Morris Blachman, "The Stupidity of Intelligence," in Charles Peters and Timothy J. Adams, eds., *Inside the System* (New York: Praeger 1970); Patrick J. McGarvey, "DIA: Intelligence to Please," in Morton Halperin and Arnold Kanter, eds., *Readings in American Foreign Policy: A Bureaucratic Perspective* (Boston: Little, Brown 1973); Chester Cooper, "The CIA and Decision-Making," *Foreign Affairs*, Vol. 50 (January 1972); Sam Adams, "Vietnam Cover-Up: Playing War With Numbers," *Harper's*, Vol. 251 (June 1975); Don Oberdorfer, *Tet!* (Garden City, N.Y.: Doubleday 1971). For a more detailed review, see Richard K. Betts, *Soldiers, Statesmen, and Cold War Crises* (Cambridge: Harvard University Press 1977), chap. 10.

spilled. That's what CIA does to policy making."[6] From the consensus-seeking politician, this was criticism; to a pure analyst, it would have been flattery. But it is the perspective of the former, not the latter, that is central in decision making.

3. *Defense planning.* The basic task in using intelligence to develop doctrines and forces for deterrence and defense is to estimate threats posed by adversaries, in terms of both capabilities and intentions, over a period of several years. Here the separability of intelligence and policy, analysis and advocacy, is least clear. In dealing with the issue of "how much is enough" for security, debates over data merge murkily into debates over options and programs. As in operational evaluation, the problem lies more in data mongering than in data collecting. To the extent that stark generalizations are possible, the basic points in this category are the reverse of those in the previous one.

First, the justification of a mission (in this case, preparedness for future contingencies as opposed to demonstration of current success on the battlefield) prompts pessimistic estimates by operational military analysts; autonomous analysts without budgetary axes to grind, but with biases similar to those prevalent in the intellectual community, tend toward less alarmed predictions.[7] Military intelligence inclines toward "worst-case" analysis in planning, and toward "best-case" analysis in operational evaluation. (Military intelligence officials such as Lieutenant General Daniel Graham were castigated by liberals for *under*estimating the Vietcong's strength in the 1960's but for *over*-estimating Soviet strength in the 1970's.) Air Force intelligence overestimated Soviet air deployments in the "bomber gap" controversy of the 1950's, and CIA-dominated National Intelligence Estimates (NIE's) underestimated Soviet ICBM deployments throughout the 1960's (overreacting, critics say, to the mistaken prediction of a "missile gap" in 1960).[8]

[6] Quoted in Henry Brandon, *The Retreat of American Power* (Garden City, N.Y.: Doubleday 1973), 103.

[7] Betts (fn. 5), 160-61, 192-95. On bias within CIA, see James Schlesinger's comments in U.S., Congress, Senate, Select Committee to Study Governmental Operations with Respect to Intelligence Activities [hereafter cited as SSCI], *Final Report, Foreign and Military Intelligence*, Book I, 94th Cong., 2d sess., 1976, 76-77.

[8] *Ibid.*, Book IV, 56-59; William T. Lee, *Understanding the Soviet Military Threat: How CIA Estimates Went Astray* (New York: National Strategy Information Center, Agenda Paper No. 6, 1977), 24-37; Albert Wohlstetter: "Is There a Strategic Arms Race?" *Foreign Policy*, No. 15 (Summer 1974); Wohlstetter, "Rivals, But No Race," *Foreign Policy*, No. 16 (Fall 1974); Wohlstetter, "Optimal Ways to Confuse Ourselves," *Foreign Policy*, No. 20 (Fall 1975). There are exceptions to this pattern of military and civilian bias: see *ibid.*, 185-88; Lieutnant General Daniel Graham, USA (Ret.), "The Intelligence Mythology of Washington," *Strategic Review*, IV (Summer

Second, in the context of peacetime, with competing domestic claims on resources, political leaders have a natural interest in at least partially rejecting military estimates and embracing those of other analysts who justify limiting allocations to defense programs. If the President had accepted pessimistic CIA operational evaluations in the mid-1960's, he might have withdrawn from Vietnam; if he had accepted pessimistic military analyses of the Soviet threat in the mid-1970's, he might have added massive increases to the defense budget.

Some chronic sources of error are unique to each of these three general categories of intelligence problems, and thus do not clearly suggest reforms that would be advisable across the board. To compensate for the danger in conventional attack warning, reliance on worst-case analysis might seem the safest rule, but in making estimates for defense planning, worst-case analysis would mandate severe and often unnecessary economic sacrifices. Removing checks on the influence of CIA analysts and "community" staffs[9] might seem justified by the record of operational evaluation in Vietnam, but would not be warranted by the record of estimates on Soviet ICBM deployments. It would be risky to alter the balance of power systematically among competing analytic components, giving the "better" analysts more status. Rather, decision makers should be encouraged to be more *and* less skeptical of certain agencies' estimates, *depending on the category of analysis involved.*

Some problems, however, cut across all three categories and offer a more general basis for considering changes in the system. But these general problems are not very susceptible to cure by formal changes in process, because it is usually impossible to disentangle intelligence failures from policy failures. Separation of intelligence and policy making has long been a normative concern of officials and theorists, who have seen both costs and benefits in minimizing the intimacy between intelligence professionals and operational authorities. But, although the personnel can be segregated, the functions cannot, unless intelligence is defined narrowly as the collection of data, and analytic responsibility is reserved to decision makers. Analysis and decision are interactive

1976), 61-62, 64; Victor Marchetti and John Marks, *The CIA and the Cult of Intelligence* (New York: Knopf 1974), 309.

[9] The U.S. intelligence *community* includes the CIA, Defense Intelligence Agency (DIA), National Security Agency, the intelligence branches of each military service, the State Department Bureau of Intelligence and Research, the intelligence units of the Treasury and Energy Departments, and the FBI. Before 1973, coordination for national estimates was done through the Office of National Estimates, and since then, through the National Intelligence Officers. The Intelligence Community Staff assists the Director of Central Intelligence in managing allocation of resources and reviewing the agencies' performance.

rather than sequential processes. By the narrower definition of intelligence, there have actually been few major failures. In most cases of mistakes in predicting attacks or in assessing operations, the inadequacy of critical data or their submergence in a viscous bureaucracy were at best the proximate causes of failure. The ultimate causes of error in most cases have been wishful thinking, cavalier disregard of professional analysts, and, above all, the premises and preconceptions of policy makers. Fewer fiascoes have occurred in the stages of acquisition and presentation of facts than in the stages of interpretation and response. Producers of intelligence have been culprits less often than consumers. Policy perspectives tend to constrain objectivity, and authorities often fail to use intelligence properly. As former State Department intelligence director Ray Cline testified, defending his analysts' performance in October 1973 and criticizing Secretary Kissinger for ignoring them:

> Unless something is totally conclusive, you must make an inconclusive report. . . . by the time you are sure it is always very close to the event. So I don't think the analysts did such a lousy job. What I think was the lousy job was in bosses not insisting on a new preparation at the end of that week [before war broke out]. . . . the reason the system wasn't working very well is that people were not asking it to work and not listening when it did work.[10]

II. Basic Barriers to Analytic Accuracy

Many constraints on the optimal processing of information lie in the structure of authority and the allocation of time and resources. Harold Wilensky argues persuasively that the intelligence function is hindered most by the structural characteristics of hierarchy, centralization, and specialization.[11] Yet it is precisely these characteristics that are the essence of any government. A related problem is the dominance of operational authorities over intelligence specialists, and the trade-off between objectivity and influence. Operators have more influence in decision making but are less capable of unbiased interpretation of evidence because they have a vested interest in the success of their operations; autonomous analysts are more disinterested and usually more objective, but lack influence. Senior generalists at the policy level often distrust or discount the judgments of analytic professionals and place more weight on reports from operational sources.[12] In response to this

[10] HSCI, *Hearings* (fn. 4), 656-57.

[11] Wilensky, *Organizational Intelligence* (New York: Basic Books 1967), 42-62, 126, 179.

[12] *Ibid., passim.* The counterpoint of Cooper (fn. 5) and McGarvey (fn. 5) presents a perfect illustration.

phenomenon, the suggestion has been made to *legislate* the requirement that decision makers consider analyses by the CIA's Intelligence Directorate (now the National Foreign Assessment Center) before establishing policy.[13] Such a requirement would offer no more than wishful formalism. Statutory fiat cannot force human beings to value one source above another. "No power has yet been found," DCI Richard Helms has testified, "to force Presidents of the United States to pay attention on a continuing basis to people and papers when confidence has been lost in the originator."[14] Moreover, principals tend to believe that they have a wider point of view than middle-level analysts and are better able to draw conclusions from raw data. That point of view underlies their fascination with current intelligence and their impatience with the reflective interpretations in "finished" intelligence.[15]

The dynamics of decision are also not conducive to analytic refinement. In a crisis, both data and policy outpace analysis, the ideal process of staffing and consultation falls behind the press of events, and careful estimates cannot be digested in time. As Winston Churchill recalled of the hectic days of spring 1940, "The Defence Committee of the War Cabinet sat almost every day to discuss the reports of the Military Co-ordination Committee and those of the Chiefs of Staff; and their conclusions or divergences were again referred to frequent Cabinets. All had to be explained or reexplained; and by the time this process was completed, the whole scene had often changed."[16] Where there is ample time for decision, on the other hand, the previously mentioned bureaucratic impediments gain momentum.[17] Just as information processing is frustrated by constraints on the time that harried principals can spend scrutinizing analytic papers, it is constrained by the funds that a government can spend. To which priorities

[13] Graham Allison and Peter Szanton, *Remaking Foreign Policy: The Organizational Connection* (New York: Basic Books 1976), 204.

[14] Quoted in SSCI, *Final Report* (fn. 7), I, 82.

[15] *Ibid.*, 267, 276; SSCI, *Staff Report, Covert Action in Chile 1963–1973*, 94th Cong., 1st sess., 1975, 48-49. The Senate Committee deplored the tendency of decision makers to focus on the latest raw data rather than on refined analyses, a practice that contributed to the intelligence failure in the 1974 Cyprus crisis. SSCI, *Final Report* (fn. 7), I, 443. But the failure in the October War was largely due to the *reverse* phenomenon: disregarding warning indicators because they contradicted finished intelligence that minimized the possibility of war. HSCI Draft Report (fn. 4), 78; Ben-Zvi (fn. 4), 386, 394; Perlmutter (fn. 4), 453.

[16] Churchill, *The Gathering Storm* (Boston: Houghton Mifflin 1948), 587-88.

[17] "Where the end is knowledge, as in the scientific community, time serves intelligence; where the end is something else—as in practically every organization but those devoted entirely to scholarship—time subverts intelligence, since in the long run, the central institutionalized structures and aims (the maintenance of authority, the accommodation of departmental rivalries, the service of established doctrine) will prevail." Wilensky (fn. 11), 77.

should scarce resources be allocated? The Schlesinger Report of 1971, which led to President Nixon's reorganization of U.S. intelligence, noted that criticisms of analytic products were often translated into demands for more extensive collection of data, but "Seldom does anyone ask if a further reduction in uncertainty, however small, is worth its cost."[18] Authorities do not always know, however, which issues require the greatest attention and which uncertainties harbor the fewest potential threats. Beyond the barriers that authority, organization, and scarcity pose to intelligence lie more fundamental and less remediable intellectual sources of error.

1. *Ambiguity of evidence.* Intelligence veterans have noted that "estimating is what you do when you do not know,"[19] but "it is inherent in a great many situations that after reading the estimate, you will still not know."[20] These observations highlight an obvious but most important obstacle to accuracy in analysis. It is the role of intelligence to extract certainty from uncertainty and to facilitate coherent decision in an incoherent environment. (In a certain and coherent environment there is less need for intelligence.) To the degree they reduce uncertainty by extrapolating from evidence riddled with ambiguities, analysts risk oversimplifying reality and desensitizing the consumers of intelligence to the dangers that lurk within the ambiguities; to the degree they do not resolve ambiguities, analysts risk being dismissed by annoyed consumers who see them as not having done their job. Uncertainty reflects inadequacy of data, which is usually assumed to mean *lack* of information. But ambiguity can also be aggravated by an *excess* of data. In attack warning, there is the problem of "noise" and deception; in operational evaluation (particularly in a war such as Vietnam), there is the problem of overload from the high volume of finished analyses, battlefield statistics, reports, bulletins, reconnaissance, and communications intercepts flowing upward through multiple channels at a rate exceeding the capacity of officials to absorb or scrutinize them judiciously. (From the CIA alone, the White House received current intelligence dailies, Weekly Reports, daily Intelligence Information Cables, occasional Special Reports and specific memoranda, and analyses from the CIA Vietnam Working Group.) Similarly, in estimates for defense planning, there is the problem of innumerable and endlessly refined indices of the strategic balance, and the

[18] Quoted in SSCI, *Final Report* (fn. 7), I, 274.
[19] Sherman Kent, "Estimates and Influence," *Foreign Service Journal*, XLVI (April 1969), 17.
[20] Hughes (fn. 2), 43.

dependence of assessments of capabilities on complex and variable assumptions about the doctrine, scenarios, and intentions that would govern their use.

Because it is the job of decision makers to decide, they cannot react to ambiguity by deferring judgment.[21] When the problem is an environment that lacks clarity, an overload of conflicting data, and lack of time for rigorous assessment of sources and validity, ambiguity abets instinct and allows intuition to drive analysis. Intelligence can fail because the data are too permissive for policy judgment rather than too constraining. When a welter of fragmentary evidence offers support to various interpretations, ambiguity is exploited by wishfulness. The greater the ambiguity, the greater the impact of preconceptions.[22] (This point should be distinguished from the theory of cognitive dissonance, which became popular with political scientists at the time it was being rejected by psychologists.)[23] There is some inverse relation between the importance of an assessment (when uncertainty is high) and the likelihood that it will be accurate. Lyndon Johnson could reject pessimistic NIE's on Vietnam by inferring more optimistic conclusions from the reports that came through command channels on pacification, interdiction, enemy casualties, and defections. Observers who assume Soviet malevolence focus on analyses of strategic forces that emphasize missile throw-weight and gross megatonnage (Soviet advantages); those who assume more benign Soviet intentions focus on analyses that emphasize missile accuracy and numbers of warheads (U.S. advantages). In assessing the naval balance, Secretary of Defense Rumsfeld focused on numbers of ships (Soviet lead), and Congressman Les Aspin, a critic of the Pentagon, focused on total tonnage (U.S. lead).

[21] "The textbooks agree, of course, that we should only believe reliable intelligence, and should never cease to be suspicious, but what is the use of such feeble maxims? They belong to that wisdom which for want of anything better scribblers of systems and compendia resort to when they run out of ideas." Carl von Clausewitz, *On War*, ed. and trans. by Michael Howard and Peter Paret (Princeton: Princeton University Press 1976), 117.

[22] Robert Jervis, *The Logic of Images in International Relations* (Princeton: Princeton University Press 1970), 132; Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press 1976), chap. 4; Floyd Allport, *Theories of Perception and the Concept of Structure*, cited in Shlaim (fn. 2), 358. Cognitive theory suggests that uncertainty provokes decision makers to separate rather than integrate their values, to deny that inconsistencies between values exist, and even to see contradictory values as mutually supportive. John Steinbruner, *The Cybernetic Theory of Decision* (Princeton: Princeton University Press 1974), 105-8.

[23] See William J. McGuire, "Selective Exposure: A Summing Up," in R. P. Abelson and others, eds., *Theories of Cognitive Consistency* (Chicago: Rand McNally 1968), and Irving L. Janis and Leon Mann, *Decision Making: A Psychological Analysis of Conflict, Choice, and Commitment* (New York: Free Press 1977), 213-14.

2. *Ambivalence of judgment.* Where there are ambiguous and conflicting indicators (the context of most failures of intelligence), the imperatives of honesty and accuracy leave a careful analyst no alternative but ambivalence. There is usually *some* evidence to support *any* prediction. For instance, the CIA reported in June 1964 that a Chinese instructor (deemed not "particularly qualified to make this remark") had told troops in a course in guerrilla warfare, "We will have the atom bomb in a matter of months."[24] Several months later the Chinese did perform their first nuclear test. If the report had been the only evidence, should analysts have predicted the event? If they are not to make a leap of faith and ignore the data that do not mesh, analysts will issue estimates that waffle. In trying to elicit nuances of probability from the various possibilities not foreclosed by the data, cautious estimates may reduce ambivalence, but they may become Delphic or generalized to the point that they are not useful guides to decision. (A complaint I have heard in conversations with several U.S. officials is that many past estimates of Soviet objectives could substitute the name of any other great power in history—Imperial Rome, 16th-century Spain, Napoleonic France—and sound equally valid.) Hedging is the legitimate intellectual response to ambiguity, but it can be politically counterproductive, if the value of intelligence is to shock consumers out of wishfulness and cognitive insensitivity. A wishful decision maker can fasten onto that half of an ambivalent analysis that supports his predisposition.[25] A more objective official may escape this temptation, but may consider the estimate useless because it does not provide "the answer."

3. *Atrophy of reforms.* Disasters always stimulate organizational changes designed to avert the same failures in the future. In some cases these changes work. In many instances, however, the changes persist formally but erode substantively. Standard procedures are constant. Dramatic failures occur only intermittently. If the reforms in procedure they have provoked do not fulfill day-to-day organizational needs—or

[24] CIA Intelligence Information Cable, "Remarks of the Chief of the Nanking Military Academy and Other Chinese Leaders on the Situation in South Vietnam," June 25, 1964, in Lyndon B. Johnson Library National Security Files, Vietnam Country File [hereafter cited as LBJL/NSF-VNCF], Vol. XII, item 55.

[25] See for example, U.S., Department of Defense, *The Senator Gravel Edition: The Pentagon Papers* (Boston: Beacon Press 1971) [hereafter cited as *Pentagon Papers*], Vol. II, 99; Frances Fitzgerald, *Fire in the Lake* (Boston: Atlantic–Little, Brown 1972), 364; Special National Intelligence Estimate 53-64, "Chances for a Stable Government in South Vietnam," September 18, 1964, and McGeorge Bundy's covering letter to the President, in LBJL/NSF-VNCF, Vol. XIII, item 48.

if, as often happens, they complicate operations and strain the organization's resources—they fall into disuse or become token practices. After the postmortem of North Korea's downing of a U.S. EC-121 monitoring aircraft in 1969, there was, for several months, a great emphasis on risk assessments for intelligence collection missions. Generals and admirals personally oversaw the implementation of new procedures for making the assessments. Six months later, majors and captains were doing the checking. "Within a year the paperwork was spot-checked by a major and the entire community slid back to its old way of making a 'quick and dirty' rundown of the JCS criteria when sending in reconnaissance mission proposals."[26] The downing of the U-2 over the Soviet Union in 1960 and the capture of the intelligence ship *Pueblo* in 1968 had been due in part to the fact that the process of risk assessment for specific collection missions, primarily the responsibility of overworked middle-level officers, had become ponderous, sloppy, or ritualized.[27] At a higher level, a National Security Council Intelligence Committee was established in 1971 to improve responsiveness of intelligence staff to the needs of policy makers. But since the subcabinet-level consumers who made up the committee were pressed by other responsibilities, it lapsed in importance and was eventually abolished.[28] A comparable NSC committee that *did* serve tangible day-to-day needs of consumers to integrate intelligence and policy—the Verification Panel, which dealt with SALT—was more effective, but it was issue-oriented rather than designed to oversee the intelligence process itself. Organizational innovations will not improve the role of intelligence in policy unless they flow from the decision makers' views of their own needs and unless they provide frequent practical benefits.

None of these three barriers are accidents of structure or process. They are inherent in the nature of intelligence and the dynamics of work. As such, they constitute severe constraints on the efficacy of structural reform.

[26] Patrick J. McGarvey, *CIA: The Myth and the Madness* (Baltimore: Penguin 1974), 16.

[27] David Wise and Thomas B. Ross, *The U-2 Affair* (New York: Random House 1962), 56, 176, 180; Trevor Armbrister, *A Matter of Accountability* (New York: Coward-McCann 1970), 116-18, 141-45, 159, 187-95; U.S., Congress, House, Committee on Armed Services, *Report, Inquiry Into the U.S.S. Pueblo and EC-121 Plane Incidents* [hereafter cited as *Pueblo and EC-121 Report*], 91st Cong., 1st sess., 1969, 1622-24, 1650-51; U.S., Congress, House, Committee on Armed Services, *Hearings, Inquiry Into the U.S.S. Pueblo and EC-121 Plane Incidents* [hereafter cited as *Pueblo and EC-121 Hearings*], 91st Cong., 1st sess., 1969, 693-94, 699-700, 703-7, 714, 722, 734, 760, 773-78, 815-16.

[28] SSCI, *Final Report* (fn. 7), I, 61-62; HSCI Draft Report (fn. 4), 82.

III. The Elusiveness of Solutions

If they do not atrophy, most solutions proposed to obviate intelligence dysfunctions have two edges: in reducing one vulnerability, they increase another. After the seizure of the *Pueblo*, the Defense Intelligence Agency (DIA) was reprimanded for misplacing a message that could have prevented the incident. The colonel responsible developed a careful microfilming operation in the message center to ensure a record of transmittal of cables to authorities in the Pentagon. Implementing this check, however, created a three-to-four hour delay—another potential source of failure—in getting cables to desk analysts whose job was to keep reporting current.[29] Thus, procedural solutions often constitute two steps forward and one step back; organizational fixes cannot transcend the basic barriers. The lessons of Pearl Harbor led to the establishment of a Watch Committee and National Indications Center in Washington. Although this solution eliminated a barrier in the communication system, it did not prevent the failure of timely alert to the Chinese intervention in Korea or the 1973 October War, because it did not eliminate the ambiguity barrier. (Since then, the Watch Committee has been replaced by the DCI's Strategic Warning Staff.) DIA was reorganized four times within its first ten years; yet it continued to leave most observers dissatisfied. The Agranat Commission's review of Israel's 1973 intelligence failure produced proposals for institutional reform that are striking because they amount to copying the American system of the same time—which had failed in exactly the same way as the Israeli system.[30] Reform is not hopeless, but hopes placed in solutions most often proposed—such as the following—should be circumscribed.

1. *Assume the worst.* A common reaction to traumatic surprise is the recommendation to cope with ambiguity and ambivalence by acting on the most threatening possible interpretations. If there is *any* evidence of threat, assume it is valid, even if the *apparent* weight of contrary indicators is greater. In retrospect, when the point of reference is an

[29] McGarvey (fn. 26), 16.

[30] Shlaim (fn. 2), 375-77. The proposals follow, with their U.S. analogues noted in parentheses: appoint a special intelligence adviser to the Prime Minister (Director of Central Intelligence) to supplement the military chief of intelligence; reinforce the Foreign Ministry's research department (Bureau of Intelligence and Research); more autonomy for non-military intelligence (CIA); amend rules for transmitting raw intelligence to research agencies, the Defense Minister, and the Prime Minister (routing of signals intelligence from the National Security Agency); restructure military intelligence (creation of DIA in 1961); establish a central evaluation unit (Office of National Estimates). On the U.S. intelligence failure in 1973, see the HSCI Draft Report (fn. 4), 78-79.

actual disaster attributable to a mistaken calculation of probabilities, this response is always justifiable, but it is impractical as a guide to standard procedure. Operationalizing worst-case analysis requires extraordinary expense; it risks being counterproductive if it is effective (by provoking enemy countermeasures or pre-emption), and it is likely to be ineffective because routinization will discredit it. Many Israeli observers deduced from the 1973 surprise that defense planning could only rest on the assumption that no attack warning will be available, and that precautionary mobilization should always be undertaken even when there is only dubious evidence of impending Arab action.[31] Similarly, American hawks argue that if the Soviets' intentions are uncertain, the only prudent course is to assume they are seeking the capability to win a nuclear war.

In either case, the norm of assuming the worst poses high financial costs. Frequent mobilizations strain the already taut Israeli economy. Moreover, countermobilization can defeat itself. Between 1971 and 1973, the Egyptians three times undertook exercises similar to those that led to the October attack; Israel mobilized in response, and nothing happened. It was the paradox of self-negating prophecy.[32] The Israeli Chief of Staff was sharply criticized for the unnecessary cost.[33] The danger of hypersensitivity appeared in 1977, when General Gur believed Sadat's offer to come to Jerusalem to be a camouflage for an Egyptian attack; he began Israeli maneuvers in the Sinai, which led Egypt to begin maneuvers of its own, heightening the risk of accidental war.[34] To estimate the requirements for deterrence and defense, worst-case assumptions present an open-ended criterion. The procurement of all the hedges possible for nuclear war-fighting—large increments in offensive forces, alert status, hardening of command-control-and-communications, active and passive defenses—would add billions to the U.S. defense budget. Moreover, prudent hedging in policy should be distinguished from net judgment of probabilities in estimates.[35]

Alternatively, precautionary escalation or procurement may act as self-fulfilling prophecies, either through a catalytic spiral of mobiliza-

[31] Shlaim (fn. 2), 379; Handel (fn. 4), 62-63.

[32] *Ibid.*, 55.

[33] Shlaim (fn. 2), 358-59. The Israeli command estimated a higher probability of attack in May 1973 than it did in October. Having been proved wrong in May, Chief of Staff Elazar lost credibility in challenging intelligence officers, complained that he could no longer argue effectively against them, and consequently was unable to influence his colleagues when he was right. Personal communication from Michael Handel, November 15, 1977.

[34] *Washington Post*, November 27, 1977, p. A17.

[35] Raymond Garthoff, "On Estimating and Imputing Intentions," *International Security*, II (Winter 1978), 22.

tion (à la World War I) or an arms race that heightens tension, or doctrinal hedges that make the prospect of nuclear war more "thinkable." Since evidence for the "action-reaction" hypothesis of U.S. and Soviet nuclear policies is meager, and arms races can sometimes be stabilizing rather than dangerous, the last point is debatable. Still, a large unilateral increase in strategic forces by either the United States or the Soviet Union would, at the least, destroy the possibility of gains desired from SALT. A surprise attack or defeat make the costs of *under*estimates obvious and dramatic; the unnecessary defense costs due to *over*estimates can only be surmised, since the minimum needed for deterrence is uncertain. Worst-case analysis as a standard norm would also exacerbate the "cry wolf" syndrome. *Unambiguous* threat is not an intelligence problem; rather, the challenge lies in the response to fragmentary, contradictory, and dubious indicators. Most such indicators turn out to be false alarms. Analysts who reflexively warn of disaster are soon derided as hysterical. General William Westmoreland recalled that the warnings that had been issued before the 1968 Tet Offensive were ignored. U.S. headquarters in Saigon had each year predicted a winter-spring offensive, "and every year it had come off without any dire results. . . . Was not the new offensive to be more of the same?"[36]

Given the experience of intelligence professionals that most peacetime indicators of suspicious enemy activity lead to nothing, what Colonel who has the watch some night will risk "lighting up the board" in the White House simply on the basis of weak apprehension? How many staffers will risk waking a tired President, especially if they have done so before and found the action to be needless? How many distracting false alarms will an overworked President tolerate before he makes it clear that aides should exercise discretion in bothering him? Even if worst-case analysis is promulgated in principle, it will be compromised in practice. Routinization corrodes sensitivity. Every day that an expected threat does not materialize dulls receptivity to the reality of danger. As Roberta Wohlstetter wrote of pre-Pearl Harbor vigilance, "We are constantly confronted by the paradox of pessimistic realism of phrase coupled with loose optimism in practice."[37] Seeking to cover all contingencies, worst-case analysis loses focus and salience; by providing a theoretical guide for everything, it provides a practical guide for very little.

[36] Westmoreland, *A Soldier Reports* (Garden City, N.Y.: Doubleday 1976), 316. See the postmortem by the President's Foreign Intelligence Advisory Board, quoted in Herbert Y. Schandler, *The Unmaking of a President* (Princeton: Princeton University Press 1977), 70, 76, 79-80.

[37] Wohlstetter (fn. 4), 69.

2. *Multiple advocacy*. Blunders are often attributed to decision makers' inattention to unpopular viewpoints or to a lack of access to higher levels of authority by dissident analysts. To reduce the chances of such mistakes, Alexander George proposes institutionalizing a balanced, open, and managed process of debate, so that no relevant assessments will be submerged by unchallenged premises or the bureaucratic strength of opposing officials.[38] The goal is unobjectionable, and formalized multiple advocacy certainly would help, not hinder. But confidence that it will help systematically and substantially should be tentative. In a loose sense, there has usually been multiple advocacy in the U.S. policy process, but it has not prevented mistakes in deliberation or decision. Lyndon Johnson did not decide for limited bombing and gradual troop commitment in Vietnam in 1965 because he was not presented with extensive and vigorous counterarguments. He considered seriously (indeed solicited) Under Secretary of State George Ball's analysis, which drew on NIE's and lower-level officials' pessimistic assessments that any escalation would be a mistake. Johnson was also well aware of the arguments by DCI John McCone and the Air Force from the other extreme—that massive escalation in the air war was necessary because gradualism would be ineffective.[39] The President simply chose to accept the views of the middle-of-the-road opponents of *both* Ball and McCone.

To the extent that multiple advocacy works, and succeeds in maximizing the number of views promulgated and in supporting the argumentive resources of all contending analysts, it may simply highlight ambiguity rather than resolve it. In George's ideal situation, the process would winnow out unsubstantiated premises and assumptions about ends-means linkages. But in the context of data overload, uncertainty, and time constraints, multiple advocacy may in effect give all of the various viewpoints an aura of empirical respectability and allow a leader to choose whichever accords with his predisposition.[40] The

[38] George, "The Case for Multiple Advocacy in Making Foreign Policy," *American Political Science Review*, Vol. 66 (September 1972). My usage of the term multiple advocacy is looser than George's.

[39] Henry F. Graff, *The Tuesday Cabinet* (Englewood Cliffs, N.J.: Prentice-Hall 1970), 68-71; Leslie H. Gelb with Richard K. Betts, *The Irony of Vietnam: The System Worked* (Washington, D.C.: Brookings, forthcoming), chap. 4; Ball memorandum of October 5, 1964, reprinted as "Top Secret: The Prophecy the President Rejected," *Atlantic Monthly*, Vol. 230 (July 1972); McCone, memorandum of April 2, 1965, in LBJL/NSF-VNCF, Troop Decision folder, item 14b.

[40] Betts (fn. 5), 199-202; Schandler (fn. 36), 177. George (fn. 38), 759, stipulates that multiple advocacy requires "no major maldistribution" of power, influence, competence, information, analytic resources, and bargaining skills. But, except for resources and the right to representation, the foregoing are subjective factors that can rarely be equalized by design. If they are equalized, in the context of imperfect data and time

efficacy of multiple advocacy (which is greatest under conditions of manageable data and low ambiguity) may vary inversely with the potential for intelligence failure (which is greatest under conditions of confusing data and high uncertainty). The process could, of course, bring to the surface ambiguities where false certainty had prevailed; in these cases, it would be as valuable as George believes. But if multiple advocacy increases ambivalence and leaders do *not* indulge their instincts, it risks promoting conservatism or paralysis. Dean Acheson saw danger in presidential indecisiveness aggravated by debate: " 'I know your theory,' he grumbled to Neustadt. 'You think Presidents should be warned. You're wrong. Presidents should be given confidence.' "[41] Even Clausewitz argued that deference to intelligence can frustrate bold initiative and squander crucial opportunities. Critics charged Henry Kissinger with crippling U.S. intelligence by refusing to keep analysts informed of his intimate conversations with foreign leaders.[42] To do so, however, would have created the possibility of leaks and might thereby have crippled his diplomatic maneuvers. It is doubtful that Nixon's initiative to China could have survived prior debate, dissent, and analysis by the bureaucracy.

It is unclear that managed multiple advocacy would yield markedly greater benefits than the redundancy and competitiveness that have long existed. (At best it would perfect the "market" of ideas in the manner that John Stuart Mill believed made liberalism conducive to the emergence of truth.) The first major reorganization of the American intelligence community in 1946–1947 emphasized centralization in order to avert future Pearl Harbors caused by fragmentation of authority; the latest reorganization (Carter's 1977 extension of authority of the Director of Central Intelligence over military intelligence programs) emphasized centralization to improve efficiency and coherence. Yet decentralization has always persisted in the overlapping division of labor between several separate agencies. Recent theorists of bureaucracy see such duplication as beneficial because competition exposes disagreement and presents policy makers with a wider range of views. Redundancy inhibits consensus, impedes the herd instinct in the decision process, and

pressure, erroneous arguments as well as accurate ones will be reinforced. Non-expert principals have difficulty arbitrating intellectually between experts who disagree.

[41] Quoted in Steinbruner (fn. 22), 332.

[42] Clausewitz (fn. 21), 117-18; HSCI, *Hearings* (fn. 4), 634-36; William J. Barnds, "Intelligence and Policymaking in an Institutional Context," in U.S., Commission on the Organization of the Government for the Conduct of Foreign Policy [hereafter cited as Murphy Commission], *Appendices* (Washington, D.C.: G.P.O., June 1975), Vol. VII, 32.

thus reduces the likelihood of failure due to unchallenged premises or cognitive errors. To ensure that redundancy works in this way, critics oppose a process that yields coordinated estimates—negotiated to the least common denominator, and cleared by all agencies before they are passed to the principals. George's "custodian" of multiple advocacy could ensure that this does not happen. There are, of course, trade-off costs for redundancy. Maximization of competition limits specialization. In explaining the failure of intelligence to predict the 1974 coup in Portugal, William Hyland pointed out, "if each of the major analytical components stretch their resources over the same range, there is the risk that areas of less priority will be superficially covered."[43]

The problem with arguing that the principals themselves should scrutinize numerous contrasting estimates in their integrity is that they are constantly overwhelmed by administrative responsibilities and "action items"; they lack the time to read, ponder, and digest that large an amount of material. Most intelligence products, even NIE's, are never read by policy makers; at best, they are used by second-level staffers as background material for briefing their seniors.[44] Consumers want previously coordinated analyses in order to save time and effort. In this respect, the practical imperatives of day-to-day decision contradict the theoretical logic of ideal intelligence.

3. *Consolidation.* According to the logic of estimative redundancy, more analysis is better than less. Along this line of reasoning, Senate investigators noted critically that, as of fiscal year 1975, the U.S. intelligence community still allocated 72 percent of its budget for collection of information, 19 percent for processing technical data, and less than 9 percent for production of finished analyses. On the other hand, according to the logic of those who focus on the time constraints of leaders and the confusion that results from innumerable publications, quantity counteracts quality. The size of the CIA's intelligence directorate and the complexity of the production process "precluded close association between policymakers and analysts, between the intelligence product and policy informed by intelligence analysis."[45] For the sake of clarity and acuity, the intelligence bureaucracy should be streamlined.

[43] HSCI, *Hearings* (fn. 4), 778.

[44] SSCI, *Final Report* (fn. 7), IV, 57; Roger Hilsman, *Strategic Intelligence and National Decisions* (Glencoe, Ill.: Free Press 1956), 40. During brief service as just a low-level staff member of the National Security Council, even I never had time to read all the intelligence analyses relevant to my work.

[45] SSCI, *Final Report* (fn. 7), I, 344, and IV, 95 (emphasis deleted).

This view is consistent with the development of the Office of National Estimates (ONE), which was established in 1950 and designed to coordinate the contributions of the various organs in the intelligence community for the Director of Central Intelligence. DCI Walter Bedell Smith envisioned an operation of about a thousand people. But William L. Langer, the scholar Smith imported to organize ONE, wanted a tight group of excellent analysts and a personnel ceiling of fifty. Langer prevailed, and though the number of staff members in ONE crept upwards, it probably never exceeded a hundred in its two decades of existence.[46] Yet ONE could not eliminate the complexity of the intelligence process; it could only coordinate and integrate it for the production of National Intelligence Estimates. Other sources found conduits to decision makers (to Cabinet members through their own agencies, or to the President through the National Security Council). And some policy makers, though they might dislike the cacophony of multiple intelligence agencies, were suspicious of the consolidated NIE's, knowing that there was pressure to compromise views in order to gain agreement. Over time, the dynamics of bureaucracy also blunted the original objectives of ONE's founder. From a cosmopolitan elite corps, it evolved into an insular unit of senior careerists from the CIA. The National Intelligence Officer system that replaced ONE reduced the number of personnel responsible for coordinating NIE's, but has been criticized on other grounds such as greater vulnerability to departmental pressures. Bureaucratic realities have frustrated other attempts to consolidate the intelligence structure. The Defense Intelligence Agency was created in 1961 to unify Pentagon intelligence and reduce duplicative activities of the three service intelligence agencies, but these agencies regenerated themselves; in less than a decade they were larger than they had been before DIA's inception.[47]

The numerous attempts to simplify the organization of the analytic process thus have not solved the major problems. Either the streamlining exercises were short-lived, and bureaucratization crept back, or the changes had to be moderated to avoid the new dangers they entailed. Contraction is inconsistent with the desire to minimize failure by "plugging holes" in intelligence, since compensating for an inadequacy usually requires *adding* personnel and mechanisms; pruning the structure that contributes to procedural sluggishness or complexity may create lacunae in substantive coverage.

[46] Ray S. Cline, *Secrets, Spies, and Scholars* (Washington, D.C.: Acropolis 1976), 20.

[47] Gilbert W. Fitzhugh and others, *Report to the President and the Secretary of Defense on the Department of Defense, By the Blue Ribbon Defense Panel* (Washington, D.C.: G.P.O., July 1970), 45-46.

4. *Devil's advocacy.* Multiple advocacy ensures that all views held by individuals within the analytic system will be granted serious attention. Some views that should receive attention, however, may not be held by anyone within the system. Virtually no analysts in Israel or the United States believed the Arabs would be "foolish" enough to attack in 1973. Many observers have recommended institutionalizing dissent by assigning to someone the job of articulating apparently ridiculous interpretations to ensure that they are forced into consideration. Establishing an official devil's advocate would probably do no harm (although some argue that it may perversely facilitate consensus-building by domesticating true dissenters or providing the illusory comfort that all views have been carefully examined;[48] worse, it might delude decision makers into believing that *uncertainties* have been resolved). But in any case, the role is likely to atrophy into a superfluous or artificial ritual. By the definition of the job, the devil's advocate is likely to be dismissed by decision makers as a sophist who only makes an argument because he is supposed to, not because of its real merits. Institutionalizing devil's advocacy is likely to be perceived in practice as institutionalizing the "cry wolf" problem; "There are limits to the utility of a 'devil's advocate' who is not a true devil."[49] He becomes someone to be indulged and disregarded. Given its rather sterile definition, the role is not likely to be filled by a prestigious official (who will prefer more "genuine" responsibility); it will therefore be easier for policy makers to dismiss the arguments. In order to avert intelligence failures, an analyst is needed who tells decision makers what they don't want to hear, dampening the penchant for wishful thinking. But since it is the job of the devil's advocate to do this habitually, and since he is most often wrong (as would be inevitable, since otherwise the conventional wisdom would eventually change), he digs his own grave. If the role is routinized and thus ritualized, it loses impact; but if it is not routinized, there can be no assurance that it will be operating when it is needed.

Despite the last point, which is more important in attack warning than in operational evaluation or defense planning, there is a compromise that offers more realistic benefits: *ad hoc* utilization of "real devils." This selective or biased form of multiple advocacy may be achieved by periodically giving a platform within the intelligence process to minority views that can be argued more persuasively by prestigious analysts outside the bureaucracy. This is what the President's Foreign Intelli-

[48] Alexander George, "The Devil's Advocate: Uses and Limitations," Murphy Commission, *Appendices* (fn. 42), II, 84-85; Jervis, *Perception and Misperception* (fn. 22), 417.

[49] *Ibid.*, 416.

gence Advisory Board and DCI George Bush did in 1976 by commissioning the "Team B" critique of NIE's on Soviet strategic objectives and capabilities. Dissenters within the intelligence community who were skeptical of Soviet intentions were reinforced by a panel of sympathetic scholars, with a mandate to produce an analysis of their own.[50] This controversial exercise, even if it erred in many of its own ways (as dovish critics contend), had a major impact in promoting the re-examination of premises and methodology in U.S. strategic estimates. The problem with this option is that it depends on the political biases of the authorities who commission it. If it were balanced by a comparable "Team C" of analysts at the opposite extreme (more optimistic about Soviet intentions than the intelligence community consensus), the exercise would approach regular multiple advocacy, with the attendant limitations of that solution. Another variant would be intermittent designation of devil's advocates in periods of crisis, when the possibility of disaster is greater than usual. Since the role would then be fresh each time, rather than ritualized, the advocate might receive a more serious hearing. The problem here is that receptivity of decision makers to information that contradicts preconceptions varies inversely with their personal commitments, and commitments grow as crisis progresses.[51]

5. *Sanctions and incentives.* Some critics attribute intelligence failures to dishonest reporting or the intellectual mediocrity of analysts. Suggested remedies include threats of punishment for the former, and inducements to attract talent to replace the latter. Other critics emphasize that, will or ability aside, analytic integrity is often submerged by the policy makers' demands for intelligence that suits them; "the NIEs ought to be responsive to the evidence, not the policymaker."[52] Holders of this point of view would institutionalize the analysts' autonomy. Unobjectionable in principle (though if analysts are totally unresponsive to the consumer, he will ignore them), these implications cannot easily be operationalized without creating as many problems as they solve.

Self-serving operational evaluations from military sources, such as optimistic reports on progress in the field in Vietnam or pessimistic strategic estimates, might indeed be obviated if analysts in DIA, the service intelligence agencies, and command staffs were credibly threat-

[50] U.S., Congress, Senate, Select Committee on Intelligence, *Report, The National Intelligence Estimates A-B Team Episode Concerning Soviet Capability and Objectives*, 95th Cong., 2d sess., 1978; *New York Times*, December 26, 1976, pp. 1, 14; *Washington Post*, January 2, 1977, pp. A1, A4.

[51] George H. Poteat, "The Intelligence Gap: Hypotheses on the Process of Surprise," *International Studies Notes*, III (Fall 1976), 15.

[52] Cline (fn. 46), 140.

ened with sanctions (firing, nonpromotion, reprimand, or disgrace). Such threats theoretically could be a countervailing pressure to the career incentives analysts have to promote the interests of their services. But, except in the most egregious cases, it is difficult to apply such standards without arbitrariness and bias, given the problem of ambiguity; it simply encourages an alternative bias or greater ambivalence. Moreover, military professionals would be in an untenable position, pulled in opposite directions by two sets of authorities. To apply the sanctions, civil authorities would have to violate the most hallowed military canon by having civilian intelligence officials interfere in the chain of command. In view of these dilemmas, it is easier to rely on the limited effectiveness of redundancy or multiple advocacy to counteract biased estimates.

Critics concerned with attracting better talent into the analytic bureaucracy propose to raise salaries and to provide more high-ranking positions (supergrades) to which analysts can aspire. Yet American government salaries are already very high by academic standards. Those who attribute DIA's mediocrity (compared to CIA), to an insufficient allocation of supergrades and a consequent inability to retain equivalent personnel are also mistaken; as of 1975 the difference in the grade structures of DIA and CIA had been negligible.[53] And the fact that CIA analysts cannot rise to a supergrade position (GS-16 to 18) without becoming administrators is not convincing evidence that good analysts are underpaid; GS-15 salaries are higher than the maximum for most tenured professors.

Non-military analysts, or high-ranking soldiers with no promotions to look forward to, have fewer professional crosspressures to contend with than military intelligence officers. But an analyst's autonomy varies inversely with his influence, and hortatory injunctions to be steadfast and intellectually honest cannot ensure that he will be; they cannot transcend political realities or the idiosyncrasies of leaders. Richard Helms notes that "there is no way to insulate the DCI from unpopularity at the hands of Presidents or policymakers if he is making assessments which run counter to administrative policy. That is a built-in hazard of the job. Sensible Presidents understand this. On the other hand they are human too." Integrity untinged by political sensitivity courts professional suicide. If the analyst insists on perpetually

[53] SSCI, *Final Report* (fn. 7), I, 352. A valid criticism is that military personnel systems and promotion standards penalized intelligence officers, thus encouraging competent officers to avoid intelligence assignments. This situation was rectified in the service intelligence agencies by the early 1970's, but not within DIA. *Ibid.*; Betts (fn. 5), 196-97.

bearing bad news, he is likely to be beheaded. Helms himself succumbed to policy makers' pressures in compromising estimates of the MIRV capabilities of the Soviet SS-9 missile in 1969, and the prospects for Cambodia in 1970.[54] The same practical psychological constraints are reflected in an incident in which Chief of Naval Operations Elmo Zumwalt, who had already infuriated Nixon and Kissinger several times with his strategic estimates, was determined to present yet another unwelcome analysis; Secretary of Defense Schlesinger dissuaded him with the warning, "To give a briefing like that in the White House these days would be just like shooting yourself in the foot."[55]

6. *Cognitive rehabilitation and methodological consciousness.* The intertwining of analysis and decision and the record of intelligence failures due to mistaken preconceptions and unexamined assumptions suggest the need to reform the intelligence consumers' attitudes, awareness, and modes of perception. If leaders were made self-conscious and self-critical about their own psychologies, they might be less vulnerable to cognitive pathologies. This approach to preventing intelligence failure is the most basic and metaphysical. If policy makers focused on the methodologies of competing intelligence producers, they would be more sensitive to the biases and leaps of faith in the analyses passed to them. "In official fact-finding . . . the problem is not merely to open up a wide range of policy alternatives but to create incentives for persistent criticism of evidentiary value."[56] Improvement would flow from mechanisms that force decision makers to make explicit rather than unconscious choices, to exercise judgment rather than engage in automatic perception, and to enhance their awareness of their own preconceptions.[57]

Unlike organizational structure, however, cognition cannot be altered by legislation. Intelligence consumers are political men who have risen by being more decisive than reflective, more aggressive than introspective, and confident as much as cautious. Few busy activists who have achieved success by thinking the way that they do will change their way of thinking because some theorist tells them to. Even if they could be forced to confront scholarly evidence of the dynamics of misperception, it is uncertain that they could consistently internalize it. Preconception cannot be abolished; it is in one sense just another word for "model" or

[54] SSCI, *Final Report* (fn. 7), I, 77-82. See also U.S., Congress, Senate, Committee on Foreign Relations, *Hearings, National Security Act Amendment,* 92d Cong., 2d sess., 1972, 14-24.

[55] Zumwalt, *On Watch* (New York: Quadrangle 1976), 459.

[56] Wilensky (fn. 11), 164.

[57] Jervis, *Perception and Misperception* (fn. 22), 181-87.

"paradigm"—a construct used to simplify reality, which any thinker needs in order to cope with complexity. There is a grain of truth in the otherwise pernicious maxim that an open mind is an empty mind. Moreover, the line between *perception* and *judgment* is very thin, and consumers cannot carefully scrutinize, compare, and evaluate the methodologies of competing analyses, for the same prosaic reason (the problem of expertise aside) that impedes many proposed reforms: they do not have the *time* to do so. Solutions that require principals to invest more attention than they already do are conceptually valid but operationally weak. Ideally, perhaps, each principal should have a Special Assistant for Rigor Enforcement.

Although most notable intelligence failures occur more often at the consuming than the producing end, it is impractical to place the burden for correcting those faults on the consumers. The most realistic strategy for improvement would be to have intelligence professionals anticipate the cognitive barriers to decision makers' utilization of their products. Ideally, the Director of Central Intelligence should have a theoretical temperament and personal skills in forcing unusual analyses to the attention of principals; he might act as George's "custodian" of the argumentation process. To fulfill this function, the DCI should be not only a professional analyst and an intellectual (of the twelve DCI's since 1946, only James Schlesinger met those criteria, and he served for only three months), but also a skilled bureaucratic politician. These qualifications seldom coincide. The DCI's coordinating staff and National Intelligence Officers should be adept at detecting, making explicit, and exposing to consumers the idiosyncracies in the assessments of various agencies—the *reasons* that the focus and conclusions of the State Department's Bureau of Intelligence and Research differ from those of DIA, or of naval intelligence, or of the CIA. For such a procedure to work, the consumers would have to favor it (as opposed to negotiated consensual estimates that would save them more time). There is always a latent tension between what facilitates timely decision and what promotes thoroughness and accuracy in assessment. The fact that there is no guaranteed prophylaxis against intelligence failures, however, does not negate the value of incremental improvements. The key is to see the problem of reform as one of modest refinements rather than as a systematic breakthrough.

IV. Living with Fatalism

Organizational solutions to intelligence failure are hampered by three basic problems: most procedural reforms that address specific

pathologies introduce or accent other pathologies; changes in analytic processes can never fully transcend the constraints of ambiguity and ambivalence; and more rationalized information systems cannot fully compensate for the predispositions, perceptual idiosyncrasies, and time constraints of political consumers. Solutions that address the psychology and analytic style of decision makers are limited by the difficulty of changing human thought processes and day-to-day habits of judgment by normative injunction. Most theorists have thus resigned themselves to the hope of marginal progress, "to improve the 'batting average'—say from .275 to .301—rather than to do away altogether with surprise."[58]

There is some convergence in the implications of all three ways of conceptualizing intelligence failures. Mistakes should be expected because the *paradoxes* are not resolvable; minor improvements are possible by reorganizing to correct *pathologies*; and despair is unwarranted because, seen *in perspective*, the record could be worse. Marginal improvements have, in fact, been steadily instituted since World War II. Although many have indeed raised new problems, most have yielded a net increase in the rationalization of the system. The diversification of sources of estimates of adversaries' military power has grown consistently, obviating the necessity to rely exclusively on military staffs. The resources and influence of civilian analysts of military data (principally in the CIA's Office of Strategic Research but also in its Directorate of Science and Technology) are unparalleled in any other nation's intelligence system. At the same time, the DCI's mechanism for coordinating the activities of all agencies—the Intelligence Community Staff—has grown and become more diverse and representative, and less an extension of the CIA, as more staffers have been added from the outside. In 1972, a separate Product Review Division was established within the staff to appraise the "objectivity, balance, and responsiveness" of intelligence studies on a regular basis. It has conducted postmortems of intelligence failures since then (the Yom Kippur War, the Cyprus crisis of 1974, the Indian nuclear test, and the seizure of the *Mayaguez*).[59] (Previously, postmortems had been conducted by the analysts who had failed, a procedure that hardly guaranteed objectivity.)

[58] Knorr (fn. 1), 460.

[59] SSCI, *Final Report* (fn. 7), I, 276, and IV, 85; U.S., Congress, House, Committee on Appropriations, *Hearings, Supplemental Appropriations for Fiscal Year 1977*, 95th Cong., 2d sess., 1977, 515-621; *Washington Post*, February 15, 1977, p. A6; Paul W. Blackstock, "The Intelligence Community Under the Nixon Administration," *Armed Forces and Society*, 1 (February 1975), 238.

Within the Pentagon, capabilities for estimates relevant to planning were enhanced with the establishment of an office for Net Assessment, which analyzes the significance of foreign capabilities in comparison with U.S. forces. (CIA, DIA, and NIE's only estimate foreign capabilities.) Civilian direction of military intelligence was reinforced by an Assistant Secretary of Defense for Intelligence after the 1970 recommendation of the Fitzhugh Commission, and an Under Secretary for Policy in 1978. Experiments in improving communication between producers and consumers have been undertaken (such as, for example, the testing of a Defense Intelligence Board in late 1976). The dominance of operators within the intelligence community has also waned—especially since the phasing out of paramilitary operations in Southeast Asia and the severe reductions in size and status of CIA's covert action branch that began in 1973. Dysfunctions in the military communications system, which contributed to crises involving intelligence collection missions in the 1960's (the Israeli attack on the U.S.S. *Liberty* and North Korea's seizure of the *Pueblo*) were alleviated (though not cured) by new routing procedures and by instituting an "optimal scanning system" in the Pentagon.[60] Statistical analyses of strategic power have become progressively more rigorous and comprehensive; as staffs outside the executive branch—such as the Congressional Budget Office—have become involved in the process, they have also become more competitive.[61]

Few of the changes in structure and process have generated more costs than benefits. (Some critics believe, however, that the abolition of the Office and Board of National Estimates and their replacement with National Intelligence Officers was a net loss.) But it is difficult to prove that they have significantly reduced the incidence of intelligence failure. In the area of warning, for instance, new sophisticated coordination mechanisms have recently been introduced, and since the institution at the time of the 1974 Cyprus crisis of DCI "alert memoranda"—"brief notices in a form which cannot be overlooked"[62]—no

[60] Joseph C. Goulden, *Truth is the First Casualty* (Chicago: Rand McNally 1969), 101-4; Phil G. Goulding, *Confirm or Deny* (New York: Harper & Row 1970), 130-33, 269; *Pueblo and EC-121 Hearings* (fn. 27), 646-47, 665-73, 743-44, 780-82, 802-3, 865-67, 875, 880, 897-99; *Pueblo and EC-121 Report* (fn. 27), 1654-56, 1662-67; Armbrister (fn. 27), 196ff, 395; U.S., Congress, House, Committee on Armed Services, *Report, Review of Department of Defense Worldwide Communications: Phase I*, 92d Cong., 1st sess., 1971, and *Phase II*, 2d sess., 1972.

[61] See, for example, James Blaker and Andrew Hamilton, *Assessing the NATO/Warsaw Pact Military Balance* (Washington, D.C.: Congressional Budget Office, December 1977).

[62] SSCI, *Final Report* (fn. 7), I, 61; Thomas G. Belden, "Indications, Warning, and Crisis Operations," *International Studies Quarterly*, XXI (March 1977), 192-93.

major warning failure has occurred. But the period of testing is as yet too brief to demonstrate that these adaptations are more effective than previous procedures. In the area of operational evaluation, it is clear that there was greater consciousness of the limitations and cost-ineffectiveness of aerial bombardment during the Vietnam War than there had been in Korea, due largely to the assessments made by the offices of Systems Analysis and International Security Affairs in the Pentagon and Secretary of Defense McNamara's utilization of CIA estimates and contract studies by external analytic organizations.[63] Yet this greater consciousness did not prevail until late in the war because it was not a consensus; Air Force and naval assessments of bombing effectiveness contradicted those of the critical civilian analysts. Nor has the elaboration and diversification of analytic resources for strategic estimates clearly reduced the potential for erroneous planning decisions. Determination of the salience and proper weight of conflicting indicators of strategic power and objectives or of the comparative significance of quantitative and qualitative factors is inextricable from the political debate over foreign policy: uncertainties always remain, leaving the individual's visceral fears or hopes as the elements that tilt the balance of judgment.

Although marginal reforms may reduce the probability of error, the unresolvable paradoxes and barriers to analytic and decisional accuracy will make some incidence of failure inevitable. Concern with intelligence failure then coincides with concern about how policy can hedge against the consequences of analytic inadequacy. Covering every hypothetical vulnerability would lead to bankruptcy, and hedging against one threat may aggravate a different one. The problem is thus one of priorities, and hedging against uncertainty is hardly easier than resolving it. Any measures that clarify the cost-benefit trade-offs in policy hedges are measures that mitigate the danger of intelligence failure.

[63] *Pentagon Papers*, IV, 111-12, 115-24, 217-32. CIA critiques of bombing results began even before the Tonkin Gulf crisis. CIA/OCI, Current Intelligence Memorandum, "Effectiveness of T-28 Strikes in Laos," June 26, 1964; CIA/DDI, Intelligence Memorandum, "Communist Reaction to Barrel Roll Missions," December 29, 1964. But ambivalence remained even within the CIA, which occasionally issued more sanguine evaluations—e.g., CIA Memorandum for National Security Council, "The Situation in Vietnam," June 28, 1965 (which McGeorge Bundy called directly to the President's attention), and CIA/OCI, Intelligence Memorandum, "Interdiction of Communist Infiltration Routes in Vietnam," June 24, 1965. (All memoranda are in LBJL/NSF-VNCF, Vol. I, item 5, Vol. III, items 28, 28a, 28b, Vol. VI A, items 4, 5, 8.) See also *Pentagon Papers*, IV, 71-74. See also the opposing assessments of the CIA, the civilian analysts in the Pentagon, and the Joint Chiefs in NSSM-1 (the Nixon Administration's initial review of Vietnam policy), reprinted in the *Congressional Record*, Vol. 118, part 13, 92d Cong., 2d sess., May 10, 1972, pp. 16749-836.

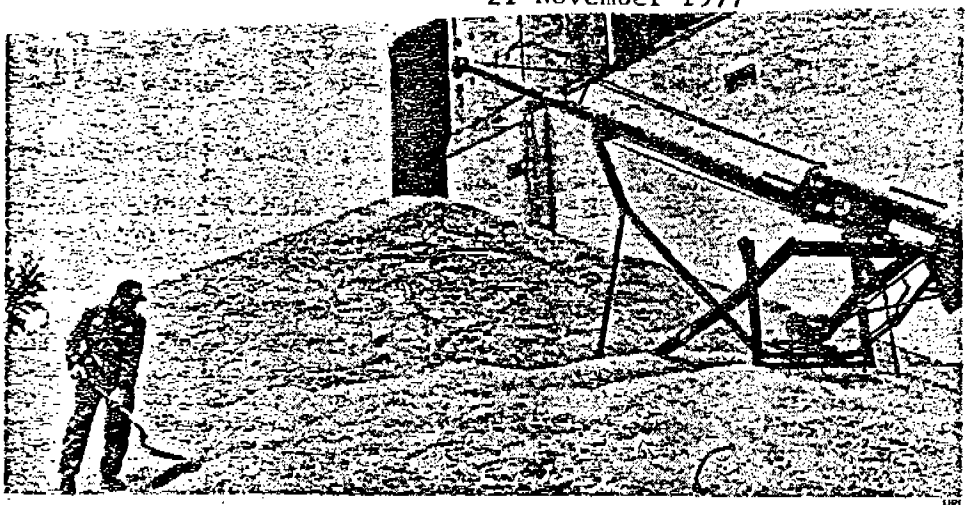
One reasonable rule in principle would be to survey the hypothetical outcomes excluded by strategic premises as improbable but not impossible, identify those that would be disastrous if they *were* to occur, and then pay the price to hedge against them. This is no more practicable, however, than the pure form of worst-case analysis, because it requires willingness to bear and inflict severe costs for dubious reasons. Escalation in Vietnam, after all, was a hedge against allowing China to be tempted to "devour" the rest of Southeast Asia. The interaction of analytic uncertainty and decisional prudence is a vicious circle that makes the segregation of empirical intelligence and normative policy an unattainable Platonic ideal.

In the simplest situation, the intelligence system can avert policy failure by presenting relevant and undisputed facts to non-expert principals who might otherwise make decisions in ignorance. But these simple situations are not those in which major intelligence failures occur. Failures occur when ambiguity aggravates ambivalence. In these more important situations—Acheson and Clausewitz to the contrary—the intelligence officer may perform most usefully by *not* offering the *answers* sought by authorities, but by offering *questions*, acting as a Socratic agnostic, nagging decision makers into awareness of the full range of uncertainty, and making the authorities' calculations harder rather than easier. Sensitive leaders will reluctantly accept and appreciate this function. Most leaders will not; they will make mistakes, and will continue to bear the prime responsibility for "intelligence" failures. Two general values (which sound wistful in the context of the preceding fatalism) remain to guide the choice of marginal reforms: anything that facilitates dissent and access to authorities by intelligence producers, and anything that facilitates skepticism and scrutiny by consumers. The values are synergistically linked; one will not improve the use of intelligence without the other. (A third value, but one nearly impossible to achieve, would be anything that increases the time available to principals for reading and reflection.)

Intelligence failures are not only inevitable, they are natural. Some are even benign (if a success would not have changed policy). Scholars cannot legitimately view intelligence mistakes as bizarre, because they are no more common and no less excusable than academic errors. They are less forgivable only because they are more consequential. Error in scholarship is resolved dialectically, as deceptive data are exposed and regnant theories are challenged, refined, and replaced by new research. If decision makers had but world enough and time, they could rely on this process to solve their intelligence problems. But the press

of events precludes the luxury of letting theories sort themselves out over a period of years, as in academia. My survey of the intractability of the inadequacy of intelligence, and its inseparability from mistakes in decision, suggests one final conclusion that is perhaps most outrageously fatalistic of all: tolerance for disaster.

U.S. NEWS & WORLD REPORT
21 November 1977



A record corn crop means low prices for U.S. farmers, a good deal for Soviet buyers.

It Looks Like Another "Grain Robbery" for Russia

FEARS ARE GROWING among farmers and Government officials that the Soviet Union once again has outsmarted the U.S. by secretly purchasing millions of tons of U.S. grain at depressed prices.

If reports of covert Soviet grain dealing prove true, they could have widespread political repercussions, intensify criticism of the embattled Central Intelligence Agency and deal another blow to President Carter's sagging popularity among farmers.

Suspicions that Moscow might have bought up large amounts of American grain to offset another Soviet agricultural failure brought to mind the "great grain robbery" of 1972. That is the popular reference to the deal in which the Russians took advantage of a bountiful U.S. harvest to buy secretly 18 million tons of grain at low prices on easy credit granted by the Nixon Administration.

Disclosure of the 1972 purchases triggered wild speculation that drove wheat and corn prices to record highs and sent consumer food prices soaring. But many farmers felt cheated. They had already sold their grain at low prices before the Soviet purchases were revealed.

Outburst of ire. Now, the possibility of another Russian raid on low-priced U.S. grain supplies is causing new waves of indignation among farmers and farm State Congressmen.

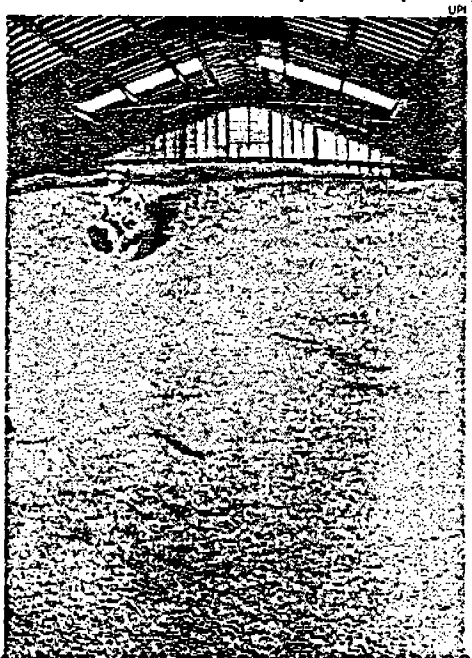
Senator Robert Dole (Rep.), of Kansas, has asked for an investigation of faulty CIA and Agriculture Department forecasts of a bumper Soviet grain crop. A Senate subcommittee is expected to begin delving into the controversy late in November.

The U.S. Government was taken totally by surprise when Soviet President Leonid Brezhnev announced on November 2 that the Russian harvest would amount to only 194 million metric tons, 10 per cent less than the 215 million tons forecast by the CIA and the Agriculture Department and 19 million tons below the official Russian goal.

"We were caught completely off base," one bureaucrat admits. Both American agencies had stuck by their estimates right up to the time of the Brezhnev announcement.

Since Moscow has been one of the best customers of American farmers, official predictions of a big Soviet harvest kept prices of U.S. grains, already in heavy surplus, depressed this year, bringing continuing economic hardship to farm communities in the Midwest.

Colorado farmer Greg Schuller sits atop wheat he has stored until prices improve.



Such surprises are not supposed to happen. After the 1972 controversy, the U.S. and the Soviet Union signed an agreement designed to prevent secret purchases of American grain. Under the pact, the Soviets agreed to buy a minimum of 6 but no more than 8 million tons of grain each year. If they want more, they are obligated to notify the U.S. Government, rather than place orders with private American firms.

The agreement also calls for on-the-scene inspection of the major Soviet grain-growing regions by Agriculture Department experts. The CIA monitors the Soviet crop via satellites. Both procedures were devised to keep the U.S. abreast of Russian crop prospects.

Agriculture Secretary Bob S. Bergland admits that the Government has no sure way to tell how much grain the Soviet Union may have arranged to buy through complicated secret foreign deals.

"They are canny." Senator Dole expresses a view held by many private grain experts and Government officials: "I don't think the Russians would tell us about their crop shortfall unless they had already covered themselves by buying enough grain to offset their losses. They are canny enough businessmen to know that grain prices would go up after their announcement. Since the grain market is not responding, somebody must know something."

Government sources speculate that the Soviets probably circumvented U.S. safeguards this way: As early as last August, Moscow began buying U.S. grain from European subsidiaries of American companies and other traders who are not required to report the origin of their sales of grain futures. By not specifying that they were buying American corn and wheat, the Soviets were able to take advantage of the depressed prices.

After accumulating large amounts in this manner, a Soviet trade delegation traveled to the U.S. in early October. Because the U.S. thought Russia had no need for extra grain and American farmers were burdened by huge surpluses, the Soviets were offered the right to buy up to 15 million tons. As it turns out, that could bring Russian purchases this marketing year to a level—coincidentally or not—just enough to cover the shortfall in the Soviet crop.

While on a lesser scale than in 1972, these manipulations raise doubts once again about the U.S. Government's ability to avoid being outmaneuvered by the Russians in grain trading.

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NEW YORK TIMES
14 NOVEMBER 1977

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Commodities

Coffee's 1976-77 Climb—No Simple Matter

By MICHAEL C. JENSEN

In July 1975, a frost devastated the coffee crop of Brazil, the country that traditionally supplies one-third of the world's coffee. In the ensuing months, prices skrocketed, as the result, it was widely believed, of the frost.

In worldwide commodity markets, of course, nothing is simple. Production shortfalls are only one factor in a complex set of circumstances that determine prices. Part psychology, part anticipation of future developments, part interplay of growers, experters, importers, roasters, speculators and Governments — the coffee trade is a market where the actual crop of coffee beans can be shoved far down the list as a determinant of prices.

That was apparently true for the steep coffee price runup of 1976-77, if one judges by a number of recently issued Government reports.

The Congressional Research Service, an arm of the Library of Congress, for example, has reported that the price increases resulted largely from "export tax levels, market anticipation of short supplies in the future, and various forms of 'administrative pricing.'" (Other analyses were made by the Central Intelligence Agency and the General Accounting Office).

• • •

Employing a statistical technique called regression analysis, the Congressional Research Service concluded that by itself the supply shortfall that resulted from the frost could have been expected to cause price increases in 1976 and 1977 less than half as large as those actually recorded.

"The major portion of the recent cause of inflation and increased demand for coffee.

• • •

Testing the formula by applying it retrospectively to past years the service found that the model satisfactorily explained about 81 percent of the price variations between 1965 and 1975, and that prices arrived at by the equation fell within 11 cents of actual prices 95 percent of the time.

What, then, about the period after the freeze? Using actual coffee supply data for mid-1975 through mid-1977, the equation indicated that the average price could have been expected to be 69 cents a pound last year and 75 cents a pound this year.

In fact, however, the average green coffee price rose to much higher—to $1.42 a pound in 1976 and $2.87 a pound in the first five months of 1977, the service said. Thus, forces other than the usual interplay of supply and demand were apparently at work.

Echoing a similar theme, the Central Intelligence Agency, in a letter to the House subcommittee last month, observed that the "magnitude of the price increases cannot be fully explained by reduced supplies."

"While coffee stocks were adequate to meet the production shortfall," the agency said, "the market was concerned that another crop failure would result in a severe coffee shortage."

"Export prices were thus bid up as producer stocks were drawn down. Importers, moreover, stepped up purchases in an effort to build inventories against rising prices."

Adding still another ingredient to the complex mixture of factors that caused the price increase, the General Accounting Office, the investigative and research arm of Congress, said in a report issued late last month: "Understatements of stock levels and possibly production, and purchasing from other producing countries by Brazil, may have caused upward pressures on prices."

coffee price increases do not reflect normal movement in response to current supply and demand," the service said. Its analysis was prepared last month for Representative Frederick W. Richmond, the Brooklyn Democrat who heads the House Subcommittee on Domestic Marketing, Consumer Relations and Nutrition.

"At best," the service added, "the increase can partially be explained by the market's anticipation of very low stock levels, and the possibility of another reduced crop." Also important, it said, were the effect of foreign exchange deposit rules set by Brazil, and other "export tax policies."

Furthermore, it seemed "plausible" —though not proved—the service said, that the State Department as the lead agency negotiating an international coffee agreement for the United States "was primarily concerned with reaching an agreement that served our Latin American policy objectives." Such objectives included stable earnings for coffee producers, and maintenance of friendly relations with Latin American countries.

"Other options, such as avoiding unusually high prices, may not have been considered important enough at that time to necessarily be included in the agreement."

In preparing the regression analysis, the service studied the relationship in past years between total supply and the world price of green coffee—coffee that has been harvested but not yet roasted or ground.

An equation was developed that indicated that each million-bag decrease in supply could be expected to increase the price by three-tenths of 1 cent a pound. Without any change in supply, the price could be expected to increase by 2.3 cents a pound every year, be-

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NEW YORK TIMES
11 NOVEMBER 1977

Coffee Groups Quietly Influence U.S. Price Pacts, House Unit Told

By MICHAEL C. JENSEN

For more than 15 years, the American coffee industry has maintained an influential and largely unpublicized position close to the United States government officials who negotiate international coffee agreements, according to documents obtained by a House subcommittee.

In 1975, for example, as many as 10 at a time of the nation's most prominent coffee executives repeatedly took part with the government teams in negotiations for a worldwide pact covering the $7 billion coffee industry.

So influential was the industry group, according to a Treasury Department memorandum, that it was instrumental in persuading the Government not to press for the creation of an international coffee stockpile designed to stabilize supply and thus avert price increases.

While there is no evidence in the documents that the industry's presence as advisers to the American negotiators helped produce last year's sharp runup in coffee prices, its participation has raised questions of conflict of interest and of whether consumers' interests were equally served.

Since 1962, when the first International Coffee Agreement was signed, United States coffee policies have provided what amonts to a price floor to protect coffee-producing nations, but no effective provision to contain sharp, though usually temporary, price increaes shas been devised.

Documents obtained by the House Subcommittee on Domestic Marketing, Consumer Relations and Nutrition indicate that the coffee industry threatened to use its influence at the White House and Capitol Hill, if necessary, to block the creation of a stockpile. There is no indication, however, that anyone explicity representing consumers was present at the London negotiating sessions.

Thomas J. O'Donnell, chief of the State Department's Tropical Products Division, acknowledged in response to an inquiry that the coffee trade's opposition to creating a stockpile was "something you take into account."

But the main reason, in his view, why the United States dropped the stockpile proposal was the severe Brazilian frost of mid-1975, which curtailed production and made the idea "irrelevant and inoperative."

For their part, several coffee executives denied that the trade had exerted pressure on the Government to back away from a stockpile, although they also said that the National Coffee Association is consistent opposition to a stockpile was well known.

Such a stockpile "could put many importers out of business, said George E. Boecklin, president of the coffee association, partly because it would erode the traditional role of the middle-man and risk-taker in the coffee trade.

The role of industry executives and the Government negotiators, including the possibility of conflict of interest, is being investigated by the House subcommittee.

Among the documents obtained by the subcommittee and made available to The New York Times are correspondence, cables, memorandums and reports from the State and Treasury departments, the Central Intelligence Agency, the General Accounting Office and the Library of Congress.

Taken together, they provide fresh insights into longstanding relationships between the Government and the coffee industry.

Foreign Policy Instrument Charged

Rep. Frederick W. Richmond, a Brooklyn Democrat who heads the House subcommittee, contended that the documents prove the Government was using international coffee agreements as an instrument of foreign policy—to stabilize the earnings of coffee producing countries—to the detriment of coffee drinkers in the United States.

"American consumers are subsidizing the coffee producing countries," he said in an interview. "I don't object to helping them, but I do object to the way the State Department has done it."

Mr. Richmond also charged that the coffee industry was using its favored position to shape Government policy to its own ends, and to gain valuable insights into future trends. As a result, he said he was investigating whether the coffee trade's presence at negotiations constituted a conflict of interest.

Both the industry and the Government deny that there a conflict of interest existed. They pointed out that industry representatives also participated in negotiations covering other commodities and that delegations from other countries also had trade representatives.

"Industry advisers have always attended these meetings at the request of the Government," Mr. Boecklin said.

Mr. O'Donnell of the State Department said: "I don't think the trade advisers on delegations learned anything that wasn't available to anyone who subscribes to the commodity wire services or the trade press."

Commodity stockpiles designed to provide a safeguard against periodic production shortfalls have been characterized in the past by both Governments and industry executives as an expensive, intrusive, and inefficient method of providing a price ceiling. The Carter Administration is currently exploring the stockpile idea, however, which has traditionally been favored by consumer groups.

The documents indicated that coffee executives were suspicious of Government motives in establishing such stockpiles.

Opposition to Stockpile

"They (industry executives) are convinced that any sizeable stockpile which is internationally held willb ecome a political captive and will not be allowed to work according to any economic formula," said the Treasury Department memorandum. "They don't trust Governments, including their own, under political pressures."

Many of the Government documents were written in the mid-1970's while the United States was negotiating the third in a series of six-year international coffee agreements.

The Treasury memo, dated Oct. 30, 1975, and written by Robert Vastine, then the Deputy Assistant Secretary of the Treasury for Trade and Raw Materials Policy, made the following points:

¶"If (international) coffee agreements have had price effect, they have prevented coffee prices from falling much below general price trends. They have not been able to keep coffee prices from rising sharply following a frost."

¶"The United States coffee trade—both roasters and traders—have been strongly opposed to any kind of internationally controlled coffee stocks."

¶"Guarantee stock proposals (were) put forth (at the 1975 meeting) by France, Brazil, Colombia and the United States."

¶"One reason the United States backed off its proposal for a guarantee stock—which was seen as basically a consumer defense mechanism—was the hostility of

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